

PRESS RELEASE

Würth Group sets records in sales and operating result, invests in logistics and innovations

Künzelsau/Schwäbisch Hall. The world market leader in assembly and fastening technology sets records in sales and operating result and presents top-class innovations: The first Würth24 shop opened in Vöhringen, a town located directly off the A7 motorway, giving customers the opportunity to shop around the clock from Monday through Saturday. With the help of the Würth App and a QR code, customers can access the shop outside the normal opening hours. State-of-the-art technology allows the electronic recording of goods and orders. Thanks to the connection with the field of e-commerce, customers are given even more flexibility and security in covering their immediate demand.

- **EUR 12.7 billion in sales – a growth rate of 7.5 percent**
- **Operating result increases to EUR 780 million**
- **E-business goes from strength to strength**

2017 – a record year for the Würth Group: Sales in the business year 2017 amount to EUR 12.7 billion (previous year: EUR 11.8 billion), which corresponds to a growth of 7.5 percent. Adjusted for foreign currency effects, growth came to 7.9 percent. The operating result went up to EUR 780 million. In 2018, the Group expects sales growth in the mid single-digit range and a corresponding operating result growth. In accumulated terms, the Würth Group reported growth of 7.1 percent as of April 2018.

In particular, companies in Eastern and Southern Europe grew dynamically in 2017. With respect to the business units, Electronics and Production showed above-average growth rates. Sales generated electronically saw a very positive double-digit growth of 19.3 percent to almost two billion euros. “E-business increasingly complements our core area of expertise, the classic direct selling business and our branch offices”, explains Robert Friedmann, Chairman of the Central Managing Board of the Würth Group.

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Operating result

The extraordinary increase in the Group's operating result by 26.8 percent to EUR 780 million and the resulting increase in the return on sales to 6.1 percent (2016: 5.2 percent) stems from improved productivity on the one hand and efficient cost management on the other. However, it must be feared that the currently excellent economic climate is not going to last in the medium term. "Rising raw material and steel prices will also influence the development", adds Robert Friedmann to lower expectations regarding the 2018 operating result.

Germany most profitable region

With sales growing by 6.1 percent to EUR 5.4 billion, Germany once again cemented its status as the most important and largest single market of the Group. Reporting an operating result of EUR 421 million (2016: EUR 351 million), Germany is the most profitable region in the Group. The company's sales outside Germany rose by 8.5 percent to EUR 7.3 billion. At a growth of 11.6 percent, the development in Southern Europe is especially pleasing. The same applies to the fastest growing region Eastern Europe with growth of 21 percent. The development in Western Europe is also noteworthy: Sales went up by 5.2 percent to EUR 1.9 billion after a growth of 1.4 percent in the previous year.

Development in the business units

Würth Elektronik Group is the most successful business unit among the Allied Companies, reporting growth of 17.5 percent as well as double-digit growth for the third consecutive year. Among the subunits of Würth Elektronik Group, Würth Elektronik eiSos, seeing to the trade and production of electronic and electromechanical components, generated the highest sales volume. Würth Elektronik eiSos Group has 6,700 employees on the payroll and generated a sales volume of EUR 539 million in 2017 (+16.6 percent). They also contributed a big share to the operating result of the Würth Group. With over 550 sales representatives boasting technological know-how, the business unit operates in 43 countries of the world, actively serving the electronics market. 17 production facilities spanning all important world markets guarantee the fast delivery of electronic components to businesses in the electronics sector.

Würth Elektronik eiSos is one of the largest European manufacturers of passive components, while Würth Elektronik CBT is the leading manufacturer of circuit boards. Another company from the unit, Würth Elektronik GmbH & Co. KG, excels by a highly interesting innovation: In cooperation with Fraunhofer Institute for Reliability and Microintegration (IZM) in Berlin, the company succeeded in developing an elastic electronic circuit board for use in medical and textile applications that is ready for series production.

The Production unit was also very successful, generating a sales growth of 9.3 percent. The great investments of Arnold Umformtechnik, specializing in connecting and forming technology solutions for the automotive and electrical industry, are proof of this: With an investment volume of EUR 20 million, another three production halls and a logistics center will be erected covering an area of 15,000 m². The unit places special emphasis on the optimization of the production of brand products as well as on final processing and delivery. Furthermore, the location strategy aims to build a new hardening shop to optimize production processes and reduce external costs. After EUR 113 million have been invested in buildings and plants in the time between 2014 and 2018, further investments of EUR 115 million have been included in the sales plan until 2023.

Employees

The number of employees increased by 2,768 from 71,391 to 74,159 in 2017. 22,620 employees work in Germany, which corresponds to an increase of 4.3 percent over the previous year. The Group has 32,295 employees in the sales force. Over 100 employees were hired in the e-business sector in 2017. New hires are also planned for 2018.

Investments

With an investment volume of EUR 524 million in 2017, the Würth Group invested slightly more than in 2016 (EUR 481 million). Investments focused on production facilities, technical installations and machinery at manufacturing companies, as well as on the expansion of the IT infrastructure and warehouse capacities at distribution companies.

Expansion of logistics capacities

The customers put high requirements on fast and reliable deliveries while also expecting a reduction of delivery splits. To build up the necessary capacities as well as prepare the ground for the corresponding overall logistics concept, Adolf Würth GmbH & Co. KG will build a central warehouse in Waldenburg, near the A6 motorway. At a total surface area of 50,000 m², various warehouses, above all for bulky goods, will be consolidated in order to reduce the number of parcels and the amount of filler material used. The company seeks to improve the quality of the services offered to customers. The project is to be completed in the summer of 2020.

Two significant investments in logistics underline the importance of the Austrian market: Würth Austria expands its logistics center in Böheimkirchen to meet the increased requirements concerning the productivity and efficiency of the growing business. The investment of EUR 20 million in the logistics annex aims at safeguarding the company's high service quality in the future, ensuring the flawless handling of the permanently growing throughput of currently over 600,000 shipments per year.

The company Kellner & Kunz will also expand its logistics premises in Wels by 23,000m², thus creating the capacities needed to guarantee future sales growth. Thanks to parallel picking, order throughput times can be reduced clearly. The investment volume comes to EUR 40 million.

Continued financial stability

In the 2017 fiscal year, the Würth Group's equity rose by 6.9 percent to EUR 4,779 million (2016: EUR 4,470 million). This corresponds to a EUR 309 million increase. Thus, the equity ratio amounted to 46.5 percent at the end of the year (2016: 46.1 percent). The rating agency Standard & Poor's once again confirmed the Würth Group's "A/outlook stable" rating in 2017.

About the Würth Group

The Würth Group is the world's market leader in its core business, the trade in assembly and fastening materials. It currently consists of more than 400 companies in over 80 countries with more than 75,000 employees on its payroll. Approximately 32,000 of those employees are salaried sales representatives.

In the Group's core business, the Würth Line, the sales program for the trades and industry comprises more than 125,000 products: from screws, screw accessories and anchors to tools, technical chemicals and personal protective equipment.

The Allied Companies of the Würth Group, which either operate in business areas related to its core business or in diversified business areas, round off the range by offering products for DIY stores, material for electrical installations, electronic components such as circuit boards, and financial services. They account for more than 40 percent of the Würth Group's sales volume.

Press release and photos you may find here: www.wuerth.com/pressconference