



diversified  
focused  
versatile

ANNUAL REPORT 2015

# Consolidated Financial Statements 2015

## SELECTED KEY FIGURES

in € million	2011	2012	2013	2014	2015
Net sales	2 897	3 028	3 167	3 192	<b>3 162</b>
Earnings before tax	101	62	54	144	<b>200</b>
Equity ratio	44 %	41 %	34 %	33 %	<b>29 %</b>
Equity ratio without financial services	70 %	71 %	70 %	72 %	<b>69 %</b>

## NET SALES BY CORPORATE DIVISIONS

in € million	2011	2012	2013	2014	2015
Building Materials	1 436	1 374	1 384	1 410	<b>1 318</b>
Consumer Goods	467	545	537	651	<b>763</b>
Financial Services	530	642	784	883	<b>1 019</b>
Others	12	12	12	72	<b>63</b>
Baking Products	460	461	452	179	<b>-</b>
Consolidation	-8	-6	-2	-3	<b>-1</b>
	2 897	3 028	3 167	3 192	<b>3 162</b>

## EMPLOYEES BY CORPORATE DIVISIONS

	2011	2012	2013	2014	2015
Building Materials	4 422	4 325	4 318	4 373	<b>4 375</b>
Consumer Goods	3 309	3 492	3 727	3 752	<b>3 976</b>
Financial Services	417	500	668	728	<b>792</b>
Others	97	90	97	255	<b>248</b>
Baking Products	944	922	728	347	<b>-</b>
	9 189	9 329	9 538	9 455	<b>9 391</b>

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# Corporate Structure

Variety is a defining feature of the Wehrhahn Group. Its activities are brought together in three corporate divisions – Building Materials, Consumer Goods and Financial Services – with seven business lines.



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The Aggregates business line under the leadership of Basalt-Actien-Gesellschaft comprises the segments mineral raw materials, asphalt mixtures, building materials recycling/disposal, and construction chemicals.

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The Slate business line offers a wide assortment of types of cladding for roofs and walls, develops system solutions for innovative façade configurations, and supplies building stone both for interiors as well as for gardens and landscaping.

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Among the high-quality products of the Zwilling Kitchenware business line are knives, cookware, scissors, and kitchen utensils.

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Under the brands ZWILLING and Tweezerman, the Zwilling Beauty Group produces and markets tweezers, manicure and pedicure tools.

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The Jaguar/Tondeo Professional Hairdressing Equipment business line sells professional hairdressing products.

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**abcfinance**

The abcfinance business line has specialized in customized financial services for medium-sized businesses. With its leasing and factoring segments, it is a leading provider among manufacturer-independent and bank-independent companies.

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**Bank11**

Bank11 für Privatkunden und Handel GmbH offers medium-sized automobile dealers sales financing and insurance for their customers. Bank11 direkt GmbH markets simple, attractive credit and investment products to private customers over the Internet.

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# Special Events 2015

## Factoring for Small Business as Well

**abcfinance** As a joint initiative of abcfinance, Deutsche Vermögensberatung (DVAG) and other partners, the German Clearing House (DV) was launched in September 2015. The services of the online portal enable efficient and cost-effective invoice management for small and medium-sized enterprises and handicraft businesses. The range of services of abcfinance encompasses a special factoring solution tailored to this target group. Within 48 hours, businesses receive a 100 % payout on their current receivables. For the first time, small undertakings with annual sales of up to EUR 2.5 million can profit from the advantages of professional receivables management.

## Cash via an App for Automobile Dealers

**BANK11** As the first independent automotive bank in Germany, Bank11 has placed a mobile app on the market that supports automobile dealers in the sales financing business. With the Evo-CashCall application, registered Bank11 partner-dealers can have approved customer financing paid out onto a pre-specified reference account in real time and free of charge with only one click on a smart phone. High interest rates and liquidity shortfalls, which can arise when dealers first receive the sales price for a credit-financed automobile once all the documents have been presented to and processed by the bank, can be averted as a result.



## Marketing Success with Asbestos Renovations

**SLATE** With a consulting and development program, the Slates business line supports building owners in the renovation of asbestos roofs. The campaign started in 2015 as a pilot project in the rural district of Mayen-Koblenz. The consulting service is free of charge. On site, experts from the Slate business line assess the renovation case, help to select the type of roof, provide support in planning and the search for qualified slaters. Developers also receive a lump-sum subsidy of EUR 500. The campaign has been well received by building owners and slaters and will be expanded in 2016 to further rural districts. Asbestos renovation is a market segment with potential: Nationwide in Germany there are more than 100,000 roofs of private houses in need of renewal.



# New Acquisition for Zwilling Kitchenware

**CONSUMER GOODS** The Zwilling Kitchenware business line has acquired the Italian cookware manufacturer Ballarini Paolo & Figli S.p.A. Founded in 1889, the family-run enterprise with registered office in Lombardi is one of Europe's leading producers of aluminum cookware. At the Rivarolo site, Ballarini annually produces around 9 million tons of pots and pans, earning sales of around EUR 60 million in business year 2014. Zwilling Kitchenware anticipates from the acquisition a sharp increase in worldwide market share for anti-stick cookware, particularly pans. Coated pans constitute one of the largest segments of non-electric household goods.



## Sector Investigation Concluded

**AGGREGATES** All proceedings in the rolled asphalt sector inquiry being conducted by the Federal Cartel Office have been discontinued. In 2012, the Office classified various companies in the industry as being problematic and requested their shareholders to unbundle their corporate relationships. The Slate business line modified its shareholding structures in response by increasing shares in already controlled companies and selling minority shareholdings. These unbundling measures were completed in 2015.



## Second ABS Bond Successfully Placed

**FINANCIAL SERVICES** After initial offerings, the abcfinance und Bank11 business lines were both able to successfully place a second bond on the capital market. The securitization of loans in the form of asset backed securities (ABS bonds) is being used by both enterprises to expand the refinancing base. While Bank11 has consolidated claims from automobile loans in a single security, the portfolio of abcfinance consists of payment claims from leasing contracts with customers from a wide variety of sectors. Not least due to the solid level of new business at abcfinance and the resulting high portfolio quality, the second issue was able to be increased to a volume of EUR 500 million. The AAA-rated Class A tranche, which primarily serves for refinancing purposes, was likewise also able to be increased. The claims securitized by abcfinance and Bank11 are approved as ECB-eligible collateral based on their high credit rating.





# Werhahn Group

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# Corporate Principles

- Decentralized corporate management
- Responsible and flexible business
- Assurance of customer benefits

Over the course of 175 years, Werhahn has developed into a corporate group with a diverse array of activities, both domestic and foreign. A close relationship with our markets and customers, reliability and social responsibility are the values which our mid-sized family-run business has always practiced and maintained.

Wilh. Werhahn KG operates in a decentralized manner. The Group's companies, which are legally independent for the most part, are organized into three divisions and seven business lines. Their flat management structures, with short and non-bureaucratic decision-making processes, creates freedom of action, allowing the Group to respond quickly and flexibly to market requirements, for the benefit of its customers. This means that a high degree of motivation, as well as independent responsibility, is required of each individual employee.

Central management of the Group is exercised by Wilh. Werhahn KG directly. This includes determining the long-term strategic orientation of the Group, in addition to financing and monitoring the operating results of the individual companies. With the aim of continuously safeguarding and further developing the Group, the aim is to achieve an economic and structural balancing of risks in the interests of risk distribution.

Wilh. Werhahn KG is a company for entrepreneurs, a family-run business which places great value on a relationship of mutual trust with its customers, business partners and employees. The corporate culture which is built on these values is the decisive basis for our success.

# Supervisory Board

**Dr. Dr. Peter Bettermann**  
(Chairman)

**Gabriela-Maria Baum-D'Ambra**  
(Vice Chairwoman)

**Lambert Goder**

**Paul Josten**

**Wilhelm Josten**  
(since May 9, 2015)

**Dr. Wolfgang Klein**  
(since May 9, 2015)

**Prof. Dr. Alexander Kolb**

**Nikolaus Ley**  
(former Chairman,  
deceased on April 16, 2015)

**Dr. Heinrich J. Rodewig**  
(until May 9, 2015)

**Bernhard Simon**

**Wilhelm Straaten**  
(until May 9, 2015)

**Prof. Dr. Klaus Trützschler**

**Dr. Johannes Velling**

**Heribert Werhahn**  
(since May 9, 2015)

**Dr. Michael Werhahn**  
(since May 9, 2015)

**Ruth Werhahn**

# Management Board

**Anton Werhahn**  
(Chairman)

**Kathrin Dahnke**

**Peter Vos**  
(until March 31, 2015)

# Report of the Supervisory Board

## DEAR SHAREHOLDERS,

During the 2015 business year, the Supervisory Board has performed the duties required of it by law and by the company's statutes and has supervised and advised the Management Board on the management of the company.

During this period, the Management Board has provided the Supervisory Board with regular written and verbal reports on the situation and development and on key business events of the entire Group and its corporate divisions.

The Supervisory Board came together for five meetings in 2015. At the Supervisory Board meetings, in addition to the regular explanation of the business situation and development of the Group, among others the following topics were discussed:

- the 2015 – 2020 Strategy for the Werhahn Group presented by the Management Board;
- the situation and the position of the individual corporate divisions;
- planned acquisitions;
- questions of risk management;
- the future corporate law structure of the Werhahn Group;
- the adoption of the operative business plans;
- affairs of the Management Board.

At its meetings, the Supervisory Board also made decisions on such business as required approval under the company's statutes.

Outside of these meetings, the Chairman of the Supervisory Board maintained close contact with the members of the Management Board. In numerous conversations with them and the auditors, he gained a comprehensive overview of the economic, financial, and legal situation. The Supervisory Board was supported in its work by an Accounting Committee and a Personnel Committee.

The relevant subjects were considered in these committees; pending decisions were reviewed in advance and decided upon if necessary or recommendations were made for resolutions of the Supervisory Board. Subjects dealt with over the past year included the 2014 Financial Statements and Consolidated Financial Statements, issues concerning the future organization of the Financial Statements and Consolidated Financial Statements, measures relating to compliance and data protection in the Werhahn Group, the future corporate structure of the Werhahn Group, and matters relating to the Management Board. Committee chairmen reported at the Supervisory Board meetings about the contents and results of their committee meetings.

At the regular shareholders' meeting on May 9, 2015, PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Düsseldorf, was reelected as auditor for the Financial and Consolidated Financial Statements. The appointment was made by the Chairman of the Supervisory Board who had previously been convinced of the auditor's independence.

The Consolidated Financial Statements including the Group Management Report as well as the Financial Statements of Wilh. Werhahn KG for the business year 2015, having been prepared by the Management Board, were audited by the auditors and received an unqualified auditor's certificate pursuant to section 322 of the German Commercial Code (HGB). Following a preliminary inspection by the Accounting Committee, the Supervisory Board approved both sets of financial statements in its meeting on April 15, 2016. Thus the Financial Statements of Wilh. Werhahn KG as of December 31, 2014, were adopted. The auditor was present at the discussions of the Financial Statements and the Consolidated Financial Statements as well as at all meetings of the Accounting Committee and answered supplementary questions.

On April 16, 2015, Supervisory Board Chairman Nikolaus Ley passed away after a severe illness. Mr. Ley was a member of the Supervisory Board of Wilh. Werhahn KG since 1990 and its Chairman since 2005. In this time, he closely accompanied the fortunes of the Group through his work and played a key role in defining the successful development of the Werhahn Group.

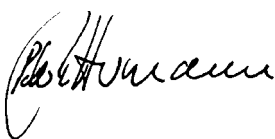
At the shareholders' meeting on May 9, 2015, the family members of the Supervisory Board of Wilh. Werhahn KG rotated and were reelected. Dr. Heinrich Rodewig and Mr. Wilhelm Straaten thereby waived their new candidacy. The Supervisory Board expresses its thanks to these gentlemen for their many years of committed, passionate, and successful work.

Messrs. Wilhelm Josten, Heribert Werhahn and Dr. Michael Werhahn were reelected to the Supervisory Board. Moreover, Dr. Wolfgang Klein was appointed by the family members of the Supervisory Board to the Supervisory Board.

The Supervisory Board would like to express its thanks to the Management Board and to all employees for their good and successful work during the past year.

Neuss, April 15, 2016

#### THE SUPERVISORY BOARD



Dr. Dr. Peter Bettermann  
Chairman of the Supervisory Board

# Obituary

Nikolaus Ley was a longstanding member and Chairman of the Supervisory Board of Wilh. Werhahn KG, to which he has belonged since 1990, serving as its Chairman since 2005.

In Mr. Nikolaus Ley's first years serving on the Supervisory Board came the fall of the Iron Curtain, an event which not only led to a reunified Germany, but one which changed the world forever, and therefore affected Werhahn Group's development as well. The expansion of operations into the new Federal States and Eastern Europe, the continuing internationalization of the Consumer Goods division and other key strategic decisions, such as the sale of AKB-Bank in 2002, were milestones of Nikolaus Ley's first 15 years of service in the Supervisory Board. In his time as Chairman of the Supervisory Board, Nikolaus Ley worked together with the Supervisory Board and Management Board to make Werhahn Group more focused. This resulted in the Group's current positioning, with seven independent business lines in the Building Materials, Consumer Goods and Financial Services sectors. He paid constant attention to optimizing the structure of Werhahn Group and its business lines. Keeping the family together was very important for him, but he also saw it as his task to reconcile the interests of the shareholders. Nikolaus Ley knew how to develop and implement mutual solutions, particularly in difficult times.

We are very thankful to Nikolaus Ley and we will cherish his memory.

**THE SUPERVISORY BOARD AND MANAGEMENT BOARD**



NIKOLAUS LEY

# Corporate Governance Report

In conformity with No. 3. 10 of the German Corporate Governance Code, the Management Board and the Supervisory Board report on the corporate governance of the Werhahn Group. The Management Board consists of one member who is a family member and one member who is not; the Supervisory Board consists of nine members who are family members and four who are not.

Dealing responsibly with risks forms an integral part of the corporate governance of the Werhahn Group. The Management and Supervisory Boards of Wilh. Werhahn KG therefore place great value on ensuring that solid corporate governance forms a key element of strategic thinking and action at all Group levels. The recommendations of the Governance Code for Family Businesses already largely correspond to the provisions of the company's statutes applicable to the Wilh. Werhahn KG.

## RESPONSIBLE DEALING WITH RISKS

For us, one aspect of corporate governance is comprehensive systematic management of risks within the framework of corporate management. To this end, we follow the model of the three lines of defense.

The first line of defense is situated where risks can arise, thus in the respective companies of the Werhahn Group. Therefore the risks in the various divisions/business lines are identified, the risk potentials determined are analyzed and evaluated with quantitative measurement variables, and measures are considered for risk reduction. Included in these measures are controls that are implemented by the respective management into the business processes. This approach serves the early recognition of risks. Any risks that might jeopardize the company's continued existence are reported immediately to the supervisory bodies in the divisions/business lines as well as to Wilh. Werhahn KG.

The second line of defense, which is exercised, *inter alia*, by the functions controlling and compliance, establishes the framework for the configuration of the risk management system and the compliance management system, for example through guidelines and operating procedures. At the same time, these functions monitor the risk landscape of the Group from superordinate Group perspective. We strive for a close integration of the functions in order to ensure the highest possible degree of efficacy in avoiding and managing risks.

Our risk management system comprises the following three elements: the company-specific manual of risk management, a risk inventory in the framework of corporate planning by the corporate divisions/business lines, with risk assessment on the basis of maximum damage amount and probability of occurrence as well as indication of possible countermeasures, and, lastly, the reporting structure of the Group in the form of the regular risk reporting system (three times a year including risk inventory) at the level of the Group and of the individual companies.

In order to represent the overall risk situation of the Group, we evaluate the individual local and central risks as well as the Group effects based on the reports from the corporate divisions/business lines. The Management Board and the Supervisory Board are informed annually about the resulting current overall risk situation of the Group and the individual corporate divisions, and on an ad hoc basis about special developments. The boards discuss in detail the causes of the current risk situation and the measures taken as a result. Beyond its advisory role concerning the annual financial statements and the consolidated financial statements, the Accounting Committee of the Supervisory Board holds one meeting where it deals in depth with the risk management system and risk evaluation, taking into account knowledge from the areas of Internal Audit, Compliance, and Data Protection through written

reports and personal interviews with the department heads and the central data protection officer.

As final instance, the central Internal Audit department uses independent tests to monitor the appropriateness and efficacy of the processes and systems for risk management in the widest sense implemented in the framework of the first two lines of defense. The Internal Audit department reports directly to the Chairman of the Management Board.

This model, which is continuously further developed and adapted to changing general conditions on an ongoing basis, improved through external monitoring by the auditor, who incorporates the results of the Internal Audit department's tests into his opinion.

#### COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board and the Supervisory Board work closely together in the interest of the company. The Management Board coordinates the strategic alignment of the company with the Supervisory Board and informs it regularly, promptly and comprehensively about all matters that are relevant for the company, including strategy, business development, risk situation, risk management and compliance. Deviations in the development of business from the Group's established plans and goals are explained and justified.

For a large number of material transactions, the company's statutes stipulate reservation for approval by the Supervisory Board. This is the case regardless of whether the transaction pertains to Wilh. Werhahn KG itself or to a Group company.

#### AVOIDANCE OF CONFLICTS OF INTEREST

The Management Board and the Supervisory Board are bound to act in the company's interests. The members of the Management Board and the Supervisory Board, in their decisions and in connection with their activities, may neither pursue their personal interests nor use for themselves business opportunities to which the company is entitled. The Management Board has explicitly recognized the entire Code of Conduct applicable for the Werhahn Group as binding for itself.

#### COMPLIANCE

The Werhahn Group has a Code of Conduct which is applicable worldwide in all Group companies and for all employees. Among other things, it governs their conduct in relation to third parties. The Code of Conduct is supplemented by a guideline and is further complemented by training tools for the Code of Conduct as a whole and for antitrust law in particular. The Code of Conduct and the Guideline are available in 15 languages.

In Wilh. Werhahn KG as well as in all business lines, compliance officers were appointed; together with the head of the Internal Audit department, they form the Compliance Committee. The Chairman of the Management Board also participates in regular meetings of the Compliance Committee. The compliance officers in the business lines report to the central compliance officer of Wilh. Werhahn KG, who in turn reports to the Management Board. The rights and duties of the compliance officer are established in a Compliance Concept. The central compliance officer will contact the Chairman of the Supervisory Board directly if he suspects that the Management Board has not conducted itself compliantly.



Establishing compliance rules is an essential component of the compliance system, but it is just as important, as it is to convince the people that are supposed to comply with these rules of the necessity of doing so. Therefore an extensive training program was developed. A focus of our compliance activities is on training sessions in antitrust law, which have been conducted worldwide since 2008 as on-site training programs, by experienced attorneys with the support of the compliance officers. At the same time, the Compliance Committee works with further risk analyses and measures, among other things, in the area of anticorruption, which were intensified in 2013. Findings from discussions and training sessions are also used to investigate business processes for preventive purposes.

To ensure that the installed compliance system is suited to the business requirements of the Werhahn Group, and that it is duly implemented and actually effective, in 2015 a compliance audit from a renowned and experienced German law firm was commissioned in coordination with the Chairman of the Supervisory Board. In addition to the audit of the concept, the audit also includes global interviews with the persons in charge at various levels and in various fields. The audit will be concluded in 2016.

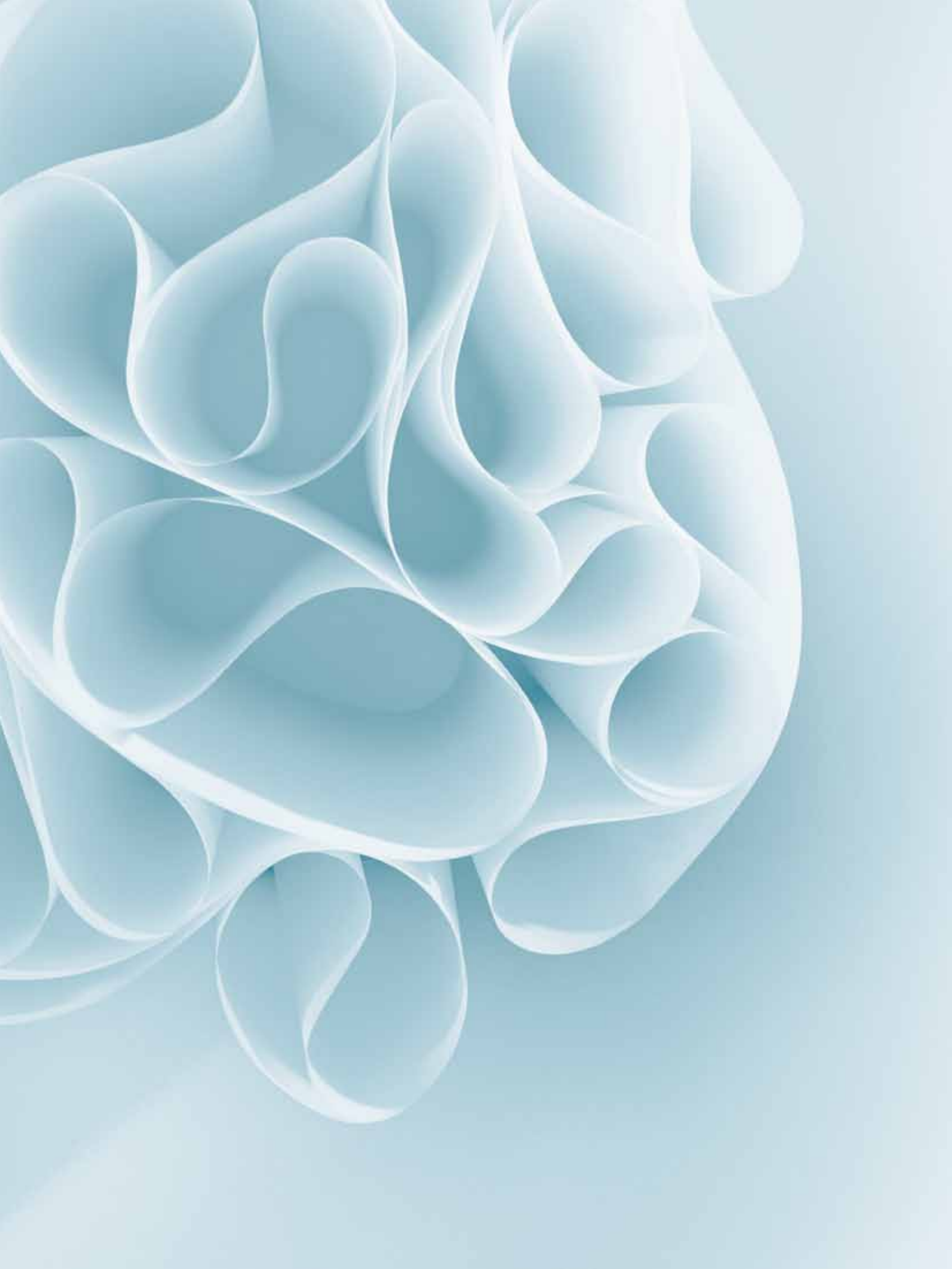
A total of 25 compliance officers in the corporate divisions/business lines support the central compliance officer in the development of the compliance system and implement the measures in their area of responsibility. In the event of questions concerning compliance topics, each employee can contact the respective local compliance officer or the central compliance officer. In addition, a helpline has been set up which the employees can contact. If desired, the call can be anonymous. Since the end of 2015, the helpline can moreover be reached worldwide in the national languages of the callers free of charge.

Additionally there are many further activities in the area of compliance, particularly at companies subject to the supervision of the German Federal Financial Supervisory Authority (BaFin).

#### ACCOUNTING AND AUDIT

As in prior years it was agreed with the auditor, Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, that the Chairman of the Supervisory Board and the Chairman of the Accounting Committee will be informed without delay of any material findings made and incidents discovered when performing the audit of the financial statements and the consolidated financial statements for the reporting period.

The head of the Internal Audit department, the compliance officer and the data protection officer give annual reports on their main activities in a meeting of the Accounting Committee.



# diversified focused versatile

Sustainable success for 175 years: from the beginning, Werhahn was not engaged in just a single business, but in several different areas at once. This diversification is practiced to this day as a corporate principle that has proven itself over and over in the past 175 years, especially in difficult times.

Another corporate principle is focus, which means that Werhahn and its shareholders concentrate on the core values and competencies of the family business.

Werhahn strives to achieve sustained earnings growth and to create lasting value. In the past, just as much as in the present and in the future, it was necessary for companies to do more than just keep up with the changing times and orient their business activities accordingly. Innovation and the ability to position ourselves in a changing market with new customer expectations are just as important in this regard as making active changes to our business portfolio.

The 2015 Annual Report shows the various aspects of Werhahn's versatility.



*Devoid of all opulence: modern architecture cultivates a reductionist style with straight lines and basic building materials like wood, slate and glass.*



# Sustainable Concepts for the markets of tomorrow

When familiar structures no longer work and value chains have to be transformed, corporate adaptability is the order of the day. The divisions of Werhahn Group each respond to today's challenges in their own individual way.

**T**he markets are in flux. Companies are confronted with increasing complexity and rapid change within their segments. Globalization, shortages of raw materials, digital networking and new technologies dictate the company's daily routine. The rules for the business are redefined under the pressure of constantly changing market conditions. Our future success in the market depends on our ability to question traditional business models and adapt to changing customer expectations – with processes that use resources efficiently and with products and sales channels that are in line with what the market demands.

*Where before there was a broad network of small facilities with a limited operating radius, in the future a small number of high-capacity asphalt centers with a much larger range will ensure an adequate supply.*

**A DAILY CAPACITY OF 1,000 TONS OF ASPHALT MIXTURE: JUST A FEW YEARS AGO, THAT WAS CONSIDERED AN EXEMPLARY ACHIEVEMENT. BUT TODAY, THE EXPECTATIONS OF MANY CIVIL ENGINEERING COMPANIES ARE MUCH HIGHER.** These state-of-the-art construction machines, called road finishers, can produce about 4,000 tons of pavement or more per day. Moreover, in order to avoid interfering with traffic, construction work is increasingly being performed on weekends and at night, so that large quantities of asphalt have to be at the ready during those times. Not only is

the daily capacity increasing, but quality standards are also going up. Calls for tender today increasingly specify asphalt that is optimized for specific applications: asphalt that can withstand extremely high stress in local and regional traffic while at the same time minimizing traffic noise and conserving resources. The Aggregates Division has responded to these changes in the market, renovating numerous sites from the ground up. Where before there was a broad network of small facilities with a limited operating radius, in the future a small number of high-capacity asphalt centers with a much larger range will ensure an adequate supply.

Such a center has been created in the Ramstein mixing plant in Rhineland-Palatinate, west of Kaiserslautern. Completely renovated in 2013, the facility's annual production was higher than planned in the next two years, with output well over 100,000 tons in 2015. Now, the site is demonstrating what it can do in one of the largest infrastructure projects in the region: the expansion of nearby Ramstein Air Base into a European aerial hub is a project that will require large quantities of mixed asphalt. The newly installed two-wave mixers are at work nearly around the clock,

producing quality asphalt according to the customer's specifications. The powerful machinery is supplied by underground conveyor belts, which bring in additives from a total of twelve covered boxes. This covered storage means that less energy is required to dry the rock, while at the same time requiring fewer wheel loaders; that in turn substantially reduces diesel consumption.

The facility is specially designed to process large quantities of recycled material. With considerably lower emissions and limited energy consumption, very high quantities of asphalt can be reused. Unlike the arrangement in convention asphalt mixing plants, the recycling drum in this facility is positioned right above the mixer, which optimizes material flow and minimizes wear and tear. In addition, the facility can be easily switched from one recycling formula to another. In cold recycling, the material is added directly into the mixer. In hot recycling, the asphalt granulate is heated using a parallel drum. Formula, energy consumption, temperature – the whole process is controlled automatically by a central computer. Moreover, management is in constant contact with the shipping and construction companies. How many tons are on their way to the construction site? Is there a traffic jam? How long is the delay? A work stoppage at the construction site would have drastic consequences, not just for profitability, but for the quality of the new asphalt pavement as well. By continually coordinating the production and material flow all along the supply chain, the asphalt finisher on the construction site can respond to potential trouble and slow down the pace if necessary. In this way, it can be ensured that processing will proceed as evenly and constantly as possible for the entire installation period.

**ECO-FRIENDLY PRODUCTION TECHNOLOGY AND HIGH DAILY CAPACITY CHARACTERIZE THE SPANDAU ASPHALT MIXING PLANT IN WESTERN BERLIN. FOLLOWING A COMPLETE RECONSTRUCTION, THIS FACILITY ALSO HAS AN ANNUAL CAPACITY OF WELL OVER 100,000 TONS.** The 47,000 square meter site includes a silo for minerals, and a storage facility provides room for roadbuilding materials as well as milled asphalt for recycling. In the mixing tower, two separate machines can produce 250 tons of rolled asphalt and 80 tons of poured asphalt an hour. An innovative system al-



*The facility is specially designed to process large quantities of recycled materials; with considerably reduced emissions and limited energy consumption, very large quantities of asphalt can be reused.*

lows operators to introduce additives into the mixture in different quantities and aggregation states. The object is produce higher-quality asphalt with properties that are customized for the specific application. A state-of-the-art control system allows operators to visualize and control the entire production process, and the on-site lab ensures that the product is subject to constant quality checks while the plant is in operation.

The easy accessibility of the plant by road, rail and waterway means that raw materials can be delivered from the quarries at low cost, as well as enabling rapid shipping and seamless distribution to Berlin's downtown construction sites. Heat-insulated vehicles make it possible for an asphalt center to cover a larger market territory. The new dump trucks are equipped with heavy-duty insulation and a heat-resistant sliding roof, so that their cargo can be kept at a constant temperature. As a result, mixed asphalt can be shipped to even distant locations without loss of temperature or quality. Consequently, full coverage of the market can be maintained despite the concentration on just a few high-capacity asphalt centers.



**SIMPLE ELEGANCE, STRAIGHT LINES AND A RELIANCE ON BASIC BUILDING MATERIALS LIKE GLASS, METAL, WOOD AND STONE: MODERN ARCHITECTURE CULTIVATES A REDUCTIONIST STYLE AND USES ALL-NATURAL MATERIALS.** Such trends are developed and promoted primarily in the institutions that function as think tanks and schools of style for young architects: the universities. The Slate business line maintains longstanding partnerships with various architecture departments, has built up a broad network and has initiated numerous cooperative projects. These projects allow the business line to respond quickly to changes in the market, while at the same time contributing its own ideas and influencing the market's development.

The "Dachwelten" competition has been held every year since 2007 under the direction of Deutsches Dachzentrum, of which the Slate business line is a founding member. For one semester, each company works with a partner institution on a defined project task. In considering slate as a →

→ building material, professors as well as students experience the versatile design and expressiveness of the material. The creativity of the young talent meshes with the experience and professionalism of their instructors. The climax of the competition is a one-day impromptu workshop in which teams from the various educational institutions face off against each other. Furthermore, a round-table discussion between professors and company representatives provides insight into current architectural trends and preferred building materials: an important source for product innovations.

Many times, work on the project leads to a longer-term relationship. This was the case, for example, with the Darmstadt University of Applied Sciences. The idea for a new trade show stand for the Slate Business Line goes back to a task that was assigned to students as part of the competition. The aspiring architects' design won over the professionals at the company to such a degree that it was actually implemented at a trade show. The unit also maintains an intensive exchange with the architecture department at Koblenz University of Applied Sciences. Slate has become a permanent fixture of building materials science, and our employees routinely hold guest lectures at universities. In one joint project, for example, the aim is to develop a regional cadaster – an inventory of all the roofs and roofing materials in the region, for instance in order to identify cases where there is a need for rehabilitation and therefore market potential.

*Many reference properties give an impressive demonstration of how slate roof and building front designs can contribute to the overall appearance of a building.*

We are seeing a new trend right now in the universities: slanted roofs have long been unpopular, but are now beginning to gain supporters in the architectural sector. One factor driving this trend is our modern slate roof styles, which reinterpret the pitched roof in a different way from the classic old-German-style cladding. In particular, our rectangular cladding, which features large formats that can be laid quickly, is winning over architects and developers alike with its clear lines and low cost.

But this is also true of the small-format building-front cladding styles that have been developed by the Slate business line in recent years. Today, these cladding styles are so popular among architects that they have been included in the Pro-





*Building an industrial chimney is not exactly considered a crowning achievement in the field of architecture: people would rather see smoking chimneys from far away. Not so the slate chimney on the power station of a hospital in Zurich, which draws glances with its sweeping appearance and silver shimmering anthracite-colored slate shell.*

professional Rules for External Wall Cladding with Slate published by the Central Association of German Roofing Contractors, and are therefore part of the acknowledged state of the art.

Also gaining acceptance is the idea of giving the roof and building fronts a more emotional design, as has already been accomplished for interior design, e. g. for the bathroom or kitchen. The Slate business line is increasingly shifting its focus to design and appearance, in addition to the material's protective function. Many impressive reference projects provide a good demonstration of how the roof and building fronts can contribute to the overall appearance of a building.

Smooth slate roofs without overhangs and edges, whose straight lines flow seamlessly into the building fronts: monolithic construction is another trend that the Slate business line was able to identify at an early stage and successfully exploit. Buildings whose outer shell is constructed entirely out of shimmering slate have a seamless look to them, creating a futuristic appearance.

This style of construction tends to be preferred by a small but relevant avant-garde target group. However, the general demand for clear and quiet forms, together with all-natural materials, is also growing. This trend has provided an additional boost to the slate façade market in recent years. There is also a trend towards larger formats, which enables various horizontal and vertical façade designs.

For a long time, only anchor dowels were available for the assembly of large-format slate façades, and had to be introduced into the slate. It was an unsatisfactory method, since the stone was easily damaged. Accordingly, the Slate business line developed an alternative method that protects the material, using brackets. In this method, the slate is simply placed in reinforced steel brackets and mounted on an aluminum substructure. However, with plate sizes of 60 x 60 centimeters, this technique also approaches its limits. But ultimately, the slate experts found a solution here as well. In symmetric cladding using the undercut technique, a hole is made on the back of the plate and the anchor dowel is inserted into this hole. This attachment is invisible to the observer. Thanks to various aluminum substructures, plates

with a wide variety of sizes can be used, with formats of up to 120 x 55 centimeters.

**THE CONTINUING TREND TOWARDS LARGE STRAIGHT-LINE FORMATS AND ROUGH RATHER THAN HIGH-GLOSS POLISHED STONE IS OPENING A NEW MARKET FOR THE SLATE BUSINESS LINE:**

Ashlar is for use as wall and floor tiles for interiors and gardens. Visitors to the BAU trade show in early 2015 were introduced to a new brand called "LivingStyle", featuring a contemporary presentation of the company's full range of products and applications for roofs, building fronts and exteriors. The website was created to match the elegant and purist yet emotionally appealing design of the trade fair stand. This endeavor is being undertaken with designers, interior architects, and garden and landscape designers in mind, in addition to developers and architects. On the website, visitors can take a virtual tour of the various living areas and get to know the wide variety of architectural possibilities featuring slate as a key design element.

In its transition into a sought-after provider of modern architecture, the Slates business line is expanding its range of products and applications without neglecting its traditional core competence: renovations and the protection of historical monuments. On the contrary, this segment creates lasting value in every respect, with true-to-the-original restoration of historic cultural monuments in Germany and, increasingly, in France and with the development of new concepts for roofing and façades, and for home and garden. ■



# In every channel, closer to the customer

Understanding the customers, leveling with them and designing your products and services to meet their needs: these are the parameters for successful marketing in the digital age, whether in the consumer goods division or the financial services division.

*A continuous exchange in social networks strengthens the bond between brand and consumer.*



**D**igitization has many facets: as industrial processes become linked and automated in a complex fashion, the service and consumer goods sector is undergoing a fundamental change in how consumers get information, communicate and shop. Already, 43 percent of the world's population is online and mobile internet use is growing rapidly. Vendors are encountering customers who are familiar with their products, prices and services in advance. What well-informed and demanding consumers seek in this changed market environment are credible interactions and an open exchange with manufacturers and service partners. Within the various communication and sales channels, there is a growing demand for guidance, personalized service and reliable quality - in short: for real added value.

**THE NEW ZWILLING HOMEPAGE WELCOMES VISITORS WITH IMAGES OF THE MODERN HOME KITCHEN: OPEN, TRANSPARENT AND INVITING. WHAT CATCHES THE EYE IN THE VIRTUAL DISPLAY WINDOW ARE THE ZWILLING BRAND PRODUCTS, WITH THEIR EXPRESSIVE CUTLERY, COOKWARE AND FLATWARE.** At the same time, the website acts as a platform for ideas and as a source of inspiration, offering numerous recipe ideas and tips. Those interested in individual items are routed directly from the brand website to the online shop. The relaunch of the German website in mid-2015 marked the beginning of a comprehensive international roll-out. In the future, the products of the Zwilling Kitchenware division will be available at twelve online shops and more than 60 brand sites worldwide. The digital sales channel offers the opportunity to stay with customers even after the sale process, analyzing and understanding their behavior on a broad scale and customizing services and products to meet their individual lifestyles. That is precisely the objective of the division's overarching "Closer to Consumer" (C2C) strategy: instead of focusing, as before, on point-of-sale and centralized purchasers, the division will look more closely at end consumers and on their purchasing behavior and expectations. The plan is to create a uniform brand experience for the ZWILLING brand in all points of communication, whether in workshops or conventional retail marketing, in restaurants, cooking studios and social networks, online as well as offline. Stores, websites and mobile devices will all create a single brand universe for the customers: they will →

→ be able to find the brand that they know from the internet in stores as well.

**SHOWTIME: THAI STAR CHEF NOK CHALIDA DEMONSTRATES HER ABILITY AT A COOKING EVENT IN THE ZWILLING CONCEPT SHOP IN BANGKOK; AMERICAN BLADESMITH BOB KRAMER TESTS CUTTING TOOLS LIVE IN THE FLAGSHIP STORE IN DÜSSELDORF.** As indispensable as the internet is

as a sales channel today, traditional sales channels still have the advantage of creating direct contact with a company's brands and products. And nowhere can customers come closer to a company's products than in a store. With their open and well-lit spatial concepts, ZWILLING concept shops and shop-in-shops from Berlin to Paris and from Barcelona to São Paulo and Chongqing provide the ideal setting to introduce customers to the modern home kitchen. Last year, the company expanded to two additional metropolitan areas, opening concept shops in Mexico City and Bangkok.

What counts above all in direct contact with customers is expert advice from well-trained employees. Employees with deep knowledge of the subject matter, and who are themselves enthusiastic about cooking with ZWILLING products, can pass on this enthusiasm to customers in convincing fashion. That's the idea behind the ZWILLING academies in Solingen, Shanghai, Yokohama and New York: in open kitchens with generous cooking islands, ZWILLING employees get practical advice about the professional handling of knives, pots and pans, as well as acquiring know-how about service and after-sales, calculation and event planning. The academies also provide the right venue for cooking events with customers and relevant opinion leaders such as bloggers.

**FOR A LONG TIME, CHEFS WERE PRIMARILY CONSIDERED TO BE CUSTOMERS. BUT TODAY, WITH THE GROWING FOCUS ON THE INTERPLAY OF TALENT, INGREDIENTS AND EQUIPMENT, CHEFS ARE INCREASINGLY BECOMING BRAND AMBASSADORS AND ENDORSERS.** One example is Christian Constant, the recipient of two Michelin stars and star of the French cooking show "Top Chef". A few years ago, ZWILLING partnered with him to open a premium brasserie in the immediate vicinity of the Eiffel Tower in Paris. Original Basque cuisine, from appetizers to desserts, is prepared and served here in STAUB products. Inspired by the quality of

the roasting pans, Christian Constant named the restaurant "Les Cocottes". This declaration of his affection for this unique cookware, made in Alsace from cast iron enamel, is undeniably shared by patrons from all over the world, who are willing to wait in line for a table at the restaurant. His recipe for success has since been adopted by Sofitel Arc de Triomphe, one of the leading hotels in Paris.

From "Les Cocottes" and the historic "Wartesaal am Dom" in Cologne to the "Café Imperial" in Prague and the 13 Soho Houses worldwide, patrons in more and more restaurants are experiencing the quality of ZWILLING products and, in the process, are getting an idea of how they can use these roasters, pots and pans at home. In addition to professional chefs, a growing number of cooking hobbyists are showing a lively interest in new recipes, preparation methods and high-quality equipment. Cooking events and culinary schools initiated by ZWILLING are enjoying increasing popularity worldwide, offering cooking enthusiasts an opportunity to expand their knowledge, exchange ideas and become familiar with the full range of ZWILLING products.

**COMMUNICATION IS JUST ANOTHER WORD FOR SHARING. MORE AND MORE PEOPLE TODAY ARE SHARING EXTRAORDINARY CULINARY EXPERIENCES OVER SOCIAL MEDIA.** Accordingly, it is no coincidence that the Zwilling Kitchenware Business Line has systematically expanded its social media activities as part of its C2C strategy. Whether the subject is interesting new products, helpful pro tips or contests, continuous exchanges in social media can strengthen the connection between the brand and the consumer. Food bloggers serve as key multipliers and opinion-shapers in these channels: their recommendations are trusted and are often rated as highly as personal recommendations from friends. The business line maintains intensive contacts with bloggers, especially in the US and Germany. This partnership is bearing fruit: already, more than 20 German bloggers who use ZWILLING products for cooking and baking regularly report on their experiences online.

**GIVING YOUNG WOMEN A PLATFORM TO SHINE BY SHOWING WHAT THEY CAN DO – THAT WAS THE IDEA BEHIND THE "ALL GIRLS ON DECKS" SOCIAL MEDIA CAMPAIGN.** The cosmetics brand Urban Beauty United (UBU) has made use of social



*C2C means maintaining a presence at all points of communication where ZWILLING products are used: in online shops as well as in traditional retail marketing locations, in restaurants and cooking studios as well as in social networks.*

networks to launch a women's DJ competition in which UBU products are effectively staged in a variety of contests, both online and offline. The campaign had a viral reach of 3.4 million users and the number of UBU's Facebook fans went up from about 2,000 to 8,000.

For the Zwilling Beauty Group business line, direct interactions with consumers using modern media are a vital component of brand management today. Social media has considerable market potential, especially given the breadth of its beauty tools portfolio: from manicure sets and eyelash curlers to tweezers and cosmetic brushes. What is essential is adapting the strategy to the brand personality in each case and to the relevant target groups and countries, taking into account the relevant range of experiences. For example, it is important to address regional differences between consumers and markets, such as different beauty rituals, and to take them into account in formulating the strategy.

Channels like Facebook, YouTube, Twitter and Pinterest allow companies to enter into a direct dialogue with consumers and help them experience the brand in a very approachable way with creative ideas and a limited budget. Key factors in the success of this strategy are making the right approach and focusing on relevant content so as to cultivate lasting enthusiasm in consumers and make them into brand ambassadors.

In addition to tutorials, i. e. directions with tips and tricks, special campaigns and programs are increasingly playing an important role. Other ways to ensure that the brand will reach a wide range of consumers include recruiting bloggers, celebrities and well-known professionals. Tweezerman's ambassador and VIP PRO program, for example, makes an outstanding contribution towards building the brand's viral presence. Opinion leaders get exclusive looks at new products in advance, are invited to special events and are even included in the product development process. These partnerships lead to personal recommendations with a high degree of authenticity and considerable reach.

As media continues to develop, direct dialogue with consumers will become more comprehensive and beauty products in particular will become



*For the Zwilling Beauty Group business line, social media is already an integral component of brand management. The decisive factor is adapting the strategy to suit the brand personality, the relevant target groups and countries and the individual range of experiences.*

more personalized. Consumers will be drawn most to beauty brands that maintain a continuous and relevant dialogue with their customers and offer personal solutions for today's beauty needs.

**MAINTAINING A CLOSE RELATIONSHIP WITH THE CUSTOMER IS ALSO A GOAL OF THE JAGUAR/TONDEO PROFESSIONAL HAIRDRESSING EQUIPMENT BUSINESS LINE. SPECIALTY STORES AND HAIR SALONS ESPECIALLY HAVE COME TO VALUE ITS PROFESSIONAL HAIRDRESSING PRODUCTS, INCLUDING SCISSORS, HAIR DRYERS, HAIR CLIPPERS, BRUSHES AND COMBS.** The business line relies on state-of-the-art communication and information technology in its B2B customer strategy. Tablets equipped with special software allow field sales employees to make efficient and customer-oriented product presentations, take orders and manage customer accounts right in the salon. Meanwhile, organizational tools and direct interfaces serve to cut costs. Tondeo also makes itself available to customers on the social web, interacting with its hairdressers via relevant and authentic content. A wide reach and a steadily growing Facebook community confirm the brand's success.

One of the most important innovations in the hairdressing segment is The Carecut from Jaguar, featuring an entirely new service concept for hairdressers. The Carecut seals ends with electrically heated scissors and strengthens the hair at the same time. That allows salon customers to grow their hair long without getting split ends. The unit's communication strategy has been successfully tested in a representative customer survey of 300 consumers in Germany. In addition to the scissors, hairdressers receive a salon marketing package and a listing in the Salon Finder at carecut.com, as well as benefiting from the business line's extensive advertising, PR and social media campaign.

**21 FITNESS STUDIOS IN THE GREATER COLOGNE AREA WITH AROUND 800 EMPLOYEES: THE OWNER-MANAGED COMPANY JUST FIT HAS BEEN AN ESTABLISHED PRESENCE IN THE INDUSTRY FOR MANY YEARS.** More than 50,000 members regularly visit their studios, which are categorized as basic or premium depending on the club concept. What all the studios have in common is high-quality equipment and a familiar atmosphere. The →

→ corporate group also includes INTERFIT, a network of independent fitness centers, community swimming pools and golf courses. Since its formation in the year 2001, INTERFIT has developed into one of the largest platforms in Germany for corporate fitness and wellness offerings. Large companies in particular are taking advantage of the opportunity to provide their employees with a wide variety of fitness offerings nationwide.

Just Fit brought Werhahn's abcfinance business line on board as its financing partner nearly a decade ago, and the company now uses the Cologne-based financial services provider to cover around 90 percent of its leasing volume. The advantage of these services over credit financing alone is the fact that abcfinance's products are specially customized to meet the needs of the specific industry, as well as the additional services it offers. With abcfinance fitness solutions, Just Fit has the financing flexibility it needs at all times in order to perform extensive renovations on short notice, if necessary, and to take advantage of favorable terms for spontaneous equipment purchases. With seasonal rates, lease payments can be adapted based on seasonal fluctuations in revenues, creating additional flexibility. That allows the company to keep its equipment up-to-date at all times, one of the most important means of attracting customers in the very competitive fitness and wellness market.

Just Fit relies on the full range of abcfinance's fitness solutions when it comes to equipping its premium club in the Mediapark district of Cologne. A highlight of this club, which was named studio of the year in a nationwide ranking, is the Endurance-Circuit from equipment manufacturer Milon. The leasing package includes a full-service component, which covers regular equipment replacements and annual on-site service, as well as training, software updates and a support hotline. Optional insurance, communication and marketing services are also available. For all this, the studio pays a fixed monthly installment over an agreed-upon term.

**WITH ITS FULL-SERVICE PACKAGE, ABCFINANCE IS FOLLOWING A GENERAL TREND IN THE ECONOMY. INCREASINGLY COMPLEX AND CUSTOMIZED PRODUCTS REQUIRE INCREASINGLY SPECIFIC ADDITIONAL SERVICES.** While customer service typically used to mean maintenance, repair and sup-

*Full-service agreements are increasingly in demand, particularly in the IT and office segments and in automotive leasing. Printers and copiers today are increasingly offered with use-based plans on a per-page basis, rather than selling individual devices.*

plying spare parts, today it's about ensuring the efficiency and performance of a capital asset throughout its life cycle, starting with pre-sales activities and extending through post-sales services like financing, logistics and insurance. The abcfinance business line was quick to see the importance of service as a competitive factor and has developed special financing solutions that allow manufacturers and dealers to offer their products, along with financing and appropriate services, for a fixed monthly installment payment. In return, their customers receive a fixed-price full-service package that is customized for their use and their service needs.

Such full-service packages, which include services all along the value chain, go far beyond just financing the investment. For this reason, more and more companies now see leasing as a fixed component of their financing strategy, as leasing has developed from a simple credit alternative into a financing instrument in its own right. This is confirmed by a joint study conducted by the Institute for Leasing Research at the University of Cologne and abcfinance. The study found that more than half of mid-sized companies today routinely use leasing in order to finance their investments in a predictable and balance sheet-neutral manner. 84 percent of companies that are currently leasing see it as a strategically important component of their financing mix. 15 percent of leasing users plan to increase their leasing exposure in the future. The study also shows that demand for full-service leasing in particular will grow at a disproportionate pace.

Full-service models are offered by abcfinance in close cooperation with the manufacturer. It is essential to think vertically, i.e. from the manufacturer's perspective, and to offer an all-in rate with components that make sense for the customer. In this regard, abcfinance benefits from its solid industry know-how and deep knowledge of properties. Full-service agreements are increasingly popular in the IT and office segments, as well as in automotive leasing. When buying printers and copiers, for example, vendors today offer use-based plans on a per-page basis, rather than individual devices. In automobile leasing, the standard package includes maintenance, tire management, motor vehicle tax, radio fees, insurance services and repairs. And there have long been "all-in" pack-





*Always having the latest high-quality equipment is what characterizes Just Fit Studios. Managing Director Frank Böhme (R) has been relying on abefinance's industry-specific lease products for almost ten years for his financing needs.*

ages for construction machinery and other capital assets. These allow customers to sign up for additional service for each piece of machinery they finance, with the dealer undertaking to perform various maintenance, repair and service work, depending on the type of contract. The price depends on the type of machinery, hours of operation or mileage, and is entirely dependent on the customer's needs. ■

# "Creativity needs freedom"

DR. FREDERIK G. PFERDT





From Ravensburg to Silicon Valley: Frederik G. Pferdt (38), who holds a degree in business education, is a lecturer in innovation and creativity at Stanford University who has been working at Google since 2010, where he is responsible for promoting the inventiveness of the employees and generating ideas for new products.

**Creativity doesn't come at the push of a button, and innovation can neither be ordered nor forced. How can companies activate the creative potential of their employees?**

First, you have to ensure that employees develop creative self-confidence. For that, you need freedom and an environment where openness, transparency and trust can prevail. That means that information has to be exchanged very quickly and openly. People need to be able to see what their colleague is working on at all times. No information is withheld - there are spaces for exchanging ideas. That way, new ideas and projects can be discussed much more freely. And you have to allow people to make mistakes. Failure is part of a culture of innovation. It's just important not to allow yourself to be deterred, to keep trying and improve upon the idea. Finally, surroundings also play a role. They influence how we think and feel. At Google, for example, we set up the Garage, a kind of workshop with all sorts of things that help our teams develop something to grab onto and try out.

**So all you need are the right surroundings and the right environment, and the ideas will come?**

No, but they are necessary. You also need a way to cultivate an attitude among your employees that

makes them open to crazy ideas and makes them feel at first that there are no limits. Like with children, in whose imagination everything is possible, where cars can not only drive on their own, but can also fly. At Google, we established a lab in 2010 called CSI, Creative Skills for Innovation. Since then, more than 20,000 employees have taken at least one innovation workshop.

**Surely, creating such a culture of innovation is easier for a global internet conglomerate than it would be for a traditional mid-sized company. How can they start becoming more creative?**

Every company can develop simple strategies. For example, first saying "yes" to an idea and then maybe adding something. That is, instead of "yes, but", say instead "yes, and", so that ideas can be developed together and so as to create fertile soil for innovation. It doesn't matter at first if something won't work or what the obstacles are. You need to forget all that and instead say, "let's just start here, try something out and see if it works". An attitude like that can be quickly implemented and doesn't cost a thing.

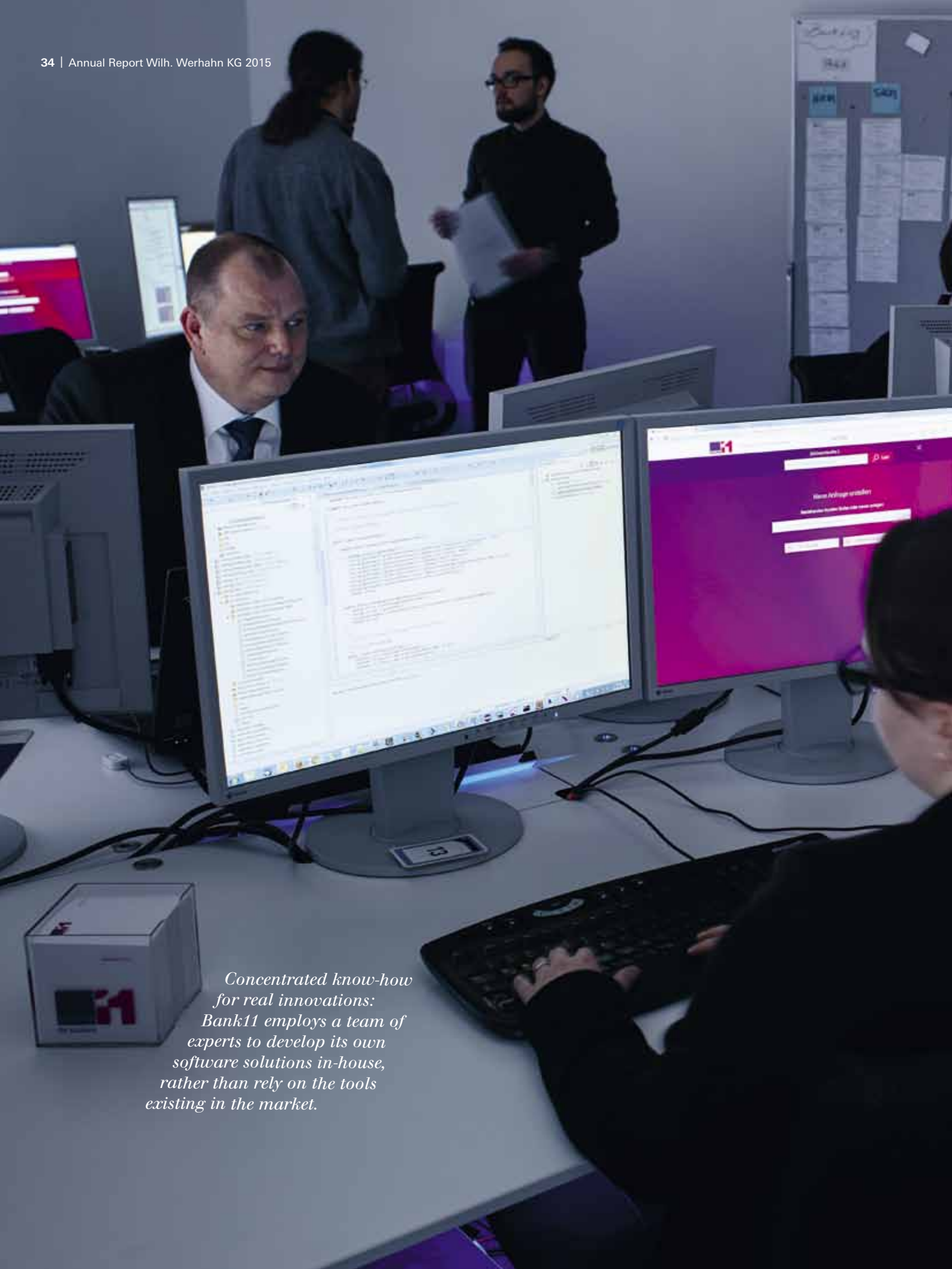
**But not every idea is good. How can you avoid going in the wrong direction?**

The most important thing you can do to prevent that is to clearly define a big goal. People need a mission. Every company can ask itself, "are we

working on something important? Can we do it better?" Even if the company is serving a niche market, it can decide to create something which will benefit mankind. What's important is always to think of new ideas and projects from the perspective of the user, the consumer. What do people really need? What would help

*"Trust is the important thing in a company. Someone who wants to develop something big, something new, cannot do so alone, but must be able to rely on others."*

them? These questions help us check where we're heading in developing an innovation, and they help us do the right thing. And then it is important not to sit around discussing it for weeks, but to put everything you develop into customers' hands as quickly as possible in order to see how they respond. That is the only way to really create something positive.



*Concentrated know-how  
for real innovations:  
Bank11 employs a team of  
experts to develop its own  
software solutions in-house,  
rather than rely on the tools  
existing in the market.*



# Thinking spaces for new ideas

What does the business model of the future look like? Which products and services will win over customers in a competitive environment? The ability to innovate, to go beyond ingrained routines to develop new solutions and transform the value chain, is the key to success in digital markets.

**T**he old rules no longer apply: while high-quality products, reliable production and efficient logistics used to be enough to guarantee lasting business success, today digitization is another factor that determines whether a business will be able to survive in the future. Every company becomes a digital and software company, to a certain extent, when central aspects of the core business are combined with digital services. Machinery and products become intelligent by integrating software, and customer contacts are maintained on digital platforms and intensified through mobile applications. How can companies manage to continually adapt their business models as innovation cycles become shorter and shorter? Of decisive importance are transparent corporate structures, a dynamic work flow and creating room for ideas, as examples from the various business lines have demonstrated.

**USER EXPERIENCE DESIGNERS, SCRUM MASTERS AND LEAD ARCHITECTS, WITHOUT EXCEPTION SPECIALISTS WHOM ONE WOULD EXPECT TO FIND WORKING FOR A SOFTWARE COMPANY RATHER THAN AN AUTOMOTIVE LENDER, ALL WORK IN BANK11'S DIGITAL LAB.** This development space was established at Bank11's Neuss location in early 2015. The mission was clear. The team of experts was charged with making the central dealer software, Victor, more customer-oriented. Associated with this project was a change of strategy: in the future, instead of relying on existing software solutions available in the market, Bank11 will be relying on software developed in-house. While the lead architect is responsible for the overarching IT architecture, the user experience designer tests the functionality and user-friendliness of the new software. In this way, the dealer portal can be precisely customized to meet the needs and requirements of the automobile market. Future adaptations to functions and the user interface can be accomplished easily and at low cost.

The work on this project has now become a permanent institution. Around ten employees are engaged exclusively in developing new digital solutions for the automotive market. Using the "scrum method", a special project management technique, creative potential is mobilized and promising ideas are implemented in a flexible and dynamic manner. Hierarchical structures and de-

tailed project documentation are largely dispensed with, and the focus is instead placed on self-organization and independent responsibility. Each project, e. g. developing an app, is divided into individual phases, or sprints. The specific tasks are discussed in daily team meetings, and the progress of the project is tracked in monthly reviews.

The work of the Digital Lab is part of Bank11's digitization strategy. With its simple and cost-effective financing products, the company has managed to firmly establish itself in the automobile market in less than five years. Like traditional banks, automotive lenders are facing growing competition from online and direct providers. The current challenge is to transfer the familiar interactions in car buying to virtual platforms and to redefine the customer experience using digital marketing strategies.

The plan worked: last year, Bank11 became the first independent automotive lender in Germany to launch an innovative mobile application. With the EvoCashCall app, Bank11's partner dealers can have customer financing transferred to their account immediately after the financing is approved. It also lets dealers see approved financing loans at any time, in real time. By using the app, dealers can improve their liquidity at no cost, optimizing their freedom of action for no added cost, regardless of where they happen to be at the moment: in the dealership, at a trade show or on vacation. With EvoCashCall, Bank11 allows automotive dealers to manage their financing business on their smartphone. The popularity of this new app is confirmed by the growing demand and the positive response from dealers.



**THE FLECHTINGEN PLANT GETS THE BALL ROLLING WITH ITS "AUTOMATION 4.0" PROGRAM.** For more than a century, this plant northwest of Magdeburg has used open-cast mining to extract hard rock and process it into fine gravel and mixtures for road construction, as well as track ballast. Flechtingen is one of the largest mining sites in Europe, producing around three million tons of rhyolite per year. The plant has long relied on high-tech systems for mining and processing stone, only recently investing in a new generation

*Fully automated loading: wagon positions and levels in the 70-meter-long enclosed loading terminal are detected by a shunting engine equipped with radio technology.*





of energy-efficient wheel loaders and dump trucks. But now, the Aggregates business line has gone one step further: all processes in its value chain are now automated.

It begins with the 60-ton heavy-duty trucks, which haul the rock after it has been blasted. Freight and shipping quantities, diesel consumption and maintenance intervals are sent to a central computer and monitored using a GPS-driven fleet management system, with the goal of optimizing use of the heavy equipment fleet while minimizing fuel and energy consumption. Subsequent processing in the downstream crushers and sifting machines is also fully automated, and the information is transferred to a central PC control station in real time. From here, the shape and size of the grains can be set in accordance with the customer's order. Probes constantly measure levels in the crushing chambers; if the system is running on empty, parts of the system automatically shut down in order to ensure efficient utilization. The fine gravel, processed into different grain sizes, will be placed in a 12,000-ton silo for interim storage, which will also be equipped with devices to monitor its fill level.

The Flechtingen plant is also setting new standards when it comes to loading its product. While in the past, the truck loading process has often been time-consuming and work-intensive, it can now be fully automated using RFID-controlled loading and weighing systems. Once the shipping agent identifies himself using his chip card, the loading process is set in motion and the quantity and quality of material that have been entered into the system are released via the silos. The Flechtingen site can easily handle up to 600 trucks a day without downtime.

The plant is also blazing new trails when it comes to rail loading. The silo is directly connected to the plant's loading station via a 600-meter-long conveyor belt. Storage boxes are available here for 40,000 tons of fine gravel. This additional storage capacity allows the plant to respond more flexibly to customer inquiries and better handle fluctuations in sales. The loading belt brings the rock into the covered storage boxes, where it is kept in interim storage, or takes it directly into the newly constructed 70-meter-long enclosed loading terminal. The shunting engine available →

*New rail loading: the plant is directly connected to the loading station via a 600-meter-long conveyor belt. Storage boxes for 40,000 tons of fine gravel are available here, making it possible to respond more flexibly to short-term customer inquiries.*

*High-tech systems for mining, processing and shipping of hard rock. All processes in the Flechtingen plant are automated, eco-friendly, energy-efficient and cost-effective.*





→ there is equipped with radio technology, and the position of the wagons and their levels are monitored by RFID readers, enabling fully automated loading. Employees can manage the entire process on-site using mobile tablets. This cuts loading time for each train in half, from eight to four hours. At the same time, the plant will be able to eliminate 15,000 truck runs between the processing facility and the rail loading station, thus improving efficiency all along the line.



**CONCLUDING FACTORING AGREEMENTS DIRECTLY ONLINE: FOR A LONG TIME, THAT WAS IMPOSSIBLE. FACTORING SEEMED TO BE DEPENDENT ON A PERSONAL RELATIONSHIP WITH THE CUSTOMER.**

For this reason, factoring is considered by many companies to be overly complex and costly. But abcfinance has shown that it doesn't have to be that way – with its online product, fastfactoring. This web-based standardized solution makes the process of selling outstanding receivables much faster and easier, allowing companies to save time, money and effort. That makes factoring an attractive option for new target groups. The fastfactoring product is a good addition to the financing mix, particularly for small and mid-sized companies with annual sales of 100,000 euros and up.

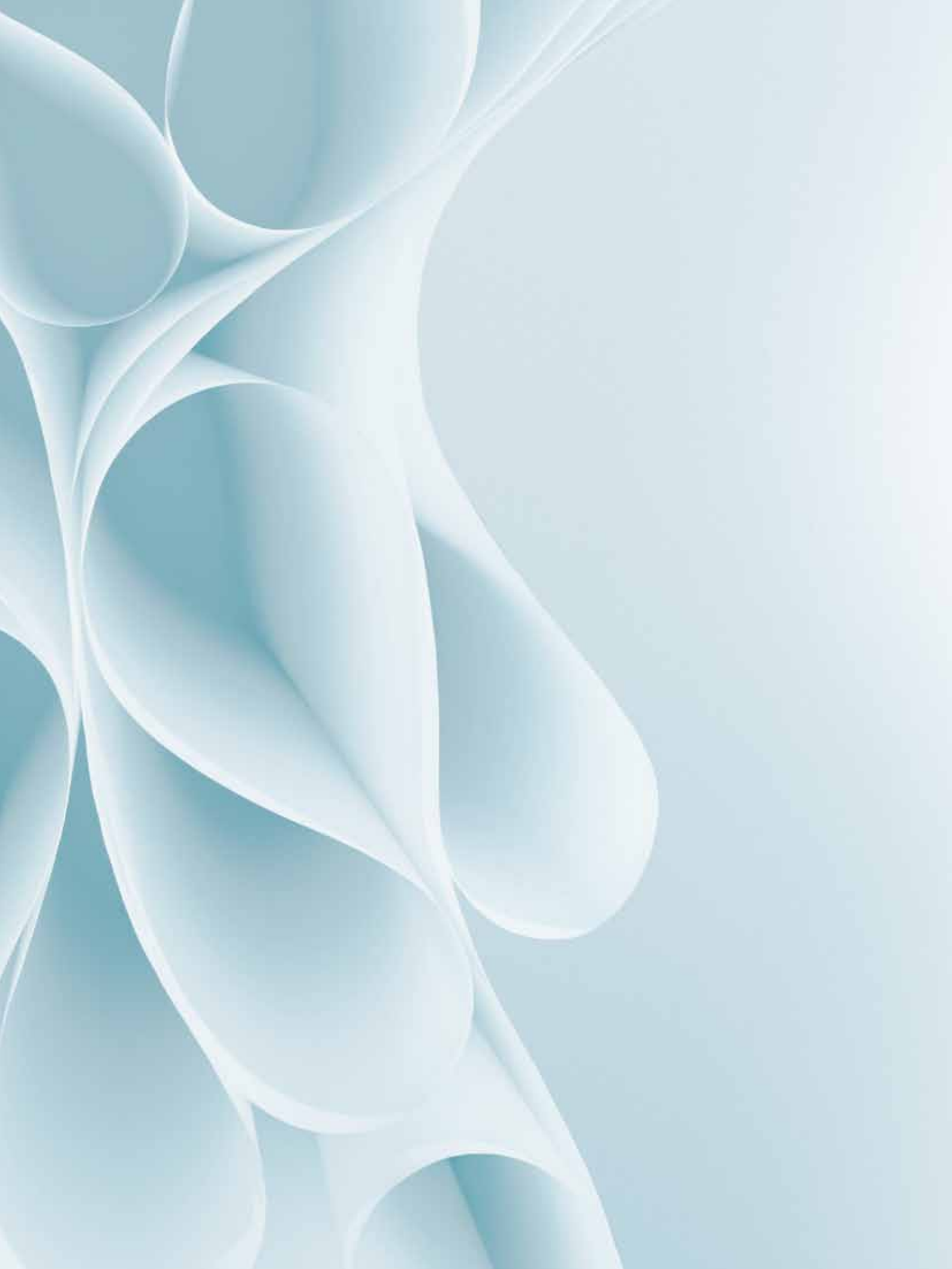
From the first suitability check to the credit check until the invoices are sent out, all processes run online over a secure internet connection. If the necessary information is available, the specialists

at abcfinance review the application and typically make a financing decision within 24 hours. If the financing is approved, the customer is given access to the secure factoring portal, where customer and receivables data is available in real time. Limit inquiries are decided in seconds, in fully automated fashion. This is made possible by in-house credit management software, CAM (Credit Application Manager), which clearly identifies debtors and evaluates them using a complex scoring and rating process. Receivables are purchased in a just-in-time manner.

Accounting can simply upload the invoices in the factoring portal as part of its routine day-to-day operations. The online cash by click function allows customers to draw money from purchased receivables, like an ATM, whenever they need cash.

With fastfactoring, abcfinance has strengthened its position in the sector as a trailblazer and innovation driver. The ability to utilize digital channels in the B2B segment is in no small part what enabled abcfinance to succeed in its endeavor to form a strategic partnership with Deutsche Vermögensberatung. The leading financial services firm chose abcfinance from among numerous competitors as a partner for its digital transformation. Systematically developing innovations and placing them on the market is another goal that abcfinance is pursuing with its Fit for Future project. This project includes a series of workshops to investigate growth potential from Industry 4.0 technologies and better meet the expectations of internet-friendly customers. And the next innovation is already in the pipeline: an online factoring calculator that shows users what fees they can expect for the management of their receivables. ■

*With fastfactoring, abcfinance has consolidated its position in the sector as an innovation driver. The ability to utilize digital channels in the B2B segment is in no small part what enabled abcfinance to succeed in its endeavor to form a strategic partnership with Deutsche Vermögensberatung.*





# Consolidated Report

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# Macroeconomic Development

The global economy grew moderately in 2015. According to the Kiel Institute for the World Economy, global gross domestic product (GDP) in the preceding year merely registered a gain of 3.1 % after 3.4 % in the preceding year. This was the lowest growth since the crisis year 2009. The reason was the slowing economic growth in many emerging countries. The pace of growth of the Chinese economy slowed again, the decline in global demand for raw materials presenting problems for a number of emerging economies. Brazil and Russia even slid into recession. Meanwhile, economic performance in many industrial companies was much more favorable. In the United States and Great Britain, the economic upswing continued. The economy in the eurozone was stimulated. GDP grew in Germany, Spain and Italy. The economy in France grew at a lower rate than the average of the eurozone. Growth in the eurozone was favored by the relaxed monetary policy of the European Central Bank. On the other hand, the drop in the price of oil sharply increased the purchasing power of private households, contributing to a tangible rise in private consumption.

## CONSUMPTION SUPPORTS THE DOMESTIC ECONOMY

The economic situation in Germany was characterized in 2015 by solid and continuous growth. Real GDP was 1.7 % higher than the year before, as calculated by the Federal Statistical Office. Consumption was the economy's strongest driver. Private households increased their spending by 1.9 %. Government spending even increased by 2.8 %. Investment also increased. Industry and the public sector invested 3.6 % more in equipment (e. g. machinery and vehicles) in Germany, adjusted for inflation. The Central Association of the German Con-

struction Industry in contrast registered only a slight gain in revenue of 1.6 % for the industry as a whole. German foreign trade continued to gain momentum: Adjusted for inflation, exports of goods and services were 5.4 % higher than in the previous year. Most exports went to countries in the European Union.

Now sustained for over 10 years, the upward trend on the German labor market continued in 2015. For the first time, more than 43 million people were gainfully employed on annual average, according to the calculations of the Federal Statistical Office. This represented 0.8 % more persons than in the year before.

## STIMULATION OF THE EUROZONE

According to the Eurostat Statistical Office, the 19 states of the eurozone earned 1.5 % higher GDP in 2015 than in the previous year. Nearly all economies registered growth for the first time since 2007. Thanks to the sound economy, the situation in the heavily indebted southern European states improved. After a three-year recession, the economy in Italy again registered a gain, while Spain in 2015 was even one of the fastest-growing countries in the eurozone. In contrast, France, the second largest economy in the Monetary Union behind Germany, again suffered from a high unemployment rate and increasing sovereign indebtedness. Greece and Finland brought up the rear in the eurozone last year.

In the estimation of the German Council of Economic Experts, four special factors supported the economy in the euro area in 2015: the sharply lower foreign exchange rate of the euro, the relaxed monetary policy of the European Central Bank, the drastic decrease in the price of oil and the waiver of many member states to continue their efforts of consolidation.

### LOWER GROWTH IN CHINA

In China economic growth slowed down again in 2015. According to official reports, GDP displayed a gain of 6.9 % after 7.3 % the year before. However, growth was still above the level of most other industrialized countries. According to the Chinese customs authority, China's foreign trade decreased last year by 8 % to a converted € 3.6 trillion, thus missing the government targets for the fourth year in a row. Imports too sharply lagged behind the 2014 level. In addition to the sharp decline in raw material prices, this was mainly due to the reduced domestic demand. The renmimbi exchange rate was subject to sharp fluctuations in 2015, but was much stronger overall than in the previous year. Consumption, particularly through the high growth rates in online trading, contributed more to GDP growth, as desired by the Chinese government. The declining investment activity could not be compensated, however. Consumer hesitancy is conditioned by the uncertainty about the future of real estate markets and weaker wage development.

### HIGH DEMAND IN THE UNITED STATES

The economy in the United States lost momentum in the course of 2015. Over the year as a whole, however, with a gain of 2.4 %, it registered a similarly strong growth rate as in 2014. The engine behind the growth was private consumption, in particular, which posted the strongest growth rate of the last 10 years. Low oil prices and the continued improvement of the labor market increased financial maneuvering room for consumers. As observed by the German Council of Economic Experts, the indebtedness situation of many private households eased in this low-interest phase, as they had concluded the majority of their credits at variable interest rates. Yet, the strong dollar took a toll on U. S. exports. With the drop in the oil price,

numerous oil and natural gas companies ran into trouble in the second half of the year.

### TOUGH ENVIRONMENT IN RUSSIA AND JAPAN

The situation of the Russian economy significantly worsened last year. According to calculations of the Russian Central Bank, gross domestic product was 3.7 % lower than in 2014. Gross investment decreased (on a ruble basis) by 8.5 %, with private consumption registering a drop of 10 %. Converted into euros, the declines were even more pronounced. The trigger for the crash was above all the drop in the oil price to the lowest level in 12 years, as government revenue is largely fed by the oil and natural gas exports. Based on budgetary deficits, the government decreased spending considerably. Fearing unemployment, private households also cut back on purchases.

In Japan, as observed by the German Council of Economic Experts, great efforts were made through monetary and fiscal policy to boost economic development. However, the economy grew only slightly in 2015, as consumption nearly stagnated. Investment and foreign trade also did not develop satisfactorily. The consumer climate is already being influenced by the increase in value-added tax planned for April 1, 2017, and the related insecurity of consumers.

# Business Development and Results of Operations

Wilh. Werhahn KG is a diversified corporate group with activities in Germany and abroad. The activities are brought together in the three corporate divisions Building Materials, Consumer Goods and Financial Services with seven business lines.

Key control parameters for the corporate divisions are net sales, EBITA (operating result as earnings before interest, tax and non-operating amortization<sup>1</sup>) and EBT (earnings before tax).

The Baking Products division was largely sold during 2014. The companies remaining in the Group are now assigned organizationally to Wilh. Werhahn KG and therefore are part of the other companies. Thus the previous-year figures are comparable only to a limited extent.

Net sales of the sold companies up to the time of their deconsolidation as well as the computed average employee numbers are presented separately for the last time. The result from the deconsolidation is contained in extraordinary result from 2014.

In 2015, the Werhahn Group recorded consolidated net sales of € 3 162 million (previous year: € 3 192 million). Adjusted for last year's net sales from the sold Baking Products division, a net sales increase of 5 % arose in 2015, which was slightly above expectations. The increase in net sales is based on the sharp growth of the Financial Services and Consumer Goods divisions. In contrast, the Building Materials division registered a tangible drop in net sales due to the lower purchasing and

sale prices. Both adjusted domestic and foreign net sales were able to be increased. Nominal foreign net sales totaled € 961 million (previous year: € 905 million). The share of foreign net sales in consolidated net sales increased slightly from 28 % to 30 %. Net sales in euro were positively impacted by fluctuations in exchange rates. The strong U.S. dollar and the Chinese renminbi had a material impact in this regard.

Cost of materials of the Werhahn Group dropped by 9 % to € 1 659 million (previous year € 1 820 million). This item contains both sales-related expenses from the Building Materials and the Consumer Goods divisions as well as expenses from the Financial Services division. Among these are refinancing costs and commissions from the banking and leasing business as well as acquisition costs for lease-purchase assets and residual book values for leasing assets that were sold. The decline in absolute figures essentially resulted from the disposal of the companies of the former Baking Products division last year. The cost of materials ratio in the Consumer Goods and Building Materials divisions was slightly below previous year, while in the Financial Services division the ratio moderately increased.

In 2015, other operating income was € 109 million, following € 97 million in 2014. The increase resulted from higher income from the disposal of fixed assets and exchange rate gains. In contrast, income from the release of reserves for bank-specific risks in the Financial Services division sharply decreased.

Depreciation on intangible assets and tangible assets amounted to € 158 million in the business year, thus only slightly above last year's figure of € 155 million. The increase in depreciation on leasing assets from € 374 million to € 397 million is primarily due to the expansion of new leasing business. The adjustment in the depreciation method for new contracts had a contrary effect.

<sup>1</sup> Non-operating amortization includes depreciation on goodwill and hidden reserves disclosed during the revaluation of acquisitions, as well as differences between linear and declining depreciation.

Other operating expenses increased by 6 % to € 408 million (previous year: € 387 million). The increase is mainly attributable to higher marketing costs and higher exchange rate losses in the Consumers Goods division. The decrease in expenses for risk provisions in the Financial Services division had an opposite effect. In other operating expenses, the most important individual items are maintenance costs (€ 76 million), external services (€ 74 million) and marketing (€ 66 million).

The operating result of the Werhahn Group significantly exceeded expectations. All Corporate Divisions were able to increase their operating result in comparison with the previous year. In the Building Materials division, the aggregates segment managed to improve its operating result. In addition to one-time special effects as a consequence of the Rolled Asphalt Sector Investigation in anti-trust law, better margins for asphalt mixtures accounted for this improvement. The Consumer Goods division profited from a high business volume in the Zwilling Kitchenware and Zwilling Beauty business lines and from the favorable development of exchange rates. The initial consolidation of Ballarini had no major effect in 2015 on the operating result of Consumer Goods division, since this occurred for the first time as of December 1, 2015. The renewed business expansion and low risk ratio led to an improvement in the operating result in the Financial Services division.

A high dividend from a participation led to a sharp increase in the investment result by € 15 million to € 33 million in the business year.

The interest result, including income from securities held as fixed and current assets, decreased by € 8 million to € -17 million. In addition to interest effects from concluded tax field audits, this was attributable in particular to heavy interest expenses from discounting of provisions.

The notable improvement of operating results led to an increase in the results from ordinary business activities of € 60 million to € 209 million. Expectations were significantly surpassed in this regard.

The tax ratio could be slightly improved in 2015.

The consolidated net profit of the Werhahn Group improved by € 42 million to € 147 million and was likewise significantly above expectations.

The development of the individual business lines is presented below.

The Management Board would like to thank all employees for their committed and successful work over the past year.

# Building Materials

The Building Materials division includes the Aggregates and Slate business lines that are active in Germany and in many European countries. The Aggregates business line bundles the building material additives and asphalt mixtures activities. The Slate business line produces premium-quality slate in Germany and the rest of Europe for roofs and façades.

## AGGREGATES

The Aggregates business line under the leadership of Basalt-Actien-Gesellschaft comprises the segments mineral raw materials, asphalt mixtures, building materials recycling/disposal, and construction chemicals. Customers are construction companies in the fields of structural and civil engineering and especially road construction.

Mineral building materials are largely hard rock quarried and processed in around 100 rock quarries owned by the Group and marketed regionally. In addition, a portion of the raw material is likewise used for the production of asphalt mix in 190 mixing plants owned by the Group. The business line is thus one of the largest producers of mineral raw materials and asphalts in Germany. Moreover, the business line also recycles, markets and stores construction waste.

The construction chemicals segment develops, produces and markets largely bituminous sealant materials for structural and roadway construction.

Abroad, the Aggregates business line is mainly active on the central and eastern European markets of Poland, Hungary, the Czech Republic, Russia, and Ukraine as well as in Sweden.

## Favorable price development for crude-oil-based input materials

The German economy did not provide much support for the construction business in the business year 2015. The Central Association of the German Construction Industry registered only a slight gain in revenue of 1.6 % for the industry as a whole. Growth in public-sector construction even amounted to only 1.0 %. In the public roadway construction segment, critical for the Aggregates business line, at 0.1 %, net sales in the construction industry were approximately on previous year's level.

In procurement markets, the construction industry benefited from decline in prices for raw materials based on crude oil. Bitumen, the most expensive input material in asphalt production, significantly decreased in price over the course of the year. This led to sharp relief on the cost side.

In the foreign markets where the business line is represented, the construction industry had varying performances in 2015. In the key market of Poland, especially structural engineering registered a gain. Meanwhile, the anticipated recovery of infrastructure construction did not occur. Delays in major EU-financed construction projects accounted for this. Accordingly, the operations of the Polish subsidiary posted tangible sales drops.

Development in Russia, Ukraine and Sweden was again hit heavily by the conflict between Russia and Ukraine. In Russia, the budgets for roadway construction were cut sharply once again. Low oil prices likewise took a toll on the Russian state budget. Nevertheless, the Russian operations of the Aggregates business line was able to increase its sales slightly. Growth, however, lagged behind expectations. The export-oriented operations in Ukraine suffered clear losses. Exports to Russia, in particular, largely came to a stop due to export restrictions. Increases in exports to Belarus and to the Baltic states provided a slight degree of compensation. The operations in Sweden, which earn most of their net sales with deliveries to Russia and the Baltic states, were able to boost business with customers in other countries.

### **Operative improvement in Germany**

Net sales in the Aggregates business line decreased in 2015 from the previous year by 7 % to € 1 250 million, remaining below the estimated level. The reason for this was the lower revenue from asphalt mixes as a consequence of the sharply lower procurement costs for bitumen and lower sales volumes for mineral raw materials. The foreign share in net sales fell slightly from 11 to 10 %. Drops in foreign exchange rates, particularly the Russian ruble and the Ukrainian hryvnia, also took a toll on net sales.

Results were better than expected and were significantly above previous year. The operating result and earnings before taxes were strengthened through one-time effects, particularly as a consequence of the sector inquiry for the rolled asphalt market in antitrust law. Adjusted for special effects and despite the difficult framework conditions and intensive competition on the market, the business line reported a much better operating result than in

2014. Decisive for this result were improved margins for asphalt mixes in Germany. This was essentially due to the favorable procurement costs for crude-oil-based input materials. Results developed unevenly abroad. While the companies in Hungary, the Czech Republic and Russia were able to increase their results, the companies in Poland, the Ukraine, and Sweden lagged behind the previous year.

In 2015, all proceedings of the Federal Cartel Office (Bundeskartellamt) based on the sector inquiry for the rolled asphalt market were discontinued by mutual agreement. The discontinuations occurred after unbundling of the joint ventures that were designated as problematic by the Federal Cartel Office. Some proceedings were stopped even without any unbundling measures. On this occasion, the business line changed its holding structures once again in 2015. For the most part, shares in already controlled companies were acquired and shares in companies, in which the business line held only a minor interest, were sold.

### **Stable development anticipated for 2016**

In Germany, there is still a large need to catch up on the renovation and expansion of transport infrastructure. In addition to higher budgetary allocations for highway construction, the Federal Government has proposed additional funds within the framework of a modernization initiative. However, uncertainty about the financing of immigration burdens, particularly at the federal state and municipal level, could lead to restrained spending. Finally, the Federation of the German Construction Industry estimates for 2016 tangible momentum in public roadway construction and an around 3 % gain in revenue.

In Poland, the Czech Republic and Sweden, business could profit from further EU-financed infrastructure measures. In contrast, the situation for the Russian and Ukrainian companies remains difficult. The sanctions imposed in the course of the Ukraine crisis and the development of crude oil prices is taking its toll on the government budget in Russia. The economy in Ukraine will also feel the effects in 2016 of the geopolitically conditioned recession. In anticipation of low demand, the Aggregates business line reduced the capacities of its operations in Russia and Ukraine.

The recent development of the energy and crude oil markets indicates at least in the short term further relief for raw materials and energy costs, particularly for asphalt mixes. Revenues will adapt due to the high intensity of competition on the markets. In the medium term, a rise in procurement prices can be expected again for key input materials.

The business line therefore anticipates moderate net sales growth for 2016. The operating result and earnings before tax will not attain previous year's level, adjusted for special effects, due to the heavy competition and anticipated rise in input material costs. In contrast, further measures to optimize operational processes, costs, and structures will provide some relief.

**Net sales development  
Building Materials division**

in € million

**-6.5 %**



## SLATE

The Slate business line quarries, processes and markets high-quality slate for roofs, walls and façades. The assortment is rounded out by building stone both for interiors as well as for gardens and landscaping. In the German quarry Katzenberg, the company Rathscheck has been quarrying high-quality slate under the "Moselschiefer" brand for more than 200 years. The Spanish subsidiaries Cafersa and Castrelos produce and market slate under the "InterSIN" brand. With this product range, the business line is among the leading suppliers of slate in Europe. The most important foreign markets are France, Benelux, Great Britain, and Ireland.

### Position maintained in tough environment

2015 was a tough year for the roofing trade in Germany. A lack of incentives to undertake energy-related renovations and low energy prices slowed the willingness of building owners to invest in the renovation of their buildings. According to industry estimates, the roofing trade shrank by more than 4 %. This related especially to the market of the Slate business line of restoration of pitched roofs of single and two family houses. According to the company's own analyses, the slate market registered a corresponding volume decrease of between 7 and 9 %. A drop in prices was also associated with this.

The important western European markets for the Rathscheck Group did not display a uniform picture in 2015. In Great Britain and Ireland, demand increased sharply. In contrast, the market volume in France and the Benelux countries further decreased. The consolidation process in the Spanish slate industry also continued in 2015. Slate offerings will therefore decrease there in the medium



term, which should have a positive effect on the market position of the Spanish subsidiaries Caferesa and Castrelos.

As a whole, the Rathscheck Group defended its market position in 2015, both in Germany and in the other relevant countries. Nevertheless, the net sales of solid € 68 million fell short of the previous year's level by about 3 % and were sharply below expectations. Foreign business contributed 42 % of total revenue. This signified an increase of 3 % points over the previous year.

Business in Germany was influenced by lower sales and heavy pressure on margins. The demand situation remained tense in the pitched-roof segment. Particularly with respect to the renovation of asbestos roofs, expectations were not met in 2015. Production costs in the Katzenberg mine are unsatisfactory based on the geological situation there. Improvement measures have already been introduced.

Sales volumes managed to be increased slightly abroad. The principal contributing factor was the positive development in Great Britain and Ireland. In France, the business line succeeded in acquiring market shares through increased activity in monument preservation. Price adjustments could only be pushed through selectively abroad.

The overall positive operating result and earnings before tax therefore could not fully meet the previous year's level and expectations.

#### **Further expansion of foreign business**

The situation on the German roofing market will remain tough in 2016. No stimulation is expected, particularly in the renovation segment. As a consequence of the low energy prices, only narrow incentives exist to save energy through energy-op-

timized buildings. Based on the challenging environment, competition on the German roofing market will remain intense.

In this light, the business line will start a market offensive to strengthen its position over the long term. The activities in monument preservation will be intensified and further marketing measures initiated.

Sales volumes in foreign markets should increase moderately in 2016. In France, private construction activity will heat up again in 2016, in the estimation of experts, thus boosting slate sales. For the Benelux countries, slightly increasing sales along with stable prices are expected. Construction activity in Great Britain and Ireland will also grow slightly.

Overall, the Slate business line anticipates sharply increased net sales for this year over 2015 and a likewise sharp improvement in the operating result and earnings before taxes.

# Consumer Goods

The business lines Zwilling Kitchenware, Zwilling Beauty Group, and Jaguar/Tondeo Professional Hairdressing Equipment comprise the Consumer Goods division.

The Consumer Goods division is present with high-quality brand name articles for kitchen and for body care on all major markets worldwide. Key factors for success are high quality, well-conceived functionality and modern design.

The business lines Zwilling Kitchenware, Zwilling Beauty Group and Jaguar/Tondeo Professional Hairdressing Equipment provide their products primarily to specialty wholesalers and retailers as well as to the specialty departments of department stores. But other marketing channels are increasingly gaining in importance, such as marketing through own affiliates, factory outlet centers, e-commerce through global online shops or in the context of customer loyalty programs.

Zwilling Kitchenware offers premium products for modern home kitchens. This includes knives, cookware, flatware, scissors and kitchen utensils, which are sold under the ZWILLING, Staub, Demeyere and Miyabi brands. Since November 2015, the Ballarini company also belongs to the portfolio of the business line. Ballarini stands for high-quality cookware made of anti-stick aluminum. Apart from the home market of Germany, the most important markets for the business line are China, North America, Japan and Europe.

Under the brands Tweezerman and ZWILLING, the Zwilling Beauty Group produces and markets tweezers, manicure and pedicure tools including complete manicure cases, files, and scissors. Sales markets include above all North America, China, Germany and the rest of Europe. The assortment is complemented by products of the QVS Group, which markets beauty accessories in the lower and medium price segments under the QVS and UBU brands as well as other trade and exclusive brands. The Zwilling Beauty Group moreover supplies nail studios and the retail perfume trade with products of the alessandro brand for hand, nail and foot care. Buyers include especially customers in Germany and the rest of Europe.

The business line Jaguar/Tondeo Professional Hairdressing Equipment offers professional hairdressing products such as scissors, hair driers, hair cutting machines, brushes, and combs mostly to specialty shops in Germany, Europe, North America and China.

## **Solid consumer climate**

The global consumer climate is critical for the business development of the corporate division. A sound economy and stable situation on the labor market put consumers in many countries in a buying mood in 2015. In Germany, the retail trade last year earned the highest revenue gain (adjusted for inflation) since 1994, according to the Federal Statistical Office. In China, in contrast, economic

growth slowed to 6.9 %, according to the International Monetary Fund. Department stores registered lower customer frequency. In the United States, private consumption increased, favored by rising employment. In Europe, sound economic development in Great Britain and Spain made for a sound consumer climate. In contrast, growth in France and Italy was more moderate. In Russia, consumers reduced spending in the course of the home economy's collapse. Consumer spending also decreased in Japan.

The Consumer Goods division sharply outperformed expectations, earning net sales in 2015 of € 763 million. This represented growth of 17 % over the previous year. This growth is based on a very sound development of the core business and was favored by positive development of currency exchange rates. The expansion of business volume and the favorable currency exchange rates were also decisive for the sharp increase in the operating result and earnings before taxes. Both figures were significantly above the estimates.

**Zwilling Kitchenware – growth in nearly all key markets**

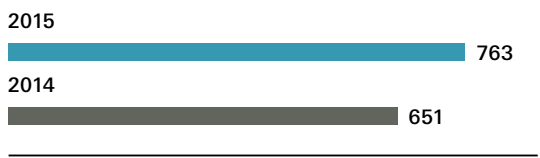
Zwilling Kitchenware continued its growth path in 2015. The business line increased net sales by 18 % to € 604 million and managed to sharply exceed estimates. The increase resulted above all from core business and positive currency effects. Net sales from customer loyalty programs slightly decreased, as expected.

In China, Zwilling Kitchenware managed to increase net sales again strongly. Internet and TV shopping as marketing channels continued their dynamic development. Revenue in department stores, in contrast, decreased. In Japan, Zwilling Kitchenware managed further growth, despite the tough consumer climate. Support came above all

from business in the now 27 own shops, of which 23 are located in factory outlet centers. In the United States, solid transactions with key accounts, e.g. with cookware of the ZWILLING and Staub brands, made for two-digit gains in revenue. In Europe, the business line likewise managed to earn higher net sales. The markets developed differently, however. In Germany, the business line registered increasing net sales in nearly all distribution channels: in department stores, own branches, factory outlet centers and online sales. Zwilling Kitchenware products enjoyed strong demand, particularly from tourists. The course of business was also positive in the Benelux countries, Spain, Italy and Great Britain, where new affiliates and shops in factory outlet centers are proving to be growth drivers. In Russia, in contrast, net sales continued to decline in light of the political and economic crisis. Zwilling Kitchenware had to withstand losses in Scandinavia as well. This was due to product delistings with a key account.

**Net sales development  
Consumer Goods division**  
in € million

**+17.2 %**



The high net sales in the core business and the positive currency effects led to a sharp increase in the operating result and earnings before taxes over the year before. They therefore significantly exceeded expectations.

#### **Zwilling Beauty Group – clear two-digit gain in net sales**

The Zwilling Beauty Group business line registered both with its Tweezerman and ZWILLING brands and with the assortment of the QVS Group in 2015 a clear two-digit gain in net sales, thus exceeding expectations. In contrast, revenue with products of the alessandro brand remained at the level of the previous year. Overall, the business line increased its net sales by 21 % to € 130 million. As in the Zwilling Kitchenware business line, growth was based above all on strong core business and positive currency effects.

The Tweezerman brand earned growth particularly in the United States home market and in Canada and Europe. German retail and the markets in the rest of Europe and Asia proved to be growth drivers for the ZWILLING brand. The QVS Group profited from a large number of major contracts concluded with new customers, including in France, the United States, Chile, Colombia and China. Products from alessandro were in strong demand in France and China as well as from major key accounts in Germany.

The operating result and earnings before tax of the business line substantially exceeded the previous year's figures and expectations.

#### **Jaguar/Tondeo Hairdressing Equipment – slight drop in net sales**

Net sales in the business line of Jaguar/Tondeo Hairdressing Equipment at € 28 million remained 4 % behind the previous year, thus unable to meet expectations. The provider of professional hairdressing items was active in a tough industry environment, above all in Europe. Based on the strong competition, hairdressing salons had no funds for investment. But also business in China, Russia and the United States did not develop as hoped. The low net sales led to a decrease in the operating result and earnings before tax.

#### **Further growth expected**

The corporate division plans in 2016 to profit from the anticipated positive development of the economy in the relevant markets.

Zwilling Kitchenware anticipates a net sales increase in the core business, adjusted for currency effects and the effects of the Ballarini acquisition. In China, the distribution channels Internet and TV shopping are to be further expanded. But growth will weaken there. In North America, the business line anticipates growth, particularly in cookware. In Germany and Europe, steady growth in the core business is planned. For the special business, in contrast, Zwilling Kitchenware estimates declining volume. For the operating result, the business line anticipates slightly decreased growth after the very strong reporting period. Above all, investments in the "Closer to Consumer" marketing concept are initially to take their toll in 2016 on the operating result in the core business. Moreover, the tentatively lower special business will have an effect. These decreases will be compensated, however, through the Ballarini acquisition.

The Zwilling Beauty Group likewise estimates net sales growth for 2016. Above all, multi-brand growth in the United States, the expansion of the global presence of the QVS brand and private label business and the growth of the ZWILLING brand will contribute to this growth. Alessandro will drive marketing via TV shopping channels. The business line is to receive more entrepreneurial independence. The related one-time expenses will take a toll in 2016 on the operating result and earnings before tax, leading to a slightly decreased performance.

The business line Jaguar/Tondeo Hairdressing Equipment expects sustained strong competition in the hairdressing industry. With new marketing concepts and product innovations, the business

line nevertheless plans to increase net sales, the operating result and earnings before tax sharply in 2016.

Net sales of the Consumer Goods division are to increase further in 2016, albeit somewhat less dynamically than in 2015. In addition to an improved core business, the acquisition of Ballarini above all will have a positive effect on net sales development. The division anticipates that negative currency effects will impact both, net sales and results. The operative result and earnings before tax should therefore reach previous year's level.

# Financial Services

The Financial Services division includes two business lines: the leasing and factoring provider abcfinance with abcbank and the automotive lender Bank11 with Bank11direkt.

## abcfinance

abcfinance has specialized in tailored financial services for medium-sized customers. With its leasing and factoring segments, it is one of leading providers among companies operating independently of manufacturers and banks in Germany. In the segment of leasing, abcfinance finances primarily vehicles, machinery and IT technologies. The customer group includes around 62 000 mid-sized companies in Germany, the Netherlands and Austria. In the factoring segment, abcfinance purchases receivables and assumes dunning and collection services.

For refinancing, abcbank, which belongs to abcfinance business line, offers private, commercial and institutional investors overnight money, time deposits, and fixed-term deposits as well as sav-

ings bonds. In addition, abcbank participates in the open market operations of the European Central Bank (ECB) and securitizes selected receivables (Asset Backed Securities – ABS bonds). In the second half of 2015, it successfully placed a second ABS bond with a volume of around € 500 million on the market.

## Strong new business in leasing and factoring

In addition to the general economic environment, the economy's propensity to make investments is critical for the growth of the leasing industry. In 2015, companies in Germany invested, according to the Federal Statistical Office, 3.6 % more in machinery, vehicles, IT equipment and other business assets. This energized new business of leasing suppliers. According to the Federal Association of German Leasing Companies, they financed investments of nearly € 59 billion, thereof € 52 billion by way of leasing (+ 3 %) and € 7 billion by way of lease purchases (+ 12 %). The driving forces behind this growth were vehicle leasing, which has a share of 74 % of the leasing market, and the leasing of production machinery and other mobile goods. In contrast, business with office machines, computers, servers and IT equipment slowed down.

Despite the favorable economic situation in the industry, consolidation pressure continued among leasing providers in 2015, if at a slower pace. The regulatory requirements of the supervisory authorities are steadily increasing for leasing companies, instigating high additional costs.

## Net sales development Financial Service division

in € million

# +15.4 %



As in the leasing industry, factoring providers are profiting from the fact that small and medium-sized businesses are searching for alternatives to classic bank credits in this low-interest phase. More and more frequently, they are expanding their financial leeway through the sale of receivables. According to the German Factoring Association, sales of providers increased in the first half of 2015 by 12 % to around € 101 billion. The lower capital market and credit interest rates also ensured in 2015 that the refinancing costs of providers specialized in leasing and factoring would remain low.

In this environment, abcfinance was able to further improve its position in the business year and gain market shares. This was possible due to intensive customer service and consistent expansion of cooperative relationships and product innovations. In Austria and the Netherlands, the company expanded its activities further. The successful squeeze-out procedure at Dresdner Factoring AG and the associated further integration of the company into abcfinance had a positive effect on business development.

abcfinance increased its revenue by 15 % to € 951 million, thus sharply exceeding expectations. The leasing segment registered a gain in new business of 27 %. The factoring segment increased its volume of purchases by 16 % thanks to strong organic growth. The operating result, as defined by the Federal Association of German Leasing Companies, was significantly above previous year and above projections. Based on the strong new business and the extraordinarily good risk ratio in this year, the business line was able to over-compensate for the low margins as a consequence of the unchanged low interest rate level and intensive competition. The repeated improvement of the risk ratio was based on the further decrease in the insolvency figures, the broad diversification of commitments and an effective and steadily further developed risk

management system. The change in the appreciation method for new contracts had a positive effect on earnings before tax.

### **Investment propensity remains high**

abcfinance is optimistic for 2016 and plans to grow further in the leasing and factoring business. The propensity for investing continues to be high in the German economy. The ifo-Institut is expecting an increase of 3.5 % for equipment investments. The leasing industry could benefit above all from rising expenditures for energy-saving technologies as well as from further increased networking of machines, people and objects via the Internet (Industry 4.0), which require a high degree of investment. Based on the planned further expansion of the business, abcfinance anticipates a moderate increase in revenue. Operating income and earnings before tax will likely not achieve the high level of the previous year, because the business line is assuming that the risk ratio will normalize and thus increase in 2016.

### **BANK11**

Bank11 für Privatkunden und Handel GmbH is a specialist for sales and purchase financing. Formed in 2011, the institute supports the automotive trade in Germany through financing and insurance offerings. Through purchase financing, Bank11 additionally offers car dealer partners the opportunity to increase their offerings of new and used vehicles. Bank11direkt GmbH, a subsidiary of Bank11, offers simple and readily comprehensible credit and investment products for private customers.

In order to refinance the business volume, savings bonds and overnight money are offered to private and institutional customers. In addition, Bank11 issued in 2015 an ABS bond, backed by accounts receivable of the Bank. With this ABS bond, Bank11 was able to make use of the favorable refinancing offer of the European Central Bank (ECB).

#### **Above-average growth in new business**

The German automobile market developed dynamically again in 2015. The Federal Motor Transport Authority registered 3.2 million new vehicles. This represents an increase of 5.6 % over the previous year. A high share of the privately used new vehicles was financed, which in turn animated the business of credit banks. The member institutes of the banking association increased their new credit business in automobile financing in the first three quarters of 2015 by 8.7 %. The credit portfolio at the end of September 2015 was 2.8 % higher than at the same time in the previous year.

In 2015, the Bank11 business line again recorded growth in new business significantly above the industry average. It increased new business in automobile financing by 32 % to nearly € 1 billion. The credit volume in automobile financing increased by 33 %. Bank11 profited from the successful collaboration as with the Bavarian Motor Vehicle Industry Association (Verband des Kraftfahrzeuggewerbes Bayern) and various dealer associations. The number of trading partners increased from 5 000 to more than 6 800. The exclusive partnership in credit financing with Tesla, the American electrical car manufacturer, developed positively. Further momentum was provided by new products, such as EvoRepair to financing vehicle repairs, and the Bank11 app for trading partners (EvoCashCall). The app makes it possible to have customer financing

paid out, directly after the credit approval, on the input reference account. Bank11direkt also markedly increased its new business in 2015 and acquired new customers with attractive conditions.

The operating result and earnings before tax increased over the previous year, though remained below estimates. The increase of new business, which is significantly higher than expected, led to higher selling expenses, taking a toll on the result. Risk-related expenses, which increased underproportionally, had a positive effect.

#### **New business and credit portfolio continue to grow further**

Bank11 plans to further increase new business and the credit portfolio in 2016. The environment will likely remain favorable. Assuming further stable economic conditions, new car registrations and transfers of possession should reach the high level of previous year. The use of a new front-end by automobile dealers will have a positive impact on business development. The front-end reduces the entry effort for car dealers and makes the credit routines faster and more transparent.

The further growth will over-compensate the effects from the intensive competition and the persistent low interest rate. The business line is confident that it will significantly improve the operating result and earnings before tax in 2016 in comparison to 2015.



# Net Assets and Financial Position

The consolidated balance sheet total increased in the year 2015 from € 5 243 million by € 899 million to € 6 142 million. The individual balance sheet items changed as follows:

## ASSETS

in € million	December 31, 2015	Change
Fixed assets	2 428	224
<i>thereof leasing assets from financial services</i>	1 263	149
Accounts receivable from financial services	2 464	510
Inventories	429	55
Accounts receivable and other assets (including prepayments and accrued income)	318	-29
Securities and liquid funds <sup>1</sup>	503	139
	6 142	899

## EQUITY AND LIABILITIES

in € million	December 31, 2015	Change
Equity capital	1 810	65
Provisions	384	30
Liabilities from financial services	3 587	726
Liabilities (including deferred income)	357	76
Deferred tax liabilities	4	2
	6 142	899

	December 31, 2015	December 31, 2014
Equity ratio	29 %	33 %
Equity ratio without financial services	69 %	72 %
Ratio of equity to fixed assets	75 %	79 %
Short-term debt service ratio	89 %	95 %

<sup>1</sup> Liquid funds comprise cash on hand, cash deposited with the German Federal Bank, bank deposits and checks.

The fixed assets of the Werhahn Group increased from € 2 204 million in the preceding year to € 2 428 million as of the closing date. It comprised tangible assets of € 843 million (previous year: € 800 million), intangible assets of € 245 million (previous year: € 204 million), financial assets of € 78 million (previous year: € 87 million), and leasing assets from financial services of € 1 263 million (previous year: € 1 114 million).

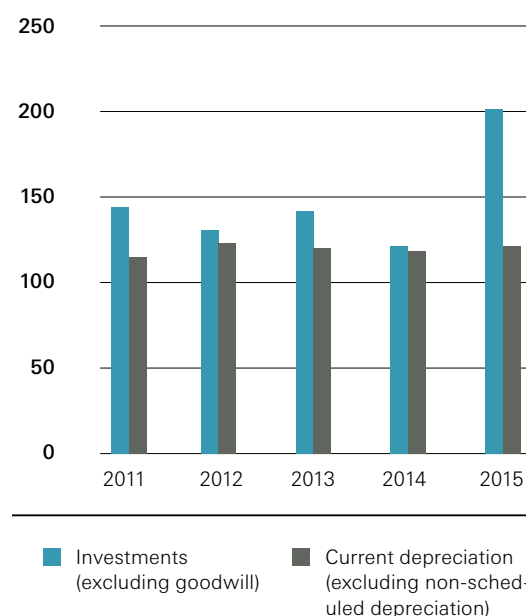
The increase in fixed assets, not including leasing assets, over the previous year largely resulted from the acquisition of the company Ballarini. Intangible assets increased by € 41 million. Current depreciation of € 45 million was counterbalanced in particular by additions from the acquisition of Ballarini (€ 60 million) and investments of € 16 million. Financial assets declined by € 9 million primarily as a result of changes in participations as a consequence of the antitrust Rolled Asphalt Sector Investigation within the Building Materials division.

Tangible assets increased without the Ballarini acquisition effect by € 28 million. Investments of the financial year of € 140 million were set against depreciation of € 113 million. A high degree of investment activity was registered particularly in the Building Materials division in 2015. The Consumer Goods division also invested more than in previous year. Headquarters also acquired an additional piece of commercial real estate. Most of the additions in the reporting period were still attributable to replacement investments; the share of expansion investments increased compared to previous year.

Investments in tangible assets, intangible assets (excluding goodwill), and net investments from acquisitions are presented below along with the depreciation for the respective years:

#### Investments and current depreciation

in € million



In 2015, investments were made in tangible assets, intangible assets (excluding goodwill), and net investments from acquisitions in the total amount of € 202 million (previous year: € 122 million). Investments thus exceeded depreciation by € 80 million (previous year by € 3 million).

The expansion of leasing business in the Financial Services division led to an increase in leasing assets from financial services. In the reporting year,

with depreciation of € 397 million and net disposals of € 130 million, investments in this area were € 676 million.

The increase in receivables from financial services by € 510 million to € 2 464 million resulted, as in previous year, from the further expansion of new business in the Financial Services division.

Inventories rose by € 55 million in comparison with previous year to € 429 million. This is attributable in particular to the build-up of inventories conditioned by acquisitions in the Consumer Goods division.

Accounts receivable and other assets (including prepayments and accrued income) totaled € 318 million (previous year: € 347 million). Trade accounts receivable decreased by € 25 million from December 31, 2014 to 201 million. The Building Materials division was able to substantially decrease its receivables portfolio as of the accounting closing date. In the Consumer Goods division, trade receivables decreased tangibly despite the expansion of business volume and the initial integration of Ballarini.

The cash flow from operating activities was € 371 million and was significantly above that of previous year (€ 18 million). The Building Materials and Consumer Goods divisions combined, realized a positive cash flow of € 265 million before consolidation (previous year: € 182 million). In compliance with DRS 21, the financing of the business activity of the Financial Services division is reflected in the operating cash flow. Consequently the cash flow from operating activities has limited informative value for the Werhahn Group. Much higher deposits from financial service providers have also ensured a positive operative cash flow in this division.

The cash flow from investment activities (€ –184 million, previous year: € 7 million) was characterized by investments in tangible assets and the acquisition of Ballarini. In the previous year, cash inflow from the sale of companies of the former Baking Products division was contained in this item. The negative cash flow from the financing activity of € –60 million (previous year € –65 million) mainly resulted from paid dividends to shareholders and minority shareholders.

Securities and liquid funds increased based on the high operative cash flow of the business year by € 139 million to € 503 million.

Net liquidity was € 292 million as of December 31, 2015. Furthermore sufficient credit lines were available with various banks to meet the funding needs according to plan.

Equity capital of the Group rose from € 1 745 million to € 1 810 million. This corresponds to an equity ratio of 29 %. Without consolidation of the financial services businesses, the equity ratio is 69 % ("equity ratio without financial services" in previous year: 72 %). The minority equity was € 63 million (previous year: € 61 million). Equity excluding minority interests was reduced as a result of negative currency conversion differences of € 4 million. For further details of changes to equity, refer to the Statement of Changes in Equity.

Provisions rose by € 30 million over previous year to € 384 million. As of December 31, 2015, provisions for pension obligations were € 111 million (previous year: € 107 million). In addition, there were other personnel provisions of 66 million (previous year: € 51 million). Provisions for future tax

payments were reflected in the amount of € 32 million (previous year: € 25 million). Another € 60 million (previous year: € 60 million) were put aside for recultivation and similar obligations in the Building Materials division. The increase in other personnel provisions was primarily due to higher provisions for employee bonuses. Provisions for future tax payments were primarily above the level of previous year due to the solid performance of this business year. Other key provisions included those for rebates and discounts, for outstanding invoices as of closing date, and for sureties and guarantees. The provisions presented in the Balance Sheet cover all identifiable risks and all uncertain liabilities to a sufficient extent.

Reflected in liabilities from the financial services business are refinancing of the Financial Services division as well as the liabilities of Bankhaus Werhahn GmbH resulting from its banking business. The further expansion of new business in the Financial Services division led to a rise in refinancing funds of € 726 million to € 3 587 million.

The liabilities (including deferred income) of the Werhahn Group increased in the reporting year by € 76 million to € 357 million. Most of the increase was attributable to higher liabilities due to shareholders, based on a tax distribution for previous

years and the distribution for the 2015 business year. Moreover, trade payables in the Building Materials and Consumer Goods divisions and liabilities due to banks increased as of December 31, 2015.

Deferred tax liabilities as of the closing date at € 4 million were slightly above the level of the previous year (€ 2 million). In 2015, the initial consolidation of Ballarini increased the deferred tax liabilities. The Werhahn Group is exercising its option not to recognize deferred tax surpluses from individual financial statements.

# Personnel

In the reporting period, the Werhahn Group had an average of 9 391 employees (previous year: 9 455). Thus, the number of employees and trainees decreased by a total of 64 compared with the previous year. Adjusted for the effects from the sale of the companies from the former Baking Products Division, personnel increased by 287 persons.

Particularly the Consumer Goods and Financial Services divisions increased their staff count as a consequence of the solid business performance. The Building Materials division employed approximately the same number of employees as in 2014.

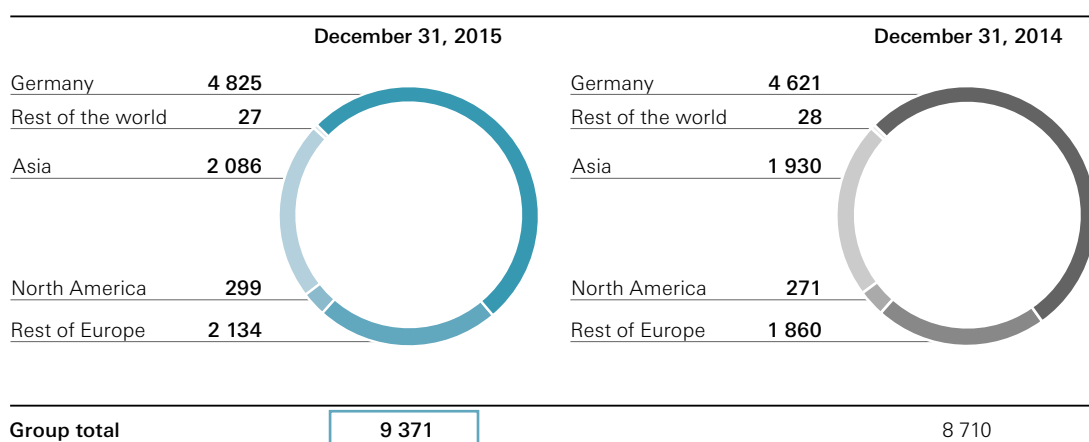
As of the accounting closing date, the sharp increase in the Consumer Goods division resulted pri-

marily from the initial consolidation of Ballarini and an increase in the number of employees at QVS in China. In the Financial Services division, the number of employees increased at abcfinance as well as at Bank11 over the previous year.

The number of staff employed is distributed over the individual corporate divisions as follows:

	Average 2015	Average 2014	December 31, 2015	December 31, 2014
Building Materials	4 375	4 373	4 140	4 104
Consumer Goods	3 976	3 752	4 198	3 652
Financial Services	792	728	789	695
Others	248	255	244	259
Baking Products	-	347	-	-
<b>Group total</b>	<b>9 391</b>	<b>9 455</b>	<b>9 371</b>	<b>8 710</b>
<i>thereof salaried employees</i>	4 281	4 239	4 235	3 944
Wage	4 917	5 019	4 938	4 576
<b>Employees</b>	<b>9 198</b>	<b>9 258</b>	<b>9 173</b>	<b>8 520</b>
Trainees	193	197	198	190

As of closing date, approximately 51 % (previous year: 53 %) of all 4 825 Werhahn Group employees were employed in Germany.



## EDUCATION AND FURTHER TRAINING

The number of trainees as of December 31 of the reporting year was 198. Overall, a slight increase in the number of trainees was registered compared to the previous year. Training was provided in 22 training vocations as well as in dual courses of study, where university studies can be completed parallel to training or with longer periods of practical training in the company. Moreover, employees also take advantage of the opportunity to increase their qualifications alongside their professional commitments through courses of study and certified further education.

In specialty, product and technology-related topics, qualification measures are carried out by the business lines themselves with consideration for their specific needs. These measures are supple-

mented effectively through seminars offered within the Group-wide Werhahn Excellence Program in management, communications and work techniques. Directed by external experts, employees and managers from the different business lines learn together based on carefully developed training concepts. Seminar participants often positively report the Group-wide exchange to be an added benefit. The program is revised annually based on instructor and participant feedback and the current state of scientific knowledge and training practices.

Wilh. Werhahn KG and several business lines offer managers, employees and their families the "Employee Assistance Program" (EAP). Professional advisors are available to provide phone support in case of vocational or private concerns. They can either help in solving the problems or make refer-

rals to other local support systems as necessary. According to anonymized evaluations, the frequency of use of the system declined in 2015 compared to previous years. The personnel managers check in this context whether the communications need to be refreshed or intensified via the EAP.

#### REMUNERATION

The business lines are subject to industry-specific collective wage agreements. Skilled professionals and managers are remunerated independently of these agreements based on performance. In addition to fixed salary components, other salary components are associated with the achievement of annual goals. The Ordinance of the supervisory requirements for institutions remuneration systems (Institutsvergütungsverordnung (InstitutsVergV)) applicable in credit institutes is implemented both for managers and for employees of the affected companies.

#### EXECUTIVE STAFF DEVELOPMENT

The recruitment, development and retention of young talent at all levels remains a central issue in all business lines of the Werhahn Group. In addition to training and dual studies in various forms, offering practical internship possibilities and the support of bachelor and masters theses have proven as methods to acquire talent, contacts and cooperation with selected universities with which the business lines maintain relations if specifically required. Innovative formats are also implemented to make and maintain contact with people, e. g. for the target group of young professionals. For

many years, Wilh. Werhahn KG has supported a student by granting this student the "Deutschland Stipendium". Since family companies are becoming increasingly more attractive for applicants on the job market, the Werhahn Group presented itself again at an applicant fair specifically for family-run enterprises.

The managerial competence model developed in 2014 has been initially implemented in the reporting period in audits to fill higher management positions.

# Risk Report

With a diversified structure covering various industries and regions, the Werhahn Group is exposed to many different business risks. Dealing with these risks is an essential part of corporate management. The period under consideration corresponds to the forecast period.

## RISK MANAGEMENT

The risk management system consists of the following three elements: the company-specific risk management manual, a risk inventory, and the risk reporting system at the level of the Group and the individual companies. An annual risk inventory is conducted in all business lines as part of corporate planning. The individual risks identified are described by the business lines and evaluated based on their maximum potential damage and the percentage probability of occurrence. At the same time, appropriate measures for dealing with these risks are defined as far as possible. The development of individual risks is continuously monitored by the business lines and reported in scheduled meetings (three times a year) of the various executive bodies of the business lines as well as the Management Board of the Werhahn Group. Significant new risks are also communicated to the responsible executive bodies as part of the reporting process or in ad-hoc reports outside of scheduled meetings. In addition to risk management, internal and external audits are conducted.

Business performance as well as opportunities and risks from current operations are discussed at meetings of the Management and Supervisory Boards.

In case of the Group's financial service companies, which are subject to supervision by the German Federal Financial Supervisory Authority (BaFin), the Minimum Requirements for Risk Management (MaRisk) are implemented and continuously monitored.

## DESCRIPTION OF RISKS IN THE WERHAHN GROUP

Werhahn divides risks into the following categories: external, performance-related, financial and internal risks.

**External risks** exist in form of political or legal circumstances as well as natural events and economic developments. This includes in particular the restriction of business activity in some countries, such as Russia or Ukraine. A further risk is that planned investments in such countries might not be able to be carried out due to economic instability or financial crisis. Existing country risks, if significant, are covered by Hermes guarantees. In the leasing segment, a risk exists of an increase in the risk ratio as a consequence of a massive collapse of the general economy.

**Performance-related risks** primarily affect the procurement, production and sales activities of the Werhahn Group.

In **procurement**, the greatest risks are posed by possible increases in the cost of inputs such as energy, fuel, and bitumen, as well as refinancing funds. Especially bitumen is an extremely important raw material for the Aggregates business line and its production of asphalt mixes for road construction. This is taken into account through risk-reducing measures such as fixed-price quotas for bitumen and reduced bitumen consumption through the increased use of recycled asphalt. In



the Consumer Goods division, a procurement-related risk of a strong rise in material prices exists as does a default risk for suppliers, which could potentially lead to production shutdowns. This is counteracted through the establishment of alternative procurement sources. Refinancing in the Financial Services division also falls under procurement. The main risks in this area include a worsening of refinancing conditions or withdrawal of credit lines. Risk-limiting measures exist through a further diversification of refinancing, e. g. through ABS bonds.

**Production risks** are addressed with preventive maintenance and quality assurance measures as well as with proactive investment planning. This approach ensures a reliable availability of production capacities and the damage from production stoppages can be avoided. Environmental protection and sustainability measures are also of high importance.

The **Sales** area faces a number of risks. These are particularly caused by a weak economic development. In some cases, this can cause demand in individual industries or markets to fluctuate. Weak demand entails the additional risk that heavy competitive or price pressure will arise. Thus, the Building Materials division continues to face the risk of decrease in demand for road construction products as a result of the ongoing shortage of funds in public budgets. Demand may also fall in the Consumer Goods division due to cyclical developments and is subject to fluctuations. In the Financial Services division, there is a risk that clients will no longer meet their financial obligations in the event of an

economic downturn. Accordingly, special focus is placed on risk development and monitoring in the leasing and factoring business as well as vehicle sales financing.

In the industrial area, there is also the risk of increased customer insolvency, which is counteracted through consistent receivables management, collateralization and in some cases through appropriate credit default insurance.

**Financial risks** in the form of currency and interest rate risks are integral aspects of international business. Relevant risk positions are determined in standardized processes and are regularly evaluated using different risk instruments. Any measures deemed necessary are introduced immediately. In particular, currency risks caused by the international alignment of the individual corporate divisions are specifically limited, if economically reasonable through the use of selected derivative financial instruments, primarily forward exchange contracts. Related hedging decisions are made in accordance with the Group's currency policy. The main currency risks result from cash flows in US dollars, Canadian dollars, Chinese renminbi (yuan) and Japanese yen, Russian rubles, and Ukrainian hryvnia.

**Internal risks** include personnel and organizational risks as well as IT, legal and compliance risks.

**Personnel risks** are minimized through a number of personnel policy tools such as performance-related remuneration, trainings for young professionals and extensive further training schemes. In addition there is the "Employee Assistance Program" (EAP) in the Werhahn Group. This is an independent advisory service available to Werhahn employees for help with professional, personal, family and financial matters.

**Organizational risks** are accounted for through clear allocation of responsibilities and organizational rules. The systematic review and further development of the business-line-specific internal control systems is further implemented.

Numerous technical and organizational measures have been instituted across the Group and reviewed through external audits in order to protect the **IT systems** against unauthorized access and data loss, thereby ensuring the smooth operation as required for the Group's business processes. The IT structures in the individual corporate divisions are also being further standardized and upgraded. Special attention is paid to compliance with data protection provisions.

The **compliance systems** of the Werhahn Group are updated on a regular basis. Compliance officers have been appointed in all divisions of the Group. They meet regularly with the responsible Management Board, central compliance officer and auditors. In addition, a helpline has been set up that can be approached by employees at any time, anonymously if needed.

Within the scope of the Group's business activities, there are circumstances in which risks arise as a result of **legal disputes and proceedings**. These include, for instance, risks related to patent law, product liability, tax law, contract law, and competition law. These risks are preemptively mitigated as much as possible through comprehensive legal

advice and internal policies. Furthermore, there are adequate insurance policies taken out for various legal risks. In case of pending proceedings not fully covered by insurance, the appropriate financial precautions are taken. Group tax returns are prepared centrally with great care, nevertheless, there is a risk that back taxes will be owed as a result of financial audits.

No risk of future development or other significant risks have been identified.

#### RISK ASSESSMENT AND PROSPECTS

The three greatest individual risks, weighted on the basis of their percentage probability of occurrence, equal about 1 % of Group equity. In comparison with the previous year, the risk situation, expressed as the total of the weighted probability of occurrence, has slightly increased.

No risks that could endanger the continued existence of the Werhahn Group are currently identifiable.

# Research and Development

Research and development are attributed great value in the divisions of the Werhahn Group. Research anticipates trends and customer requests that are implemented consistently by development in market-ready products. In addition, all divisions continuously try to optimize their production processes.

The research and development activities of the Aggregates business line focused in 2015 on two projects: participation in a research project of the Federal Ministry of Transport and Digital Infrastructure (BMVI) to test a substitute for the solvent trichloroethylene and to optimize the company's own bitumen products.

Trichloroethylene is used in the quality monitoring of asphalt in labs. The chemical is only used in closed extraction plants, as it has a toxic effect. Trichloroethylene may only be used until 2023 under strict requirements in asphalt and bitumen analyses. The Aggregates business line has meanwhile been able to demonstrate the basic effectiveness of an alternative solvent in collaboration with laboratories from universities and administrations through comparative studies in its own centralized laboratory. In order to use the alternative solvent in all applications, however, process and technical equipment optimizations are necessary. This is now to be carried out in a follow-up project of the BMVI. The first optimized extraction tool has already been provided based on the activity collaboration of the business line at the end of 2015. The use will show whether it is possible in the quality assurance of asphalt to efficiently use environmentally compatible and safe substances.

Bitumen has to meet various requirements depending on the place of use. Through the deliberate composition of specific bitumen components in the lab-

oratory, the Aggregates business line in 2015 optimized the viscosity of various types of bitumen for the respective application case. These specific formulas are produced by the Group's own bitumen trading and processing company and supplied to the mixed asphalt plants of the business lines. The application-specific design of the formula increases the individual quality of the asphalt mix while optimizing the input material costs.

The Consumer Goods division continuously develops products that take into account the high requirements made by the customer on design and quality. Research and development have a decisive impact on innovativeness and design competence of the division and the perception the customer has. In 2015, the main focus in the Zwilling Kitchenware business line were on the knives and stainless steel cookware product segments. Cleavers in all series were switched from externally forged blanks to upset forging technology. As a result, the capacity utilization at the Solingen plant improved. With riveted knives, production was switched from aluminum to stainless steel rivets. This increased the value and the dishwasher resistance of the knives. New knife series were developed especially for the markets in America and China. A project for the insourcing of household knives was carried out at the Solingen site and a new production concept developed. The implementation is planned for the first half of 2016.

Zwilling Kitchenware developed several new stainless steel cookware items and two aluminum pan series. In China, an innovative wok was introduced, which increases the product benefits through a technically ambitious material combination. Staub likewise brought multifunctional forged cookware

onto the market in China. With the ZWILLING Eco-quick, the business line developed a cost-effective pressure cooker, which will initially be brought onto the European market in 2016.

The Zwilling Beauty Group business line developed product innovations for all of its various brands. For example: a small vegan case made of cork for the ZWILLING brand, an eyelash curler for various eye shapes for the Tweezerman brand and a new gloss finishing for the alessandro brand.

The Jaguar/Tondeo Hairdressing Equipment business line adopted a concept for thermal decoupling of the handle and cutting area of "hot scissors". This product innovation for a hair-friendly cut has been on the market since the first quarter of 2016.

# Environment and Sustainability

Responsible and sustainable business is one of the fundamental principles of the Werhahn Group. The Building Materials and Consumer Goods divisions take on this challenge with many products and processes that conserve natural resources.

The operations of the Aggregates business lines have achieved further savings in the fourth year after the introduction of the energy management system certified in accordance with ISO 50001. This was possible through comprehensive technical changes and organizational measures. In light of the significant energy reductions already reached, additional savings will be difficult in the future.

Granulate asphalt of milled materials and removed road surfaces are used in the production of asphalt. This recycling is ecological and also economically interesting due to the high bitumen share in the granulate. In 2015, the business line further consistently invested in the technology of the asphalt mixing plant, which processes removed road surfaces. Moreover, the storage space for recycled raw materials was expanded at the sites. Nearly one-third of the raw materials used in the production of mixed bituminous mixtures already stem from recycling. The nationwide norm for asphalt quality and the requests of the customers define the limits for the use of recycled asphalt. In some regions, recycled asphalt material has already developed into a scarce resource. The business line is therefore paying special attention to granulate logistics: regions with a high volume of granulate supply areas where the granulate is scarce.

The production of raw materials (e.g. rock) is always associated with intervention in natural landscapes. The Aggregates business line therefore co-

ordinates both, in its planning and in the daily business, closely with approval and supervisory authorities and with landscape and nature protection authorities. Provisions are set up for re-cultivation and renaturing requirements. As of closing date, these provisions amounted to € 60 million (previous year: € 60 million). The Consumer Goods division is working for a continuous improvement of the eco-efficiency along the entire process chain. Progress was displayed in 2015 in the rehabilitation of soil air and ground water of areas at the Solingen site contaminated with chlorinated hydrocarbons. The energy management system of ZWILLING J. A. Henckels AG certified according to ISO 50001 last year, was checked in 2015 during a supervisory audit. Energy audits were also successfully carried out at Alessandro International GmbH and United Salon Technologies GmbH. In this regard, several approaches to improve energy efficiency have been identified and started to be implemented.

Demeyere in Belgium optimized the stock of chemicals used in the production process. In the Staub Group in France, the filter system already existing in the smelting operation was expanded at the end of 2015 also to parts of the sand processing system. The documentation necessary to operate the plants has been updated and submitted to the authorities. The official acceptance of the documents is anticipated for the first half of 2016. In the United States, solar plants have been installed at two locations.

# Hedging and Valuation Units

The Werhahn Group uses hedging instruments such as physical contracts and derivative financial instruments to hedge against currency and purchase price risks. All transactions were made on the basis of internal guidelines and are primarily limited to the hedging of operational business. The guidelines generally require that goods purchases, dividends, as well as principal and interest payments in foreign currencies be hedged. Appropriate safety margins are taken into account.

Hedge accounting is used by the Werhahn Group as a way to counteract price fluctuations in commodities in the procurement market. As of closing date, no valuation units exist in a significant amount.

The Group also enters forward exchange contracts to hedge foreign currency risks resulting from planned and pending sales and purchase transactions or refinancing within the Group. The risk hedged as of the closing date was € 6 million. The largest proportion, with a nominal volume of € 68 million, is attributable to assets. In addition, the nominal volume of planned transactions of € 13 million and of pending transactions of € 9 million are hedged. The forward exchange contracts have primarily remaining maturities of up to one year.

Underlying transactions and hedges are expected to eventually offset one another, as they are exposed to the same type of risk and meet the same main parameters. Highly probable forecast transactions include primarily the routine procurement of goods for operating business. Safety margins are taken into account. The effectiveness of the hedging relationships is prospectively determined on each closing date by comparing the parameters relevant to valuation. Provided that there are no changes to these parameters, almost complete effectiveness is assumed. Any resulting inefficiencies are recognized in accordance with the imparity principle.

Both micro and portfolio hedges are used. Opposing changes in the value of the underlying transactions and hedges are not reported in the Consolidated Income Statement (net hedge presentation method).

Derivative financial instruments are valued using the mark-to-market method. The following derivative financial instruments were used in the Werhahn Group:

in € million	Nominal volume December 31, 2015	Market value December 31, 2015
Foreign exchange contracts	89	-3
Interest swaps	5	2

As of closing date, forward exchange contracts with a nominal volume of € 6 million and a positive fair value of less than € 1 million were included, which were not recorded on the Balance Sheet as pending transactions.

# Addendum

No events occurred in the companies of the Werhahn Group after the closing date from which a material effect for the net assets, financial position and results of operations of the Werhahn Group is expected.

# Prospects and Opportunities Report

## MACROECONOMIC PROSPECTS

Macroeconomic forecasts, such as the IMF forecast of January 2016, predict growth of GDP of 3.4 % for the global economy in 2016, compared to 3.1 % in 2015. Development will vary regionally. A moderate increase of 1.7 % is expected in the eurozone in 2016. The IMF forecasts growth of 2.6 % for the United States and 6.3 % for the economy in China. Overall, growth in the emerging markets and developing economies is expected to be 4.3 % (as it was expected twelve months ago).

In this environment, the German market – for which the IMF predicts GDP growth of 1.7 % in 2016 – will also continue to face some uncertainties due to the rising trend of consolidation pressure on public budgets despite the forecasted growth.

## OPPORTUNITIES FOR FUTURE DEVELOPMENT

Within the Werhahn Group, the individual business lines have a number of opportunities for improved development of their business situation compared with the annual planning.

The possibility that the condition of the German road network, as well as the increasing traffic volumes, will require further investment in the transport infrastructure offers future opportunities for the **Aggregates** business line. Additional funding for new construction projects and a renovation of transport infrastructure were announced by the Federal Transport Minister in 2015. This funding is supposed to be available by 2017/2018. The intro-

duction of a usage-related car toll would further increase the financial scope of public budgets. In other European countries, opportunities could arise as a result of additional EU development funds. Moreover, opportunities for growth arise through the expansion of the product program.

In the **Slate** business line, opportunities especially exist in drastic expansion of new application areas (façade systems) and in working off the modernization backlog (asbestos).

The **Consumer Goods** division will experience additional business opportunities, as well as an increase in the profile of its brands due to additional global, large-scale project business and the further accelerated expansion of its own distribution channels as well as the promotion of the e-commerce market.

In the **Financial Services** division, there will be opportunities for further internal and acquisition-related growth which may lead to positive economies of scale. Moreover, business opportunities will arise through rapid progress of digitization in this area.

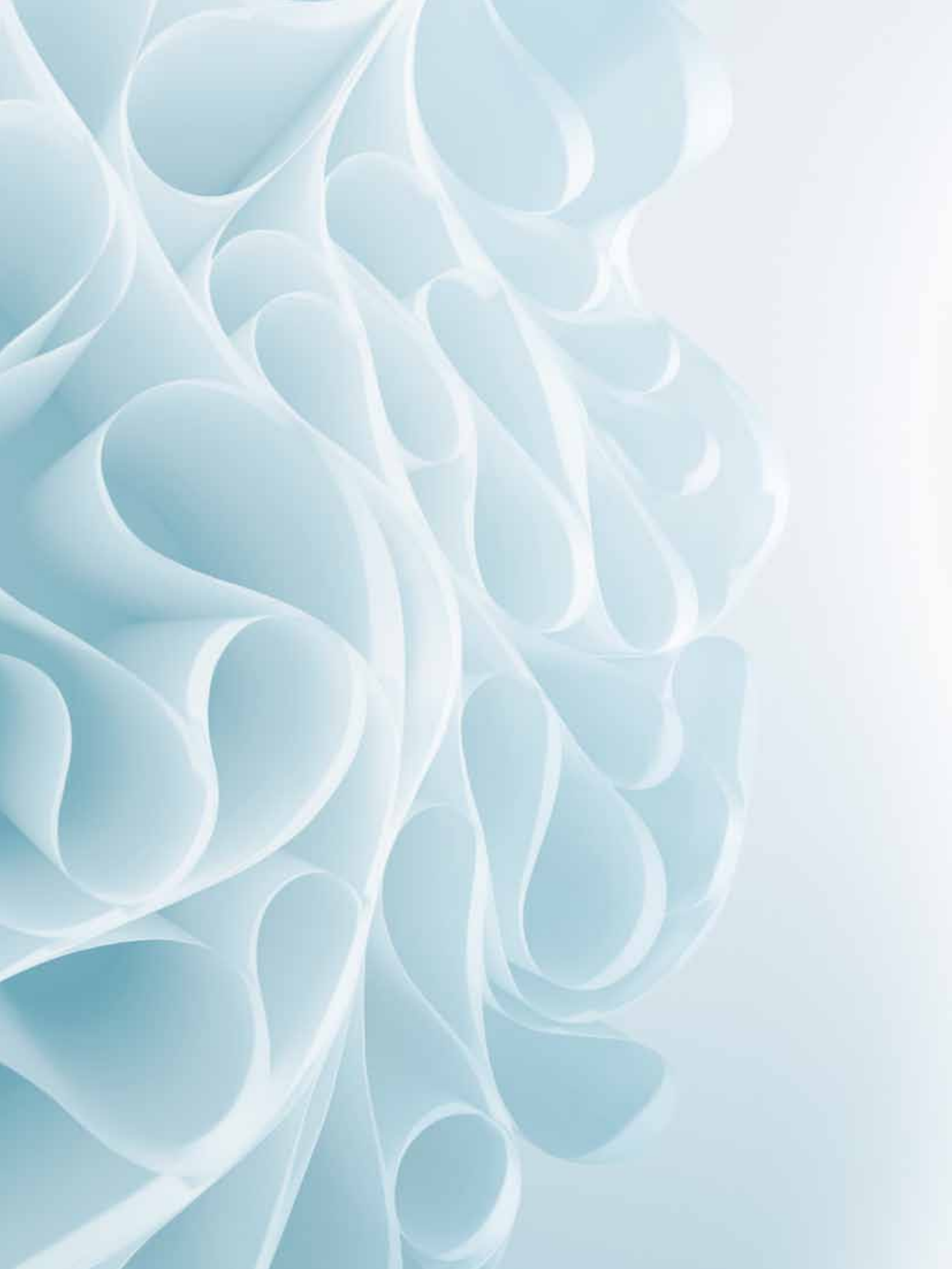
## PROSPECTS FOR 2016

Traditionally, business development of the Werhahn Group is strongly influenced by events in the building materials sector in the first months of the year, which is heavily seasonal and weather-dependent. The trend at the beginning of the year is slightly above the level of previous year, while the operating result in the Consumer Goods and Financial Services divisions are slightly ahead of previous year. However, the informative value of the first two months for the entire year is limited.



For 2016, the Management Board anticipates a moderate increase in net sales. In 2015, in addition to the very good operative development in the business lines, additional income from special effects led to a very high operating result. These special effects will not occur in 2016. For the business year 2016, the Management Board therefore anticipates

from today's point of view an operating result adjusted for special effects, approximately at the level of 2015. This development will also be reflected in the earnings before tax in 2016.



# Consolidated Financial Statements

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# Consolidated Balance Sheet

## ASSETS

in k €	Notes	December 31, 2015	December 31, 2014
Intangible assets		244 635	204 145
Tangible assets		842 633	799 766
Financial assets		77 822	86 621
<b>Fixed assets without leasing assets from financial services</b>		<b>1 165 090</b>	<b>1 090 532</b>
Leasing assets from financial services		1 262 636	1 113 778
<b>Fixed assets</b>	<b>(1)</b>	<b>2 427 726</b>	<b>2 204 310</b>
Accounts receivable from financial services	(2)	2 464 429	1 953 877
Inventories	(3)	428 723	373 983
Accounts receivable and other assets	(4)	308 249	338 474
Securities	(5)	108 361	105 076
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	(6)	394 600	259 045
<b>Current assets</b>		<b>3 704 362</b>	<b>3 030 455</b>
Prepayments and accrued income		9 811	8 640
Surplus from offsetting		48	42
		<b>6 141 947</b>	<b>5 243 447</b>

## EQUITY AND LIABILITIES

in k €	Notes	December 31, 2015	December 31, 2014
Fixed capital and capital reserves of Wilh. Werhahn KG		216 063	244 584
Group reserves		1 530 263	1 439 445
Minority interests		63 203	60 755
<b>Equity capital</b>	<b>(7)</b>	<b>1 809 529</b>	<b>1 744 784</b>
Provisions	(8)	384 318	354 215
Liabilities from financial services	(9)	3 586 891	2 860 772
Liabilities	(10)	354 144	278 800
<b>Outside capital</b>		<b>4 325 353</b>	<b>3 493 787</b>
Deferred income		2 929	3 167
Deferred tax liabilities	(11)	4 136	1 709
		<b>6 141 947</b>	<b>5 243 447</b>

# Consolidated Income Statement

in k €	Notes	2015	2014
Net sales	(12)	3 161 515	3 192 140
Inventory changes		-925	16 106
Internally produced and capitalized assets		5 467	4 960
<b>Total operating performance</b>		<b>3 166 057</b>	<b>3 213 206</b>
Other operating income	(13)	109 445	96 720
Cost of materials	(14)	1 659 085	1 820 302
Personnel expenses	(15)	458 328	427 529
Depreciation of intangible and tangible assets	(16)	157 878	155 275
Depreciation of leasing assets from financial services		396 859	374 494
Other operating expenses	(17)	408 300	386 785
Investment income	(18)	32 659	18 188
Depreciation of financial assets and securities classified as current assets		2 282	6 078
Write-ups of financial assets		171	-
Interest result	(19)	-16 894	-9 149
<b>Result from ordinary business activity</b>		<b>208 706</b>	<b>148 502</b>
Extraordinary result	(20)	-	3 388
Taxes on income and earnings	(21)	52 209	38 538
Other taxes		9 144	8 266
<b>Net profit for the Group</b>		<b>147 353</b>	<b>105 086</b>

# Statement of Changes in Fixed Assets

in k €	PURCHASE AND MANUFACTURING COSTS			
	Balance as of Jan. 1, 2015	Changes in scope of consolidation et al.	Additions	Disposals
Concessions acquired against payment, commercial trademarks and similar rights and assets, as well as licenses to such rights and assets	153 525	36 046	3 657	1 393
Goodwill	412 313	44 594	9 505	34 697
Prepayments	2 682	-45	3 044	64
<b>Intangible assets</b>	<b>568 520</b>	<b>80 595</b>	<b>16 206</b>	<b>36 154</b>
Land, land rights and buildings including buildings on third-party land	870 728	23 227	36 416	17 689
Technical facilities and machinery	1 188 730	68 976	33 186	52 588
Other facilities, operating and business equipment	419 960	4 355	36 589	28 812
Prepayments and facilities under construction	33 982	1 762	33 722	686
<b>Tangible assets</b>	<b>2 513 400</b>	<b>98 320</b>	<b>139 913</b>	<b>99 775</b>
Interests in affiliated companies	17 100	-1 343	87	715
Interests in associated at-equity companies	68 717	-27 163	2 792 <sup>1</sup>	625 <sup>1</sup>
Interests in other associated companies and other participations	68 836	-	10 725	12 351
Loans to affiliated companies	2 556	-	-	70
Loans to companies in which participations are held	538	-	-	520
Other loans	1 179	-	126	1
Long-term securities	188	-	-	188
<b>Financial assets</b>	<b>159 114</b>	<b>-28 506</b>	<b>13 730</b>	<b>14 470</b>
<b>Fixed assets without leasing assets from financial services</b>	<b>3 241 034</b>	<b>150 409</b>	<b>169 849</b>	<b>150 399</b>
<b>Leasing assets from financial services</b>	<b>1 936 389</b>	<b>-</b>	<b>675 776</b>	<b>460 627</b>
<b>Fixed assets</b>	<b>5 177 423</b>	<b>150 409</b>	<b>845 625</b>	<b>611 026</b>

<sup>1</sup> Thereof from equity valuation

1 477

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## Statement of Changes in Fixed Assets

Reclassifications	Balance as of December 31, 2015	Cumulated depreciation	Book value December 31, 2015	Book value December 31, 2014	Depreciation in the 2015 business year
1 785	193 620	125 112	68 508	44 584	12 670
–	431 715	259 501	172 214	158 136	32 274
–558	5 059	1 146	3 913	1 425	19
1 227	630 394	385 759	244 635	204 145	44 963
16 880	929 562	421 424	508 138	474 775	26 085
5 964	1 244 268	1 044 730	199 538	205 056	55 062
1 253	433 345	341 391	91 954	86 487	31 596
–25 324	43 456	453	43 003	33 448	4
–1 227	2 650 631	1 807 998	842 633	799 766	112 747
20	15 149	9 332	5 817	7 677	982
–	43 721	22 051	21 670	31 432	862 <sup>1</sup>
–20	67 190	19 170	48 020	44 553	333
–	2 486	1 270	1 216	1 286	–
–	18	–	18	538	–
–	1 304	223	1 081	950	–
–	–	–	–	185	8
–	129 868	52 046	77 822	86 621	2 185
–	3 410 893	2 245 803	1 165 090	1 090 532	159 895
–	2 151 538	888 902	1 262 636	1 113 778	396 859
–	5 562 431	3 134 705	2 427 726	2 204 310	556 754

# Consolidated Cash Flow Statement

in k €	2015	2014
Profit for the period (consolidated net income/net loss for the financial year including minority interests)	147 353	105 086
+/- Depreciation, amortisation and write-downs of fixed assets/reversals of write-downs of fixed assets (without leasing assets from financial services)	158 751	161 271
+/- Increase/decrease in provisions	3 825	-8 630
+/- Other non cash expenses /income	3 333	3 563
-/+ Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	44 057	-67 202
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-11 799	-720
-/+ Gain/loss on disposal of fixed assets	-21 463	-7 410
+/- Interest expense/interest income	16 894	9 149
- Other investment income	-32 660	-18 188
+/- Expenses for/income from extraordinary items	-	-3 388
+/- Income tax expense/income	52 209	38 538
-/+ Income taxes paid	-53 785	-31 242
+/- Depreciation, amortization and write-downs of leasing assets/reversals of write-downs of leasing assets	396 859	374 494
+ Proceeds from disposals of leasing assets	130 058	80 283
- Payments to acquire leasing assets	-675 004	-513 394
-/+ Increase/decrease of securities in financial services companies (unless classified as financial assets)	-3 028	-4 540
-/+ Increase/decrease in accounts receivables from customers from financial services	-438 740	-356 392
-/+ Increase/decrease in accounts receivables from credits institutions from financial services	-71 812	-26 694
+/- Increase/decrease in liabilities to customers from financial services	533 363	265 322
+/- Increase/decrease in liabilities to credit institutions from financial services	107 422	59 117
+/- Increase/decrease in other liabilities from financial services	85 335	-41 027
+ Dividends received from financial services companies	302	55
<b>Cash flows from operating activities</b>	<b>371 470</b>	<b>18 051</b>



## Consolidated Cash Flow Statement

in k €	2015	2014
+ Proceeds from disposal of intangible fixed assets	2 095	303
– Payments to acquire intangible fixed assets	–11 197	–7 597
+ Proceeds from disposal of tangible fixed assets	26 207	6 926
– Payments to acquire tangible fixed assets	–137 213	–104 067
+ Proceeds from disposal of long-term financial assets	14 939	13 923
– Payments to acquire long-term financial assets	–12 560	–3 404
+ Proceeds from disposals of entities included in the basis of consolidation	–	80 343
– Payments to acquire entities included in the basis of consolidation	–100 555	–3 326
+ Interest received	4 298	5 966
+ Dividends received	29 925	18 390
<b>Cash flows from investing activities</b>	<b>–184 061</b>	<b>7 457</b>
+ Proceeds from capital contributions by minority shareholders	1 939	1 017
– Cash payments to minority shareholders from the redemption of shares	–11 655	–7 496
+/- Proceeds from the issuance of bonds and from borrowings/cash repayments of bonds and borrowings	2 463	–35 625
+ Proceeds from subsidies/grants	1 153	1 005
– Interest paid	–8 374	–6 931
– Dividends paid to shareholders of the parent entity	–21 129	–3
– Dividend paid to minority shareholders	–24 777	–16 668
<b>Cash flows from financing activities</b>	<b>–60 380</b>	<b>–64 701</b>
Net change in cash funds	127 029	–39 192
+/- Effect on cash funds of exchange rate movements and remeasurements	2 406	2 280
+/- Effect on cash of changes in the basis of consolidation	13	–38
+ <b>Cash funds at beginning of period</b>	<b>249 193</b>	<b>286 143</b>
<b>Cash funds at end of period</b>	<b>378 641</b>	<b>249 193</b>

Cash funds are composed of the following items:

in k €	2015	2014
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	394 600	259 045
Liabilities to credit institutions payable on demand and other short-term loans that are a part of the disposition of liquid funds	–15 959	–9 852
<b>Cash funds at end of period</b>	<b>378 641</b>	<b>249 193</b>

# Statement of Changes in Equity

in T €	PARENT COMPANY					MINORITY INTERESTS		Total Group equity
	Capital shares of Wilh. Werhahn KG	Capital reserve of Wilh. Werhahn KG	Equity earned by the Group	Foreign currency conversion	Other neutral transactions	Minority capital	Foreign currency conversion	
<b>Balance as of January 1, 2014</b>	<b>147 790</b>	<b>96 794</b>	<b>1 404 202</b>	<b>-20 855</b>	<b>4 977</b>	<b>56 542</b>	<b>789</b>	<b>1 690 239</b>
Distribution to shareholders	-	-	-35 286	-	-	-21 605	-	-56 891
Issue of shares	-	-	-	-	-	1 016	-	1 016
Changes in scope of consolidation	-	-	-70	503	799	745	75	2 052
- Net profit for the Group in 2014	-	-	81 482	-	-	23 604	-	105 086
- Other Group result	-	-	42	4 200	-549	-2 727	2 316	3 282
Total Group result	-	-	81 524	4 200	-549	20 877	2 316	108 368
<b>Balance as of December 31, 2014</b>	<b>147 790</b>	<b>96 794</b>	<b>1 450 370</b>	<b>-16 152</b>	<b>5 227</b>	<b>57 575</b>	<b>3 180</b>	<b>1 744 784</b>
Distribution to shareholders	-	-	-64 886	-	-	-28 757	-	-93 643
Issue of shares	-	-	-	-	-	1 669	-	1 669
Changes in scope of consolidation	-	-	-	-	967	-	-	967
Withdrawals	-	-28 521	-88 706	-	-	-	-	-117 227
Others changes	-	-	117 227	-	-	-	-	117 227
- Net profit for the Group in 2015	-	-	114 389	-	-	32 964	-	147 353
- Other Group result	-	-	935	11 968	-1 076	-5 217	1 789	8 399
Total Group result	-	-	115 324	11 968	-1 076	27 747	1 789	155 752
<b>Balance as of December 31, 2015</b>	<b>147 790</b>	<b>68 273</b>	<b>1 529 329</b>	<b>-4 184</b>	<b>5 118</b>	<b>58 234</b>	<b>4 969</b>	<b>1 809 529</b>

# Notes to the Consolidated Financial Statements

## GENERAL INFORMATION

The Consolidated Financial Statements of Wilh. Werhahn KG were prepared in accordance with the rules set out in sections 13 et seq. of the German Public Disclosure Act (PublG) – excluding the facilitations in section 13, paragraph 3, clauses 1 and 2 of the PublG – in conjunction with sections 294 et seq. of the German Commercial Code (HGB) and are published in the Federal Gazette.

According to HGB section 297 paragraph 1, the Consolidated Financial Statements comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Notes to the Consolidated Financial Statements, the Cash Flow Statement and the Statement of Changes in Equity.

German Accounting Standards (DRS) have been applied where legally required, and based on the interpretation of general legal principles.

The Consolidated Financial Statements were prepared in thousand euros. To provide a better overview, various items on the Balance Sheet and in the Income Statement have been summarized and explained in the Notes. As in previous years, the Balance Sheet has also been expanded to include separate items for the financial services business.

## SCOPE OF CONSOLIDATION

All participations are listed on pages 100 to 112. All companies disclosed there under 1. **Consolidated Affiliated Companies** are included in the Consolidated Financial Statements as of December 31, 2015. Along with Wilh. Werhahn KG, the scope of consolidation comprises 116 companies in Germany (previous year: 103) and 60 foreign

companies (prior year: 58). In the year under review, 22 companies were incorporated for the first time. Of these additions, 14 were attributable to new formations, 3 to acquisitions and 2 to the additional acquisition of shares in former associated companies. 3 formerly affiliated, non-consolidated companies were integrated into the consolidated group because the size-related criteria for a full consolidation were surpassed. The 7 disposals in the reporting period were companies that were merged into consolidated subsidiaries, so that their assets are still included in the financial statements.

Pursuant to HGB section 296, paragraph 2, 84 affiliated companies were not consolidated, since their impact on the net assets, financial position and results of operations of the Group was of minor significance overall. In addition, no equity valuation was conducted on these companies due to their minor importance. The combined net sales of these companies account for less than 4 % of net Group sales, and their combined equal less than 2 % of the consolidated balance sheet total. There are no peculiarities to the Group's legal and commercial relationships with these companies.

All 19 companies listed under 2. **Associated At-Equity Companies** were consolidated using the equity method. Because they are also altogether of minor significance with regard to net sales and balance sheet totals and in regard to their influence on the net assets, financial position, and results of operations, other associated companies have not been incorporated at-equity in the Financial Statements.

## PRINCIPLES OF CONSOLIDATION

The **consolidated affiliated companies** are included in the Consolidated Financial Statements as of the date on which control was acquired, the date of their founding or, if they were previously not consolidated due to their minor significance, the date on which they surpassed the size criteria for consolidation. The capital of the companies was consolidated using the purchase method by offsetting the purchase costs against the Group's share in their revalued equity. Any remaining differences on the asset side after the disclosure of hidden reserves is shown as goodwill. Goodwill is generally depreciated according to schedule over 5 years pro rata temporis. If the planned amortization period of the acquisition from which the goodwill results deviates considerably from this, the acquired company is in a start-up phase, or other factors generating goodwill are to be taken into account, the useful life will be shortened or lengthened on a case-by-case basis. Variations essentially arise in the goodwill from the acquisitions of Deutag GmbH & Co. KG, the Staub Group and Demeyere G. C. V. Taking into account the expected long-term nature of the commitment and the continued expansion of their business, as well as – particularly in the Consumer Goods division – the increasing synergy potential, the periods of depreciation are 15 years. For the goodwill from the acquisition of Ballarini, the depreciation period is 7 years in light of the long-time existence of the acquired companies and the steady expansion of their business and the leveraging of potential synergies.

**Associated companies** are valued at equity using the book-value method. The difference resulting from at-equity consolidation is calculated at the time the company became an associated company or at the time of the initial consolidation if the

company was not previously consolidated due to its minor significance. Any goodwill arising from initial at-equity valuation was recognized accordingly under interests in associated at-equity companies and depreciated according to schedule over 15 years. Goodwill from at-equity consolidation totaled k € 999 as of closing date, with depreciation of k € 847. Prior to at-equity consolidation, there was a difference between the book values of the participation and the proportional equity of the associated at-equity companies of k € 12 757 or k € –2 454.

The special loss accounts and special reserves recognized for subsidiaries in the states of the former East Germany were included in the capital consolidation. The Financial Statements of fully consolidated subsidiaries in Germany and abroad were uniformly prepared in accordance with the accounting and valuation methods stipulated in the Werhahn accounting guidelines.

Accounts receivable and liabilities, net sales, expenses, income and interim results between consolidated companies have been eliminated. In the case of companies consolidated at equity, intra-group profits and losses in fixed and current assets have also been eliminated.

**CURRENCY CONVERSION**

The reporting currency of the Werhahn Group is the euro. Balance sheet items for financial statements of consolidated subsidiaries prepared in foreign currencies are valued at the mean euro spot exchange rate on closing date. The exception to this is equity, which is reported at the historical rate. Items on the Consolidated Income Statement are converted into euros at the average rate for the year.

Differences due to currency conversion are reported, without effect on profit or loss, in the currency conversion balancing item under total Group equity.

The most important exchange rates for the Werhahn Group are:

in €	AVERAGE RATE		CLOSING RATE	
	2015	2014	2015	2014
US dollar	1.1100	1.3288	1.0887	1.2141
Canadian dollar	1.4178	1.4667	1.5116	1.4063
Polish zloty	4.1824	4.1850	4.2639	4.2732
Chinese renminbi yuan	6.9761	8.1884	7.0728	7.5358
Japanese yen	134.3209	140.3820	131.0700	145.2300

**EXEMPTION FROM COMPULSORY DISCLOSURE**

Pursuant to section 264b of the German Commercial Code (HGB), the following limited partnerships are exempt from the obligations set out in HGB section 264a, paragraph 1 due to their inclusion in the present Consolidated Financial Statements:

- AMB Asphalt-Mischwerk Bischofsheim GmbH & Co. KG, Bischofsheim
- AMM Asphalt-Mischwerke Münsterland GmbH & Co. KG, Ladbergen
- AMW Asphalt-Mischwerke Würzburg GmbH & Co. KG, Würzburg
- AMWE-Asphaltmischwerke GmbH & Co. Kommanditgesellschaft in Schwerin i.L., Consrade
- Asphalt-Mischwerk Demmin GmbH & Co. Kommanditgesellschaft, Plate
- Asphalt Mischwerk Oyle GmbH & Co. Straßenbaumaterial KG, Oyle
- Asphalt-Mischwerke Osnabrück GmbH. & Co. KG., Osnabrück
- Asphalt-Mischwerke Rhein-Pfalz GmbH & Co. KG, Albersweiler
- Asphalt-Mischwerke-Mecklenburg GmbH & Co. KG, Consrade
- AWE Asphaltmischwerk Walschleben GmbH & Co. KG, Walschleben

- Bayerische Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe, Hofolding
- Bitumina Handel GmbH & Co. KG, Cologne
- Bitumina Spedition GmbH & Co. KG, Linz am Rhein
- BMH - Basalt - und Mischwerk Herschbach GmbH & Co. Kommanditgesellschaft, Herschbach
- BWH Basaltwerk Mittelherwigsdorf GmbH & Co. KG, Mittelherwigsdorf
- DEUMA Mischwerke GmbH & Co. KG, Taucha
- Diabaswerk Hirzenhain GmbH & Co. KG, Linz am Rhein
- Diabaswerk Nesselgrund GmbH & Co. KG, Floh-Seligenthal
- Dortmunder Gußasphalt GmbH & Co. KG, Dortmund
- Ems-Jade-Mischwerke GmbH KG. für Straßenbaustoffe, Cappel
- ETL Leasing GmbH & Co. KG, Dortmund
- H+W Mischwerke GmbH & Co. KG, Berlin
- Hansa-Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe, Dortmund
- KAM Köhlbrand-Asphaltmischwerke Betriebsgesellschaft mbH & Co. KG, Hamburg
- Mischwerke Lautzenbrücken GmbH & Co. KG, Lautzenbrücken
- Sauerländer Asphaltmischwerke GmbH. & Co., Kommanditgesellschaft, Brilon
- Südhessische Asphalt-Mischwerke GmbH & Co. KG für Straßenbaustoffe, Hanau
- SWA Südwest Asphalt GmbH & Co. KG, Iffezheim
- TUST Tief- und Straßenbaustoffe GmbH & Co. KG, Flechtingen
- Wm. Hilgers GmbH & Co. KG, Düsseldorf
- Zossen Achte VBV GmbH & Co. KG, Zossen
- Zossen Elfte VBV GmbH & Co. KG, Zossen
- Zossen Neunte VBV GmbH & Co. KG, Zossen
- Zossen Zehnte VBV GmbH & Co. KG, Zossen

For the following subsidiaries, use has been made of the exemption pursuant to section 264, paragraph 3 of the German Commercial Code (HGB) in conjunction with section 264, paragraph 4 of the HGB:

- abcfinance GmbH, Cologne
- Allgemeine Baustoff-Handels-Contor GmbH, Erfurt
- Alpha Beteiligungen GmbH, Zossen
- Ballarini Deutschland GmbH, Montabaur
- Basalt Minerals GmbH, Linz am Rhein
- Basalt-Actien-Gesellschaft, Linz am Rhein
- Basalt-Union Gesellschaft mit beschränkter Haftung, Linz am Rhein
- Charlie Acquisition GmbH, Zossen
- debcash Forderungsmanagement GmbH, Cologne
- DeTeWe Finance GmbH, Cologne
- Dresdner Factoring AG, Cologne
- GAB Gesellschaft zur Aufbereitung von Baustoffen mbH, Berlin
- Hako Finance GmbH, Cologne
- JV ZWILLING-RM GmbH, Solingen
- Norddeutsche Naturstein GmbH, Flechtingen
- Schneiderei Finance GmbH (formerly: DV Systems GmbH), Cologne
- Sechste Zossen Acquisition GmbH, Zossen
- United Salon Technologies GmbH, Solingen
- Werhahn Industrieholding SE, Neuss
- Westdeutsche Grauwacke-Union Gesellschaft mit beschränkter Haftung, Linz am Rhein
- ZWILLING Beauty Group GmbH, Solingen
- ZWILLING Belgien GmbH, Solingen
- ZWILLING International GmbH, Solingen
- ZWILLING J. A. Henckels Aktiengesellschaft, Solingen
- ZWILLING J.A. Henckels Retail GmbH, Solingen
- Zwilling Minority GmbH, Solingen

Werhahn & Nauen SE & Co. OHG (formerly Werhahn & Nauen OHG), Neuss, is exempt from its duty of disclosure due to its incorporation in the present Consolidated Financial Statements in accordance with section 5, paragraph 6 of the German Public Disclosure Act in conjunction with HGB section 264, paragraph 3.

#### ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles of Wilh. Werhahn KG also apply to the Consolidated Financial Statements. Financial statements for consolidated subsidiaries of which the accounts are prepared using different accounting principles have been adjusted. Immaterial adjustments have not to be made. In principle, the option to capitalize is not exercised.

**Intangible assets**, including goodwill from capital consolidation, are valued at purchase cost less scheduled and non-scheduled depreciation. Depreciation was conducted using the straight line method pro rata temporis over a useful life of 3 to 10 years. The useful life for goodwill is 5 to 15 years.

**Tangible assets** are valued at purchase or manufacturing cost, in case of depreciable items less scheduled depreciation based on the ordinary useful life. As far as the Consolidated Financial Statements permit, depreciation of assets acquired before January 1, 2010, is based on the maximum amounts under tax law. Assets acquired after this date are depreciated using the straight line method pro rata temporis. Non-scheduled depreciation is applied, if the inherent value of the asset decreases. Interest on borrowed capital is not reflected in manufacturing costs.

**Interests in non-consolidated affiliated companies, other associated companies, and other participations** are accounted for at purchase cost or lower carrying values. Important interests in **as-associated companies** are included at-equity in the Consolidated Financial Statements according to the book-value method. **Loans** are measured at face value or lower book value. **Long-term securities** are measured at purchase costs. Non-scheduled depreciation is applied, if the inherent value decreases.

**Leasing assets from financial services** are reflected at acquisition costs less scheduled and non-scheduled depreciation. The depreciation method for new contracts was changed in 2015 in order to give a true und fair view of the assets, liabilities, financial position and profit or loss of the business. The adjustment of the depreciation method led to a slight improvement in earnings before tax. Newly acquired leasing objects are now depreciated according to schedule over the normal useful life of the object. The depreciation of leasing objects acquired before 2015 is still based on the term of contract.

**Accounts receivable from financial services** are measured at face value. Individual risk and general credit risk have been accounted for through appropriate mark-downs.

In **inventories**, raw materials and supplies as well as merchandise are measured at their purchase or manufacturing cost. Finished and unfinished goods are measured at manufacturing cost. Manufacturing costs comprise individual material and production costs and the separate individual costs of production. Necessary material and production overheads as well as diminution of fixed assets caused by the manufacture of the item are included. Inventory risks arising from time in storage and

from diminished usability have been accounted for through appropriate mark-downs. Account is taken of loss-free valuation.

**Accounts receivable and other assets** are shown at their respective face values. Allowances have been made for potential risks through individual depreciation and general bad debt provisions. Long-term receivables in foreign currencies have been converted at the rate on the date of entry or at the less favorable rate on the closing date. Short-term receivables in foreign currencies are primarily converted at the mean spot rate on the closing date.

**Marketable securities** are measured at purchase cost or lower daily value.

**Derivative financial instruments**, such as forward transactions and swaps, are used for hedging purposes in order to reduce currency and price risks incurred in operating business or the resulting financing requirements. **Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks** are shown at face value. Holdings in foreign currencies are primarily converted at the mean spot rate on the closing date.

**Deferred taxes** are recognized for temporary differences between the commercial and tax value of assets, liabilities and prepaid and deferred items. Deferred taxes on tax losses and interest amounts, which may be utilized within the next 5 years, are also recognized. The option to offset deferred tax assets and deferred tax liabilities was exercised. Subsequently, if a net asset position remains from the individual financial statements, this is not recognized in the Consolidated Financial

Statements. Insofar as there is an excess of deferred tax liabilities, and further tax losses and interest amounts exist which can be offset and carried forward without limit, further deferred taxes up to the amount of the excess of deferred tax liabilities are then recognized.

No deferred tax liabilities are recognized on goodwill resulting from capital consolidation. Deferred taxes are also not recognized on differences resulting from the taxable measured value of a consolidated affiliated or associated at-equity company and the commercial value of the net assets recognized in the Consolidated Financial Statements. Deferred taxes according to section 306 of the German Commercial Code (HGB) are summarized with those from the individual financial statements according to HGB section 274.

The company-specific tax rates, expected to be valid at the time when timing differences are expected, apply. They lie between 7 % and 36 %.

**Provisions** are measured at the settlement amount required in accordance with sound business practices and, where they have a remaining maturity of more than one year, discounted at the market interest rate determined by the German Federal Bank for the respective term. The option, to form higher provisions if the amount to be released must be transferred again by December 31, 2024, at the latest will be exercised.

The settlement amount of **pension provisions** is, where available, calculated based on expected future salary and pension increases of 0.5 % to 3.5 %, as well as assumptions concerning future employee fluctuations. Where permitted, the entry age normal method based on the 2005 G tables created by Prof. Dr. Heubeck is used. Pension provisions are discounted at the interest rate



determined by the German Federal Bank (3.9 %) over a fixed remaining term of 15 years. Any assets to which all other creditors do not have access and which are to be used solely for the fulfillment of pensions or other similar obligations (covered assets) were offset against provisions. The fair value of the covered assets is determined by means of external appraisal reports or listed market prices. The pension provisions item also includes obligations on the part of US subsidiaries to provide medical insurance to their employees following retirement.

The separate item **liabilities from financial services** shows the liabilities of the financial service companies at their respective settlement amounts. It also includes deferrals from the financial service business.

**Liabilities** are shown at their settlement value. Long-term liabilities in foreign currencies have been converted at their entry date rate or at the less favorable rate on the closing date. However, short-term liabilities are generally valued at the rate on the closing date.

#### CLOSING DATE FOR COMPANIES INCORPORATED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Fully consolidated subsidiaries incorporated in the Consolidated Financial Statements generally close their accounts on December 31. Exceptions are the companies Tweezerman (India) Pvt. Ltd. and Ital Beauty Nippers (India) Pvt. Ltd., whose accounting year ends as of March 31, and VV Eins-Verwaltungs-GmbH (in wind-up), whose accounting year ends as of April 30. These companies are integrated into the Consolidated Financial Statements of the Werhahn Group by way of interim financial statements.

The closing date for the associated at-equity companies is generally December 31.

# Notes to the Balance Sheet

## (1) FIXED ASSETS

The breakdown of changes in intangible and tangible assets, financial assets, as well as leasing assets from financial services is shown on pages 78/79.

Goodwill is derived primarily from capital consolidation.

Depreciation includes non-scheduled depreciation totaling k € 14 728 (previous year: k € 17 335). Of this, k € 9 326 relates to leasing assets from financial services.

## (2) ACCOUNTS RECEIVABLES FROM FINANCIAL SERVICES

in k €	December 31, 2015	thereof due in more than 1 year	December 31, 2014	thereof due in more than 1 year
Receivables from banks from financial services	415 236	26 055	343 424	19 707
Purchased accounts receivable	6 809	106	6 419	3 384
Accounts receivable from banking business	1 326 650	867 313	1 021 360	666 421
Accounts receivable from factoring business	166 197	4 763	151 588	–
Hire-purchase receivables	511 746	303 500	395 507	239 095
Other receivables from financial services	37 791	66	35 579	319
	<b>2 464 429</b>		<b>1 953 877</b>	

## (3) INVENTORIES

in k €	December 31, 2015	December 31, 2014
Raw materials and supplies	96 128	81 315
Unfinished goods and services	59 307	58 056
Finished goods and merchandise	271 610	231 431
Prepayments	1 678	3 181
	<b>428 723</b>	373 983

Included in inventories are k € 33 562 from initially consolidated companies.

**(4) ACCOUNTS RECEIVABLE AND OTHER ASSETS**

in k €	December 31, 2015	thereof due in more than 1 year	December 31, 2014	thereof due in more than 1 year
Trade accounts receivable	201 441	60	225 938	303
Accounts receivable from affiliated companies	2 971	–	2 948	–
Accounts receivable from companies in which a participating interest is held	22 009	6 375	26 184	2 759
Other assets	81 828	17 511	83 404	12 138
	<b>308 249</b>		338 474	

Accounts receivable from affiliated companies and receivables from companies in which a participating interest is held include receivables from sales and service relationships in the amount of k € 739 and k € 2 012, respectively.

Included in accounts receivable and other assets are k € 20 013 from initially consolidated companies.

**(5) SECURITIES**

These are mainly bonds which are essentially held by Bankhaus Werhahn GmbH and Bank11 für Privatkunden und Handel GmbH. No stocks are held.

**(6) CASH ON HAND, CASH DEPOSITED WITH THE GERMAN FEDERAL BANK, BANK DEPOSITS AND CHECKS**

Of cash on hand, cash deposited with the German Federal Bank, bank deposits and checks in the amount of k € 394 600, k € 31 949 are not directly available to the Group for financing.

**(7) EQUITY CAPITAL**

Equity capital in the Consolidated Financial Statements includes the reported net equity of Wilh. Werhahn KG and the Group reserves, as well as minority interests in the equity capital of the subsidiaries incorporated in the Consolidated Financial Statements. These amounts relate primarily to outside shareholders in the Building Materials and Consumer Goods divisions. Participations in profit and loss by minority shareholders totaled k € 34 375 and k € 1 411, respectively. Proposed dividend distributions to minority shareholders and to shareholders in Wilh. Werhahn KG as of closing date are recognized in other liabilities.

At the closing date, there were restrictions on distribution exclusively for foreign companies. There were statutory restrictions on distribution of k € 9 384.

Due to an agreement under corporate law, the net profit for the year has been allocated to reserves.

The earned equity contains an amount of k € 28 521 from withdrawals of capital reserve based on a shareholder resolution.

#### (8) PROVISIONS

in k €	Balance as of January 1, 2015	Consumed	Released	Addition	Other changes	Balance as of December 31, 2015
Pension and similar obligations	107 263	10 381	539	4 729	10 145	111 217
Tax provisions	25 242	11 275	2 045	20 332	186	32 440
Others provisions						
Personnel expenses	50 693	41 209	2 111	56 489	2 379	66 241
Recultivation	60 016	1 680	2 707	2 628	1 820	60 077
Sureties and guarantees	15 385	3 100	1 800	4 059	290	14 834
Outstanding and missing invoices	16 151	15 434	1 704	15 548	2 090	16 651
Miscellaneous other provisions	79 465	54 720	5 097	60 413	2 797	82 858
	<b>354 215</b>	<b>137 799</b>	<b>16 003</b>	<b>164 198</b>	<b>19 707</b>	<b>384 318</b>

Assets to cover pensions and similar obligations with current market values totaling k € 2 354 and k € 461 were offset against pension provisions and provisions for personnel expenses, respectively. The historical acquisition costs of the covered assets are k € 2 311 and k € 618, respectively. Without offsetting, the pension provisions would have totaled k € 113 571, and the provisions for personnel costs k € 66 702.

The Group will exercise the option to form higher provisions if the value to be released must be restored by December 31, 2024, at the latest. The excess cover as of the closing date was k € 2 477.

**(9) LIABILITIES FROM FINANCIAL SERVICES**

in k €	December 31, 2015	thereof due within 1 year	December 31, 2014	thereof due within 1 year
Bonds from financial services	104 467	55 731	16 739	16 739
Liabilities to credit institutes from financial services	913 107	352 355	805 685	398 922
Liabilities to customers from financial services	2 543 429	1 869 723	2 010 067	1 371 410
Deferrals	25 888	9 846	28 281	14 586
	<b>3 586 891</b>		2 860 772	

Liabilities from financial services relate to the refinancing of the companies in the Financial Services division. Deferrals consist predominantly of prepaid and deferred items for income from leasing business not yet payable.

As of the closing date, liabilities from financial services with a remaining term of more than 5 years totaled k € 41 572 (previous year: k € 32 803).

**(10) LIABILITIES**

in k €	December 31, 2015	thereof due within 1 year	December 31, 2014	thereof due within 1 year
Liabilities to banks	70 738	30 627	57 717	26 946
Payments received on account	897	794	352	249
Trade accounts payable	121 622	121 038	104 730	104 583
Liabilities to affiliated companies	4 896	4 896	5 193	5 024
Liabilities to companies in which a participation interest is held	23 406	22 238	24 975	24 170
Other liabilities	132 585	120 283	85 833	81 768
<i>(thereof from taxes)</i>	<i>(22 295)</i>		<i>(25 806)</i>	
<i>(thereof for social security payments)</i>	<i>(4 361)</i>		<i>(3 468)</i>	
	<b>354 144</b>		278 800	

As of the closing date, liabilities with a remaining term of more than 5 years totaled k € 12 234 (previous year: k € 12 886). For liabilities amounting to k € 43 129, security has been provided in the form of mortgages, title transfers by way of security, and other rights.

Liabilities to affiliated companies and liabilities to companies in which a participating interest is held include amounts of k € 1 043 and k € 6 487, respectively, which relate to supply and service relationships.

Included in liabilities of the previous year are k € 22 908 from initially consolidated companies.

**(11) DEFERRED TAX LIABILITIES**

After offsetting against deferred tax assets, there was a surplus of deferred tax liabilities of k € 4 136 in the Consolidated Financial Statements. Debt carryover from the subsidiaries amounting to k € 8 709 exceeded deferred tax assets from consolidation measures. Deferred tax liabilities resulted mainly from tangible assets and intangible assets, while deferred tax assets relate primarily to inventories and accounts receivable from financial services. Deferred taxes on loss carryforwards are insignificant. The net asset positions of individual financial statements are not recognized. Taking into account the net asset positions would have resulted in deferred tax assets of k € 64 859 in the Group.

# Notes to the Consolidated Income Statement

The Consolidated Income Statement was drawn up using the total expenditure format.

## (12) NET SALES

Net sales include sales of products and services, less discounts and price reductions, as well as services from the banking and leasing business. In addition, rental income from Wilh. Werhahn KG Zweigniederlassung Haus & Grund is included.

### BY CORPORATE DIVISIONS

in k €	2015	2014
Building Materials	1 317 918	1 409 766
Consumer Goods	763 432	650 917
Financial Services	1 019 318	882 558
Others	63 224	72 323
Baking Products	-	179 242
Consolidation	-2 377	-2 666
	<b>3 161 515</b>	3 192 140

### BY REGIONS

in k €	2015	2014
Germany	2 200 467	2 287 186
Rest of the world	13 142	11 261
Asia	291 565	232 517
North America	208 891	161 707
Rest of Europe	447 450	499 469
<b>Total</b>	<b>3 161 515</b>	3 192 140

**(13) OTHER OPERATING INCOME**

This item comprises mainly nonperiodic profit from the disposal of fixed assets (k € 23 369) and income from the release of provisions (k € 13 605) as well as allowances (k € 9 583).

Other operating income also includes currency exchange gains (k € 13 390; previous year: k € 6 846), income from service contracts (k € 6 644) and rental and leasing income (k € 3 894).

**(14) COST OF MATERIALS**

Cost of materials totaled k € 1 659 085 (previous year: k € 1 820 302), thereof k € 808 350 (previous year: k € 1 039 578) for raw materials and supplies as well as merchandise and k € 66 780 (previous year: k € 62 578) for purchased services. The cost of materials item also particularly includes expenditures for outgoing freight, acquisition costs for hire-purchase objects, energy costs, disposed residual book values of sold leasing assets as well as refinancing costs and commissions from the banking and leasing segment.

Included in the cost of materials are a total of k € 148 382 from deconsolidated companies.

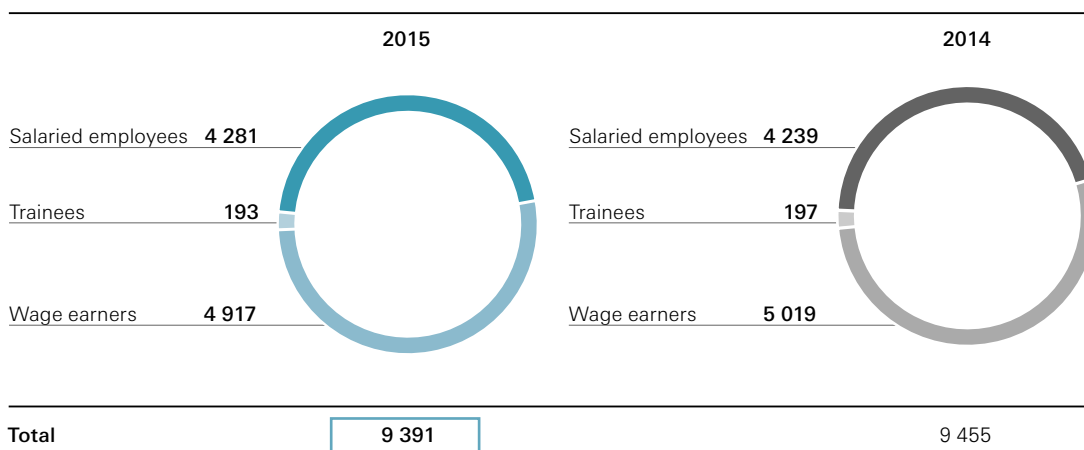
**(15) PERSONNEL EXPENSES**

in k €	2015	2014
Wages and salaries	377 340	349 099
Social security contributions and staff welfare costs	75 792	78 385
Pension costs	5 196	45
	<b>458 328</b>	427 529

Personnel expenses amounting to k € 14 068 in the previous year are attributable to deconsolidated companies.



The average number of employees over the business year was as follows:



Remuneration paid to the Supervisory Board in the year under review totaled € 0.5 million (previous year: € 0.5 million). Provisions for pensions for former members of the Management Board or their surviving dependents amounted to € 21.5 million (previous year: € 21.7 million). Remuneration and pension paid to former members of the Management Board and their surviving dependents totaled € 1.5 million (previous year: € 1.4 million).

Disclosure of total Management Board remuneration is waived in accordance with § 286(4) HGB.

#### (16) DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS

Depreciation of intangible and tangible assets includes depreciation of goodwill totaling k € 32 273. In addition, depreciation of current assets in the amount of k € 168 is also recognized here.

#### (17) OTHER OPERATING EXPENSES

Other operating expenses include, among other things, maintenance costs (75 737 T €), external services (k € 74 418), and advertising, (k € 65 689) as well as leasing and rental costs (k € 30 902). Allowances for accounts receivable (k € 25 816), insurance expenses (k € 13 233) and currency exchange losses, (k € 11 479, previous year: k € 5 427) are also included.

Nonperiodic expenses totaled k € 27 722 (allowances for accounts receivable and for losses from the disposal of fixed assets).

Domestic fees to the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft in the year under review totaled k € 2 361. This includes fees for auditing services totaling k € 1 862, for tax consulting services totaling k € 462 and for miscellaneous confirmation services in the amount of k € 37.

#### (18) INVESTMENT INCOME

in k €	2015	2014
Income from profit-transfer agreements	251	228
Expenses from profit-transfer agreements	–	–
	<b>251</b>	228
Income from affiliated companies	1 215	884
Expenses from affiliated companies	5	166
	<b>1 210</b>	718
Income from associated at-equity companies	11 735	13 871
Expenses from associated at-equity companies	1 929	911
	<b>9 806</b>	12 960
Income from other associated companies and other participations	21 813	4 399
Expenses from other associated companies and other participations	421	117
	<b>21 392</b>	4 282
	<b>32 659</b>	18 188

The result from associated at-equity companies generally represents the Group's share in the profit or loss of these companies for the year. This item also takes into account the elimination of interim results.

**(19) INTEREST RESULT**

in k €	2015	2014
Income from other securities and loans of financial assets <i>(thereof from affiliated companies)</i>	454 (26)	712 (32)
Other interest and similar income <i>(thereof from affiliated companies)</i>	4 701 (117)	6 786 (166)
Interest and similar expenses <i>(thereof from affiliated companies)</i>	22 049 (69)	16 647 (55)
	<b>-16 894</b>	-9 149

Interest expenses include expenses from the accumulation of provisions totaling k € 10 885 (previous year: k € 8 809). Interest income (k € 29) and currency exchange results (k € -4) from covered assets were offset against expenses from accumulated interest.

**(20) EXTRAORDINARY RESULT**

The extraordinary result in the previous year was from the sale of companies of the Baking Products division.

**(21) TAXES ON INCOME AND EARNINGS**

Taxes on income and earnings mainly comprise domestic and foreign corporation tax, as well as domestic trade tax for the consolidated subsidiaries. Also contained in this item is deferred tax income in the amount of k € 8 984 (previous year: k € 4 379).

# List of Participations as of December 31, 2015

## 1. CONSOLIDATED AFFILIATED COMPANIES

Building Materials Aggregates	Registered office	Share in %
Basalt-Actien-Gesellschaft	Linz am Rhein	100
AK Asphaltmischwerke Kaiserslautern GmbH	Ramstein-Miesenbach	75
Allgemeine Baustoff-Handels-Contor GmbH	Erfurt	100
AMB Asphalt-Mischwerk Bischofsheim GmbH & Co. KG	Bischofsheim	70
AME Asphalt-Mischwerk Eging GmbH	Eging am See	42
AML-Asphaltmischwerke GmbH Leipzig	Taucha	80
AMM Asphalt-Mischwerke Münsterland GmbH & Co.KG	Ladbergen	77
AMW Asphalt-Mischwerke Würzburg GmbH & Co. KG	Würzburg	45
AMWE-Asphaltmischwerke GmbH & Co. Kommanditgesellschaft in Schwerin i. L.	Consrade	51
Asphalt Mischwerk Oyle GmbH & Co. Straßenbaumaterial KG	Oyle	76
Asphalt-Mischwerk Demmin GmbH & Co. Kommanditgesellschaft	Plate	100
Asphalt-Mischwerke Osnabrück GmbH. & Co.KG.	Osnabrück	53
Asphalt-Mischwerke Rhein-Pfalz GmbH & Co. KG	Albersweiler	52
Asphalt-Mischwerke-Mecklenburg GmbH & Co. KG	Consrade	100
Atlas Industriebeteiligungsgesellschaft mbH	Linz am Rhein	83
AWE Asphaltmischwerk GmbH	Cappeln-Nutteln	58
AWE Asphaltmischwerk Walschleben GmbH & Co. KG	Walschleben	65
BASALT CZ s.r.o.	Zábrušany, Czech Republic	100
Basalt Minerals GmbH	Linz am Rhein	100
Basalt s.r.o.	Zábrušany, Czech Republic	97
BASALTKER Építőanyag Kereskedelmi Kft.	Uzsa, Hungary	100
Basalt-Középkő Kőbányák Kft.	Uzsa, Hungary	75
Basalt-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	76
Basaltwerk Pechbrunn, Gesellschaft mit beschränkter Haftung	Pechbrunn	76
Bayerische Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe	Hofolding	52
Bergisch-Westerwälder Hartsteinwerke, Zweigniederlassung der Basalt-Actien-Gesellschaft	Linz am Rhein	100
Bitumina Handel GmbH & Co. KG	Cologne	100
Bitumina Spedition GmbH & Co. KG	Linz am Rhein	100
BMH – Basalt – und Mischwerk Herschbach GmbH & Co. Kommandit- gesellschaft	Herschbach	51

## List of Participations

<b>Building Materials Aggregates</b>	<b>Registered office</b>	<b>Share in %</b>
BORNIT-Werk Aschenborn GmbH	Zwickau	62
BRO Baustoffaufbereitungs- und Recyclinganlage GmbH Oldenburg	Oldenburg	100
BVG Baustoff-Vertriebs-Gesellschaft OHG	Kirn	100
BWH Basaltwerk Mittelherwigsdorf GmbH & Co. KG	Mittelherwigsdorf	51
DEUMA Mischwerke GmbH & Co. KG	Taucha	70
DEUTAG Nord Zweigniederlassung der Basalt-Actien-Gesellschaft	Hannover	100
DEUTAG Ost Zweigniederlassung der Basalt-Actien-Gesellschaft	Berlin	100
DEUTAG West Zweigniederlassung der Basalt-Actien-Gesellschaft	Duisburg	100
Diabaswerk Hirzenhain GmbH & Co. KG	Linz am Rhein	55
Diabaswerk Nesselgrund GmbH & Co. KG	Floh-Seligenthal	80
Dortmunder Gußasphalt GmbH & Co. KG	Dortmund	70
Ems-Jade-Mischwerke GmbH KG. für Straßenbaustoffe	Cappeln	75
GAB Gesellschaft zur Aufbereitung von Baustoffen mbH	Berlin	100
GBH-Gesellschaft für Baustoff-Aufbereitung und Handel mit beschränkter Haftung	Brunnthal	52
GbR Asphaltmischwerk Karlsruhe	Karlsruhe	49
Global 76 Sp. z o.o.	Krakow, Poland	100
H+W Mischwerke GmbH & Co. KG	Berlin	100
Hansa-Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe	Dortmund	100
Hartsteinwerke Bayern-Mitteldeutschland Zweigniederlassung der Basalt-Actien-Gesellschaft	Erfurt	100
Hollweg, Kümpers & Comp. KG	Rheine	100
HWR Hartsteinwerk Rattenberg GmbH	Brunnthal	52
Isoliererzeugnisse Großröhrsdorf GmbH	Großröhrsdorf	70
KAM Köhlbrand-Asphaltmischwerke Betriebsgesellschaft mbH & Co. KG	Hamburg	100
Kiskunlacházi Kavicsbánya Kft.	Kiskunlacházi, Hungary	100
Kopalnie Surowców Skalnych w Bartnicy Sp. z o.o.	Świerki, Poland	100
Mischwerke Lautzenbrücken GmbH & Co. KG	Lautzenbrücken	100
Norddeutsche Naturstein GmbH	Flechtingen	100
ODRA-ASFALT Sp. z o.o.	Szczecin, Poland	67
OOO "Basalt"	St. Petersburg, Russian Federation	100
OOO "Karjer Sheleiki"	Podporozhie, Russian Federation	100

<b>Building Materials Aggregates</b>	<b>Registered office</b>	<b>Share in %</b>
Porphyrwerke Weinheim-Schriesheim Aktiengesellschaft	Weinheim	100
Sauerländer Asphaltmischwerke GmbH. & Co., Kommanditgesellschaft	Brilon	73
Schweden Splitt AB	Karlshamn, Sweden	100
Śląskie Kruszywa Naturalne Sp. z o.o.	Krapkowice, Poland	100
Südhessische Asphalt-Mischwerke GmbH & Co. KG für Straßenbaustoffe	Hanau	76
Südwestdeutsche Hartsteinwerke Zweigniederlassung der Basalt-Actien-Gesellschaft	Kirn	100
SWA Südwest Asphalt GmbH & Co. KG	Iffezheim	65
TEWE Bauchemiegesellschaft mbH	Diedersdorf	70
TOV Vyrivskyj Karjer	Granitne, Ukraine	100
TUST Tief- und Straßenbaustoffe GmbH & Co. KG	Flechtingen	100
V D Mischwerk und Recycling GmbH.	Offenburg	62
Werhahn & Nauen SE & Co. OHG (formerly Werhahn & Nauen OHG)	Neuss	100
Westdeutsche Grauwacke-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	100
Wm. Hilgers GmbH & Co. KG	Düsseldorf	70
ZAO KP-Gabbro	Kondopoga, Russian Federation	100

<b>Building Materials Slate</b>	<b>Registered office</b>	<b>Share in %</b>
Rathscheck Schiefer und Dach-Systeme Zweigniederlassung der Wilh. Werhahn KG in Neuss	Mayen	100
Canteras Fernandez S.L. Elaboracion S.COM	El Barco, Spain	100
Canteras Fernandez S.L. Explotación S.Com.	El Barco, Spain	100
Canteras Fernandez S.L. Extracción S.COM	El Barco, Spain	100
Castrelos Elaboración S.L.S.COM.	El Barco, Spain	100
I.B. Rathscheck Söhne KG Moselschiefer-Bergwerke	Mayen	100
Werhahn International Schiefer GmbH	Mayen	100
Werhahn International Schiefer GmbH Sucursal en España	El Barco, Spain	100

## List of Participations

Consumer Goods	Registered office	Share in %
ZWILLING J. A. Henckels Aktiengesellschaft	Solingen	100
alessandro France EURL	Torcy, France	65
alessandro International GmbH	Düsseldorf	65
alessandro Schweiz AG	Frauenfeld, Switzerland	65
Ballarini Deutschland GmbH	Montabaur	100
Ballarini Paolo & Figli S.p.A.	Rivarolo Mantovano, Italy	100
Compagnie de la Fecht et du Goût SAS	Merville, France	100
Demeyere G.C.V.	Herentals, Belgium	100
Demeyere Managing BVBA	Herentals, Belgium	100
Demeyere Zwilling Nederland B.V.	Bergen op Zoom, Netherlands	100
Ital Beauty Nippers (India) Pvt. Ltd.	Puducherry, India	80
JV ZWILLING-RM GmbH	Solingen	70
OOO "ZWILLING J.A. HENCKELS Rus"	Moscow, Russian Federation	70
Personal Care International Ltd.	Hong Kong, China	100
QVS Global Americas, Inc.	Sarasota, USA	100
QVS Global China	Dongguan, China	75
QVS Global COE Pty. Ltd.	South Melbourne, Australia	75
QVS Global HK Ltd.	Hong Kong, China	75
QVS Global UK Ltd.	Nottingham, UK	51
Staub Fonderie SARL	Merville, France	100
Staub Participations SAS	Merville, France	100
Tweezerman (India) Pvt. Ltd.	Puducherry, India	80
Tweezerman International, LLC	Wilmington, USA	100
Tweezerman Minority LLC	Wilmington, USA	100
United Salon Technologies GmbH	Solingen	100
ZWILLING Beauty Group GmbH	Solingen	100
ZWILLING Belgien GmbH	Solingen	100
ZWILLING International GmbH	Solingen	100
ZWILLING J A Henckels MUTFAK VE GÜZELLİK ÜRÜNLERİ LİMİTED ŞİRKETİ	Istanbul, Turkey	100

<b>Consumer Goods</b>	<b>Registered office</b>	<b>Share in %</b>
ZWILLING J.A. HENCKELS (UK) Limited	Hitchin, UK	100
ZWILLING J.A. HENCKELS Brasil Produtos de Cozinha e Beleza Ltda.	São Paulo, Brazil	100
ZWILLING J.A. HENCKELS Canada Ltd.	Markham, Canada	100
ZWILLING J.A. HENCKELS Iberia S.A.	Cornellá de Llobregat, Spain	100
ZWILLING J.A. HENCKELS Italia S.r.l.	Buccinasco, Italy	100
ZWILLING J.A. HENCKELS Japan Ltd.	Seki-shi, Japan	100
ZWILLING J.A. HENCKELS Kitchenware (Shanghai) Ltd.	Shanghai, China	70
ZWILLING J.A. HENCKELS LLC	Wilmington, USA	100
ZWILLING J.A. Henckels Retail GmbH	Solingen	100
ZWILLING J.A. HENCKELS Scandinavia A/S	Ballerup, Denmark	100
ZWILLING J.A. HENCKELS Shanghai Ltd.	Shanghai, China	70
ZWILLING J.A. HENCKELS Taiwan Ltd.	Taipei, Taiwan	100
Zwilling Minority GmbH	Solingen	100
ZWILLING STAUB FRANCE SAS	Paris, France	100

<b>Financial Services abcfinance</b>	<b>Registered office</b>	<b>Share in %</b>
abcfinance GmbH	Cologne	100
abc Holding GmbH	Neuss	100
abc SME Lease Germany SA	Luxembourg, Luxembourg	0
abcbank GmbH	Cologne	100
abcfinance B.V.	Eindhoven, Netherlands	100
abcfinance CF B.V.	Utrecht, Netherlands	70
abcfinance GmbH	Vienna, Austria	100
C.O.I.N. Lease + Rent Leasing und Miete GmbH	Cologne	51
debcash Forderungsmanagement GmbH	Cologne	100
DeTeWe Finance GmbH	Cologne	100
Dresdner Factoring AG (formerly abcfinance Beteiligungs AG)	Cologne	100



## List of Participations

<b>Financial Services</b> <b>abcfinance</b>	<b>Registered office</b>	Share in %
ETL Leasing GmbH & Co. KG	Dortmund	51
ETL Leasing Verwaltungsgesellschaft mbH	Dortmund	51
Hako Finance GmbH	Cologne	100
milon financial services GmbH	Cologne	69
Schneiderei Finance GmbH (formerly DV Systems GmbH)	Cologne	100

<b>Financial Services</b> <b>Bank11</b>	<b>Registered office</b>	Share in %
Bank11 für Privatkunden und Handel GmbH	Neuss	100
Bank11direkt GmbH	Neuss	100
RevoCar 2014 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2015 UG (haftungsbeschränkt)	Frankfurt am Main	0

<b>Others</b>	<b>Registered office</b>	Share in %
Wilh. Werhahn KG	Neuss	
"Bakerys Taste" Backzutaten Vertriebsgesellschaft m.b.H.	Wels, Austria	100
Alpha Beteiligungen GmbH	Zossen	100
Bankhaus Werhahn GmbH	Neuss	100
BI Bakery Ingredients Holding GmbH	Neuss	100
Charlie Acquisition GmbH	Zossen	100
Delta Acquisition GmbH	Zossen	100
DIAMANT CZ spol. s.r.o.	Prague, Czech Republic	100
Diamant Nahrungsmittel GmbH	Wels, Austria	100
DIAMANT POLSKA Sp. z o.o.	Cracow, Poland	100
Dritte Zossen Acquisition GmbH	Zossen	100
Fünfte Zossen Acquisition GmbH	Zossen	100

Others	Registered office	Share in %
Golf Acquisition GmbH	Neuss	100
Mühle Cottbus GmbH	Neuss	100
Sechste Zossen Acquisition GmbH	Zossen	100
Siebte Zossen Acquisition GmbH	Zossen	100
Stuart VV GmbH	Zossen	100
Tondeo Holding GmbH	Neuss	100
Vierte Zossen Acquisition GmbH	Zossen	100
VV Eins Verwaltungs-GmbH i.L.	Neuss	100
Werhahn Beteiligungs- und Projektgesellschaft mbH	Neuss	100
Werhahn Flour Mills GmbH	Neuss	100
Werhahn Industrieholding SE (formerly Werhahn Industrieholding AG)	Neuss	100
Wilh. Werhahn KG Zweigniederlassung Haus & Grund	Neuss	100
WW Beteiligungs-GmbH	Neuss	100
WW Holding KG	Neuss	100
Yareto GmbH	Neuss	100
Zossen Achte Acquisition GmbH	Zossen	100
Zossen Achte VBV GmbH & Co. KG	Zossen	100
Zossen Achte VV GmbH	Zossen	100
Zossen Elfte Acquisition GmbH	Zossen	100
Zossen Elfte VBV GmbH & Co. KG	Zossen	100
Zossen Elfte VV GmbH	Zossen	100
Zossen Neunte Acquisition GmbH	Zossen	100
Zossen Neunte VBV GmbH & Co. KG	Zossen	100
Zossen Neunte VV GmbH	Zossen	100
Zossen Zehnte Acquisition GmbH	Zossen	100
Zossen Zehnte VBV GmbH & Co. KG	Zossen	100
Zossen Zehnte VV GmbH	Zossen	100
Zweite Werhahn Beteiligungen GmbH	Neuss	100

For one additional company, the exemption provision of section 313 paragraph 3 sentence 1 of the German Commercial Code (HGB) is claimed.

## 2. ASSOCIATED AT-EQUITY COMPANIES

	<b>Registered office</b>	Share in %
amb Asphalt- und Bitumen-Mischwerke GmbH	Augsburg	26
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50
AMH Asphaltmischwerk Hellweg Gesellschaft mit beschränkter Haftung i.L.	Erwitte	50
AMK Asphalt-Mischwerk Kirchheimbolanden GmbH & Co. KG	Kirchheimbolanden	50
AMK Asphalt-Mischwerke Kraichgau GmbH	Gemmingen	45
AMM Asphalt-Mischwerke-Mosel GmbH & Co. KG	Neumagen	50
Arcos Hermanos S.A.	Albacete, Spain	49
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	49
DWA Donau-Wald Asphaltmischwerke GmbH & Co. KG	Plattling	26
Edelsplitt- und Rheinkieswerk Helmlingen GmbH & Co. Kommanditgesellschaft	Rheinau	50
H&B Grundstoffen C.V.	Capelle aan den IJssel, Netherlands	36
MLIN JULIA d.o.o.	Varazdin, Croatia	40
Natursteinwerke im Nordschwarzwald NSN GmbH & Co.KG	Mühlacker-Enzberg	50
NHB Nahe-Hunsrück Baustoffe GmbH & Co. KG.	Kirn	50
Rheinische Provinzial-Basalt- und Lavawerke GmbH & Co. oHG	Sinzig	50
Steinbruch Spittergrund GmbH	Erfurt	50
Südharz-Asphalt GmbH & Co. KG i.L.	Herzberg am Harz	38
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern	50
VAMA Vereinigte-Asphalt-Mischwerke Aachen GmbH & Co. Kommanditgesellschaft	Alsdorf	45

## 3. NON-CONSOLIDATED AFFILIATED COMPANIES

	<b>Registered office</b>	Share in %
alessandro Cosmetics Nederland B.V.	Amersfoort, Netherlands	65
alessandro Kosmetik HandelsgmbH	Wien, Austria	65
AMI Asphalt-Mischwerke Iffezheim Gesellschaft mit beschränkter Haftung	Iffezheim	65
AML Asphaltmischwerk Langenthal GmbH & Co. KG	Langenthal	70
AML Asphaltmischwerk Langenthal Verwaltungs-GmbH	Langenthal	70
AMU Asphalt-Mischwerk Unterfranken Verwaltung GmbH	Fuchsstadt	52
AMW Asphalt-Mischwerke Würzburg Verwaltungs-GmbH	Würzburg	45
AMWE - Asphaltmischwerke GmbH i.L.	Consrade	51
Asphalt - Mischwerke Rhein-Pfalz Beteiligungs-GmbH	Albersweiler	52
Asphalt Mischwerk Oyle GmbH	Oyle	76
Asphaltmischwerk Bendorf Verwaltung GmbH	Bendorf	100
Asphalt-Mischwerk Bischofsheim Verwaltung GmbH	Bischofsheim	76
Asphalt-Mischwerk Demmin GmbH	Plate	100
Asphalt-Mischwerk Rostock GmbH	Roggentin	100
Asphaltmischwerk Wildbergerhütte, Gesellschaft mit beschränkter Haftung	Reichshof	100
Asphalt-Mischwerke Mecklenburg GmbH	Consrade	100
Asphalt-Mischwerke Münsterland Verwaltungs-GmbH	Ladbergen	77
AWE Asphaltmischwerk Walschleben Verwaltung GmbH	Walschleben	65
AWR Asphalt-Werke Rhön GmbH	Röthlein	39
Ballarini North America Inc.	Horsham, USA	100
Basalt Bulgaria EOOD	Sofia, Bulgaria	100
Basalt International GmbH	Linz am Rhein	100
Basalt NV	Schiedam, Netherlands	88
Basalt Ukraine TOV	Kiev, Ukraine	100
Basalt- und Mischwerk Herschbach GmbH	Herschbach	51
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	52
Beteiligungsgesellschaft Asphalt-Mischwerke Osnabrück mit beschränkter Haftung	Osnabrück	65
Bitumina Handel Verwaltungs GmbH	Cologne	100
Bitumina Spedition Verwaltungs GmbH	Linz am Rhein	100
BRP-Baustoffaufbereitungs- und Recycling-Gesellschaft in Pforzheim mbH	Pforzheim	35

## List of Participations

	<b>Registered office</b>	Share in %
BVG Baustoff-Vertriebs- und Verwaltungsgesellschaft mbH	Kirn	100
BWH Basaltwerk Mittelherwigsdorf Verwaltungs-GmbH	Mittelherwigsdorf	51
Canteras Fernandez S.L.	El Barco, Spain	100
Canteras Fernandez S.L. Geologia S.COM	El Barco, Spain	75
Castrelos Elaboración S.L.	El Barco, Spain	100
DEUMA Beteiligungs-GmbH	Taucha	70
DEUTAG Verwaltung GmbH	Linz am Rhein	100
Diabaswerk Hirzenhain Verwaltungs-GmbH	Linz am Rhein	55
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	80
Dortmunder Gussasphalt Gesellschaft mit beschränkter Haftung	Dortmund	70
Ems-Jade-Mischwerke GmbH	Cappeln	76
Fünfte Werhahn Beteiligungen GmbH	Neuss	100
GfR-Gesellschaft für Rekultivierung mbH	Linz am Rhein	78
H + W Mischwerke Verwaltungs GmbH	Berlin	100
Hansa-Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Dortmund	100
Hessentor Gesellschaft für Unternehmensbeteiligungen mbH	Neuss	100
Hilgers Beteiligungsgesellschaft mbH	Düsseldorf	70
Inn-Asphalt-Mischwerke GmbH.	Nussdorf am Inn	39
Jaguar Japan Inc.	Seki-shi, Japan	100
KAM Köhlbrand-Asphaltmischwerke Beteiligungsgesellschaft mbH	Hamburg	100
LAJTA-KAVICS Bányászati Kft.	Darnózseli, Hungary	100
Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung i. L.	Linz am Rhein	57
MAW-Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft i. L.	Linz am Rhein	57
Mischwerke Lautzenbrücken Verwaltungsgesellschaft mbH	Lautzenbrücken	100
Mischwerke Mühlhausen GmbH	Mühlhausen	76
Norddeutsche Naturstein Rail GmbH	Flechtingen	100
Obertor Immobilien GmbH	Neuss	100
OOO "Basalt Management"	Moscow, Russian Federation	100
Rathscheck Schiefer und Dach-Systeme Verwaltungs GmbH	Mayen	100
Regensburger Asphalt Mischwerke Gesellschaft mit beschränkter Haftung	Plattling	100
Rheintor Immobilienholding GmbH	Neuss	100

	<b>Registered office</b>	Share in %
Sauerländer Asphaltmischwerke GmbH	Brilon	72
Secato Style GmbH	Solingen	100
Senftenberger Kohlenwerke GmbH	Neuss	100
Stephan Beratungs-GmbH	Linz am Rhein	70
Stichting Derdengelden abcfinance	Utrecht, Netherlands	0
Südhessische Asphalt-Mischwerke Gesellschaft mit beschränkter Haftung	Hanau	76
Südwest Asphalt Verwaltungs GmbH	Iffezheim	65
TEBI Asphalt-Baustoffe GmbH & Co. Kommanditgesellschaft	Höxter-Bosseborn	93
TEBI Asphalt-Baustoffe Verwaltungsgesellschaft mit beschränkter Haftung	Höxter-Bosseborn	94
Thaler Baustoff-Betriebe Gesellschaft mit beschränkter Haftung	Ermsleben	100
Transportbeton Leutershausen Fritz Schulz Gesellschaft mit beschränkter Haftung	Hirschberg	100
TUST Tief- und Straßenbaustoffe Verwaltungsgesellschaft mbH	Flechtingen	100
Verwaltungsgesellschaft Wilh. Werhahn mit beschränkter Haftung	Neuss	100
Verwaltungsgesellschaft Württembergische Asphaltmischwerke Gesellschaft mit beschränkter Haftung i.L	Berlin	100
WAW Asphalt GmbH	Cologne	70
Werhahn Bakery Products China GmbH	Neuss	100
Werhahn Bakery Products Holding GmbH	Neuss	100
WMW Weser-Mischwerke Beteiligungs GmbH	Bremen	100
ZWILLING J.A. HENCKELS (Vietnam) Ltd.	Ho Chi Minh City, Vietnam	100
ZWILLING J.A. Henckels Austria GmbH	Parndorf, Austria	100
ZWILLING J.A. Henckels Ireland Ltd.	Dublin, Ireland	100
ZWILLING J.A. HENCKELS Sales Europe GmbH	Solingen	100
ZWILLING J.A. Henckels Schweiz AG	Zurich, Switzerland	100

## 4. OTHER ASSOCIATED COMPANIES

	<b>Registered office</b>	Share in %
"RKS" Kies- und Splittwerke Eckelsheim GmbH & Co. KG	Eckelsheim	50
"RKS" Kies- und Splittwerke GmbH	Eckelsheim	50
Adrian Basalt GmbH & Co. KG	Enspel	50
Adrian Basalt Verwaltungs GmbH	Enspel	50
AEL-Abfallentsorgungsanlage Lösenbach GmbH	Lüdenscheid	49
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50
AMK Asphalt-Mischwerk Kirchheimbolanden Verwaltungs-GmbH	Kirchheimbolanden	50
AMM Asphalt-Mischwerke-Mosel Verwaltungs-GmbH	Neumagen	50
Arge zur Aufbereitung von Bauschutt und Baureststoffen Greifswald	Greifswald	50
ASDA Asphalt-Schotter-Fabrikation GmbH i. L.	Datteln	45
ASDA Asphalt-Schotter-Fabrikation GmbH und Co Kommanditgesellschaft i. L.	Cappeln	45
BARAB - Baustoffaufbereitungs- und Recyclinganlage Bremerhaven GmbH	Bremerhaven	50
BW Baustoffkontor Wiesbaden GmbH & Co. KG	Wiesbaden	50
BW Baustoffkontor Wiesbaden Verwaltungs-GmbH	Wiesbaden	50
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	49
DEUPA - Asphalt-Mischwerke Gesellschaft für Baustoffe mbH	Taucha	50
DWA Donau-Wald Asphaltmischwerke Verwaltungs- GmbH	Plattling	26
Edelsplitt- und Rheinkieswerk Helmlingen Gesellschaft mit beschränkter Haftung	Rheinau	50
H&B Grundstoffen B.V.	Capelle aan den IJssel, Netherlands	38
Herbert Willersinn Steinbruch- Verwaltungs GmbH	Heßheim	50
Herkenrath Beteiligungsgesellschaft mbH	Solingen	24
Hugo Herkenrath GmbH & Co. KG	Solingen	24
J. u. G. Giro Nachf. Willersinn GmbH & Co KG Steinbruchbetrieb	Bolanden	50
Natursteinwerke im Nordschwarzwald NSN Verwaltungs-GmbH	Mühlacker	50
NHB Nahe-Hunsrück Baustoffe und Verwaltungsgesellschaft mbH	Kirn	50
Nürnberger Leasing Vertriebs GmbH	Schwaig near Munich	45
Plattform Dach.de Gesellschaft des bürgerlichen Rechts	Hamburg	20
Rheinische Provinzial-Basalt- und Lavawerke Verwaltungs-GmbH	Sinzig	50
SC Diabas Bata s.r.l.	Timisoara, Romania	50
Schillathöhle GmbH	Oldendorf-Langenfeld	49

	<b>Registered office</b>	Share in %
Schuhmacher & Heuser GmbH	Katzenelnbogen	50
STA Asphaltmischwerk Strahlungen GmbH	Salz	13
Steinbruch Breidenbach Verfüllungsgesellschaft mbH	Breidenbach	50
Südharz-Asphalt Verwaltungsgesellschaft mbH i.L	Herzberg am Harz	38
VAMA Vereinigte-Asphalt-Mischwerke Aachen Verwaltungsgesellschaft mbH	Alsdorf	45
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern	50

## 5. OTHER PARTICIPATIONS

	<b>Registered office</b>	Share in %	Equity in k €	Result for the year in k €
AME Asphalt-Mischwerke Eifel GmbH & Co. KG	Sinzig	33	465 <sup>1</sup>	-206 <sup>1</sup>
ARGE PRH Pech-Recycling-Hamburg	Hamburg	33	76 <sup>1</sup>	76 <sup>1</sup>
Asphalt-Mischwerke Eifel Verwaltungsgesellschaft mbH	Sinzig	33	47 <sup>1</sup>	3 <sup>1</sup>
DEBUS Naturstein GmbH & Co. KG	Untersiemau	25	1 924 <sup>1</sup>	901 <sup>1</sup>
Debus Naturstein Verwaltungs-GmbH	Untersiemau	25	29 <sup>1</sup>	3 <sup>1</sup>
Escombrera Sobredo S.L.	Carballada de Valdeorras, Spain	22	135	0
FREIBURGER ERDAUSHUB- UND BAUSCHUTTAUFBEREITUNGS-GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG (FEBA)	Freiburg	25	3 109 <sup>1</sup>	519 <sup>1</sup>
Hartsteinwerke Burgk GmbH & Co. OHG	Schleiz	27	3 262 <sup>1</sup>	173 <sup>1</sup>
HWB Hartsteinwerke Burgk Verwaltungs-GmbH	Schleiz	27	61 <sup>1</sup>	2 <sup>1</sup>
INTERASPHALT Sp. z o.o.	Obornik, Poland	34	1 101 <sup>1</sup>	90 <sup>1</sup>
ThyssenKrupp MillServices & Systems GmbH	Duisburg	32	41 424 <sup>1</sup>	4 849 <sup>1</sup>

<sup>1</sup> Figures from previous years

For two additional companies, the exemption provision of section 313 paragraph 3 sentence 1 of the German Commercial Code (HGB) is claimed.



# Notes to the Cash Flow Statement

The Cash Flow Statement is prepared in accordance with DRS 21 and shows how funds held by the Werhahn Group have changed during the reporting year through the inflow and outflow of cash. The minimum classification scheme was expanded to include items from the financial services business.

For information on the access restrictions within cash funds, please see note 6 of the Notes to the Consolidated Financial Statements.

A brief presentation of the Cash Flow Statement is given below:

in k €	2015	2014
Cash flow from operating activities	371 470	18 051
Cash flow from investment activities	-184 061	7 457
<b>Free cash flow</b>	<b>187 409</b>	<b>25 508</b>
Cash flow from financing activities	-60 380	-64 701
<b>Net change in cash funds</b>	<b>127 029</b>	<b>-39 193</b>
Other changes in cash funds	2 419	2 243
Cash funds at beginning of period	249 193	286 143
<b>Cash funds at end of period</b>	<b>378 641</b>	<b>249 193</b>

## Other Information

### TRANSACTIONS WITH AFFILIATED COMPANIES AND PERSONS

Transactions with affiliated companies and persons are generally conducted at customary market conditions. Employees and shareholders are entitled to standard discounts on specific Werhahn products in some business lines. Transactions with affiliated companies primarily involve the normal exchange of goods and services.

## TRANSACTIONS NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

in k €	2015	2014
Liabilities from the issue and transfer of bills	140	166
Liabilities on sureties, bills and check guarantees <i>(thereof to affiliated companies)</i>	9 619 <i>(508)</i>	25 614 <i>(440)</i>
Liabilities under warranties	213	7 273
Commitments from open purchase orders <i>(thereof to affiliated companies)</i>	116 371 <i>(-)</i>	92 702 <i>(172)</i>
Cash value of non-current commitments from rent, tenancy and leasing agreements <i>(thereof to affiliated companies)</i>	94 537 <i>(205)</i>	88 400 <i>(205)</i>
Commitments from loan undertakings	38 756	30 827
Other financial obligations <i>(thereof to affiliated companies)</i>	9 851 <i>(1 059)</i>	10 594 <i>(980)</i>

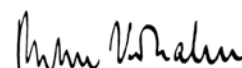
There are no off-balance-sheet transactions which go beyond the contingent liabilities and other financial commitments presented. Sufficient provisions have been established for all identifiable risks from claims against securities. Moreover, due to the positive economic situation in which the companies find themselves, no claims are expected.

Neuss, March 23, 2016

Wilh. Werhahn KG



Kathrin Dahnke



Anton Werhahn

# Auditor's Report

"We have audited the Consolidated Financial Statements prepared by the Wilh. Werhahn KG, Neuss, comprising the Balance Sheet, the Income Statement, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Consolidated Financial Statements, together with the Group Management Report for the business year from January 1 to December 31, 2015. The preparation of the Consolidated Financial Statements and the Group Management Report in accordance with German commercial law and the supplementary provisions of the articles of incorporation is the responsibility of the parent Company's legal representatives. Our responsibility is to express an opinion on the Consolidated Financial Statements and the Group Management Report based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the Consolidated Financial Statements in accordance with (German) principles of proper accounting and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into

account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual Financial Statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Company's legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.


In our opinion based on the findings of our audit, the consolidated financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with (German) principles of proper accounting. The Group Management Report is consistent with the Consolidated Financial Statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 23, 2016



Uwe Rittmann  
Auditor

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



ppa. Sebastian Lelgemann  
Auditor

# Addresses

## AGGREGATES

Basalt-Actien-Gesellschaft  
Linzhausenstraße 20, DE-53545 Linz am Rhein  
Tel.: +49 (0)2644 563-0  
Fax: +49 (0)2644 563-165  
E-mail: [info@basalt.de](mailto:info@basalt.de)  
[www.basalt.de](http://www.basalt.de)

### **Business activities/products**

Production and sale of aggregates consisting of natural products and bituminous mixtures, logistics services, receipt and recycling of recyclable building rubble, inert excavated earth for landfills

## SLATE

Rathscheck Schiefer und Dach-Systeme  
ZN der Wilh. Werhahn KG  
St.-Barbara-Straße 3,  
DE-56727 Mayen-Katzenberg  
Tel.: +49 (0)2651 955-0  
Fax: +49 (0)2651 955-100  
E-mail: [info@rathscheck.de](mailto:info@rathscheck.de)  
[www.rathscheck.de](http://www.rathscheck.de)

### **Business activities/products**

Slate for roofs, façades and interiors, rafter insulation systems, roofing tools and equipment

## CONSUMER GOODS

ZWILLING J.A. Henckels AG  
Grünewalder Straße 14–22, DE-42657 Solingen  
Tel.: +49 (0)212 882-0  
Fax: +49 (0)212 882-347  
E-mail: [info@zwilling.com](mailto:info@zwilling.com)  
[www.zwilling.com](http://www.zwilling.com)

### **Business activities/products**

Zwilling Kitchenware: Knives, scissors, cookware, kitchen tools, cutlery  
Zwilling Beauty Group: Manicure, pedicure, hand and foot cosmetics, tweezers  
Jaguar/Tondeo Professional Hairdressing Equipment: Hair scissors, electrical hairdressing equipment

**abcfinance**

abcfinance GmbH  
Kamekestraße 2–8, DE-50672 Köln  
Tel.: +49 (0)221 57908-0  
Fax: +49 (0)221 57908-126  
E-mail: [info@abcfinance.de](mailto:info@abcfinance.de)  
[www.abcfinance.de](http://www.abcfinance.de)

**Business activities/products**

Leasing finance for mobile goods, rental agreements and leases, factoring

**BANK11**

Bank11 für Privatkunden und Handel GmbH  
Hammer Landstraße 91, DE-41460 Neuss  
Tel.: +49 (0)2131 6098-0  
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