

diversified  
**focused**  
versatile

ANNUAL REPORT 2017

# Consolidated Financial Statements 2017

## SELECTED KEY FIGURES

in € million	2013	2014	2015	2016	2017
Net sales	3 167	3 192	3 162	3 322	<b>3 383</b>
Earnings before tax	54	144	200	162	<b>163</b>
Equity ratio	34 %	33 %	29 %	28 %	<b>26 %</b>
Equity ratio without financial services	70 %	72 %	69 %	71 %	<b>72 %</b>

## NET SALES BY CORPORATE DIVISIONS

in € million	2013	2014	2015	2016	2017
Building Materials	1 384	1 410	1 318	1 314	<b>1 358</b>
Consumer Goods	537	651	763	849	<b>809</b>
Financial Services	784	883	1 019	1 108	<b>1 204</b>
Others	12	72	63	68	<b>28</b>
Baking Products	452	179	–	–	<b>–</b>
Consolidation	–2	–3	–1	–17	<b>–16</b>
	3 167	3 192	3 162	3 322	<b>3 383</b>

## EMPLOYEES BY CORPORATE DIVISIONS

	2013	2014	2015	2016	2017
Building Materials	4 318	4 373	4 375	4 385	<b>4 456</b>
Consumer Goods	3 727	3 752	3 976	4 329	<b>4 414</b>
Financial Services	668	728	792	847	<b>923</b>
Others	97	255	248	271	<b>138</b>
Baking Products	728	347	–	–	<b>–</b>
	9 538	9 455	9 391	9 832	<b>9 931</b>

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# Corporate Structure

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



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

The Slate business unit offers a wide assortment of types of cladding for roofs and walls, develops solution systems for innovative façade configurations, and supplies building stone both for interiors as well as for garden and landscape.

The high-quality products in the Zwilling Kitchenware business unit include knives, cookware, scissors, and kitchen utensils.

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

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

#### **abcfinance**

The abcfinance business unit specializes in customized financial services for medium-sized businesses. With its leasing and factoring segments, it is one of the leading providers among companies operating independently of manufacturers and banks.

#### **Bank11**

Bank11 für Privatkunden und Handel GmbH offers medium-sized automobile dealers sales financing and insurance for their customers. Bank11direkt GmbH markets simple, attractive credit and investment products to private customers over the Internet.



# Special Events 2017



## *The “We” Counts: 40 Years of abcfinance*

**abcfinance** The leasing and factoring company celebrated 40 years in business at a festive ceremony attended by over 700 employees from Germany, Austria and the Netherlands and their families. Under the motto “The ‘We’ Counts,” employees took part in activities and workshops related to the anniversary all year long, culminating in early September with the big event at the Tanzbrunnen center in Cologne. The Werhahn business unit entered the fast-growing German leasing market in De-

cember 1976, with an initial focus on phone system leasing. abcfinance quickly grew from a niche provider into an all-round service provider covering the full range of financeable assets. Today the SME finance provider serves some 80,000 leasing and factoring customers. The ingredients for success today are the same as before: expertise in the assets and the industry, a high level of innovation and committed employees.

## Excellent

**Zwilling Kitchenware** The business unit was one of nine companies included in the exclusive group of "Hidden Champions." The award publicly recognizes family businesses that, although not widely known, have grown into market leaders while working in a niche area. The award took Zwilling Kitchenware by surprise. After all, the business unit's brands and products have a 74% recognition rate among consumers in the vast cooking product market.

## Repeat winner

**Zwilling Beauty Group** The TWEEZERMAN brand won 16 international awards in 2017. With awards from the leading global fashion media, it has positioned itself with a wide reach as a premium supplier in the areas of quality, innovation and service. One particularly significant award was InStyle magazine's "Best Beauty Buys – Hall of Fame," which TWEEZERMAN received for its classic beveled tweezers. The award is given to products that have won the top prize in their respective category for ten or more years. As a member of the InStyle Hall of Fame, along with products from Giorgio Armani, Lancôme and L'Oréal, TWEEZERMAN is in good company. InStyle is a leading fashion magazine worldwide, reaching approximately 9.6 million readers per month in 16 countries.



## *A Big Success in France*

**Slate** France is the most important foreign market for the business unit. It is among the leading providers in the field of historic preservation.

An additional milestone was reached in 2017. For the first time, the business unit took part in the Fédération Française du Bâtiment Congress – an event held by the French construction association and the largest employers' association in France – as the sole exhibition partner for slate.

The 58 partners in all are chosen in a selection process. The Slate business unit prevailed in a competition against French and Spanish companies. The congress takes place every three years and is attended by leading representatives from politics and business. This year there was quite a buzz around President Macron. The unique position of the Slate business unit at the event attests to the strong reputation that it has achieved on the French market. It also offered a unique opportunity for making valuable contacts. Representatives from the construction association were mainly interested in the Rathscheck brand Domaine, which offers slate products especially for historic preservation.







## *A Secure Material Base*

**Aggregates** In 2017, the business unit secured large hard rock deposits at three locations – in Germany, Poland and Ukraine – for decades to come. With the approved planning resolution in September, the Eisensteiner Kopf plant in Rhineland-Palatinate received approval for 40 more years for the approximately 68-hectare Nonnenfels quarry area. By then, some 38 million tons of andesite will be extracted and processed into high-grade chippings. The Nonnenfels deposit comprises a total of around 95.5 million tons. Following a successful approval process, the mining concession for the Grabbo plant in Braszowice,

Poland, was extended by 50 years until 2067. With the addition of an additional deep level, the amount of mineable material can be increased by 22 million tons to 97 million tons. In Ukraine, the mining permit for TOV Vyrivski Karier was finally extended by 20 years in March. Here the deposit amounts to around 121.6 million tons of granite rock. The raw material base is thus secured for a total of 35 to 40 years. The plant creates products for asphalt road construction and the concrete industry that are also distributed in Poland, Lithuania and Belarus.

### 550 days on the market

**Yareto** The latest Werhahn activity, and Germany's only car loan comparison portal for car dealers, completed its first full year in business in December. The results are impressive – Over 5,800 car dealers have signed up. The Werhahn startup has also generated almost 550 million euro in car loan inquiries since entering the market in July 2016. At [www.yareto.de](http://www.yareto.de), car

dealers can directly compare car loans from up to ten prominent banks with respect to interest, term and commission, and choose the best option for their customers with just a few clicks. Yareto also supports businesses with special promotions for long-term customer loyalty, and is systematically expanding its service palette to ensure continued growth in the future.



## A pioneer in the auto trade

**Bank11** Once again the business unit has confirmed its role as an innovation leader in the market for multi-vendor automotive banks. In September, concurrently with the IAA, Bank11 launched the online contract feature, which further helps partners at car dealerships digitize the sales process. Here the online customer identification and the qualified electronic signature (QES) have been integrated into Bank11's own credit assistant feature, Victor 3.0. The tool, the first of its type on the market, is the answer to a changing market environment: car dealers come from ever expanding service areas, and online demand is continuously growing. With the digital contract feature from Bank11, dealers offer their customers the option to complete the financing process electronically and from any location.

## Praise from the international hairstyling elite

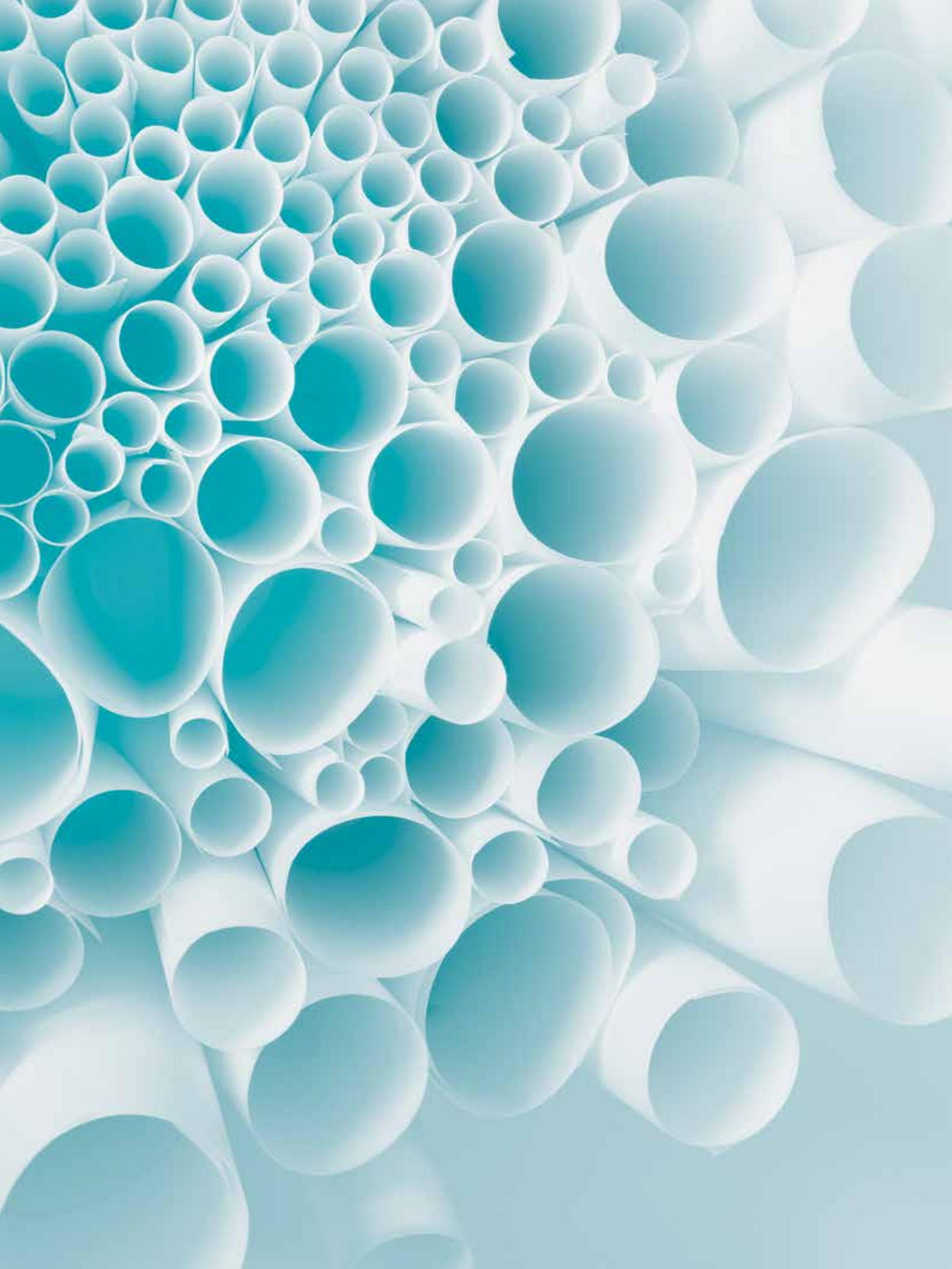
**Jaguar/Tondeo Professional Hairdressing Equipment** In May, Intercoiffure Mondial, the world's premiere association of hairdressers, recognized the business unit with the "La Lionne" award for its many years of service. With over 3,000 salons in 55 countries, the network is the largest private association for elite international hairdressers. For over 80 years the organization has been committed to supporting future hairdressers and also fulfilling a socially responsible role, e.g. through numerous training schools for disadvantaged youth in Brazil, Bulgaria, Romania and Bosnia and Herzegovina. As a global partner, the Jaguar/Tondeo business unit has been a supporter of Intercoiffure Mondial initiatives for many years. This commitment was recognized in an official ceremony at the 22nd Intercoiffure World Congress in Osaka.



## *Knife Production Launches in India*

**Zwilling Kitchenware** As of September the business unit has also been producing knives in India. The new production site was built in Swarnabhoomi, in the southeastern part of the subcontinent. Here knives are produced under the Henckels International brand. They are supplied to the subsidiaries in the United States and Canada, where they meet a steady annual demand on the North American market of 4 to 5 million knives in the value-for-money segment. Previously Zwilling Kitchenware purchased most of the overall Henckels International volume from external suppliers in China and Thailand. Now two knife series have been specially developed for the North American market, which the business unit will manufacture at the company's production facility in India at competitive conditions.





# *Werhahn*

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# *Group*

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# Corporate Principles

- Decentralized corporate management
- Responsible and flexible business
- Securing customer benefits

Over the course of more than 175 years, Werhahn has developed into a corporate group with diverse activities in Germany and abroad. A close relationship with our markets and customers, reliability, and social responsibility are the values which our mid-sized family-owned business has always practiced and maintained.

Wilh. Werhahn KG is decentralized in structure. The Group's companies, which are legally independent for the most part, are organized into three corporate divisions and seven business units. Their flat management structure, with short and non-bureaucratic decision-making channels, provides room for maneuver. That enables the market requirements to be fulfilled rapidly and flexibly – for the benefit of our customers. For each individual employee, this means a high level of motivation as well as individual responsibility.

Central corporate management functions are performed directly by Wilh. Werhahn KG. These functions include long-term strategic alignment as well as financing the individual companies and reviewing their performance. 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 interest of risk distribution.

Wilh. Werhahn KG is a company for entrepreneurs, a family-owned business that places great value on a relationship of mutual trust with its customers, business partners and employees. The resulting corporate culture is the vital foundation on which our success is based.

# Supervisory Board

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

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

**Lambert Goder**

**Paul Josten**

**Wilhelm Josten**

**Dr. Wolfgang Klein**

**Prof. Dr. Alexander Kolb**

**Bernhard Simon**

**Prof. Dr. Klaus Trützscher**

**Dr. Johannes Velling**

**Heribert Werhahn**

**Dr. Michael Werhahn**

**Ruth Werhahn**

# Management Board

**Anton Werhahn**  
(Chairman)

**Kathrin Dahnke**

**Paolo Dell' Antonio**

# Report of the Supervisory Board

## DEAR SHAREHOLDERS,

During the 2017 business year, the Supervisory Board performed the duties required of it by law and by the company's statutes, and supervised and advised the Management Board on the management of the company.

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

The Supervisory Board met four times in 2017. In addition to the regular discussions about the Group's business situation and development, the topics covered at the Supervisory Board meetings included the status, situation and position of the individual corporate divisions, status of acquisitions, comparison of business development with the strategy of the Werhahn Group, issues concerning compliance, internal audits and risk management, the adoption of the operative business plan, and matters relating to the Management Board. At its meetings, the Supervisory Board also made decisions on transactions requiring 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 auditor, he gained a comprehensive overview of the economic, finan-

cial, and legal situation. The Vice Chairwoman of the Supervisory Board was also involved in the preparations for Supervisory Board meetings. The Supervisory Board was supported in its work by an Accounting Committee and a Personnel Committee. The relevant issues were considered in these committees; pending decisions were reviewed in advance and decided upon if necessary, and recommendations were made for resolutions of the Supervisory Board. Subjects dealt with over the past year included the 2016 Financial Statements and Consolidated Financial Statements, issues concerning the future organization of the Financial Statements and Consolidated Financial Statements, reports on legal, compliance, data protection and internal audit activities in the Werhahn Group, assistance with the tender process for selection of an auditor by supervisory boards of financial institutions in the Werhahn Group as well as matters relating to the Management Board. Committee chairmen informed the members of the Supervisory Board of the contents and results of their committee meetings.

At the regular shareholders' meeting on May 13, 2017, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was re-elected as auditor for the Financial Statement and Consolidated Financial Statements. Following a corresponding resolution the appointment was made by the Supervisory Board confirming the auditor's independence in advance.



The Consolidated Financial Statements including the Consolidated Report as well as the Financial Statements of Wilh. Werhahn KG for the business year 2017, 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 audit by the Accounting Committee, the Supervisory Board approved both sets of financial statements in its meeting on Friday, April 13, 2018. Thus the Financial Statements of Wilh. Werhahn KG as of December 31, 2017, 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.

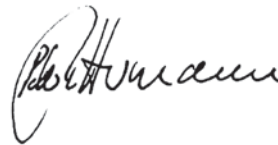
Bernhard Simon left the Supervisory Board at the end of his term of office on December 31, 2017. The Supervisory Board thanks Mr. Simon for his dedication and expertise in service to the Werhahn Group during his time as a member of the board. Since January 2018, Fritz Oidtmann, Managing Partner Acton of Capital Partners GmbH, has been a member of the Supervisory Board.

Paolo Dell' Antonio was appointed by the Supervisory Board as an additional member of the Management Board of Wilh. Werhahn KG effective June 1, 2017. He is responsible at the board level for the corporate division Consumer Goods.

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 13, 2018

#### THE SUPERVISORY BOARD



Dr. Dr. Peter Bettermann  
Chairman of the Supervisory Board

# 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 family member and two non-family members; the Supervisory Board of Wilh. Werhahn KG consists of nine family members and four non-family members.

Responsibly dealing with risks is an integral part of corporate governance in the Werhahn Group. Therefore the Management Board and Supervisory Board of Wilh. Werhahn KG place great value on the principle that good corporate governance at all levels of the Group is an essential element of strategic thinking and action. The recommendations of the Governance Code for Family Companies already largely correspond to the provisions of the statutes of Wilh. Werhahn KG.

## RESPONSIBLE DEALING WITH RISKS

One aspect of corporate governance is the comprehensive systematic management of risks within the framework of corporate management. To this end, the Werhahn Group follows the three lines of defense model.

The first line of defense is situated where risks can arise, in other words in the respective companies of the Werhahn Group. Therefore the risks in the various corporate divisions/business units are identified, the resulting risk potentials are analyzed and evaluated with quantitative measurement variables, and risk reduction measures are considered.

These measures also include controls that the respective management implements in the business processes. This approach serves the early recognition of risks. Any risks that might jeopardize continued existence are reported immediately, outside of the regular meetings, to the supervisory bodies in the corporate divisions/business units as well as to Wilh. Werhahn KG.

The second line of defense, which is exercised by the controlling and compliance functions, among others, establishes the framework for configuring 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 that arises from the overarching Group perspective. The goal is to closely integrate the functions in order to ensure the highest possible degree of efficacy in avoiding and managing risks.

The Werhahn Group's risk management system comprises the following three elements: the company-specific risk management manual, a risk inventory as part of corporate planning along with a risk assessment based on the maximum damage amount and probability of occurrence and indication of possible countermeasures, and, lastly, the reporting structure of the Group in the form of regular risk reports at the level of the Group and of the individual companies.

In order to present the overall risk situation of the Group, the individual local and central risks as well as the Group effects are evaluated on the basis of

the reports from the corporate divisions/business units. 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 spends one meeting dealing 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 the third internal level, the central Internal Audit department conducts independent tests to monitor the appropriateness and efficacy of the processes and systems for risk management in the broadest sense that are implemented in the first two lines of defense. The Internal Audit department reports directly to the spokesman of the Management Board.

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

## 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 concerning all matters of strategy, business development relevant for the company, the risk situation, risk management, and compliance. Any 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.

## AVOIDING CONFLICTS OF INTEREST

The Management Board and the Supervisory Board are bound to act in the company's interest. The members of the Management Board and of 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 expressly recognized the entire Code of Conduct that applies to the Werhahn Group as binding for itself.



## COMPLIANCE

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

At Wilh. Werhahn KG as well as in all business units, compliance officers were appointed who, jointly with the head of the Internal Audit department, form the Compliance Committee. The speaker of the Management Board also participates in the Compliance Committee meetings, which are held yearly. The compliance officers in the business units 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 officers 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.

Listing the compliance rules is an essential component of the compliance system. But it is just as important to convince the people who are supposed to comply with these rules of the necessity of doing so. Therefore an extensive training program was developed. One focus of the compliance

activities is on training sessions in anti-trust law, which have been conducted worldwide as on-site training programs by experienced attorneys with the support of the compliance officers. At the same time, the Compliance Committee focused on further risk analyses and measures, among other things in the area of anti-corruption. Knowledge arising from the discussions and training sessions was also used to investigate business processes for preventive purposes.

Because an awareness of compliance also crucially depends on how this issue is communicated by top-level management, updated video messages from the Management Board and individualized statements by the chairmen of each business unit were incorporated into the Code of Conduct training tool.

A compliance audit conducted by a renowned and experienced German law firm in coordination with the Chairman of the Supervisory Board concluded that in terms of content and concept, the compliance management system currently in place provides sufficient certainty in preventing or substantially impeding infringements of anti-trust and corruption rules and in recognizing emerging infringements. The Werhahn Group was also certified for its outstanding compliance culture.

There are now a total of 29 compliance officers in the corporate divisions/business units supporting the central compliance officer in developing the compliance system, and they implement the mea-

asures 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. Pursuant to the discussion at the first international meeting of compliance officers, a comprehensive guideline on anti-trust law was created, which will be available in 9 languages. In addition, a platform has been set up for communication among the compliance officers.

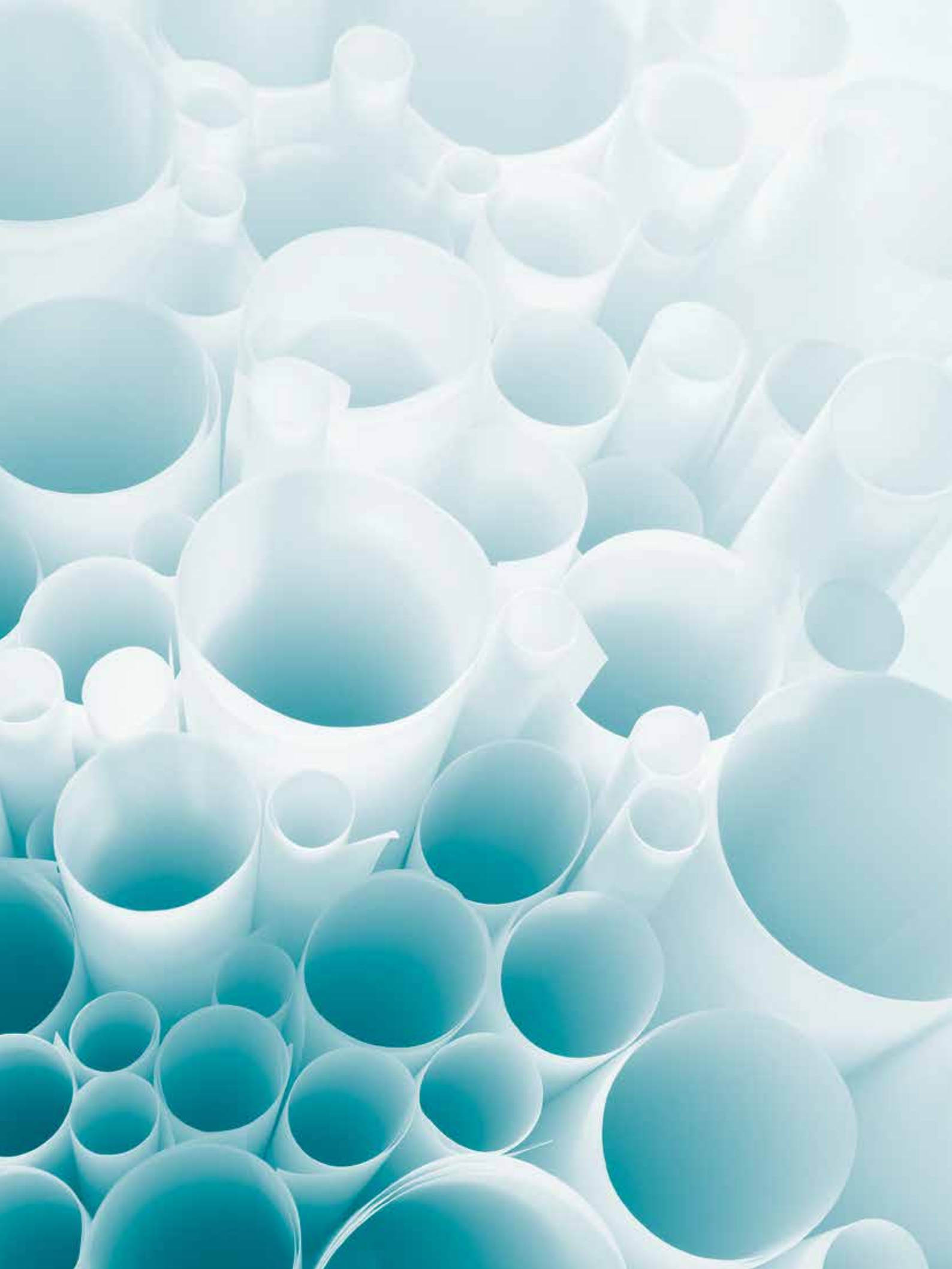
Furthermore, a helpline has been set up which the employees can contact. If desired, the call can be anonymous. The helpline is available free of charge worldwide in the caller's respective national language.

In addition, there are many other compliance-related activities, particularly in companies regulated by the German Federal Financial Supervisory Authority (BaFin).

The head of the Internal Audit department, the head of the Legal department/compliance officer, and the data protection officer report annually concerning the focuses of their activity in a meeting of the Accounting Committee.

## ACCOUNTING AND AUDIT

Once again for the reporting year, it was agreed with the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, that the Chairman of the Supervisory Board and the Chairman of the Accounting Committee will be informed without delay concerning any material findings made or incidents discovered in the audit of the financial statements and the consolidated financial statements.





# diversified *focused* versatile

## **Successful for over 175 years.**

Wilh. Werhahn KG does not just focus on a single business area, but has traditionally been active in numerous industries. Its corporate divisions are Building Materials, Consumer Goods and Financial Services.

The Werhahn Group is characterized by its diversification, as well as its ability and willingness to change and its continuous reflection and repositioning, allowing it to anticipate new customer expectations, trends and opportunities for innovation. A third defining characteristic is its focus – its concentration on expertise and opportunity in all of its business activities. That is the main topic of this year's Annual Report, thus rounding out the three-part motto "diversified, focused, versatile."



An aerial, high-angle photograph of a complex multi-level highway interchange at night. The image is characterized by vibrant light trails from vehicles, appearing in shades of blue, cyan, and magenta, which trace the curves and straightaways of the elevated roads. The concrete structures of the interchange are silhouetted against the dark night sky. Below the elevated highways, some ground-level features like a circular landscaped area with small trees and a road with white directional arrows are visible.

*People and goods have to be mobile.  
Mobility is critical for Germany  
as a location for industry. It's basis:  
aggregates and asphalt.*







The business units of the Werhahn Group focus their diverse activities on the relevant markets, growth potential, customer expectations, target groups, fields of the future as well as the company's core identity. Starting with a concentration on the essentials and on the expertise in each core business area, new opportunities present themselves for growth and sustainable value creation. Each business unit utilizes these in a forward-looking manner.

# Concentrating on the *Essentials*

**S**tone raw materials literally make up the foundation of our mobility and prosperity, as they form the basis of our infrastructure and of Germany's role as an industrial location. Mining them also always involves an intervention in nature and the living environment of the population. To secure a long-term supply of raw materials, the Aggregates business unit is focusing on resource-efficient technology and sustainable dialogue, as one example in Jettenbach in Rhineland-Palatinate demonstrates.

It is located in historic terrain. In the Kusel district not far from Kaiserslautern, an area originally settled by Celts and Romans, mining of hard stone dates back to the mid-19th century. Here Südwestdeutsche Hartsteinwerke operates the Jettenbach quarry. The Basalt AG location built

the plant there in the 1960s, and although the crushers and screening machines have been retrofitted since, they are starting to reach their capacity limits. When additional extensive hard rock deposits were discovered during exploration, the aging plant began to appear in a new light. The raw material reserves include an estimated 70 million tons of andesite. This dark rock is one of the highest quality natural stones of volcanic origin in existence and is the base material for many high-grade chipping products. Opening up the site would allow the raw material base to be secured for many decades. In September of 2012, based on an environmental impact study, authorities issued a mining permit for the approximately 41 hectares of deposits. The approval provided the necessary investment security; however,



## *To secure a long-term supply of raw materials, the Aggregates business unit is focusing on resource-efficient technology and sustainable dialogue.*

for efficient exploration of the hard stone, the plant technology first had to be modernized.

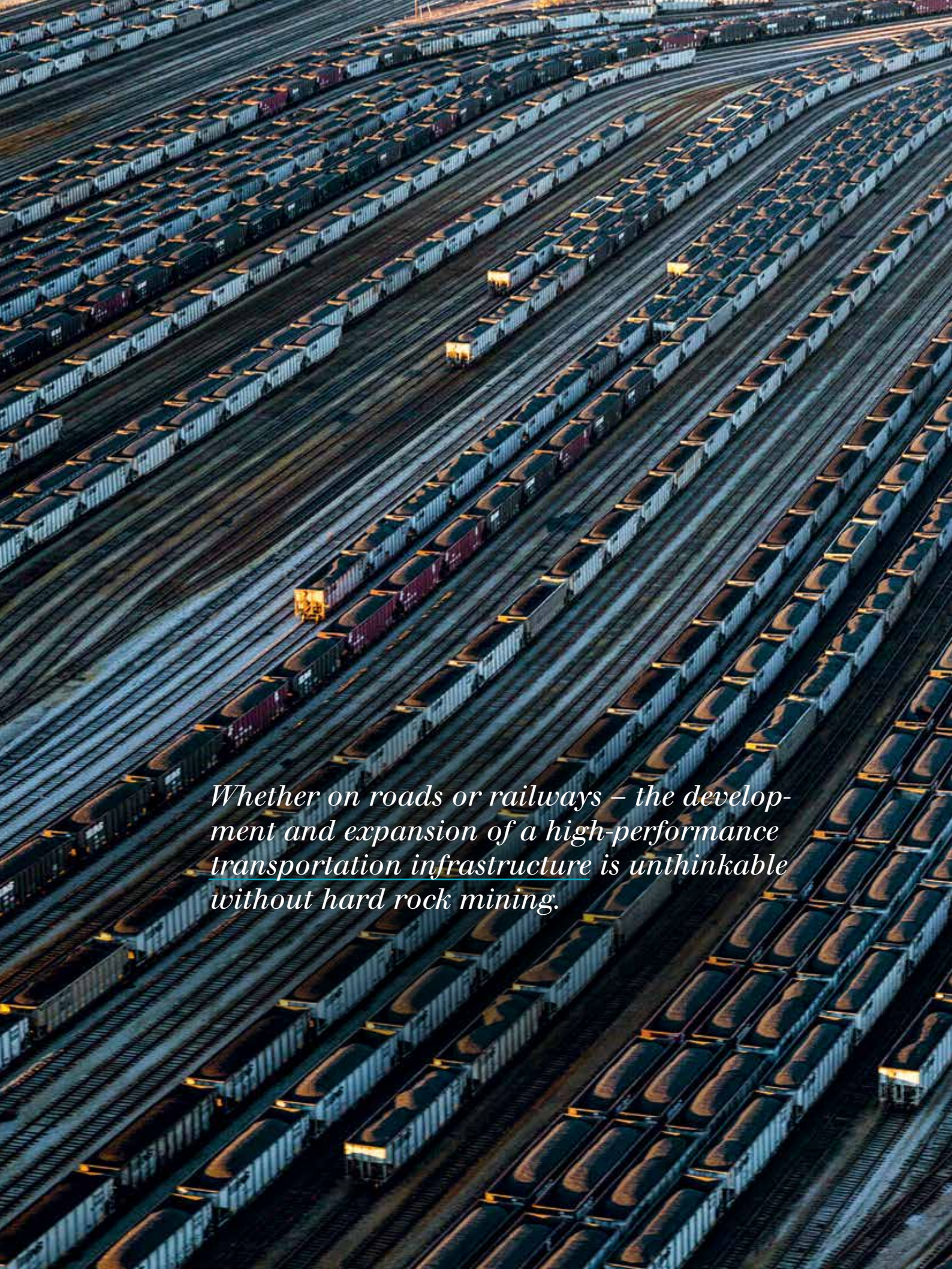
From aging plant to lighthouse project: working with specialists from the engineering department of the Aggregates business unit, but with external suppliers and scientists from the academic world as well, the employees of Südwestdeutsche Hartsteinwerke are designing the production facilities of the future. Using the latest generation of crushers and screening machines, product qualities well above the required standards will be possible in the future. Screening machines play a particularly critical role in the preparation process, as they separate the bulk material by desired grain sizes and determine the material quality. In Jettenbach, only top-of-the-line units will be used in the future: elliptical-motion screening machines. They automatically adjust to the material flow and use elliptical movements to achieve a particularly high degree of separating accuracy. For the first time, acoustic sensors are being placed upstream in the process to detect the grain distribution in real time based on sound behavior.

By using intelligent systems and control technology, it is now possible to substantially increase productivity and economic efficiency as well as raw material yield and resource efficiency. With an average production output of over 400 tons per hour, annual capacities of up to 1.35 million tons of hard rock will be achieved starting in 2019, including 800,000 tons of high-grade chipping products alone. The target markets are the asphalt and concrete industries and in particular internal asphalt plants such as the Ramstein asphalt center. In the future, the Rhine-Main region will increasingly be supplied with high-quality hard stone from Jettenbach. The production of track ballast will also be an area of focus. Despite all the planning foresight and technical know-how involved, a project such as this would not be possible without the active involvement of authorities, municipalities,



*The supply of raw materials at the Jettenbach site includes around 70 million tons of high-quality andesite, from which many high-grade chipping products are produced.*



An aerial, high-angle photograph of a massive freight train yard. The image shows dozens of parallel tracks stretching across the frame, each filled with long trains of freight cars. The cars are primarily white and grey, with some red and blue ones visible. The perspective creates a strong sense of depth and scale. The lighting is soft, suggesting dawn or dusk, with long shadows cast across the tracks.

*Whether on roads or railways – the develop-  
ment and expansion of a high-performance  
transportation infrastructure is unthinkable  
without hard rock mining.*









nature conservation associations and local residents in its implementation and daily operations. Opposition creates roadblocks, while transparency establishes trust. That's why the Aggregates business unit sought to dialogue with stakeholders early on. Before expanding the mines, for example, a bypass road was built to relieve nearby areas of much of the heavy goods traffic and to reduce noise and emissions. The business unit also agreed to provide a compensation area and to regularly monitor the recultivation activities. In addition, for over seven years there has been close cooperation with the Society for Nature Conservation and Ornithology (GNOR), which is based in Rhineland-Palatinate. Members of the organization regularly visit the quarry area and the abandoned parts of the quarry. They create livestock maps and offer recommendations on how to create new habitats, or if necessary relocate them.

High tech meets nature conservation: The Jettenbach quarry is not only developing into a showcase for technology, but also into a sanctuary for rare amphibians and bird species.

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**A creeping danger: nearly three decades after the nationwide ban on asbestos, history is catching up with more and more homeowners.** Hundreds of thousands of roofs that were covered with asbestos-containing fiber cement boards into the early 1990s are now posing a significant health risk as they grow older. Since early 2017, the Slate business unit has been systemat-

*Turning an asbestos-contaminated roof into a jewel: The Behrendt vacation house newly roofed with slate.*

ically assisting in the professional decontamination of asbestos-contaminated real estate with a comprehensive nationwide advisory and support program. In its traditional core business of slate roofing, the company is thus bringing new life to a market that has been shrinking for years, and is actively generating demand in a segment with considerable growth potential. According to a current projection by the Slate business unit, around 700 million square meters of roof space, or around 4.6 million single-family homes, are affected nationwide. These are primarily roofs and façades which up until 1990 were covered

with sheets of asbestos-containing fiber cement. Due to weathering or damage, the hair-fine asbestos fibers can come loose and enter the breathing air. Not a job for hobbyists: renovating asbestos-containing building materials is strictly a job for specialists using proper protective equipment and with official certification.

Many homeowners are concerned not only about the health risks, but the financial burden of asbestos removal. This is where the Slate business unit's campaign comes in, which not only provides education but also real assistance. Builders, for example, receive a one-time subsidy of up to 350 euros if they choose slate roofing during the restoration. In cooperation with Volksbank RheinAhr-Eifel, the business unit has also developed a special financing solution. No collateral is required for the low-interest, easily available "desired slate loan," and there is no need to register a mortgage.

When is there an urgent need for asbestos removal, what are the likely costs, exactly, and what funding is available for developers? The business unit provides answers to these questions in the accompanying information and ad campaign. A specially created blog contains regular updates on asbestos removal and financing. Free online guides with comprehensive information on funding and detailed calculation examples are also available. Various options are explained in brief and concise language, and tips are provided for planning asbestos removal measures. Current price surveys are used to demonstrate how owners can finance their new slate roof affordably with the relevant subsidies. These topics are covered on Schiefer.TV



### 3 QUESTIONS FOR LARS BEHRENDT

## “Uncovering the original core”

as well, which also began broadcasting in 2017. The program reports on the various applications for slate and provides experts an opportunity to talk about topics such as architecture, asbestos removal and the available subsidies. These measures are accompanied by systematic publicity work and advertising in print, online and audiovisual media. All the way from the initial information search to the final application for funding, homeowners are thus assisted in their decision-making process through a wide range of channels.

An example of how a restoration project can run quite smoothly is shown by the conversion of an old basalt pit house in the community of Kottenheim in Vulkaneifel. The miners’ house built in 1881 had been empty for 15 years, until it changed hands in 2015 for just 14,000 euros. It was essentially a junk property - the historic basalt masonry was plastered over, the natural stone staircase was cemented over, and the wooden beams were rotted away. But it was in particularly bad shape with respect to the roof, which since a renovation in the 1960s had been covered with asbestos-containing fiber cement boards. These had weathered over the decades, so dangerous fibers could be released at any time. Several panels had already cracked, and the entering moisture was weighing heavily on the entire roof structure. But as serious as the damage was, the roof renovation was ultimately just as simple. A mobile crane lifted off the two damaged roof halves, along with the dormers, almost entirely intact and dust-free. The asbestos sheets were then picked up piece by piece from the ground and properly disposed of as hazardous waste.

The new slate roof combines tradition with modernity. The energy-efficient rafter insulation keeps in heat during the winter and protects against heat in the summer. The roof tiles from Rathscheck are laid in a curved-arch pattern and echo the original roofing. The gleaming silk-like appearance harmonizes with the matte black basalt lava stones on the façade and inside the house. Inside the house,

Corinna and Lars Behrendt of Kottenheim, in the Eifel region, have experience with modernizing old pit houses. They had already converted one building into a vacation house in 2013. It was the second pit house, though, that first introduced the advertising associate and photographer to the challenge of an asbestos removal project. But the couple was able to master this challenge, too. Today, the fully refurbished former workers’ house, with a new roof made of natural slate, is used as a holiday home and is booked around 300 days a year.

#### What is so appealing about renovating old houses?

**LB:** The fascinating thing is finding the original core of a building and then liberating it. In doing this, we carefully add our own elements. That way, you can ideally preserve the cultural heritage and create new values.

#### What materials do you use in the renovation?

**LB:** For us it is important to use natural and high-quality construction materials that fit with the construction style common to the region. For an authentic pit house from the Eifel region, for example, we use only basalt stones, wood, glass, metal and natural slate.

#### What makes slate so special?

**LB:** First of all, the material is native to the region. In the Vordereifel area, basalt and slate are traditional building materials. Secondly, slate is a natural building material and is very well suited for sustainable and energy-efficient renovations – especially if recyclable insulation material is also used.



*Everything came out just right – the owners are pleased with their choice of slate.*



*Trust, openness, passion, cooperation – these are the values that abcfinance selected for itself in its vision statement process.*

the design of the entire living space, using natural materials, is elegant, light and bright. The result is a stylish holiday home that combines history and zeitgeist.

**What do we stand for? What drives us? And how do we see ourselves in the future? It is no accident that abcfinance considers such basic questions in addition to its demanding daily business.** The Cologne-based financial services provider has experienced a real growth spurt in recent years, acquiring numerous leasing and factoring companies and growing into one of the top 5 companies in the industry. Today, more than 700 employees work at the Cologne headquarter and at various locations in Germany, Austria and the Netherlands. While agreeing on common goals and principles is simple in a small, manageable business unit, this becomes more challenging as you grow.

The abcfinance business unit also recognizes the challenge of maintaining its focus on the company's core business while growing at such an enormous rate. A vision statement process was undertaken to provide orientation and clarity concerning a common vision and a shared understanding of values, and at the same time to define a binding framework for future strategies, activities and daily work. From the beginning, one thing was clear: what is even more important than having fully developed principles on paper is having an open, participatory dialogue about what constitutes abcfinance at its core. This is a dialogue that includes everyone – long-time employees as well as new employees, managers as well as trainees.

The "vision statement process" began in mid-2016. Initially the goal was just to listen, capture the atmosphere inside the company and find out what's important to everyone. To this end, consultations were held with an expert on change and vision statement processes; numerous discussions and interviews were held, opinions were gathered by email and critical views were also explicitly sought. Based on this general survey of opinion, the managers in the business unit formulated the main principles at a workshop in the fall of 2016. The principles were then discussed and fine-tuned in all of the departments – from accounting to product development to sales – and presented at a staff meeting in early 2017. At the end of the process, five guiding principles emerged, which everyone could identify with and which will determine the guiding principles for the company's policy in the future (see page 31).

The first stage has been completed, but a number of important puzzle pieces still remain to be added to the vision statement. From the hundreds of suggestions and change requests, the underlying values must be distilled and then put up for another vote. This time the process is playful, using a card game. Trust, openness, passion, cooperation: this code of values will guide abcfinance in all its future activities. From here, there is just one more step to create the overarching vision. The new service promise is the following: "We make things easy for the business person." This is based

*Even more important than having fully developed principles on paper is having an open, participatory dialogue about what constitutes abcfinance at its core: the ability to rely on others.*





## The Top 5 principles at abcfinance

### 1.

We want to  
excite the customer

### 2.

We develop  
solutions, pure  
and simple

### 3.

We practice  
what we preach

### 4.

We are there  
for each other

### 5.

We work  
respectfully and  
collaboratively to  
make the company  
successful

on the realization that customers are less interested in the financial product itself than they are in customized solutions, simple processes and personalized support.

From development to implementation: The new vision statement was ready just in time for the company's 40th anniversary in September of 2017. It could be seen everywhere at the celebration at the Tanzbrunnen in Cologne, both on the stage and in the talk sessions with division managers. But the real challenge begins in day-to-day business, in the everyday dealings with colleagues and customers. To ensure that the vision and the values are internalized and lived out in a lasting and convincing way, a number of projects, workshops and appraisals are still ongoing. All of the interfaces, work processes and services are being examined. From the initial contact and contract design through to completion, all of the products and processes are being reviewed to determine how they can be made easier and simpler for the customer. The intensive work on the company's own self-understanding and core competencies has yet another positive byproduct: For the first time, abcfinance was among the Top 10 most customer-friendly companies in the national TOP SERVICE Germany competition. Above all, the decisive factor for the selection committee was the consistently implemented vision statement process.

It is not nearly enough to simply provide premium quality products and to present them as the main argument in your market and brand communication. Customers today have quite different expectations and use entirely different criteria to decide what to buy and from whom. They want to identify with a brand and to share their experience with others as part of a community. Emotionality counts for more than raw facts. Companies and brands are perceived as personalities, and their level of social responsibility increasingly influences customers' purchasing decisions.

# Understanding What *Customers* Really Want

**C**onsumers in the United States place great value on having the right beauty tools; they want to be perfectly styled for every occasion and always have the right products handy when they're on the go. At the same time, they are more and more likely to engage in product discussions on social media before making a purchase. The Zwilling Beauty Group uses this knowledge to consistently increase the brand awareness of TWEEZERMAN in the US. For this reason, the Group is implementing its "Strategy 2020," which calls for concentrating on the six core markets Germany, Great Britain, France, China, Canada and the United States. The focus regions allow specific customer requirements to be accurately identified and fulfilled with a customized product portfolio – two decisive factors for building brand awareness and strong customer loyalty.

When direct dialogue with consumers is necessary, social networks like Instagram, Facebook and YouTube play an essential role. This is why TWEEZERMAN placed well-known and up-and-coming women beauty bloggers at the center of its marketing strategy last year. These collaborations offer a clear advantage over traditional print media – the bloggers are now reaching an audience of millions on visually rich social platforms. With video tutorials about perfect make-up, before-and-after pictures and critical product reviews, they have a direct influence on their followers' purchasing decisions. In addition, as brand ambassadors they have the opportunity to anchor TWEEZERMAN's steel-based precision tools as a key player in the beauty sector and to position the brand for the cosmetically savvy target group in an emotionally positive way.



In the summer of 2017, TWEEZERMAN marked a milestone. The company launched a special edition of beauty tools with make-up artist and fashion icon Huda Kattan. With around 23 million fans on Instagram alone, the US blogger is among the most influential bloggers in the world in the beauty segment. Writing as #HudaBeauty, she offers commentary on beauty trends and shares cosmetics and product tips as well as recommendations for the perfect complexion. The entrepreneur publicized the collaboration on her own blog and revealed that she is a long-time fan of the TWEEZERMAN brand.

That blog entry alone drew around 200,000 “likes” from fans. In the following weeks, more than 25 magazines reported on the cooperation – including Elle, PeopleStyle and Allure, as well as numerous onunit journals. Video tutorials produced by bloggers on the special edition have been viewed around 15 million times overall. Never before has the Zwilling Beauty Group business unit reached such a large audience with an online campaign. The Huda collaboration has given a significant boost to the US core market, resulting in a surge in brand awareness for the TWEEZERMAN brand from 23 percent in 2015 to around 38 percent – an increase of more than 50 percent.

*The right style for every occasion – the beauty tools from the TWEEZERMAN brand meet this customer requirement.*



To secure the long-term success of the brand, the Zwilling Beauty Group is increasingly seeking to establish contact with consumers at a more personal level. Surveys, product tests and personal visits to potential customers show that they are increasingly looking for professional beauty tools for facial cleansing and to prepare their faces for make-up. TWEEZERMAN responded to this demand with the Dermaplaner: a feminine-looking tool for smooth, flawless skin that hit the US market in 2017. Many customers appreciate the innovative product and are sharing their discovery with their followers on social media – which creates a snowball effect with long-term effects.

The business unit has also set ambitious goals for itself in the US for the coming years. The Zwilling Beauty Group would like to more than double the number of subscribers to TWEEZERMAN's email newsletter by 2020 and would also like to see steady growth in Facebook and Instagram fans, as well as visitors to the newly redesigned website. The goal remains the same: to excite customers in every age group about the brand experience of the Zwilling Beauty Group.

Medium-sized, clearly focused and a global leader in their market segment: these are the characteristics of the "Hidden Champions."

Since the fall of 2017, ZWILLING has been part of this exclusive group of global market leaders. As varied as the business fields and sectors of the participating family businesses are, one special characteristic unites them. The ambition to be the best in their field keeps them from standing still and pushes them towards great achievements. Always evolving and getting better – for the Zwilling Kitchenware business unit, this means reinterpreting our own brand, which after 287 years is one of the oldest in the world, and bringing it to life in a future-oriented way.









*Consumption is about emotion. Customers are looking for a buying and brand experience they can immerse themselves in, one that is holistic and lasting.*



*More than just retail space: the ZWILLING shops in China are show-places where visitors can immerse themselves in the ZWILLING experience.*



The Zwilling Kitchenware business unit has laid the groundwork for this over the years. From stationary stores and online shops to restaurants, cooking studios and social networks: Today consumers can become part of the ZWILLING brand experience at every point of contact, both online and offline. For Zwilling Kitchenware, however, it is not just the wide reach and unlimited opportunities for contact that count – the digital strategy is more about focusing on the individual. For example, what is the right time to offer specific product information tailored to a customer's wishes? And which channel is most appropriate for establishing contact with the customer? The challenge is to present the right products, services and content to the customer in the right place and at the right time. No simple task, but a valuable one. That makes it possible to initiate a real dialogue beyond the one-time sale and to cultivate a lasting customer relationship.

Although effective relationship management clearly requires automated processes and an intelligent web infrastructure, the stationary ZWILLING shops remain the starting point. The employees there no longer see themselves as just salespeople, but as relationship managers who demonstrate loyalty to the customer in a genuine way and strengthen it.

Nowhere is this more clearly the case than in the Chinese market. With around 1.4 billion people, the most populous country in the world is one of the pioneers of digital transformation and has grown at a feverish rate into an internet-based service society. Chinese consumers are open to new technologies and also have a keen sense of quality and brand awareness. ZWILLING knives and cookware are considered status symbols and a sign of a higher standard of living.

Along with online platforms, modern shopping malls are among the strongest sales channels. People in China spend entire days there, going shopping, eating and hitting the gym. Zwilling Kitchenware has expanded its shop presence considerably in recent years and is now represented in numerous shopping centers, from Shanghai in the east to Chongqing in the west of the country. However, these multifunctional shops have little in common with traditional shops. The presentation spaces in the sales area, created by Italian star designer Matteo Thun, provide a stage for putting the ZWILLING brands on show. There is an adjoining kitchen studio, separated only by a glass door, where professional instructors lead cooking events



and give courses for amateur cooks. In the in-house service center, customers can have their knives sharpened by professionals for free or have cooking pots cleaned ultrasonically. This turns the sales area into a space for rich emotional experiences with many possibilities for personal interaction, but also one that is the starting point for further communication through online channels and in social media. The dialogue with customers is thereby deepened and starts to take on more of a community feel. The customer feels like part of the ZWILLING brand world and directly interacts with it. The result is a continuous flow of new buying opportunities and a lasting source of growth.

**ZWILLING is helping to shape the world of tomorrow with many different activities. These do not just focus on the success and expansion of business activities.** The company – like all of the business units in the Werhahn Group – also takes responsibility in areas that go beyond economic numbers. Charitable activity has always been an important part of our self-understanding.

One example of many: under the motto “Hand in Hand for an Independent Life,” ZWILLING India has launched a special sponsoring (“godparent”) program at its production site in Pondicherry in southern India. The goal is to financially assist children with disabilities in the local area, to support them in a variety of ways and to make sure that they have the opportunity for a better future. The initiative, which began in 2014 as a corporate sponsorship for the various ZWILLING subsidiaries, has expanded significantly in the past year. Today, under the umbrella of the Werhahn Foundation, shareholders and employees at the German locations of the Werhahn Group can sponsor a child.

Through the program, each sponsored child receives monthly allowances, which are primarily used to pay school fees and to purchase needed learning materials. Working closely with the parents, participants ensure that the children, most of whom are physically and mentally challenged, continuously participate in school lessons and achieve the best possible learning results. Children in the program also receive regular check-ups by the company doc-

## REAL HOPE

Swathi, age six, loves flashy clothing and eye-catching jewelry. The young girl lives on the southern Indian island of Pondicherry. But even with her zest for life, she faces hardship. Swathi has been paralyzed from the waist down since birth. She is being raised by a single mother who cannot afford to give her daughter the financial support she needs. A life of poverty would seem all but assured for her. But there is help for her in her need. In 2017, Swathi joined ZWILLING India’s godparent program. As a godchild in the program, Swathi now has a reason to hope: she can get the medical attention she needs – and can finally attend school.



tors at ZWILLING India. For some of the physically handicapped children, surgical procedures have already resulted in significant improvements in their quality of life.

Unlike anonymous donation drives, the project offers complete transparency and personal interaction. The sponsors and their godchildren can communicate directly with each other on the specially created online platform [godchildren.zwilling.com](http://godchildren.zwilling.com). The ZWILLING India Foundation, which was founded in 2011, monitors the monthly contributions and provides the necessary documentation. The India Foundation itself is audited annually to make sure that children are receiving the best possible support. With a donation of between 30 and 50 euros per month, anyone in the Werhahn Group can participate and give disadvantaged children a chance for a better future.

*Unlike anonymous donation drives, the project offers complete transparency and personal interaction.*

Trust is the most important currency – especially in the competitive B2B business. In order to act as competent partners with trading partners, even in a digitally networked business, nothing is more important than deep industry knowledge and experience. Only then can you place products and services on the market that are tailored to the individual needs of the target group. And exceed customer expectations with real innovations and entirely new business models.

# With a clear focus on *adding* value

**A**s products and brands start to exhaust their technological potential, it becomes ever more difficult to introduce real innovation to the market. With the Blazor, a combination of a blade and a razor, the Jaguar/Tondeo Professional Hairdressing Equipment business unit brought a brand-new innovation to hair-cutting, the core segment of the hairdressing industry, last year.

The main impetus for the product innovation came from a hairdresser from Coesfeld. For years Ron Schumann has been using an open, curved razor blade in his salon to style hair with precise contours, smooth transitions and stylish accents. Believing in the potential of his idea, he approached the product developers at Tondeo. As experiments have demonstrated, a curved blade

is actually highly stable and allows for a safe and precise cut.

But before an idea becomes a series-ready “made by Tondeo” product that can go onto the market, there are a number of development steps required. Ultimately, the new mechanical haircutting blade should provide maximum safety while cutting, convenient blade changing, and be simple and intuitive to use with no training required. An initial prototype with the blade and a safety handle was, quite literally, a cut above the rest in trials by hairdressers – an important clue to the existing market potential. In March of 2017, the Blazor was presented at the Top Hair international trade fair in Düsseldorf and was hailed by hairdressers and the media as a worldwide innovation. A broad-based marketing campaign created addi-

tional buzz both online and offline in the media and in salons, resulting in sales twice as high as the target by late 2017. Even in the highly competitive French market, the Blazor has created quite a furor. At the country's largest hairdressing trade fair, it won the "Innovation Award" on the first go. According to the selection committee, the tool has "reinvented the haircut."

For the Jaguar/Tondeo business unit, the Blazor is already a success story and at the same time serves as a blueprint for future innovations. Developing products directly for practical needs, in collaboration with experienced hairdressers – this is the key to sustainable growth, not only for the business unit, but in equal measure for its customers.

**An important economic factor: the approximately 275,000 farms in Germany generate around 50 billion euros per year in products.** Many farms have been family-owned for generations and are continuing a farming tradition that goes back centuries. In order to develop products that are viable on the market and at the same time to meet requirements for environmental, animal and consumer protection, however, they must increasingly invest in modern technology and high-quality livestock. Costs for a new tractor, a combine harvester or for raising cattle and chicken stock quickly reach into the hundreds of thousands. This limits liquidity and can cause significant bottlenecks in the event of large seasonal income fluctuations.

The abcfinance business unit offers a way to avoid this predicament, with its financing solution agrar-solutions. The Cologne-based financial services provider specializes in industry-specific financing solutions. Particularly in future-oriented



### A HEAD FOR CREATIVITY

*"The Blazor is the product of successful teamwork. The basic idea of working with a curved blade was mine. I experimented a lot with it and discovered that it had amazing effects both in wet and dry hair. Then I approached Tondeo to see if it might be possible to turn the idea into something more. The marketing experts and product developers there were very receptive and I was able to sell them pretty quickly with my enthusiasm. I'm very proud of what came out of our collaboration."*



Ron Schumann,  
hairdresser from  
Coesfeld



### 3 QUESTIONS FOR MATTHIAS HALSBENNING

## *“A secure financial base”*

sectors such as the media or healthcare sector, but also in agriculture, the company has extensive market knowledge and has developed leasing and lease-purchase offers tailored to individual needs.

Instead of exhausting the credit line or obtaining pre-financing for the purchase, with agar-solutions farmers can pay off the investment with income they earn from their new milking robot or laying hens. In this scenario, smaller payments are due in low-income months and larger amounts are due during high-income periods. The leasing installments are deductible as operating expenses, without negatively affecting the equity ratio. For companies that wish to own machines or livestock, there is also a lease-purchase option.

Organic farmers are increasingly making their own business future-proof with low-cost financing solutions, thereby creating more value in the long term. Especially on smaller farms looking to establish an additional economic base of support, the trend is towards mobile poultry farming. These transportable chicken coops have multiple advantages: While the open-air runs in conventional free-range farming are strained to capacity, the fully mobile shelters allow laying hens to change location regularly. The coops are lifted hydraulically and pulled by tractor to their new location. This places less of a burden on the existing grazing areas, and the chickens always have a steady supply of green fodder. The lighting and feeding systems, discharge and laying flaps are all largely automatic, while the required energy is supplied by solar modules on the roof. The chicken houses are specially designed for housing small animal stocks, so with appropriate financing newcomers can also get started in organic egg production without incurring significant financial risk and can benefit from the steady high demand.

Working together with a manufacturer of mobile chicken coops, abcfinance introduced its financing product unit last year at one of the major agricultural fairs. From there things started happening very quickly. New leasing and lease-pur-

**Matthias and Verena Halsbenning are the fourth generation to operate a seven-hectare farm in Senden near Münster. Two years ago, they converted the operation from maize cultivation for biogas plants to organic farming and have now financed two mobile chicken coops through abcfinance agrar-solutions.**

#### When did you have the idea to go into poultry farming?

**MH:** The farm has been in the family since the 17th century and is now being run as a part-time operation. Our hope is to maintain the farm and its historic half-timbered buildings and put it on solid financial footing. We have switched to organic farming and are now marketing our vegetables and grains directly through the farm shop or via retailers in the region. We got into poultry farming really more by chance, because our children wanted to have animals. It has now turned into a lucrative side business, where mobile chicken coops allow humane, ecological free-range farming with sustainable costs.

#### How does the leasing work through abcfinance agrar-solutions?

**MH:** We financed the first mobile coop for around 230 laying hens through our home bank. The second coop followed in early 2017. This time we were looking for a new type of lease to avoid tying up too much capital. With abcfinance, everything went very quickly. Within a short time, we had the financing commitment and were able to order the new mobile home for our chickens. We have now acquired a third coop, also financed through abcfinance – with even better conditions than before. abcfinance has become an important financing partner for us because it understands our situation.

#### What is the outlook for the organic egg business?

**MH:** Due to the bird flu at the end of 2016, we were starting out under difficult conditions, as you can imagine. But since then business has continued to improve. Our inventory has now grown to 700 laying hens and we can barely meet the demand in our farm shop and with our retail partner. What are we especially pleased about? We can put our ideas about sustainable agriculture into practice, while the mobile coops provide a solid basic income.



chase contracts with flexible terms between two and seven years were signed almost every month. For abcfinance, agrar-solutions is increasingly becoming a model of success in an industry with good credit ratings and de facto low default risk. The product line also helps strengthen the economic power of farms and, not least, to promote humane animal husbandry.

**With a clear focus, even what seems impossible becomes possible. When Bank11 began operations in early 2011, the market for independent auto banks was largely saturated, with prospects for a new service provider all but non-existent.** But the business unit, at the time the youngest in the Werhahn Group, began raising eyebrows with its new, forward-looking ideas and its clear mission to make the mobility of the future affordable. From the outset Bank11, firmly anchored in the German SEM sector with the Werhahn Group as the sole owner, oriented its business model exclusively to the auto trade. The simple, low-cost financing products for purchasing and sales financing hit a sweet spot in the SME sector. In addition, there are the lean and efficient transaction processes with an in-house credit management tool and, last but not least, the team of experts who understand the needs of the industry from their own experience.

*Matthias Halsbenning was able to put his idea for sustainable poultry farming into practice with a specific financing solution from abcfinance.*

The overall package was well received among dealers from the very start. A year after its founding, Bank11 took second place in a direct performance comparison with 28 other competitors in the poll for the Best Auto Bank of the Year – a distinction it will be able to boast of for years to come. In 2017 the Werhahn business unit scored 1.22, a new best, and just missed first place. Its trading partners, now numbering over 9,600, value the favorable conditions, the quality of the customer support and the agile and innovative product line. No time to rest on its laurels. Under the new motto “Everything for the Dealer,” Bank11 stands out with ever new products and services that provide dealers with targeted auto sales support. One example is the EvoSuper-smart financing solution – once again, Bank11 has reinterpreted the traditional target rate financing, giving the borrower more flexibility in loan repayment. This variability is also popular with the trading partners.

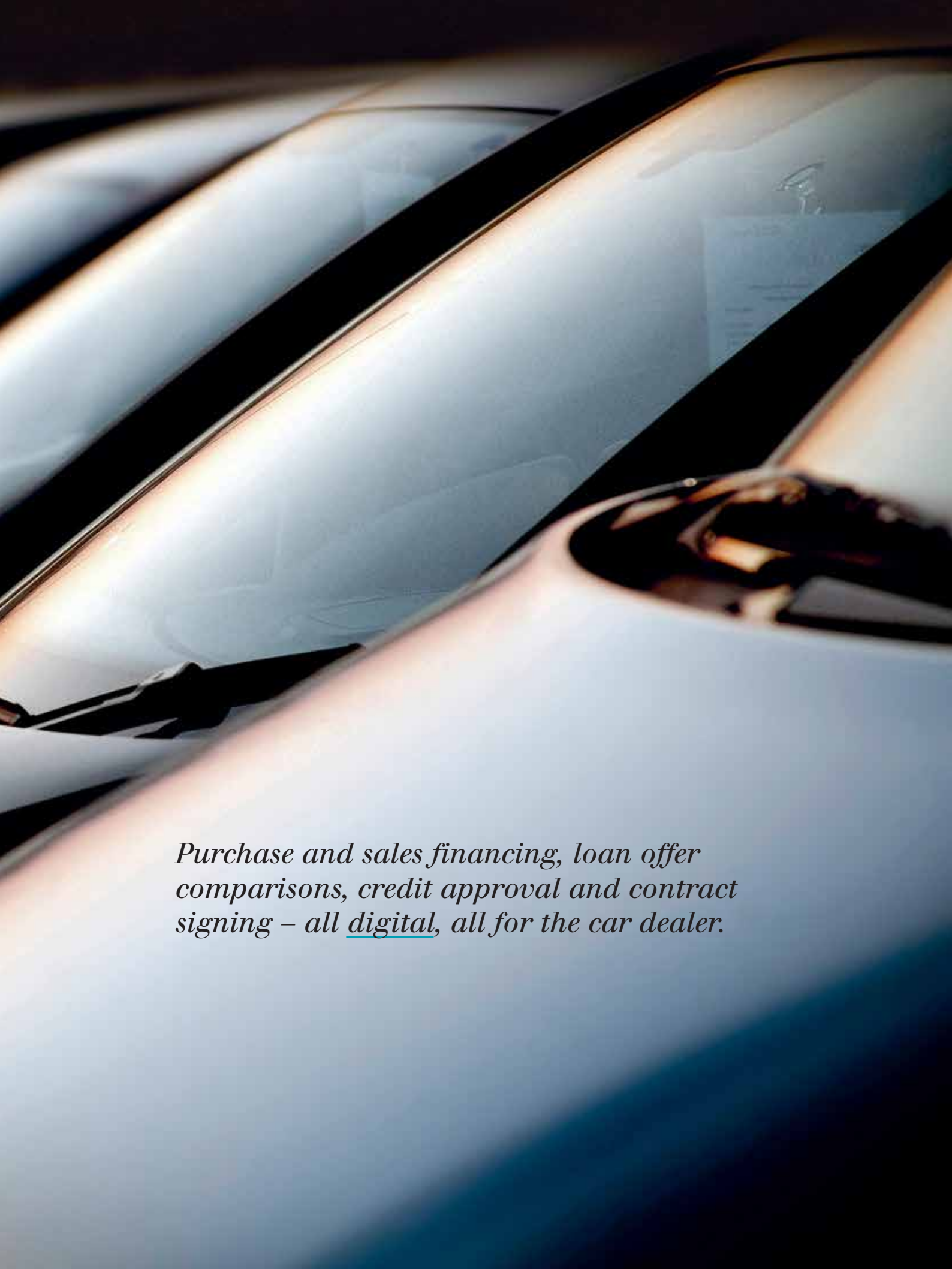
With EvoRepair, Bank11 brought the next innovation to the market in 2014. With this innovative and unique repair financing, car dealers can offer their shop customers repairs worth up to 4,000 euros at low rates for two years, interest-free. At Bank11, the application just takes a few minutes for registered dealers, and when approved the amount due is paid immediately. The concept is taking off – in 2017, evoRepair was used to finance over six million euros’ worth of repairs. While Bank11 is opening up a new market segment, trading partners can systematically increase their repair shop revenues.

As digital distribution channels and mobile devices become established in the daily operations of its auto dealer partners, Bank11 continues to implement technological upgrades. With a mobile app, for example, Bank11 partner dealers can withdraw approved customer financing simply by clicking on a reference account that is saved in the app. The digital loan assistant, “Victor,” was also fully redesigned in 2016. The input screen was simpli-









*Purchase and sales financing, loan offer  
comparisons, credit approval and contract  
signing – all digital, all for the car dealer.*

fied and made more intuitive, so that now you can apply for financing in less than three minutes.

More and more car buyers are now ordering vehicles directly from online vehicle exchanges or dealer websites and also want all of the financing handled digitally. Once again, Bank11 has taken the lead; it was the only specialist provider in the industry to include an online contract signing function in its portal. With online customer identification and a qualified electronic signature, a borrower can complete the identity verification in just a few steps and also sign the vehicle financing online if desired. New financing products are already in the pipeline for 2018. EvoBike is a new, simple two-wheeler financing option for motorcycles, e-bikes, Segways and quad bikes. Once again, an investment in a market of the future and in the mobility of tomorrow.


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**It is not just car buyers who are researching affordable financing options online; car dealers have also been “always on” for a long time now.** But it is only since the launch of Yareto in July of 2016 that they have also had more choices for sales financing. Now for the first time, using the online comparison and transaction portal, they can directly compare car loan offers from up to ten banks with regard to interest, term and fees, and complete the transaction for their customers in just a few clicks.

### **AN INNOVATIVE APPROACH: ONLINE CONTRACT SIGNING**

At the Matthes car center in Cologne, customers had a positive response to the new identification and verification feature. The “Smartphone Generation,” as financing specialist Oliver Zgunea calls it, particularly liked the feature. “The under-50 segment was especially receptive to it.” Conversely, that means buyers over age 50 preferred the traditional paper version. In addition, “Most customers hadn’t seen this procedure before,” said Zgunea.






As a B2B comparison portal specially designed for auto trading, Yareto is based on an almost fully digitized business model, but it also relies on personal contact and close interaction with the car dealers. In the in-house software development process, specific dealer requirements are used to constantly develop new digital products and services. Online and offline products are interlinked in various ways.

This begins during the initial contact with the auto dealer. Here, as always, personal contacts and on-site visits to dealerships by the front-office and sales representatives are essential. Instead of the usual flood of emails, Yareto sends out traditional mailings. Reports and notices in the industry media also generate attention. Prospective customers are directed to the Yareto homepage through various traditional distribution channels, where they can register for free and use the portal after verifying their identity. Dealers then have access to all the new car loan products anytime, anywhere – on a PC or a tablet during meetings with customers, and on the go on their smartphones.

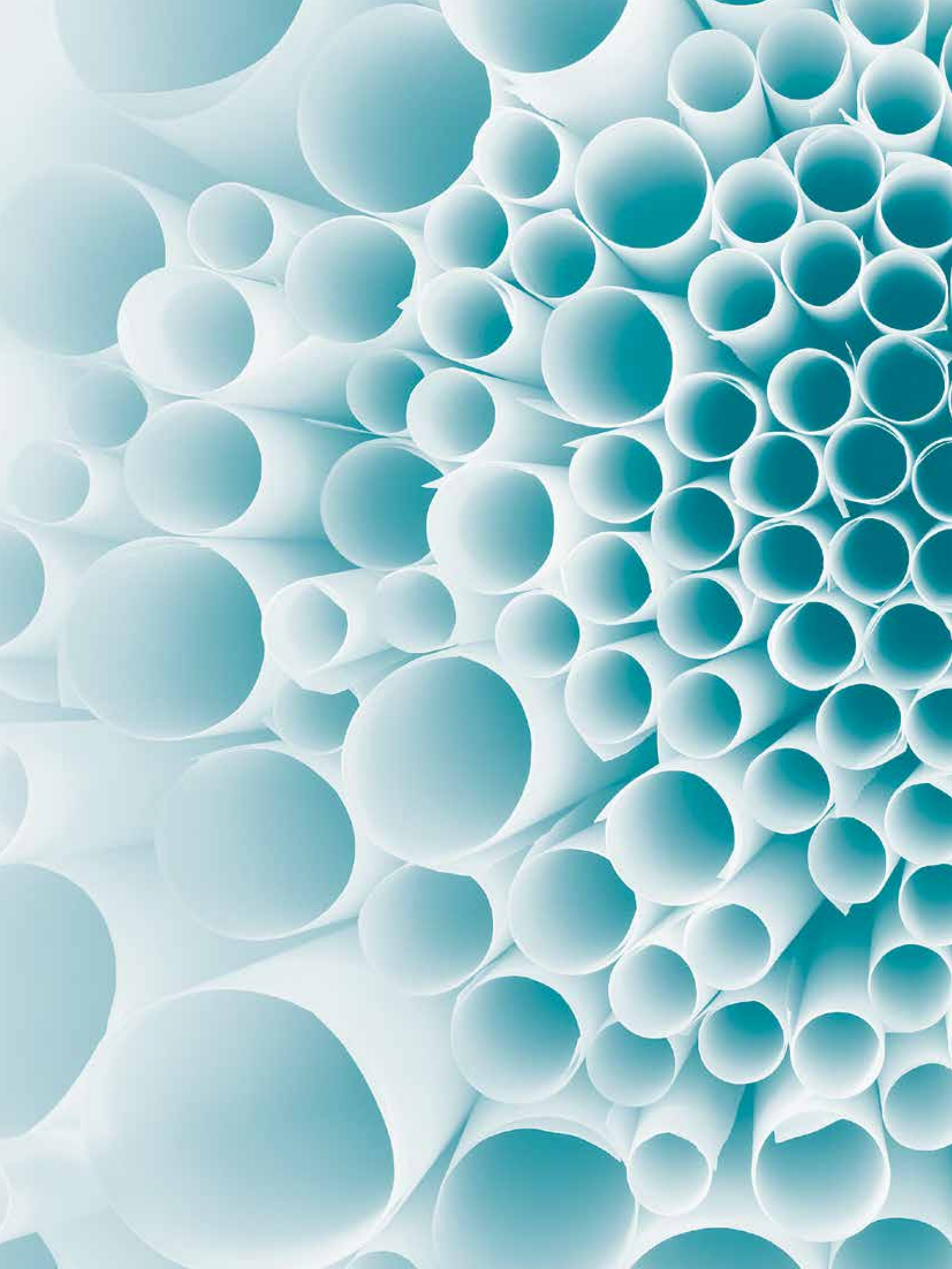
The combination of digital processes and personal all-round support is clearly having an effect. By late 2017, more than 5,800 auto dealers had registered on Yareto.de. At the same time, the company is continuing to expand its product unit. Starting with just a linear installment loan for sales financing, the product unit was soon expanded with the addition of balloon financing – an installment financing plan with a higher final installment at the end of the loan period. This was followed by the PremiumSchutz product, which gave car buyers the option of disability or unemployment insurance at favorable conditions.

With Yareto purchase financing, dealers can obtain a comparison rate to their existing bank for financing vehicle purchases and stock vehicles. That

*Yareto's in-house software development department is constantly creating new digital products and services based on specific dealer requests.*

reduces the dealer's dependence on a single bank and gives it more maneuvering room. In order to provide dealers with the full range of traditional financial instruments, Yareto has now added a leasing product to its portfolio. And more development is in the works – other digitally accessible products, such as repair financing, are in the planning stage. By designing all of its processes and functionalities with the dealer in mind, Yareto is showing what digitization will look like in the future. The seemingly anonymous algorithms aim to create a human (customer) relationship, with the goal of giving the individual dealer more time for the core business and increasing sales rates and yields with minimal effort. 





# *Consolidated Report*

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# Macroeconomic Development

The global economy experienced a robust upturn in 2017. According to figures from the Kiel Institute for the World Economy (IfW), gross domestic product (GDP) was up 3.8 % from the previous year. In nearly all the large national economies, economic activity was noticeably stronger. According to the German Council of Economic Experts (GCEE), this development is due primarily to the fact that several significant risk factors became less important over the course of the year. Fears of growing protectionism have thus far failed to materialize. In national elections in the central European Union (EU) member states, mostly pro-European parties prevailed. This has eased worries about the cohesion of the European Union. In China, there was no decline in growth. The Brexit vote and the subsequent exit negotiations dampened economic growth in the UK much less than initially assumed. Global demand was additionally strengthened by the expansive monetary and fiscal policy.

The economies of the large industrial countries, in particular, contributed to the accelerated growth of the global economy in the past year. The recovery was to some degree unexpectedly strong, especially in the eurozone. The eastern European countries that are not part of the currency union also benefited from this. The upturn in the US was very robust. In Japan, too, there were signs of recovery. In the emerging markets, the picture was more mixed. Nonetheless, the positive trend prevailed in more countries than in previous years. The Kiel Institute for the World Economy attributes this primarily to the higher prices of raw materials, which benefit many export-oriented countries. Growth also accelerated in Russia with the rise in the crude oil price. But a better development in Russia was hindered by the effects of the sanctions imposed by the western industrialized countries.

The European Central Bank (ECB) also continued its expansionary monetary policy in 2017. It opted

against interest rate increases and continued the bond buying program. The volume of bonds being purchased each month did decrease, however. The US Central Bank continued the cautious tightening of its monetary policy and raised its federal funds rate several times during the year.

## GERMAN ECONOMY STRENGTHENS

The upward trajectory of the German economy since 2010 continued at an accelerated rate over the past year. According to data from the Federal Statistical Office, the GDP was 2.2 % higher than the previous year, adjusted for price. This was the largest increase since 2011. Once again, the boom was driven primarily by private consumer spending. According to the retail association HDE, German retail posted sales growth of 4.1 % without consideration for the rate of price increases. This was due to record employment, on the one hand. Employment grew by 638,000 to 44.3 million. On the other hand, the rise in salaries of 2.4 % on average gave many consumers more financial breathing room. Confidence in economic stability and low interest rates spurred many companies towards greater investment. They invested 3.5 % more than the previous year in the defense sector – primarily machines, devices and vehicles. Construction investment increased by 2.6 %. German exports also continued to grow in 2017. At 4.7 %, growth was nearly double the previous year.

The robust economy also meant more funding into public coffers. At 36.6 billion euros, the government's surplus was the largest since German reunification. 16.2 billion euros of this was attributable to the federal states, 8.7 billion euros to the municipalities and 10.5 billion euros to social security funds.



### BROAD RECOVERY IN THE EUROZONE

The recovery in the eurozone in 2017 was even more robust than many experts expected. Even in the economies where growth had been weaker in previous years, there was strong growth. According to Eurostat figures, the GDP for the 19 countries of the eurozone 2017 was 2.3 % higher than the previous year. In Great Britain, there were indeed negative effects of the decision to exit the EU. But the ramifications for the economy were not as severe as expected. However, uncertainty about future economic relationships dampened the propensity to invest and strengthened pressure on the Pound Sterling exchange rate. According to the Kiel Institute for the World Economy, this was the main reason for the comparatively greater rise in inflation, which in turn weakened the purchasing power of households.

In the eurozone as well, economic recovery was mainly fueled by consumption. Higher employment and moderate inflation rates resulted in an increase in real income. Consumer sentiment was also strengthened by the easing political risks following the elections in the Netherlands and France. Other growth drivers were the favorable global economic environment, especially the greater global investment demand and the positive development of global trade. Budget deficits declined in 2017 in virtually all countries. But according to the Kiel Institute for the World Economy, this was primarily due to the solid economic performance and the fall in interest rates. The debt to GDP ratio remained above the reference value of 60 % in almost all euro countries.

### GROWTH IN CHINA UNEXPECTEDLY STRONG

Growth in the Chinese economy in 2017 exceeded all forecasts. According to the National Bureau of Statistics in Beijing, the GDP increased by 6.9 %.

The previous year, China had reported the lowest rate of growth in 26 years at 6.7 %. Many experts had expected another period of slightly reduced economic expansion for 2017 since monetary and fiscal policy had become less expansionary. In past years the Chinese government had contributed to the stabilization of growth with a large expansion of the budget deficit. However, the deficit remained almost unchanged in 2017, according to the International Monetary Fund (IMF). According to the Bank for International Settlement, debt stands at 256 % of GDP. This is due primarily to the state-owned enterprise sector, where it is often difficult to differentiate between private and state-owned enterprises. The moderate tightening of monetary policy introduced in early 2017 could stem the rise in the debt level and stabilize the exchange rate, in the view of the German Council of Economic Experts.

The Chinese government in 2017 evolved strongly towards a consumption and service economy, as hoped for by the government in Beijing. Of the GDP gain, 4.4 percentage points resulted from consumption, 2.3 percentage points from investments and 0.2 percentage points from the trade balance. According to surveys, Chinese consumers were more optimistic in late 2017 than ever before. According to Germany Trade & Invest (GTAI), this was caused by the continually increasing incomes both in cities and rural areas. Strong domestic demand also ensured brisk growth in China's imports, especially in consumer goods. In the first ten months of 2017, China purchased 17.2 % more goods from abroad than in the same period of the previous year.

### US ECONOMY GAINS MOMENTUM

In 2017, the US economy surged after moderate growth in the first six months and in the second half of the year grew by at least 3 % two succes-

sive quarters for the first time since 2014. The GDP for the entire year increased by 2.2 % according to figures from the Federal Statistical Office. A major factor in the accelerating growth, according to the Kiel Institute for the World Economy, was the rise in investment. The forecast of massive tax cuts, investment programs and reductions in bureaucracy buoyed the expectations of companies and also boosted sentiment among consumers. The largest contribution to growth was once again from private consumption. This was bolstered mainly by the positive development on the labor market. The unemployment rate fell to 4.1 %. This was the lowest level in 17 years. New jobs were also added in the lower and middle wage brackets, resulting in a record overall employment level. Increasing wages were also a contributing factor, giving many households greater financial leeway. The good employment situation and moderate inflation had the result that the US Federal Reserve raised its key rate multiple times during the year and took further measures to normalize its monetary policy.

#### UPTURN IN RUSSIA AND JAPAN

Forecasts for the Russian economy improved significantly in 2017. The country weathered the crisis triggered by the low oil prices, a weak ruble and sanctions from Western countries far better than expected by many experts. By summer the IMF had thus already corrected its forecast for the economic performance in Russia for this year. GDP grew by 1.8 % in 2017, according to information from GTAI. Here the economy benefited significantly from a recovering crude oil price. Gross fixed capital formation grew for the first time in three years. Private consumption also revived at a low level, although discretionary income declined in 2017 for the fourth consecutive year. According to estimates by the Russian central bank, the domestic economy has already exhausted 95 % of

its recovery potential. A deeper recovery will require more thoroughgoing reforms.

In Japan, the economy last year continued the recovery that had begun in 2016 at an accelerated rate. GDP grew by 1.5 %. It should be noted that in the fall of 2016 Japan brought its GDP calculation method into line with newer international standards. As a result, the growth trend of the previous years appears in a more positive light, according to the GCEE. The upswing in 2017 resulted from robust private consumption along with strong exports. The reason was continuously rising employment and a moderate rise in wages. A further boost to the recovery came from the expansionary monetary and fiscal policy. The Bank of Japan continued its bond-buying program.



# Business Development and Results of Operations

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

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).

In 2017, the Werhahn Group recorded consolidated net sales of € 3 383 million (previous year: € 3 322 million). The net sales growth of 2 % was just slightly below expectations. The corporate division Financial Services recorded significant increases. The corporate division Building Materials also saw a moderate increase in net sales. The corporate division Consumer Goods fell just short of the previous year's level. While domestic net sales grew slightly, there was a small decline in foreign net sales. Foreign net sales as a share of consolidated net sales thus fell from 32 % to 31 %. Nominal foreign net sales totaled € 1 037 million (previous year: € 1 054 million). Net sales in euros were negatively impacted by fluctuations in exchange rates. This development was driven by the Chinese renminbi, the US dollar and the Japanese yen.

The cost of materials for the Werhahn Group increased by 3 % to € 1 784 million (previous year: € 1 738 million). This item contains expenses from the corporate divisions Building Materials and Consumer Goods as well as expenses from the corporate division Financial Services. 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 absolute growth was primarily the result of the growth in the corporate division Financial Services

and higher acquisition costs in the corporate division Building Materials. There was a slight increase in the cost of materials ratio<sup>2</sup> in the corporate division Building Materials only. It remained constant in the corporate division Financial Services. The corporate division Consumer Goods increased its cost of materials ratio slightly.

Personnel expenses of € 491 million were 4 % higher than in the previous year (€ 473 million). In addition to the usual wage increases, this was due primarily to a larger number of employees in all of the divisions. The personnel expenses ratio<sup>3</sup> rose only in the corporate division Consumer Goods. In the corporate divisions Building Materials and Financial Services, the development of personnel expenses corresponded with the increase in sales.

The depreciation and amortization of intangible and tangible assets in the business year stood at € 168 million, which is just above the previous year's value of € 167 million. The increase in depreciation of leasing assets from € 416 million to € 460 million is due to the expansion of new leasing business.

In 2017, other operating income increased from € 57 million to € 71 million. The significant increase over the previous year is primarily attributable to the income from the sale of the Diamant Group and higher income from the disposal of tangible assets. The lower income from the release of provisions had an opposite 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 digressive depreciation.

<sup>2</sup> The cost of materials ratio is calculated by dividing the cost of materials by net sales.

<sup>3</sup> The personnel expenses ratio is calculated by dividing personnel expenses by net sales.

Other operating expenses decreased by 2 % to € 412 million (previous year: € 422 million). Lower expenses for maintenance, consulting and value allowances for accounts receivable were offset by the rise in particular of exchange losses, leasing, rental and tenant expenses as well as IT costs. The most significant individual items contributing to other operating expenses were maintenance costs (€ 76 million), external services (€ 71 million) and marketing (€ 69 million).

High dividends from participating interest resulted in a significant increase in investment income from € 16 million to € 29 million.

The operating result of the Werhahn Group remained at the previous year's level. Expectations were slightly exceeded because of one-time effects. In particular, earnings were driven by the sale of the Diamant Group and the dividends from participating interest. The operating result of the corporate division Building Materials declined slightly compared with the previous year. The lower margin in the Aggregates business unit was more than offset by positive one-time effects. In the Slate business unit, the operating result decreased. The corporate division Consumer Goods saw a significant decline in its operating result. Along with exchange rate effects, the decline in special business was the main factor in the Zwilling Kitchenware business unit. In the Zwilling Beauty Group business unit, net sales losses resulted in a lower operating result. The strategic realignment of the Jaguar/Tondeo Professional Hairdressing Equipment business unit that began in 2016 already showed positive effects on operating results in 2017. In the corporate division Financial Services, the further expansion of business led to a noticeably higher operating result.

The interest result, including income from securities held as fixed and current assets, improved by

€ 3 million to € –9 million. This was primarily due to the reduction of debt and the absence of one-time costs for syndicated financing from the previous year.

The earnings before tax of € 163 million were just above the earnings of the previous year (€ 162 million) and like the operating result slightly exceeded expectations.

The tax rate<sup>4</sup> improved moderately in 2017. This was primarily due to the fact that earnings before tax included higher income amounts taxed at low rates.

Overall, the net profit of the Werhahn Group increased by € 6 million to € 112 million.

The Management Board would like to thank all employees for their committed work and for their contributions to the Werhahn Group.

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<sup>4</sup> The tax rate is calculated by dividing the tax expense by earnings before tax.

# Building Materials

The corporate division Building Materials includes the Aggregates and Slate business units, which are active in Germany and in other European countries. The hard stone and asphalt mixture operations are bundled in the Aggregates business unit. The Slate business unit produces and markets premium-quality slate for roofs and façades.

## AGGREGATES

The Aggregates business unit under the leadership of Basalt-Actien-Gesellschaft comprises four segments: mineral raw materials, asphalt mixtures, building materials recycling/disposal, and construction chemicals. In addition to Germany and Sweden, the business unit operates in the Central and Eastern European countries of Poland, Russia, Ukraine, Czech Republic and Hungary. Its customers are mainly structural and civil engineering companies with an emphasis on road construction.

Production in the mineral raw materials segment mostly comprises hard stones, which are mined in around 100 Group-owned quarries, processed and marketed regionally. In addition, a portion of the raw material is used for the production of asphalt mixtures in 190 mixing plants owned by the Group. The Aggregates business unit is one of the largest producers of mineral raw materials and asphalt in Germany. In the building materials recycling/disposal segment, the companies in the business unit recycle and market uncontaminated construction waste. The construction chemicals segment mainly produces and markets bituminous sealant materials for structural and roadway construction.

## Construction industry benefits from the strong economy

The construction industry in Germany was boosted in 2017 by the favorable economic conditions and the readiness of the federal government, the states and municipalities to invest in their infrastructure. According to figures from the Central Association of the German Construction Industry, (Hauptverband der Deutschen Bauindustrie e. V.), the industry registered a 8.5 % increase in net sales over 2016. Public construction experienced growth of 6.5 %. In the area of public road construction, which is critical for the Aggregates business unit, the net sales increase was 7.7 %.

The foreign markets that are significant for the Aggregates business unit, the construction industry mostly performed even better than in Germany. The key market of Poland benefited from new EU financing. Large and long-planned infrastructure projects were started in 2017. Roadway construction therefore picked up again after years of stagnation. Thanks to the new Jawor Mecinka basalt plant, which began production with a modern processing facility in August 2016, and the recommissioning of the Rybnica Lesna facility, Polish companies generated a considerably higher sales volume than in the previous year.



In Russia, increased investments were made to modernize and expand the road system again. In the Moscow metropolitan region, the Russian government again significantly increased its investments in infrastructure. Otherwise, however, growth rates remained weak. The Russian companies in the segment benefited from their premium quality stone and the embargo in imports on hard stone from Ukraine. They saw a significant increase in net sales overall. In Ukraine, the construction industry also rebounded after a deep slump thanks to significantly higher investment in road construction. The business in Ukraine continues to be affected by the restrictions on exports of hard stone to Russia. The losses associated with this were only partially offset by sales volumes with lower average revenues in the domestic market.

In the Czech Republic, lengthy approval processes resulted in delays in the expansion of the infrastructure. The Czech companies nonetheless posted a moderate increase in sales. In Hungary, the construction industry experienced a strong upswing due to better utilization of EU funds. However, because of the uneven regional distribution of construction activities, the Hungarian companies in the business unit only saw a small benefit from it. Nonetheless, their sales were slightly above the level of the previous year. The operation in Sweden benefited from long-range infrastructure projects in the country and increased exports to Estonia and Russia.

In the procurement markets, the average price of bitumen, the key input material in the production of asphalt, rose by 40 % during the 2017 business year. Due to the intense competition, the rise in bitumen prices could not be passed on entirely through higher sales prices. This weighed heavily on margins.

### **High increase in sales of raw materials abroad**

Compared with the previous year, net sales of the Aggregates business unit increased by 4 % in 2017 to € 1 291 million, just exceeding the projected level. This was primarily due to significantly higher sales volumes of raw materials abroad and to sales growth for bituminous mixtures. In contrast, sales of raw materials inside the country were slightly below both the projected and the previous year's level. This was primarily due to unfavorable weather conditions during usually high-volume months. The sales volumes for mixtures slightly exceeded the projected level.

The foreign share of sales rose to 10.9 %. The rise in average exchange rates was also a contributing factor, especially for the Russian ruble, the Polish zloty and the Hungarian forint.

The operating result of the business unit slightly exceeded the value of the previous year and was at the expected level. One-time effects from the disposal of smaller non-core activities and valuation adjustments also contributed. The lower margins, however, especially in asphalt mixtures, had a negative effect. Foreign companies registered earnings growth that were mostly above expectations. Earnings before tax additionally benefited from a favorable interest result and exceeded both the previous year's amount and the projected amount.

### **Environment remains favorable**

The prospects for 2018 remain favorable. The German economy will grow by 2.3 % according to estimates of the Federal Ministry for Economic Affairs and Energy (BMWi). This will create flexibility in the budget for the urgently needed modernization and expansion of the transport infrastructure network. The federal government,

with its share of around 20 % of the roads network, has already further increased its budget appropriations for the construction of highways. This will bring new momentum to the German construction industry in 2018. The Central Association of the German Construction Industry forecasts sales growth of at least 4 % in public construction. But expectations are limited because of personnel shortages in the construction and planning departments. The planning, tendering and awarding of projects are not progressing at the necessary rate. Even now, available funds are in some cases not being used due to a lack of development-ready projects.

In most foreign markets, signs also point to a growth of the construction industry. In Poland, new EU funding for road and rail construction will continue to provide strong stimuli. In Russia, it is too early to tell whether the slight recovery in civil engineering and infrastructure construction will continue in 2018 in light of tight budgets. There is still a substantial backlog in investment. Prospects in the construction industry in Ukraine remain positive, but they will be limited by the continuing restrictions on exports to Russia and the low price level. In Hungary and the Czech Republic, significant funding should be allocated towards expanding and modernizing traffic routes. In Sweden, prospects are spurred by long-range infrastructure projects such as the Fehmarnbelt tunnel that is set to begin construction in 2019. There are also signs of growth in the key export markets of Kaliningrad and the Baltic states.

Overall, the Aggregates business unit expects a noticeable growth in net sales for 2018 based on a slight increase in volume. The operating result and earnings before tax will be slightly higher than in the previous year due to sales growth and the anticipated more favorable margin development,

#### Net sales development corporate division Building Materials

in € million

## + 3.4 %

2017

1 358

2016

1 314

despite continuing rising costs especially for input materials.

#### SLATE

The Slate business unit extracts, processes and markets high-quality slate and develops products for designing aesthetic living spaces. The product line encompasses a wide assortment of types of cladding for roofs and walls. System solutions developed specifically for modern architecture enable innovative façade designs. The product range is complemented by ashlar, which can be used for interior applications as well as for gardening and landscaping. Production is located in Germany and Spain. With its product range, the business unit is one of the leading suppliers of slate in Europe. The most important sales markets other than Germany are France, Benelux and Great Britain.

#### Market position strengthened in a difficult environment

The market environment for the roofing industry in Germany continued to be highly competitive in 2017. The positive conditions in the residential construction sector did nothing to change this. There was also an increase in construction of

multi-family houses in 2017, which considerably reduced the roof area per housing unit constructed. The long-observed trend from pitched roofs to flat roofs also continued. While flat roofs posted double-digit growth, the pitched roofs that are important for the Slate business unit registered a decline in the mid-single digits. The renovation sector, which according to the Central Association of the German Construction Industry is responsible for about two-thirds of overall construction volume, continued to decline. Homeowners again invested less in energy optimizations of roofs and façades on their properties. The slate market therefore suffered a double-digit decline in volume according to industry data. The Slate business unit recorded a noticeable sales decline in Germany, but did not lose market shares.

The rise in construction demand in Europe continued in 2017. However, new residential construction declined last year in the European markets that are important for the Rathscheck Group. But renovations showed a slight gain and thus rebounded to their pre-crisis 2007 level. Amid this environment, the business unit strengthened its position in all of the crucial foreign markets.

Net sales of € 68 million were just below the previous year's level. They remained significantly short of expectations due to continuing price pressure. Foreign business accounted for 46 % of total net sales. The operating result and earnings before tax fell short of both the previous year and the projected amount. In addition to continuing price pressure, this was primarily due to lower sales volumes and the continuing unsatisfactory extraction level in Germany. Measures taken to improve profitability are continuing.

### Exploring new customer segments

The challenging environment in the roofing sector will continue in 2018, particularly in Germany. A rebound is expected in the renovation sector, however. According to estimates, over 700 million square meters of roof surface containing asbestos will need to be re-tiled across Germany in the coming years. In Germany's "slate belt" alone, an area spanning large parts of Rhineland-Palatinate, North Rhine-Westphalia, Hesse, Thuringia and Saxony, some 50,000 single-family homes are in urgent need of renovation, according to calculations. Historic preservation work continues. Targeted efforts are underway to attract new customer groups.

Sales volumes in major foreign markets will likely rise moderately in 2018, particularly in France and Benelux. In Great Britain, sales are expected to equal the previous year's level.

In this continuously difficult market environment, the Slate business unit expects to see a measurable increase in revenue and sales in 2018 through an intensified development of the market abroad and by opening up new customer segments. This development should also be reflected in the operating result and earnings before tax. Both values should increase significantly compared to 2017.



# Consumer Goods

The corporate division Consumer Goods covers high-quality brand name articles for the kitchen and for body care. The three business units Zwilling Kitchenware, Zwilling Beauty Group and Jaguar/Tondeo Professional Hairdressing Equipment represent their product lines in all important global markets.

The development of the three business units depends primarily on the global consumer climate. In Europe, economic activity continued to pick up. The gross domestic product grew 2.4 %, and consumption grew 1.9 %. Germany registered stable growth of gross domestic product of 2.2 %. Growth in France also remained stable at 2.0 %. But in Great Britain, the overall economy and consumption slowed under the burden of the Brexit decision. In China the economy grew by 6.9 %, after growing 6.7 % in 2016. In the USA, consumer spending grew by a total of 2.7 % after a weak start to the year. In Japan, economic development stabilized. Private consumer spending increased by 1.2 % and thus at a higher rate than in the previous year.

In 2017 the business units were separated organizationally. This impacted the distribution of net sales and to a lesser extent the distribution of earnings between the business units Zwilling Kitchenware and Zwilling Beauty Group. The amounts are therefore not directly comparable with the previous year.

## ZWILLING KITCHENWARE

The Zwilling Kitchenware business unit offers a wide selection of knives, cookware, cutlery, scissors and kitchen utensils primarily under the ZWILLING, Staub, Ballarini, Demeyere and Miyabi brands. The high-quality brand name items are positioned in the middle and upper price segment and are valued all over the world. Apart from the German domestic market, the most important mar-

kets are China, North America, Japan and the rest of Europe.

## Growth in the most important markets

The business unit benefited in 2017 from the strong economic conditions and the favorable consumer climate in the important sales markets. The net sales of € 699 million were just above the level of the previous year and remained just slightly behind projections. The increase in net sales was driven by currency-adjusted growth in the core business. The decline in special business with customer loyalty programs was more significant than expected. In addition, net sales were negatively impacted by the unfavorable exchange rate trend.

In China, the most important market for Zwilling Kitchenware, the business unit registered a slight growth in 2017. While the online business and the company-owned stores gained momentum, sales were down sharply mainly through TV sales channels, but also through factory outlet stores. These losses were offset by organic growth in the other channels and a strong increase in the gift business. Zwilling Kitchenware also saw a slight gain in net sales in the USA, its second most important market. This was mainly driven by the company-owned stores, online sales and the growing business with major customers. Several new customers were also acquired. Solid sales figures in the company-owned stores and in the online and catalog business ensured that the business unit also saw significant growth in the core business in Japan.

In Germany there was a slight growth in net sales. Impulses were generated by strong business with furniture and tourist specialty stores. The company's online business also developed positively. However, company-owned stores and department stores posted lower net sales. In the other European sales markets, Zwilling Kitchenware posted a measurable growth in net sales, especially due to the significant expansion in distribution of the Ballarini brand. In Spain, Great Britain, Austria and Russia, net sales grew at a double-digit rate. However, in France and Benelux the business unit remains below the level of the previous year.

After high growth rates in the previous years, the operating result and earnings before tax barely missed expectations in 2017, and significantly failed the previous year's level. The reasons for this were the decline in special business with customer loyalty programs, the unfavorable currency trends and the margin pressure due to the transition in distribution from brick and mortar to online business.

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

**-4.7 %**



### Strengthening the online business

Zwilling Kitchenware expects a stable core business and anticipates a slight decline in special business with customer loyalty programs as well as negative exchange rate effects, with the result that all things considered a decline in net sales is likely. The main driver in the core business should be the Staub brand – especially in China, the USA, Japan and Germany. The online business is being promoted intensively. At the same time, the introduction of a new platform for company-owned online shops should provide a boost. In combination with the growing importance of the online sales channel, the business unit is planning for an intensified expansion of the premium business with new shops.

In 2018 the operating result and the earnings before tax will not reach the level of 2017 despite the growing core business primarily owing to the expected negative currency effects.

### ZWILLING BEAUTY GROUP

The Zwilling Beauty Group business unit offers premium products for beauty from head to toe. The ZWILLING and Tweezerman brands produce and sell manicure and pedicure product lines as well as tweezers, eyelash curlers, cosmetic brushes and other beauty tools. Under the brand name QVS, the business unit offers a wide portfolio of beauty tools in the "value-for-money" segment. The most important markets for beauty tools are North America, China and Germany.

The alessandro brand covers the segment for care and decorative hand and foot cosmetics. Customers include professional nail studios as well as perfumery retailers in Germany and other European countries.

### Expectations were not met in 2017

Net sales in the business unit Zwilling Beauty Group totaled € 109 million. They are not comparable with the previous year because of the organizational separation. The projected values could not be achieved. In the USA, there were net sales losses in the product lines of the Tweezerman brand, because major sales partners in the brick-and-mortar business suffered massive declines in visitors. Unprofitable shops were closed and inventories were reduced. The resulting losses also could not be offset by increased online sales. Net sales were lower for the business unit in Great Britain, in Canada and in Germany, along with China. Here the weaker special business resulted in a decline in net sales. The net sales of the alessandro Group for nail cosmetic products were also considerably below the projected amounts and the previous year's level. Sales were unsatisfactory both abroad and in all sales channels.

The operating result and earnings before tax followed this development in 2017 and were noticeably below projected values. In addition, both values were negatively impacted by one-time expenses related to the organizational changes.

### Growth through a focus on core markets

As of January 1, 2017, the business unit only comprises the beauty tools business. Synergies between beauty tools and nail cosmetic products have not materialized to the degree that was hoped for. alessandro is therefore being autonomously managed.

The business unit expects a measurable rise in net sales of beauty tools. Growth is expected mainly in the core business in China, Germany and Great Britain. The business in the US will again reach the level of the previous year. However, the operating

result and earnings before tax should be slightly above the 2017 levels.

### JAGUAR/TONDEO PROFESSIONAL HAIRDRESSING EQUIPMENT

The Jaguar/Tondeo Professional Hairdressing Equipment business unit provides hairdressers with professional equipment such as scissors, electrical hair clippers, hairdryers, brushes and combs. Both the Jaguar and Tondeo brands are sold worldwide. The most important markets outside Germany are in Central Europe, Russia and North and South America.

### Sales decline in a challenging environment

The Jaguar/Tondeo Professional Hairdressing Equipment business unit once again faced a challenging market environment in 2017. With € 25 million in net sales, the business unit did not reach the previous year's level and thus fell well short of expectations. In Germany, the decline in net sales was primarily due to significantly lower demand for the Tondeo brand in the German wholesale trade. The markets in Austria and Switzerland likewise did not develop as hoped. The Jaguar brand, however, did stabilize at the previous year's level.

In order to ensure long-term competitiveness, the business unit had already initiated a strategic realignment in late 2016. The measures associated with the realignment had a positive effect on results in 2017. Therefore, the operating result and earnings before tax were significantly higher than in the previous year. Due to the decline in net sales, however, the projected values could not be achieved.



### **Positive stimuli through realignment**

The market for professional hairdressing equipment will remain challenging in 2018. The business unit hopes for positive stimuli from innovative products and from new sales partners, especially in Asia. In addition, the optimization of production processes should enable an increase in delivery capability and thus customer satisfaction, especially in the wholesale business. The operating result and earnings before tax should benefit from these measures and should be just above the values of 2017.

# Financial Services

The corporate division Financial Services includes two business units: the mid-market funding provider abcfinance with its segments leasing, factoring and abcbank, and the automotive lender Bank11.

## abcfinance

abcfinance offers tailored financial services for medium-sized customers. With its products and services in the leasing and factoring segment abcfinance is one of leading providers among German companies that operate independently of manufacturers and banks. In the leasing segment, abcfinance primarily finances vehicles, machinery and IT technologies; in the factoring segment, abcfinance purchases receivables and thereby frees up liquidity for its business partners. Its customers include around 76,000 medium-sized companies in Germany, the Netherlands and Austria.

abcbank, which belongs to abcfinance, offers private, commercial, and institutional investors overnight money, fixed-term deposits and savings bonds for refinancing business operations. It also participates in the open-market operations of the European Central Bank (ECB) and securitizes receivables (Asset Backed Securities – ABS bonds). In the second half of 2017, abcbank successfully placed a fourth ABS bond on the market.

## Clear increase in new business

The positive economic conditions also led many companies in Germany to increase their investment budgets for machines, vehicles, IT equipment and other assets in 2017. According to the Federal Statistical Office, aggregate capital equipment investments were 3.5 % higher than in the previous year. Development in the leasing business was even more dynamic. The Federal Association of German Leasing Companies (BDL) reported new business of € 67 billion (+6 %) for the industry in 2017. Leasing accounted for € 58.5 billion (+5.7 %) thereof, and hire-purchase business accounted for € 8.5 billion (+10.4 %). The driver of growth was primarily vehicle leasing with a gain of 6 %, which together with the leasing of passenger and utility vehicles constituted 77 % of the leasing market. The leasing of machines grew by 4.5 %, while the leasing of office machines, computers, servers and IT equipment stagnated.

Medium-sized companies are also increasingly using factoring as a modern form of corporate financing. The number of companies using the sale of receivables to expand their financial flexibility has again increased significantly. According to information from the German Factoring Association, factoring providers increased their sales in the first half of the year of 2017 by 8.4 % to € 113 billion. Refinancing costs for providers that specialize in leasing and factoring remained favorable in 2017 due to the low capital market and credit interest rates.

abcfinance also benefited from the dynamic market development in 2017. Due to the clear focus on customer support and a expedient expansion of sales and marketing, new market shares were again gained domestically and abroad. The strongest customer group was service providers, followed by companies in the manufacturing sector. In the leasing segment, abcfinance registered growth of 6.5 % in new business. The factoring segment purchased 17.1 % more receivables than in the previous year. Overall, abcfinance increased net sales by 8 %, thus slightly exceeding expectations. Personnel and material costs increased in conjunction with the introduction of a new ERP solution.

The commercial result – as defined by the BDL – exceeded the projected amount due to the new business and remained at the previous year's level. The commercial earnings before tax fell short of the projected amount and the previous year's level.

#### Investment confidence remains high

abcfinance has a good chance to continue growing in 2018. According to estimates by the German Council of Economic Experts, companies in Germany will invest 5.1 % more in machines, vehicles, IT equipment and other economic goods this year than in 2017. In this environment, abcfinance hopes to significantly increase its new business both in leasing and in factoring. This should also be reflected in the commercial result. The earnings before tax should grow moderately.

#### BANK11

Bank11 für Privatkunden und Handel GmbH specializes in sales and purchase financing. It offers simple and cost-effective financing for medium-sized automobile dealers and insurance for its customers. Through purchase financing, Bank11 additionally offers its partner dealerships the opportunity to increase their range of new and used vehicles.

Savings bonds and overnight money are offered to private and institutional investors to refinance their business. In addition, Bank11 once again structured an ECB-eligible ABS bond last year, which serves as security for participating in open-market operations.

#### Growth above the industry average

The German automobile market grew again last year. According to the German Federal Office for Motor Vehicle Transport (Kraftfahrt-Bundesamt), 3.4 million new vehicles were registered. This represents an increase of 2.7 %. The used vehicle business fell slightly by 1.4 % to 7.3 million vehicles, but remained at a high level. Business for banks specializing in automobile financing contin-

#### Net sales development corporate division Financial Services

in € million

# + 8.7 %

2017

1 204

2016

1 108



ued to benefit from the large portion of privately used new and used vehicles that were financed. In the first three quarters, the member institutes of the banking association increased their new credit business in automobile financing by 6.2 %. The credit portfolio at the end of September 2017 was 9.0 % higher than at the same time in the previous year.

In a competitive environment, Bank11 once again grew much faster in 2017 than the industry average. It increased new business in automobile financing to € 1,6 billion. The credit volume grew by 28 %. The number of trade partners rose from around 8,000 to more than 9,600. At the same time, Bank11 also benefited from successful collaboration with automobile industry associations and automobile dealer associations.

The operating result and earnings before tax of Bank11 improved significantly compared to the previous year. This was achieved despite special charges arising from the changes in interest collection and risk provisioning. The earnings targets were not met because new business, which was significantly higher than projections, was associated with higher commission expenses and was not yet offset by corresponding income in 2017.

### **Continued improvement of results projected**

Bank11 anticipates favorable conditions in 2018. The effects of the diesel emissions scandal in Germany should provide a boost to the market because of the anticipated need for replacement. Amid ongoing robust economic conditions with up to 3.5 million new registrations, experts forecast similarly high values as in 2017. Title transfers should again reach the high level of the previous year.

Bank11 hopes to continue growing its new business and its credit portfolio in the competitive market and to gain new market shares. The drivers of this development should include, in particular, increased digitization and the continued customer-oriented optimization of processes to counter negative effects of persistently low interest rate levels. The business unit therefore expects a significant improvement in 2018 both of the operating result and earnings before tax.

# Net Assets and Financial Position

The consolidated balance sheet total for 2017 increased by € 691 million from € 6 744 million to € 7 435 million. The individual balance sheet items changed as follows:

## ASSETS

in € million	Dec. 31, 2017	Change
Fixed assets	2 640	99
thereof leasing assets from financial services	1 555	140
Accounts receivable from financial services	3 506	606
Inventories	411	-7
Accounts receivable and other assets (including prepayments and accrued income)	354	14
Securities and liquid funds <sup>1</sup>	524	-21
	7 435	691

## EQUITY AND LIABILITIES

in € million	Dec. 31, 2017	Change
Equity capital	1 902	31
Difference in amounts from the capital consolidation	1	-
Provisions	343	-9
Liabilities from financial services	4 870	675
Liabilities (including deferred income)	317	-7
Deferred tax liabilities	2	1
	7 435	691

	Dec. 31, 2017	Dec. 31, 2016
Equity ratio	26 %	28 %
Equity ratio without financial services	72 %	71 %
Ratio of equity to fixed assets	72 %	74 %
Short-term debt service ratio	86 %	94 %

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

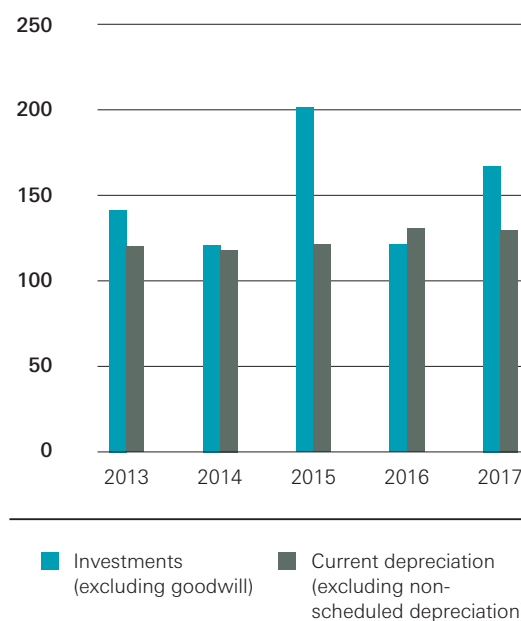
As of the closing date, the fixed assets of the Werhahn Group increased from € 2 541 million in the previous year to € 2 640 million. They comprised tangible assets of € 839 million (previous year: € 841 million), intangible assets of € 172 million (previous year: € 207 million), financial assets of € 74 million (previous year: 78 million €) and leasing assets from financial services of € 1 555 million (previous year: € 1 415 million). Fixed assets without leasing assets decreased by € 41 million in comparison with the previous year. This can primarily be attributed to ordinary depreciation of intangible assets.

Intangible assets declined by € 35 million, including € 34 million of scheduled goodwill amortizations. Depreciation of € 51 million was offset by investments of € 16 million. Financial assets declined by € 4 million.

Tangible assets declined slightly. Business-year investments of € 152 million were largely offset against depreciation charges of € 114 million, ordinary net disposals of € 23 million and disposals from the deconsolidation of the Diamant Group of € 9 million.

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 2017, total investments were made in tangible assets, intangible assets (excluding goodwill), and net investments from acquisitions in the amount of € 166 million (prior year: € 123 million). Investments were considerably above depreciation. Especially the corporate division Building Materials, but also the corporate division Consumer Goods, invested significantly more in the business year.

The new expansion of leasing business in the corporate division Financial Services led to an increase in leasing assets from financial services. In the reporting year, with depreciation of € 460 million and net disposals of € 103 million, investments in this area were € 702 million.



Accounts receivable from financial services increased by € 606 million to € 3 506 million as a result of the growth of new business in the corporate division Financial Services.

Inventories declined slightly by € 7 million in comparison with the previous year to € 411 million. The focus of the Werhahn Group remains on active portfolio management.

Accounts receivable and other assets (including prepayments and accrued income) totaled € 354 million (previous year: € 340 million). Other assets increased by almost € 20 million. This was primarily due to high accounts receivable from tax authorities from chargeable taxes. Compared with December 31, 2016, however, trade receivables declined slightly by € 4 million to € 221 million.

Due to the provisions of DRS 21 controlling the presentation of financing in the corporate division Financial Services, the Cash Flow Statement of the Werhahn Group only has limited informative value.

The corporate divisions Building Materials and Consumer Goods realized a positive operating cash flow of € 198 million (previous year: € 208 million) before consolidation. The free cash flow after deducting investments for these corporate divisions totaled € 95 million, following € 116 million in the previous year.

Securities and liquid funds declined by € 21 million to € 524 million. The decline was due to a significantly smaller portfolio of marketable securities on the closing date. By contrast, the positive operating cash flow in the corporate divisions Building Materials and Consumer Goods resulted in an increase in cash and cash equivalents.

Net liquidity<sup>5</sup> was € 478 million as of December 31, 2017. Over and above this, sufficient credit lines were available with various banks to meet the financing needs according to plan.

Equity capital for the Group rose from € 1 871 million to € 1 902 million, resulting in an equity ratio of 26 %. Without consolidation of the financial services companies, the equity ratio was 72 % (previous year: 71 %). Minority shareholder participation in equity capital as of the closing date was € 66 million (previous year: € 72 million). To a small extent, this participation amount includes positive currency conversion differences. The changes in equity capital are shown in the Statement of Changes in Equity.

Provisions declined by € 9 million in comparison with the previous year to € 343 million. These mainly include provisions for pension obligations amounting to € 103 million (previous year: € 103 million), provisions for recultivation obligations in the corporate division Building Materials amounting to € 66 million (previous year: € 63 million) and other personnel provisions amounting to € 61 million (previous year: € 58 million). Other key provisions included those for outstanding invoices as of the closing date, for rebates and discounts, for future tax payments, and for sureties and guarantees. The reduction of provisions is mainly the result of lower provisions for deferred maintenance and lower provisions for future tax payments.

The liabilities from the financial services business reflect refinancing of the corporate division Financial Services as well as the liabilities of Bankhaus

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<sup>5</sup> Net liquidity comprises the balance sheet items "Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks" less any existing access restrictions in this balance sheet item and less any liabilities to credit institutes.

Werhahn GmbH resulting from its banking business. The increase in obligations from financial services by € 675 million to € 4 870 million resulted from the further expansion of new business in the corporate division Financial Services.

The liabilities (including deferred income) of the Werhahn Group declined slightly during the reporting period by € 7 million to € 317 million. The reduction is primarily due to the repayment of bank loans in the corporate divisions Building Materials and Consumer Goods. However, capital contributions of associated companies and other investments in banks of the Werhahn Group increased measurably. In addition, there was just a slight increase in trade accounts payable over the previous year.

Deferred tax liabilities of € 2 million were at the level of previous year's value (€ 1 million) on the closing date. The Werhahn Group exercises its right not to recognize deferred tax assets.

# Personnel

In the reporting period, the Werhahn Group had an average of 9 931 employees (previous year: 9 832). Thus the number of employees and trainees rose by a total of 99 over the previous year. Adjusted for the effect of the sale of the Diamant Group, there was an increase of 255 employees.

There was a slight increase in the number of employees in 2017 in all corporate divisions. The higher number of employees in all corporate divisions is the result of organic growth. The decrease in the number of employees in "Other" areas is

primarily due to the sale of the Diamant Group at the beginning of 2017.

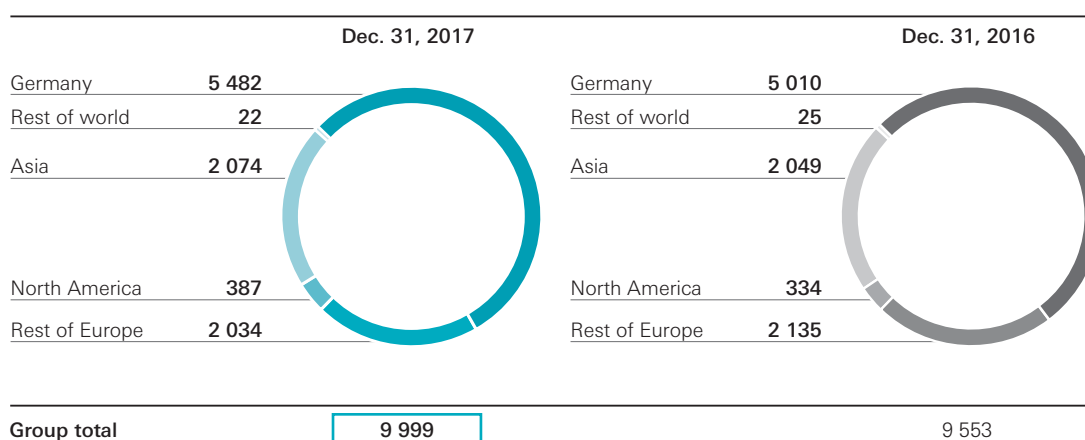
The development of average employee numbers is also reflected by the change in the number of employees on the accounting closing date.

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

	Average 2017	Average 2016	Dec. 31, 2017	Dec. 31, 2016
Building Materials	4 456	4 385	4 482	4 190
Consumer Goods	4 414	4 329	4 428	4 245
Financial Services	923	847	946	835
Other	138	271	143	283
<b>Group total</b>	<b>9 931</b>	<b>9 832</b>	<b>9 999</b>	<b>9 553</b>
<i>Thereof salaried employees</i>	<i>4 701</i>	<i>4 550</i>	<i>4 785</i>	<i>4 449</i>
Wage earners	4 998	5 057	4 961	4 875
<b>Employees</b>	<b>9 699</b>	<b>9 607</b>	<b>9 746</b>	<b>9 324</b>
Trainees	232	225	253	229



As of the closing date, around 5 482 or 55 % (previous year: 52 %) of all Werhahn Group employees were employed in Germany.



## EDUCATION AND FURTHER TRAINING

The number of trainees at the end of the reporting period was 253, which again represented an increase from the previous year. This was primarily attributable to the Aggregates business unit, which in 2017 added 20 trainees.

New and resumed career paths and the different options for combining job training and study in a dual study program were contributing factors in the increase in the number of training professions, including dual study programs, to 31. Dual study programs comprise degree programs that are completed in conjunction with initial professional training as well as degree programs associated with longer practical phases at companies.

The product, subject and technology-related qualification measures continue to grow in importance in the business units and are also communicated and used as an instrument for attracting and retaining employees.

The company-wide continuing training platform for cross-functional topics such as management, communication and work methods are bundled into courses designed for all groups in the Werhahn Excellence Program. In the program seminars, employees and managers from the different business units learn together under the direction of mostly external experts. In addition to the quality of the course concepts and instructors, participants emphasize that they particularly value the opportunity to work with colleagues from other business units on common issues. The program is reviewed yearly to ensure the quality of content

and methods. This is done both by means of instructor and participant feedback as well as a discussion with the human resource managers in the business units.

Some business units, as well as Wilh. Werhahn KG, provide counseling to their employees in the form of the "Employee Assistance Program" (EAP). The EAP provides all employees, managers and their family members with free professional counseling from external experts in crisis situations and for a wide range of questions – by phone, in a personal meeting or online. Solutions are either identified immediately or the advisors refer the person seeking advice to the appropriate resources. In the reporting year, the list of counseling fields was expanded with the addition of "Nursing care counseling" and "Legal questions (excluding labor law)". This change served as an opportunity for new communication concerning the system at all of the participating companies. The utilization rate thus increased again.

#### REMUNERATION

The business units are subject to industry-specific collective wage agreements. Skilled professionals and managers are remunerated independently of these agreements based on performance. This includes a fixed portion of remuneration as well as a portion that is based on the achievement of annual goals. In the credit institutes of the group, the Remuneration Ordinance for Institutions (InstitutsVergV) is another requirement that must be applied for the remunerations of both managers and employees.

#### EXECUTIVE STAFF DEVELOPMENT

The recruitment, development and retention of young talent at all levels remains a high priority in all business units of the Werhahn Group. Activities directed to this end begin early, before high-potential employees enter the job market. Vocational training and dual study programs, internship opportunities as well as support of Bachelor and Master theses have proven to be effective ways of discovering and retaining talent. The business units work together with selected colleges according to their needs and develop new formats for building networks with interesting target groups, e.g. young professionals. This is how the Werhahn Group presented itself – for the fourth time now – as an attractive employer at a job fair specifically for family-owned businesses. Wilh. Werhahn KG is a sponsor of the German Scholarship (Deutschlandstipendium), which assists students who are largely financing their own studies.

In November, a workshop to develop talent from the Werhahn Group was held with trainees from different business units. In keeping with Werhahn's self-image, trainees worked together in small groups as part of a management game to create their own companies and manage them in competition with each other over several time periods. The activity was well received by the participants as well as the sponsors from the extended group of managers supervising the workshop.

# Risk Report

With its 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 of the business units as part of corporate planning. The individual risks identified are described by the business units and evaluated based on their maximum potential damage and the percentage probability of their 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 units and reported in scheduled meetings (three times a year) of the various executive bodies of the business units as well as the Management Board of Wilh. Werhahn KG. 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 the case of the Group's financial services 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.

## RISKS IN THE WERHAHN GROUP

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

**External risks** exist in the form of political or legal circumstances as well as natural events and economic developments. In particular, this includes the possible restriction of business activity in some countries. 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.

**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. Bitumen, in particular, is an extremely important raw material for the Aggregates business unit and its production of asphalt mixtures for road construction. It calls for additional risk-reducing measures such as fixed-price quotas for bitumen and reducing bitumen consumption through the increased use of recycled asphalt. In the corporate division Consumer Goods, there is a procurement-related risk of a strong rise in material prices as well as a default risk for suppliers, which could potentially lead to production shutdowns. This is counteracted by a range of alternative procurement sources. Refinancing in the corporate division Financial Services also falls under procurement. The main risks in this area include a worsening of refinancing conditions or withdrawal of credit lines. Risks are limited through a constant review of the refinancing and by identifying new refinancing sources.



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

The **Sales** area faces a number of risks, which are primarily caused by weak economic development. In some cases, this can cause demand in individual industries or markets to fluctuate. Weak demand carries the additional risk that heavy competitive and price pressure will develop. Thus the corporate division Building Materials faces the risk of shrinking demand for road construction products as a result of an investment restraint in public budgets caused by the economic and financial crisis. Demand may also fall in the corporate division Consumer Goods due to cyclical developments, and is subject to fluctuations. In the corporate division Financial Services, 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 risk monitoring in the leasing and factoring business as well as in 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.

Inventory risks can arise, for example, from a change in customer demand or from lengthy storage time, which may result in diminished usability of inventories. In this respect, inventories are continuously monitored and devaluations are made or greater price reductions are guaranteed, if necessary.

**Financial risks** in the form of currency and interest rate risks are integral aspects of international business. Relevant risk positions are determined using 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, where economically sensible, using selected derivative financial instruments. In most cases, forward exchange contracts are used. 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), 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, training for young professionals and extensive further training schemes. In addition, there is the "Employee Assistance Program" (EAP) in the Werhahn Group, an independent advisory service available to Werhahn employees for help with professional, personal, family, and financial matters.

**Organizational risks** are accounted for by clearly allocating responsibilities and organizational rules. The internal control systems specific to the business units are systematically checked and developed.

Numerous technical and organizational measures have been instituted across the Group and reviewed by external audits to protect the **IT systems** against unauthorized access and data loss, thereby ensuring smooth handling of the Group's business processes. The IT structures in the indi-

vidual corporate divisions are also being further standardized and upgraded. Special attention is paid to compliance with data protection provisions. To this end, a company-wide project to ensure information security was launched as well as comprehensive measures were taken to prepare for the General Data Protection Regulation (GDPR) which takes effect in 2018.

The **compliance systems** of the Werhahn Group are continually updated. Compliance officers are named in the business units of the Group. These officers meet regularly with the responsible Management Board, central compliance officers and auditors. In addition, a helpline has been set up that employees can access at any time and, if necessary, anonymously.

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, corresponding insurance policies have been taken out for various legal risks. In the case of pending proceedings not fully covered by insurance, the appropriate financial precautions are taken. Tax returns are prepared with great care. Nevertheless, there is a risk that back taxes will be owed as a result of financial audits.

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

## RISK ASSESSMENT AND PROSPECTS

The level of risk in the Werhahn Group remains low. The risks, weighted on the basis of their percentage probability of occurrence, equal 5.3 % of total Group equity overall, of which the three largest individual risks account for 1.6 %. In comparison with the previous year, the risk situation, expressed as the total weighted probability of occurrence, has increased slightly.

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

# Research and Development

Research and development (R & D) are a high priority in the corporate divisions of the Werhahn Group. Research anticipates customer requests, which employees in the development departments consistently turn into market-ready products. In addition, all of the corporate divisions continuously work to improve their production processes.

In July, the Aggregates business unit strengthened its position as a leading company in the German building materials industry with the launch of the new TechnologieCentrum in the Porz area of Cologne. The TechnologieCentrum bundles all activities related to asphalt and bitumen and creates a forum for knowledge transfer and the sharing of experience. The goal is to make asphalt future-proof as the most important raw material for roads through optimized mixtures, modern testing methods and low-emission production processes. Employees of the TechnologieCentrum analyze the performance of asphalt in tests under real traffic conditions and weather influences. Using dynamic testing equipment, they test the resistance of the road surface to deformation and fatigue. Since September, an innovative low-temperature testing unit has been in operation in the TechnologieCentrum which can be used to analyze and optimize asphalt mixtures with respect to their low-temperature performance. Here temperatures up to minus 40 degrees can be simulated. In addition to quality testing, the central lab researches innovative asphalt mixtures that are particularly durable, resource-saving and at the same time completely recyclable.

In the area of binding-agent research, there were two areas of focus in 2017. First, there was the company's own production of modified bitumen for maximum possible reuse of recycled asphalt. Secondly, there was the development of its polymer-modified bitumen.

In the previous year the business unit had awarded a testing contract to quantify the energy-conservation potential of high-efficiency (IE 4) electric motors under real conditions in the quarry and in mixing systems. The contract was awarded to TU Clausthal. The results, which were presented in 2017, showed that greater investments in these motors are advantageous when the motors are largely operating in low-load ranges.

In a pilot project, the business unit is using a new sensor (TIPCO sensor) that incorporates the principle of a tuning fork to determine the grain distribution of a bulk material. This sensor will allow better coordination of the preparation processes (crushing, classification) with each other.

The Zwilling Kitchenware business unit is focusing its development activities in the knives product segment at the Solingen plant on expanding the production of household knives. The riveted series launched in 2016, which was expanded to include additional blade types, and a complete series with molded handles went into production under the "Made in Germany" quality label. In the production line for these household knives, the fully automatic handle assembly system was brought on line successfully. The production of knives in the "ZWILLING Gourmet" series is thus now fully automated.

Two new knife designs/series have been developed for the new knife production operation in India and have reached production readiness. They will be introduced to the market in North America in the future and will replace the merchandise that up to now has been purchased from external suppliers.

As part of innovation management, for example, a knife block was developed with a built-in sharpener that automatically sharpens the knife blade each time the knife is inserted or removed. The



product has already been introduced successfully in Canada and the US. The worldwide launch was at the Ambiente 2018 trade fair.

In the “Development of Production Processes” area, the focus was on advanced automation. In Solingen, for example, two additional automatic sharpening cells were built and brought into serial operation. A processing cell for riveting and sanding molded recesses was added to the automatic finishing line. In 2018, an automatic deburring station was added to the serrated knife sharpening system. A pilot project was launched for automatic visual inspection of knives for quality flaws such as scratches and blemishes after final cleaning. For the production unit in Shanghai, the first robot fitting unit for blade sharpening machines was developed, which goes into operation in early 2018.

In the aluminum cookware segment, the new ZWILLING Forte series, produced by Ballarini, was successfully introduced to the US market. This series features an induction-compatible stainless steel bottom and extraordinarily long-lasting nonstick coating, “Keravis Titanium-Extreme (Ti-X),” and thus represents a benchmark in this product category.

Research activities are intensively focused on the topic of the digital kitchen and its potential applications in the cookware area. Research continues on the development of new nonstick coatings and induction-capable bottom technologies.

In 2017, the Zwilling Beauty Group business unit designed new products for various markets. For example, to strengthen the unique selling points of the Twinox manicure tools, the R & D department is focusing on high-quality coatings on metallic surfaces. Physical gas deposition in a high vacuum was used to optimize the surface hardness of products, as well as for decorative effects. This increases their longevity. The products were

introduced to markets in early 2018 with a black as well as a gold-champagne color coating. A new manicure station was also developed. It consists of a three-part module design that is not limited to a particular set of equipment. Different color and material variations and different coatings make it possible to create different qualities.

The Jaguar/Tondeo Professional Hairdressing Equipment business unit developed various new products in the previous year. For example, a hair cutting blade and a new hair cutting machine were brought to the market under the Tondeo brand. The machine features strong battery and motor performance equal to the previous model, which was one of the most successful hair cutting machines on the market for 20 years. An additional innovation was the specially coated and gold-plated scissors under the Jaguar brand. But the highlight was the BLAZOR, an innovative haircutting device that enables haircutting with a curved blade. At the MCB trade fair in Paris, the BLAZOR won the Innovation Award for products in the tools category.

# Environment and Sustainability

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

The companies in the Aggregates business unit completed the certification for the quality management standard, DIN EN 9001, and the energy management standard, DIN EN 50001. In preparation for recertification in early 2018, the full quality management documentation was adapted for compliance with the requirements of DIN EN 9001:2015. All of the "safe-with-system" audits carried out by the German Social Accident Insurance Institution for the Raw Materials and Chemical Industry (BG RCI) in 2017 were also successfully completed.

A continuously running measurement unit was installed on the system for the first time to record emissions on asphalt mixing systems. It should optimize the work process in order to minimize pollution. The project is supported by the technical department in the Aggregates business unit at the TechnologieCentrum, which opened in early July 2017 in the Porz area of Cologne.

As in previous years, provisions were set up for re-cultivation and renaturing requirements. As of closing date, they amounted to € 63 million (previous year: € 62 million).

The corporate division Consumer Goods is implementing ongoing measures to improve eco-efficiency along the entire process chain, and it uses natural resources as sparingly as possible. The central system for filtering the cooling lubricant circuit of the machine grindery in the Solingen production site, which began operation the previous year, was further optimized and can now be

operated with the cooling unit. In addition, two machine sets with fully encapsulated grinding and glazing machines began operation.

In the exhaust lines, the filters are replaced with emulsion mist separators with a significantly higher filtration efficiency. These measures greatly reduced aerosol exposure in the department and the ambient air was improved significantly.

At Demeyere, the dedusting systems were replaced in 2017 and suction performance was optimized. The contamination of different product parts, tools and machines was thus significantly reduced. In addition, air leaks in compressed air lines were further decreased. As a result, the auxiliary compressors only rarely have to be turned on. The collection cellar in the wastewater treatment plant was re-coated and checked for proper sealing to ensure that it continues to prevent entry of untreated wastewater into the ground in the future.

Ballarini installed a new wastewater treatment plant. The threshold values, especially for aluminum, were thus lowered and the wastewater quality was further optimized. Some of the treated wastewater can then be reused in the production process.

At both of the Chinese companies, an external audit was also conducted in the Environmental Protection and Occupational Safety divisions, in addition to an analysis and optimization of the chemicals used in production with positive outcome.

# 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 limited to the hedging of operational business. The guidelines generally require that goods purchases and 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. The opposing cash flows of underlying and hedging transactions are expected to balance each other out within the next year. As of the closing date, the hedged risks from the valuation units totaled less than € 1 million.

The Group also concludes 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 € 2 million. The largest proportion, with a nominal volume of € 82 million, is allotted to assets. In addition, a nominal volume of planned transactions is hedged in the amount of € 11 million. Most of the forward exchange contracts have 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. The highly probable forecast transactions primarily include the routine procurement of goods for the operating business. Safety margins are taken into account. The effectiveness of the hedging relationships is prospectively determined on each closing date by comparing the relevant valuation parameters. 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 Dec. 31, 2017	Market value Dec. 31, 2017
Forward exchange contracts	96	2
Commodity Swaps	3	–

As of the closing date, forward exchange contracts with a nominal volume of € 3 million and a negative fair value of less than € 1 million were included that were recorded on the Balance Sheet as a provision for anticipated losses.



# Prospects and Opportunities Report

## MACROECONOMIC FORECAST

Macroeconomic forecasts, such as the IMF forecast from January 2018, predict GDP growth of 3.9 % for the global economy in 2018, compared to 3.7 % in 2017. At the same time, development will be uneven regionally. A slight increase to 2.2 % is expected in the eurozone in 2018. The IMF forecasts growth of 2.7 % for the United States and 6.6 % economic growth for China. Overall, growth in the emerging markets and developing economies is expected to be 4.9 %.

For the German market, the IMF expects GDP growth in 2018 of 2.3 % (previous year: 2.5 %). Therefore, despite the sustained consolidation pressure on public budgets, the strong economic conditions will continue to provide positive impulses.

## OPPORTUNITIES FOR FUTURE GROWTH

Within the Werhahn Group, the individual business units have a number of opportunities to improve the development of their business situation compared with the annual planning.

The possibility that the condition of the German roads network, as well as the increasing traffic volumes, will require further investment in the transport infrastructure offers future opportunities for the **Aggregates** business unit. The budget for federal highways is increasing, and a growing GDP could open up more financial headroom in countries and municipalities. In other Eastern European countries, opportunities could arise as a result of additional EU development funds. Growth opportunities will also emerge from the expansion of product programs and by taking advantage of business opportunities following the increased digitization of business processes in road construction.

In the **Slate** business unit, opportunities exist primarily in the forced expansion of new application areas (façade systems), in the reduction of modernization backlogs (asbestos) and in the development of additional foreign markets.

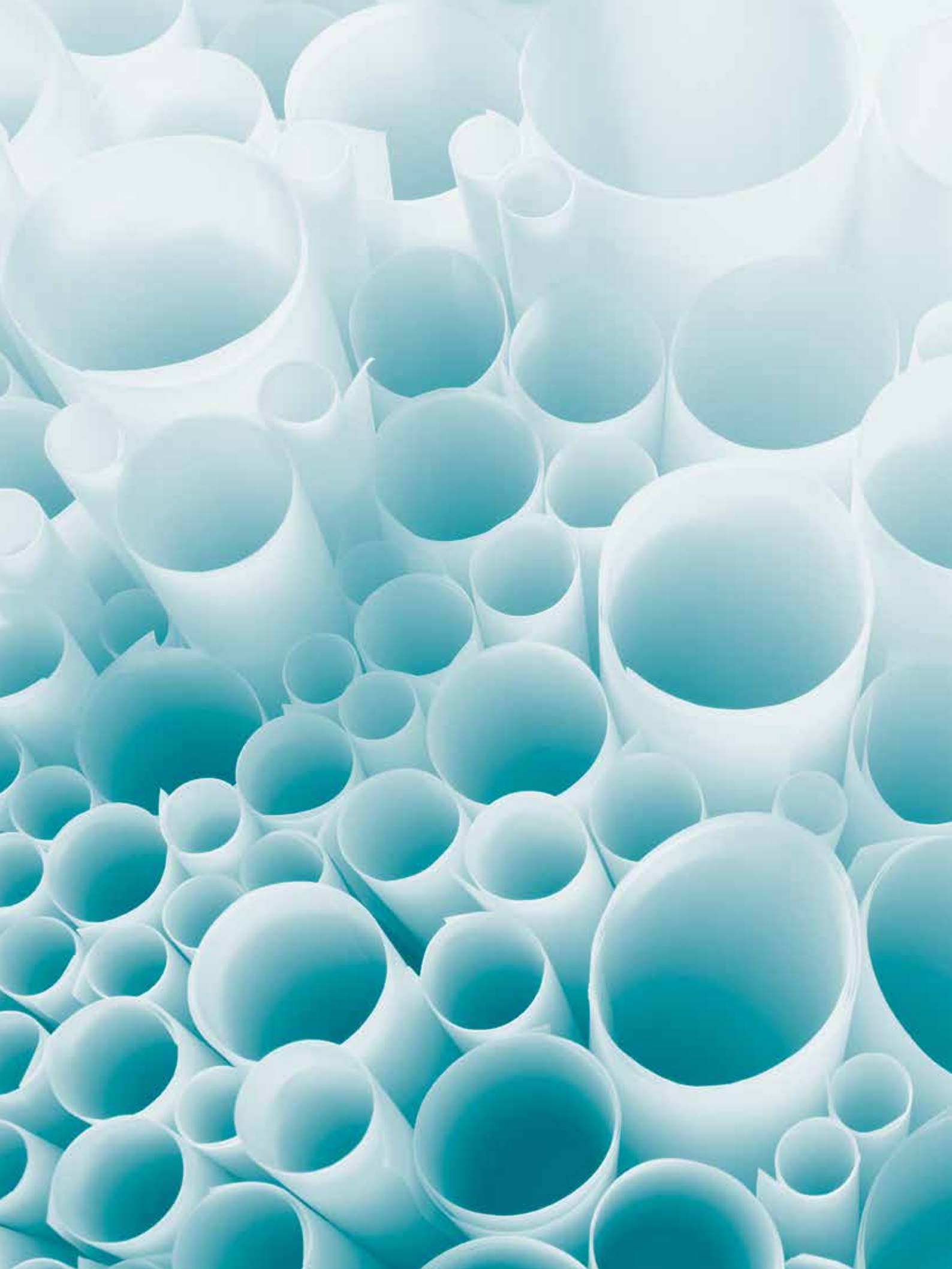
In the corporate division **Consumer Goods**, additional opportunities will appear due to the growing internationalization of business and the forced expansion of the company's distribution channels both online and offline through company-owned stores. Other opportunities will arise through production innovations and, in some cases, large-scale project business. Opportunities also exist due to the better than expected development of relevant currency exchange rates.

In the corporate division **Financial Services**, the sales market for the services offered is still considered attractive. In addition, there will be opportunities for further internal and acquisition-related growth. Due to an insolvency rate that continues to be favorable, the need for risk provisioning could stabilize at a low level. In addition, business opportunities are rapidly evolving in this area due to the rapid advances in digitization.

## PROSPECTS FOR 2018

Traditionally, business development within the Werhahn Group is strongly influenced in the first part of the year by events in the building materials sector, which is heavily seasonal and weather-dependent. The start of the year is at about the same level as the previous year. The corporate division Consumer Goods, however, started the business year with modest growth, while the corporate division Financial Services slightly exceeded the previous year's level. Still, the informative value of the first two months for the entire year is limited.

For 2018, the Management Board expects a slight increase in net sales and an operating result adjusted for special effects from today's point of view, which like earnings before tax should be noticeably above the level of 2017.





# *Consolidated Financial Statements*

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# Consolidated Balance Sheet

## ASSETS

in k €	Notes	Dec. 31, 2017	Dec. 31, 2016
Intangible assets		171 988	206 890
Tangible assets		838 738	841 438
Financial assets		74 583	77 774
<b>Fixed assets without leasing assets from financial services</b>		<b>1 085 309</b>	<b>1 126 102</b>
Leasing assets from financial services		1 554 633	1 415 171
<b>Fixed assets</b>	<b>(1)</b>	<b>2 639 942</b>	<b>2 541 273</b>
Accounts receivable from financial services	(2)	3 505 840	2 899 645
Inventories	(3)	410 771	417 922
Accounts receivable and other assets	(4)	346 889	330 673
Securities		391	89 108
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	(5)	524 115	456 406
<b>Current assets</b>		<b>4 788 006</b>	<b>4 193 754</b>
Prepayments and accrued income		6 802	8 940
Surplus from offsetting		15	31
		<b>7 434 765</b>	<b>6 743 998</b>

## EQUITY AND LIABILITIES

in k €	Notes	Dec. 31, 2017	Dec. 31, 2016
Fixed capital and capital reserves of Wilh. Werhahn KG		216 063	216 063
Group reserves		1 619 719	1 582 793
Non-controlling interests		66 040	72 426
<b>Equity capital</b>	<b>(6)</b>	<b>1 901 822</b>	<b>1 871 282</b>
Difference in amounts from the capital consolidation		641	1 159
Provisions	(7)	343 454	351 758
Liabilities from financial services	(8)	4 870 060	4 194 558
Liabilities	(9)	315 668	320 332
<b>Outside capital</b>		<b>5 529 182</b>	<b>4 866 648</b>
Deferred income		1 435	3 622
Deferred tax liabilities	(10)	1 685	1 287
		<b>7 434 765</b>	<b>6 743 998</b>

# Consolidated Income Statement

in k €	Notes	2017	2016
Net sales	(11)	3 383 295	3 321 629
Inventory changes		1 912	–7 226
Internally produced and capitalized assets		4 868	7 382
<b>Total operating performance</b>		<b>3 390 075</b>	<b>3 321 785</b>
Other operating income	(12)	71 245	56 647
Cost of materials	(13)	1 784 341	1 738 187
Personnel expenses	(14)	491 296	472 593
Depreciation of intangible and tangible assets	(15)	167 928	166 535
Depreciation of leasing assets from financial services		459 701	415 705
Other operating expenses	(16)	411 981	421 674
Investment income	(17)	29 199	12 956
Depreciation of financial assets and securities classified as current assets		3 113	2 492
Write-ups of financial assets		106	6
Interest result	(18)	–8 849	–12 319
<b>Earnings before tax</b>		<b>163 416</b>	<b>161 889</b>
Taxes on income and earnings	(19)	51 068	56 131
<b>Earnings after taxes/consolidated net profit before non-controlling interests</b>		<b>112 348</b>	<b>105 758</b>
Profit attributable to non-controlling interests		25 264	27 358
<b>Consolidated net profit</b>		<b>87 084</b>	<b>78 400</b>



# Statement of Changes in Fixed Assets

in k €	PURCHASE AND MANUFACTURING COSTS					Balance as of Dec. 31, 2017
	Balance as of Jan. 1, 2017	Changes in scope of consolidation et al.	Additions	Disposals	Reclassifications	
Concessions acquired against payment, commercial trademarks and similar rights and assets, as well as licenses to such rights and assets	201 911	-5 304	5 154	2 074	1 079	200 766
Goodwill	429 412	-1 276	2 133	8 661	-	421 608
Prepayments	5 184	-295	8 309	315	1 402	14 285
<b>Intangible assets</b>	<b>636 507</b>	<b>-6 875</b>	<b>15 596</b>	<b>11 050</b>	<b>2 481</b>	<b>636 659</b>
Land, land rights and buildings including buildings on third-party land	947 847	-17 804	29 229	11 470	7 338	955 140
Technical facilities and machinery	1 245 302	-15 145	43 849	60 773	20 407	1 233 640
Other facilities, operating and business equipment	442 437	-5 209	39 257	34 754	550	442 281
Prepayments and facilities under construction	48 546	-519	39 661	1 969	-30 776	54 943
<b>Tangible assets</b>	<b>2 684 132</b>	<b>-38 677</b>	<b>151 996</b>	<b>108 966</b>	<b>-2 481</b>	<b>2 686 004</b>
Interests in affiliated companies	73 984	715	200	1 144	-	73 755
Interests in associated at-equity companies	37 780	-	1 051 <sup>1</sup>	479 <sup>1</sup>	-2 420	35 932
Interests in other associated companies and other participations	70 190	-	8 810	15 603	2 420	65 817
Loans to affiliated companies	2 381	-	-	1 270	-	1 111
Loans to companies in which participations are held	18	-	-	-	-	18
Other loans	1 408	-	160	66	-	1 502
Long-term securities	-	-	105 403	100 290	-	5 113
<b>Financial assets</b>	<b>185 761</b>	<b>715</b>	<b>115 624</b>	<b>118 852</b>	<b>-</b>	<b>183 248</b>
<b>Fixed assets without leasing assets from financial services</b>	<b>3 506 400</b>	<b>-44 837</b>	<b>283 216</b>	<b>238 868</b>	<b>-</b>	<b>3 505 911</b>
<b>Leasing assets from financial services</b>	<b>2 355 440</b>	<b>-</b>	<b>702 022</b>	<b>468 908</b>	<b>-</b>	<b>2 588 554</b>
<b>Fixed assets</b>	<b>5 861 840</b>	<b>-44 837</b>	<b>985 238</b>	<b>707 776</b>	<b>-</b>	<b>6 094 465</b>

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

1 051

479

## Statement of Changes in Fixed Assets

CUMULATED DEPRECIATION						BOOK VALUE		
Balance as of Jan. 1, 2017	Changes in scope of consolidation et al.	Additions	Appre- ciations	Disposals	Reclasi- fications	Balance as of Dec. 31, 2017	Balance as of Dec. 31, 2017	Balance as of Dec. 31, 2016
140 087	-3 805	16 438	-	1 968	-107	150 645	50 121	61 824
288 424	-1 305	34 239	-	8 408	-	312 950	108 658	140 988
1 106	-30	-	-	-	-	1 076	13 209	4 078
429 617	-5 140	50 677	-	10 376	-107	464 671	171 988	206 890
439 097	-7 588	25 627	3	4 434	22	452 721	502 419	508 750
1 057 643	-12 173	53 367	-	50 693	667	1 048 811	184 829	187 659
345 476	-3 322	34 555	-	30 878	-582	345 249	97 032	96 961
478	-29	36	-	-	-	485	54 458	48 068
1 842 694	-23 112	113 585	3	86 005	107	1 847 266	838 738	841 438
68 080	486	-	100	774	-	67 692	6 063	5 904
17 674	-	107 <sup>1</sup>	-	-	-2 137	15 645	20 288	20 106
20 746	-	2 430	-	225	2 137	25 087	40 729	49 444
1 270	-	-	-	1 270	-	-	1 111	1 111
-	-	-	-	-	-	-	18	18
217	-	-	6	-	-	211	1 291	1 191
-	-	251	-	221	-	30	5 083	-
107 987	486	2 788	106	2 490	-	108 665	74 583	77 774
2 380 298	-27 766	167 050	109	98 871	-	2 420 602	1 085 309	1 126 102
940 269	-	459 700	-	366 048	-	1 033 921	1 554 633	1 415 171
3 320 567	-27 766	626 750	109	464 919	-	3 454 523	2 639 942	2 541 273

# Consolidated Cash Flow Statement

in k €	2017	2016
Consolidated net profit before non-controlling interests	112 348	105 758
+/- Depreciation, amortization and write-downs of fixed assets/reversals of write-downs of fixed assets (without leasing assets from financial services)	166 940	165 103
+/- Increase/decrease in provisions	-9 609	-18 408
+/- Other non-cash expenses/income	-10 448	-4 752
-/+ Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-8 128	3 479
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	10 705	101
-/+ Gain/loss from disposal of fixed assets	-9 129	-651
+/- Interest expenses/income	8 849	12 319
- Other investment income	-16 785	-12 956
- Income of exceptional size or incidence	-26 009	-
+/- Income tax expenses/income	51 068	56 131
-/+ Income taxes paid	-65 042	-78 485
+/- Depreciation, amortization and write-downs of leasing assets/reversals of write-downs of leasing assets	459 701	415 705
+ Proceeds from disposals of leasing assets	102 860	108 501
- Payments to acquire leasing assets	-702 023	-676 741
-/+ Increase/decrease of securities in financial services companies (unless classified as financial assets)	-16 794	19 272
-/+ Increase/decrease in accounts receivable from customers from financial services	-593 443	-474 018
-/+ Increase/decrease in accounts receivables from credit institutions from financial services	-12 763	38 802
+/- Increase/decrease in liabilities to customers from financial services	347 530	263 457
+/- Increase/decrease in liabilities to banks from financial services	281 541	235 928
+/- Increase/decrease in other liabilities from financial services	46 432	108 281
<b>Cash flows from operating activities</b>	<b>117 801</b>	<b>266 826</b>



in k €	2017	2016
+ Proceeds from disposals of intangible fixed assets	676	1 510
– Payments to acquire intangible fixed assets	–15 596	–11 652
+ Proceeds from disposals of tangible fixed assets	30 723	6 974
– Payments to acquire tangible fixed assets	–151 996	–114 282
+ Proceeds from disposals of long-term financial assets	116 217	2 213
– Payments to acquire long-term financial assets	–9 126	–2 532
+ Proceeds from disposals of entities included in the basis of consolidation	–	3 180
– Payments to acquire entities included in the basis of consolidation	–	–4 775
+ Cash receipts relating to income of exceptional size or incidence	45 548	–
+ Interest received	2 659	2 368
+ Dividends received	15 803	12 411
<b>Cash flows from investment activities</b>	<b>34 908</b>	<b>–104 585</b>
+ Proceeds from capital contributions by minority shareholders	403	5 169
+/- Proceeds from the issuance of bonds and from borrowings/cash repayments of bonds and borrowings	–8 137	–12 023
+ Proceeds from subsidies/grants	1 980	1 401
– Interest paid	–3 333	–6 439
– Dividends paid to shareholders of the parent entity	–33 349	–71 703
– Dividends paid to minority shareholders	–26 484	–20 830
<b>Cash flows from financing activities</b>	<b>–68 920</b>	<b>–104 425</b>
Net change in cash funds	83 789	57 816
+/- Effect on cash funds of exchange rate movements and remeasurements	–5 022	–70
+/- Effect on cash funds of changes in the basis of consolidation	–525	–779
+ <b>Cash funds at beginning of period</b>	<b>435 608</b>	<b>378 641</b>
<b>Cash funds at end of period</b>	<b>513 850</b>	<b>435 608</b>

Cash funds are composed of the following items:

in k €	2017	2016
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	524 115	456 406
Liabilities to credit institutions payable on demand and other short-term loans that are part of the disposition of liquid funds	–10 265	–20 798
<b>Cash funds at end of period</b>	<b>513 850</b>	<b>435 608</b>

# Statement of Changes in Equity

in k €	PARENT COMPANY				NON-CONTROLLING INTERESTS		Group total equity
	Capital shares of Wilh. Werhahn KG	Capital reserve of Wilh. Werhahn KG	Equity earned by the Group	Foreign currency conversion	Equity attributable to non-controlling interests	Foreign currency conversion	
<b>Balance as of January 1, 2017</b>	<b>147 790</b>	<b>68 273</b>	<b>1 582 458</b>	<b>335</b>	<b>68 611</b>	<b>3 815</b>	<b>1 871 282</b>
Capital increase/decrease	–	–	–	–	319	–	<b>319</b>
Distribution	–	–	–32 380	–	–29 406	–	<b>–61 786</b>
Currency translation	–	–	–	–17 992	–	–2 162	<b>–20 154</b>
Other changes	–	–	105	–40	–139	–12	<b>–86</b>
Changes in the basis of consolidation	–	–	–49	198	–250	–	<b>–101</b>
Consolidated net profit	–	–	87 084	–	25 264	–	<b>112 348</b>
<b>Balance as of December 31, 2017</b>	<b>147 790</b>	<b>68 273</b>	<b>1 637 218</b>	<b>–17 499</b>	<b>64 399</b>	<b>1 641</b>	<b>1 901 822</b>

# Notes to the Consolidated Financial Statements

## GENERAL INFORMATION

The Consolidated Financial Statements of Wilh. Werhahn KG, based in Neuss and entered in the register of companies at the Neuss District Court under the number HRA 4096, were prepared in accordance with the rules set out in sections 13 et seqq. 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 seqq. of the German Commercial Code (HGB) and have been 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 are based on the interpretation of general legal principles.

In conjunction with the first-time application of DRS 22, other neutral transactions have been reclassified as equity earned by the Group. The figures of the previous year have been adjusted accordingly.

The Consolidated Financial Statements were prepared in thousands of 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 108 to 120. The Consolidated Financial Statements as of December 31, 2017 incorporate all the companies shown under 1. **Consolidated Affiliated Companies.** Along with the parent company, Wilh. Werhahn KG, the scope of consolidation comprises 113 companies in Germany (previous year: 100) and 55 companies abroad (previous year: 60). In the reporting period, 24 companies were incorporated for the first time. One previously affiliated but non-consolidated company was added to the scope of consolidation because it surpassed the size criteria for full consolidation, and 23 new companies were established. Of the 16 companies removed from the list in reporting period, 10 were companies that were merged into consolidated subsidiaries, so that their assets remain inside the scope of consolidation. 4 companies were sold and 2 companies were deconsolidated due to their secondary importance.

Pursuant to HGB section 296, paragraph 2, 80 affiliated companies were not consolidated, as their impact on the net assets, financial position and results of operations of the Group was also of minor significance overall. In addition, no equity valuation was conducted for 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 assets 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 14 companies listed under 2. **Associated At-Equity Companies** were consolidated using the equity method. Because they are in total 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 foundation or, if they were previous-

ly 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 difference on the asset side after the disclosure of hidden reserves is shown as goodwill. Goodwill is amortized over its individual useful life using the straight line method. The amortization periods for the Group's material goodwill items are summarized and outlined in groups in the following table:

#### USEFUL LIFE OF GOODWILL

	Useful life	Explanation
Aggregates business unit	15 years	Long-term availability of locations in conjunction with long-term usability of fixed assets and long-established customer relationships in regionally limited markets
Slate business unit	5 years	Corresponds to the average duration of customer relationships
Zwilling Kitchenware business unit (Staub Group and Demeyere G.C.V.)	15 years	High degree of stability and long-term duration of the industry, brand stability and long product life cycles
Zwilling Kitchenware business unit (Ballarini Group)	7 years	Relatively high degree of stability and long-term duration of the industry, moderate duration of product life cycles
Zwilling Beauty Group business unit (Tweezerman)	15 years	High degree of stability and long-term duration of the industry, brand stability and long product life cycles
Zwilling Beauty Group business unit (remaining companies)	5 years	Corresponding to the relatively short product life cycles
Jaguar/Tondeo Professional Hair-dressing Equipment business unit	15 years	Planned long-term Group affiliation
abcfinance business unit	5 years	Corresponding to the average duration of lease agreements and customer relationships



If after acquiring control other interests in consolidated affiliated companies are acquired or sold without a change in status, these transactions are consolidated using the purchase method.

**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 under interests in associated at-equity companies and depreciated according to schedule over 15 years. Goodwill from at-equity consolidation totaled k € 436 as of the closing date, with depreciation of k € 61. 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 € 11 987 or k € –1 764.

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, interim results in fixed and current assets have also been eliminated.

### CURRENCY CONVERSION

The reporting currency for 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:

€ 1 =	AVERAGE RATE		CLOSING RATE	
	2017	2016	2017	2016
US dollar	1.1293	1.1068	1.1993	1.0541
Canadian dollar	1.4644	1.4665	1.5039	1.4188
Polish zloty	4.2564	4.3631	4.1770	4.4103
Chinese renminbi	7.6278	7.3519	7.8044	7.3252
Japanese yen	126.6551	120.3126	135.0100	123.4000

### 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:

- ETL Leasing GmbH & Co. KG, Dortmund
- WW Achtzehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Dreizehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Fünfzehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Sechzehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Siebzehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Vierzehnte VBV GmbH & Co. KG, Monheim am Rhein
- WW Zwölfte VBV GmbH & Co. KG, Monheim am Rhein

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
- Bank11 Holding GmbH, Neuss
- BI Bakery Ingredients Holding GmbH, Neuss
- Charlie Acquisition GmbH, Monheim am Rhein
- debcash Forderungsmanagement GmbH, Cologne
- Delta Acquisition GmbH, Monheim am Rhein
- DeTeWe Finance GmbH, Cologne
- Dresdner Factoring AG, Cologne
- Golf Acquisition GmbH, Neuss
- Hako Finance GmbH, Cologne

- Schneiderei Finance GmbH, Cologne
- Stuart VV GmbH, Monheim am Rhein
- WW Siebte Acquisition GmbH, Monheim am Rhein
- Werhahn Beteiligungs- und Projektgesellschaft mbH, Neuss
- Yareto GmbH, Neuss

### 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 whose accounts are prepared using different accounting principles have been adjusted. Only in insignificant cases has an adjustment not been 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 the 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 carried out wherever the asset must be measured at a lower value. Interest on borrowed capital is not reflected in manufacturing costs.

**Interests in non-consolidated affiliated companies, other associated companies, and other participations** are measured at purchase cost or lower carried-over book values. Important interests in **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 cost. Non-scheduled depreciation is carried out wherever the asset must be measured at a lower value.

**Leasing assets from financial services** are reflected at acquisition costs less scheduled and non-scheduled depreciation. Leasing objects are depreciated using the straight line method over the usual useful life of the object. The depreciation of leasing objects acquired before 2015 is based on the term of contract.

**Accounts receivable from financial services** are measured at their 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 any decline in the value 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 current 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 from 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 a debt carryover, 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 only from capital consolidation. De-

ferred 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 reversed, apply. They range from 9 % to 35 %.

**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 will be exercised if the amount to be released must be transferred again by December 31, 2024, at the latest.

The settlement amount of **pension provisions** is calculated based on expected future salary and pension increases of 0.0 % 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 using the average market interest rate of the last ten years, determined by the German Federal Bank over a fixed remaining term of 15 years. An interest rate of 3.7 % was used as of December 31, 2017, for the valuation of pension provisions. 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 (cover assets) were offset against provisions. The fair value of the covered assets is determined by means of external valuation 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. The exceptions are the companies Tweezerman (India) Pvt. Ltd., Ital Beauty Nippers (India) Pvt. Ltd. and ZWILLING Kitchen India Pvt. Ltd., which close their accounts on March 31. These companies are incorporated in the Consolidated Financial Statements of the Werhahn Group with 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 and changes in intangible and tangible assets, financial assets, and leasing assets from financial services are shown on pages 84/85.

Goodwill is derived primarily from capital consolidation.

Fixed assets include leasing assets from financial services in the amount of k € 1 554 633 (previous year: k € 1 415 171).

Depreciation includes non-scheduled depreciation totaling k € 46 247 (previous year: k € 24 861). Of this, k € 45 038 relates to leasing assets from financial services.

## (2) ACCOUNTS RECEIVABLE FROM FINANCIAL SERVICES

in k €	Dec. 31, 2017	thereof due in more than 1 year	Dec. 31, 2016	thereof due in more than 1 year
Receivables from banks from financial services	389 187	–	376 434	30 662
Purchased accounts receivable	5 081	3 085	8 596	6 331
Accounts receivable from banking business	2 139 471	1 444 905	1 673 025	1 113 312
Accounts receivable from factoring business	226 069	–	205 591	–
Hire-purchase receivables	709 981	467 496	598 834	363 865
Other accounts receivable from financial services	27 443	4 582	20 899	6 428
Deferrals	8 608	7 756	16 266	15 072
	3 505 840		2 899 645	

**(3) INVENTORIES**

in k €	Dec. 31, 2017	Dec. 31, 2016
Raw materials and supplies	92 661	97 494
Unfinished goods and services	60 378	57 766
Finished goods and merchandise	256 410	260 594
Prepayments	1 322	2 068
	<b>410 771</b>	417 922

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

in k €	Dec. 31, 2017	thereof due in more than 1 year	Dec. 31, 2016	thereof due in more than 1 year
Trade accounts receivable	220 569	38	224 192	53
Accounts receivable from affiliated companies	3 056	–	3 683	–
Accounts receivable from companies in which a participating interest is held	19 609	5 525	18 908	4 071
Other assets	103 655	6 461	83 890	8 529
	<b>346 889</b>		330 673	

Accounts receivable from affiliated companies and receivables from companies in which a participating interest is held result from supply and delivery transactions in the amount of k € 565 and k € 2 448, respectively.

#### (5) CASH ON HAND, CASH DEPOSITED WITH THE GERMAN FEDERAL BANK, BANK DEPOSITS AND CHECKS

Of the cash on hand, cash deposited with the German Federal Bank, bank deposits and checks in the amount of k € 524 115, k € 1 184 are subject to restriction of disposal.

This item includes cash on hand, cash deposited with the German Federal Bank, bank deposits and checks from the corporate division Financial Services and Bankhaus Werhahn GmbH in the amount of k € 369 810.

#### (6) 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 non-controlling interests in the equity capital of the subsidiaries incorporated in the Consolidated Financial Statements. These amounts relate primarily to outside shareholders in the corporate divisions Building Materials and Consumer Goods. Participations in profit and loss by non-controlling interests totaled k € 26 144 and k € 880, respectively. Dividend distributions to non-controlling shareholders and to shareholders in Wilh. Werhahn KG scheduled as of the closing date are recognized in other liabilities.

The development of the total Group equity is shown in the Statement of Changes in Equity.

On the closing date, there were restrictions on distribution amounting to k € 10 090 under German law and k € 3 058 under local law.

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



**(7) PROVISIONS**

in k €	Balance as of Jan. 1, 2017	Consumed	Released	Addition	Other changes	Balance as of Dec. 31, 2017
Pensions and similar obligations	102 902	6 885	882	2 960	5 115	103 210
Tax provisions	17 362	11 197	504	6 845	-292	12 214
Other provisions						
Personnel expenses	58 156	46 130	2 127	53 051	-1 743	61 207
Recultivation	62 579	1 251	1 830	4 475	1 805	65 778
Sureties and guarantees	13 673	2 342	2 589	2 645	-108	11 279
Outstanding and missing invoices	20 044	15 517	1 209	19 098	189	22 605
Miscellaneous other provisions	77 042	51 478	6 107	50 311	-2 607	67 161
	351 758	134 800	15 248	139 385	2 359	343 454

Assets to cover pensions and similar obligations with current market values totaling k € 2 421 and k € 136 were offset against pension provisions and provisions for personnel costs, respectively. The historical acquisition costs of the cover assets are k € 2 186 and k € 112, respectively. Without offsetting, the pension provisions would have totaled k € 105 631, and the provisions for personnel costs k € 61 343.

As of the closing date, the difference between the valuation of pension provisions with the 10-year average interest rate and the 7-year average interest rate amounts to k € 10 342.

The option to retain existing provisions under Article 67 para. 1 of the Introductory Act to the German Commercial Code (EGHGB) was exercised. The excess cover as of the closing date was k € 501.

**(8) LIABILITIES FROM FINANCIAL SERVICES**

in k €	Dec. 31, 2017	thereof due within 1 year	thereof due in more than 1 year
Bonds from financial services	252 198	80 152	172 046
Liabilities to banks from financial services	1 430 576	782 325	648 251
Liabilities to customers from financial services	3 154 416	1 989 245	1 165 171
Deferrals	32 870	13 133	19 737
	4 870 060		

	Dec. 31, 2016		
Bonds from financial services	207 709	91 912	115 797
Liabilities to banks from financial services	1 149 035	296 746	852 289
Liabilities to customers from financial services	2 806 887	1 976 055	830 832
Deferrals	30 927	11 382	19 545
	4 194 558		

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

As of the closing date, liabilities from financial services with a remaining term of more than 5 years totaled k € 72 660 (previous year: k € 34 727).

**(9) LIABILITIES**

in k €	Dec. 31, 2017	thereof due within 1 year	thereof due in more than 1 year
Liabilities to banks	45 418	22 255	23 163
Payments received	1 798	1 724	74
Trade accounts payable	110 552	110 501	51
Liabilities to affiliated companies	18 847	18 847	–
Liabilities to companies in which a participating interest is held	39 439	38 434	1 005
Other liabilities (thereof from taxes) (thereof for social security payments)	99 614 (38 237) (3 760)	95 909	3 705
	315 668		

	Dec. 31, 2016		
Liabilities to banks	64 655	36 670	27 985
Payments received	363	266	97
Trade accounts payable	107 318	107 127	191
Liabilities to affiliated companies	19 033	19 033	–
Liabilities to companies in which a participating interest is held	31 440	30 035	1 405
Other liabilities (thereof from taxes) (thereof for social security payments)	97 523 (34 872) (4 220)	95 112	2 411
	320 332		

As of the closing date, liabilities with a remaining term of more than 5 years totaled k € 5 266 (previous year: k € 8 074). For liabilities amounting to k € 29 375, 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 € 923 and k € 6 098, respectively, which relate to supply and delivery transactions.

#### (10) DEFERRED TAX LIABILITIES

After offsetting against deferred tax assets, there was a surplus of deferred tax liabilities of k € 1 685 in the Consolidated Financial Statements. Debt carryover from the subsidiaries amounting to k € 5 033 exceeded deferred tax assets from consolidation measures.

Without being offset, this resulted in deferred tax liabilities of k € 16 115 and deferred tax assets of k € 14 430. Deferred tax liabilities have been reduced by k € 2 433 and deferred tax assets by k € 2 831 in the business year.

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 € 50 946 in the Group.



# Notes to the Consolidated Income Statement

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

## (11) NET SALES

Net sales include revenues from product sales, less discounts and price reductions, as well as revenues from renting or leasing and the provision of services. Service revenues from the banking and leasing segment are also reported.

### BY CORPORATE DIVISIONS

in k €	2017	2016
Building Materials	1 358 185	1 313 611
Consumer Goods	809 140	848 779
Financial Services	1 203 660	1 108 068
Others	28 277	67 677
Consolidation	-15 967	-16 506
	3 383 295	3 321 629

### BY REGIONS

in k €	2017	2016
Germany	2 346 588	2 267 214
Rest of world	13 571	13 666
Asia	284 133	310 758
North America	232 768	227 734
Rest of Europe	506 235	502 257
Total	3 383 295	3 321 629

**(12) OTHER OPERATING INCOME**

This item comprises mainly nonperiodic income from the release of provisions (k € 14 103) and profits from the disposal of fixed assets (k € 10 903), as well as income from the release of allowances (k € 2 188).

Other operating income also includes currency exchange gains (k € 6 240; previous year: k € 7 554).

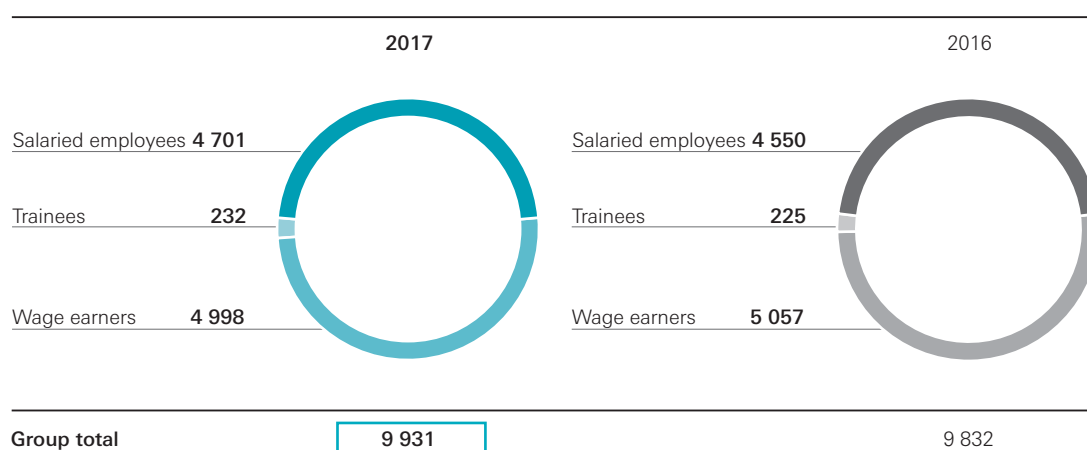
**(13) COST OF MATERIALS**

The cost of materials totaled k € 1 784 341 (previous year: k € 1 738 187), thereof k € 788 286 (previous year: k € 795 870) for raw materials and supplied and k € 83 028 (previous year: k € 77 053) for purchased services. The cost of materials item also particularly includes acquisition costs for hire-purchase objects, expenditures for outgoing freight, disposed residual book values of sold leasing assets, energy costs as well as refinancing costs and commissions from the banking and leasing segment.

**(14) PERSONNEL EXPENSES**

in k €	2017	2016
Wages and salaries	402 402	390 825
Social security contributions and staff welfare costs	84 946	81 313
Pension costs	3 948	455
	491 296	472 593

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



Remuneration paid to the Supervisory Board in the reporting period totaled € 0.9 million (previous year: € 0.9 million). Provisions for pensions for former members of the Management Board or their surviving dependents amounted to € 27.3 million (previous year: € 26.3 million). Remuneration and pension paid to former members of the Management Board and their surviving dependents totaled € 1.3 million (previous year: € 1.3 million).

Disclosure of total Management Board remuneration is waived in accordance with § 314(3) in conjunction with § 286(4) HGB.

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

Depreciation of intangible and tangible assets includes depreciation of goodwill totaling k € 34 239. In addition, depreciation of current assets in the amount of k € 3 666 is also recognized here.

#### (16) OTHER OPERATING EXPENSES

Other operating expenses include, among other things, maintenance costs (k € 75 858), external services (k € 71 377), advertising (k € 68 538) and leasing and rental costs (k € 37 681). Allowances for accounts receivable (k € 20 527), insurance expenses (k € 13 277) and currency exchange losses (k € 11 054, previous year: k € 7 452). Other taxes totaling k € 10 135 (previous year: k € 10 269) are also reported in other operating expenses.

Nonperiodic expenses totaled k € 22 300 (allowances for accounts receivable and for losses from the disposal of fixed assets).

Domestic fees to the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, in the reporting period totaled k € 2 659. This includes fees for auditing services totaling k € 2 105, k € 375 for tax consulting services, k € 95 for other confirmation services and k € 84 for miscellaneous services.

#### (17) INVESTMENT INCOME

in k €	2017	2016
Income from profit-transfer agreements	253	247
Expenses from profit-transfer agreements	16	–
	237	247
Income from affiliated companies	957	1 670
Expenses from affiliated companies	216	164
	741	1 506
Income from associated at-equity companies	11 101	10 131
Expenses from associated at-equity companies	240	309
	10 861	9 822
Income from other associated companies and other participations	17 544	1 510
Expenses from other associated companies and other participations	184	129
	17 360	1 381
	29 199	12 956

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 account of the elimination of interim results.



**(18) INTEREST RESULT**

in k €	2017	2016
Income from other securities and loans of financial assets <i>(thereof from affiliated companies)</i>	453 (22)	424 (23)
Other interest and similar income <i>(thereof from affiliated companies)</i>	2 333 (326)	2 802 (191)
Interest and similar expenses <i>(thereof from affiliated companies)</i>	11 635 (88)	15 545 (154)
	<b>-8 849</b>	<b>-12 319</b>

The interest result includes expenses from the accumulation of provisions totaling k € 7 695 (previous year: k € 7 857) and income from discounting provisions in the amount of k € 588 (previous year: k € 568). Interest income (k € 24) from covered assets was offset against expenses from accumulated interest.

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

Taxes on income and earnings comprise mainly domestic and foreign corporation tax, as well as domestic trade tax for the consolidated subsidiaries. The item also includes a deferred tax expense of k € 369 (previous year: deferred tax income of k € 2 809).

**(20) INCOME AND EXPENSES OF EXCEPTIONAL SIZE OR INCIDENCE**

Other operating income includes a transaction of exceptional size and incidence. The Diamant Group was sold during the 2017 business year. Income from the deconsolidation totaled k € 13 594.

The investment income includes a transaction of significant incidence with the dividend from another participating interest of k € 12 415.

# List of Participations as of December 31, 2017

## 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	80
AME Asphalt-Mischwerk Eging GmbH	Eging am See	82
AML-Asphaltmischwerke GmbH Leipzig	Taucha	80
AMM Asphalt-Mischwerke Münsterland GmbH & Co.KG	Cappeln	100
AMW Asphalt-Mischwerke Würzburg GmbH & Co. KG	Würzburg	87
AO KP-Gabbro	Petrazavodsk, Russian Federation	100
Asphalt Mischwerk Oyle GmbH & Co. Straßenbaumaterial KG	Oyle	76
Asphalt-Mischwerke Osnabrück GmbH & Co.KG.	Osnabrück	53
Asphalt-Mischwerke Rhein-Pfalz GmbH & Co. KG	Albersweiler	52
Atlas Industriebeteiligungsgesellschaft mbH	Linz am Rhein	83
AWE Asphaltmischwerk GmbH	Cappeln-Nutteln	77
AWE Asphaltmischwerk Walschleben GmbH & Co. KG	Walschleben	65
BASALT CZ s.r.o.	Zábrušany, Czech Republic	100
Basalt Eastern Europe GmbH	Linz am Rhein	100
Basalt International GmbH	Linz am Rhein	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	Linz am Rhein	100
Bitumina Spedition GmbH & Co. KG	Linz am Rhein	100

<b>Building Materials Aggregates</b>	<b>Registered office</b>	<b>Share in %</b>
BMH - Basalt - und Mischwerk Herschbach GmbH & Co. Kommanditgesellschaft	Herschbach	51
BORNIT-Werk Aschenborn GmbH	Zwickau	62
BVG Baustoff-Vertriebs-Gesellschaft mbH & Co. KG	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	81
GAB Gesellschaft zur Aufbereitung von Baustoffen mbH	Berlin	100
GBH-Gesellschaft für Baustoff-Aufbereitung und Handel mit beschränkter Haftung	Brunnthal	100
GbR Asphaltmischwerk Karlsruhe	Karlsruhe	75
H+W Mischwerke GmbH & Co. KG	Berlin	100
Hansa-Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe	Dortmund	100
Hartsteinwerke Bayern-Mitteldeutschland Zweigniederlassung der Ba- salt-Actien-Gesellschaft	Erfurt	100
Hollweg, Kümpers & Comp., Zweigniederlassung der Basalt-Actien-Ge- sellschaft	Rheine	100
HWR Hartsteinwerk Rattenberg GmbH	Brunnthal	100
Isoliererzeugnisse Großröhrsdorf GmbH	Großröhrsdorf	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
ООО "Basalt"	St. Petersburg, Russian Federation	100
ООО "Karjer Sheleiki"	Podporozhie, Russian Federation	100
Porphyrtwerke Weinheim-Schriesheim Aktiengesellschaft	Weinheim	100
Sauerländer Asphaltmischwerke GmbH & Co., Kommanditgesellschaft	Brilon	73

<b>Building Materials Aggregates</b>	<b>Registered office</b>	<b>Share in %</b>
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
T E W E Bauchemiegesellschaft mbH	Diedersdorf	100
TOV Vyrivskyj Karjer	Granitne, Ukraine	100
V D Mischwerk und Recycling GmbH.	Offenburg	100
Werhahn & Nauen SE & Co. OHG	Neuss	100
Westdeutsche Grauwacke-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	100
Wm. Hilgers GmbH & Co. KG	Düsseldorf	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



Consumer Goods	Registered office	Share in %
ZWILLING J. A. Henckels Aktiengesellschaft	Solingen	100
alessandro France EURL	Torcy, France	100
alessandro International GmbH	Langenfeld	100
alessandro Schweiz AG	Frauenfeld, Switzerland	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 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	100
Personal Care International Ltd.	Hong Kong, China	100
QVS Global Americas, Inc.	Sarasota, USA	100
QVS Global China	Dongguan, China	100
QVS Global COE Pty. Ltd.	South Melbourne, Australia	100
QVS Global HK Ltd.	Hong Kong, China	100
QVS Global UK Ltd.	Nottingham, UK	75
Staub Fonderie SARL	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 Beauty Trading (Shenzhen) Ltd.	Shenzhen, China	100
ZWILLING Belgien GmbH	Solingen	100
Zwilling Demeyere Belgium BVBA	Herentals, Belgium	100
ZWILLING International GmbH	Solingen	100
ZWILLING J A Henckels MUTFAK VE GÜZELLİK ÜRÜNLERİ LİMİTED ŞİRKETİ	Istanbul, Turkey	100
ZWILLING J.A. HENCKELS (UK) Limited	Hitchin, UK	100

Consumer Goods	Registered office	Share in %
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 Deutschland GmbH	Solingen	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 Kitchen India Pvt. Ltd.	Chennai, India	80
Zwilling Minority GmbH	Solingen	100
ZWILLING STAUB FRANCE SAS	Paris, France	100

Financial Services abcfinance	Registered office	Share in %
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.	Eindhoven, Netherlands	70
abcfinance GmbH	Vienna, Austria	100
C.O.I.N. Lease + Rent Leasing und Miete GmbH	Cologne	100

<b>Financial Services</b> <b>abcfinance</b>	<b>Registered office</b>	<b>Share in %</b>
debcash Forderungsmanagement GmbH	Cologne	100
DeTeWe Finance GmbH	Cologne	100
Dresdner Factoring AG	Cologne	100
ETL Leasing GmbH & Co. KG	Dortmund	51
ETL Leasing Verwaltungsgesellschaft mbH	Dortmund	51
Hako Finance GmbH	Cologne	100
milon financial services GmbH	Cologne	69
Schneidereit Finance GmbH	Cologne	100

<b>Financial Services</b> <b>Bank11</b>	<b>Registered office</b>	<b>Share in %</b>
Bank11 für Privatkunden und Handel GmbH	Neuss	100
RevoCar 2015 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2016 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2017 UG (haftungsbeschränkt)	Frankfurt am Main	0

<b>Others</b>	<b>Registered office</b>	<b>Share in %</b>
Wilh. Werhahn KG	Neuss	
Bank11 Holding GmbH (formerly WW Sechste Acquisition GmbH)	Neuss	100
Bankhaus Werhahn GmbH	Neuss	100
BI Bakery Ingredients Holding GmbH	Neuss	100
Charlie Acquisition GmbH	Monheim am Rhein	100
Delta Acquisition GmbH	Monheim am Rhein	100
Golf Acquisition GmbH	Neuss	100
Stuart VV GmbH	Monheim am Rhein	100
Werhahn Beteiligungs- und Projektgesellschaft mbH	Neuss	100
Werhahn Industrieholding SE	Neuss	100

Others	Registered office	Share in %
Wilh. Werhahn KG Zweigniederlassung Haus & Grund	Neuss	100
WW Achtzehnte Acquisition GmbH	Monheim am Rhein	100
WW Achtzehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Achtzehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Dreizehnte Acquisition GmbH	Monheim am Rhein	100
WW Dreizehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Dreizehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Elfte Acquisition GmbH	Monheim am Rhein	100
WW Fünfzehnte Acquisition GmbH	Monheim am Rhein	100
WW Fünfzehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Fünfzehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Holding KG	Neuss	100
WW Neunte Acquisition GmbH	Monheim am Rhein	100
WW Sechzehnte Acquisition GmbH	Monheim am Rhein	100
WW Sechzehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Sechzehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Siebte Acquisition GmbH	Monheim am Rhein	100
WW Siebzehnte Acquisition GmbH	Monheim am Rhein	100
WW Siebzehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Siebzehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Vierzehnte Acquisition GmbH	Monheim am Rhein	100
WW Vierzehnte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Vierzehnte Verwaltungs-GmbH	Monheim am Rhein	100
WW Zehnte Acquisition GmbH	Monheim am Rhein	100
WW Zwölfte Acquisition GmbH	Monheim am Rhein	100
WW Zwölfte VBV GmbH & Co. KG	Monheim am Rhein	100
WW Zwölfte Verwaltungs-GmbH	Monheim am Rhein	100
Yareto GmbH	Neuss	100

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



## 2. ASSOCIATED AT-EQUITY COMPANIES

	Registered office	Share in %
amb Asphalt- und Bitumen-Mischwerke GmbH	Augsburg	50
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	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-Dhron	50
Arcos Hermanos S.A.	Albacete, Spain	49
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	60
DWA Donau-Wald Asphaltmischwerke GmbH & Co. KG	Plattling	50
H&B Grundstoffen C.V.	Capelle aan den IJssel, Netherlands	48
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
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern	50
VAMA Vereinigte-Asphalt-Mischwerke Aachen GmbH & Co. Kommanditgesellschaft	Alsdorf	45

## 3. NON-CONSOLIDATED AFFILIATED COMPANIES

	Registered office	Share in %
alessandro Cosmetics Nederland B.V.	Amersfoort, Netherlands	100
alessandro Kosmetik HandelsgmbH	Vienna, Austria	100
AML Asphaltmischwerk Langenthal GmbH & Co. KG	Langenthal	70
AML Asphaltmischwerk Langenthal Verwaltungs-GmbH	Langenthal	70
AMW Asphalt-Mischwerke Würzburg Verwaltungs-GmbH	Würzburg	87
Asphalt - Mischwerke Rhein-Pfalz Beteiligungs-GmbH	Albersweiler	52
Asphalt Mischwerk Oyle GmbH	Oyle	76
Asphalt-Mischwerk Bischofsheim Verwaltung GmbH	Bischofsheim	86
Asphalt-Mischwerk Demmin GmbH	Plate	100
Asphaltmischwerk Wildbergerhütte GmbH	Wildbergerhütte, Reichshof	100
Asphalt-Mischwerke Münsterland Verwaltungs-GmbH	Ladbergen	100
AWE Asphaltmischwerk Walschleben Verwaltung GmbH	Walschleben	65
B V G Baustoff-Vertriebs- u. Verwaltungsgesellschaft mbH	Kirn	100
Ballarini North America Inc.	Horsham, USA	100
Basalt NV	Schiedam, Netherlands	100
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	53
Bitumina Handel Verwaltungs GmbH	Linz am Rhein	100
Bitumina Spedition Verwaltungs GmbH	Linz am Rhein	100
BRP-Baustoffaufbereitungs- und Recycling-Gesellschaft in Pforzheim mbH	Pforzheim	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

	Registered office	Share in %
Dortmunder Gussasphalt Gesellschaft mit beschränkter Haftung	Dortmund	70
Dritte Werhahn Projekte GmbH	Neuss	100
Ems-Jade-Mischwerke GmbH	Cappeln	81
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	100
Inn-Asphalt-Mischwerke GmbH.	Nußdorf am Inn	75
Jaguar Japan Inc.	Seki-shi, Japan	100
KAM Köhlbrand-Asphaltmischwerke Beteiligungsgesellschaft mbH	Hamburg	100
LAJTA-KAVICS Bányászati Kft.	Darnózséli, 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
Mühle Cottbus GmbH	Neuss	100
Norddeutsche Naturstein Rail GmbH	Flechtingen	100
Obertor Immobilien GmbH	Neuss	100
ООО "Basalt Management"	St. Petersburg, Russian Federation	100
Rathscheck Schiefer und Dach-Systeme Verwaltungs GmbH	Mayen	100
RevoCar 2014 UG (haftungsbeschränkt)	Frankfurt am Main	0
Rheintor Immobilienholding GmbH	Neuss	100
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	Eindhoven, Netherlands	0
Südhessische Asphalt-Mischwerke Gesellschaft mit beschränkter Haftung	Hanau	76
Südwest Asphalt Verwaltungs GmbH	Iffezheim	65

	Registered office	Share in %
TEBI Asphalt-Baustoffe GmbH & Co. Kommanditgesellschaft	Höxter-Bosseborn	100
TEBI Asphalt-Baustoffe Verwaltungsgesellschaft mit beschränkter Haftung	Höxter-Bosseborn	100
Thaler Baustoff-Betriebe Gesellschaft mit beschränkter Haftung	Falkenstein/Harz	100
Verwaltungsgesellschaft Wilh. Werhahn mit beschränkter Haftung	Neuss	100
VV Eins Verwaltungs-GmbH i.L.	Neuss	100
WAW Asphalt GmbH	Linz am Rhein	100
Werhahn Bakery Products China GmbH	Neuss	100
Werhahn Bakery Products Holding GmbH	Neuss	100
Werhahn Flour Mills GmbH	Neuss	100
WMW GmbH (previously WMW Weser-Mischwerke Beteiligungs GmbH)	Bremen	100
Zweite Werhahn Projekte GmbH	Neuss	100
ZWILLING Cooking Studio LLC	Wilmington, USA	100
ZWILLING Cooking Studio Minority LLC	Wilmington, USA	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 Portugal, Lda.	Alcochete, Portugal	100
ZWILLING J.A. HENCKELS Sales Europe GmbH	Solingen	100
ZWILLING J.A. Henckels Schweiz AG	Zurich, Switzerland	100



## 4. OTHER ASSOCIATED COMPANIES

	Registered office	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
AMH Asphaltmischwerk Hellweg Gesellschaft mit beschränkter Haftung i.L.	Erwitte	50
AMK Asphalt-Mischwerk Kirchheimbolanden Verwaltungs-GmbH	Kirchheimbolanden	50
AMM Asphalt-Mischwerke-Mosel Verwaltungs-GmbH	Neumagen-Dhron	50
BW Baustoffkontor Wiesbaden GmbH & Co. KG	Wiesbaden	50
BW Baustoffkontor Wiesbaden Verwaltungs-GmbH	Wiesbaden	50
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	60
DWA Donau-Wald Asphaltmischwerke Verwaltungs- GmbH	Plattling	50
H&B Grondstoffen B.V.	Capelle aan den IJssel, Netherlands	50
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 Verwaltungsgesellschaft mit beschränkter Haftung	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	Hessisch Olden- dorf-Langenfeld	49
Schuhmacher & Heuser GmbH	Katzenelnbogen	50
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	25
Steinbruch Breidenbach Verfüllungsgesellschaft mbH	Breidenbach	50
Steinbruch Spittergrund GmbH	Erfurt	50
Südharz-Asphalt GmbH & Co. KG i.L.	Bad Harzburg	38

	Registered office	Share in %
Südharz-Asphalt Verwaltungsgesellschaft mbH i.L	Herzberg am Harz	38
VAMA Vereinigte-Asphalt-Mischwerke Aachen, Verwaltungsgesellschaft mit beschränkter Haftung	Alsdorf	45
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern	50

## 5. OTHER PARTICIPATIONS

	Registered office	Share in %	Equity in k €	Result for the year in k €
AME Asphalt-Mischwerke Eifel GmbH & Co. KG	Sinzig	33	465	-434
Asphalt-Mischwerke Eifel Verwaltungsgesellschaft mbH	Sinzig	33	53 <sup>1</sup>	18 <sup>1</sup>
DEBUS Naturstein GmbH & Co. KG	Untersiemau	49	1 924 <sup>1</sup>	1 522 <sup>1</sup>
Debus Naturstein Verwaltungs-GmbH	Untersiemau	49	29 <sup>1</sup>	3 <sup>1</sup>
Escombrera Sobredo S.L.	Carballada de Valdeorras, Spain	22	135 <sup>1</sup>	29 <sup>1</sup>
Hartsteinwerke Burgk GmbH & Co. OHG	Schleiz	27	3 626 <sup>1</sup>	364 <sup>1</sup>
HWB Hartsteinwerke Burgk Verwaltungs-GmbH	Schleiz	27	65 <sup>1</sup>	2 <sup>1</sup>
INTERASPHALT Sp. z o.o.	Obornik, Poland	48	3 296 <sup>1</sup>	34 <sup>1</sup>
ThyssenKrupp MillServices & Systems GmbH	Duisburg	32	39 150	3 454

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

For 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 for the financial services business.

For information on the access restrictions within cash funds, please see no. 5 of the Notes to the Consolidated Financial Statements.

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

in k €	2017	2016
Cash flows from operating activities	117 801	266 826
Cash flows from investment activities	34 908	–104 585
<b>Free cash flow</b>	<b>152 709</b>	<b>162 241</b>
Cash flows from financing activities	–68 920	–104 425
<b>Net change in cash funds</b>	<b>83 789</b>	<b>57 816</b>
Other changes in cash funds	–5 547	–849
Cash funds at beginning of period	435 608	378 641
<b>Cash funds at end of period</b>	<b>513 850</b>	<b>435 608</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 units. Transactions with affiliated companies primarily involve the normal exchange of goods and services.

### SUBSEQUENT EVENTS

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

## TRANSACTIONS NOT INCLUDED IN THE CONSOLIDATED BALANCE SHEET

in k €	2017	2016
Liabilities from the issue and transfer of bills	135	103
Liabilities from sureties, bills and check guarantees	4 160	10 434
<i>(thereof to affiliated companies)</i>	<i>(418)</i>	<i>(418)</i>
<i>(thereof to associated companies)</i>	<i>(1 651)</i>	<i>(2 069)</i>
Liabilities from warranties	908	143
Commitments from open purchase orders	146 858	119 904
<i>(thereof to associated companies)</i>	<i>(567)</i>	<i>(373)</i>
Cash value of non-current commitments from rent, tenancy and leasing agreements	108 929	103 743
<i>(thereof to affiliated companies)</i>	<i>(686)</i>	<i>(648)</i>
<i>(thereof to associated companies)</i>	<i>(0)</i>	<i>(120)</i>
Commitments from loan undertakings	173 789	134 210
Other financial obligations	18 928	21 153
<i>(thereof to affiliated companies)</i>	<i>(2 946)</i>	<i>(2 322)</i>
<i>(thereof to associated companies)</i>	<i>(165)</i>	<i>(151)</i>

There are no off-balance-sheet transactions beyond the contingent liabilities and other financial commitments that are necessary for the assessment of the Group's financial position. 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, April 13, 2018

Wilh. Werhahn KG



Kathrin Dahnke



Paolo Dell' Antonio



Anton Werhahn

# Independent auditor's report

To Wilh. Werhahn KG, Neuss

## AUDIT OPINIONS

We have audited the consolidated financial statements of Wilh. Werhahn KG, Neuss, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January 2017 to 31 December 2017, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Wilh. Werhahn KG, Neuss.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2017 and of its financial performance for the financial year from 1 January 2017 to 31 December 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code]], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

## BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## OTHER INFORMATION

The executive directors are responsible for the other information.

The other information comprises the annual report, which we obtained prior to the date of our auditor's report, – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.



In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

#### **RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT**

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management

report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered mate-

rial if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as

a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, April 13, 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Uwe Rittmann  
Wirtschaftsprüfer  
(German public auditor)

ppa. Sebastian Lelgemann  
Wirtschaftsprüfer  
(German public auditor)



# Addresses

## AGGREGATES

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Fax: +49 (0)2644 563-165  
Email: [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  
Zweigniederlassung der Wilh. Werhahn KG  
St.-Barbara-Straße 3, DE-56727 Mayen-Katzenberg  
Tel.: +49 (0)2651 955-0  
Fax: +49 (0)2651 955-100  
Email: [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 roofing equipment

## ZWILLING KITCHENWARE

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

### Business activities/products

Knives, scissors, cookware, kitchen tools, cutlery

## ZWILLING BEAUTY GROUP

ZWILLING Beauty Group GmbH  
Am Schönenkamp 45, DE-40599 Düsseldorf  
Tel.: +49 (0)211 5380-3300  
Fax: +49 (0)211 9991-7937  
Email: [info@ZwillingBeautyGroup.de](mailto:info@ZwillingBeautyGroup.de)  
[www.zwilling-beauty.com](http://www.zwilling-beauty.com)

### Business activities/products

Manicure, pedicure, hand and foot cosmetics, tweezers and other beauty tools



**JAGUAR/TONDEO PROFESSIONAL HAIRDRESSING EQUIPMENT**

United Salon Technologies GmbH  
Grünewalder Straße 34, DE-42657 Solingen  
Tel.: +49 (0)212 25207-0  
Fax: +49 (0)212 25207-77  
Email: [info@ust-germany.com](mailto:info@ust-germany.com)  
[www.jaguar-solingen.com](http://www.jaguar-solingen.com), [www.tondeo.com](http://www.tondeo.com)

**Business activities/products**

Hair scissors, electrical hairdressing equipment

**abcfinance**

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

**Business activities/products**

Lease 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  
Fax: +49 (0)2131 6098-133  
Email: [mail@bank11.de](mailto:mail@bank11.de)  
[www.bank11.de](http://www.bank11.de)

**Business activities/products**

Sales and purchase financing for mid-size vehicle trade in Germany

**WILH. WERHAHN KG**

Wilh. Werhahn KG  
Königstraße 1  
DE-41460 Neuss, Germany  
Postfach 10 16 38  
DE-41416 Neuss

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### Publisher

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### Usage

For the sake of readability, the masculine form is primarily used in the texts of the report and includes the feminine form.

### Rounding

Slight variations can occur when using amounts and percentages rounded in accordance with commercial conventions.

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This Annual Report was printed climate-neutrally on natural paper obtained from exemplary forest management and other controlled sources, certified in accordance with DIN, ISO and FSC®.



