WÜRTH GROUP

# WE SAY *thank you*

ANNUAL REPORT
of the Würth Group 2014

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AT A GLANCE »

# THE WÜRTH GROUP AT A GLANCE

## WÜRTH GROUP

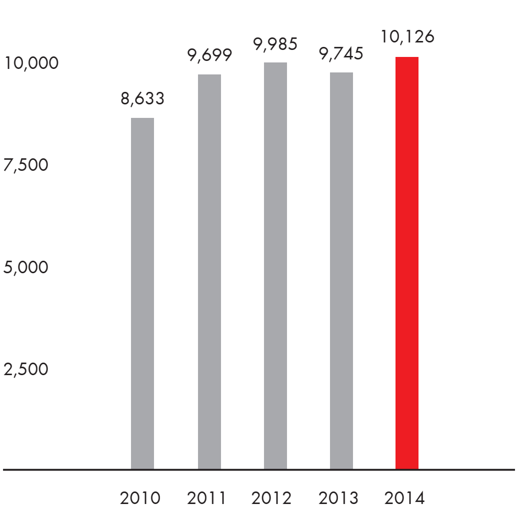
| | | 2010 | 2011 | 2012 | 2013 | **2014** |
|---|---|---|---|---|---|---|
| Sales | in millions of EUR | 8,633 | 9,699 | 9,985 | 9,745 | **10,126** |
| Employees | | 62,433 | 66,113 | 65,169 | 63,571 | **66,044** |
| Pre-tax operating result * | in millions of EUR | 385 | 395 | 415 | 445 | **515** |
| Return on sales | in % | 4.5 | 4.1 | 4.2 | 4.6 | **5.1** |
| EBIT | in millions of EUR | 398 | 450 | 448 | 495 | **554** |
| EBITDA | in millions of EUR | 690 | 736 | 762 | 798 | **831** |
| Net income for the year | in millions of EUR | 268 | 271 | 279 | 309 | **378** |
| Cash flow from operating activities | in millions of EUR | 216 | 540 | 618 | 599 | **612** |
| Investments | in millions of EUR | 283 | 455 | 465 | 433 | **367** |
| Equity | in millions of EUR | 2,867 | 3,042 | 3,204 | 3,399 | **3,683** |
| Total assets | in millions of EUR | 6,826 | 7,771 | 7,649 | 7,978 | **8,142** |
| Rating by Standard & Poor's | | A/stable | A/stable | A/stable | A/stable | **A/stable** |

The consolidated financial statements of the Würth Group are prepared in accordance with the International Financial Reporting Standards (IFRSs).

* Earnings before taxes, impairment of goodwill and financial assets, and changes recognized in profit or loss of non-controlling interests disclosed as liabilities

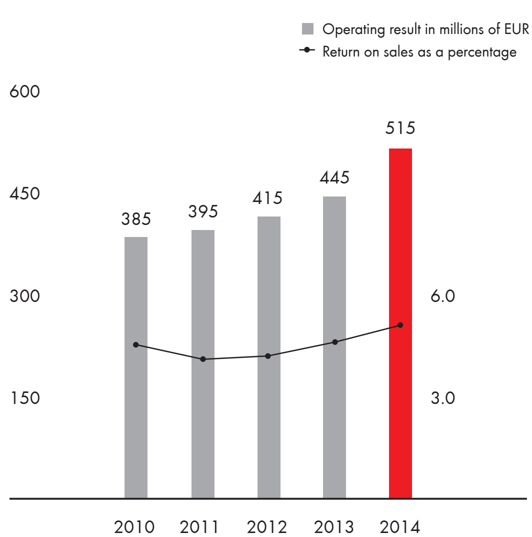
## SALES

WÜRTH GROUP in millions of EUR




## OPERATING RESULT

WÜRTH GROUP in millions of EUR

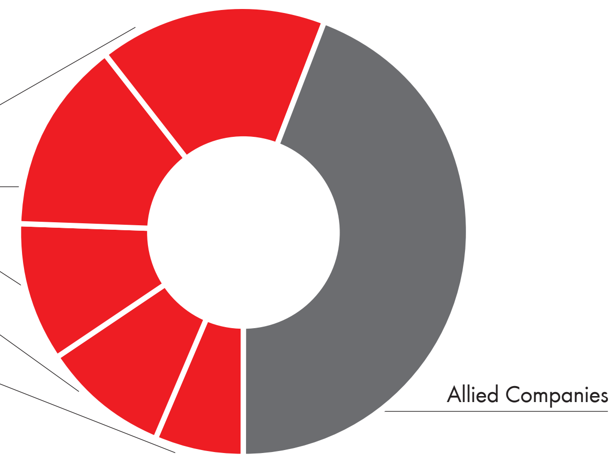


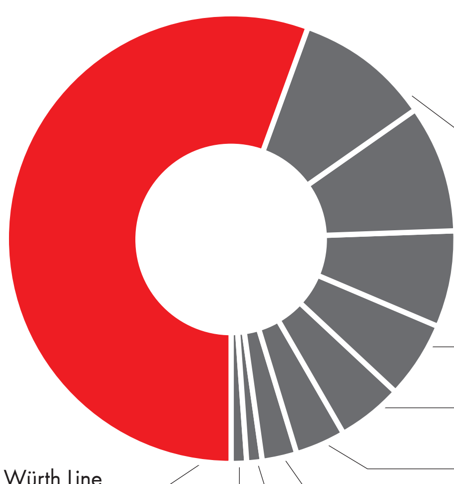
# OPERATIONAL UNITS

## SHARE IN SALES

### Würth Line divisions

| | 2014 in % | 2014 in millions of EUR | 2013 in millions of EUR | Change in % |
|---|---|---|---|---|
| Metal | 16.2 | **1,643** | 1,603 | + 2.5 |
| Auto | 14.1 | **1,423** | 1,421 | + 0.1 |
| Wood | 9.8 | **996** | 971 | + 2.6 |
| Industry | 9.2 | **930** | 858 | + 8.4 |
| Construction | 6.3 | **638** | 601 | + 6.2 |
| Total | 55.6 | **5,630** | 5,454 | + 3.2 |




## SHARE IN SALES

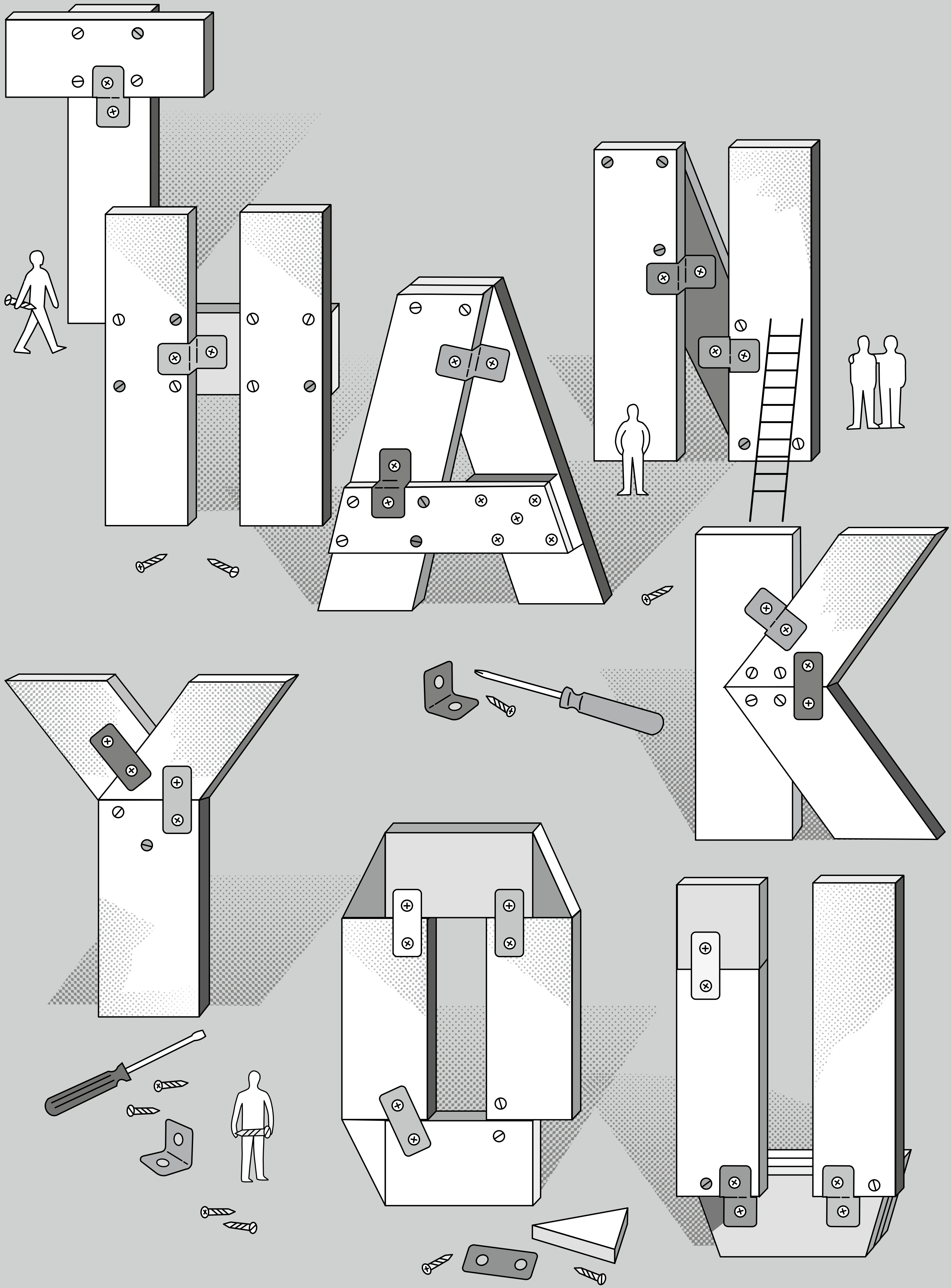
### Allied Companies' units

| | 2014 in % | 2014 in millions of EUR | 2013 in millions of EUR | Change in % |
|---|---|---|---|---|
| Electrical Wholesale | 9.9 | **1,001** | 976 | + 2.6 |
| Trade | 9.2 | **930** | 872 | + 6.7 |
| Production | 6.9 | **696** | 656 | + 6.1 |
| Electronics | 5.5 | **552** | 504 | + 9.5 |
| RECA Group | 4.8 | **490** | 473 | + 3.6 |
| Tools | 3.6 | **369** | 342 | + 7.9 |
| Screws and Standard Parts | 2.4 | **238** | 243 | – 2.1 |
| Financial Services | 1.0 | **106** | 109 | – 2.8 |
| Other | 1.1 | **114** | 116 | – 1.7 |
| Total | 44.4 | **4,496** | 4,291 | + 4.8 |

The term we consider most important in dealing with each other is:

Excerpt from the principles of the Würth Group’s corporate culture

*thank you*


THANK
YOU

# THREE ANNIVERSARIES, ONE OCCASION TO SAY *thank you*

70

## Adolf Würth GmbH & Co. KG celebrates its 70th anniversary

Back in 1945, a man started a company in Künzelsau. Today, that company is the global market leader in its field.

65

## Reinhold Würth celebrates 65 years in business

The Chamber of Commerce and Industry of Heilbronn-Franken congratulates Reinhold Würth with the very first certificate honoring 65 years in business.

80

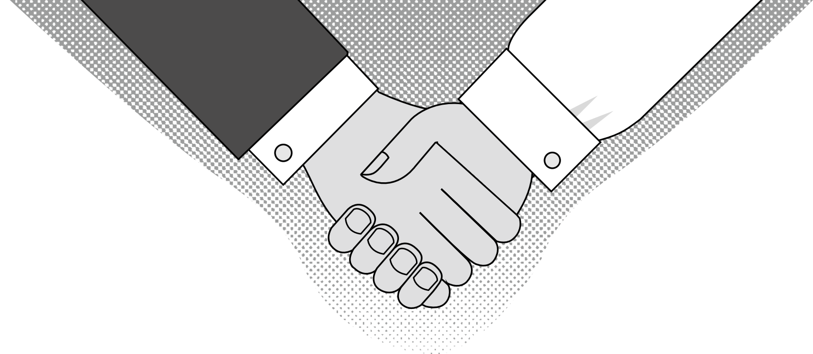
## Reinhold Würth celebrates his 80th birthday

One life, one company, one thank you.

# MY LIFE IS FILLED WITH AN IMMENSE SENSE OF *gratitude*

Prof. Dr. h. c. mult. Reinhold Würth with his employees and numerous guests at the celebrations to mark 65 years in business on 30 September 2014.


BURUNDI AFRICAN



# thank you

Why is "thank you" the term we consider most important? Isn't it one that we read in every second e-mail these days, making it almost overused? Isn't it something we tend to just say for the sake of it, without really meaning it? Maybe – but we still need the term "thank you", and not just to be polite. Genuine gratitude is more than just a superficial term or outdated figure of speech. A real "thank you" expresses appreciation for what a person has done, achieved or sacrificed. Be it at work or at home: "thank you" is a strong term that we should not, and indeed do not want to do away with. But saying thank you also often comes down to the detail. After all, not all thank you's are of equal value. Twenty points provide a guide for saying "thank you" the right way.

1. Gratitude is a duty. (Immanuel Kant)

2. People who say thank you show respect and appreciation.

3. Thanking is about remembering.

4. Real gratitude has to be heartfelt.

5. No empty phrases!

6. Don't say "thank you" when you actually mean "please". Real gratitude has no secret agenda.

7. Gratitude is not just a duty, but also a question of style.

8. Let us be thankful not only for praise, but also for criticism!

9. Anyone who is not grateful for a good deed does not deserve it.

10. Gratitude is not a barter deal. It does not expect anything in return.

**11.** It is not enough to just say thank you. It's all about how we say it.

**12.** Gratitude isn't the same as corruptibility. Gifts should not entice us into doing the wrong thing.

**13.** It's also possible to say "thanks, but no thanks".

**14.** People who make an effort for others in vain also deserve our thanks.

**15.** Ungrateful people are not incapable of receiving. They are incapable of giving.

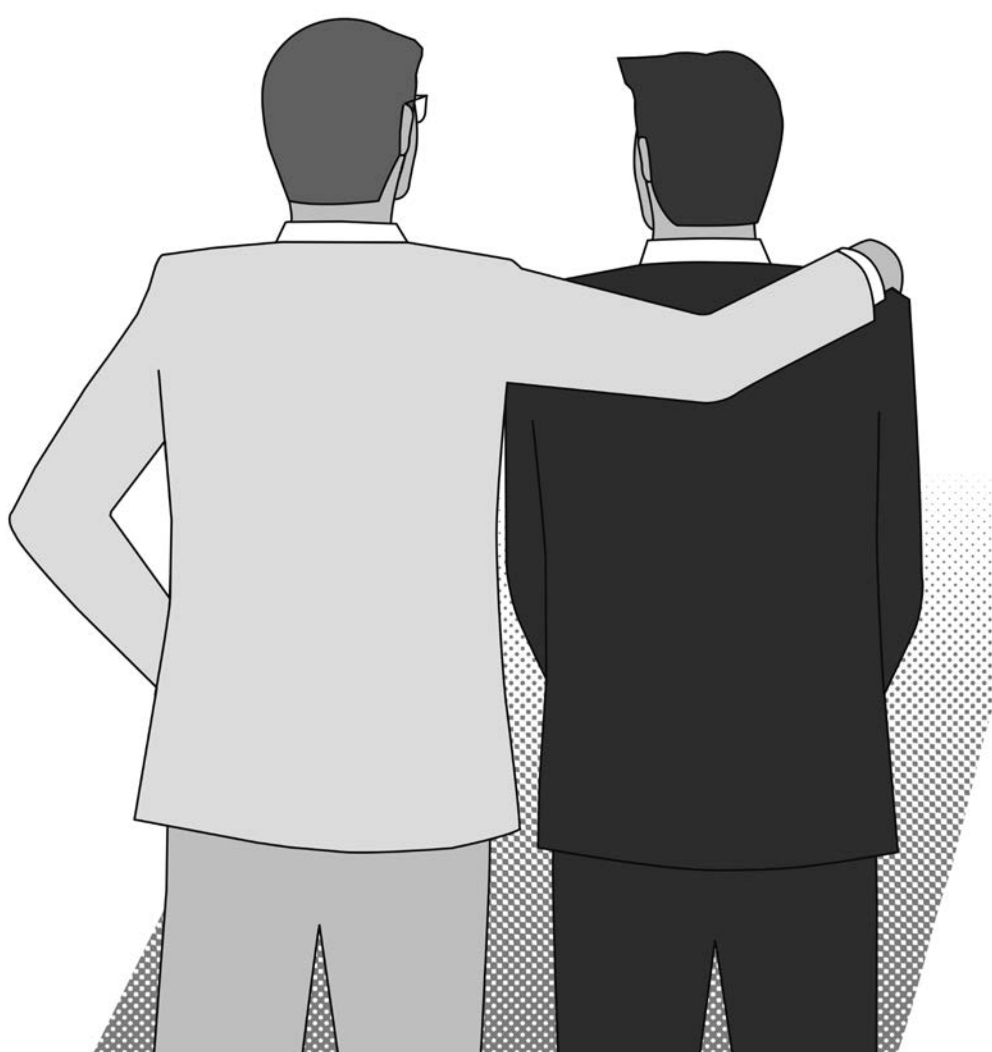
**16.** Gratitude is reciprocated pleasure.

**17.** If you say "please", you have to be able to say "thank you!".

**18.** Gratitude is a gift that gives itself.

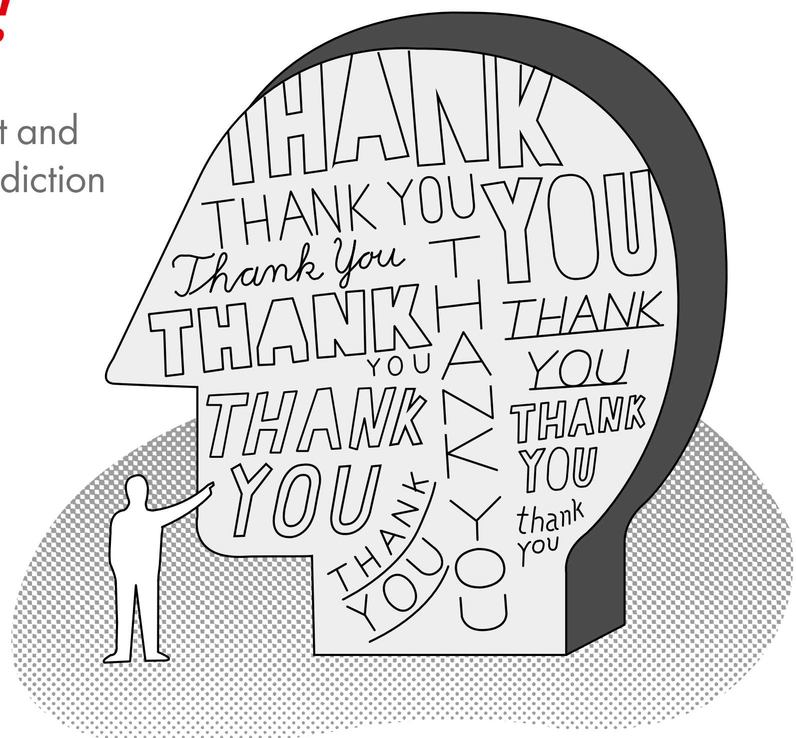
**19.** Flattery is gratitude in dishonest form.

**20.** Being grateful means enjoying life.



# think you!

## Why saying "thank you" is both important and superfluous – and why this is not a contradiction




Let's imagine that the phrase "thank you" were to be abolished tomorrow. That nobody said thank you for anything anymore. And why bother anyway? What is a "thank you" even worth? There's a common saying that "a thank you won't buy you anything". So why not dispense with this wasted form of politeness entirely? It's not like we don't all have enough to do already.

Naturally, we don't really mean that. A world without "thank you" would be a sad one. People help other people. They are polite and considerate. They do not expect anything in return. They do it because it comes naturally to them without having to think much about it. But they need to be acknowledged. They need a sign that they and their actions are noticed and appreciated. And the easiest, most straightforward form of showing appreciation is by saying "thank you".

People need acknowledgment. Not so long ago, the Frankfurt philosopher Axel Honneth (*1949) and his students, in particular, highlighted just how true and important this general statement about human nature is. Honneth's theory is that acknowledgment is not just an indulgence for the soul. Rather, it is a constituent part of self-awareness.

With this theory, Honneth follows in the sophisticated footsteps of his famous colleague, Georg Wilhelm Friedrich Hegel (1770–1831). Hegel's favorite pattern of thought was "on the one hand – on the other hand": On the one hand, it is crucial for one's own self-awareness to distinguish one's self from another's self-awareness, while on the other, one can only recognize oneself in this other self-awareness. It might sound complicated, but the idea is simple: Other people are our mirrors. We recognize ourselves in the reactions we provoke in others.

The theory that our entire society is built on mutual acknowledgment isn't just one that philosophers have come up with. People need affection in their friendships and personal relationships. They need legal certainty provided by the state. They need social appreciation from colleagues or business partners.

But in addition to all of this, it's important not to forget the small things: the fleeting gestures of everyday life. Saying thank you is one of them. Most people say "thank you" at least once on most days of their life. If it is an honest, accomplished "thank you", then it expresses appreciation for something someone else has done. So it's rather like the smallest currency of appreciation – something that people need just as much as they need water and calories. Is there anyone who is still in favor of abolishing "thank you"? It would send shock waves through one of the very foundations of our society.

# BUT WHAT MAKES A "THANK YOU" A SUCCESSFUL ONE?

But what makes a "thank you" a successful one? Let's start with the obvious: "Thanks" is shorthand for "I thank you". It sounds like a simple statement, a bit like telling someone else: "I am eating an apple". But there is one key difference. The sentence with the apple describes a situation that would exist even if the person eating were not to say it. You can eat an apple without talking about it. Part of saying thank you, on the other hand, involves using the words "thanks". You cannot say thank you without uttering the words (or expressing your thanks in another way). "Thanks" doesn't just describe a situation – it creates the situation in the first place.

When we speak, we are able not only to passively describe the world, but to take action. We do it time and time again often without realizing: not just when it comes to saying thank you, but also – for example – when we get married ("I take you to be my husband") or when a child is christened ("I baptize you in the name…"). This, however, means that "thank you" is not just true or false, unlike descriptive sentences.

## YOU MAKE THE WORLD A LITTLE BIT BETTER EVERY TIME.

Like any other action, it can succeed or fail. A successful thank you means more than just saying "thanks". We can thank someone, for example, for a good deed that this person did for us – be it a tangible or intangible one. We need to mean it honestly: we express our appreciation by saying thank you. Sometimes, we expect the good deed to be done of a person's own free will and not, for example, because they were coerced into doing it, or were obliged to do it. But there are a few examples that prove the opposite. A paramedic who saves the life of someone who is seriously injured isn't just being helpful. He's just doing his job. But the injured person will be grateful to the paramedic – and quite rightly so. Similarly, a "thank you" does not necessarily have to be completely of one's own volition to be successful. When a mother prompts a child with a firm "say thank you!", the "thank you" can end up being a successful one. Maybe the child was just a bit shy.

The verb "to thank" is akin to "think". So it's about thinking appreciatively about someone else and expressing this thought. Never pass by an opportunity to say it. You make the world a little bit better every time you do.

"*thank you*
IS THE TERM WE CON-
SIDER MOST IMPOR-
TANT IN DEALING
WITH EACH OTHER."
WHY EXACTLY?

Bettina Würth, Chairwoman of the Advisory Board of the Würth Group

**Mrs. Würth, what does thank you mean to you?**
To me, it's more than just giving someone feedback. It's a mark of respect. Especially in everyday life when we're all competing with each other to achieve the best results, come up with the brightest ideas and the most efficient processes, it's sitting back to reflect for a moment.

**Do you notice when someone doesn't say thank you?**
Very quickly. It makes me all the more keen to keep an eye on them. But I also notice very quickly when a thank you isn't genuine. It's all about voice, tone of voice and body language. I think to myself: something isn't quite right.

**When was the last time you said thank you?**
Just before employees headed home after a busy week. At that moment, I noticed that they had not only done their work professionally, but had shown far more than the usual level of commitment during the week. So I said thank you, truly from the bottom of my heart.

**Is thank you the archetype of the selfie?**
No. When I say thank you, I'm not reflecting myself. I'm mirroring something back to others. Take my employees, for example. I'm signaling to them that they have the day-to-day chaos under control. Or I'm signaling to my family that their very existence is a source of happiness for me.

**Why is thank you the most important term in the Würth corporate culture?**
Würth embodies the absolute will to perform and also embodies a strong culture. You have to engage with both aspects. Culture isn't the same as figures or strategy. It's something that completely takes you over. We say thank you for immersing into this culture. After all, work is about more than just the deployment of manpower. If you expect a lot, you have to give a lot. Part of giving is also about saying thank you in your dealings with others.

**What are you grateful to your father for?**
Both of us let the other be who he or she wants to be and we are there for each other, even when we don't agree. I'm grateful to my father every single day for the things that I am able to do. For the opportunity to lead people and drive the company ahead.

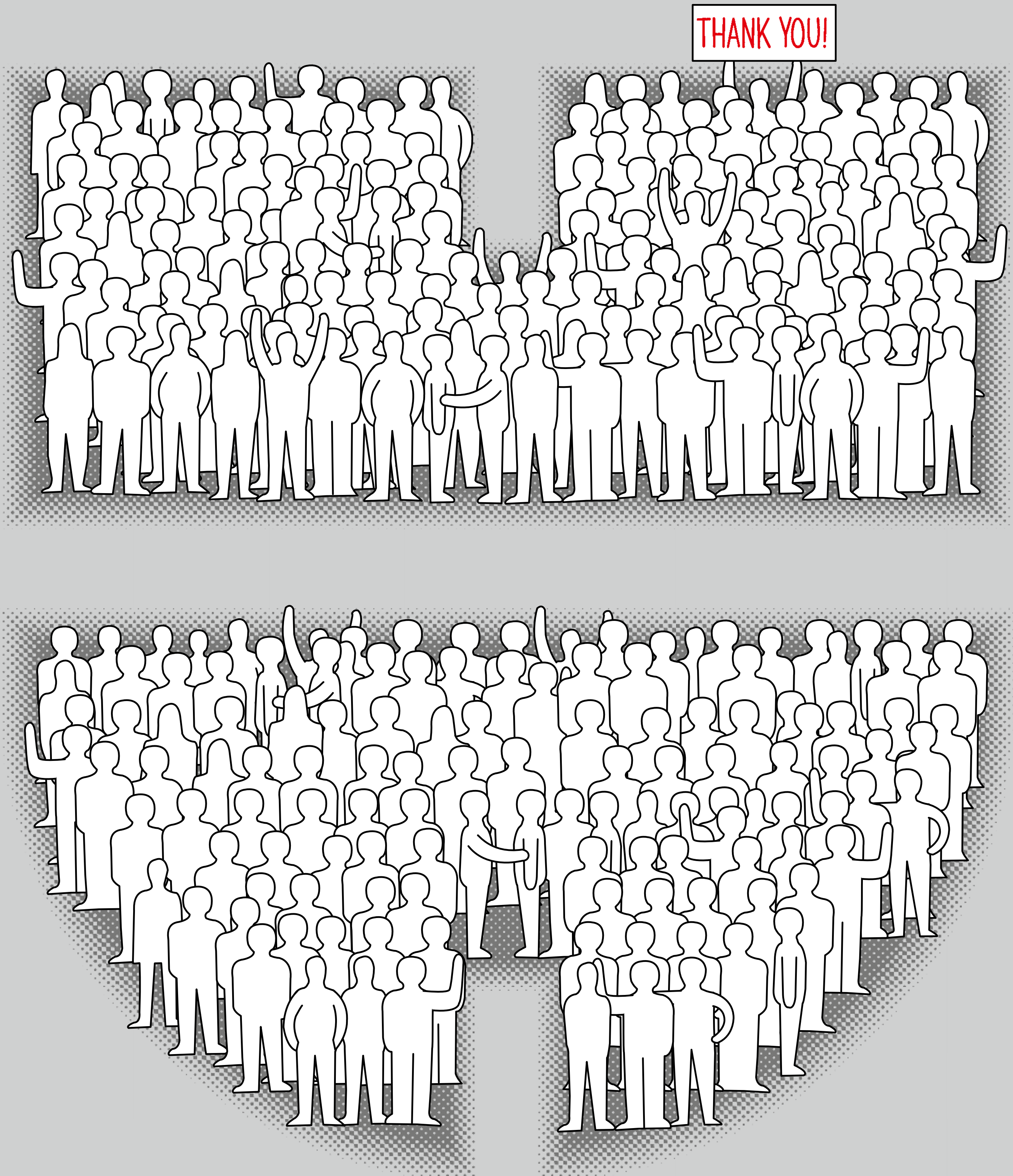
# A WORLD WITHOUT *thank you* IS IMPOSSIBLE

Sometimes, it's not easy at all to phrase a "thank you" in a way that gets it across properly. But it's worth making the effort. After all, gratitude is a virtue that we cannot do without, especially in these fast-moving times. When attention becomes a scarce resource, we can quickly feel that we are going unnoticed, that we're not important to the big picture.

Although a sincere "thank you" cannot work miracles, it can show the person on the receiving end that he or she is valued and is important as a person. It might well be the case that not every "thank you" is truly heartfelt. But even a quick "thank you" at the supermarket checkout is never wasted. Because it's not enough to just feel grateful – you have to put it into words. And rest assured that one day, it will come back to you.

"IT IS NOT THE LUCKY ONES THAT ARE GRATEFUL. IT IS THE GRATEFUL ONES THAT ARE LUCKY."

Francis Bacon (1561–1626)


THANK YOU!

COMMITMENT HAS OBJECTIVES TO REACH: IT WANTS TO IMPROVE, SUPPORT, CHANGE, ATTRACT ATTENTION. COMMITMENT IS SIMILAR TO A “THANK YOU”: IT DOESN’T EXPECT AN ANSWER, BUT ENJOYS GETTING ONE NONETHELESS. WHY? BECAUSE IT MEANS THAT HAVING DONE SOMETHING REALLY MADE A DIFFERENCE.

# WÜRTH IS COMMITTED TO SOCIETY

Special Olympics


National "Jugend forscht" (Youth science project) competition

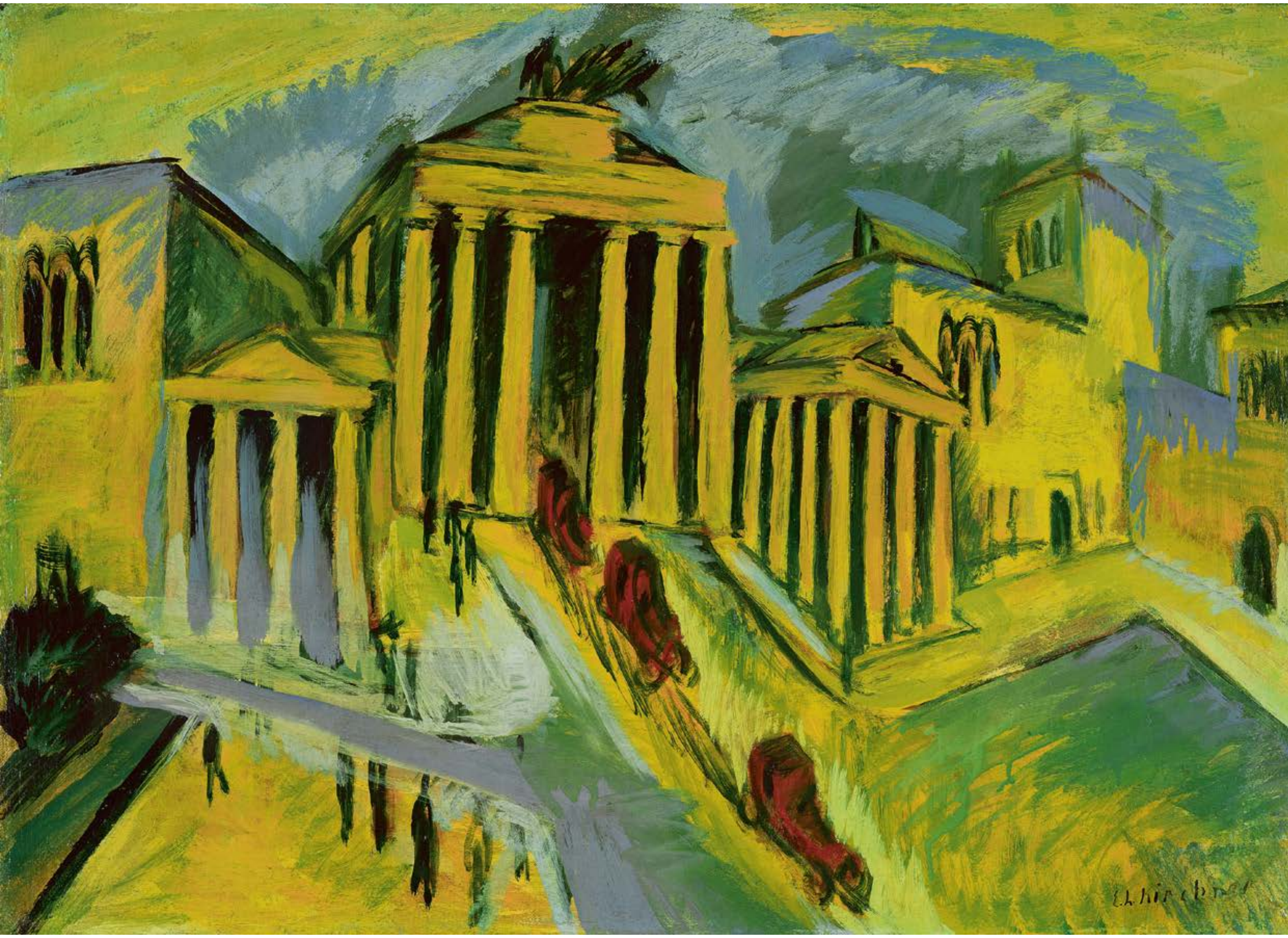

Kunsthalle Würth, Schwäbisch Hall

# EXPERIENCING ART AND CULTURE

**Kunsthalle Würth, Schwäbisch Hall** Rethinking modern art and its temporal, social and cultural contexts is the quintessence of the exhibition entitled "Modern Times. The Nationalgalerie of the Staatliche Museen zu Berlin as Guest of Kunsthalle Würth, Schwäbisch Hall". The New National Gallery of Berlin, one of the world's leading galleries for early modernist work, has sent 200 of its most famous works from the eventful era between 1900 and 1945 to Kunsthalle Würth for the exhibition. They feature real highlights from expressionism, Dada, the New Objectivity movement, Bauhaus art and surrealism. The exhibition features works by Picasso, Magritte, Dalí, Léger and Munch, Hodler, Lehmbruck, Kirchner, Nolde, Grosz, Dix, Schad, Beckmann, Klee, Kandinsky and many other artists whose works shaped the way we think in the long term. But the exhibition is much more than just an atlas of paintings. It is based on the unusually diverse presentation of the New National Gallery of Berlin collection in 2011, the aim of which was to view the art of the first half of the 20th century and the turbulent history behind the New National Gallery's collection in a new light from today's perspective. Many artists and works that had been forgotten were retrieved and (once again) deemed to be relevant.

**Museum Würth, Künzelsau** The expressive use of color and compositional spontaneity characterize the paintings of Philipp Bauknecht (1884–1933), which the Museum Würth in Künzelsau presented in collaboration with the Kirchner Museum in Davos in a solo exhibition. The life and works of this German expressionist have close links to the Swiss spa town of Davos. After all, it was to here that the artist retreated when he was infected with tuberculosis in 1910 at the age of only 26. Here, in the glamorous town of Davos, just as famous for its international and intellectual sanatorium guests as it was for its rugged mountain landscape and hardworking peasant population, he developed the "Magic Mountain" syndrome: he came and stayed. The moribund artist used daring compositions to depict the constant trickling of time, made use of exaggerated colors and a form of expression that sometimes distorted reality but nevertheless invoked a sense of harmony between humanity and nature. The painter, who died as early as 1933, was long forgotten before not just moving into the spotlight of art historians, but also attracting an ever-growing fan base. The exquisite collection of more than 100 paintings, drawings and woodcuts allowed the exhibition's visitors to take an in-depth look at his great works.

**Musée Würth France Erstein** The major exhibition entitled "Anthony Caro. Works of Art from the Würth Collection" is Musée Würth France Erstein's way of honoring Sir Anthony Caro (1924–2013), one of the leading and most influential English sculptors of his generation. The exhibition brings together major works from four decades, including the 25-part monumental installation entitled "The Last Judgement Sculpture", 1995–99, which was created as a response to ethnic cleansing in Bosnia, Rwanda and other global crisis spots and tells a story that is rich in references from mythology, the Bible and art history depicting war and atrocity, greed and excesses. Featuring 48 largely monumental pieces, the Würth Collection's Caro collection defines a key focal point of the works of the English artist, who was knighted by the Queen in 1987.



**Ernst Ludwig Kirchner**
(1880–1938)
Brandenburger Tor, Berlin, 1915
Oil on canvas, 50.5 x 70.3 cm
Würth Collection
Inv. No. 5937

**WÜRTH PRIZE FOR LITERATURE** C. Sylvia Weber, Director of the Würth Collection, presented the 25th Würth Prize for Literature in July 2014. Waltraud Bondiek (left) and Karoline Menge (center) are delighted to receive awards for their prose.

**Würth Prize for Literature** "Ein Ausflug zu dritt" (A trio on an outing) was the motto selected for the 25th Prize for Literature. Adolf Würth GmbH & Co. KG has been presenting the Würth Prize for Literature every year since 1996 in cooperation with the University of Tübingen. The prize is awarded for prose with a convincing innovative approach to language.

The 2014 Würth Prize for Literature attracted more than 600 entries, with the short story "Weg, nur weg" (Just getting away) by Waltraud Bondiek from Radebeul taking first prize. The second prize went to Karoline Menge from Berlin for her story entitled "Beinahe Freunde" (Almost friends).

As part of the 2013 Tübingen poetry professorship, Hans Magnus Enzensberger and Dirk von Petersdorff chose the motto for the 25th Würth Prize for Literature. The professorship is also a project organized by Adolf Würth GmbH & Co. KG and is hosted at the German Seminar (Deutsches Seminar) of Tübingen University. Once a year, authors are invited to hold lectures and offer seminars and workshops for students.

**Würth Prize for European Literature** The Hungarian author Péter Nádas was awarded the 9th Würth Prize for European Literature in 2014. The jury singled him out as one of Europe's greatest authors, who fearlessly exposes the hypocrisy and barbarism of people and regimes alike.

The Würth Prize for European Literature is worth EUR 25,000 and is presented every two years at the initiative of Prof. Dr. h. c. mult. Reinhold Würth. The prize honors literary efforts for the cultural variety of Europe. It is mainly presented to personalities who work at the crossing of different cultures, deal with European cultural traditions or focus on problems which only emerged in their country through European influences. The award goes to writers whose work and life reflect these special cultural experiences. Since the Würth Prize for European Literature aims to be more than a prize for "insiders" of the literary world, the jury members include literary and cultural mediators from a whole range of different sectors.

Since 1997, the prize has gone to personalities such as Hermann Lenz, Harald Hartung, Herta Müller, Peter Turrini, Ilija Trojanow and Hanna Krall.

**Würth Prize of Jeunesses Musicales Deutschland** Deutsche Kammerphilharmonie Bremen (German Chamber Philharmonic – Bremen) is the winner of the EUR 15,000 Würth Prize of Jeunesses Musicales Deutschland (JMD). The orchestra enthralled the jury with outstanding audience development projects. Audience development aims to make music attractive to new target groups from a whole range of different countries and social backgrounds. Led by conductor Paavo Järvi, Deutsche Kammerphilharmonie Bremen performs on stages and at festivals both in Germany and abroad. The prize was presented by Prof. Dr. Dr. h. c. Harald Unkelbach, Chairman of the Management Board of the Würth Foundation, and Daniela Stork, President of JMD. The ceremony was held as part of a concert given by Kammerphilharmonie Bremen at Gesamtschule Bremen-Ost comprehensive school.

The Würth Prize of Jeunesses Musicales Deutschland is a coveted accolade in the German music world. It is awarded to artists, ensembles and projects that meet the values and fulfill the objectives of JMD in an exemplary fashion. Since 1991, personalities such as conductors Claudio Abbado and Gustavo Dudamel, cellist Sol Gabetta, ensembles such as the Federal Youth Orchestra or projects like the Education Program of the Berlin Philharmonic Orchestra have received the prize. The prize is donated by the Würth Foundation.

**Hidden Champion 2014** Companies are part of society. Like each and every individual, they are responsible for striking a balance between prosperity, the environment and society. This fundamental stance is firmly embedded in the Würth corporate culture and forms the basis for our entrepreneurial decisions. This was confirmed by the special n-tv “Hidden Champion 2014” prize for SMEs, which was awarded to Adolf Würth GmbH & Co. KG for its outstanding achievements both in and for the SME sector. The jury was won over by the enormous growth the company has shown until today as well as by its development of a strong brand. They also stated that Würth was a role model for other medium-sized companies due to its longstanding commitment to society and its impressive corporate culture. Norbert Heckmann, Chairman of Adolf Würth GmbH & Co. KG, accepted the prize at the awards ceremony held in May in Frankfurt am Main.


**JEUNESSES MUSICALES DEUTSCHLAND**

Deutsche Kammerphilharmonie Bremen at the awards ceremony held at Gesamtschule Bremen-Ost comprehensive school, led by Paavo Järvi.

# SHARING COMMITMENT

**Würth Foundation** Set up in 1987 by Reinhold and Carmen Würth, the Würth Foundation promotes projects in the fields of science and research, art and culture, and education. The Foundation currently has total capital of EUR 7.6 million. In addition to its own activities, the Foundation also supports third-party projects and initiatives – mainly in the Hohenlohe region where the Group has its head office.

One of the biggest support projects in the history of the Würth Foundation was the donation of EUR 10 million to help expand Reinhold Würth University in Künzelsau in 2014. Prof. Dr. h. c. mult. Reinhold Würth, Theresia Bauer, Minister for Science, Research and Art of the federal state of Baden-Württemberg, Ingo Rust, State Secretary for Finance of the federal state of Baden-Württemberg, and the Heidelberg Student Services Office signed the corresponding framework agreement in December 2014. The donation is designed to secure and expand the Künzelsau campus of Heilbronn University in the long run.

Major third-party projects that have received regular support in the past include the Hohenloher Kultursommer, as well as the international violin competition organized every other year by Kulturstiftung Hohenlohe (Hohenlohe Cultural Foundation), the Junge Oper Schloss Weikersheim and the work of the historical association for Württemberg-Franken.

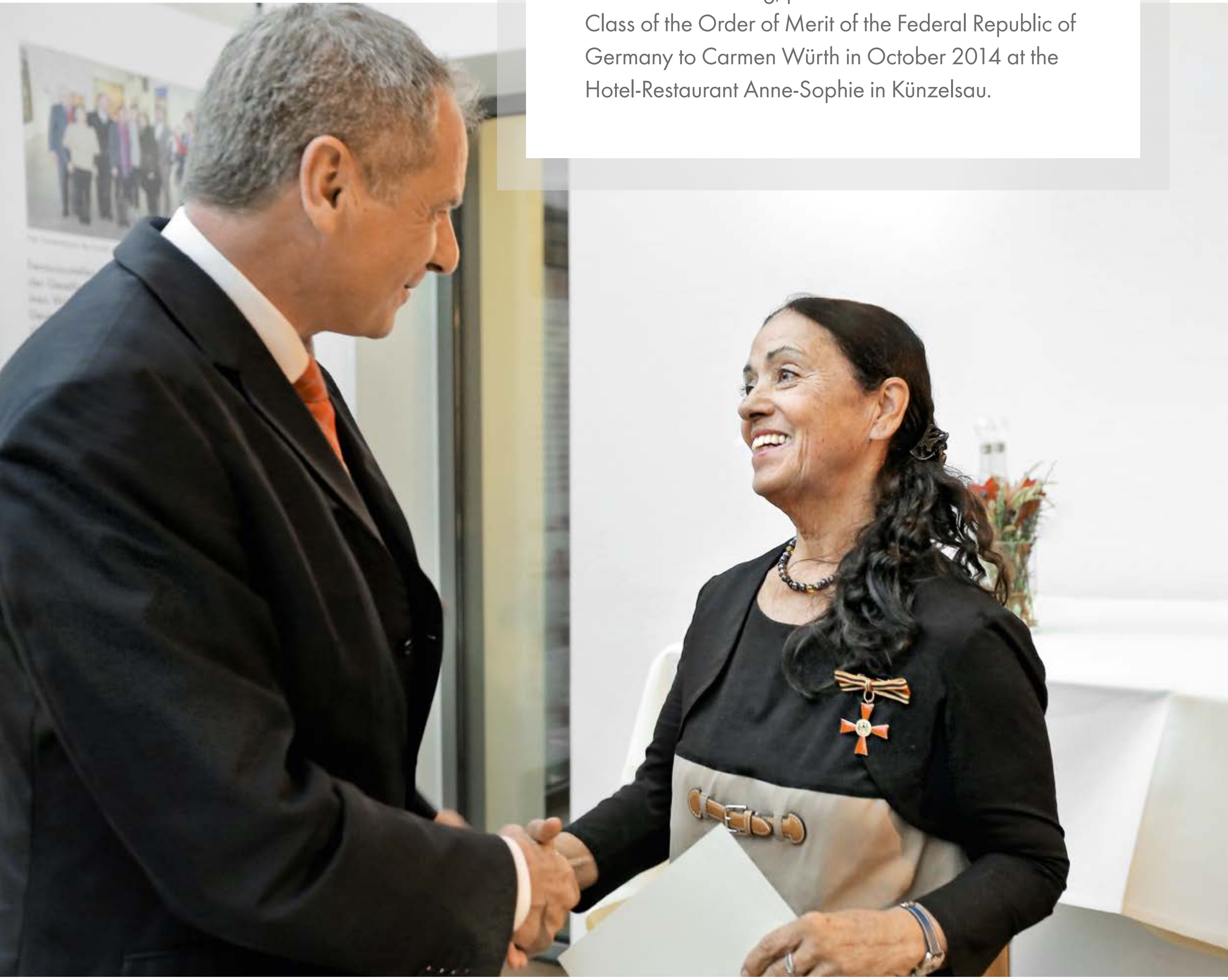
The Würth Foundation also supports the Freie Schule Anne-Sophie schools in Künzelsau and Berlin and the Competence Center for Economic Education. Moreover, it administers the foundation for the promotion of the Reinhold Würth University of Heilbronn University in Künzelsau.

**Order of Merit of the Federal Republic of Germany for Carmen Würth** German President Joachim Gauck awarded Carmen Würth the Service Cross 1st Class of the Order of Merit of the Federal Republic of Germany for her exemplary contribution to society, primarily due to her social commitment to people with disabilities.

Carmen Würth has a long history of social commitment: she set up the Würth Foundation with her husband back in 1987. In 2003, she founded the Hotel-Restaurant Anne-Sophie in Künzelsau, an establishment that aims to give people with disabilities the chance to integrate and develop their personalities in a completely normal environment: the employees work in housekeeping, building services, the kitchen or as members of the service team, guided by specialist staff. Around one third of the current total of 65 employees have disabilities. With her caring manner, Carmen Würth gives people the courage to believe in themselves. She creates an environment in which individuals can make the most of the abilities that make them special. This also explains her special commitment to Special Olympics Germany and to Diaphania – Europäische Gesellschaft für Politik, Kultur, Soziales e. V. This charitable association, which has Carmen Würth as its honorary chairwoman, aims to promote acceptance for disabled people within Europe. This is also the objective of the Estia Agios Nikolaos Foundation in Galaxidi, Greece, to which Carmen Würth is also extremely committed.

Verena Bentele, the Disabilities Commissioner of the German federal government, who has herself been blind since birth, attended an open dialogue event at the Hotel-Restaurant Anne-Sophie in September 2014. This dialogue event also focused on how to promote and shape societies in which people with and without disabilities can live together.

**ORDER OF MERIT OF THE FEDERAL REPUBLIC OF GERMANY FOR CARMEN WÜRTH** Reinhold Gall, Minister of the Interior of the federal state of Baden-Württemberg, presented the Service Cross 1st Class of the Order of Merit of the Federal Republic of Germany to Carmen Würth in October 2014 at the Hotel-Restaurant Anne-Sophie in Künzelsau.




**BURUNDI CALENDAR** Images from the calendar depicting photographer Stephan Würth's Burundi tour, as well as a selection of portraits, are on show in an accompanying photo exhibition in Museum Würth.

**Burundi Calendar** Together with the charity African Lives e.V., Würth supports a care home and hospice in Burundi by publishing a charity calendar. This initiative was started by Bettina Würth. The East African country of Burundi is among the poorest in the world. The charity African Lives e.V. aims to support various projects in order to improve the standard of living in Africa, particularly among the old and the sick. The photographer Stephan Würth, who lives in New York, has taken insightful snapshots of care home residents and members of the Burundi population, depicting day-to-day life from a poetic angle, but without attempting to gloss over what is often the harsh reality of life for people living there. The sale of the calendar generated proceeds of EUR 30,000, which will go to the institutions in Burundi.

The calendar for Africa replaces the traditional Würth Collection art calendar in 2015 and is available for sale to members of the public.

**Special Olympics** 100 volunteers from Würth took part in the German National Summer Special Olympics in Düsseldorf in 2014: They concentrated on providing support to the 4,800 athletes and showing commitment by people for people. The Special Olympics is the world's largest sporting organization for the mentally disabled, with almost four million competitors in 170 countries.

Würth has been a premium partner since 2008. Since then, around 550 volunteers have been on hand to assist at the National Games. Würth's companies abroad also support this commitment: 50 employees from the Würth Group in Switzerland took part in the National Summer Games of the Switzerland Special Olympics in Berne. This social commitment was honored by the Swiss Sponsorship Think Tank in February 2014, which awarded the project the "Best Overall Sponsorship of the Year 2013" prize. This initiative was launched by Carmen Würth, who is extremely committed to people with mental disabilities and attended the games in Düsseldorf and Berne in person.

**Sports sponsorship** Team spirit, motivation and the will to give one's all are integral elements of sports – and these values also characterize corporate culture at Würth. This is why Würth has been actively involved in sponsoring professional sports for more than 35 years. Würth is using the internationally consistent motto "100% quality" at more than 64 qualifying games for the 2016 European Football Championship, reinforcing its position as a global quality leader. For the first time, the banner messages were also adjusted to reflect the local languages of the opposing teams, helping to promote the idea of closeness as a core aspect of the brand. Football therefore is and remains a key element of Würth's sports sponsorship activities, especially since Würth also advertises in four stadiums that play in the German Bundesliga, namely in Stuttgart, Wolfsburg, Paderborn and Freiburg.

As a premium sponsor of the German Ski Association (DSV), Würth can be seen on television during more than 2,500 hours of world cup coverage during the winter. On 60 days of live coverage, around 39 hours focus exclusively on the Würth logo, allowing the company to reach out to more than 240 million people. The Marketing department used a new approach in the fall of 2014 by asking German Ski Association stars to take part in a video shoot when the athletes were outfitted at Adolf Würth Airport. Felix Neureuther and some of his colleagues had to guess the meaning of DIY terms from Würth's "DIY-German" dictionary, the motto of the video being "Do you speak DIY?". Würth uses projects like this to add a playful note to its sports sponsoring activities and to expand its group of target viewers via the Internet, where the videos are shown.

**Representative offices** In Berlin since 2003 and in Brussels since 2005, Würth attaches a great deal of importance to critical dialogue with social groups and institutions. Würth House Berlin and Würth Office Brussels have established themselves as key dialogue forums for German and international politics. Listening and understanding, but also articulating and commenting – this is how Würth believes debate should take place with business and industry, at discussion rounds, conferences and receptions. Both representative offices also offer a platform for cultural events in order to transport our understanding of commitment in a hands-on manner. Our aim is to be open so that others can be open with us.


**SPORTS SPONSORSHIP**

Football is at the core of Würth's sports sponsorship activities: Würth is using attention-grabbing perimeter advertising at 64 Euro 2016 qualifiers to get its standardized "100% quality" message across.

# SHAPING EDUCATION

**Freie Schule Anne-Sophie in Künzelsau and Berlin** The independent Freie Schule Anne-Sophie school was opened in 2006 in Künzelsau as a private all-day school on the initiative of Bettina Würth. It is owned and funded by the Würth Foundation. The bilingual sister school in Berlin, which offers classes in German and English, opened in time for the 2011/12 academic year. Both schools build on the same educational concept: target and performance-oriented learning in a specially designed environment. The guiding principle at the core of day-to-day learning at both schools is for "every child to leave Freie Schule Anne-Sophie as a winner". This is reinforced by the promotion of fundamental principles such as mindfulness, a willingness to learn, confidence and appreciation.

Promoting training and further education is a key element of the Würth Group's corporate philosophy. It is not just about imparting knowledge and teaching people technical skills, but rather about awakening a sense of curiosity about the world around us. Freie Schule Anne-Sophie gives its "learning partners" the opportunity to develop their own personalities and delve into the complexity of the environment. Children are merely provided with a framework within which they are free to be their own people and can develop and flourish.

**Jugend forscht** Adolf Würth GmbH & Co. KG took over as the sponsor of the 49th national "Jugend forscht" (Youth science project) competition in 2014. The competition is directed at young people under the age of 21 who are interested in scientific and technical problems. Freie Schule Anne-Sophie in Künzelsau hosted the national final between 29 May and 1 June 2014.

The motto behind Germany's most successful mathematics, IT, science and technology competition for young people was "Verwirkliche Deine Idee!" (Make your ideas come true). The competition attracted a new record of 12,298 entries in total, with applicants progressing to the national final through 83 regional and 26 state competitions. A total of 209 young scientists competed in the event in Künzelsau and presented their 114 research findings to the jury. The winner was chosen by an independent jury comprising teachers from specialist colleges and universities, as well as experts from the business world, including a representative from the sponsoring company, Würth, in 2014.

As the federal sponsoring company, Adolf Würth GmbH & Co. KG presented the award to the "Laserlithografie in der Leiterplattenherstellung" (laser lithography in the production of printed circuit boards) technology project. The winners were able to look forward to a two-week internship at Würth Elektronik in South-East Asia.


**JUGEND FORSCHT** Federal Minister of Education and Research Prof. Dr. Johanna Wanka (third from the left), Chairman of Adolf Würth GmbH & Co. KG Norbert Heckmann, President of the Standing Conference of Education Ministers Sylvia Löhrmann and Prof. Dr. h. c. mult. Reinhold Würth are fascinated by the invention of the German technology winners, Philipp Mandler, Anselm Dewald and Robin Braun: they designed and programmed a six-legged reconnaissance robot.

**Lifelong learning** Training and further education has been a top priority within the Würth Group for more than 30 years now. Würth offers commercial, logistics and technical apprenticeships, as well as Bachelor's degree courses in these areas in collaboration with Baden-Württemberg Cooperative State University. It also offers a large number of other apprenticeships combining work and study within its German group companies, for example in the catering sector.

The learning process does not end when individuals complete their initial training. In response to the constantly changing demands of today's working world, continuous further education plays a key role in ensuring the success of the company in the long term. Adolf Würth GmbH & Co. KG set up Akademie Würth back in 1991. An extensive range of courses allows employees to put together their own further education program, ranging from management training to further technical training.

Akademie Würth Business School offers Würth Group employees and interested external parties academic training programs for working professionals. In collaboration with the Distance Learning University in Hamburg, even students without university entry qualifications can work towards their Bachelor of Arts. The home-study course supplemented by classroom sessions gives students fundamental business management knowledge over a period of three-and-a-half years. The Business School also offers Master of Business Administration (MBA) courses in cooperation with the University of Louisville in Kentucky, USA. Since 2014, individuals have also been able to study for their Master of Science in Industrial Engineering and Doctor of Engineering in Manufacturing Systems. Both degree courses are offered in collaboration with Lawrence Technological University in Michigan, USA.

**AKADEMIE WÜRTH BUSINESS SCHOOL**

Prof. Dr. Rohan Anthony Christie-David, Dean of the College of Business at the University of Louisville, presents the Master's degree certificates: MBA graduate Daniel Goldfuss is delighted to have completed his course of study at the University of Louisville.

**20 YEARS OF "FIT MIT WÜRTH"** The Adolf Würth GmbH & Co. KG in-house health program "Fit mit Würth" celebrated its 20th anniversary at a summer after-work party in 2014. The team of trainers took an active break together with visitors.

**University promotion** Supporting Reinhold Würth University in Künzelsau and ensuring its further expansion are the objectives of the foundation for the promotion of Reinhold Würth University under the Würth Foundation umbrella. The Künzelsau campus, which has more than 1,500 students working towards eleven different Bachelor's and Master's degrees, is one of three campuses of Heilbronn University, the largest university of applied sciences in Baden-Württemberg with a total of more than 8,300 students.

In 2014, Reinhold Würth University received a donation of EUR 10 million from the Würth Foundation. In return, the federal state of Baden-Württemberg promised to keep 115 student places for ten years and purchased a piece of land next to the campus for the construction of a new university building together with the Würth Foundation. The Heidelberg Student Services Office is also building a hall of residence for at least 80 students at Reinhold Würth University in Künzelsau. This commitment is designed to secure the Künzelsau campus of Heilbronn University in the long run and help the campus to forge ahead with its expansion plans.

**Competence Center for Economic Education** The Competence Center for Economic Education Baden-Württemberg is an initiative of entrepreneur Prof. Dr. h. c. mult. Reinhold Würth, which was called into being under the umbrella of the Würth Foundation in 2005. The Competence Center aims to improve knowledge of economic processes and entrepreneurial spirit among students and teachers alike and to get the participants interested in economic issues. The Competence Center cooperates very closely with the Ministry of Education and Cultural Affairs, Youth and Sports of Baden-Württemberg.

One highlight in 2014 was the two-day Management Symposium, which was convened by the Competence Center for Economic Education for the eighth time. Guided by the motto "Bildung aufWERTEN" (Improving the VALUE of education), teachers and representatives from the business world met to discuss the values that play a key role in shaping lives and are also significant for society as a whole. The participants used workshops, lectures and discussion panels to see examples of how values are incorporated into organizations or how an active contribution can be made to shaping an ethically-sensitive environment. The aim of the two-day symposium was to promote dialogue between schools and business through the medium of personal discussion and to support the transfer of values to the participants' own organizations.

# REPORT OF THE ADVISORY BOARD

Bettina Würth, Chairwoman of the Advisory Board of the Würth Group

## Ladies and Gentlemen,
## Dear Readers,

2014 was a mixed year. Although there were a large number of highlights, it was not always possible to meet everyone's expectations. Nevertheless, we were also blessed by a number of positive surprises. One could well ask what the role of an Advisory Board is in an era in which fields of business are in the process of change, markets are changing fast and existing structures have to be completely revamped. While it goes without saying that the Advisory Board has traditionally been a supervisory body, we also see ourselves as advisors, a driving force behind change, a source of ideas.

I believe that the work of the Würth Group Advisory Board is characterized by our family mentality. Relationship management is extremely important. Honesty and respect for each other form the basis of our work when it comes to discussing strategies, agreeing on targets or revising established processes. Developments like these are a journey that inevitably involves a few bumps along the way. All members of the Advisory Board are committed to ensuring that this journey does not eat away at the fundamental principle of security for employees and managers or call into question that feeling of belonging to the Würth family and to its culture. This work extends well beyond the duties of the executive body set out by law.

## Work of the Advisory Board

In 2014, the Advisory Board of the Würth Group held four extensive meetings, with a joint strategy meeting of the Advisory Board and the Central Managing Board being held in July 2014. These meetings were based on the reports of the Central Managing Board members on the business situation, planning and opportunity and risk management. All transactions subject to approval pursuant to the company statutes were submitted to the Advisory Board for decision in good time and considered in detail; in urgent cases, resolutions were passed by circularization.

In 2014, the work of the Advisory Board was shaped to a considerable degree by the strategic developments within the Würth Group and by the provision of advice to the Central Managing Board on these strategic matters. One focal point was the further development of the conventional Würth business model in order to establish the company as a multi-channel sales company, including issues such as the digitalization of business processes and e-commerce. The Advisory Board also focused on the implementation of the new management structures that were introduced within the Würth Group in 2013, including the reorganization of the second-level management.

The three Advisory Board committees, the Audit Committee, the Investment Committee and the Personnel Committee, met three times each in 2014. The committees serve to increase the efficiency of the Advisory Board and carry out preparatory work on complex issues. Each committee chair reports regularly to the Advisory Board as a whole on the work of the committees.

On 14 April 2015, the Advisory Board's Audit Committee took an in-depth look at the 2014 consolidated financial statements, including the Group management report, as well as the audit report prepared by Ernst & Young, in which an unqualified opinion was issued. The Audit Committee examined these documents and approved them. The Audit Committee also focused on risk management, the corporate governance structure and internal audit.

The Advisory Board's Investment Committee assessed the investment projects that are subject to approval and classified them according to urgency and significance. The Würth Group will remain true to its investment culture as a prerequisite for the company's growth, meaning that the investments approved for the 2015 fiscal year will be on a similar level to previous years, taking sales growth into account. The Advisory Board approved the investment and financial plan of the Würth Group for the fiscal year 2015 at its meeting on 5 December 2014 based on the proposal made by the Investment Committee.

The Advisory Board's Personnel Committee dealt with all personnel measures falling within the Advisory Board's area of competence at its meetings. The committee focused on HR development and succession planning, as well as on the structure of the company's incentive and remuneration systems, including the company pension scheme. The Personnel Committee also has the power to pass resolutions regarding employment contracts and management remuneration.

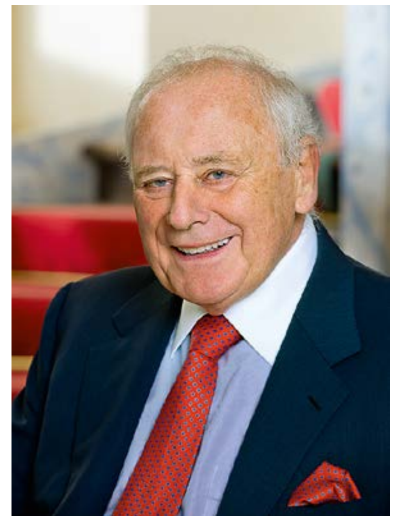
The Advisory Board of the Würth Group would like to thank the Central Managing Board and the Supervisory Board of the Würth Group's Family Trusts for the good working relationship, especially Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, who took part in all meetings of the Advisory Board. We would also like to thank all employees for their strong commitment and decisive actions, as well as all our customers and business partners for their loyalty to the Würth Group.

Sincerely,

B. Würth

Bettina Würth
Chairwoman of the Advisory Board
of the Würth Group

# MOVING COURAGEOUSLY TOWARDS A SUCCESSFUL FUTURE



Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, Honorary Chairman of the Advisory Board of the Würth Group

**Ladies and Gentlemen,
Dear Readers,**

This report on the 2014 business year of the Würth Group contains information on an important step in the company's history: for the very first time, we were able to report consolidated external sales in excess of EUR 10 billion, after failing to meet this target in the two previous business years for various reasons.

Pillars and landmarks in the company's history like these are not only welcome developments in terms of promoting the self-image of a commercial business and, in our case, its 66,000 employees, but are also precisely the hidden drivers and inspirational forces we all need to have a clear vision and move courageously towards a successful future.

Nowadays, while sales of EUR 10 billion are hardly worthy of mention in the big business community, they mean a lot to a family business like Würth. I myself, in particular, have every reason to use this Annual Report to extend my heartfelt thanks, particularly to all my employees, to our more than three million customers worldwide, to our business partners, banks and authorities for the goodwill I have experienced, both personally and (almost without exception) professionally.

Allow me to travel back in time for a few moments: I joined my father as his first apprentice in 1949, when I was only 14 years old, and my work for Würth, in various positions and with different remits, has been uninterrupted up until the present day. On 30 September 2014, I completed my 65th working year in my current position as Chairman of the Supervisory Board of the Würth Group's Family Trusts. On a more amusing note: based on the 38-hour working week that the trade unions prefer, I would certainly have already clocked up 85 years in work.

In 1954, after my father passed away before his time, I had to take over the small, but solid, two-man screw wholesale business at the tender age of 19 and keep the business going together with my mother (after all, I was not officially classed as an adult then). Back then, I could never have dreamed that 60 years down the line, the business would have turned into a global corporation with a workforce of 66,000.

It is with a sense of modesty and humility that I feel immense gratitude in my life, knowing that this could never have been achieved without so many hard-working colleagues and many thousands

# THIS WOULD NEVER HAVE BEEN POSSIBLE WITHOUT SO MANY HARD-WORKING EMPLOYEES.

of employees – in turn, one is naturally entitled to wonder, in the most modest way possible, whether any of this would be here had it not been for me. So in spite of everything, I would be lying if I were not just a little bit proud of what I have achieved.

I sometimes wonder how it was possible to set up this sort of corporation with products that are not exactly innovative. After all, there was never one big idea, no "big bang" so to speak. Looking back, success came on the back of a large number of decisions that we perhaps made a little better than our competitors, as well as thanks to hard work and, most importantly, customer loyalty.

For me, other key components of our success have always been gratitude, recognition, respect and high esteem for my employees, coupled with a sense of modesty and an ongoing commitment to combating any kind of arrogance, be it direct or indirect. This poisonous potion, arrogance, has caused the demise of many careers and companies; for me, arrogance is the least desirable trait one can ever have.

My experience has taught me that it is incredibly difficult for a company not to let itself be corrupted by the power of success and not just to feign modesty both internally and externally, but to make it authentic and heartfelt.

Every 15 years or so, we have repeatedly turned to external consultants for advice on how to develop the company further. Time and again, we consistently heard the very same message from these individuals: "If we compare our customers, then we never cease to be amazed at how Würth manages to set itself apart from the average business community in a positive and beneficial manner with its lively corporate culture, its friendly and respectful way of dealing with management and colleagues and the friendliness shown both internally and externally." This is exactly the style that I would like to be upheld even after my time. I wish the Würth Group a happy and successful future extending long beyond its 70th year in business.

Yours,

Reinhold Würth

# REPORT OF THE CENTRAL MANAGING BOARD

Robert Friedmann, Chairman of the Central Managing Board of the Würth Group

## Ladies and Gentlemen,

Sixty-five – Seventy – Eighty. These three figures build the bridge between 2014 and 2015. Years in business – anniversary of our parent company – birthday. But there is another figure to celebrate: one which might look a little modest at first glance. The number ten. In 2014, we broke through the EUR 10 billion sales threshold for the first time in Würth's history. Some might say it is just a number and, from a business management perspective, it might make little difference whether the actual figure is 9.99 or 10.01, but with sales of EUR 10.13 billion in the Würth Group last year, the most important thing is that we have passed a psychological landmark in the sense that we achieved the targets we set for ourselves and overcame our own limits. The truth is that meeting targets is not about fate or good luck, but about hard work and determination. Only then can success result in satisfaction and, later on, real enthusiasm. The title of our Annual Report is a good fit within this context, too. It gives us courage here at Würth.

Also in light of the company anniversaries, this is a time to say a very special "thank you". Thank you to our customers, not only for being loyal to Würth, but also for exploring new opportunities in business life with us and for having the courage to make changes. Thank you to our employees, who are committed to fighting for the company with all their hearts and who make their contribution to Würth's long-term success at each and every one of our 400 companies. Thank you to the Council of Confidence and Works Councils, as well as to the Customer Advisory Board, for their constructive partnership. Thank you to the members of the Advisory Board and the Supervisory Board of the Würth Group's Family Trusts, who help us to make decisions and enrich our day-to-day work with their commitment. A special personal thank you goes to the Würth family, which provides our managers and employees with the space, time and, last but not least, the financial resources they need to be able to continue writing the company's success story.

In fiscal year 2014, the Würth Group grew by 3.9 percent and lifted its operating result to EUR 515 million, which corresponds to an increase of 15.7 percent. The number of employees rose to a total of 66,044. Naturally, the overall economic conditions improved in many countries, particularly in Southern Europe, which also benefited Würth in 2014. And yet once again, the most profitable market was our domestic market, Germany.

But how does growth actually work? And more specifically: how is growth generated by the online business? If we look at the innovation strategies for "best ager" companies, then we see how companies want to optimize their own operations by mirroring what their peers are doing. New business areas, different market fields, innovative sales channels, more and more proximity to customers – these are conventional optimization strategies that fuel more growth. So is it the same in the e-business world? Managers of digital businesses have to live in peaceful coexistence with managers of conventional businesses. It's about sharing, not marking out territory. 100 years ago, Wittgenstein wrote: "The limits of my language mean the limits of my world." This means that everything that has no link to reality is a hopeless task and is ultimately pointless. We have to keep our feet in the here and now, because that is where growth happens. So the boundaries of our activity lie where there is no longer any link to reality. This also applies, in particular, to e-business activities. Everyone is talking about the "Internet of things". It puts the lack of information exchange between the real and virtual world into perspective. At Würth, we are constantly looking into the potential that linking these two worlds could offer for the company and its customers. The days when customers and companies only interact at a single sales meeting are long gone: they are constantly interacting as long as services or products are being used. This is what we understand by the future. And we are thankful that our employees laid the foundations for this sort of interaction a long time ago.

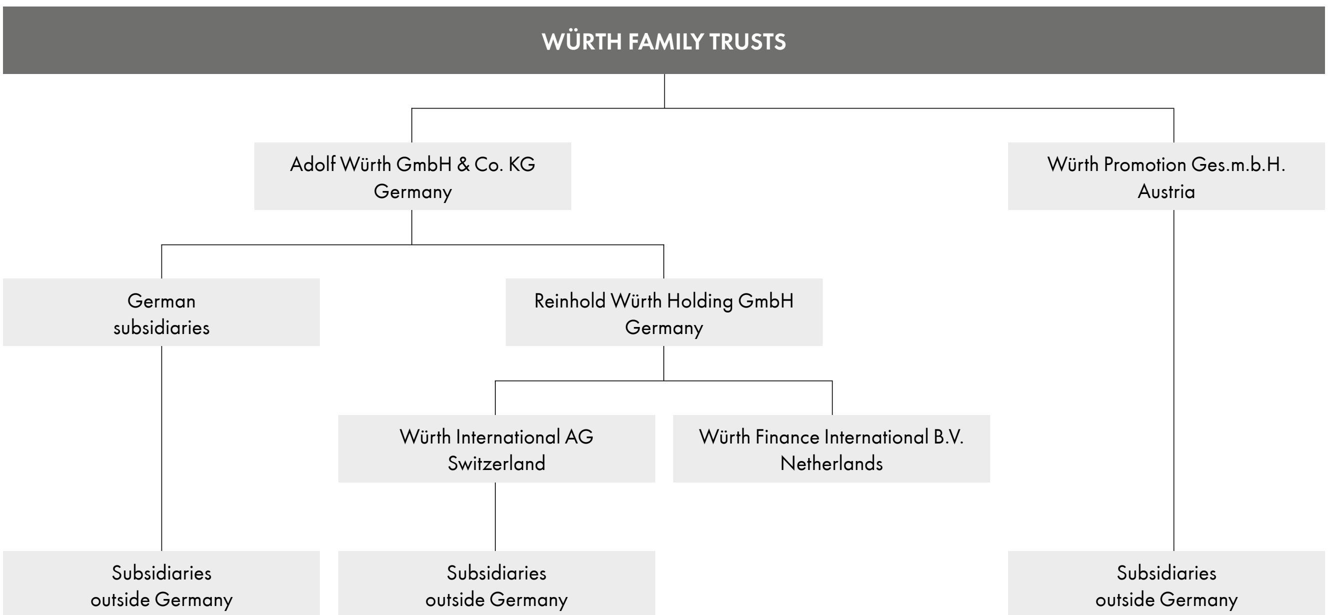
Würth would not be Würth without its unique corporate culture. Whether culture deserves the additional title of corporate culture does not just depend on whether it is pragmatic and consistent. It is something different entirely: namely authenticity. It is not about showing off or wearing a mask. It allows for a certain degree of friction and critical scrutiny without bowing to pressure to reinvent itself entirely. Is this genuine? If corporate culture comes as close as it can to itself when answering this question, then the company can be said to have an unmistakable personality. In addition to growth, this nucleus of its personality keeps the management, current and future employees and ultimately the company alive.

For the Central Managing Board
of the Würth Group

R. Fried

Robert Friedmann
Chairman of the Central Managing Board
of the Würth Group

# WÜRTH GROUP: LEGAL STRUCTURE (SIMPLIFIED CHART)




# ORGANIZATIONAL STRUCTURE

# ADVISORY BOARD

**The Advisory Board is the supreme supervisory and controlling body of the Würth Group.** It advises on strategy, approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Vice Presidents as well as the managing directors of the companies generating high sales.

(as of: 1 January 2015)

**Bettina Würth**
Chairwoman of the Advisory Board of the Würth Group

**Dr. Frank Heinricht**
Deputy Chairman of the Advisory Board of the Würth Group, Chairman of the Management Board of Schott AG, Mainz

**Peter Edelmann**
Member of the Advisory Board, Managing partner of Edelmann & Company, Ulm

**Hartmut Jenner**
Member of the Advisory Board (since 1 January 2015)
Chairman of the Management of Alfred Kärcher GmbH & Co. KG, Winnenden

**Wolfgang Kirsch**
Member of the Advisory Board, Chief Executive Officer of DZ BANK AG, Frankfurt / Main

**Dr. Bernd-Albrecht von Maltzan**
Member of the Advisory Board, former Divisional Board Member of Deutsche Bank AG, Frankfurt / Main

**Jürg Michel**
Member of the Advisory Board, former Member of the Central Managing Board of the Würth Group

**Ina Schlie**
Member of the Advisory Board, Head of Group Tax at SAP SE, Walldorf
Member of the Supervisory Board and Chair of the Audit Committee at QSC AG, Cologne

**Dr. Martin H. Sorg**
Member of the Advisory Board, Certified Public Accountant, partner of the law firm Binz & Partner, Stuttgart

**Honorary Chairman of the Advisory Board**

**Prof. Dr. h. c. mult. Reinhold Würth**
Chairman of the Supervisory Board of the Würth Group's Family Trusts

**Honorary Members of the Advisory Board**

**Rolf Bauer**
Former Member of the Central Managing Board of the Würth Group

**Dr. Michael Rogowski**
Chairman of the Foundation Board of Hanns-Voith-Stiftung, Heidenheim

**Dr. Bernd Thiemann**
Former Chairman of the Management Board of Deutsche Genossenschaftsbank AG, Frankfurt / Main

# CENTRAL MANAGING BOARD

From left to right: Peter Zürn, Joachim Kaltmaier, Robert Friedmann, Uwe Hohlfeld

**The Central Managing Board is the most senior decision-making board of the Würth Group.**
It has four members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives as well as the management of strategic business units and functions.

**Robert Friedmann**
Chairman of the Central
Managing Board
of the Würth Group

**Peter Zürn**
Deputy Chairman of the
Central Managing Board
of the Würth Group

**Uwe Hohlfeld**
Member of the Central
Managing Board
of the Würth Group

**Joachim Kaltmaier**
Member of the Central
Managing Board
of the Würth Group

# CUSTOMER ADVISORY BOARD

**The Customer Advisory Board brings together Würth customers from trade and industry.** The members report on developments in their sector and support Würth in aligning its activities with customer requirements. The board's meetings, which are held twice a year, also look at new products and services.

**Joachim Wohlfeil**
Chairman of the Customer Advisory Board, Managing Director of Ernst Wohlfeil GmbH, Sanitärtechnik, Karlsruhe, President of the Karlsruhe Chamber of Trade (Handwerkskammer)

**Johannes Moser**
Former Director and now freelance consultant of the company Imtech Deutschland GmbH & Co. KG, Stuttgart

**Dr. Thomas Peukert**
Managing Director of Stahl CraneSystems GmbH, Künzelsau

**Roland Schuler**
Member of the Board of Management of BayWa AG, Munich

**Burkhard Weller**
Managing partner of Wellergruppe GmbH & Co. KG, Berlin

**Frank Westermann**
Managing director of Karl Westermann GmbH & Co. KG, Denkendorf, Chairman of the Technology Committee of Landesverband Holz und Kunststoff, Baden-Württemberg

**Rudolf Wohlfarth**
Member of the management of the Emil Frey Group, Chairman of the Management Board of the Emil Frey Group Germany, Stuttgart

**Honorary Chairman of the Customer Advisory Board**

**Gerhard Irmscher**

# GROUP MANAGEMENT REPORT OF THE WÜRTH GROUP

## The Würth Group

Today, the Würth Group is the global market leader in the trade in fastening and assembly materials. The foundation stone for the Würth Group was laid in 1945 by Adolf Würth: he set up Adolf Würth GmbH & Co. KG, a simple company selling screws and consisting of two men, the parent company of the Würth Group, in Künzelsau.

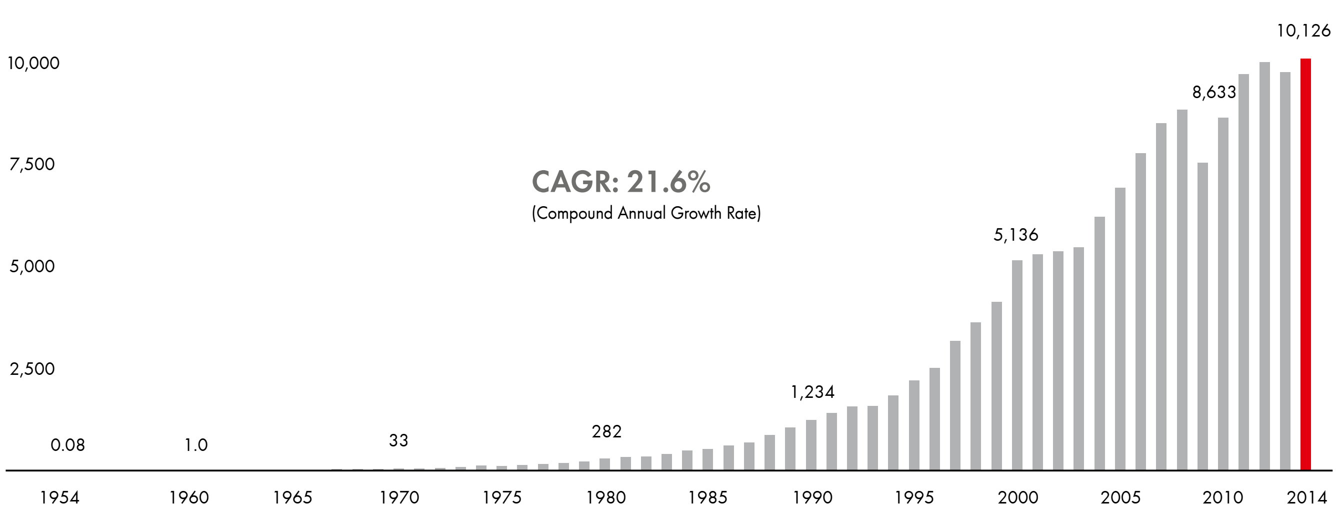
After his father's early death, Reinhold Würth takes over at the helm of the family business at the age of 19. Back then, annual sales came in at EUR 80,000. Today, 60 years later, the Group generates sales of EUR 10.13 billion and has a workforce of more than 66,000. The Group's international focus started with the formation of the first foreign company in the Netherlands in 1962. Today, the Group has more than 400 companies and operates in more than 80 countries.

The Würth Group is split into two operational units: Würth Line and Allied Companies. The Würth Line companies are responsible for the Group's core business, the sale of assembly and fastening materials.

Our high quality standards are applied to more than 100,000 products: screws, screw accessories, bolts, anchors, chemical products, furniture and building fittings, tools, storage and retrieval systems, and protection equipment for professional users. Allied Companies operate in related areas such as sales or manufacturing companies, and as financial services providers.

With more than 400 branch offices, Adolf Würth GmbH & Co. KG is closer to its customers than any of its competitors. The company boasts approximately 1,500 branch offices across the globe. A sales organization that includes 30,000 sales representatives worldwide guarantees the provision of professional advice to three million customers from trade and industry. E-shop, e-procurement, Apps: the Würth Group is proficient in the e-commerce sector, too. Our objective is clear: to offer customized services, practical system solutions and a broad range of products in order to make our customers' work easier.

**SALES DEVELOPMENT**
WÜRTH GROUP in millions of EUR



## Economic environment

The Würth Group was faced with a continued difficult economic environment in 2014. Global economic growth did not pick up in 2014 as had been predicted. This more subdued economic momentum was largely due to the new global crises in the Arab world and in Ukraine. All in all, global economic growth increased by 3.3 percent, as in the previous year.

- **Ongoing crises hamper economic upswing across the globe**
- **Currency movements slam the brakes on upward sales trends**
- **Moderate economic growth in Germany**

The economy bounced back in **Germany**, the Group's largest individual market, with gross domestic product up by 1.5 percent. This corresponds to growth of 1.3 percentage points in a year-on-year comparison (2013: + 0.2 percent).

The **trades** segment, which is the most important sales market for the Würth Group, managed to put an end to the negative trend that characterized the previous year. Sales at trades businesses rose by 2.4 percent in 2014, compared with a drop of 0.8 percent in 2013. In the **metal and electrical industry**, another key sector for the Würth Group, production rose by 2.7 percent (2013: + 0.4 percent). This means that the sector did not show a quite as promising development as the forecast for 2014 (+ 3.0 percent) suggested.

The German **automotive industry** reported growth in domestic production in 2014, driven by strong exports. The number of vehicles produced rose to around 5.6 million passenger cars (2013: 5.5 million). The German **mechanical engineering sector** picked up a little in 2014, pushing production up by 0.7 percent (2013: –1.5 percent). Nevertheless, hopes of an economic upswing (forecast: + 4.0 percent) failed to materialize as a result of the Ukraine-Russia crisis. The **construction sector** showed positive development in 2014, with sales rising by 4.1 percent, up once again in a year-on-year comparison (2013: + 3.0 percent). Construction companies continued to benefit from considerable investments in residential construction.

The **euro zone** managed to claw its way out of recession in 2014 thanks to structural adjustments, with gross domestic product up by 0.8 percent (2013: – 0.5 percent). Above all the Southern European countries that were hit particularly hard by the sovereign debt crisis, made an economic recovery and also left the recession behind them: In **Portugal**, GDP rose by 1.0 percent (2013: – 1.4 percent), while in **Spain** it climbed by 1.4 percent (2013: – 1.2 percent). In **Italy**, on the other hand, GDP fell by 0.4 percent (2013: – 1.9 percent). This means that hopes of slight economic growth (forecast: + 0.5 percent) failed to materialize. Economic growth in **France**, Europe's second largest economy, increased further to 0.4 percent (2013: + 0.3 percent). The **UK** also showed extremely positive development, reporting growth of 2.6 percent, as against 1.7 percent in 2013. Due to the current crisis in **Russia** and Ukraine, economic growth in Russia increased by only 0.6 percent (2013: + 1.3 percent).

In 2014, the **US economy** reported much stronger growth than a year earlier on the back of rising exports: after GDP growth of 2.2 percent in 2013, economic output rose by 2.4 percent in 2014. In **Latin America**, on the other hand, growth moved down a gear. Whereas the region's GDP grew by 2.8 percent in 2013, this figure slipped back to 1.2 percent in 2014. In the markets of **China and India**, which are strategically important for the Würth Group, economic development remained positive. Economic growth in China was up by 7.4 percent, albeit 0.4 percentage points less than a year earlier (2013: + 7.8 percent). In India, the pace of growth picked up again, rising from 5.0 percent in 2013 to 5.8 percent in 2014.

**Contrasting commodity price developments**

Prices on the commodities market showed varying development in 2014. In particular, commodities such as steel and nickel, which are important for the Würth Group, became more expensive. Copper, on the other hand, became much cheaper. Oil prices started to plummet in the middle of the year, dropping to a five-year low by the end of 2014. The increased production of shale oil in the US created an excess supply of oil on the global market, pushing prices down.

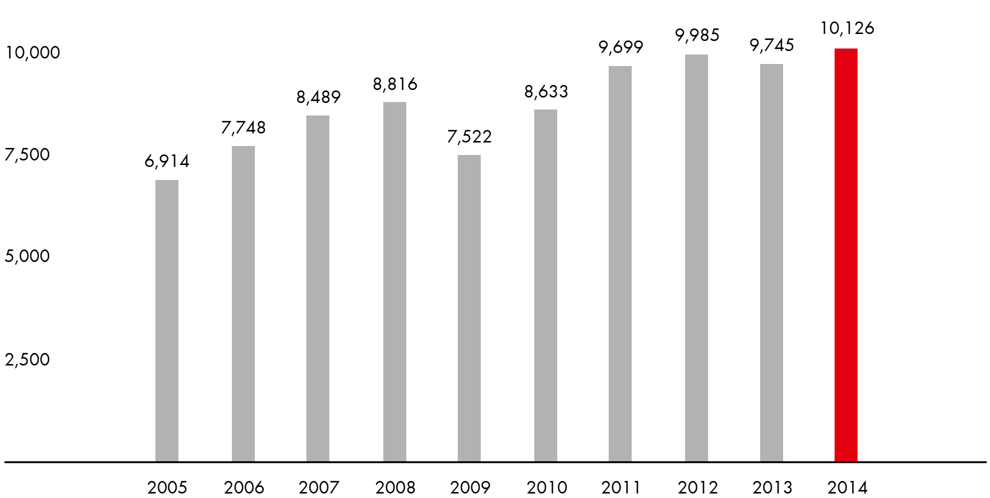
In 2014, steel was being traded at much higher prices than in the previous year on average. Whereas at the start of the year, steel still cost 295 US dollars per metric ton, prices rose consistently throughout the year to 500 US dollars per metric ton. Looking at 2014 on average, steel was more than twice as expensive as in 2013: whereas the average price of a metric ton of steel came in at 195 US dollars in 2013, this figure had risen to an average of 416 US dollars in 2014.

The prices for the industrial metals nickel, copper and aluminum showed varying developments. Whereas the average price of aluminum in 2014 remained constant compared with the previous year at 1,882 US dollars per metric ton (2013: 1,832 US dollars per metric ton), the average price of nickel rose to 17,098 US dollars per metric ton (2013: 15,419 US dollars per metric ton). The price of copper stood at an average of 6,839 US dollars per metric ton, down on the 2013 price of 7,290 US dollars per metric ton.

The cost of a barrel of Brent crude oil plummeted in 2014. At the beginning of the year, a barrel of crude oil was still trading at 106 US dollars. This price had dropped to only 56 US dollars by the close of the year. This means that the price of a barrel of crude oil was down considerably on the 2013 level (105 US dollars).

**SALES**

WÜRTH GROUP in millions of EUR



## Business development

- **Sales top the EUR 10 billion mark for the first time**
- **Above-average increase in operating result**
- **66,044 employees worldwide**

The Würth Group reported record sales in 2014, with total sales rising by 3.9 percent to close the fiscal year at EUR 10.13 billion (2013: EUR 9.75 billion). In local currency terms, this translates into growth of 4.8 percent, meaning that currency fluctuations cost the Group one percentage point in growth.

**Sales of the Würth Group**

| in millions of EUR | 2014 | 2013 | % |
|---|---|---|---|
| Würth Line Germany | 1,574 | 1,491 | +5.6 |
| Allied Companies Germany | 3,016 | 2,912 | +3.6 |
| Würth Group Germany | 4,590 | 4,403 | +4.2 |
| Würth Group International | 5,536 | 5,342 | +3.6 |
| **Würth Group total** | **10,126** | **9,745** | **+3.9** |

At EUR 515 million, the operating result of the global market leader in selling assembly and fastening materials was up on the prior year (2013: EUR 445 million). The excellent earnings power of individual established companies, such as Adolf Würth GmbH & Co. KG, Würth Elektronik eiSos GmbH & Co. KG and Würth Finland, made a particular contribution to this encouraging result, which was up by 15.7 percent year-on-year.

In order to secure growth, the Group continued to invest in its various divisions, units and markets, although its capital expenditure was down on the level seen in previous years, at EUR 367 million.

The number of employees rose once again, with a total of 66,044 people now working for the Würth Group (2013: 63,571). Approximately 30,000 are members of the sales organization, a figure that rises to well above 40,000 if we include sales-related departments.

## Sales by region

- **Germany remains most important single market**
- **Growth in all regions**
- **Biggest sales team in Southern Europe**

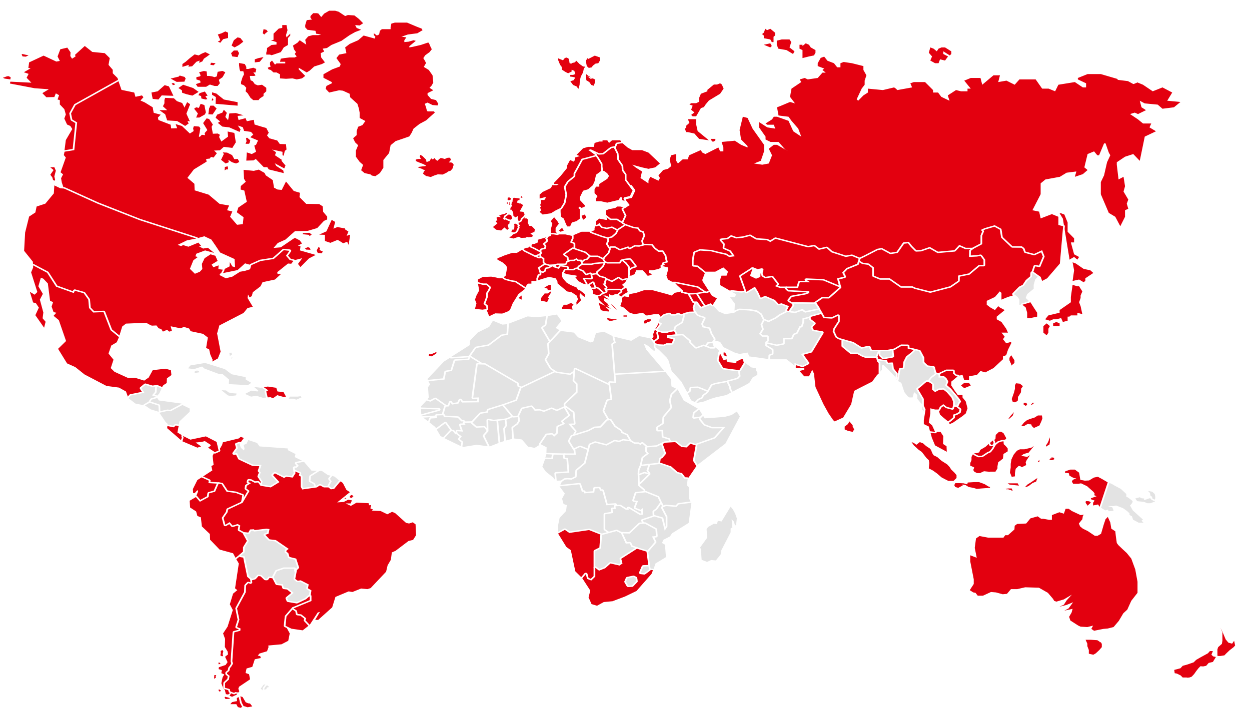
The Würth Group reported growth in all regions in 2014, with Würth also picking up speed in Southern Europe again. After two years of negative sales development, the economic situation is stabilizing in the Southern European markets that are important to Würth. The companies outside Europe also showed positive development, especially in North America, where growth came in at 8.6 percent after adjustments to reflect exchange rates. All in all, the companies in Germany achieved growth to the tune of 4.2 percent. Growth abroad lagged just behind Germany at +3.6 percent, albeit with currency fluctuations that have a marked negative impact.

Thanks to the geographical diversification, our more than 400 companies in more than 80 countries allow us to participate in regional growth markets and thus at least to partly compensate for stagnation or sales declines in individual countries. Depending on the maturity of the individual markets, the strategic approaches to market penetration vary from region to region. In fledgling markets, the focus is on developing the sales force. The established entities concentrate on refining and expanding their sales channels, such as e-business, through a regional approach, customer-specific segments and a policy of seeking out potential.

**Germany** remains the most important market for the Würth Group. The German market is responsible for more than 45 percent of sales and is home to more than 20,000 Würth employees. The biggest individual company in the Würth Group, Adolf Würth GmbH & Co. KG, is celebrating its 70th anniversary in 2015. Just under 6,300 employees work as sales representatives and in-house staff, attending to our customers' needs. With more than 400 branch offices, the Group's flagship is closer to its customers than any of its competitors. 2014 was a successful year for Adolf Würth GmbH & Co. KG. Sales increased to a total of EUR 1.27 billion and, at over EUR 100 million, the company's operating result leads the earnings ranking table of the Würth Group by far. In addition to the parent company of the Würth Group, other entities in Germany reported excellent development in the 2014 fiscal year: by way of example, Arnold Umformtechnik GmbH & Co. KG, Würth Industrie Service GmbH & Co. KG and Würth Elektronik eiSos GmbH & Co. KG all reported a considerable increase in sales

**THE WÜRTH GROUP AROUND THE WORLD**

■ Countries in which Würth is represented



and operating result. All three of these companies rank among the established entities of the Würth Group and are characterized by consistently positive business development.

Germany recorded a total operating result of EUR 290 million (2013: EUR 226 million) and is therefore the most profitable region. Out of a total of just under 30,000 sales representatives, 5,713 are employed in Germany.

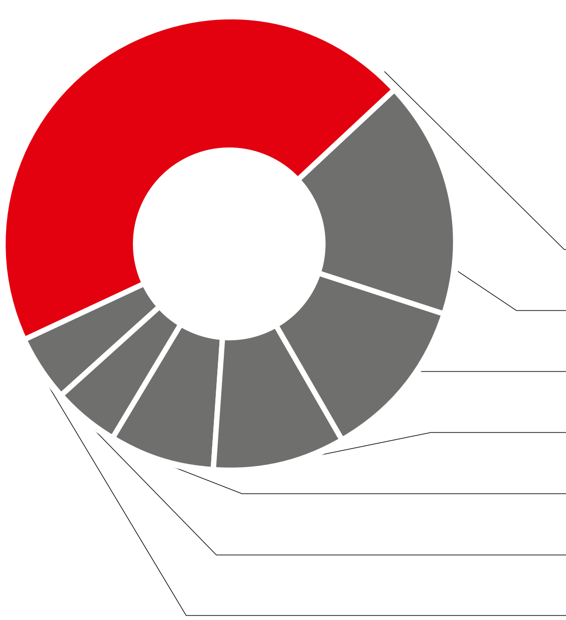
**Western Europe** is the Group's second largest sales region after Germany. It formed the geographical starting point for the internationalization of the Würth Group. Back in 1962, Reinhold Würth set up the very first company outside of Germany, Würth Nederland B.V., laying the foundation for one of the Würth Group's key success factors. In 2014, sales in Western Europe rose by 1.8 percent to EUR 1,679 million (2013: – 4.9 percent). The Swiss companies, in particular, stood in the way of even more considerable sales growth. Due to its sales volume, France has a considerable impact on the region as a whole. Sales in France stagnated last year as the Würth Group was unable to escape the overall economic development. The UK, on the other hand, showed positive development. In Western Europe, the Würth Group is represented by a total of 5,675 sales staff.

The third-largest sales region is **America** with sales totaling EUR 1,192 million. With total sales of EUR 881 million (+ 9.3 percent), the USA is the region's leader and remains one of the focal markets of the Würth Group. The upward trajectory followed by the US economy in recent years clearly continued in 2014. The unemployment rate dropped, the economy is growing faster than it has since 1999 and consumer confidence in the US economy is on the rise. This resulted in sales growth at almost all companies in the US group: from the wood companies to the companies in the Würth Industrial Network (WINWORK®). Whereas at the start of 2014, exchange rate fluctuations had a negative impact on sales growth expressed in euros, this effect was completely reversed in the second half of the year, meaning that any currency effects had been canceled out entirely by the time the year was out.

Part of the Würth Group's growth strategy involves using targeted acquisitions to complement successful business areas where it makes sense to do so. As a result, with effect from 30 April of last year, we took over selected assets of the US company RL Industries, Inc. as part of an asset deal, and contributed them to the newly established company Wurth Timberline Fasteners Inc. On 31 December 2014, the company had 71 employees and had generated annual sales of around 24 million US dollars. The company has its registered office in Commerce City, Colorado, USA. This means that Wurth Timberline Fasteners Inc. adds a new regional arm to the Würth Industrie network in North America.

Exchange rate developments in South America had a marked negative impact on growth expressed in euros. Whereas sales in euro terms were down by 6.2 percent, the growth rate after exchange rate adjustments came in at 8.7 percent.

In **Southern Europe**, we returned to sales growth (5.5 percent) for the first time since 2011. After a mixed first half of the year, sales development picked up in the second half, with double-digit growth rates being achieved again in September and December. Spain, Portugal and Greece are showing encouraging development, with only the Italian companies still suffering as a result of the country's economic development. Corresponding restructuring measures were taken. Another important move for the successful development of the Southern Europe region was the takeover of the Italian company Stelvio Kontek SpA, Italy, by the Würth Group in July 2014. The company has 366 employees on the payroll and generated sales of more than EUR 21 million in 2014. With the acquisition of Stelvio Kontek SpA, the Würth Elektronik eiSos Group welcomes a production business in the field of terminal blocks and board-to-board connectors.



**SALES**

**Regions of the Würth Group**

| | **2014** in % | **2014** in millions of EUR | 2013 in millions of EUR | Change in % |
|---|---|---|---|---|
| Germany | 45.3 | **4,590** | 4,403 | + 4.2 |
| Western Europe | 16.6 | **1,679** | 1,650 | + 1.8 |
| America | 11.8 | **1,192** | 1,130 | + 5.5 |
| Southern Europe | 9.5 | **966** | 916 | + 5.5 |
| Scandinavia | 7.5 | **757** | 747 | + 1.3 |
| Eastern Europe | 4.7 | **479** | 460 | + 4.1 |
| Asia, Africa, Oceania | 4.6 | **463** | 439 | + 5.5 |
| Total | | **10,126** | 9,745 | + 3.9 |

The **Scandinavia** region is home to one of the model companies in the Würth Group – Würth Finland. With almost four decades of operations behind it, the company impresses with its excellent market penetration and high profitability. The branch office concept is the decisive success factor here. Würth Finland now has 170 branch offices, more than ten percent of all the Group's branch offices. The entity therefore also spearheaded the spread of this successful sales concept within Würth Line in recent years. At 1.3 percent, growth in Scandinavia was slower than that of the Würth Group as a whole. As a result, its share of total sales dipped to 7.5 percent (2013: 7.7 percent). Alongside the Würth Line's business with the trades, Würth also has industrial and trading activities in Scandinavia. There are also companies focusing on the production of fastening systems for wind turbines and offshore applications. This area achieved sales growth of 5.6 percent in 2014.

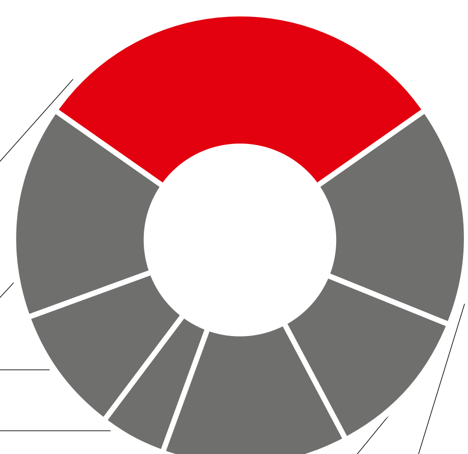
With sales growth of 4.1 percent, bringing total sales up to EUR 479 million, the **Eastern Europe** region was hit by currency developments. The slide in the Russian rouble and the Czech koruna against the euro had a particularly marked impact in this respect. After adjustments for currency effects, growth in the region comes in at 8.5 percent. Although the region only accounts for 4.7 percent of the Würth Group's total sales, Eastern Europe is nevertheless home to more than 3,000 sales representatives, i.e. more than ten percent of the Group's total sales force.

Although the **Asia, Africa and Oceania** region is very large in terms of area, the Würth Group companies in these areas of the world still play only a minor role at the moment, accounting for 4.6 percent of total sales. In principle, however, Asia is considered to be "the" market of the future in the east, and we were able to achieve adjusted growth to the tune of 15.2 percent here in 2014 – a record within the Würth Group. We believe that China, in particular, offers considerable untapped market potential. In addition to direct sales serving the trades, we also provide system solutions for industrial customers in China and have now set up three production sites. In addition to the manufacture of screws, these production sites also develop formulations for the chemical unit and produce coils for the electronics area.

**EMPLOYEES**

**Regions of the Würth Group**

| | **2014** in % | **2014** | 2013 | Change in % |
|---|---|---|---|---|
| Germany | 30.6 | **20,226** | 19,415 | +4.2 |
| Western Europe | 15.8 | **10,455** | 10,685 | – 2.2 |
| America | 11.2 | **7,369** | 7,020 | +5.0 |
| Southern Europe | 13.3 | **8,754** | 8,264 | +5.9 |
| Scandinavia | 4.9 | **3,258** | 3,203 | +1.7 |
| Eastern Europe | 9.0 | **5,920** | 5,673 | +4.4 |
| Asia, Africa, Oceania | 15.2 | **10,062** | 9,311 | +8.1 |
| Total | | **66,044** | 63,571 | +3.9 |



# THE OPERATIONAL UNITS OF THE WÜRTH GROUP

## WÜRTH LINE

### THE WÜRTH LINE DIVISIONS

#### METAL

**Metal subdivision**

This subdivision directly serves customers in the metalworking and metal processing industries, such as metal and steel fabricators, fitters, and machine and vehicle manufacturers. The Metal subdivision focuses on the provision of anchor and dowel systems, tools and electrical machines as well as DIN and standard parts for working and processing various kinds of metal.

**Installations subdivision**

This subdivision concentrates on electricians, gas, heating and water installation firms, plumbers as well as air-conditioning and ventilation system engineering specialists. The products offered here range from rapid assembly systems, insulating materials for plumbing and cable-laying systems to installation materials in the electrical area.

**Maintenance subdivision**

This subdivision addresses an extremely wide range of customers: in-house repair shops of industrial enterprises, mainly in the chemical, pharmaceutical and food industry, facility and installation maintenance of hotels, shopping centers, airports, sewage plants, recycling companies as well as clinics and hospitals. The focus is on a complete product range for minor repairs as well as servicing, maintenance and care products.

#### AUTO

**Car subdivision**

The customers of the Car subdivision are garages, vehicle fleets, automotive refurbishers and car dealers. They include authorized dealerships of car manufacturers and independent workshops as well as specialized shops and service providers. The products sold in this customer segment range from consumables for repairs to chemical-technical products for maintenance, servicing and bodywork, and tools and pneumatic and electrical machines.

**Cargo subdivision**

The customers of the Cargo subdivision are authorized dealers and independent workshops, freight forwarders and transportation companies, public-sector, municipal and waste disposal companies, as well as agricultural technology businesses. We mainly sell fastening, assembly and cleaning products required especially for the maintenance, repair and servicing of commercial vehicles, as well as hand tools and machinery, in these segments.

#### WOOD

The Wood Division serves customers in the entire woodworking and wood processing trade, typically joiners / carpenters, window makers (wood and vinyl) and fitters. The product spectrum covers furniture fittings, the entire range of fastening materials and sealing technology as well as hand tools, machines, abrasives and chemical-technical products.

#### INDUSTRY

The entities of the Industry Division are specialized companies with a complete range of assembly and connecting materials for industrial production, as well as maintenance and repair. In addition to the comprehensive standard range offered by these companies, their strength lies in customized logistics concepts for supply and service.

#### CONSTRUCTION

The Construction Division encompasses all sales units responsible for serving customers in the building and civil engineering industry and finishing trades. Marketing activity focuses on construction companies, roof and wood construction customers, finishing and facade customers and direct supplies to building sites. Customized logistics solutions are also provided, such as stocked material depots directly at the construction site.

# ALLIED COMPANIES

## THE UNITS OF THE ALLIED COMPANIES

### ELECTRICAL WHOLESALE
The companies in this unit specialize in trade with electrical installation materials, installation systems, communication technology, cables and lines, tools, data and network technology, lighting and illumination, household appliances and multimedia products, as well as domestic heating technology and regenerative power generation.

### TRADE
The companies belonging to this unit sell assembly and fastening materials, gardening equipment, power tools and furniture fittings, mainly to specialist dealers, DIY and hardware stores, and discounters.

### ELECTRONICS
The Würth Elektronik Group manufactures and sells electronic and electro-mechanical components, printed circuit boards and intelligent systems.

### PRODUCTION
This unit comprises the manufacturing companies of the Würth Group. The product portfolio ranges from connecting elements for wood and metal applications as well as for the automobile and electrical industry, to punch and press fasteners, stamped and bent parts, right through to dowels, iron and furniture fittings, and tools.

### RECA GROUP
The RECA Group companies supply assembly and fastening materials directly to industrial, metal and car business customers as well as to customers of the Cargo subdivision. Specialists in professional clothing, advertising materials and vehicle outfitting complement and add to the RECA Group.

### TOOLS
The majority of the Würth tools companies are located in Central Europe but are now also represented by subsidiaries in the key global industrial markets. With more than 60,000 products covering metal cutting, clamping, measuring, hand tools, works equipment, industrial safety and machines, these companies not only offer a broad portfolio, but also outstanding technical expertise and high-quality consulting services in the individual application areas.

### SCREWS AND STANDARD PARTS
These companies are product specialists with concepts for supplying industry. The unit's main business activity is the sale of DIN and standard parts. Most of the companies specialize in the sale of stainless steel parts.

### FINANCIAL SERVICES
The companies in this unit offer products and services in the financial services sector both within the Würth Group and for external customers.

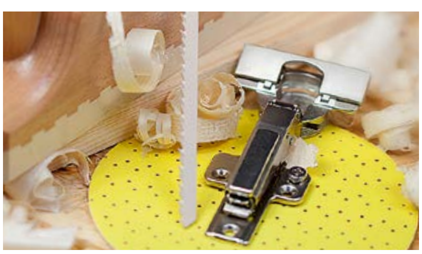
### DIVERSIFICATION
This category covers all companies operating mainly in industries that are not related to Würth's actual core business. They include hotels, catering businesses and logistics service providers.

# THE DIVISIONS

METAL

AUTO

WOOD



INDUSTRY

CONSTRUCTION

## THE BUSINESS MODEL OF THE WÜRTH LINE COMPANIES IS BASED ON INDUSTRY-SPECIFIC MARKETING AIMED AT THE TARGET GROUPS IN THE TRADES AND INDUSTRY.

The industry-specific focus within Würth Line is ensured by the strategic work of the Metal, Auto, Wood, Industry and Construction Divisions in the areas of product range, consulting, pricing, systems, and by coordinated customer support via sales staff, telephone sales, branch offices and e-business. With its broad portfolio comprising products, systems and services, Würth is the right partner for procurement, storage and requirement-driven delivery of C-parts and consumables.

As before, range, system and customer management play a key role in the **Metal Division**. The focus is on what are known as "application worlds", which suggest products to customers that suit specific application examples, allowing the company to address its customers' needs in an even more targeted manner.

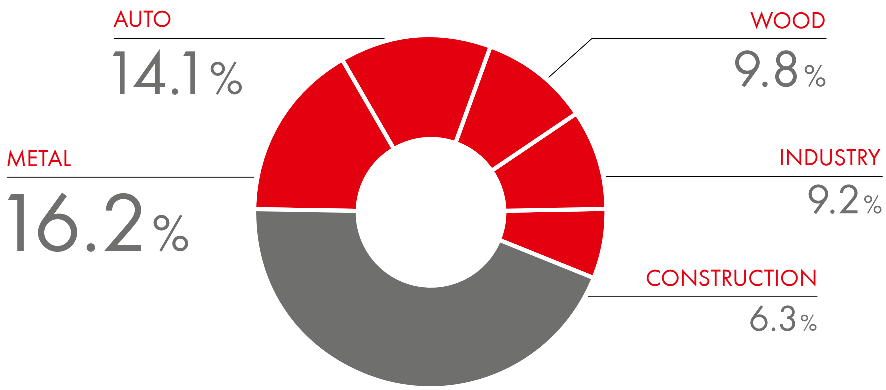
Proximity to customers remains a key success factor for the **Auto Division**. In order to ensure that we can collaborate efficiently with our customers, with a firm focus on their needs in the future, too, we are constantly investing in initial and further training for our sales team. Strategic partnerships are also used to strengthen important areas of expertise and meet the rising technical demands on the market. At the same time, service concepts are becoming more and more important in a constantly growing competitive landscape and ensure the success of our partners. We are also forging ahead with the international establishment of the Cargo subdivision.

The **Wood Division** focuses on the interior design and window assembly segments. It is also pressing ahead with the use of online-based ordering services and the development of planning aids, such as a furniture and window construction configurator that allows customers to identify their needs in an effective and efficient manner and place their order directly.

In the **Industry Division**, the innovative further development of procurement and logistics systems, including the networked iBin®WP workplace supply system or the ORSY®mat dispensing system, is increasing the role of systems and full automation in stocking and replenishing Würth products for manufacturing customers. The strategic focus remains personal customer service on location thanks to a global network and, as a result, the same high standards of quality, products and processes across the globe.

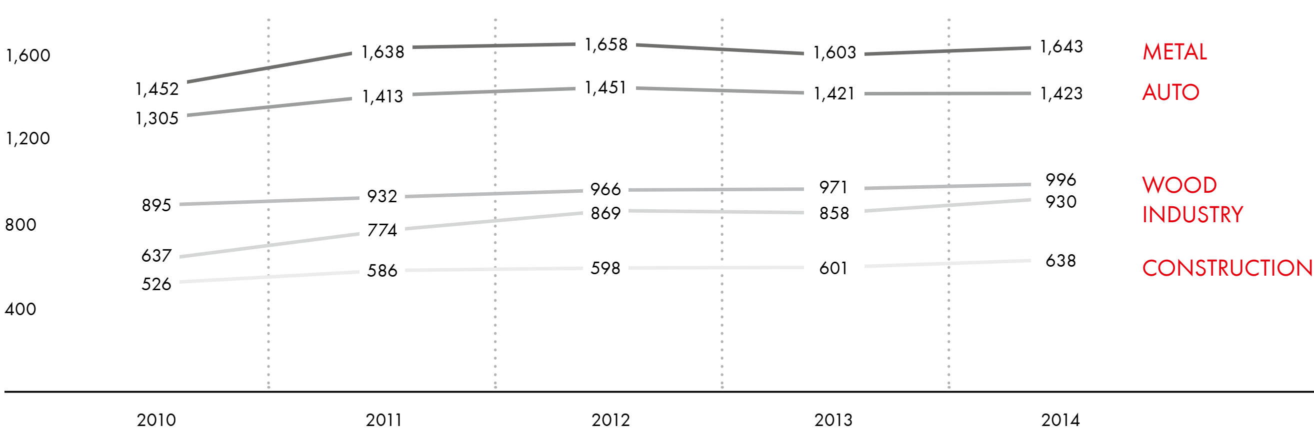
The **Construction Division** is faced with the ever-growing challenge of offering internationally active construction companies across the globe with top-level products and services. The fact that Würth can meet these rising demands makes it very interesting for a large number of customers and project managers. The European markets are reaping considerable benefits from the high level of renovation activity among customers.

## SHARE OF THE DIVISIONS IN TOTAL SALES

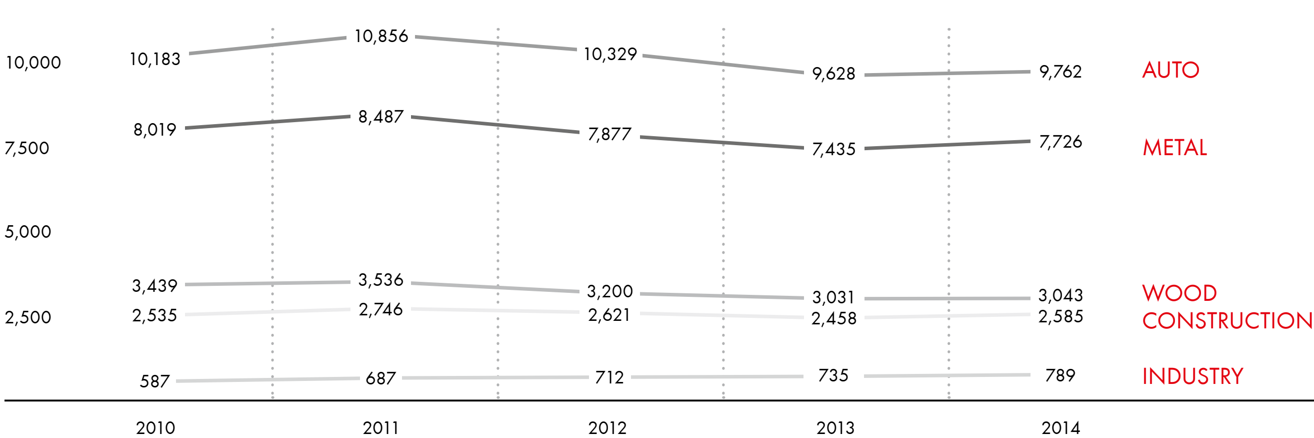



## SALES BY DIVISION

in millions of EUR




## SALES REPRESENTATIVES BY DIVISION



# ELECTRICAL WHOLESALING UNIT

WÜRTH'S ELECTRICAL WHOLESALING BUSINESS BREAKS THROUGH THE EUR 1 BILLION SALES THRESHOLD. WÜRTH GROUP SHOWS CLEAR COMMITMENT TO THE ELECTRICAL WHOLESALE UNIT. UNI ELEKTRO COMMISSIONS THE FIRST PART OF THE NEW CENTRAL WAREHOUSE IN ESCHBORN.

In 2014, the Electrical Wholesale unit increased its sales by 2.6 percent in a year-on-year comparison to EUR 1,001 million. As the biggest Allied Companies unit, Electrical Wholesale accounts for 9.9 percent of the total sales generated by the Würth Group. UNI ELEKTRO Fachgroßhandel GmbH & Co. KG in Eschborn boosted its performance with the commissioning of the first part of a new central warehouse.

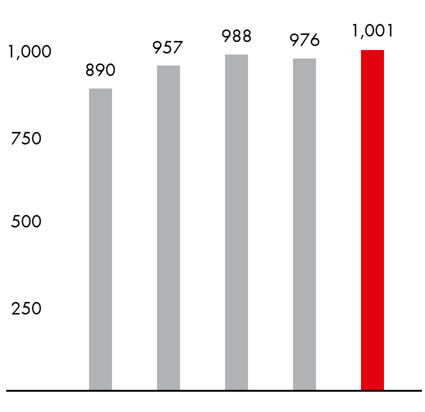
In Germany, the unit's main market, the unit developed in line with the industry average. The six foreign companies achieved sales growth of 7.1 percent, bringing total sales up to a record level of EUR 115 million in 2014. The unit's earnings are growing at a faster pace than its sales. At 2,593, the workforce is slightly smaller than in 2013, which – together with the sales growth – results in a clear increase in productivity.

In 2015, the Electrical Wholesale unit will be further increasing its market share, also by way of acquisitions, and is aiming to achieve another increase in both its sales and operating result. The entry on to the Italian market alone will serve to more than double the unit's foreign sales. The period of low interest rates, particularly in Germany, is supporting the fast implementation of construction and renovation projects, resulting in a positive order situation among customers from the trades. The investments made in the e-commerce business and the constant increase in the share of business attributable to e-commerce also explain the positive outlook for 2015.

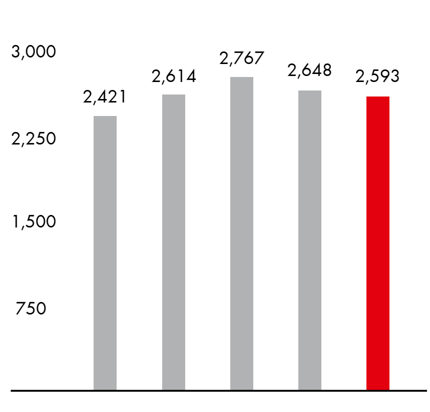
**SHARE IN TOTAL SALES**
ELECTRICAL WHOLESALE UNIT

9.9%

**SALES**
ELECTRICAL WHOLESALE UNIT
in millions of EUR




**EMPLOYEES**
ELECTRICAL WHOLESALE UNIT



# TRADE UNIT

THE STATIONARY SALES BUSINESS WAS FACED WITH MORE INTENSE COMPETITION IN 2014. THE UNIT IS RESPONDING TO THIS SITUATION IN THE SECTOR AS A WHOLE BY OPTIMIZING ITS PROCESSES AND IMPLEMENTING A STREAMLINED COST STRUCTURE, AS WELL AS FOCUSING ON CORE RANGES AND THE FURTHER EXPANSION OF E-BUSINESS.

The market environment in the Trade unit is subject to massive price pressure. The boom in stationary dealers' own brands and the rising number of direct A-article imports are exacerbating this situation, as is the growing significance of online trade. This situation is compounded by the disappearance of some stationary dealers, e.g. a result of the insolvency of the Praktiker Group in 2014. Nevertheless, the unit was able to boost its sales in 2014 by expanding its foreign activities and online trade, and by optimizing its product range.

At EUR 930 million, the unit's sales in 2014 were higher than expected and its operating result rose by 8.6 percent compared with 2013.

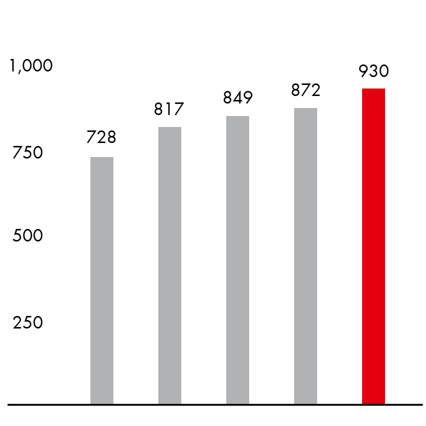
Corporate social responsibility, i.e. adherence to ecological, social and commodity-friendly criteria, is having a marked impact on the purchasing behavior of retail corporations. This is having an impact on prices. The Trade unit is keen to rise to the challenge of striking a balance between both aspects for our B2B customers.

In 2015, the unit will be focusing not just on its core competencies and on range optimization, but also on exploiting the potential that existing customers offer. The e-business area will also be expanded, along with the existing sales channels, for the purposes of customer support. The unit will also be further exploiting the potential offered by existing associations by means of country-specific program expansions.

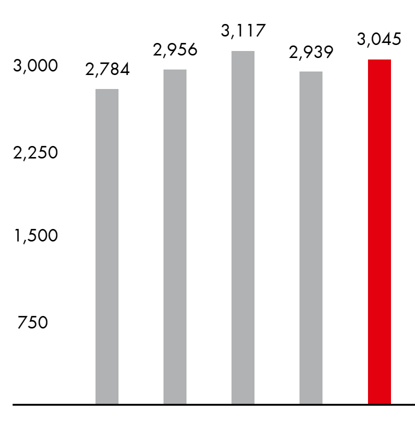
**SHARE IN TOTAL SALES**
TRADE UNIT

9.2%

**SALES**
TRADE UNIT in millions of EUR




**EMPLOYEES**
TRADE UNIT



# PRODUCTION UNIT

CONSIDERABLE GROWTH IN SALES AND OPERATING RESULT. EFFORTS TO FORGE AHEAD WITH INVESTMENTS IN CORE COMPETENCIES AND GROWTH POTENTIAL, AS WELL AS INCREASED EFFICIENCY IN VALUE-ADDING PROCESSES. NEW PRODUCTION FACILITY OPENS UP NEW PRODUCTION CAPACITIES.

In 2014, companies operating in the booming automotive, electronics and mechanical engineering industries reported positive development. Business in fittings also achieved sales growth. The Production unit achieved sales of EUR 696 million in 2014, up by 6.1 percent. In order to exploit the market potential in full, the unit increased its workforce, hiring 127 new employees in 2014, which corresponds to an increase of 2.5 percent. Thanks to a very positive order situation, the fully utilized manufacturing capacities had to be expanded. Arnold Umformtechnik GmbH & Co. KG expanded its production location for large-scale series articles in Dörzbach, Germany, to include a new production facility. Another new production facility is set to follow in 2015.

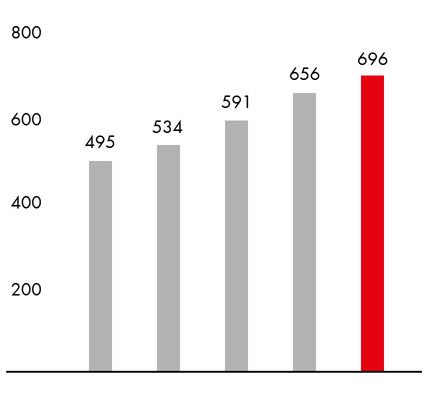
On the procurement side, the prices for production materials remained stable. Rising energy costs, coupled with the introduction of the minimum wage in Germany this year are having an impact on the price structure of service providers, e.g. in the electroplating, hardening and packaging segments.

In 2015, the unit wants to use innovative and tailored concepts, as well as a product and service range that focuses on the customer benefit, to continue to tap into international growth markets. It is setting up application advice, structural planning and global key account management teams. The network between the individual companies in the unit is being expanded further in order to promote best practice exchange.

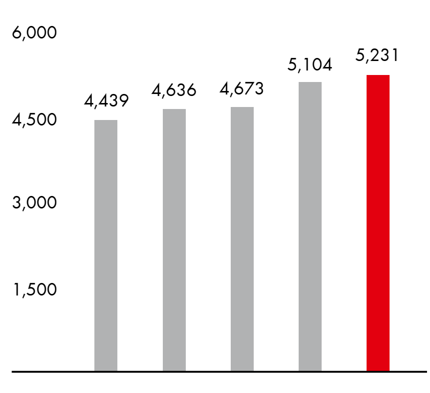
**SHARE IN TOTAL SALES**
PRODUCTION UNIT

6.9%

**SALES**
PRODUCTION UNIT in millions of EUR

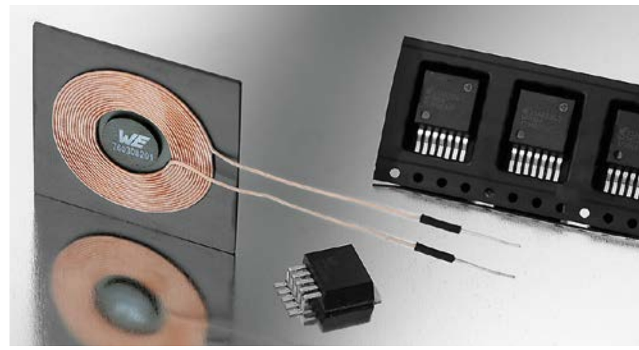



**EMPLOYEES**
PRODUCTION UNIT



# ELECTRONICS UNIT

2014 SAW THE WÜRTH ELEKTRONIK GROUP GENERATE ITS MOST SUBSTANTIAL SALES GROWTH IN THREE YEARS. NEW PRODUCT DEVELOPMENTS, THE CONSTRUCTION OF A NEW TECHNOLOGY AND PRODUCTION CENTER AND INVESTMENTS IN RESEARCH AND DEVELOPMENT WILL LAY THE FOUNDATION FOR FURTHER GROWTH.



One of the companies within the Würth Elektronik Group that is reporting strong growth is the electronics component manufacturer Würth Elektronik eiSos. The company boasts a direct sales presence of more than 6,000 employees in 38 countries worldwide and will be investing EUR 25 million in the construction of a new warehouse and logistics complex in Waldenburg, Germany. With the acquisition of the company Stelvio Kontek in Italy, Würth Elektronik eiSos is stepping up its activities in the connector and electromechanics market.

The printed circuit board area, with Würth Elektronik CBT, achieved above-average growth in the 3-D and online shop areas in 2014, as well as thanks to its move to expand its portfolio to include Asia Production. Specializing on focal technologies and creating a better network between factories will make order processing more flexible and, as a result, make the business more attractive for customers. On 27 December 2014, a major fire in the printed circuit board factory in Niedernhall, Germany, destroyed parts of the production facilities and the administration building.

The Intelligent Systems area, with Würth Elektronik ICS, has laid the foundation stone for further growth by opening a new technology and production center in Niedernhall in May 2014. EUR 15 million is being invested to consolidate five former locations in the new center. In addition to its core business, ICS is developing new systems to tap into additional applications areas at existing customers: with the "HMI" (Human Machine Interface) product line, ICS is positioning itself as a full-range system provider for cabin electronics in the agricultural and construction vehicle segment as well.

In 2015, the unit will continue to focus on innovation management and the generation of promising patents as a means of fueling further growth.

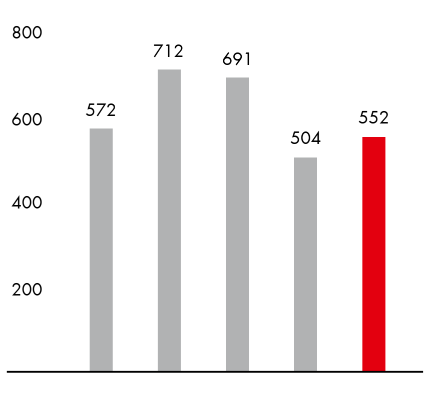
**SHARE IN TOTAL SALES**

ELECTRONICS UNIT

5.5%

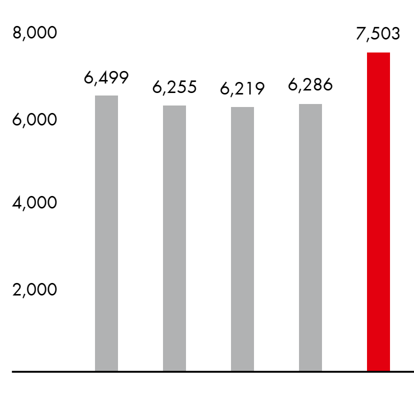
**SALES**

ELECTRONICS UNIT in millions of EUR




**EMPLOYEES**

ELECTRONICS UNIT



# RECA GROUP UNIT


MULTI-CHANNEL SALES COMPLEMENTING MULTIPLICATION IN THE SALES ORGANIZATION. EXPANSION OF E-BUSINESS ACTIVITIES AND FOCUS ON THE INDUSTRIAL SECTOR AS WELL AS ZERO CUSTOMER AND NEW CUSTOMER ACTIVATION FORM THE BASIS FOR POSITIVE BUSINESS DEVELOPMENT.

The companies in this unit are operating in a hotly contested market with a high density of competition. Despite still having only a small market share and in spite of the tense economic situation in Italy, the Netherlands and Turkey, this unit's sales for 2014 were up slightly on the previous year at EUR 490 million.

The RECA Group wants to use multi-channel sales and moves to focus on increasing its customer base by attracting new customers and winning back zero customers to secure its future success. Sales representatives are increasingly acting as strategic managers of new customer contact points, such as the online shop: they consult their customers to identify the ordering options that best suit their needs. Together with greater market segmentation, this approach allows customers to be given more customized support, the aim being to boost customer satisfaction.

As well as forging ahead with electronic marketing activities in order to support conventional direct sales, the unit intends to standardize its infrastructure in 2015 so that it is in a better position to exploit synergy potential. The e-business area will continue to have a real impact on the future development of the unit. Further investments are being made in this area, for example to expand newsletter marketing, standardize the unit's online image or develop a customer app.

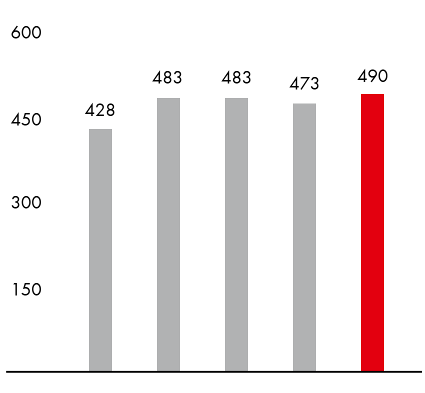
**SHARE IN TOTAL SALES**

RECA GROUP UNIT

4.8%

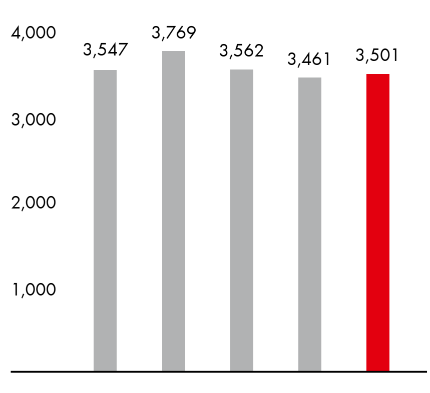
**SALES**

RECA GROUP UNIT in millions of EUR




**EMPLOYEES**

RECA GROUP UNIT



# TOOLS UNIT

INCREASE IN SALES DESPITE WEAKER FIRST QUARTER. THE UNIT IS STRENGTHENING ITS POSITION IN THE E-BUSINESS SEGMENT WITH THE PURCHASE OF THE ONLINE TOOL DEALER SVH24. LOOKING AHEAD TO 2015, THE FOCUS WILL BE ON THE CONTINUED EXPANSION OF ITS OWN BRAND, ATORN®, AND ON INVESTMENTS IN TOOL VENDING MACHINES.


After a subdued first quarter of 2014, sales development within the unit was robust in the months that followed. Nevertheless, the waning economic tailwind due to economic and political pressure in the emerging markets had a negative impact. This development was particularly pronounced in Russia. SVH Handels GmbH, which has its registered office in Dortmund, Germany, started operating in early 2014. The company markets professional and DIY tools exclusively online and employed twelve in-house staff at the end of 2014.

All in all, the Tools unit achieved sales to the tune of EUR 369 million in 2014, up by 7.9 percent year-on-year.

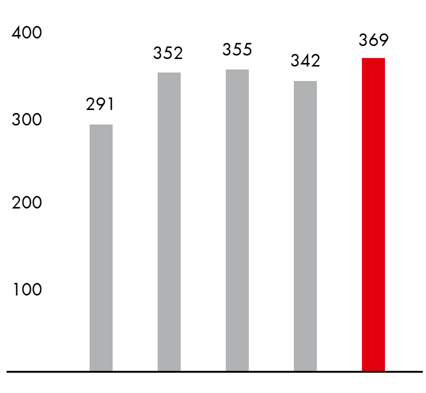
In order to step up the market pressure on competitors in Germany, the number of sales representatives was increased in 2014. This is also the unit's way of combating the increasing competition from manufacturers, which are now also appearing on the market with their own sales force and with predatory pricing strategies. The unit also strengthened its competence in the metal-cutting segment by hiring additional specialists.

In 2015, the tools companies of the Würth Group are aiming to achieve double-digit growth. The further expansion of their own brand, ATORN®, will be the cornerstone of this strategy. The unit also wants to offer its customers even better service by expanding its sales force and investing in new online shops and tool vending systems.

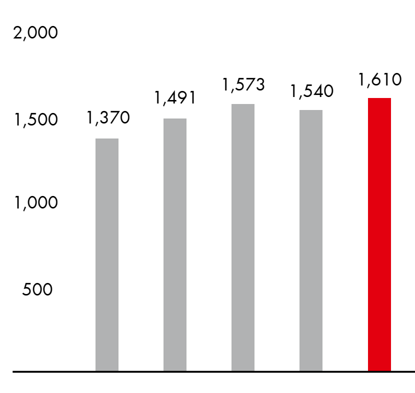
**SHARE IN TOTAL SALES**
TOOLS UNIT




**SALES**
TOOLS UNIT in millions of EUR




**EMPLOYEES**
TOOLS UNIT



# SCREWS AND STANDARD PARTS UNIT

SLUMP ON THE SOLAR MARKET RESULTS IN MISSING SOLAR CONNECTION SALES. INVESTMENT ON THE HYDRAULICS MARKET ALSO STARTED TO DIP TOWARDS THE END OF 2014. MARKET CONSOLIDATION AMONG THE EUROPEAN MANUFACTURERS OF STAINLESS STEEL SCREWS, TOGETHER WITH MOVES TO FOCUS ON THE STAINLESS STEEL SECTOR AS A CORE COMPETENCY, WILL PROVIDE IMPETUS FOR 2015.

Last year was marred by declining sales in this unit against the backdrop of difficult market conditions. This drop in sales was largely due to the loss of sales from the solar connection business due to a demand slump on the solar market. Moves were taken to adjust the product range as a result. In addition, stainless steel became much more expensive in 2014, while nickel was subject to marked price fluctuations. Both raw materials are crucial for the manufacture of DIN and standard stainless steel screws. This led to intensive price negotiations, although it remained impossible to maintain the level of sales. On the hydraulics market, a positive first half of 2014 gave way to weaker development towards the end of the year as customers became much less inclined to invest. All in all, the unit's sales lagged behind the prior year at EUR 238 million.

In 2015, the stainless steel companies expect to achieve single-digit growth on the basis of the forecast of stable stainless steel prices and a moderate increase in the price of nickel. These companies are once again focusing in full on their core business: the sale of stainless steel products. A trend towards consolidation among European manufacturers of stainless steel screws has been observed in recent months. This will have a positive impact on the unit's market situation.

Our hydraulics companies aim to be the leading system provider of hydraulic hoses and fittings. With 54 local service locations in Germany and Europe, they offer full on-site service in all matters relating to high-pressure connections in technical facilities in industry and for the construction business. As of 2015, the locations will include not only Italy and Belgium, but also Poland and the Netherlands.

**SHARE IN TOTAL SALES**

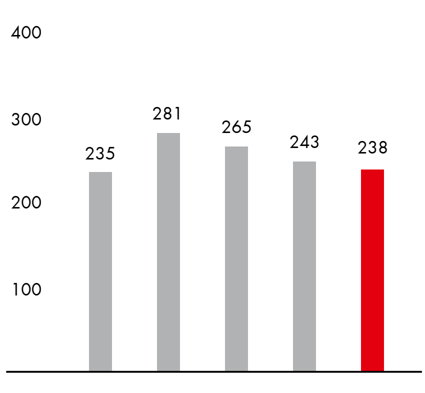
SCREWS AND STANDARD PARTS UNIT

2.4%

**SALES**

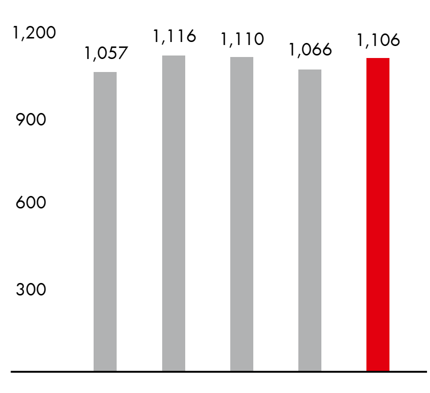
SCREWS AND STANDARD PARTS UNIT

in millions of EUR




**EMPLOYEES**

SCREWS AND STANDARD PARTS UNIT



# FINANCIAL SERVICES UNIT

THE WÜRTH GROUP'S FINANCIAL SERVICES PROVIDERS HOLD THEIR OWN ON THE MARKET. EXTREMELY POSITIVE DEVELOPMENT IN SALES FROM THE LEASING BUSINESS. ANOTHER SOLID RESULT AT INTERNATIONALES BANKHAUS BODENSEE AG.

The results of the Würth Group's financial services companies developed highly satisfactorily on the whole last year. Our private bank, Internationales Bankhaus Bodensee AG, once again achieved solid results in 2014. The investment volume is also up considerably on the prior-year level, highlighting the performance of the sales force.

In its claims burden for 2014, Waldenburger Versicherung AG is still clearly feeling the impact of the natural hazards claims from 2013. The company was also hit by its involvement in the fire damage at Würth Elektronik in Niedernhall on 27 December 2014. The growth in the premium volume, however, puts the company's results into a slightly more positive light.

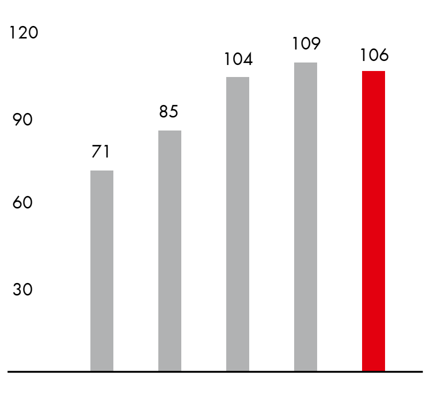
Würth Versicherungsdienst GmbH & Co. KG focuses on car fleet insurance and all kinds of insurance for employees of the Würth Group. The company is still generating stable positive results. Würth Financial Services AG, which operates as an insurance broker and financial services provider, achieved a significant increase in its customer base and a positive result. Würth operates with companies specializing in leases in three countries. The leasing business in Germany showed extremely positive development. In Switzerland and Denmark, the subdued investment behavior among customers is reflected in the volume of new business.

Thanks to its good position on the market, the companies are optimistic in their outlook for 2015.

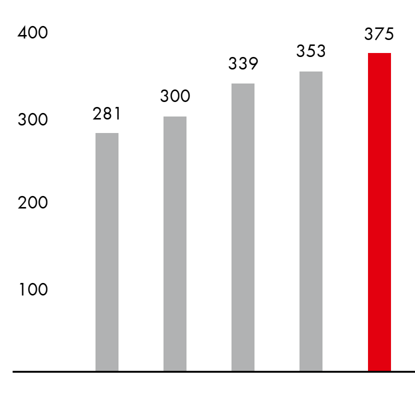
**SHARE IN TOTAL SALES**
FINANCIAL SERVICES UNIT

1.0%

**SALES**
FINANCIAL SERVICES UNIT in millions of EUR




**EMPLOYEES**
FINANCIAL SERVICES UNIT



## Net assets, financial position and results of operations

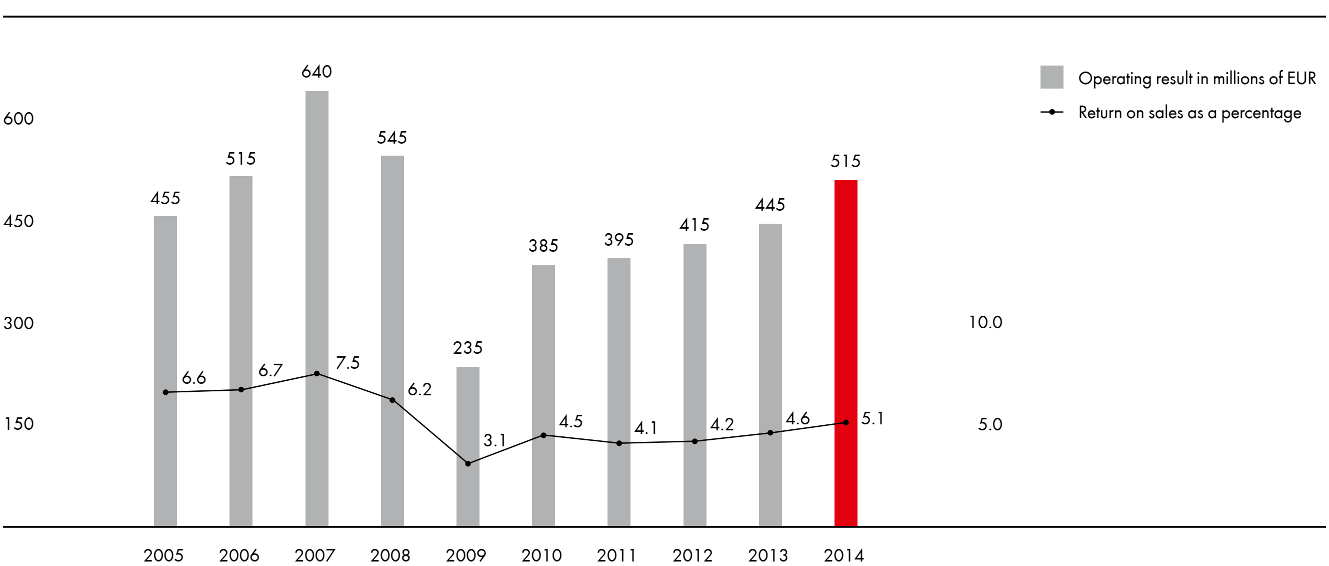
- **Operating result up considerably to EUR 515 million**
- **Equity ratio increases further to 45.2 percent**
- **Delivery service degree of 98 percent**

Last year, the Würth Group achieved an operating result of EUR 515 million (2013: EUR 445 million). We are satisfied with this development. The operating result showed above-average growth in relation to sales, boosting the return on sales to 5.1 percent. We have calculated the operating result as earnings before taxes, impairment of goodwill and financial assets, and changes recognized in profit or loss of non-controlling interests disclosed as liabilities.

The German companies showed extremely encouraging development with 28.3 percent growth in their operating result, which came to EUR 290 million. This put them well ahead of the pre-crisis level of 2008 and represented an absolute record. Out of the German entities, Adolf Würth GmbH & Co. KG makes by far the biggest contribution to the result. Although the company was unable to maintain quite the level seen over the past three years, the employees of the parent company nevertheless made a key contribution to the operating result of the Würth Group as a whole, contributing more than EUR 100 million. Entities from the Trade, Electronic and Production unit also made a contribution, thanks to their positive development, to the improvement in the return of the German entities to 6.3 percent (2013: 5.1 percent).

**PRE-TAX OPERATING RESULT AND RETURN ON SALES**

WÜRTH GROUP



The companies outside of Germany boosted their result by 2.7 percent to EUR 225 million. This represents 43.7 percent of the Group's overall result (2013: 49.2 percent). The growth in the operating result was much lower than in the German Würth Group. The wind power segment fell short of our expectations and the Southern Europe region also failed to achieve its usual level of profitability. There is still need for restructuring in Italy, in particular. Developments in Spain were positive.

The ratio of cost of materials to sales deteriorated slightly year-on-year to 48.1 percent (2013: 47.7 percent). Despite lower commodity prices in some cases, a shift in sales within the different distribution channels towards key accounts and also e-business had a slightly negative impact in this regard.

At the end of December 2014, the Würth Group had a total of 66,044 employees. The increase in the workforce by 2,473 compared with December 2013 was one of the reasons behind the sales growth that the company achieved, as face-to-face contact is the strength of our direct selling approach. The sales forces work hand in hand with our highly effective in-house staff, which provides the necessary support for the specific sales strategy. Together with the expansion of our branch office network, this is the reason for the 5.0 percent increase in the number of in-house staff. At 28.1 percent, the ratio of personnel expenses to sales was constant compared with the previous year (2013: 28.1 percent).

At EUR 278 million, amortization and depreciation was down by 8.4 percent on the prior year (2013: EUR 303 million). This is mainly due to the need to recognize much lower impairment losses than a year earlier, when the majority of impairment losses related to the production, trading in stainless steel products and wind power segments. Scheduled amortization and depreciation increased.

At only 1.7 percent, the increase in other operating expenses was disproportionately low in relation to sales. By way of example, we managed to save on energy costs but saw an increase in sample and advertising expenses, as well as servicing and maintenance costs.

The financial result improved considerably in a year-on-year comparison. One of the reasons for this lies in the drop in financial liabilities. In June 2014, the Würth Group redeemed a bond in the amount of EUR 300 million from 2007, with an average yield of 4.75 percent, using its cash flow without having to resort to financing. The drop in financial liabilities is also due to the market valuation of the interest rate derivatives taken out in connection with the bond issued in 2013.

The tax rate decreased in the fiscal year 2014 to 24.5 percent (2013: 25.2 percent), largely due to the capitalization of loss carry-forwards that were stated as not being recoverable in previous years, and due to the reduction in add-back taxation, mainly due to restructuring. Contrary effects resulted, in particular, from tax losses in the current fiscal year that were not stated, as well as from the fact that one-off effects ceased to apply. For a detailed analysis, we refer to the consolidated financial statements: G. "Notes to the consolidated income statements", [9] "Income taxes".

At EUR 377.5 million, the Würth Group's net income for the year is up considerably on the prior year (2013: EUR 309.4 million). The sales growth, coupled with lower expenses, particularly for depreciation / mortization and finance costs, more than made up for the increase in the cost of materials and income taxes, and resulted in an increase of EUR 68.1 million.

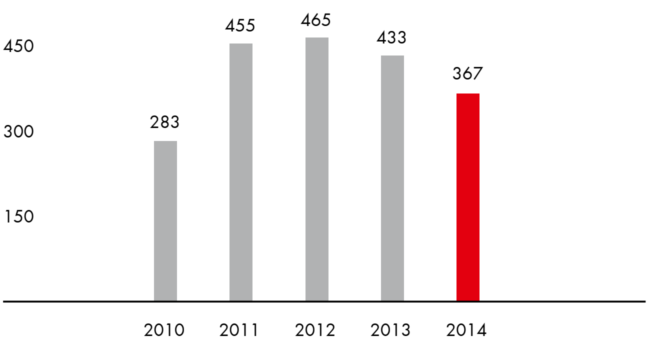
The Würth Group achieved sales in excess of EUR 10 billion for the first time in its history and the net income for the year is also the second-highest value ever achieved by the company, at EUR 377.5 million. These are results that the Central Managing Board considers to be satisfactory, also within the context of the global economic development, and they are in line with our expectations. The main control parameters, such as sales and the operating result, as well as gross profit, staff turnover, stock turnover and collection days, are at an acceptable level and almost all of them have improved compared with the previous year.

### Capital expenditure and cash flow

After three years of brisk investment, capital expenditure was more subdued in 2014, partly also due to the overall global economic environment and the conclusion of major investment projects in 2013. Over the past ten years, the Group has invested around EUR 4 billion in property, plant and equipment, financial assets and intangible assets. In the last fiscal year, the Group invested EUR 367 million (2013: EUR 433 million). These investments were focused on the expansion of warehouse capacities for our distribution companies as well as on

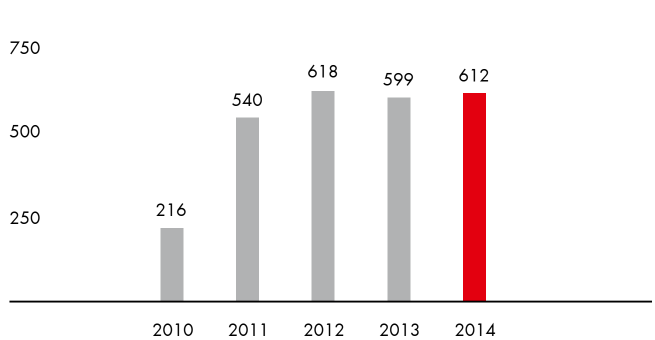
**INVESTMENTS**

WÜRTH GROUP in millions of EUR




**CASH FLOW FROM OPERATING ACTIVITIES**

WÜRTH GROUP in millions of EUR




production buildings and technical equipment and machinery for our manufacturing companies. By way of example, the Canadian subsidiary of the Würth Group, Würth Canada, opened its new administration building and distribution center at its new corporate headquarters in Guelph, Ontario, on 13 September 2014. With the new premises, Würth Canada has laid the logistic basis for the future growth of the company. When constructing the new head office, the company put special emphasis on introducing an ergonomic work environment and taking ecological aspects into account. Automatic processes and the use of highly modern technology lead to a reduction of power consumption in the distribution center. The complex consists of an administration building covering a total area of 2,434 square meters and a logistics center of 6,834 square meters surface area. On 13 May 2014, Würth Elektronik ICS inaugurated the new Niedernhall technology and production facility in the Waldzimmern industrial park. The new location combines the five former locations of Würth Elektronik ICS under one roof. The new site offers around 230 employees of Würth Elektronik ICS modern workstations in bright, open rooms. An IT technology center that will boast state-of-the-art IT infrastructure, workstation and media technology is being built in the immediate vicinity of the new Würth Elektronik ICS building in Waldzimmern. This technology center includes a data center that meets the latest technological standards and employs state-of-the-art backup methods. The new center will complement the existing data centers in Germany and Switzerland to ensure that the Würth Group's IT infrastructure is well protected. The data center will be used by Würth IT, as a service provider for the entire Würth Group, and by the Würth Elektronik Group. In addition to the data center, 125 workstations will be available for system specialists.

Overall, EUR 196 million, around half of the investment volume, was attributable to Germany, reflecting the continued high significance of the home market for the Würth Group.

Thanks to our moves to optimize our investment controlling processes using sophisticated recording and analysis tools in recent years, the Central Managing Board is always in a position to react quickly to changes in the overall environment. This is another reason why we once again met our objective of fully financing investments from our cash flow from operating activities in 2014. Our cash flow from operating activities came in at EUR 612 million (2013: EUR 599 million), 2.2 percent up on the prior year. Inventory accumulation stood in the way of a much more marked increase in operating cash flow. We consider this level of cash flow from operating activities to be appropriate for us. The ratio of capital expenditures to cash flow from operating activities was 60.0 percent and was therefore down on the prior-year level (2013: 72.3 percent).

**Purchasing**

Both the Euro Zone Purchasing Managers Index and the ifo Business Climate Index started 2014 at a relatively high level, before dropping significantly by the end of the year. We expect the current economic uncertainty, based on the adjusted moderate economic forecasts and global crisis spots, to persist in 2015.

The development in commodity prices in US dollars varied considerably. The price of Brent crude oil, for example, has fallen by around 50 percent since the start of the year, whereas the price of nickel has risen by 6.0 percent. Central purchasing of the Würth Line managed to negotiate price reductions in 2014. It is important to remember that this was partly possible thanks to the conclusion of very good contracts in the last quarter of 2013 – something that we were unable to repeat to the same extent in 2014. Nevertheless, the central purchasing companies of the Würth Line aim to generate further price reductions in 2015.

Another major factor is exchange rate development. After touching on an annual high of 1.3932 US dollars in May, the euro had slipped back by 13 percent to 1.2171 US dollars by December 2014. Imports from other EU countries, in particular, are being hit by the weaker euro, as is reflected in higher cost prices. The Goldmann Sachs Group expects the euro to continue to lose ground until 2017, edging ever closer to parity with the dollar. Our purchasing departments are preparing for this sort of development and will adjust their supplier portfolios for imported goods if necessary.

In addition to operational objectives, such as maintaining the good service degree and ensuring optimum price developments, strategic issues will remain a focal point. Similar business areas are aiming to use a Group-wide, IT-supported procurement system that will cover merchandise, operating resources and packaging material.

**Inventories and receivables**

As a company that largely operates in the trade sector, inventories and receivables are key balance sheet items that the company's management is continually seeking to manage and optimize. This involves striking the right balance between making sure your customers are satisfied – with the best service degrees and adequate payment periods – on the one hand and optimizing liquidity and minimizing the default rate on the other.

The sales growth achieved in the 2014 fiscal year also pushed inventories and receivables up.

For years, sophisticated controlling systems, which enable rapid responses in the event of any indications of negative developments, and optimum interplay between sales and accounts receivable management have enabled the Würth Group to achieve a low level of receivables in relation to sales. The corresponding key figure, collection days (based on a 12-month calculation) fell to 51.8 days compared with 52.7 days at the end of 2013. Improvements were made both within and outside of Germany, although the German companies have traditionally reported a lower figure, this time reporting 41.8 collection days. This very encouraging development in collection days shows that the increase in receivables of EUR 57 million to EUR 1,267 million (2013: EUR 1,210 million) correlates with the increased sales level in a manner that is economically sensible.

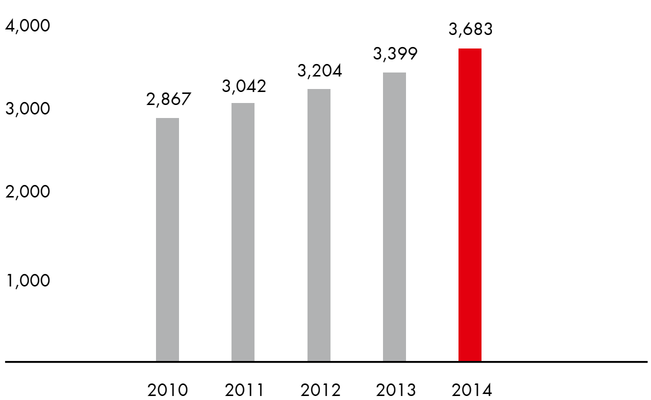
We will continue to optimize accounts receivable by means of effective cooperation between sales and accounts receivable management, as well as through refinements to the analytical tools. We see the payment patterns of debtor payments in Southern Europe, China and India, which on the one hand slows growth and on the other reduces earnings, due to an increasing need to recognize impairment losses, as critical. The restrictive German insolvency law and its interpretation by the courts also poses an increasing risk for us and our customers.

Defaulting receivables and expenses for additions to the allowance for impairment as a percentage of sales fell slightly to 0.7 percent (2013: 0.8 percent).

We aim not just to satisfy our customers, but to inspire them. This also involves achieving a delivery service degree that is close to the 100 percent mark. To achieve this we are prepared to stock individual products, even where this runs contrary to all our business optimization efforts,

**EQUITY**

WÜRTH GROUP in millions of EUR




in order to be able to deliver the goods to the customer one day after the order is placed at the latest. In 2014, we achieved this in 98 out of 100 cases.

In 2014, the inventories of the Würth Group rose by EUR 152 million to EUR 1,462 million (2013: EUR 1,310 million). The increase in inventories also reflects the marked increase in the price of the commodities that are relevant to the Würth Group, steel and nickel. The above-average increase in inventories in relation to sales growth is also due to the further expansion of the branch office network. Furthermore, some product groups had long delivery periods so that we stepped up inventories here in line with our service level policy. This ultimately meant that stock turnover, calculated on a 12-month basis, fell slightly from 5.2 times at the end of 2013 to 5.1 times.

**Financing**

Last year saw the equity capital of the Würth Group rise by EUR 284 million to EUR 3,683 million. This puts the equity ratio at 45.2 percent, as against 42.6 percent at the end of 2013 – a considerable equity ratio for a trading company. For years, a comfortable equity capitalization has been the basis of solid financing of our group of companies and strengthens the customers' and suppliers' trust in the Würth Group. This positive equity ratio development is due to the typical family business approach of reinvesting a large portion of profits in the company. This very sound financing enables the Würth Group to continue to grow relatively independently of the development of the capital markets.

Total assets rose by EUR 164 million to EUR 8,142 million (2013: EUR 7,978 million). The increase comes in at only 2.0 percent and is largely due to the increase in inventories and receivables. An opposing effect came from the reduction in financial liabilities. The financial services activities remained virtually unchanged as far as total assets are concerned.

Refinancing in the banking area was mainly achieved through financial intermediaries and refinancing programs launched by the European Central Bank, while refinancing in the leasing segment was achieved mainly through the ABCP (Asset Backed Commercial Paper) program created especially for this purpose, as well as through forfaiting.

The Würth Group has undergone an annual rating process for 20 years now. The leading rating agency Standard & Poor's once again confirmed the Würth Group's "A/outlook stable" rating in 2014. This rating reflects the confidence that business and the financial KPIs will continue to develop successfully. The opportunities and potential of the Würth Group are viewed in a positive light. Our long history of good ratings not only documents the positive credit rating; at the same time, it is proof of the continuous and successful development of our corporate group and the stability of our business model.

In June 2014, a bond in the amount of EUR 300 million that had reached maturity was redeemed in full using the company's cash flow. This means that, at the end of the 2014 fiscal year, the Würth Group had three bonds issued on the capital market and one private placement. All covenants in this context have been complied with. In 2015, a bond in the amount of 225 million Swiss francs will reach maturity. In both 2018 and 2020, a bond of EUR 500 million each will fall due, with a bond of 200 million US dollars reaching maturity in 2021. The maturity profile is thus well balanced. For further details of the maturity profile and interest structure, please refer to the consolidated financial statements: H. "Notes to the consolidated statement of financial position", [24] "Financial liabilities".

As of 31 December 2014, the Würth Group had liquid funds of EUR 602 million (2013: EUR 749 million). In addition, the Group has a fixed line of credit of EUR 200 million, which remains undrawn to date, provided by a syndicate of banks until February 2018. Net indebtedness decreased from EUR 941 million to EUR 841 million. In order to exploit the current favorable interest rate level and in order to strengthen the long-term financing and liquidity basis of the Würth Group as a basis for future growth opportunities along with investments, the Würth Group plans to launch a "Euro Medium Term Note" program in 2015. This program will make us more flexible in issuing new bonds.

## Research and development

Successful sales, excellent logistics and a focus on costs form the basis for the Würth Group's excellent competitive standing. At the same time, we create market advantages by offering needs-based and, most importantly, innovative products, services and processes. Research and development plays a key role in this respect.

In fiscal year 2014, for example, Adolf Würth GmbH & Co. KG generated one-fifth of its sales from products that are less than three years old. This is a very high proportion for a company that specializes in sales. The innovation rate is also high throughout the Group: at present, the Group has 653 active patents, 22 utility models, 419 designs as well as 6,671 active brands. Compared with the prior year, 1,247 trademarks and 76 designs were added in 2014.

### Developments within the Würth Line

**Würth Industrie: iDISPLAY and CPS®MOBILE – systems link up**

Digitalization is increasingly replacing stationary end devices with mobile solutions, such as smartphones and tablets. Together with the Fraunhofer Institute, Würth Industrie Service GmbH & Co. KG is performing development work on a study relating to the new iDISPLAY and the CPS®MOBILE App. In the future, iDISPLAYS will be placed under each Kanban shelf container for industrial customers with manufacturing operations. These displays are synchronized with the container-specific data on site and with the Würth Industrie enterprise resource planning system. The iDISPLAYs allow users to access a status report on the container directly or to quickly trigger order processes. The corresponding app, CPS®MOBILE, shows information on the entire shelf, with data on the location and status of the containers presented in visual form. This makes shelf space management transparent, with the information being automatically updated every time containers are removed or moved. There is no longer any need for manual shelf planning – offering real added value for customers. By way of example, customers can use the app to identify a particular storage location in a 50 meter-long row of shelves containing several thousands of containers without having to walk down the entire corridor. This saves customers important time and gives them an overview of the container positions at all times.

**Adolf Würth GmbH & Co. KG: e-business**

Würth is further expanding its multi-channel sales and, in addition to direct sales, made additional investments in e-business in 2014. The online shop, the Würth App, e-procurement and scanner-supported ordering systems such as ORSY®scan are now establishing themselves as additional ordering options, alongside the branch offices and the support provided by sales and in-house staff alike. Customers can select their sales channels based on their individual needs. E-business has upped its share of total sales to 13 percent, an increase of 21 percent in a year-on-year comparison. The Würth App was continually enhanced in the course of 2014 and a new version has been available for the WindowsPhone since December. All in all, the Würth App achieved an increase in sales to the tune of 230 percent as against 2013. Registrations in the online shop increased by more than 30 percent. In order to make life even easier for customers next year, too, the online offering is to be expanded further in 2015 – by way of example, additional self-service functions will be made available and the system solutions for customers will be incorporated in an interactive manner. The technical infrastructure required for this will be provided by Würth IT GmbH.

**Order today, enjoy delivery today: the Würth Express Service**

Adolf Würth GmbH & Co. KG has been offering its customers same-day product delivery nationwide since April 2014. The new delivery concept is aimed at all customers who need products on site quickly and at short notice. Thanks to the Würth Express Service, customers do not even have to leave their desks to order additional supplies, but can order the products they need on their smartphone using the Würth App or by phoning a Würth branch office. This service is made possible thanks to the dense branch network, which boasts more than 400 locations. Same-day delivery is possible within a radius of 30 kilometers of the branch office in question and can be requested for all products that are in stock in that branch. The products are mainly delivered by local courier services.

**Set up in Germany: over 1,000 BAULOC® elements**

In 2014, Adolf Würth GmbH & Co. KG set up the 1,000th BAULOC® element in Hamburg. Academic studies have shown that tradespeople on building sites lose a lot of time dealing with materials procurement issues. This is where BAULOC® comes into play, offering building site logistics for C parts. The BAULOC® system allows Würth to assume responsibility for supplying C parts to its customers directly on the building site, as part of a one-stop, just-in-time solution. The system offers the right module for every building site: the BAULOC® magazine system acts like a dedicated, customer-specific warehouse located directly on the building site. The BAULOC® stations were designed specifically with the needs of large-scale construction sites in mind: there are small Würth branches staffed with specially trained staff. Between 300 and 500 articles – a range that is adjusted to suit the current construction phase – are available at all times. 21 of these stations are currently in operation in Germany. Adolf Würth GmbH & Co. KG makes more than EUR 6 million a year via this system. Solutions like the BAULOC® Service Box or the BAULOC® Service Shelf were designed for interior finishing, the focus being on technical building equipment. The BAULOC® system is now also proving popular abroad. This service is currently being expanded considerably, particularly at the European Würth companies.

**WÜRTH ECO LINE: strong products for a clean environment**

Adolf Würth GmbH & Co. KG has made ecology a key part of its corporate culture and has been certified based on German Industry Standard DIN ISO 14001 Environmental Management Systems since as long ago as 1996. In December 2014, Adolf Würth GmbH & Co. KG published its new environmental report. The motto of the report in which the Group parent company outlines the details of its contribution to environmental protection is "Thinking of tomorrow today". With its ECO LINE product range, Würth markets products that include no environmentally hazardous active ingredients, substances that are harmful to the climate or solvents. The entire range has received the Ecolabel of the European Union. This independent certification considers aspects such as environmental compatibility, a limited use of harmful substances, minimized packaging waste, but also the performance of the product. Würth ECO LINE products combine optimal environmental compatibility with top performance. By using ECO LINE products, each and every user can provide a convincing response to the growing need for environmental awareness within our society.

**VDE electrical installation pliers: three tools in one**

In the past, tradespeople have needed three tools for electrical installation work and laying electric cables: one to cut, one to strip and one to remove the insulation. Würth's new VDE electrical installation pliers combine these three steps into one. The 3-in-1 tool guarantees comfortable handling, avoids a change of tools and has an application-specific side-cutter function. The cable is stripped, and the insulation removed, in one ergonomic drawing movement. The inductively hardened precision cutting edges ensure safe cable cutting. The VDE electrical installation pliers are suitable for conductor cross-sections of between 1.5 and 2.5 mm² and can be used, in line with the required safety measures, for work under voltages of up to 1,000 volts (AC) and up to 1,500 volts (DC). The pliers are ideal for the electrical trade, but can also be used in plumbing, heating, air conditioning and in plant construction, exhibition stand construction and kitchen installations.

**Revolutionizing window construction: the new ASSY® FES 3.0 window corner screw**
Window connecting systems are increasingly becoming a focal point due to rising demands regarding facade aesthetics and building energy efficiency. Together with our customer Wertbau GmbH & Co. KG, a window construction company itself, Würth developed the ASSY® FES 3.0 window corner screw. The frame corner connection has been certified by the ift Rosenheim (Institut für Fenstertechnik e.V.) institute, making it the first certified system on the market. The ASSY® FES 3.0 window corner screw allows window corner connection using one single product. The asymmetrical thread with varying pitch gives the screw an extra tightening and contraction effect, meaning that it can be used without any additional aids. It replaces the conventional mortise and tenon connections, which involve substantial work due to the fact that the elements have to be pushed together, pressed and then dried.

**ift assembly tool: safe window assembly**
Guides provide considerable details on how to install windows professionally. Applying these instructions to specific assembly situations and building structure connections, however, often proves to be a laborious process. This is where the online assembly planner developed by ift Rosenheim (Institut für Fenstertechnik e.V.) in collaboration with Würth plays its part in ensuring safe window assembly. After only a few clicks of the mouse, processors, planners and fitters can use a PC or tablet to calculate the building structure connection and draw up a corresponding document known as the "assembly passport" (Montagepass). This PDF file sets out a cross-section drawing, the internal surface temperature, the isothermal pattern and processing information on the products used – all pieces of information that allow professional physical building planning for window installation. The online assembly planner was implemented by ift Rosenheim in collaboration with Würth's anchor laboratory and product management team and will only work with Würth products for the time being.

**Würth Norway: collection boxes in front of branch offices as a new customer service**
Since 2014, Würth Norge AS has been providing goods deposit boxes for customers, to be used outside of business hours, in front of all of its branch offices. Customers check the stock level of the product they need in the nearby branch offices and order the goods on the Internet, via the App or by telephone. They are assigned a unique code that they can use to retrieve the goods from the collection box.

## Developments within the Allied Companies

The Allied Companies of the Würth Group also invested in the development of products and services to offer their customers the best possible solutions in 2014.

**TUNAP: chemistry with drive**
TUNAP develops, produces and sells chemical products in the areas of special lubricants, cleaning products, chemical / technical problem-solvers and aerosols for the automotive aftermarket and industry. In 2014, TUNAP overhauled the Contra Sept technology for the cleaning of air conditioning systems due to changes in legislation and customer requirements. The focus was on the development of biocide-free formulations that would make it easier to be granted globally valid approval. The move to do away with solvents created extra added value in terms of human toxicology and ecotoxicology – the impact of harmful substances on humans and their environment. In the Research and Development area, TUNAP launched new injector protection programs on the market. By way of example, defective automotive injectors can be analyzed in detail and the impact of cleaning processes can be quantified. The findings were used by TUNAP to develop its own combination of active cleaning substances (ROA2 technology). In the industrial lubricants segment, numerous new specialist greases were developed. One highlight is the TUNGREASE BA product, which is used, among other things, to lubricate pull-out rails in ovens. The special grease can withstand even extreme temperatures of up to 360°C without any damage and without decomposition products that could be harmful to health being formed within the oven's interior.

**Würth Elektronik: product developments relating to Circuit Boards and Intelligent Systems**

Research and development work has always been extremely important to the Würth Elektronik Group. In 2014, the Electronic and Electro-Mechanical Components unit (eiSos) entered into a technology partnership with the Abt Sportsline racing team as the sponsor of Formula E, a new racing series for electrically powered vehicles, in order to forge ahead with the development of highly efficient components for battery technology and electric engines. In the Intelligent Systems (ICS) area, the new HMI (Human Machine Interface) range was developed. HMI is a multi-service platform that systematically interlinks and can be used to control the cabin electronics of agricultural and construction vehicles. The ICS companies in the Würth Elektronik Group are using this technology to position themselves as full-range system providers for cabin electronics. Enhancing the multi-functionality of circuit boards was the focal point of the activities of the Circuit Boards business area. Würth Elektronik is working on the multi-functional boards (MFB) concept: targeted design execution can be used to allow flexible base material to perform electrical, mechanical, thermal, sensory or actuator tasks.

**Dokka Fasteners Norway: investment in the production of super-bolts**

As a supplier of safety-critical connecting elements for the global oil and gas market as well as for the wind industry, Dokka Fasteners boasts many years of experience. There is particularly high demand for specialization in the manufacture of safety-critical screw bolts. As a result, Dokka Fasteners invested in a new, fully integrated robot unit in 2014: it allows super-bolts weighing up to 35 kg each to be manufactured. The new, fully automated production method guarantees unique, consistently high product quality that can withstand even the toughest conditions, meaning that it can be used in facilities the world over. The super-bolts can be used, for example, in a cement-pressed standard connection between the steel pillars and connection pieces of an offshore wind power plant. This allows Dokka Fasteners to meet the needs of customers in the high-strength connection segment between M12 and M100 and also to cover all critical processes such as hardening, hot-dip galvanization and quality control in house. The first few success stories confirm the potential of the new product: the company is already manufacturing for offshore wind facilities and for one of the world's largest original component manufacturers in the oil and gas industry.

## Risk and opportunities report

As a globally active company, the Würth Group is constantly exposed to risks, but has also made systematic use of opportunities that have presented themselves over the past 65 years. Opportunities and risks can arise both as a result of our own actions or failure to act, and as a result of external factors. The risk and opportunities policy of the Würth Group is aimed at meeting the company's medium-term financial objectives and at ensuring the sustainable, long-term growth of the Group. In order to ensure this, the Würth Group has a system that identifies entrepreneurial opportunities and risks, assesses them using a standardized system, weighs them up against each other and communicates them. Our conscious and systematic approach to addressing opportunities and risks is inextricably linked to our entrepreneurial activities.

**How the risk management system works**

The Würth Group has a three-tier risk management system (RMS), comprising the cyclical monitoring system of the internal audit function, Group controlling and the early warning system. The Central Managing Board of the Würth Group holds overall responsibility for the Group-wide risk management process and defines the principles of our risk policy and risk strategy. Responsibility for the installation of a functioning and efficient RMS in the Group companies is the task of the management of each entity within the Group. They are supported by the risk manager, who reports directly to the Central Managing Board of the Würth Group and coordinates risk management at group level. The risk manager is in close contact with the risk controller of the Advisory Board, who reports directly to the Chairwoman of the Advisory Board.

**How the internal financial reporting control system works**

The aim of the internal financial reporting control system is to ensure that all business transactions are completely recorded and correctly evaluated with regard to the financial reporting requirements.

The Würth Information System is a significant component of the internal financial reporting control and risk management system of the Würth Group. With the help of this reporting system, all key performance indicators required to steer the Würth Group are presented ready for analysis to the Central Managing Board and Executive Vice Presidents in addition to standardized monthly reporting.

System-based control mechanisms such as plausibility testing and cross-checks optimize the quality of the information as a basis for decision-making. A Group-wide online record of the financial statements of the Group entities is not only efficient; it also avoids carry-over errors, safeguards uniform provision of information and includes numerous plausibility checks, without which the information cannot be forwarded. The uniform platform also ensures that financial reporting changes are implemented in a uniform way across the Group. Data is protected from changes by using control numbers and a system of IT access rights. Standard software is used for consolidation. Changes in the system settings are logged centrally. The monthly and annual financial statements of Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's policy and procedure (PAP) manual contains internal procedural instructions. Internal publications and training include detailed rules on financial reporting. Compliance with these rules is regularly reviewed by the internal audit function. External specialists are consulted to clarify the implications of legal and tax issues on accounting. External actuaries calculate pension and similar obligations. Central and local training for those in charge of finance departments also ensures that all employees involved in the financial reporting process are up to date on the latest legislation and information of relevance to them.

The opportunity and risk management process is updated within the Würth Group on an ongoing basis and adapted to changes in the Group or in its economic and legal environment. In the 2014 fiscal year, the IT-based risk reporting system was put in place at further Group companies and the management teams of the individual units were involved more in the risk management process.

## Risks

The Central Managing Board identifies, analyzes and assesses the Group's opportunities and risks at a dedicated annual workshop. This workshop determines focus risks which could pose a threat to the net assets, financial position and results of operations of individual entities or the Würth Group as a whole in the short, medium or long term. Furthermore, with the support of the risk manager, all major Group entities carried out a risk inventory and recorded and assessed focus risks and other risks in the reporting system. The processes already in place were continued in 2014, undergoing rolling improvements and adjustments in line with changing internal and external requirements.

Major risks that can be insured on an economically reasonable scale are covered by master programs for all Group entities wherever possible. Overall insurance cover is managed centrally.

The Central Managing Board has identified potential risks that could have a negative impact on the net assets, financial position and results of operations of the company in the following risk areas, sorted by descending relevance:

**Economic environment**

Through our global purchasing and sales activities, we have a high natural diversification of risk and a decreased dependence on negative economic developments in individual countries, with more than 80 percent of our sales being generated in Europe. As a result, the ongoing weak economic environment in the euro zone is hitting us hard, even though a turnaround started to emerge last year. Our companies in Southern Europe, particularly in Italy, Greece and Turkey, are exposed to an increased risk. We believe that further risks lie in the current political developments in our Eastern European markets, particularly in Russia and Ukraine, as well as in the impact of the current euro zone problems relating to Greece and in the increasing global risk from IS terrorism.

Most of the financial risks of the Würth Group are measured, monitored and managed centrally by Würth Finance International B.V. In order to ensure that the Würth Group is solvent at all times without restriction, the Würth Group has at its disposal sufficient cash and cash equivalents and, thanks to its "A rating" from Standard & Poor's, excellent access to the public and private capital markets to procure further financial resources. There are therefore no liquidity risks for the Würth Group at present. In addition to the existing liquidity, the Würth Group had a contractually agreed, unused credit line of EUR 200 million at the end of 2014, which expires in February 2018. According to the latest liquidity plans, the Würth Group will not need to draw on this credit line in 2015. Any risks arising from derivative financial instruments are recognized in the financial statements. At the time this management report was prepared, there was no indication of any specific counterparty risks, which are automatically monitored on a daily basis. In 2011, a CSA (Credit Support Annex) was concluded with the main counterparties to derivatives, further reducing counterparty risk. Cluster risks are avoided by internal deposit limits for individual banks. For a description of derivatives and associated risks, please refer to the notes to the consolidated financial statements under I. "Other notes", [4] "Financial instruments".

### Business model

The business model of direct selling still offers considerable opportunities for the Würth Group in that it places us very close to the market and ensures customer loyalty. Nevertheless, customer ordering behavior has changed considerably in recent years. The Internet offers a whole host of opportunities for working directly with suppliers. This is resulting in growing competitive pressure given the relative ease with which businesses can establish Internet-based business models. Our business model has to adapt to reflect this development. We want direct sales to continue to play a key role but also want issues such as logistics and a broad product range to enjoy market opportunities. Nowadays, sales representatives are more than just salespeople. They are managers of various different customer contact points: the external sales force, branch offices and the Internet. We are taking various different measures to support this development, including the introduction of innovative e-business tools.

### Customer relations

On the sales market we employ active customer management to counter risks arising from a lack of customer loyalty, rising customer attrition or the failure to exploit the existing customer potential. Expanding and maintaining our customer relations are key components of our long-term success. As a result, we will continue to focus on very intensive customer management at all Group companies. Grouping our customers based on their individual needs is a key steering mechanism for strategic management. The relationship between customer and sales growth as well as the delivery service degree are important indicators of business success for us.

Customer insolvencies are therefore a manageable risk for the Würth Group. Thanks to our very extensive core range of more than 100,000 products, the comparatively low average order values and the broad customer base, we are well placed to keep the risks low. Where economically feasible, we work with credit insurers.

## RISK DEVELOPMENT

WÜRTH GROUP 31 December 2013 – 31 December 2014

| Economic environment | Business model | Customer relations | Productivity | Data security and IT | Staff | Compliance |
|---|---|---|---|---|---|---|
| → | → | → | ↗ | ↗ | → | → |

↗ slight increase → unchanged ↘ slight decrease

In addition, receivables from customers are monitored by an extensive receivable management system, also at Group level. Individual financial service providers are associated with a heightened risk of default. We counter this risk through a strict credit verification procedure and appropriate insurance for our investment. In 2014, collection days fell slightly in comparison to 2013 and have stabilized at a very good low level overall. This highlights that our risk in this area is relatively low and that the existing processes and systems are effective. We do, however, see ourselves faced with increasing difficulties in Germany as a result of court decisions in insolvency cases, which grant insolvency administrators extensive opportunities for reimbursement if we have supported our customers in the past with generous payment terms.

**Productivity**

Every year, the Würth Group invests an amount running into the mid treble-digit million range to secure its planned sales growth and further expand its market shares in individual regions / market areas. As a result, any deviations from the planned route require a timely response, with targeted measures to counteract such developments. These measures include management using key productivity figures, the in-depth analysis of loss-making companies, a detailed, multi-stage investment controlling process, scenario calculations and a firm focus on achieving the targeted operating results. As a general rule, we take care to ensure that sales and gross profit grow faster than personnel expenses – one of the Würth Group's fundamental principles.

**Data security and IT**

Due to the decentralized organizational structure of the Würth Group, with a large number of small start-ups in emerging countries, IT risks are a particular challenge. Thanks to the increasing introduction of SAP and standard solutions (Würth System One, e-Shop, customer relationship management), this challenge is turning into an opportunity to make existing processes more standardized, efficient, transparent and faster. In this way, we want to synchronize our goal of supplying all customers in line with their specific needs ("To each customer their own Würth") with increased efficiency in our IT systems.

The security of the IT systems is reviewed by means of IT checks at the Group entities in accordance with a plan coordinated with the Central Managing Board of the Würth Group. We analyze the potential threat that cyber risks pose. We combat the resulting risks by taking organizational or technical measures and also by transferring risks that can be insured to external risk carriers (insurers). All measures relating to data security and IT risks are taken in close cooperation with our data security officer, who has Group-wide responsibility. There are also plans to introduce an IT Compliance Code of Conduct.

**Staff**

Staff turnover, particularly among our sales force employees, remains a focal point. This is documented and analyzed across all hierarchy levels for every entity of the Würth Group. Regular employee surveys conducted by independent institutions and the monthly monitoring of staff turnover are key instruments allowing us to identify unfavorable developments, analyze their impact on staff recruitment processes, customer loyalty and training programs and combat these effects using targeted measures. In a multi-year comparison, the overall staff turnover rate of the Würth Group was very encouraging at well below the 20 percent mark and fell again in a year-on-year comparison. The lack of specialist employees is another challenge for HR management. In Germany, it is becoming increasingly difficult to find university graduates and skilled trainees. This prompted us to further expand the measures offered by the Würth Business Academy when it comes to managing young talent and training management employees in 2014. Up-and-coming management talents undergo development measures to prepare them for various levels of management within the Würth Group via the MC Würth, High Potential and Top Potential management training programs. These programs give employees targeted training that is tailored to suit their own individual ambitions and skills in order to prepare them for further management duties within the Group. The international management seminars, as well as international specialist seminars on issues such as product management or procurement and finance, are organized and coordinated by the Würth Business Academy.

**Compliance risks**

Risks from the regulatory environment are becoming more and more important for us as a global player. There is no question that we aim to observe and comply with all rules and regulations for our business, both nationally and internationally. These include, among others, regulations on how to deal with employees, competitors, suppliers, data and the authorities. We do not tolerate the use of country-specific or sector-specific practices to the contrary, and we communicate this every year using our compliance reporting system. The Würth Group has had a whistleblowing system in place since 2013 that all employees can use to report breaches on an anonymous basis. National and international transactions involving goods, services, payments, capital, technology, software and other types of intellectual property are subject to numerous regulations and limitations that also have to be observed by the companies in the Würth Group. In 2014, the system for checking compliance with these regulations was strengthened by the introduction of internal guidelines and the appointment of a team of experts. What is more, checking systems are being introduced for control purposes at a growing number of companies. These systems are also, for example, part of the standardized Würth Line IT system (Würth System One).

Due to the increasing complexity of tax law, we have experts in-house and consult renowned external consultants on a case-by-case basis. Particularly in emerging markets like Brazil, for example, complex, inconsistent and constantly changing legal principles pose a challenge and also create risks that are difficult to assess and will persist in the long term due to the possibility of retroactive effects.

## Opportunities

The opportunities set out below could have a positive impact on net assets, financial position and results of operations.

**Decentralized structure**

Würth's decentralized structure is a great advantage for the Group, especially in light of the fact that the individual countries in which we operate display such variation in their economic development. We believe that this structure presents an opportunity for future growth. It allows a quick local response to circumstances and changes in any given market environment, meaning that we can implement efficient measures. We will continue to push the development of the Würth Group while maintaining our decentralized structure. The term "decentralized", within this context, does not just refer to regional aspects, but also covers the large number of our different business models.

**Market penetration**

Our global share of the market is estimated at just five percent due to a low share of the market in most countries, with a few exceptions. What would appear to be a disadvantage actually signals huge growth potential that we can still tap into by further expanding our customer base and intensifying our customer relationships, for example by continually enhancing intelligent distribution systems that offer real benefits to our customers.

**Mergers & Acquisitions**

Sustainable and profitable sales growth is one of the key objectives pursued by the Würth Group. The Würth Group establishes subsidiaries to spread successful business models and sales concepts in new markets. As well as setting up companies and achieving growth via additional divisions and branch offices of existing companies, part of the company's strategy also involves making targeted acquisitions. We want to use these acquisitions to further expand the Würth Group's current global presence in other regions, or to complement it from a strategic angle, as well as to refine the Würth Group's global profile. Our international standing, earnings power and corporate culture make us an attractive partner for potential sellers.

**Centralization of IT structures**

In October 2014, Comgroup GmbH was renamed Würth IT GmbH, Bad Mergentheim, Germany. This gives Würth the profile it needs to be able to compete on the market as an attractive employer in the IT sector. The construction of a central data center for the Würth Group in Waldzimmern, Germany, will also expand the range of services offered by Würth IT in the areas of SAP, e-business, cloud services, security and data protection. The aim of this centralization of IT structures using the new data center is to improve collaboration among Würth companies: systems and processes will be standardized and productivity boosted at the same time. These measures will give Würth's IT service the power to perform in line with global standards: with more than 300 employees at the five German locations in Bad Mergentheim, Konstanz, Künzelsau, Schorndorf and Waldzimmern, as well as in Shanghai, China, Würth IT is strengthening its role as a service provider and partner for its customers both within and outside the Würth Group.

**Quality**

It is the declared aim of the Würth Group to meet, or where possible exceed, the highest quality standards. For this reason, the guiding principle "Würth is quality – everywhere, every time" was anchored in the Würth Group's quality management system in 2010 and has been consistently developed further ever since. The brand promise made by this principle applies for all of our markets, and its implementation opens up important additional market opportunities, both with customers in the professional trades and with those in industry. For us, ensuring reliable compliance with standards as well as product requirements and approval criteria is a fundamental quality management task to enable us to be a dependable partner for our customers. This is important, but we do not consider it enough in itself: we strive to surpass customer expectations wherever possible with our services and to inspire our customers in the process. Efficient business processes, which were continually enhanced again in 2014 to meet our customers' needs, lay the foundation in this respect: "To each customer their own Würth".

In the fiscal year 2014, the Würth Group's central quality team continued its activities. Quality manager networks were promoted within the units and divisions, and our quality policy and current "Quality sells" strategy were communicated and discussed at international quality conferences. Würth Quality Risk Company Assessments (QRCA), which identify strengths and scope for improvement and derive measures for the future, had already been conducted at 243 entities by the end of 2014. The management of the respective entity directly implements the findings in specific process enhancements that sharpen quality consciousness. The measures prioritize customer interfaces (contract review, sales support), complaints management, warehouse batch management, quality assurance and supplier management, with additional employees being hired in this area, too.

An important component remains the validation of future products by Adolf Würth GmbH & Co. KG and Würth International AG and the systematic testing of incoming goods. The Würth Group has its own testing labs worldwide, three of which now have ISO 17025 accreditation. The training initiative in quality management was designed and launched in 2012 and has been continually expanded further since then. Employees from quality assurance are the main target group. The basic seminars also target employees from other relevant functional areas, such as purchasing. A total of 89 more employees received training on the topic of quality at 492 seminar days in 2014.

## Overall assessment

The risks for the Würth Group are limited by the functioning risk management system that is in place. Existing risks are consistently monitored and assigned measures to ensure that they do not jeopardize the Würth Group's ability to continue as a going concern. We are currently not aware of any such risks. The existing opportunities enable us to continue to grow profitably in 2015 and in the subsequent years.

## Employees

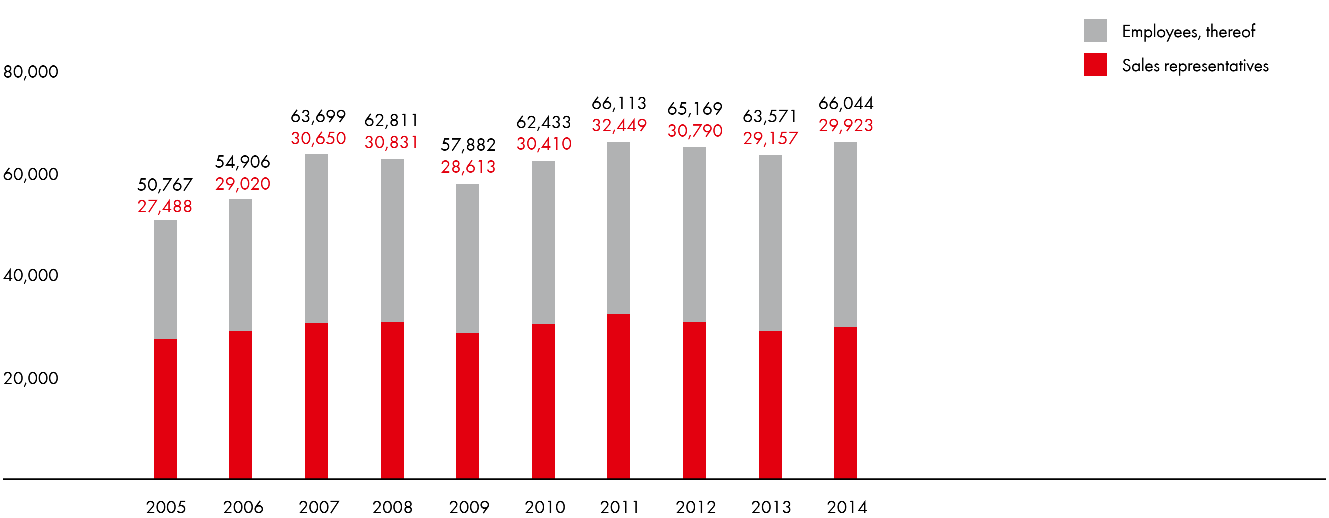
- **Number of employees rises to 66,044 worldwide**
- **Prize for health management**
- **Expansion of further training programs**

**Workforce development**
The number of employees in the Würth Group had risen by 3.9 percent to 66,044 at the end of 2014 (2013: 63,571). In Germany, the Würth Group had 20,226 employees on the payroll (2013: 19,415), while the Würth companies abroad reported 45,818 employees (2013: 44,156). There were 29,923 employees working as permanent sales representatives worldwide in fiscal year 2014 (2013: 29,157).

Direct selling is the central pillar of the Group's trading activity. The Group's strategy is also shifting more and more towards e-business. This development was also supported by the renaming of the IT service provider Comgroup GmbH in Bad Mergentheim, Germany, to Würth IT GmbH with effect from 1 October 2014. The new company name, together with the construction of a new technology center near the site of the parent company in Waldzimmern, Germany, will significantly boost Würth's image as an attractive employer in the IT sector. The rising number of applications, also from abroad, confirm that these restructuring measures were a step in the right direction. Würth IT GmbH hired more than 30 specialists in 2014. The recruitment measures in Spain, Greece and Eastern Europe, in particular, made a sustainable contribution to solving the problems created by the shortage of specialist personnel. The international structure of Würth IT's workforce brings with it global networking structures that will not only boost the performance of Würth IT in the long run, but will also make a key contribution to promoting the company's image.

One of the measures taken by Adolf Würth GmbH & Co. KG to respond to the need for specialists in the IT sector is the introduction of online Master's degree programs in collaboration with Lawrence Technological University in Southfield, USA. Four different degree courses are on offer, including the Master of Science in Information Technology. This means that market orientation is also reflected in professional further training at Würth.

**EMPLOYEES**
WÜRTH GROUP as of 31 December



**Promoting the talents of the future**

As a family business, Würth is committed to long-term corporate development. This also applies when it comes to promoting the talents of the future. In Germany, where there is a long tradition of dual training concepts, Würth has been committed to providing people just embarking on their careers with extensive initial training for more than 60 years now. At present, the Würth Group in Germany employs 1,151 trainees training for more than 50 occupations, including commercial traineeships as well as traineeships in logistics and IT. Career entrants can also study for Bachelor's degrees at the Baden-Württemberg Cooperative State University. Around one third of Würth trainees make use of this opportunity. Technical occupations and catering traineeships form other training focal points within the German companies. As part of the "Dualis" initiative, the Chamber of Industry and Commerce of Heilbronn-Franken provided Adolf Würth GmbH & Co. KG with confirmation of the quality of its training programs in 2014, awarding it certification as an "Excellent training provider".

In India, Würth launched the post-graduate program in Business Administration at Reinhold Wuerth India Pvt. Ltd. in Chennai in the fall of 2013, a dual commercial vocational training program based on the German system. 15 Indian trainees will obtain their Bachelor's degree after 24 months of training in Chennai. In August 2014, all of the trainees successfully completed their first year of training. They will sit their final examinations in the summer of 2015. The students alternate between in-house practical training and blocks of theoretical training at the Indo-German Training Centre (IGTC) in Chennai. The program was initiated by Würth and developed together with the German-Indian Chamber of Commerce and its training center, the IGTC. It is also recognized by the German Chamber of Industry and Commerce (DIHK). The trainees will receive a qualification from the German-Indian Chamber of Commerce (IGTC Certificate in Business) and one from the German Chamber of Industry and Commerce (Management Assistant Certificate in Wholesales and Foreign Trade). This means that their training is recognized not only in India, but in the whole of Europe.

**Employee training**

The Würth Group promotes ongoing training for employees throughout their entire working life – from trainees to managers. We see lifelong learning as a specific duty in order to ensure the future of our Group.

In Germany, the established Akademie Würth offers employees of the Group management training, staff leadership seminars and further commercial and technical training. Various training programs on personal and social skills, working methods, IT applications and foreign languages are also on offer.

Training programs for working professionals at the Akademie Würth Business School, which are open both to employees of the Group and to interested individuals from outside the Group, allow people to study for academic degrees after completing their initial vocational training. These include the Business Administration B.A. in cooperation with the Distance Learning University in Hamburg, a three-and-a-half year program. In collaboration with the University of Louisville in Kentucky (USA), Würth has been offering the Master's course in Global Business since 2002. The one-year program, which is conducted in the English language, awards graduates a Master of Business Administration (MBA).

Since 2014, individuals have also been able to apply for a Master of Science in Industrial Engineering and Doctor of Engineering in Manufacturing Systems. Both degree courses are offered in collaboration with Lawrence Technological University in Southfield, Michigan, USA. In addition to the business degrees for working professionals, this also allows the Business School to offer further academic qualifications for engineers. In the fall of 2014, the Akademie Würth Business School signed a cooperation agreement with Northumbria University in Newcastle, England, allowing individuals to work towards a Doctor of Business Administration.

The Akademie Würth Business School is also stepping up its collaboration with the Heilbronn Institute for Lifelong Learning (HILL), part of Heilbronn University in Germany: this will allow the Business School to raise its profile in the Heilbronn-Franken region and to send out a further signal with this cooperation, highlighting the links between the Group and the headquarters of the parent company.

**Career programs**

The Würth Group recruits most of its managers from within the company. We have established various development programs within the Group to ensure holistic management training processes and the systematic development of up-and-coming talents.

The Würth Group offers the following programs:

- The MC Würth program prepares employees for middle management positions. 346 talents participated in this program in 2014.
- The High Potential program supports managers on their way to upper management levels. 117 managers took part in 2014.
- The Top Potential program prepares selected managers for positions in the highest echelons of corporate management over a three-year period. 47 managers were on the program in 2014.

**Health management**

The in-house "Fit mit Würth" (Fit with Würth) health program of Adolf Würth GmbH & Co. KG celebrated its 20th anniversary in 2014. Around 1,200 employees and their family members attend more than 300 courses. The health program covers areas such as ergonomics, exercise, nutrition and stress management, as well as occupational health and safety, HR management and supporting social health. As well as helping people to build up strength and condition and improve their cardiovascular health, a great deal of importance is attached to supporting employees with existing health complaints or specific limitations in the interests of secondary prevention. One key aspect in this regard is the higher average age of our employees, as well as the physical strain associated with certain jobs, for example among employees working in logistics. As confirmation of the top quality of Würth's corporate health management endeavors, Adolf Würth GmbH & Co. KG 2014 received the seal of excellence at the Corporate Health Awards – an initiative launched by Handelsblatt newspaper, TÜV SÜD, IAS Aktiengesellschaft and the market research institute EuPD Research Sustainable Management under the patronage of the Federal Ministry for Economic Affairs and Energy.

**Employee survey**

Employee satisfaction has always been a top priority for the Würth Group. Only satisfied employees can be good employees. They secure the company's competitive standing and, as a result, help to secure jobs. The Würth Group has been conducting a standardized, regular employee survey since 2005. This facilitates structured information allowing comparisons to be drawn to be used to improve employee well-being and processes in general. The Group-wide survey provides a benchmark both for and between individual companies in the Würth Group. The survey is carried out together with the Mannheim-based WO Institute (Institute for Economic and Organizational Psychology).

159 companies within the Würth Group now take part in the survey. The companies are free to decide how often they conduct the survey – it is generally conducted every two years. In 2014, around 17,200 employees from 57 Group companies took part in the survey. The response rate at Group level has been stable at a high level throughout the years.

**Thanks to our employees**

In 2015, the Group's parent company Adolf Würth GmbH & Co. KG, is celebrating its 70th anniversary. More than 400 companies have been added to the Würth Group to date – a corporate development that owes itself to the people that have helped shape it. The Central Managing Board of the Würth Group would like to thank all of its employees across the globe: their commitment, ideas and, most importantly, their loyalty have played a key role in shaping this development and establishing the Würth family business as a reliable partner for its customers and a profitable company that is considered to be the global market leader in its sector of the market.

We would like to thank the employee representatives in the individual Würth companies. Honest and constructive dialogue lays the foundation for successful collaboration between the management and employees, and reinforces Würth's fundamental position as a family business. This also helps to ensure that the values that make up our corporate culture are transported into the corresponding bodies. Measures can be implemented and driven ahead successfully on this joint basis.

## Corporate governance report

Corporate governance provides rules and standards for good and responsible management and monitoring of companies. Rules, codes of conduct and standards for management and monitoring functions within the Würth Group are shaped by the corporate philosophy and culture.

The corporate philosophy shaped and defined by Prof. Dr. h. c. mult. Reinhold Würth determines the credo and self-image of the Würth Group. Together with corporate ethics, the corporate culture deals with the values and standards that should underlie entrepreneurial actions and decisions as well as the behavior of people working together. Würth's corporate culture is shaped by concepts such as dynamism, performance orientation, openness, honesty, reliability and responsibility.

Corporate governance in the Würth Group is ensured by the following rules and systems:

- A written corporate constitution laying down all the rules of interaction between the company and its owners, the Würth Family Trusts
- A dual management system, i.e., segregation of functions for operating management and supervisory bodies, with the Central Managing Board and Advisory Board comparable to the management board and supervisory board, respectively, of a stock corporation
- Internal audit department
- Audit of significant separate financial statements and the consolidated financial statements by independent auditors
- Risk management and risk controlling
- Refined controlling methods to create transparency in operating units
- Rating of the Würth Group by an international rating agency

In addition to these regulations and measures, the Central Managing Board of the Würth Group follows the current development of the German Corporate Governance Code (GCGC) and the German Code for Family Businesses. It adheres to these codes wherever the regulations are applicable to the Würth Group. Below are some further examples of corporate governance measures besides those set out above:

- Examination of efficiency at the Advisory Board of the Würth Group pursuant to No. 5.6 GCGC
- Establishment of committees within the Advisory Board of the Würth Group, e.g., the audit committee pursuant to No. 5.3.2 GCGC
- Clear division of authorities between the bodies of the Würth Group by way of a binding approval catalog for management measures
- Performance-related payment of top management with variable and fixed salary components pursuant to No. 4.2.3 GCGC; appropriateness of total remuneration is borne in mind and a cap on severance packages has been arranged.

A further component of corporate governance is compliance on the part of employees. With more than 66,000 employees, the Würth Group needs clear rules to determine its conduct or the framework for entrepreneurial decisions. This is particularly relevant in light of the fact that the Würth Group's activities span more than 80 countries.

We need to set out binding standards and rules of conduct without infringing the laws and values prevailing in various countries and cultures. On the basis of the corporate philosophy and corporate culture described, Würth's policy and procedure (PAP) manual sets out a code of conduct to guide executives and employees with respect to the behavior and actions expected of them within the company and in relation to its environment.

## Subsequent events

For information on the events after the balance sheet date, we refer to the comments in the notes to the consolidated financial statements under [10] "Events after the reporting period" in I. "Other notes".

## Outlook

**Overall economic environment**
Global GDP is expected to grow by 3.5 percent in 2015. Although the drop in oil prices is advantageous to global economic growth, unfavorable factors such as weaker investment due to lower growth expectations in individual regions and the low inflation rate in the euro zone will counteract the positive oil price effects. Compared with last year (2014: + 3.3 percent), global economic growth is likely to increase by 0.2 percentage points despite the crises in Ukraine and Russia.

The economic situation in the **euro zone**, the region in which the Würth Group's sales are focused, has suffered as a result of the global crises. Nevertheless, the economic situation has improved slightly in all EMU countries, meaning that the forecasts for 2015 are positive. After lower economic growth of 0.8 percent in 2014 (forecast: + 1.2 percent), the euro zone is expected to report economic growth to the tune of 1.2 percent in 2015. **Italy's** GDP is expected to grow by 0.4 percent, after the country failed to achieve the forecast growth of 0.5 percent in 2014 (2014: – 0.4 percent). **Spain's** economy remains on the path to recovery: after GDP growth of 1.4 percent in 2014, 2015 is expected to bring an increase of a further 0.6 percentage points to 2.0 percent. Positive impetus will also come from the **UK, France** and **Portugal**. Following positive economic growth of 2.6 percent in the UK in 2014, the economy is still showing positive development, with growth expected to edge up slightly by 0.1 percentage points to 2.7 percent. GDP growth of 0.9 percent is expected in France (2014: + 0.4 percent), with Portugal expected to achieve growth of as much as 1.6 percent in 2015 (2014: + 1.0 percent).

After a slight increase of 0.6 percent in economic growth in **Russia** in 2014, the forecasts for 2015 are much more negative, with GDP expected to dip by 3.0 percent.

In **Germany**, the Würth Group's largest sales market, the economy remains on track – it is being supported by robust exports, which are being strengthened further by the weak euro against the dollar and by solid consumer demand. GDP growth of 1.3 percent is expected in Germany (2014: + 1.5 percent).

The 2015 sales forecast for the Würth Group's key industries is slightly positive. The **trades** are expected to grow by 1.5 percent (2014: + 2.4 percent). A 2.0 percent increase in sales is expected for the **building industry** (2014: + 4.1 percent). In the **mechanical engineering sector**, production growth is tipped to come in at 2.0 percent, after falling well short of the 4.0 percent target in the previous year (2014: + 0.7 percent). The situation will also remain stable in the **metal and electrical industry**. Manufacturing is expected to grow by 1.5 percent (2014: + 2.7 percent). The German **automotive industry** expects the number of passenger cars manufactured in 2015 to increase slightly to 5.7 million (2014: 5.6 million).

The **USA** is finding its way back to its old economic strength and we expect it to overcome the economic crisis entirely in the course of the year. The low energy costs due to the excess supply of oil and gas on the global market and the fracking boom within the US itself will become a global competitive advantage. Unemployment also dropped to a six-year low and private consumption continued to rise – a key factor for the US economy. The USA is expected to achieve GDP growth of 3.6 percent. This would see the economy expand by a further 1.2 percentage points compared with 2014 (2014: + 2.4 percent). **Latin America** is expected to achieve slight GDP growth of 1.3 percent in 2015 (2014: + 1.2 percent). The emerging markets of **China** and **India**, which are very important to the Würth Group, will remain global growth drivers. Although China looks set to lose some momentum compared with last year (2014: + 7.4 percent), economic growth is likely to remain at a high level of 6.8 percent in 2015. The outlook for India is also extremely positive. The growth forecast for 2015 is 6.3 percent, another 0.5 percentage points more than in 2014 (2014: + 5.8 percent).

**Development of the Würth Group**

- **Aim to lift the operating result to more than EUR 540 million**
- **Exploiting e-business opportunities**
- **Modular service for each individual customer**

Breaking through the EUR 10 billion sales threshold is the best possible motivation for the Würth Group to continue full steam ahead in the 2015 fiscal year. Strategic optimization processes, the expansion of the sales force as a key pillar of the company's sales concept and the expansion of e-business will provide the impetus for this enthusiasm. All in all, the Würth Group is optimistic about 2015.

Direct selling via the sales force remains one of the special strengths of the Würth Group – one that pays off for customers and for Würth itself. 30,000 permanent members of the sales force visit customers to ensure that they receive competent advice and fast deliveries. This also places them very close to the market on a day-to-day basis, giving them a direct insight into changing customer needs and demands. The experience of its sales representatives is a valuable source of information for the Würth Group in order to ensure that it can react fast to any changes by launching new products and services in the future, too.

This is why e-business is one of the areas that is becoming increasingly important within the Würth Group. The online shop, e-procurement, scanner-supported ordering systems or the Würth App are the Group's answers to changes in customer ordering behavior and bring the Group closer to its objective of transforming itself from a conventional direct selling company to a multi-channel sales company. For the sales representatives of the Würth Group, these changes in sales channels also come hand-in-hand with changes to their day-to-day work. They are already more than just sales people, but are increasingly becoming managers of multi-channel sales. This allows Würth to serve each and every customer in the manner that best suits his or her needs and demands.

All in all, the investments in the sales force, the continual expansion of the Würth Group branch office network, the Würth Express Service enabling same-day delivery and the expansion of e-business reinforce the promise that Würth customers can rely on in the future, too: no competitor is closer to its customers and the Würth Group is constantly working on ensuring that this is the way things stay.

2015 will see the Würth Group celebrate two anniversaries at the same time: the biggest individual company in the Würth Group, Adolf Würth GmbH & Co. KG, is celebrating its 70th anniversary and Reinhold Würth is celebrating his 80th birthday. Coupled with our corporate culture and the fact that we broke through the EUR 10 billion sales barrier in 2014, these events are a source of motivation and stimulus for the Würth Group to continue with its positive development and remain the market leader with its products and services in the future, too.

**Overall statement on the future development of the Würth Group:**
The Würth Group aims to generate sales of more than EUR 10.5 billion and an operating result in excess of EUR 540 million in fiscal year 2015. In addition to organic growth, we will be making more use of acquisitions as a source of impetus in 2015. As far as gross profit is concerned, we expect this key figure to remain virtually constant although we expect this to prove a challenge. We predict a slight positive development in collection days, stock turnover and staff turnover. All of these statements are subject to the proviso that innovation, employment and global economic growth continue to show positive development.

# CONSOLIDATED FINANCIAL STATEMENTS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# CONSOLIDATED INCOME STATEMENT

| in millions of EUR | | **2014** | Share % | **2013** | Share % | Change % |
|---|---|---|---|---|---|---|
| Sales | [1] | 10,126.4 | 100.0 | 9,745.1 | 100.0 | 3.9 |
| Changes in inventories | | 1.9 | 0.0 | – 0.7 | 0.0 | > 100 |
| Own work capitalized | | 17.1 | 0.2 | 9.3 | 0.1 | 83.9 |
| Cost of materials | [2] | 4,865.5 | 48.1 | 4,650.0 | 47.7 | 4.6 |
| Cost of financial services | [3] | 34.6 | 0.3 | 35.3 | 0.4 | – 2.0 |
| | | **5,245.3** | **51.8** | **5,068.4** | **52.0** | **3.5** |
| Other operating income | [4] | 83.0 | 0.8 | 86.1 | 0.9 | – 3.6 |
| Personnel expenses | [5] | 2,845.5 | 28.1 | 2,733.7 | 28.1 | 4.1 |
| Amortization and depreciation | | 277.7 | 2.7 | 303.2 | 3.1 | – 8.4 |
| Other operating expenses | [6] | 1,651.4 | 16.3 | 1,623.0 | 16.7 | 1.7 |
| Finance revenue | [7] | 42.5 | 0.4 | 45.8 | 0.5 | – 7.2 |
| Finance costs | [7] | 96.2 | 1.0 | 126.5 | 1.3 | – 24.0 |
| Earnings before taxes | [8] | **500.0** | **4.9** | **413.9** | **4.2** | **20.8** |
| Income taxes | [9] | 122.5 | 1.2 | 104.5 | 1.0 | 17.2 |
| **Net income for the year** | | **377.5** | **3.7** | **309.4** | **3.2** | **22.0** |
| Attributable to: | | | | | | |
| Owners of parent companies in the Group | | 361.8 | 3.6 | 295.3 | 3.0 | 22.5 |
| Non-controlling interests | | 15.7 | 0.1 | 14.1 | 0.2 | 11.3 |
| | | **377.5** | **3.7** | **309.4** | **3.2** | **22.0** |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| in millions of EUR | | **2014** | Share % | **2013** | Share % | Change % |
|---|---|---|---|---|---|---|
| **Net income for the year** | | 377.5 | 100.0 | 309.4 | 100.0 | 22.0 |
| **Items that are not reclassified to profit or loss** | | | | | | |
| Remeasurement of defined benefit plans | [26] | – 57.4 | – 15.2 | 9.5 | 3.1 | < – 100 |
| Taxes attributable to other comprehensive income | | 11.8 | 3.1 | – 2.9 | – 0.9 | > 100 |
| **Items that may be reclassified to profit or loss in certain circumstances** | | | | | | |
| Foreign currency translation | | 18.7 | 5.0 | – 58.4 | – 18.9 | > 100 |
| **Other comprehensive income** | | **– 26.9** | **– 7.1** | **– 51.8** | **– 16.7** | **– 48.1** |
| **Total comprehensive income** | | **350.6** | **92.9** | **257.6** | **83.3** | **36.1** |
| Attributable to: | | | | | | |
| Owners of parent companies in the Group | | 335.3 | 88.8 | 244.0 | 78.9 | 37.4 |
| Non-controlling interests | | 15.3 | 4.1 | 13.6 | 4.4 | 12.5 |
| | | **350.6** | **92.9** | **257.6** | **83.3** | **36.1** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| **Assets** in millions of EUR | | **2014** | Share % | **2013** | Share % | Change % |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Intangible assets including goodwill | [10] | 211.0 | 2.6 | 203.4 | 2.6 | 3.7 |
| Property, plant and equipment | [11] | 2,508.0 | 30.8 | 2,411.9 | 30.2 | 4.0 |
| Financial assets | [12] | 53.5 | 0.7 | 50.3 | 0.6 | 6.4 |
| Receivables from financial services | [13] | 707.6 | 8.7 | 735.6 | 9.2 | – 3.8 |
| Other financial assets | [18] | 17.4 | 0.2 | 20.5 | 0.3 | – 15.1 |
| Other assets | [19] | 27.2 | 0.3 | 26.9 | 0.3 | 1.1 |
| Deferred taxes | [14] | 125.8 | 1.5 | 124.1 | 1.6 | 1.4 |
| | | **3,650.5** | **44.8** | **3,572.7** | **44.8** | **2.2** |
| **Current assets** | | | | | | |
| Inventories | [15] | 1,462.1 | 18.0 | 1,310.0 | 16.4 | 11.6 |
| Trade receivables | [16] | 1,266.7 | 15.6 | 1,210.1 | 15.2 | 4.7 |
| Receivables from financial services | [13] | 704.6 | 8.6 | 682.2 | 8.5 | 3.3 |
| Income tax assets | [17] | 33.7 | 0.4 | 42.5 | 0.5 | – 20.7 |
| Other financial assets | [18] | 161.2 | 2.0 | 157.4 | 2.0 | 2.4 |
| Other assets | [19] | 129.7 | 1.6 | 131.7 | 1.6 | – 1.5 |
| Securities | [20] | 131.4 | 1.6 | 117.2 | 1.5 | 12.1 |
| Cash and cash equivalents | [21] | 601.6 | 7.4 | 749.2 | 9.4 | – 19.7 |
| | | **4,491.0** | **55.2** | **4,400.3** | **55.1** | **2.1** |
| Assets classified as held for sale | [22] | 0.0 | 0.0 | 5.3 | 0.1 | – 100.0 |
| | | **4,491.0** | **55.2** | **4,405.6** | **55.2** | **1.9** |
| | | **8,141.5** | **100.0** | **7,978.3** | **100.0** | **2.0** |

| Equity and liabilities<br>in millions of EUR | | 2014 | Share<br>% | 2013 | Share<br>% | Change<br>% |
|---|---|---|---|---|---|---|
| **Equity** | | | | | | |
| Equity attributable to parent companies in the Group | [23] | | | | | |
| Share capital | | 395.2 | 4.9 | 372.4 | 4.7 | 6.1 |
| Reserves | | 1,518.3 | 18.6 | 1,370.5 | 17.2 | 10.8 |
| Retained earnings | | 1,698.2 | 20.8 | 1,592.2 | 19.9 | 6.7 |
| | | 3,611.7 | 44.3 | 3,335.1 | 41.8 | 8.3 |
| Non-controlling interests | | 71.3 | 0.9 | 63.4 | 0.8 | 12.5 |
| | | **3,683.0** | **45.2** | **3,398.5** | **42.6** | **8.4** |
| **Non-current liabilities** | | | | | | |
| Liabilities from financial services | [24] | 251.9 | 3.1 | 343.6 | 4.3 | – 26.7 |
| Financial liabilities | [25] | 1,284.3 | 15.7 | 1,432.9 | 18.0 | – 10.4 |
| Obligations from post-employment benefits | [26] | 244.8 | 3.0 | 186.1 | 2.3 | 31.5 |
| Provisions | [27] | 87.5 | 1.1 | 79.3 | 1.0 | 10.3 |
| Other financial liabilities | [28] | 6.1 | 0.1 | 5.7 | 0.1 | 7.0 |
| Other liabilities | [29] | 5.0 | 0.1 | 4.4 | 0.1 | 13.6 |
| Deferred taxes | [14] | 98.8 | 1.2 | 98.3 | 1.2 | 0.5 |
| | | **1,978.4** | **24.3** | **2,150.3** | **27.0** | **– 8.0** |
| **Current liabilities** | | | | | | |
| Trade payables | | 477.5 | 5.8 | 426.4 | 5.3 | 12.0 |
| Liabilities from financial services | [24] | 877.3 | 10.8 | 808.0 | 10.1 | 8.6 |
| Financial liabilities | [25] | 289.4 | 3.5 | 374.2 | 4.7 | – 22.7 |
| Income tax liabilities | | 38.8 | 0.5 | 30.2 | 0.4 | 28.5 |
| Provisions | [27] | 143.6 | 1.8 | 146.9 | 1.8 | – 2.2 |
| Other financial liabilities | [28] | 314.4 | 3.9 | 301.2 | 3.8 | 4.4 |
| Other liabilities | [29] | 339.1 | 4.2 | 342.6 | 4.3 | – 1.0 |
| | | **2,480.1** | **30.5** | **2,429.5** | **30.4** | **2.1** |
| | | **8,141.5** | **100.0** | **7,978.3** | **100.0** | **2.0** |

# CONSOLIDATED STATEMENT OF CASH FLOWS*

**Cash flow from operating activities**

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| **Earnings before taxes** | **500.0** | **413.9** |
| Income taxes paid | – 94.7 | – 120.0 |
| Finance costs | 96.2 | 126.5 |
| Finance revenue | – 42.5 | – 45.8 |
| Interest income from operating activities | 22.0 | 30.3 |
| Interest payments from operating activities | – 11.3 | – 12.7 |
| Changes in obligations from post-employment benefits | – 6.5 | – 8.4 |
| Amortization, depreciation and impairment losses / reversals of impairment losses | 276.0 | 299.0 |
| Losses on the disposal of non-current assets | 2.9 | 5.8 |
| Gains on the disposal of non-current assets | – 7.4 | – 19.3 |
| Other non-cash income and expenses | 61.4 | 68.4 |
| **Gross cash flow** | **796.1** | **737.7** |
| Changes in inventories | – 127.1 | 1.7 |
| Changes in trade receivables | – 62.0 | – 30.8 |
| Changes in receivables from financial services | – 7.4 | – 97.7 |
| Changes in trade payables | 26.0 | 18.7 |
| Changes in liabilities from financial services | – 22.2 | 3.8 |
| Changes in short-term securities | – 14.2 | – 11.9 |
| Changes in other net working capital | 23.0 | – 22.8 |
| **Cash flow from operating activities** | **612.2** | **598.7** |
| Investments in intangible assets | – 40.6 | – 39.7 |
| Investments in property, plant and equipment | – 303.9 | – 374.0 |
| Investments in financial assets | – 10.4 | – 8.5 |
| Investments in newly acquired subsidiaries less cash** | – 26.5 | – 43.7 |
| Cash received from the disposal of assets | 30.1 | 58.6 |
| **Cash flow from investing activities** | **– 351.3** | **– 407.3** |

**Cash flows**

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Distributions | – 213.5 | – 217.2 |
| Changes in receivables from / liabilities to Family Trusts and the Würth family including interest income | 1.9 | – 84.7 |
| Capital contribution | 147.5 | 152.2 |
| Increase in financial liabilities | 63.3 | 580.5 |
| Decrease in financial liabilities | – 347.2 | – 394.5 |
| Interest payments / income from financing activities | – 61.3 | – 57.7 |
| Increase in majority shareholdings | – 1.5 | – 1.6 |
| **Cash flow from financing activities** | **– 410.8** | **– 23.0** |
| Changes due to consolidation (mainly due to exchange differences) | 2.3 | 8.3 |
| **Changes in cash and cash equivalents** | **– 147.6** | **176.7** |

**Composition of cash and cash equivalents**

| in millions of EUR | **2014** | **2013** | Change in millions of EUR |
|---|---|---|---|
| Short-term investments | 0.3 | 68.1 | – 67.8 |
| Other cash equivalents | 4.1 | 3.1 | 1.0 |
| Cash on hand | 2.3 | 1.9 | 0.4 |
| Bank balances | 594.9 | 676.1 | – 81.2 |
| **Cash and cash equivalents** | **601.6** | **749.2** | **– 147.6** |

* Reference to "J. Notes to the consolidated statement of cash flows"

** Reference to "C. Consolidated group"

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to parent companies in the Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| in millions of EUR | Share capital | Differences from currency translation | Other reserves | Retained earnings | Total | Non-controlling interests | Total Equity |
| **1 January 2013** | **476.4** | **– 39.0** | **1,288.6** | **1,425.1** | **3,151.1** | **53.0** | **3,204.1** |
| Net income for the year | 0.0 | 0.0 | 0.0 | 295.3 | 295.3 | 14.1 | 309.4 |
| Other comprehensive income | 0.0 | – 58.4 | 7.1 | 0.0 | – 51.3 | – 0.5 | – 51.8 |
| Total comprehensive income | 0.0 | – 58.4 | 7.1 | 295.3 | 244.0 | 13.6 | 257.6 |
| Capital increase / reduction | – 104.0 | 0.0 | 128.7 | 127.3 | 152.0 | 0.2 | 152.2 |
| Transfer to / drawings from reserves | 0.0 | 0.0 | 44.5 | – 44.5 | 0.0 | 0.0 | 0.0 |
| Distributions | 0.0 | 0.0 | 0.0 | – 210.3 | – 210.3 | – 6.9 | – 217.2 |
| Acquisition of majority shareholdings | 0.0 | 0.0 | – 1.7 | 0.0 | – 1.7 | 3.5 | 1.8 |
| Other income and expense recognized in equity | 0.0 | 0.8 | – 0.1 | – 0.7 | 0.0 | 0.0 | 0.0 |
| **31 December 2013** | **372.4** | **– 96.6** | **1,467.1** | **1,592.2** | **3,335.1** | **63.4** | **3,398.5** |
| Net income for the year | 0.0 | 0.0 | 0.0 | 361.8 | 361.8 | 15.7 | 377.5 |
| Other comprehensive income | 0.0 | 18.7 | – 45.1 | 0.0 | – 26.4 | – 0.5 | – 26.9 |
| Total comprehensive income | 0.0 | 18.7 | – 45.1 | 361.8 | 335.4 | 15.2 | 350.6 |
| Capital increase / reduction | 22.8 | 0.0 | 124.6 | 0.0 | 147.4 | 0.1 | 147.5 |
| Transfer to / drawings from reserves | 0.0 | 0.0 | 48.6 | – 48.6 | 0.0 | 0.0 | 0.0 |
| Distributions | 0.0 | 0.0 | 0.0 | – 207.1 | – 207.1 | – 6.4 | – 213.5 |
| Acquisition of majority shareholdings | 0.0 | 0.0 | 1.0 | 0.0 | 1.0 | – 2.5 | – 1.5 |
| Other income and expense recognized in equity | 0.0 | 0.2 | – 0.2 | – 0.1 | – 0.1 | 1.5 | 1.4 |
| **31 December 2014** | **395.2** | **– 77.7** | **1,596.0** | **1,698.2** | **3,611.7** | **71.3** | **3,683.0** |

# CONSOLIDATED VALUE ADDED STATEMENT*

| **Origin of value added** in millions of EUR | **2014** | **2013** | Change % |
|---|---|---|---|
| Sales | 10,126.4 | 9,745.1 | 3.9 |
| Changes in inventories and own work capitalized for capital expenditure | 19.0 | 8.6 | > 100 |
| Other operating income | 83.0 | 86.1 | – 3.6 |
| Finance revenue | 42.5 | 45.8 | – 7.2 |
| | **10,270.9** | **9,885.6** | **3.9** |
| **Less advance payments** | | | |
| Cost of materials and cost of financial services | 4,900.1 | 4,685.3 | 4.6 |
| Other operating expenses | 1,651.4 | 1,623.0 | 1.7 |
| Amortization and depreciation | 277.7 | 303.2 | – 8.4 |
| | **6,829.2** | **6,611.5** | **3.3** |
| **Value added** | **3,441.7** | **3,274.1** | **5.1** |

| **Utilization** in millions of EUR | **2014** | **2013** | Change % |
|---|---|---|---|
| Employees (personnel expenses) | 2,845.5 | 2,733.7 | 4.1 |
| Public sector (tax expenses) | 122.5 | 104.5 | 17.2 |
| Entities | 311.5 | 244.4 | 27.5 |
| Equity holders** | 66.0 | 65.0 | 1.5 |
| Lenders | 96.2 | 126.5 | – 24.0 |
| **Value added** | **3,441.7** | **3,274.1** | **5.1** |

* Not part of the consolidated financial statements in accordance with IFRSs

** Distributions net of contribution to capital

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## A. General information

The headquarters of the Würth Group are located in 74650 Künzelsau, Germany.

The core business of the Würth Group involves trade in fastening and assembly materials worldwide. The companies that make up the Würth Group's active sales operations are divided into two operational units: Würth Line and Allied Companies.

Würth Line operations focus on fastening and assembly materials, supplying customers in the trades, the construction sector, and industry. The sales portfolio of the Würth Line comprises products sold under its own brand name and by its own sales organization. Its main business activity is the sale of screws, screw accessories, DIN and standard parts, chemical-technical products, furniture and iron fittings, dowels, insulation, hand tools, power tools, cutting and pneumatic tools, service and care products, connecting and fastening materials, stocking and picking systems as well as the direct mailing of workwear.

The Allied Companies, which either operate in business areas adjacent to the core business or in diversified business areas, round off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are sales companies operating in related areas. The Diversification unit within the Allied Companies comprises service companies, such as hotels, restaurants and logistics operators.

## B. Adoption of International Financial Reporting Standards

**Statement of compliance**

The consolidated financial statements of the Würth Group were prepared according to the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and full IFRS. The consolidated financial statements consist of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements. The Group management report has been prepared in accordance with Sec. 315 HGB.

**Basis of preparation**

All IFRSs whose adoption is mandatory as of 31 December 2014 have been applied. This also includes the International Accounting Standards (IASs) as well as the interpretations issued by the IFRS Interpretations Committee (formerly: IFRIC) and the Standing Interpretations Committee (SIC).

The financial statements have been prepared on the basis of historical cost, with the exception of financial assets at fair value through profit or loss and available-for-sale financial assets, which are measured at fair value without effect on profit or loss.

The consolidated financial statements have been prepared in euro. All figures are reported in millions of euro (EUR) unless otherwise indicated.

The items in the statement of financial position have been classified into current and non-current assets and liabilities in accordance with IFRSs. Items not due within a year are disclosed as non-current assets or non-current liabilities. In addition, deferred taxes are disclosed as non-current assets or liabilities.

The consolidated income statement has been prepared using the nature of expense method.

The consolidated financial statements were authorized by the Central Managing Board of the Würth Group on 13 March 2015 for issue to the audit committee of the Würth Group's Advisory Board.

**Use of estimates and judgments**

The preparation of the consolidated financial statements pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and other financial obligations as of the reporting date and the reported amounts of income and expenses during the reporting period. The assumptions and estimates are based primarily on Group-wide regulations governing useful lives, accounting policies for capitalized development costs and provisions, the probability of future tax relief being realized from deferred tax assets and on the assumptions regarding the future earnings power of cash-generating units. Actual amounts in future periods may differ from the estimates. Changes are recognized in income as and when better information is available.

The main assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date which entail a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following fiscal year are discussed below.

a) Impairment of goodwill

The Würth Group tests goodwill for impairment at least once a year. This involves an estimate of the net selling price of the cash-generating units to which the goodwill is allocated. The cash-generating units are determined on the basis of the lowest level used to monitor goodwill for internal purposes by management making decisions on business combinations. In the Würth Group this is the legal entity, with the exception of Dinol and Diffutherm, which are considered to be a reporting unit. As of 31 December 2014 the carrying amount of goodwill totaled EUR 63.2 million (2013: EUR 58.4 million). Further details are presented in the notes to the consolidated statement of financial position under [10] "Intangible assets including goodwill".

b) Impairment of intangible assets and property, plant and equipment

The Würth Group tests intangible assets and property, plant and equipment for impairment if events or changes in circumstances suggest that it may not be possible to recover the carrying amount of an asset. The intrinsic value is calculated by comparing the carrying amount of the individual assets with their recoverable amount. The recoverable amount is either the value in use or the fair value, whichever is higher, less the cost of sale. The value in use is the amount calculated by discounting the estimated future cash flows. If an asset does not generate any cash inflows that are largely independent of the cash inflows generated by other asset groups, the impairment test is not carried out at the level of an individual asset, but at the level of the cash-generating unit. Further details are presented in the notes to the consolidated statement of financial position under [10] "Intangible assets including goodwill" and [11] "Property, plant and equipment".

c) Unused tax losses and temporary differences

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Unused tax losses and temporary differences are considered recoverable only if they are likely to be used within the next five years. Deferred tax assets recognized on unused tax losses amount to EUR 24.0 million as of 31 December 2014 (2013: EUR 37.9 million).

d) Obligations from post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currencies with at least an AA rating or above, and the extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds from which the discount rate is derived, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. The net carrying amounts of the obligations from post-employment benefits amount to EUR 244.8 million as of 31 December 2014 (2013: EUR 186.1 million). Further details are presented in the notes to the consolidated statement of financial position under [26] "Obligations from post-employment benefits". All parameters are reviewed annually.

e) Securities

Financial assets for which there is no active market were measured on the basis of the expected cash flows discounted at a rate that reflects the terms and risks involved. This measurement is subject to estimation uncertainty because it is most sensitive to the discount rates used in the discounted cash flow method as well as the expected future cash inflows. The fair value of these financial assets totaled EUR 75.3 million as of 31 December 2014 (2013: EUR 66.0 million).

f) Development costs

Development costs are capitalized in accordance with the accounting policies presented in section F. Initial recognition of development costs is based on an assessment by management that the development is both technically and economically feasible. Generally, this is the case if a product development project has reached a certain milestone within an existing project management model. In determining the amounts to be capitalized management makes assumptions regarding the expected future cash generation of the assets, the discount rates to be applied and the expected period of benefits. As of 31 December 2014, the carrying amount of capitalized development costs was EUR 19.6 million (2013: EUR 22.4 million).

g) Receivables
To determine specific allowances, receivables that could potentially be impaired are assessed for impairment and valuation allowances applied where appropriate. The calculation of valuation allowances on receivables is based primarily on assessments and analyses performed by the local management. In addition to the creditworthiness of, and default on payment by, the customer in question, historical default rates are also taken into account. Further details are presented in the notes to the consolidated statement of financial position under [13] "Receivables from financial services" and [16] "Trade receivables".

**Effects of new accounting standards**
The accounting policies adopted are consistent with those of the prior fiscal year, except that the Group has adopted the new / revised standards and interpretations set out below that are mandatory for fiscal years beginning on or after 1 January 2014. The changes in accounting policies and in the disclosures in the notes are due primarily to adoption of:

- **Investment companies – Amendment to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements"**
- **IAS 32 "Offsetting Financial Assets and Financial Liabilities"**
- **IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"**
- **IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"**

**The adoption of these standards or interpretations is described below:**
The amendment for **investment companies – amendment to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** – applies to fiscal years beginning on or after 1 January 2014 and exempts companies that meet the definition criteria of an investment company set out in IFRS 10 from the consolidation requirement. Instead, the investment companies have to state the interests in their subsidiaries at fair value through profit or loss in the future. This amendment is irrelevant to the Würth Group, as none of the Würth Group companies fulfills the criteria for definition as an investment company pursuant to IFRS 10.

The amendments to **IAS 32 "Offsetting Financial Assets and Financial Liabilities"** clarify the meaning of "currently has a legally enforceable right to set off" and the application of offsetting criteria to gross settlement systems at clearing houses. The amendment applies for the first time to fiscal years beginning on or after 1 January 2014 and will not have any effect on the consolidated financial statements of the Würth Group.

The amendment to **IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"** resolves the unplanned implications of IFRS 13 for the disclosure requirements pursuant to IAS 36. Furthermore, the amendment requires the disclosure of a recoverable amount for assets or cash-generating units for which impairments or reversals of impairment losses were stated during the year. The amendment applies with retroactive effect to fiscal years beginning on or after 1 January 2014 and will not have any effect on the consolidated financial statements of the Würth Group.

The amendment to **IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"** allows, under certain circumstances, the continuation of hedge accounting in cases in which derivatives designed as hedging instruments are transferred to a central clearing house on the basis of statutory and supervisory law provisions (novation). The amendment is effective for the first time for fiscal years beginning on or after 1 January 2014. The Würth Group did not perform any novation of its derivatives in the period under review and generally recognizes derivatives not as hedging instruments, but at fair value through profit or loss. This amendment will, however, be applied to future novation.

**Published standards endorsed by the EU in the comitology procedure that are not yet effective**

Standards issued but not yet effective by the date of issuance of the consolidated financial statements of the Würth Group are listed below. This listing of standards and interpretations issued are those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position and results of operations when applied at a future date. The Würth Group intends to adopt those standards as soon as they become effective.

The amendment to **IAS 19 "Employee Benefits"** was published in November 2013 and is to be applied for the first time to the fiscal year starting on or after 1 July 2014. The amendment relates to the reporting of contributions made by employees or third parties to the pension plan as a reduction of service costs, insofar as these contributions reflect the benefit provided during the reporting period. The amendment is to be applied with retroactive effect. Early application is permitted and will not have any material impact on the consolidated financial statements of the Würth Group.

The IASB published **IFRIC 21 "Levies"** in May 2013. This states that companies operating on particular markets have to state a liability for the levies to be paid to the authorities responsible for the market concerned if the business activities causing the levy in question are performed. In the case of levies that depend on a minimum volume being reached, for example, the interpretation makes it clear that a debt can only be carried as a liability once this minimum volume has been reached. The interpretation is effective for the first time for fiscal years beginning on or after 17 June 2014. The Würth Group does not expect the application of IFRIC 21 to have any significant effect on the consolidated financial statements of the Würth Group.

**Improvements to IFRSs 2010-2012**

The improvements to IFRSs 2010-2012 constitute an omnibus of amendments that was published in December 2013 and is to apply to fiscal years beginning on or after 1 July 2014, and will not have any material impact on the consolidated financial statements of the Würth Group.

- **IFRS 2 "Share-Based Payment"** clarifies the definition of exercise conditions and market conditions and adds definitions for performance conditions and service conditions (which previously formed part of the definition of exercise conditions).
- **IFRS 3 "Business Combinations" (with subsequent changes to other standards)** clarifies that contingent consideration that is classified as an asset or a liability is to be measured at fair value on each balance sheet date.
- **IFRS 13 "Fair Value Measurement"** (amending only the Basis for Conclusions with subsequent amendments to the Basis for Conclusions for other standards) clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 "Property, Plant and Equipment"** clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 "Related Party Disclosures"** clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

**Improvements to IFRSs 2011-2013**
The improvements to IFRSs 2011-2013 constitute an omnibus of amendments that was published in December 2013 and includes changes to various IFRSs that are to apply, as a mandatory requirement, to fiscal years beginning on or after 1 July 2014. The Würth Group has not applied the following amendments but does not expect them to have any material impact on the consolidated financial statements.

- **IFRS 3 "Business Combinations"** clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 "Fair Value Measurement"** clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9 "Financial Instruments", regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation."
- **IAS 40 "Investment Property"** clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 "Business Combinations" and investment property as defined in IAS 40 "Investment Property" requires the separate application of both standards independently of each other.

**Published standards not yet endorsed by the EU in the comitology procedure**

The IASB has published the following standards and interpretations whose adoption was not yet mandatory in the 2014 fiscal year. These standards and interpretations have not yet been recognized by the EU and will be applied by the Würth Group as soon as they come into force. This listing of standards and interpretations issued are those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position and results of operations.

In July 2014, the International Accounting Standards Board (IASB) published the finalized version of **IFRS 9 "Financial Instruments"**, which incorporates the results of all phases in the IFRS 9 project and replaces both IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9 "Financial Instruments". IFRS 9 is effective for the first time for fiscal years beginning on or after 1 January 2018. Earlier application of the final standard (IFRS 9 [2014]) is permitted at any time. The standard is to be applied with retroactive effect. Companies also have the option of only adopting the provisions on the presentation of value changes that are attributable to their own credit risk early, without having to apply the other provisions set out in IFRS 9 (2014). The standard contains new provisions on classification and measurement, impairment and hedge accounting. The new standard will have an effect on the classification and measurement of the Würth Group's financial assets, but will not have an effect on the classification and measurement of financial liabilities.

**IFRS 15 "Revenue from Contracts with Customers"** introduces a new five-step revenue recognition model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognize revenue at the time of the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 provide a structured approach for the measurement and reporting of revenue. The standard's scope of application covers all types of sectors and companies and thus replaces all existing provisions relating to revenue recognition (IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services"). The standard must be applied to reporting periods starting on or after 1 January 2017. Earlier adoption is permitted. The standard is to be adopted with retroactive effect and will not have any material impact on the consolidated financial statements of the Würth Group.

The amendment to **IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate/ Joint Venture"** was published in September 2014 and is to be applied for the first time to transactions executed in the fiscal year starting on or after 1 January 2016. It is designed to resolve inconsistencies between IFRS 10 and IAS 28 relating to the loss of control over a subsidiary that is incorporated into an associate or joint venture. The amendment clarifies that the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 "Business Combinations" is to be recognized in full by an investor. If a company retains an interest in a former subsidiary after the loss of control and this subsidiary does not constitute a business as defined in IFRS 3, the gain or loss resulting from the remeasurement of the remaining interest at fair value is recognized only to the extent of unrelated investors' interests. The amendment is to be applied prospectively. Earlier adoption is permitted. The Würth Group does not, however, expect the first-time application to have any material impact on the consolidated financial statements.

The amendments to **IAS 16 and IAS 38 "Acceptable Methods of Depreciation and Amortisation"** clarify the principle set out in IAS 16 and IAS 38 that the revenue should reflect the economic benefits generated from the operation of a business (of which an asset is part). Revenue does not, on the other hand, correspond to the economic benefit consumed by the use of the asset. As a result, the relationship between the revenue generated and the expected future total revenue cannot be used for the depreciation of property, plant and equipment, but only for the amortization of intangible assets – and even so, only in very limited cases. The amendment is to be applied prospectively and applies to reporting years starting on or after 1 January 2016. Earlier adoption is permitted.

The amendment to **IFRS 11 "Acquisition of an Interest in a Joint Operation"** was published in May 2014 and is to be applied for the first time to the fiscal year starting on or after 1 January 2016. The amendment states that a joint operator reporting the acquisition of an interest in an existing joint operation that constitutes a business, as defined in IFRS 3 "Business Combinations", is required to apply all of the principles on business combinations accounting in IFRS 3 and other standards and must make the disclosures set out in these standards for business combinations. It also clarifies that previously held interests in a joint operation are not remeasured on the acquisition of an additional interest in the same joint operation, if the acquisition results in retaining joint control. The amendment also includes a scope exception designed to clarify that the amendments do not apply if the parties (including the reporting company) that share the joint control are under the joint control of one party. The amendment applies to both the first-time acquisition of interests in a joint operation and the acquisition of further interests in the same joint operation. The amendment is to be applied prospectively. Earlier adoption is permitted. The amendments will enhance comparability and could have an impact on the comparability of the Würth Group, as the application of the provisions set out in IFRS 3 "Business Combinations" for joint activities that constitute a business could result in the statement of goodwill in the future.

As part of its major "Disclosure Initiative" project to explore and improve presentation and disclosure requirements, the IASB has published the first set of changes to **IAS 1 "Presentation of Financial Statements"**. These include limited amendments designed to encourage companies to exercise more discretion in stating and presenting information. The amendments clarify, by way of example, that the principle of materiality relates to the entire financial statements and that stating immaterial information can make financial data less useful. More discretion should also be exercised when it comes to the position and order of information in the financial statements. These amendments are mandatory for fiscal years beginning on or after 1 January 2016. Earlier adoption is permitted.

**Improvements to IFRSs 2012-2014**

The improvements to IFRSs 2012-2014 constitute an omnibus of amendments that was published in September 2014 and includes changes to various IFRSs that are to apply, as a mandatory requirement, to fiscal years beginning on or after 1 January 2016.

- **IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"** adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for disposal (or vice versa).
- **IFRS 7 "Financial Instruments: Disclosures"** adds additional guidance to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS 7 on offsetting financial assets and liabilities to condensed interim financial statements pursuant to IAS 34.
- **IAS 19 "Employee Benefits"** clarifies that the market depth of high-quality corporate bonds is to be assessed in the currency in which the obligation is denominated instead of merely at the level of the country in which the obligation is located. If there is no liquid market for high-quality corporate bonds in this currency, government bonds have to be used.

## C. Consolidated group

The consolidated financial statements of the Würth Group include parent companies at the same organizational level as well as all domestic and foreign entities in which the parent companies at the same organizational level hold a majority of the voting rights, either directly or indirectly, and thus have the possibility to exercise control over these entities. The parent companies – and hence the entire Würth Group – are subject to common control by the Central Managing Board. The consolidated group is therefore based on the Würth Group's uniform ownership, organizational and management structure, as only this presentation gives a true and fair view of the Würth Group. Determining the consolidated group in accordance with IFRS 10 would not give a true and fair value of the net assets, financial position and results of operations because transactions between the subgroups thereby created would not be presented fairly. In this case, the subgroups would provide an incomplete and misleading presentation of the economic and financial conditions of the Würth Group regarding practically every item of the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Würth Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

The cost of subsidiaries and business operations acquired comprises the consideration transferred plus any non-controlling interests.

The major changes to the consolidated group in comparison to the prior year on account of acquisitions are as follows: On 23 July 2014, the Würth Group acquired 100% of the shares and voting rights in Stelvio Kontek SpA, Oggiono, Italy, including its subsidiaries sc STM Elettromeccanica S.r.l., Blaj, Romania, SIME Elektronikai Gyártó és Forgalmazó Kft., Tab, Hungary, Stelvio Kontek Limited, Kowloon Bay, Hong Kong and Stelvio Kontek S.A.S., Santeny, France. The Stelvio Kontek Group operates within the Electronics unit in the field of terminal blocks and board-to-board connectors. In the future, Stelvio Kontek SpA will be known as Wuerth Elektronik Stelvio Kontek S.p.A.

| in millions of EUR | Acquisition-date fair value | Previous carrying amount |
|---|---|---|
| **Assets** | | |
| Land | 3.4 | 3.4 |
| Technical equipment and machines | 11.0 | 10.1 |
| Other non-current assets (incl. intangible assets) | 4.9 | 4.9 |
| Inventories | 4.8 | 4.8 |
| Trade receivables | 7.3 | 7.3 |
| Other assets | 1.7 | 1.7 |
| Cash and cash equivalents | 0.1 | 0.1 |
| | **33.2** | **32.3** |
| **Liabilities** | | |
| Financial liabilities | 11.2 | 11.2 |
| Trade payables | 3.1 | 3.1 |
| Obligations from post-employment benefits | 1.8 | 1.8 |
| Income tax liabilities | 0.4 | 0.4 |
| Other liabilities | 3.5 | 3.3 |
| | **20.0** | **19.8** |
| Non-controlling interests | 0.2 | 0.2 |
| **Total identifiable net assets** | **13.0** | **12.3** |
| Goodwill arising from the business combination | 0.0 | |
| **Consideration transferred** | **13.0** | |
| Transaction costs | 0.7 | |
| Cash acquired with the subsidiary | 0.1 | |
| **Net cash outflow** | **13.6** | |

Since the acquisition date, the Wuerth Elektronik Stelvio Kontek Group has contributed EUR 7.7 million to sales. Net income for the year came in at EUR –1.3 million. The pro forma sales in 2014 totaled EUR 21.1 million with a pro forma profit of EUR 0.9 million.

**The following acquisitions were also made:**
On 24 February 2014, the Würth Group acquired 100% of the shares and voting rights in Korea Fasteners Ltd., Anseong, South Korea. In the future, the company will be operating in the Industry business unit in South Korea.

On 30 April 2014, the Würth Group acquired the business operations of RL Industries, Inc., Commerce City, USA, which were incorporated into the newly established company Wurth Timberline Fasteners Inc., Commerce City, USA. Wurth Timberline Fasteners is a supplier of fastening material for industrial customers in the Rocky Mountains.

On 30 September 2014, the Würth Group acquired 100% of the shares and voting rights in TOGE-Dübel A. Gerhard KG, Nuremberg, Germany. The company specializes in the production of concrete screws and metal anchors. In the future, the company will operate under the name TOGE Dübel GmbH & Co. KG.

| in millions of EUR | Korea Fasteners Ltd. | Wurth Timberline Fasteners Inc. | TOGE Dübel GmbH & Co. KG | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | 0.2 | 4.8 | 7.3 | 12.3 |
| Other non-current assets | 3.0 | 0.2 | 3.6 | 6.8 |
| Inventories | 0.2 | 3.2 | 1.5 | 4.9 |
| Receivables and other assets | 0.8 | 3.1 | 0.5 | 4.4 |
| Cash and cash equivalents | 0.1 | 0.0 | 0.0 | 0.1 |
| | **4.3** | **11.3** | **12.9** | **28.5** |
| **Equity and liabilities** | | | | |
| Non-current liabilities | 2.5 | 3.9 | 1.2 | 7.6 |
| Current liabilities | 0.3 | 1.4 | 2.4 | 4.1 |
| | **2.8** | **5.3** | **3.6** | **11.7** |
| **Consideration transferred** | **1.5** | **6.0** | **9.3** | **16.8** |
| Pro rata sales | 1.4 | 12.6 | 1.1 | 15.1 |
| Share of profit/loss | – 0.3 | 0.0 | – 0.1 | – 0.4 |
| Pro forma sales in 2014 | 1.6 | 17.8 | 6.8 | 26.2 |
| Pro forma profit/loss in 2014 | – 0.4 | 0.2 | 0.2 | 0.0 |

The intangible assets at Timberline Fasteners Inc., Commerce City, USA, relate to customer relationships and similar assets in the amount of EUR 4.8 million. The intangible assets at TOGE Dübel GmbH & Co. KG, Nuremberg, Germany, relate to goodwill of EUR 4.0 million and to franchises, industrial rights, licenses and similar rights of EUR 3.3 million.

In the past fiscal year, an amount of EUR 3.3 million (2013: EUR 21.6 million) was recognized as expenses from the amortization, depreciation and impairment of assets identified in the course of purchase price allocation for business acquisitions from prior years.

## D. Consolidation principles

The consolidated financial statements are based on the financial statements of the parent companies and subsidiaries included in the Group as of 31 December 2014, which have been prepared according to uniform standards.

Acquisition accounting is performed using the acquisition method in accordance with IFRS 3 (revised). Accordingly, the consideration transferred to the seller plus any non-controlling interests and the fair value of the previously held equity interests in the acquiree are offset against the fair value of the acquired assets and liabilities as of the acquisition date. Any remaining credit differences are accounted for as goodwill. Any remaining debit differences are posted to profit or loss. Any contingent consideration is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Business combinations achieved in stages where the Group already has control or disposals of shares without a loss of control are recognized directly in equity from fiscal year 2010 onwards.

In the case of business combinations achieved in stages that give rise to control over an entity, or in the case of disposals of shares which result in a loss of control, the previously held or remaining equity interests are remeasured at fair value through profit or loss.

A change in the ownership interest of a subsidiary without involving the loss of control is accounted for as an equity transaction. Transactions under common control are recognized using the pooling-of-interest method. Under this method, any gains or losses on disposal lacking commercial substance are offset directly in equity in the reserves. The same accounting policies are used to determine the Group's share in equity of all companies accounted for using the equity method. Receivables and liabilities between the consolidated entities are netted. Intercompany profits in inventories and non-current assets are eliminated in the consolidated income statement. Intercompany sales and other intercompany income are netted against the corresponding expense. Deferred tax is recognized for consolidation transactions that are recognized in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the parent companies in the Group. Non-controlling interests are presented separately in the consolidated income statement and the consolidated statement of financial position. In the consolidated statement of financial position, non-controlling interests are disclosed in equity, separately from the equity attributable to the parent companies in the Group.

## E. Foreign currency translation

In the separate financial statements of the entities, non-monetary and monetary items denominated in foreign currency are recognized at the rate prevailing when they were first recorded. Monetary items are translated at the exchange rate as of the reporting date. Any exchange rate gains generated and losses incurred as of the reporting date from the measurement of monetary assets and monetary liabilities denominated in foreign currency are recognized through profit or loss in finance revenue and finance costs respectively.

The functional currency method is used to translate the financial statements of foreign entities. In the consolidated financial statements, except for equity, the items of the statement of financial position of all foreign entities are translated to the euro at closing rates, as the significant Group entities included in the consolidated financial statements conduct their business independently in their local currency, which is the functional currency. Differences compared to the prior-year translation are offset against reserves directly in equity (other comprehensive income). Goodwill is translated at the closing rate as an asset of foreign entities.

Income and expense items are translated using average rates. Differences compared to the closing rate are also recognized directly in equity.

The financial statements of the major subsidiaries in countries outside the European Monetary Union were translated to the euro using the following exchange rates:

| | Average exchange rates for the fiscal year | | Closing rates on the reporting date | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| 1 US dollar | 0.75350 | 0.75382 | 0.81094 | 0.72632 |
| 1 pound sterling | 1.23999 | 1.17770 | 1.26849 | 1.20149 |
| 1 Canadian dollar | 0.68250 | 0.73133 | 0.70303 | 0.68222 |
| 1 Australian dollar | 0.68032 | 0.73016 | 0.66958 | 0.64775 |
| 1 Brazilian real | 0.32115 | 0.35210 | 0.30709 | 0.30711 |
| 1 Chinese renminbi yuan | 0.12260 | 0.12250 | 0.13103 | 0.11989 |
| 1 Danish krone | 0.13414 | 0.13409 | 0.13441 | 0.13406 |
| 1 Norwegian krone | 0.11991 | 0.12824 | 0.11135 | 0.11943 |
| 1 Polish zloty | 0.23894 | 0.23818 | 0.23714 | 0.24105 |
| 1 Russian rouble | 0.01977 | 0.02361 | 0.01429 | 0.02205 |
| 1 Swedish krona | 0.11004 | 0.11566 | 0.10638 | 0.11318 |
| 1 Swiss franc | 0.82322 | 0.81230 | 0.83164 | 0.81539 |
| 1 Czech koruna | 0.03630 | 0.03843 | 0.03618 | 0.03649 |
| 1 Hungarian forint | 0.00324 | 0.00337 | 0.00322 | 0.00337 |

## F. Accounting policies

The Würth Group uses transaction-date accounting. The financial statements of all consolidated companies have been prepared in line with uniform accounting policies for the Group (IFRSs).

**Goodwill** arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Recognized goodwill is tested for impairment on an annual basis and when there is any indication that it may be impaired. The impairment test for goodwill is effected at the level of the cash-generating unit. The cash-generating unit is defined as the legal entity, with the exception of Diffutherm and Dinol.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded.

**Intangible assets** acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its acquisition-date fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful life using the straight-line method and tested for impairment whenever there is any indication that the intangible asset may be impaired. The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at least at each fiscal year end. The necessary changes in the amortization method and the useful life are treated as changes to estimates. Amortization of intangible assets with a finite useful life is reported in the consolidated income statement under amortization and depreciation. Capitalized customer relationships, software, franchises and other licenses are amortized over a useful life of three to fifteen years.

Intangible assets with an indefinite useful life and intangible assets that are not ready for use are tested for impairment individually at least once a year. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable.

If all prerequisites of IAS 38.57 are met, internally generated intangible assets are reported at the amount of the directly attributable development costs incurred. Borrowing costs are capitalized. Capitalization ceases when the asset is finished and released. Pursuant to IAS 38.57 development costs may only be capitalized if an entity can demonstrate that all of the following six requirements are satisfied:

1. The technical feasibility of completing the asset so that it will be available for use or sale
2. The intention to complete the intangible asset and use or sell it
3. The ability to use or to sell the intangible asset
4. How the intangible asset will generate probable future economic benefits
5. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
6. The ability to measure reliably the expenditure attributable to the intangible asset during its development

The Würth Group estimated the customary useful life of the recognized internally generated intangible assets to be three years.

Costs of research and general development are immediately recorded as an expense in accordance with IAS 38.54.

**Property, plant and equipment** are stated at amortized cost. Repair costs are expensed immediately. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization. Borrowing costs are capitalized provided the requirements for a qualifying asset are met. Except for land and land rights, property, plant and equipment are generally depreciated using the straight-line method unless a different depreciation method better reflects the pattern of consumption.

Depreciation is computed according to the following uniform group useful lives:

| | |
|---|---|
| Buildings | 25 – 40 years |
| Furniture and fixtures | 3 – 10 years |
| Technical equipment and machines | 5 – 15 years |

An item of property, plant and equipment leased under a finance lease is recognized at fair value or the lower present value of the minimum lease payments and depreciated over the expected useful life or the contractual term, whichever is shorter. Payment obligations resulting from the lease payments are recorded as a liability at their present value.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

An item of property, plant and equipment or an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

An impairment test is performed at the end of the fiscal year for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount or if an annual impairment test is required. If the recoverable amount of the asset falls short of the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs necessary to make the sale. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit.

Impairment losses recognized for an asset in profit or loss in prior years are reversed when there is any indication that the impairment no longer exists or has decreased. Any reversal is posted to profit or loss. A reinstatement or reversal of the impairment loss recorded on an asset cannot, however, exceed the amortized cost that would have been recognized without the impairment. Impairment losses recognized on goodwill are not reversed.

**Financial assets** are divided into the following categories: (a) held-to-maturity financial assets, (b) financial assets at fair value through profit or loss, (c) available-for-sale financial assets, and (d) loans and receivables originated by the entity.

Financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity, other than loans and receivables originated by the entity, are classified as held-to-maturity investments. Financial assets classified as "at fair value through profit or loss" are (i) financial assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or exchange rates or (ii) financial assets designated upon initial recognition as at fair value through profit or loss. All other financial assets apart from loans and receivables originated by the entity are classified as available-for-sale financial assets.

Held-to-maturity investments are disclosed under non-current assets unless they are due within twelve months of the reporting date. Financial assets held for trading are disclosed under current assets. This does not apply to derivatives that lead to payments in more than twelve months after the reporting date. They are disclosed under non-current financial assets or liabilities. Financial assets designated upon initial recognition as at fair value through profit or loss and available-for-sale financial assets are disclosed as current assets if management intends to sell them within twelve months of the end of the reporting period. They are recognized at the date when the Würth Group enters into a contract.

The initial recognition of a financial asset is at cost, which corresponds to the fair value of the consideration given. Transaction costs are included, except for financial assets designated upon initial recognition as at fair value through profit or loss or classified as held-for-trading.

Held-to-maturity investments are measured at amortized cost using the effective interest method. If it is likely that financial assets measured at amortized cost are impaired, the impairment loss is recognized in profit or loss. If an impairment loss recorded in a prior period decreases and the reversal of the impairment loss (or decrease in the impairment loss) can be reversed, an asset may not be carried at an amount exceeding the carrying amount that would have been recognized without the impairment.

Available-for-sale financial assets, financial assets that are classified as held for trading, and financial assets at fair value through profit or loss are subsequently measured at fair value on the basis of market prices as of the reporting date without deducting any transaction costs. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, discounted cash flow analysis or other valuation models.

Gains and losses from measurement of an available-for-sale financial asset at fair value are recognized directly in equity. Changes in the fair value of financial assets held for trading and financial assets at fair value through profit or loss are recognized in the net income or loss for the period.

Loans and receivables originated by the entity and not held for trading are recognized at amortized cost.

Any necessary impairment losses are recognized by deducting the amounts directly from the underlying receivables.

**Derivative financial instruments** are classified as held-for-trading financial assets/financial liabilities, unless they are included in hedge accounting as hedging instruments. The change in the fair value of the derivative financial instruments is recognized in the consolidated income statement. The fair value of open derivative financial instruments is disclosed under other assets/liabilities.

**Receivables and liabilities from financial services** contain all receivables and liabilities arising from the financial services business. Bank receivables and loans as well as receivables or loans due from customers are financial investments with fixed or determinable payments and fixed maturity that are not quoted in an active market. After initial recognition, receivables and liabilities from financial services are carried at amortized cost using the effective interest method less any allowance for impairment. Loans in the banking business are tested for impairment. The Würth Group sells receivables from financial services to factors in asset-backed commercial papers (ABCP) transactions. Notwithstanding the transfer of title to the receivables from financial services, these must continue to be recognized by the Würth Group where Group entities retain significant risks and rewards on a contractual basis.

Interest-free and low-interest **loans** are stated at present value.

The **current taxes** are calculated based on the taxable income in the fiscal year and in accordance with the national tax legislation. Additional tax payments/refunds that are expected, or have actually been made, for previous years are also included.

**Deferred taxes** result from temporary differences between the IFRS carrying amounts and the tax accounts of the individual entities (except for differences from goodwill arising on the acquisition of shares) and from consolidation entries. Deferred tax assets also include tax credits that result from the expected utilization of existing loss carryforwards in subsequent years. Deferred tax assets for recognition and measurement differences and for unused tax losses are only taken into account if they are expected to be realized. Deferred taxes are measured on the basis of the respective local income tax rates. Deferred tax assets and deferred tax liabilities are offset if a Group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred taxes relating to items recognized directly in equity are posted to other comprehensive income in equity. Other deferred taxes are posted to the consolidated income statement.

**Inventories** are stated at costs of purchase or costs of conversion. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization and, in the case of qualifying assets, borrowing costs.

The carrying amounts are calculated using the weighted average cost method.

Risks inherent in inventories from reduced salability are accounted for by recognizing appropriate write-downs to the lower of cost or net realizable value.

**Payments on account** received from customers are recorded as liabilities.

**Receivables** and **other assets** are measured at amortized cost. Allowances are made for impairment based on individual risk estimates and past experience of recoverability. To determine specific allowances, financial assets that could potentially be impaired are grouped together by similar credit risk characteristics and collectively assessed for impairment. Impairment losses on trade receivables are recognized via a provision for impairment in some cases. The decision of whether to account for a credit risk by using a provision for impairment or by recognizing a loss directly on the receivable depends upon the ability to accurately assess the risk involved. On account of the different business fields and regional conditions, this assessment is at the discretion of the individuals in charge of the respective portfolios.

As a lessor, the Würth Group recognizes **finance lease assets** as receivables in the statement of financial position equal to the unsold net investment in the lease. Financial income is recognized to reflect a constant periodic rate of return on the lessor's net investment outstanding. Initial direct costs are immediately expensed. Income on unsold contracts is recognized over the term of the lease.

**Securities** are classified as financial assets held for trading or designated upon acquisition as financial assets at fair value through profit or loss and marked to market on the reporting date. Highly liquid securities classified as current assets are securities due within three months from the date of acquisition. They are reported as short-term investments under cash and cash equivalents.

**Cash and cash equivalents** include cash, demand deposits and short-term investments (e.g. money market funds).

**Non-current assets classified as held for sale and discontinued operations** are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the consolidated income statement of the reporting period, and of the comparable period of the prior year, income and expenses from discontinued operations are recognized separately from income and expenses from continuing operations and presented as profit/loss after taxes from discontinued operations. Income and expenses from assets and liabilities classified as held for sale that do not constitute discontinued operations are recognized under profit/loss from continuing operations. This presentation also applies when the Würth Group retains a non-controlling interest in the former subsidiary after the sale. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

**Non-controlling interests** include non-controlling interests in share capital, in reserves and in retained earnings unless they qualify as liabilities within the meaning of IAS 32. If the latter is the case, they are disclosed under financial liabilities and changes in the fair value are recognized within the financial result.

**Post-employment benefit obligations** for defined benefit plans are calculated using the projected unit credit method. Future obligations are measured using actuarial methods. Taking account of dynamic components, the future benefit obligations are spread over the entire period of service. Actuarial calculations and estimates must be obtained for all benefit plans. Actuarial gains and losses for the defined benefit plan are recognized in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognized in revenue reserves and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either as required by law or on a voluntary basis. No further payment obligations arise for the company from the payment of contributions. The amounts are recognized in profit or loss in full.

**Provisions** are created for all legal or constructive obligations to third parties as of the reporting date which relate to past events, which will probably lead to an outflow of resources in future, and whose amount can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of the money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. In the discounting process, the increase in the provision reflecting the passage of time is recognized as finance costs. Reversals of provisions are posted against the expense items for which the provisions were set up.

When measuring **financial liabilities,** a distinction is made between
(a) financial liabilities held for trading, and
(b) other financial liabilities.

Derivative financial instruments are classified as held-for-trading financial liabilities and measured at fair value. However, an exception is made for derivatives related to non-listed equity instruments whose fair value cannot be reliably determined and that can only be settled through their delivery. These are measured at cost.

Other financial liabilities are measured at amortized cost using the effective interest method, which usually corresponds to the repayment or settlement value or, in the case of obligations similar to pension obligations, to present value. If non-controlling interests are classified as liabilities within the meaning of IAS 32, they are measured at fair value.

The Würth Group measures financial instruments and non-financial assets at fair value on every reporting date. The fair value is the price that would be paid, in the event of a due and proper transaction, between market participants on the calculation cut-off date for the sale of an asset/transfer of a liability. All assets and liabilities for which the fair value is calculated or reported in the financial statements are allocated to the fair value hierarchy described below.
Level 1: Prices listed on active markets for identical assets and liabilities.
Level 2: Valuation techniques in which the lowest level input parameter that is relevant to valuation at fair value as a whole can be directly or indirectly observed on the market.
Level 3: Valuation techniques in which the lowest level input parameter that is relevant to valuation at fair value as a whole cannot be observed on the market.

**Financial guarantee contracts** issued by the Würth Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. These financial guarantee contracts are treated as insurance contracts as defined by IFRS 4, i.e., the financial guarantee contracts are presented as contingent liabilities until utilization becomes probable. When this is the case, the corresponding obligation is recognized.

**Sales** are recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the level of sales can be measured reliably. Sales are recorded net of general VAT and any price reductions and quantity discounts when delivery has taken place and the risks and rewards incidental to ownership have been transferred in full.

**Revenue from financial services** is recognized when it is realized or realizable and earned. Interest from interest-bearing assets and liabilities is recognized proportionately over the term of the assets or liabilities concerned using the effective interest method and taking into account any deferred charges and fees as well as premiums or discounts. Commission is recognized when there is sufficient evidence that an agreement exists, the performance has been rendered, the fee or commission has been fixed, and collectability is sufficiently certain.

**Lease payments** under an operating lease are recognized as an expense in the consolidated income statement on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the benefit for the entity as lessee. A lease is classified as an operating lease if the lease does not transfer substantially all risks and rewards incidental to ownership to the entity.

Finance leases with the Würth Group as lessee, which transfer to the Würth Group substantially all the risks and rewards incidental to ownership of the leased asset, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the income statement. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Würth Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional provisions of IFRIC 4.

**Government grants** are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the entity will in fact receive it. Government grants are recognized in profit or loss as scheduled in line with the related expenses which are subsidized by the grants. If grants are issued for the purchase of property, plant or equipment, the grants are treated as a reduction of the cost of those assets.

**Contingent liabilities** are possible or present obligations arising from past events which are not likely to result in an outflow of resources and are thus not recorded in the statement of financial position. The amounts stated correspond to the potential liability as of the reporting date.

**Subsequent events** that provide additional information about the situation before the reporting date are reflected in the statement of financial position, while those which do not lead to adjustments are mentioned in the notes where material.

## G. Notes to the consolidated income statement

### [1] Sales

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Revenue from the sale of goods and services | 10,024.1 | 9,640.3 |
| Revenue from financial services | 102.3 | 104.8 |
| **Total** | **10,126.4** | **9,745.1** |

Revenue from financial services primarily contains interest income of EUR 40.2 million (2013: EUR 42.9 million), similar income of EUR 10.6 million (2013: EUR 14.2 million) and commission income of EUR 13.0 million (2013: EUR 11.4 million) of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. It also includes income from the leasing business.

Revenue from the sale of goods and services contains revenue from services of EUR 86.0 million (2013: EUR 87.4 million).

### [2] Cost of materials

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Cost of materials and supplies and of purchased merchandise | 4,667.1 | 4,470.8 |
| Cost of purchased services | 198.4 | 179.2 |
| **Total** | **4,865.5** | **4,650.0** |

### [3] Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 13.0 million (2013: EUR 15.6 million) and commission of EUR 6.1 million (2013: EUR 5.3 million) of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, EUR 13.6 million (2013: EUR 12.1 million) from the insurance business and EUR 1.9 million (2013: EUR 2.3 million) from the external business of the companies specializing in leases.

### [4] Other operating income

Other operating income principally includes income from the sale of other goods and services as well as income from the disposal of assets.

### [5] Personnel expenses and number of employees

Personnel expenses

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Wages and salaries | 2,320.9 | 2,221.8 |
| Social security | 305.4 | 299.3 |
| Pension and other benefit costs | 219.2 | 212.6 |
| **Total** | **2,845.5** | **2,733.7** |

Number of employees as of the reporting date

| | 2014 | 2013 |
|---|---|---|
| Würth Line Germany | 7,498 | 7,085 |
| Allied Companies Germany | 12,728 | 12,330 |
| Würth Group Germany | 20,226 | 19,415 |
| Würth Group International | 45,818 | 44,156 |
| **Würth Group total** | **66,044** | **63,571** |
| thereof | | |
| Sales staff | 29,923 | 29,157 |
| In-house staff | 36,121 | 34,414 |

The average headcount of the Würth Group totaled 65,104 in the reporting period (2013: 64,217). In Germany, the average headcount of the Würth Group totaled 19,903 (2013: 19,442) and in other countries 45,201 (2013: 44,775).

### [6] Other operating expenses

Other operating expenses mainly include selling, administration and operating expenses, bad debts and other taxes.

Other operating expenses also include impairment of receivables from the banking business of EUR 11.5 million (2013: EUR 21.1 million).

**[7] Finance revenue / finance costs**

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Other interest and similar income | 42.5 | 45.8 |
| Interest and similar expenses | 90.5 | 120.2 |
| Net interest cost from pension plans | 5.7 | 6.3 |
| **Total financial result** | **53.7** | **80.7** |
| thereof from financial instruments under the IAS 39 measurement categories: | | |
| Held-to-maturity investments (HtM) | 0.1 | 0.3 |
| Financial assets held for trading (FAHfT) | 32.4 | 34.8 |
| Financial assets (designated as) at fair value through profit or loss (FAFVtpl) | 1.3 | 1.4 |
| Loans and receivables (LaR) | 8.7 | 9.4 |
| Financial liabilities held for trading (FLHfT) | – 17.0 | – 35.5 |
| Financial liabilities at amortized cost (FLAC) | – 73.5 | – 84.7 |

Income from the translation of foreign currency items amounted to EUR 8.5 million (2013: EUR 4.6 million).

The net gains or losses from financial assets / liabilities held for trading include the net gains or losses from changes in fair value as well as interest income and expenses from these financial instruments. The net gains or losses from loans and receivables chiefly include the effects of impairments and reversals of impairment losses.

**[8] Earnings before taxes – reconciliation to the operating result of the Würth Group***

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Earnings before taxes | 500.0 | 413.9 |
| Impairment losses for goodwill and brands | 3.5 | 21.6 |
| Measurement of the interests within the meaning of IAS 32 | 9.9 | 9.9 |
| Other | 1.4 | – 0.2 |
| **Operating result** | **514.8** | **445.2** |

*Not part of the consolidated financial statements in accordance with IFRSs

**[9] Income taxes**

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Current taxes | 111.4 | 93.4 |
| Deferred tax income | | |
| Deferred tax income from unused tax losses | 45.4 | 61.3 |
| Other deferred tax income | 33.1 | 48.9 |
| Deferred tax expense | | |
| Deferred tax expense from unused tax losses | 60.4 | 79.7 |
| Other deferred tax expenses | 29.2 | 41.6 |
| **Total** | **122.5** | **104.5** |

Income taxes include corporate income tax (including solidarity surcharge) and trade tax of German entities and comparable income taxes of foreign entities.

A reconciliation from the theoretical to the actual tax rate for the Würth Group is shown below:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Earnings before taxes | 500.0 | 413.9 |
| Theoretical tax rate as a % | 18.3 | 18.8 |
| **Theoretical tax expense** | **91.5** | **77.8** |
| Changes in theoretical tax expense due to: | | |
| Unrecognized tax losses of the current fiscal year | 22.1 | 18.2 |
| Recognition of unused tax losses from prior periods | – 6.7 | – 4.5 |
| Write-down on recognized unused tax losses from prior years | 4.1 | 4.0 |
| Write-down on temporary differences | 0.3 | 1.1 |
| Different tax rates | 0.3 | 0.9 |
| Tax reductions due to tax-free items | – 2.5 | – 2.0 |
| Tax increases due to non-deductible expenses | 6.6 | 6.8 |
| Tax increases due to add-back taxation | 0.0 | 4.2 |
| Income tax expense that cannot be derived from earnings before taxes | 4.7 | 3.4 |
| Non-deductible impairment of goodwill | 1.0 | 2.7 |
| Taxes relating to other periods | 0.5 | – 8.4 |
| Other | 0.6 | 0.3 |
| **Income taxes** | **122.5** | **104.5** |
| **Effective tax rate as a %** | **24.5** | **25.2** |

The theoretical tax rate is based on the weighted average tax rate of all consolidated entities.

Changes in income taxes were mostly attributable to tax losses of the current fiscal year and the previous year if it was not reasonably certain that they could be used in subsequent periods. Deferred tax assets were not recognized in such cases. There were also two material contrasting effects. First, add-back taxation does not apply in fiscal year 2014 due to restructuring and low results on the liabilities side from companies subject to low tax. What is more, deferred taxes have been stated for loss carryforwards from previous years that were likely to be used in subsequent periods.

The recognition of unused tax losses from prior years includes EUR 4.0 million (2013: EUR 1.5 million) from the use of deferred tax assets written down in prior years.

# H. Notes to the consolidated statement of financial position

### [10] Intangible assets including goodwill

| in millions of EUR | Franchises, industrial rights, licenses and similar rights | Internally generated intangible assets | Customer relationships and similar assets | Goodwill | Payments on account | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| 1 January 2014 | 233.1 | 70.4 | 179.5 | 238.8 | 12.8 | 734.6 |
| Exchange differences | 1.7 | 0.2 | 0.6 | 4.5 | – 0.3 | 6.7 |
| Changes in the consolidated group | 3.7 | 0.0 | 4.9 | 4.0 | 0.0 | 12.6 |
| Additions | 25.0 | 10.5 | 1.6 | 0.0 | 3.8 | 40.9 |
| Disposals | 6.1 | 5.7 | 1.7 | 0.0 | 0.7 | 14.2 |
| Reclassifications | 10.6 | 1.8 | 0.1 | 0.0 | – 10.7 | 1.8 |
| **31 December 2014** | **268.0** | **77.2** | **185.0** | **247.3** | **4.9** | **782.4** |
| **Accumulated depreciation and impairment** | | | | | | |
| 1 January 2014 | 172.0 | 48.0 | 130.7 | 180.4 | 0.1 | 531.2 |
| Exchange differences | 1.5 | 0.2 | 0.4 | 3.5 | 0.0 | 5.6 |
| Amortization and depreciation | 22.9 | 2.2 | 6.2 | 0.0 | 0.0 | 31.3 |
| Impairment losses | 3.3 | 12.6 | 0.0 | 0.2 | 0.0 | 16.1 |
| Disposals | 5.7 | 5.4 | 1.7 | 0.0 | 0.0 | 12.8 |
| **31 December 2014** | **194.0** | **57.6** | **135.6** | **184.1** | **0.1** | **571.4** |
| **Net carrying amount** | | | | | | |
| **31 December 2014** | **74.0** | **19.6** | **49.4** | **63.2** | **4.8** | **211.0** |

| in millions of EUR | Franchises, industrial rights, licenses and similar rights | Internally generated intangible assets | Customer relationships and similar assets | Goodwill | Payments on account | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| 1 January 2013 | 216.8 | 54.0 | 155.7 | 234.3 | 11.6 | 672.4 |
| Exchange differences | – 2.8 | – 0.3 | – 0.5 | – 6.2 | – 0.2 | – 10.0 |
| Changes in the consolidated group | 7.6 | 0.0 | 24.2 | 10.7 | 0.0 | 42.5 |
| Additions | 27.6 | 7.2 | 0.1 | 0.0 | 4.8 | 39.7 |
| Disposals | 13.7 | 1.8 | 0.0 | 0.0 | 0.0 | 15.5 |
| Reclassifications | – 2.4 | 11.3 | 0.0 | 0.0 | – 3.4 | 5.5 |
| **31 December 2013** | **233.1** | **70.4** | **179.5** | **238.8** | **12.8** | **734.6** |
| **Accumulated depreciation and impairment** | | | | | | |
| 1 January 2013 | 166.7 | 49.5 | 125.6 | 163.8 | 0.1 | 505.7 |
| Exchange differences | – 2.2 | – 0.2 | – 0.4 | – 5.0 | 0.0 | – 7.8 |
| Amortization and depreciation | 20.6 | 2.7 | 5.6 | 0.0 | 0.0 | 28.9 |
| Impairment losses | 0.0 | 0.0 | 0.0 | 21.6 | 0.0 | 21.6 |
| Disposals | 12.0 | 1.5 | 0.0 | 0.0 | 0.0 | 13.5 |
| Reclassifications | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reversal of impairment losses | 1.1 | 2.5 | 0.1 | 0.0 | 0.0 | 3.7 |
| **31 December 2013** | **172.0** | **48.0** | **130.7** | **180.4** | **0.1** | **531.2** |
| **Net carrying amount** | | | | | | |
| **31 December 2013** | **61.1** | **22.4** | **48.8** | **58.4** | **12.7** | **203.4** |

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 14.6 million (2013: EUR 12.0 million).

Goodwill contains amounts from asset deals as well as from share deals.

Goodwill is tested for impairment annually. The test is based on estimated future cash flows derived from the business plan.

The impairment losses in the 2014 fiscal year relate to franchises, industrial rights, licenses and similar rights in the amount of EUR 3.3 million (2013: EUR 0.0 million) and to internally generated intangible assets in the amount of EUR 12.6 million (2013: EUR 0.0 million). These were largely necessary due to the discontinuation of a product development in the Würth Line business unit. In the 2013 fiscal year, impairment losses were recorded on goodwill (2013: EUR 21.6 million). Goodwill was regularly tested for impairment in accordance with IAS 36 in the fiscal year 2014. The impairment tests were based on net selling price and conducted at the level of the smallest cash-generating unit.

The impairment losses are recognized under amortization and depreciation in the income statement.

The table below provides a summary of the tested goodwill and the assumptions underlying the impairment tests:

| **2014** in millions of EUR | AP Winner LTDA | Lichtzentrale Thurner GmbH | Tunap | Chemofast Anchoring GmbH | Diffutherm/ Dinol | TOGE Dübel GmbH & Co. KG | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Goodwill before impairment test | 2.0 | 6.8 | 9.2 | 8.7 | 6.2 | 4.0 | 25.5 | 62.4 |
| Exchange difference | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Impairment losses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| Goodwill | 2.0 | 6.8 | 9.2 | 8.7 | 6.2 | 4.0 | 26.3 | 63.2 |
| Average sales growth in the planning period (%) | 17.3 | 4.7 | 0.7 | 7.3 | 8.3 | 24.2 | 1.4-18.2 | |
| EBIT margin in the planning period (%) | 4.2-8.7 | 2.3-3.5 | 7.3-8.7 | 8.7-9.4 | 5.2-7.1 | 10.2-12.9 | 0.5-21.8 | |
| Length of the planning period | 4 years | 4 years | 4 years | 4 years | 4 years | 4 years | 4 years | |
| Sales growth p. a. after the end of the planning period (%) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| EBIT margin after the end of the planning period (%) | 4.2 | 3.5 | 8.6 | 9.4 | 7.1 | 12.9 | 2.3-21.8 | |
| Discount rate | 29.8 | 9.6 | 10.0 | 9.9 | 9.7 | 10.9 | 9.5-15.3 | |
| Additional impairment losses | | | | | | | | |
| assuming a 10% lower cash flow | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 | 0.0 | 0.4 | |
| assuming a 1% higher discount rate | 0.0 | 0.0 | 0.0 | 0.0 | 4.0 | 0.0 | 1.0 | |

| **2013** in millions of EUR | AP Winner LTDA | Lichtzentrale Thurner GmbH | UNI ELEKTRO Fachgroßhandel GmbH & Co. KG | Tunap | Chemofast Anchoring GmbH | Diffutherm/ Dinol | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Goodwill before impairment test | 2.4 | 6.8 | 20.9 | 9.2 | 8.7 | 6.2 | 27.0 | 81.2 |
| Exchange difference | – 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | – 0.8 | – 1.2 |
| Impairment losses | 0.0 | 0.0 | 20.9 | 0.0 | 0.0 | 0.0 | 0.7 | 21.6 |
| Goodwill | 2.0 | 6.8 | 0.0 | 9.2 | 8.7 | 6.2 | 25.5 | 58.4 |
| Average sales growth in the planning period (%) | 14.2 | 4.9 | 4.8 | 1.2 | 8.4 | 7.3 | 2.1-25.5 | |
| EBIT margin in the planning period (%) | 5.6-8.0 | 2.1-3.1 | 0.2-2.5 | 6.7-8.0 | 9.8-10.3 | 5.0-6.9 | 1.8-18.3 | |
| Length of the planning period | 4 years | 4 years | 4 years | 4 years | 4 years | 4 years | 4 years | |
| Sales growth p. a. after the end of the planning period (%) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| EBIT margin after the end of the planning period (%) | 6.6 | 3.1 | 2.5 | 7.2 | 10.3 | 6.9 | 4.0-18.3 | |
| Discount rate | 19.9 | 11.4 | 11.0 | 9.5 | 11.1 | 9.3 | 9.4 -23.6 | |
| Additional impairment losses | | | | | | | | |
| assuming a 10% lower cash flow | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | |
| assuming a 1% higher discount rate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | |

In the past, impairment losses were recognized mostly on entities that were exposed to a sharp fall in demand on account of the present economic situation. The assumptions underlying the calculation of net selling price are most sensitive to estimation uncertainties regarding sales growth, EBIT margins and the discount rates used.

The assumptions concerning sales growth and EBIT margins used for the impairment tests in the planning period are based on internal records of past experience and assumptions by management used in the business plans valid as of the reporting date.

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessments of any risks specific to the cash-generating units for which future estimates of cash flows have not been adjusted.

With regard to the assessment of value in use of the cash-generating units, management believes that – with the exception of those cash-generating units where impairment losses were recognized – no reasonably possible change in any of the above key assumptions made to determine net selling price would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

**[11] Property, plant and equipment**

| in millions of EUR | Land, land rights and buildings incl. buildings on third-party land | Technical equipment and machines | Other equipment, furniture and fixtures | Payments on account and assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 1 January 2014 | 2,143.9 | 745.0 | 1,551.8 | 119.7 | 4,560.4 |
| Exchange differences | 8.6 | 4.8 | 7.5 | – 4.6 | 16.3 |
| Changes in the consolidated group | 9.1 | 11.4 | 1.6 | 3.7 | 25.8 |
| Additions | 42.5 | 39.4 | 124.7 | 108.6 | 315.2 |
| Disposals | 5.0 | 28.3 | 64.3 | 7.3 | 104.9 |
| Reclassifications | 54.8 | 22.6 | 8.5 | – 87.8 | – 1.9 |
| **31 December 2014** | **2,253.9** | **794.9** | **1,629.8** | **132.3** | **4,810.9** |
| **Accumulated depreciation and impairment** | | | | | |
| 1 January 2014 | 772.3 | 511.6 | 861.9 | 2.7 | 2,148.5 |
| Exchange differences | 3.7 | 4.1 | 6.3 | 0.0 | 14.1 |
| Amortization and depreciation | 64.6 | 53.8 | 110.7 | 0.0 | 229.1 |
| Impairment losses | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Disposals | 0.6 | 26.2 | 57.7 | 3.6 | 88.1 |
| Reclassifications | 0.1 | – 1.0 | 0.9 | 0.0 | 0.0 |
| Reversal of impairment losses | 0.0 | 0.0 | 1.7 | 0.0 | 1.7 |
| **31 December 2014** | **840.1** | **542.3** | **920.4** | **0.1** | **2,302.9** |
| **Net carrying amount** | | | | | |
| **31 December 2014** | **1,413.8** | **252.6** | **709.4** | **132.2** | **2,508.0** |

| in millions of EUR | Land, land rights and buildings incl. buildings on third-party land | Technical equipment and machines | Other equipment, furniture and fixtures | Payments on account and assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| 1 January 2013 | 1,923.7 | 673.3 | 1,485.2 | 255.0 | 4,337.2 |
| Exchange differences | – 16.5 | – 8.3 | – 15.3 | – 3.4 | – 43.5 |
| Changes in the consolidated group | 8.1 | 6.4 | 1.1 | 0.3 | 15.9 |
| Additions | 51.9 | 58.3 | 137.9 | 135.9 | 384.0 |
| Disposals | 23.8 | 23.6 | 78.8 | 1.5 | 127.7 |
| Reclassifications | 200.5 | 38.9 | 21.7 | – 266.6 | – 5.5 |
| **31 December 2013** | **2,143.9** | **745.0** | **1,551.8** | **119.7** | **4,560.4** |
| | | | | | |
| **Accumulated depreciation and impairment** | | | | | |
| 1 January 2013 | 723.1 | 459.6 | 838.5 | 2.1 | 2,023.3 |
| Exchange differences | – 5.1 | – 5.0 | – 10.2 | 0.1 | – 20.2 |
| Amortization and depreciation | 59.6 | 49.9 | 101.8 | 0.0 | 211.3 |
| Impairment losses | 9.7 | 28.2 | 1.9 | 1.6 | 41.4 |
| Disposals | 14.4 | 22.5 | 70.4 | 0.0 | 107.3 |
| Reclassifications | – 0.6 | 1.4 | 0.3 | – 1.1 | 0.0 |
| **31 December 2013** | **772.3** | **511.6** | **861.9** | **2.7** | **2,148.5** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **31 December 2013** | **1,371.6** | **233.4** | **689.9** | **117.0** | **2,411.9** |

The impairment losses amounted to EUR 1.0 million in the fiscal year 2014 (2013: EUR 41.4 million) and were largely necessary due to the discontinuation of a product development in the Würth Line business unit.

There are restrictions on the rights of disposal of property, plant and equipment and assets assigned as collateral, which break down as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Land charges | 108.6 | 124.8 |
| Collateral assignment | 4.0 | 7.1 |
| **Total** | **112.6** | **131.9** |

There are payment obligations of EUR 26.8 million for capital expenditures on non-current assets (2013: EUR 23.4 million).

Payments on account and assets under construction contain assets under construction of EUR 103.6 million (2013: EUR 95.7 million) which relate to technical equipment and machines as well as buildings.

**[12] Financial assets**

The investments disclosed under financial assets belong to the available-for-sale category. They are generally measured at fair value without effect on profit or loss. There were no adjustments to fair value in the fiscal year 2014 which would require unrealized gains and losses to be recognized in equity. Where fair value could not be determined because there was no active market or suitable valuation technique, the investment was measured at amortized cost. This item also includes held-to-maturity investments, which are accounted for at amortized cost. Fair values that could not be determined on the basis of observable market data of EUR 21.1 million (2013: EUR 19.4 million) relate to long-term interests in non-listed corporations and partnerships.

Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, has provided securities with a carrying amount of EUR 0.0 million (2013: EUR 11.0 million) as collateral for loans granted by Kreditanstalt für Wiederaufbau, Frankfurt am Main, Germany, and EUR 15.0 million (2013: EUR 15.0 million) as collateral for loans granted by L-Bank, Karlsruhe, Germany. The maximum credit risk is the amount carried in the statement of financial position.

**[13] Receivables from financial services**

| in millions of EUR | 2014 | thereof due within one year | 2013 | thereof due within one year |
|---|---|---|---|---|
| Receivables from the leasing business | 304.3 | 119.6 | 265.0 | 102.2 |
| Receivables from the insurance business | 1.8 | 1.8 | 2.5 | 2.5 |
| Receivables from the banking business | | | | |
| Receivables from customers | 1,073.4 | 550.5 | 1,103.1 | 530.3 |
| Receivables from banks | 30.5 | 30.5 | 44.5 | 44.5 |
| Other asset items | 2.2 | 2.2 | 2.7 | 2.7 |
| **Total** | **1,412.2** | **704.6** | **1,417.8** | **682.2** |

Receivables from financial services include receivables from related parties of EUR 8.7 million (2013: EUR 7.9 million).

The Würth Group regularly sells receivables from financial services arising from the external leasing business in the form of ABCP transactions. As of 31 December 2014, factored receivables from financial services of EUR 72.9 million (2013: EUR 76.8 million) were not derecognized from the consolidated statement of financial position because all the risks and rewards incidental to ownership were mainly retained by the Würth Group. The corresponding liability is disclosed under "[24] Liabilities from financial services".

Of the receivables from financial services, an amount of EUR 0.0 million (2013: EUR 12.4 million) has been pledged as collateral for refinancing at Deutsche Bundesbank, Frankfurt am Main, Germany, and EUR 32.5 million (2013: EUR 37.7 million) as collateral for a global loan at L-Bank, Karlsruhe, Germany.

The following table provides information on the extent of the credit risk included in receivables from financial services.

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Receivables from financial services that are neither past due nor impaired | 1,359.4 | 1,226.3 |
| Receivables not impaired but past due by | | |
| less than 120 days | 35.9 | 132.2 |
| between 120 and 179 days | 0.1 | 1.2 |
| between 180 and 359 days | 0.1 | 0.4 |
| more than 360 days | 0.8 | 1.9 |
| **Total receivables not impaired** | **1,396.3** | **1,401.3** |
| Impaired receivables from financial services (gross) | 48.7 | 52.1 |
| Impairment loss recognized on receivables from financial services | 32.8 | 35.6 |
| **Net carrying amount** | **1,412.2** | **1,417.8** |

With respect to the receivables from financial services that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.

Most of the receivables that are past due but not impaired are secured.

Movements in the provision for impairment of receivables from financial services were as follows:

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| **Provision for impairment as of 1 January** | **35.6** | **24.8** |
| Amounts recognized as income (–) or expense (+) in the reporting period | 14.4 | 21.4 |
| Derecognition of receivables | – 17.2 | – 10.5 |
| Payments received and recoveries of amounts previously written off | 0.0 | – 0.1 |
| **Provision for impairment as of 31 December** | **32.8** | **35.6** |

The income or expense from impairment losses and the derecognition of receivables from financial services is disclosed under other operating expenses.

## [14] Deferred taxes

Deferred tax assets and liabilities can be allocated as follows:

| in millions of EUR | Deferred tax assets **2014** | Deferred tax liabilities **2014** | Deferred tax assets **2013** | Deferred tax liabilities **2013** | Change **2014** | Change **2013** |
|---|---|---|---|---|---|---|
| Non-current assets | 56.1 | 49.2 | 51.6 | 51.1 | 6.4 | 4.9 |
| Inventories | 38.3 | 29.6 | 32.7 | 26.3 | 2.3 | – 0.2 |
| Receivables | 14.0 | 3.0 | 22.6 | 4.5 | – 7.1 | – 0.5 |
| Other assets | 17.1 | 42.6 | 16.2 | 40.1 | – 1.6 | – 0.5 |
| Provisions | 56.2 | 21.6 | 42.6 | 19.3 | 11.3 | – 3.6 |
| Liabilities | 10.3 | 4.0 | 10.2 | 3.5 | – 0.4 | 1.1 |
| Other liabilities | 6.2 | 45.2 | 6.3 | 49.5 | 4.2 | – 3.4 |
| | **198.2** | **195.2** | **182.2** | **194.3** | **15.1** | **– 2.2** |
| Unused tax losses | 24.0 | | 37.9 | | – 13.9 | – 19.2 |
| Netting | – 96.4 | – 96.4 | – 96.0 | – 96.0 | | |
| **Total** | **125.8** | **98.8** | **124.1** | **98.3** | **1.2** | **– 21.4** |

With the exception of the exchange differences of EUR – 0.6 million (2013: EUR – 0.9 million), which were recognized directly in equity, and additions of deferred taxes of EUR 0.3 million (2013: EUR 6.0 million) arising from new acquisitions as well as deferred taxes on items recorded in equity which were also recognized directly in other comprehensive income in the amount of EUR 12.6 million (2013: EUR – 2.4 million), the development of timing differences is reflected in full in income taxes.

There are deferred tax assets totaling EUR 24.8 million (2013: EUR 26.7 million) at entities that have a history of losses.

Deferred tax assets of EUR 2.7 million (2013: EUR 4.5 million) were recorded subsequently in fiscal 2014 on unused tax losses of EUR 17.9 million (2013: EUR 38.9 million), as it is considered probable by the management that they will be used in the Würth Group in the future.

Deferred tax assets of EUR 125.7 million in total (2013: EUR 220.7 million) were recognized on unused tax losses.

No deferred tax assets were recognized for unused tax losses of EUR 537.6 million (2013: EUR 466.5 million) as it is not sufficiently probable that they will be realized.

These unused tax losses are classified by expiration period as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| **Expiration of unused tax losses** | | |
| Non-forfeitable | 357.8 | 301.1 |
| Expiration within the next five to ten years | 13.9 | 36.6 |
| Expiration within the next one to five years | 135.8 | 95.2 |
| Expiration within the next year | 30.1 | 33.6 |
| **Total unused tax losses net of deferred tax assets recognized** | **537.6** | **466.5** |

The unused tax losses include unused tax losses of EUR 1.5 million (2013: EUR 0.2 million) that originated prior to creation of the consolidated tax group and that cannot be used until the existing profit and loss transfer agreements have been terminated.

No deferred taxes were recognized for accumulated profits and losses of foreign subsidiaries of EUR 521.0 million (2013: EUR 491.1 million). If deferred taxes had been recognized for these timing differences, they would have had to be calculated exclusively using the withholding tax rate applicable in each case, possibly including the German tax rate of 5% on distributed dividends. The calculation of these unrecognized deferred tax liabilities would have been unreasonably time-consuming.

Future distributions to the owners do not otherwise have any income tax implications for the Würth Group.

### [15] Inventories

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Materials and supplies | 87.5 | 78.4 |
| Work in process and finished goods | 159.0 | 146.4 |
| Merchandise | 1,205.7 | 1,076.1 |
| Payments on account | 9.9 | 9.1 |
| **Total** | **1,462.1** | **1,310.0** |

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 6.5 million (2013: EUR 2.0 million).

### [16] Trade receivables

This item exclusively comprises receivables from third parties.

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Trade receivables that are neither past due nor impaired | 643.5 | 622.6 |
| Receivables not impaired but past due by | | |
| less than 120 days | 211.5 | 225.0 |
| between 120 and 179 days | 1.9 | 2.1 |
| between 180 and 359 days | 0.2 | 0.5 |
| more than 360 days | 0.2 | 0.1 |
| Total receivables not impaired | 857.3 | 850.3 |
| Impaired trade receivables (gross) | 550.7 | 495.4 |
| Provision for impairment of trade receivables | 141.3 | 135.6 |
| **Net carrying amount** | **1,266.7** | **1,210.1** |

With respect to the trade receivables that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.

Where possible and feasible, we take out credit insurance.

Movements in the provision for impairment of trade receivables were as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| **Provision for impairment as of 1 January** | 135.6 | 134.5 |
| Changes in the consolidated group | 1.4 | 1.1 |
| Amounts recognized as income (–) or expense (+) in the reporting period | 35.2 | 44.0 |
| Derecognition of receivables | – 30.4 | – 41.1 |
| Payments received and recoveries of amounts previously written off | – 1.7 | – 1.7 |
| Currency translation effects | 1.2 | – 2.4 |
| Plus/less impairment losses recognized on assets classified as held for sale | 0.0 | 1.2 |
| **Provision for impairment as of 31 December** | **141.3** | **135.6** |

The following table presents the expenses from the derecognition of trade receivables and income from recoveries of amounts previously written off:

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Expenses from the derecognition of receivables | 34.9 | 47.2 |
| Income from recoveries of amounts previously written off | 5.1 | 3.0 |

The income or expense from impairment losses and the derecognition of trade receivables is disclosed under other operating expenses.

### [17] Income tax receivables

This item records income tax receivables from tax authorities.

### [18] Other financial assets

| in millions of EUR | **2014** | thereof due within one year | **2013** | thereof due within one year |
|---|---|---|---|---|
| Receivables from related parties | 74.7 | 57.3 | 85.6 | 65.1 |
| Derivative financial assets | 15.0 | 15.0 | 20.6 | 20.6 |
| Sundry financial assets | 88.9 | 88.9 | 71.7 | 71.7 |
| **Total** | **178.6** | **161.2** | **177.9** | **157.4** |

Sundry financial assets mainly include supplier discounts and bonuses.

All other past due financial assets are directly written off against the underlying other financial assets.

The receivables from related parties include the purchase price receivable of EUR 20.5 million (2013: EUR 23.5 million) from the sale of Freie Schule Anne-Sophie to the Würth Foundation, Künzelsau, Germany. The receivable is subject to customary market interest rates.

### [19] Other assets

| in millions of EUR | 2014 | thereof due within one year | 2013 | thereof due within one year |
|---|---|---|---|---|
| Sundry assets | 115.9 | 88.7 | 115.1 | 88.2 |
| Prepaid expenses | 41.0 | 41.0 | 43.5 | 43.5 |
| **Total** | **156.9** | **129.7** | **158.6** | **131.7** |

Sundry assets mainly include VAT receivables and customs duties paid in advance. Prepaid expenses mainly relate to prepaid insurance premiums and prepaid lease and rent payments.

Impairment losses were recognized on all other assets that were past due.

### [20] Securities

On the one hand, the securities are investments in shares and bonds that are not actively traded, but managed at fair value on account of internal management and performance evaluations as well as in accordance with a documented risk management and investment strategy. Changes in value are determined by reference to comparable market values (level 2). Income from changes in value amounted to EUR 0.3 million in the fiscal year (2013: EUR 0.0 million). A total amount of EUR 8.4 million has been recognized in profit or loss since the instruments were designated as financial assets at fair value through profit or loss (2013: EUR 8.3 million). On the other hand, securities include actively traded shares and bonds that are grouped as available-for-sale financial assets. There were no changes in value in fiscal year 2014. Of the securities, an amount of EUR 56.1 million (2013: EUR 51.2 million) was pledged as collateral for the credit line granted for refinancing purposes by Deutsche Bundesbank, Frankfurt am Main, Germany. The maximum credit risk corresponds to the fair value recognized.

### [21] Cash and cash equivalents

Balances denominated in foreign currency are measured at the closing rate. The composition and development of cash and cash equivalents is presented in the consolidated statement of cash flows. The money market funds were valued at the current money market rate.

### [22] Assets and liabilities classified as held for sale

The assets classified as held for sale in fiscal year 2013 related to inventories in the solar unit, which was sold in 2014.

## [23] Equity

Share capital comprises the share capital of the following parent companies within the Group:

| Parent companies within the Group | Registered office | Share capital in millions of EUR | Shareholders |
|---|---|---|---|
| Adolf Würth GmbH & Co. KG | Germany | 300.8 | Würth Family Trusts |
| Würth Finanz-Beteiligungs-GmbH | Germany | 57.0 | Würth Family Trusts |
| Würth Elektrogroßhandel GmbH & Co. KG | Germany | 19.6 | Würth Family Trusts |
| Waldenburger Beteiligungen GmbH & Co. KG | Germany | 17.0 | Würth Family Trusts |
| Würth Promotion Ges.m.b.H. | Austria | 0.04 | Würth Private Trust |
| Würth Beteiligungen GmbH | Germany | 0.03 | Würth Family Trusts |
| Other (incl. 26 general partner companies) | Germany | 0.73 | Adolf Würth Trust |
| **Total** | | **395.2** | |

The limited partners' capital in the partnerships corresponds to the share capital.

The reserves include the profits earned in prior years and not yet distributed as well as capital contributions at the parent companies in the Group and consolidated subsidiaries. Differences from foreign currency translation and from the remeasurement of defined benefit plans are also disclosed here. The individual components of equity and their development in 2014 and 2013 are shown in the consolidated statement of changes in equity.

Non-controlling interests mainly relate to shares held by third parties in subsidiaries as well as direct shareholdings of members of the Würth family.

Distributions of EUR 86.0 million are planned for 2015.

**[24] Liabilities from financial services**

| **2014**<br>in millions of EUR | Total | Due in<br>< 1 year | Due in<br>1 – 5 years | Due in<br>> 5 years |
|---|---|---|---|---|
| Liabilities from the leasing business | 75.0 | 29.7 | 45.0 | 0.3 |
| Liabilities from the insurance business | 2.2 | 2.2 | 0.0 | 0.0 |
| Liabilities from the banking business | 1,052.0 | 845.4 | 161.0 | 45.6 |
| **Total** | **1,129.2** | **877.3** | **206.0** | **45.9** |

| **2013**<br>in millions of EUR | Total | Due in<br>< 1 year | Due in<br>1 – 5 years | Due in<br>> 5 years |
|---|---|---|---|---|
| Liabilities from the leasing business | 78.0 | 30.3 | 46.9 | 0.8 |
| Liabilities from the insurance business | 2.2 | 2.2 | 0.0 | 0.0 |
| Liabilities from the banking business | 1,071.4 | 775.5 | 284.5 | 11.4 |
| **Total** | **1,151.6** | **808.0** | **331.4** | **12.2** |

Liabilities from financial services include liabilities from related parties of EUR 1.6 million (2013: EUR 2.2 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 72.9 million (2013: EUR 76.8 million). The nominal amount of this ABCP transaction comes to EUR 78.0 million (2013: EUR 82.6 million). Any risk items relating to it are hedged by interest swaps of the same amount and term as soon as they become apparent. As of the end of the reporting period, the contrasting changes in value and cash flows from hedged transactions and hedging instruments had balanced each other out.

The table below shows the contractually agreed remaining terms to maturity.

| | | Cash flow | | |
|---|---|---|---|---|
| in millions of EUR | Carrying amounts<br>**31 December 2014** | < 1 year | 1-5 years | > 5 years |
| Liabilities from the leasing business | 75.0 | 32.3 | 48.8 | 0.3 |
| Liabilities from the insurance business | 2.2 | 2.2 | 0.0 | 0.0 |
| Liabilities from the banking business | 1,052.0 | 938.6 | 168.7 | 58.0 |

**[25] Financial liabilities**

| in millions of EUR | **2014** | thereof due<br>within one year | **2013** | thereof due<br>within one year |
|---|---|---|---|---|
| Bonds | 1,315.9 | 157.6 | 1,570.2 | 275.4 |
| Liabilities to banks | 201.4 | 85.3 | 188.6 | 59.8 |
| Liabilities to non-controlling interests | 44.1 | 44.1 | 37.0 | 37.0 |
| Liabilities from leases | 12.3 | 2.4 | 11.3 | 2.0 |
| **Total** | **1,573.7** | **289.4** | **1,807.1** | **374.2** |

The Group has financial liabilities due in more than five years of EUR 719.4 million (2013: EUR 710.5 million).

The maturities and terms of the bonds repayable and their fair values are as follows:

| Type | Amount | Interest | Effective interest | Maturity | Treasury stock in millions of EUR | Carrying amount in millions of EUR | Fair value in millions of EUR |
|---|---|---|---|---|---|---|---|
| Bond | CHF 225 million | 3.88% | 3.97% | 3/8/2015 | 29.4 | 157.6 | 166.6 |
| Bond | EUR 500 million | 3.75% | 3.86% | 25/5/2018 | 0.0 | 497.7 | 556.3 |
| Bond | EUR 500 million | 1.75% | 1.76% | 21/5/2020 | 0.0 | 498.4 | 533.0 |
| US private placement | USD 200 million | 4.48% | 4.53% | 22/9/2021 | 0.0 | 162.2 | 183.0 |
| **As of 31 December 2014** | | | | | **29.4** | **1,315.9** | **1,438.9** |

| Type | Amount | Interest | Effective interest | Maturity | Treasury stock in millions of EUR | Carrying amount in millions of EUR | Fair value in millions of EUR |
|---|---|---|---|---|---|---|---|
| Bearer bond | EUR 300 million | 4.75% | 4.79% | 12/6/2014 | 24.5 | 275.4 | 298.7 |
| Bond | CHF 225 million | 3.88% | 3.97% | 3/8/2015 | 28.9 | 154.4 | 169.0 |
| Bond | EUR 500 million | 3.75% | 3.86% | 25/5/2018 | 0.0 | 497.0 | 545.5 |
| Bond | EUR 500 million | 1.75% | 1.76% | 21/5/2020 | 0.0 | 498.1 | 488.5 |
| US private placement | USD 200 million | 4.48% | 4.53% | 22/9/2021 | 0.0 | 145.3 | 167.5 |
| **As of 31 December 2013** | | | | | **53.4** | **1,570.2** | **1,669.2** |

Treasury stock of EUR 29.4 million (2013: EUR 53.4 million) that was treated as a corporate repurchase was offset against the bonds that were issued with an original value of EUR 1,345.3 million (2013: EUR 1,623.6 million).

The capital borrowed though the US private placement of USD 200 million is contingent on certain covenants being met. The Würth Group is required to meet certain debt service ratios such as the ratio of net financial debt to EBITDA and senior liabilities to equity. They also include restrictions on the disposal of assets.

The maturities and conditions of liabilities due to banks are as follows:

| Currency | Interest terms | Remaining fixed interest period | Interest rate | < 1 year | 1-5 years | > 5 years | Carrying amount |
|---|---|---|---|---|---|---|---|
| EUR | floating / fixed | < 1 year | 0.01 % – 7.05 % | 63.1 | 14.3 | 54.9 | 132.3 |
| USD | floating / fixed | < 1 year | 0.01 % – 5.57 % | 0.4 | 0.0 | 0.0 | 0.4 |
| Other | floating / fixed | < 1 year | 1.00 % – 27.50 % | 21.8 | 0.7 | 0.0 | 22.5 |
| EUR | fixed | 1 – 5 years | 0.40 % – 7.00 % | 0.0 | 39.1 | 0.3 | 39.4 |
| Other | fixed | 1 – 5 years | 4.00 % – 20.00 % | 0.0 | 5.8 | 0.0 | 5.8 |
| EUR | fixed | > 5 years | 0.40 % – 5.00 % | 0.0 | 0.0 | 0.9 | 0.9 |
| Other | fixed | > 5 years | 4.00 % – 5.00 % | 0.0 | 0.0 | 0.1 | 0.1 |
| **As of 31 December 2014** | | | | **85.3** | **59.9** | **56.2** | **201.4** |

| Currency | Interest terms | Remaining fixed interest period | Interest rate | < 1 year | 1 – 5 years | > 5 years | Carrying amount |
|---|---|---|---|---|---|---|---|
| EUR | floating / fixed | < 1 year | 0.01 % – 7.05 % | 52.5 | 8.9 | 64.1 | 125.5 |
| USD | floating / fixed | < 1 year | 0.01 % – 5.81 % | 0.1 | 0.0 | 0.0 | 0.1 |
| Other | floating / fixed | < 1 year | 1.00 % – 20.00 % | 7.2 | 0.0 | 0.0 | 7.2 |
| EUR | fixed | 1 – 5 years | 0.40 % – 6.69 % | 0.0 | 44.8 | 0.3 | 45.1 |
| Other | fixed | 1 – 5 years | 1.00 % – 20.00 % | 0.0 | 10.3 | 0.0 | 10.3 |
| EUR | fixed | > 5 years | 0.40 % – 6.00 % | 0.0 | 0.0 | 0.4 | 0.4 |
| **As of 31 December 2013** | | | | **59.8** | **64.0** | **64.8** | **188.6** |

The carrying amounts of liabilities to banks reported in the statement of financial position approximate fair value.

Non-current liabilities from leases are subject to customary market interest rates.

The table below shows the contractually agreed remaining terms to maturity.

| in millions of EUR | Carrying amounts **31 December 2014** | Cash flow < 1 year | Cash flow 1 – 5 years | Cash flow > 5 years |
|---|---|---|---|---|
| Financial liabilities | | | | |
| Bonds, liabilities to banks | 1,517.3 | 283.8 | 687.5 | 732.5 |
| Liabilities from leases | 12.3 | 2.9 | 8.6 | 2.6 |
| Trade payables | 477.5 | 477.5 | 0.0 | 0.0 |
| Derivative financial liabilities | | | | |
| Inflows from currency derivatives | – | 458.0 | 32.9 | 0.0 |
| Outflows from currency derivatives | 4.0 | 466.7 | 34.5 | 0.0 |
| Outflows from interest derivatives | 23.4 | 3.7 | 8.0 | 9.5 |

### [26] Obligations from post-employment benefits

A pension plan is in place for employees of the Würth Group for the period after their employment relationship comes to an end. The benefits vary according to local legal, tax and economic conditions. The obligations include vested future pension benefits as well as current pensions paid. The company pension scheme includes defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either on a voluntary basis or based on legal provisions. The contributions are recognized as a personnel expense when they fall due. No further payment obligations arise for the Würth Group from the payment of contributions. Current contributions (without contributions to the statutory pension insurance) totaled EUR 11.5 million (2013: EUR 11.9 million). Payments of EUR 162.1 million were made to the statutory pension insurance in the fiscal year (2013: EUR 156.2 million).

The largest defined benefit plans are in Germany, Austria, Italy, the Netherlands and Switzerland. The defined benefit plans in Germany, Austria and Italy constitute direct obligations, whereas the Swiss and Dutch plans are indirect benefit obligations. The amount of the entitlements depends on the length of service, frequently on the salary development and for indirect benefit obligations also on the employee contributions paid in.

The Würth Group's benefit obligations in Germany guarantee the beneficiaries a life-long monthly old-age pension, provided that a vesting period of ten years of service can be demonstrated. The amount of the benefit is usually determined by arranged fixed amounts. Employees receive such voluntary pensions in addition to the statutory pension once they reach the statutory retirement age. Employees are also offered another defined benefit plan in the form of a deferred compensation arrangement under which gross cash compensation is converted to a company pension plan based on individual contracts. This voluntary conversion of monthly compensation is generally limited to the higher of either 10% of one twelfth of the yearly income before commencement of the conversion or 4% of the respective maximum monthly contribution to the German pension system (western German states). In total, obligations in Germany amount to EUR 141.4 million (2013: EUR 107.4 million).

In Austria, a severance payment is guaranteed by law, subject to the provisions of the BMVG ["Betriebliche Mitarbeiterversorgungsgesetz": Austrian Act governing Company Pensions]. This is paid out when the employment relationship ends. For employment relationships that began before the end of 2002, the employee has a right to such payment from the employer. The amount depends on the length of service and salary development. If the employment relationship is terminated by the employee, the right to a severance payment from the employer is forfeited. For employment relationships started as of the beginning of 2003, the employer pays 1.53% of the gross monthly salary into a selected company pension scheme, which then pays out any severance payment entitlement when the employment ends. The entitlement is now retained even if the employee terminates the employment relationship. For employment relationships that began before the end of 2002, total obligations were recognized in the amount of EUR 25.7 million in Austria (2013: EUR 22.6 million).

In Italy, employees are entitled by law to a severance payment when the employment relationship ends (trattamento di fine rapporto, TFR). The amount of the TFR is determined by the number of years of service and is capped at one month's salary per year of service. Since 2007, the legislature provides for a capital option, i.e., the employees can choose whether provision should continue to be made for their future entitlements in the company or be paid into a pension fund instead. Obligations of EUR 23.7 million were recognized in the statement of financial position of the Würth Group in Italy (2013: EUR 21.6 million).

In the Würth Group in Switzerland, retirement benefits are handled via external insurance companies. They are subject to regulatory supervision and are governed by the BVG ["Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans]. The top management body of these insurance companies, the trust board, is composed of an equal number of employee and employer representatives. The various benefits are set forth in regulations, with minimum benefits stipulated by the BVG. The contributions to the insurance company are settled by employers and employees. In the event of a deficit, measures can be agreed, such as adjusting the benefit obligation by changing conversion rates or increasing current contributions. In the case of almost all Swiss entities in the Würth Group Switzerland, the insurance company is a separate pension trust. The benefits comprise not only old age pensions, but also disability and surviving dependants' pension benefits. The trust's statutes define the pension scope and benefit amounts, minimum payment obligations and the investment strategy. All insurance-related risks are borne by the trust. The trust board reviews the investment strategy annually by means of an ALM (asset liability management) analysis as part of its responsibility for the investment of the assets. In total, obligations in Switzerland amounted to EUR 163.7 million (2013: EUR 136.6 million). Plan assets came to EUR 133.0 million (2013: EUR 118.1 million). The associated net liability amounts to EUR 30.7 million (2013: EUR 18.5 million).

In the Würth Group Netherlands, the company pension plan is based on a consensus between the government and the parties to collective bargaining agreements. The BPF ["Wet verplichte deelneming in een bedrijfspensioenfonds": Dutch Mandatory Participation in an Industry-wide Pension Fund Act] and the PSW ["Pensioen- en Spaarfondsenwet": Dutch Pension and Savings Fund Act] provide for quasi-obligatory additional company insurance. The mandatory membership of an industry-wide pension fund relates to the majority of employees covered by additional pension insurance. The additional insurance comprises old age pension and in many cases also surviving dependants' benefits. The PSW sets forth the legislator's key framework conditions for company pension plans. These include a requirement to segregate funds accumulated for pension purposes from a company's other assets (in an industry-wide pension fund, a company pension fund or master or individual insurance policies at an insurance company) and the obligation on the part of the employer to ensure that the premiums are paid. In the Netherlands, the Würth Group pays premiums to an insurance company. This is a qualified insurance policy. In total, obligations in the Netherlands amounted to EUR 53.6 million (2013: EUR 39.1 million). Plan assets came to EUR 57.0 million (2013: EUR 40.7 million).

The obligations from post-employment benefits were determined based on the following assumptions:

| | Discount rate | | Future salary increases | | Future pension increases | |
|---|---|---|---|---|---|---|
| % | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Germany | 2.00 | 3.50 | 3.00 | 3.00 | 2.00 | 2.25 |
| Austria | 2.25 – 2.50 | 3.50 – 3.75 | 2.00 – 3.00 | 2.00 – 4.00 | – | – |
| Italy | 3.00 | 4.00 | 3.00 | 0.00 – 5.00 | 1.50 | 1.50 |
| Switzerland | 1.20 | 2.00 | 1.00 | 1.00 | – | – |
| Netherlands | 2.20 | 3.50 | 1.30 | 1.30 | 2.00 | 2.00 |
| Other countries | 1.00 – 3.60 | 2.50 – 4.40 | 2.00 – 3.50 | 2.00 – 3.50 | 1.00 – 3.25 | 1.00 – 3.25 |

The 2005 G mortality tables from Dr. Klaus Heubeck are applied in Germany. The method for determining the discount rate is unchanged compared to the prior year.

The benefit obligations are derived as follows:

| in millions of EUR | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Present value of funded benefit obligations | 293.5 | 238.6 | 242.5 | 203.6 | 183.2 |
| Fair value of plan assets | – 242.3 | – 205.9 | – 200.0 | – 173.9 | – 166.0 |
| Adjustments on plan assets in accordance with IAS 19.64 b | 3.3 | 1.6 | 4.4 | 5.1 | 4.1 |
| **Net carrying amount on funded benefit obligations** | **54.5** | **34.3** | **46.9** | **34.8** | **21.3** |
| **Present value of unfunded benefit obligations** | **190.3** | **151.8** | **147.5** | **116.0** | **111.0** |
| **Net benefit liability recognized in the statement of financial position** | **244.8** | **186.1** | **194.4** | **150.8** | **132.3** |
| Experience adjustments | | | | | |
| Present value of the obligations | 0.7 | 10.2 | – 3.6 | 0.8 | – 0.4 |

The average term to maturity of the obligations from post-employment benefits is 18 years.

The net benefit expense from defined benefit plans breaks down as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Service cost | | |
| Current service cost | 16.7 | 18.1 |
| Past service cost | – 0.1 | – 1.6 |
| Income from plan settlements | 0.0 | – 0.5 |
| Net interest cost | 5.7 | 6.3 |
| **Total expense recognized in the income statement** | **22.3** | **22.3** |

The service cost is recognized under personnel expenses, while the net interest cost is recorded in the financial result.

The remeasurement of defined benefit plans breaks down as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Actuarial gains (–) and losses (+) recognized | | |
| on changes in actuarial assumptions | 74.8 | – 17.7 |
| on changes in demographic assumptions | 0.7 | 10.2 |
| Return on plan assets (less interest income) | – 19.8 | 0.7 |
| Effects of the asset ceiling (IAS 19.64 b) | 1.7 | – 2.7 |
| **Remeasurement of defined benefit plans** | **57.4** | **– 9.5** |

With the exception of interest expenses and the expected expenses / income from plan assets, which are included in the financial result, all other expenses and income are included in personnel expenses.

The present value of the defined benefit obligations changed as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Defined benefit obligation at the beginning of the year | 390.4 | 390.0 |
| Changes in the consolidated group | 1.8 | 0.0 |
| Increase due to deferred compensation | 0.8 | 0.7 |
| Service cost | 16.6 | 16.0 |
| Interest cost | 11.7 | 10.8 |
| Employee contributions | 5.1 | 5.1 |
| Benefits paid | – 12.2 | – 12.0 |
| Actuarial gains (–) and losses (+) recognized | 75.5 | – 7.5 |
| Transfer of benefits | – 7.7 | – 6.9 |
| Exchange difference on foreign plans | 1.8 | – 5.8 |
| **Defined benefit obligation at the end of the year** | **483.8** | **390.4** |

Future adjustments in pension developments are taken into account in accordance with legal provisions (e.g., in Germany Sec. 16 BetrAVG ["Gesetz zur Verbesserung der betrieblichen Altersversorge": German Company Pensions Act]).

The fair value of the plan assets has developed as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | 205.9 | 200.0 |
| Interest income | 6.0 | 4.5 |
| Return on plan assets (less interest income) | 19.8 | – 0.7 |
| Employer contributions | 11.0 | 10.4 |
| Employee contributions | 5.1 | 5.2 |
| Benefits paid | – 2.9 | – 3.2 |
| Transfer of assets | – 4.4 | – 6.3 |
| Exchange difference on foreign plans | 1.8 | – 4.0 |
| **Fair value of plan assets at the end of the year** | **242.3** | **205.9** |

The actual return came in at 11.8% (2013: 1.9%). The amount of employer's contributions to funds is expected to be similar in the following year.

Breakdown of fair value of plan assets by asset category:

| in millions of EUR | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Fixed-income investment funds | 116.4 | 79.6 | 82.1 | 68.7 | 67.0 |
| Share-based investment funds | 45.7 | 39.5 | 31.2 | 22.4 | 23.8 |
| Real estate investment funds | 30.4 | 32.1 | 25.9 | 20.7 | 20.7 |
| Other funds | 20.8 | 26.9 | 28.2 | 29.4 | 25.5 |
| Fixed-interest securities | 15.1 | 16.0 | 17.2 | 10.6 | 12.3 |
| Shares | 1.7 | 1.9 | 2.0 | 2.5 | 2.0 |
| Real estate | 2.4 | 2.6 | 2.9 | 3.1 | 2.7 |
| Other | 9.8 | 7.3 | 10.5 | 16.5 | 12.0 |
| **Total** | **242.3** | **205.9** | **200.0** | **173.9** | **166.0** |

As a rule, quoted prices are available on an active market for the equity and debt instruments. The ratings for funds and fixed-interest securities are usually not below A. The item "Other" primarily relates to cash and cash equivalents invested at banks with an A rating or higher.

With regard to sensitivities, the key actuarial assumptions determined for the Würth Group in Germany are the discount rate and for the Würth Group in Switzerland the discount rate and the rate of future salary increases. At the Würth Group in Germany, a 0.5% increase / decrease in the discount rate would lead to a decrease/increase in the DBO (Defined Benefit Obligation) of – 9.2% / + 10.3%.

At the Würth Group in Switzerland, a 0.25% increase / decrease in the discount rate would lead to a decrease / increase in the DBO of – 3.7% / + 3.8%. A 0.5% increase / decrease in the rate of future salary increases would lead to an increase / decrease in the DBO of + 1.3% / – 1.0%.

**[27] Provisions**

| in millions of EUR | **1 January 2014** | Exchange difference | Additions due to changes in the consolidated group | Utilization | Reversal | Addition | Unwinding of the discount and changes in the discount rate | **31 December 2014** |
|---|---|---|---|---|---|---|---|---|
| Credit notes | 64.1 | 0.0 | 0.1 | 58.8 | 5.2 | 67.3 | 0.0 | 67.5 |
| Long-service bonuses | 60.0 | 0.1 | 0.0 | 0.5 | 1.2 | 8.5 | 3.2 | 70.1 |
| Warranty obligations | 27.2 | 0.0 | 0.0 | 24.9 | 0.6 | 22.8 | 0.1 | 24.6 |
| Litigation and lawyers' fees | 24.3 | 0.0 | 0.0 | 2.5 | 5.1 | 4.2 | 0.3 | 21.2 |
| Phased retirement scheme | 7.5 | 0.0 | 0.0 | 0.3 | 1.3 | 2.0 | 0.3 | 8.2 |
| Product liability | 5.5 | 0.0 | 0.0 | 0.8 | 0.2 | 2.4 | 0.3 | 7.2 |
| Sundry | 37.6 | 0.0 | 0.1 | 10.4 | 5.3 | 10.1 | 0.2 | 32.3 |
| **Total** | **226.2** | **0.2** | **0.2** | **98.2** | **18.9** | **117.3** | **4.4** | **231.1** |
| thereof: current | 146.9 | | | | | | | 143.6 |
| non-current | 79.3 | | | | | | | 87.5 |

| in millions of EUR | **1 January 2013** | Exchange difference | Additions due to changes in the consolidated group | Utilization | Reversal | Addition | Unwinding of the discount and changes in the discount rate | **31 December 2013** |
|---|---|---|---|---|---|---|---|---|
| Credit notes | 60.4 | – 0.2 | 0.8 | 55.2 | 5.2 | 63.5 | 0.0 | 64.1 |
| Long-service bonuses | 55.8 | – 0.3 | 0.0 | 0.2 | 0.6 | 2.3 | 3.0 | 60.0 |
| Warranty obligations | 33.5 | – 0.2 | 0.3 | 31.4 | 0.5 | 25.4 | 0.1 | 27.2 |
| Litigation and lawyers' fees | 13.7 | – 0.2 | 0.0 | 1.8 | 2.1 | 14.5 | 0.2 | 24.3 |
| Phased retirement scheme | 6.6 | 0.0 | 0.0 | 0.7 | 1.7 | 3.0 | 0.3 | 7.5 |
| Product liability | 7.6 | – 0.1 | 0.0 | 3.1 | 0.5 | 1.4 | 0.2 | 5.5 |
| Sundry | 35.8 | – 0.3 | 0.2 | 11.6 | 21.5 | 34.8 | 0.2 | 37.6 |
| **Total** | **213.4** | **– 1.3** | **1.3** | **104.0** | **32.1** | **144.9** | **4.0** | **226.2** |
| thereof: current | 140.3 | | | | | | | 146.9 |
| non-current | 73.1 | | | | | | | 79.3 |

The provision for credit notes is primarily attributable to obligations relating to discounts, bonuses, etc. granted that are allocable to the period after the reporting date, but caused by sales prior to the reporting date. The provision for long-service bonuses contains bonuses awarded to employees that have been with the company for many years. The provision for warranty obligations accounts for risks from legal or constructive obligations from trade with fastening and assembly materials involving trade customers, the building industry and industrial customers as well as from the manufacture of screws, fittings and solar modules. Other provisions relate to numerous identifiable specific risks and uncertain liabilities which were accounted for at the amount at which they are likely to be incurred.

The cash outflow for provisions for long-service bonuses and the German phased retirement scheme ("Altersteilzeit") is mainly of a medium (two to four years) to long-term (five to 50 years) nature. In most cases other provisions are expected to lead to a cash outflow in the next fiscal year.

### [28] Other financial liabilities

| in millions of EUR | **2014** | thereof due within one year | **2013** | thereof due within one year |
|---|---|---|---|---|
| Liabilities to related parties | 10.6 | 9.4 | 17.0 | 15.9 |
| Derivative liabilities | 16.6 | 16.6 | 20.0 | 20.0 |
| Sundry financial liabilities | 293.3 | 288.4 | 269.9 | 265.3 |
| **Total** | **320.5** | **314.4** | **306.9** | **301.2** |

Sundry financial liabilities essentially include liabilities to employees, outstanding purchase invoices and customers with credit balances.

### [29] Other liabilities

| in millions of EUR | **2014** | thereof due within one year | **2013** | thereof due within one year |
|---|---|---|---|---|
| Prepaid expenses | 14.3 | 14.3 | 44.7 | 44.7 |
| Other liabilities | 329.8 | 324.8 | 302.3 | 297.9 |
| **Total** | **344.1** | **339.1** | **347.0** | **342.6** |

Liabilities relating to social security amount to EUR 69.8 million (2013: EUR 62.6 million). In addition, sundry liabilities include liabilities from other taxes of EUR 85.2 million (2013: EUR 91.7 million).

**[30] Additional disclosures on financial instruments – carrying amounts, amounts recognized and fair values by measurement category**

| in millions of EUR | | | Amount recognized in the statement of financial position | | | | |
|---|---|---|---|---|---|---|---|
| **Assets** | Measurement category under IAS 39 | Carrying amount **31 Dec. 2014** | Amortized cost | Fair value (recognized directly in equity) | Fair value through profit or loss | IAS 17 | Fair value **31 Dec. 2014** |
| Financial assets | AfS / HtM | 53.5 | 53.5 | | | | 32.4 |
| Receivables from financial services | LaR / n. a. | 1,412.2 | 1,107.9 | | | 304.3 | 1,412.2 |
| Trade receivables | LaR | 1,266.7 | 1,266.7 | | | | 1,266.7 |
| Other financial assets | | | | | | | |
| Receivables from related parties | LaR | 74.7 | 74.7 | | | | 74.7 |
| Derivative financial assets | FAHfT / LaR | 15.0 | – 24.6 | | 39.6 | | 15.0 |
| Sundry financial assets | LaR | 88.9 | 88.9 | | | | 88.9 |
| Securities | AfS / FAHfT / FAFVtpl | 131.4 | | 56.1 | 75.3 | | 131.4 |
| Cash and cash equivalents | FAFVtpl / LaR | 601.6 | 601.3 | | 0.3 | | 601.6 |
| **Equity and liabilities** | | | | | | | |
| Liabilities from financial services | FLAC | 1,129.2 | 1,129.2 | | | | 1,129.2 |
| Trade payables | FLAC | 477.5 | 477.5 | | | | 477.5 |
| Financial liabilities | FLAC / n. a. | 1,573.7 | 1,561.4 | | | 12.3 | 1,670.5 |
| Other financial liabilities | | | | | | | |
| Liabilities to related parties | FLAC | 10.6 | 10.6 | | | | 10.6 |
| Derivative liabilities | FLAC / FLHfT | 16.6 | – 10.8 | | 27.4 | | 16.6 |
| Sundry financial liabilities | FLAC | 293.3 | 293.3 | | | | 293.3 |
| **thereof combined by measurement category in accordance with IAS 39:** | | | | | | | |
| 1 Held-to-maturity investments | (HtM) | 32.4 | 32.4 | | | | 32.4 |
| 2 Financial assets held for trading | (FAHfT) | 39.6 | | | 39.6 | | 39.6 |
| 3 Financial assets (designated as) at fair value through profit or loss | (FAFVtpl) | 75.6 | | | 75.6 | | 75.6 |
| 4 Available-for-sale financial assets | (AfS) | 77.2 | 21.1 | 56.1 | | | 56.1 |
| 5 Loans and receivables | (LaR) | 3,114.9 | 3,114.9 | | | | 3,114.9 |
| 6 Receivables from the leasing business | (n. a.) | 304.3 | | | | 304.3 | 304.3 |
| 7 Financial liabilities held for trading | (FLHfT) | 27.4 | | | 27.4 | | 27.4 |
| 8 Financial liabilities at amortized cost | (FLAC) | 3,461.2 | 3,461.2 | | | | 3,558.0 |
| 9 Lease obligations | (n. a.) | 12.3 | | | | 12.3 | 12.3 |

| in millions of EUR<br>**Assets** | Measurement category under IAS 39 | Carrying amount **31 Dec. 2013** | Amount recognized in the statement of financial position<br>Amortized cost | Fair value (recognized directly in equity) | Fair value through profit or loss | IAS 17 | Fair value **31 Dec. 2013** |
|---|---|---|---|---|---|---|---|
| Financial assets | AfS / HtM | 50.3 | 50.3 | | | | 30.9 |
| Receivables from financial services | LaR/n. a. | 1,417.8 | 1,152.7 | | | 265.1 | 1,417.8 |
| Trade receivables | LaR | 1,210.1 | 1,210.1 | | | | 1,210.1 |
| Other financial assets | | | | | | | |
| Receivables from related parties | LaR | 85.6 | 85.6 | | | | 85.6 |
| Derivative financial assets | FAHfT / LaR | 20.6 | – 23.2 | | 43.8 | | 20.6 |
| Sundry financial assets | LaR | 71.7 | 71.7 | | | | 71.7 |
| Securities | AfS / FAHfT / FAFVtpl | 117.2 | | 51.2 | 66.0 | | 117.2 |
| Cash and cash equivalents | FAFVtpl / LaR | 749.2 | 681.1 | | 68.1 | | 749.2 |
| **Equity and liabilities** | | | | | | | |
| Liabilities from financial services | FLAC | 1,151.6 | 1,151.6 | | | | 1,151.6 |
| Trade payables | FLAC | 426.4 | 426.4 | | | | 426.4 |
| Financial liabilities | FLAC / n. a. | 1,807.1 | 1,795.8 | | | 11.3 | 1,854.9 |
| Other financial liabilities | | | | | | | |
| Liabilities to related parties | FLAC | 17.0 | 17.0 | | | | 17.0 |
| Derivative liabilities | FLAC / FLHfT | 20.0 | – 8.2 | | 28.2 | | 20.0 |
| Sundry financial liabilities | FLAC | 269.9 | 269.9 | | | | 269.9 |
| **thereof combined by measurement category in accordance with IAS 39:** | | | | | | | |
| 1 Held-to-maturity investments | (HtM) | 30.9 | 30.9 | | | | 30.9 |
| 2 Financial assets held for trading | (FAHfT) | 43.8 | | | 43.8 | | 43.8 |
| 3 Financial assets (designated as) at fair value through profit or loss | (FAFVtpl) | 134.1 | | | 134.1 | | 134.1 |
| 4 Available-for-sale financial assets | (AfS) | 70.6 | 19.4 | 51.2 | | | 51.2 |
| 5 Loans and receivables | (LaR) | 3,178.0 | 3,178.0 | | | | 3,178.0 |
| 6 Receivables from the leasing business | (n. a.) | 265.1 | | | | 265.1 | 265.1 |
| 7 Financial liabilities held for trading | (FLHfT) | 28.2 | | | 28.2 | | 28.2 |
| 8 Financial liabilities at amortized cost | (FLAC) | 3,652.5 | 3,652.5 | | | | 3,700.3 |
| 9 Lease obligations | (n. a.) | 11.3 | | | | 11.3 | 11.3 |

**The following tables show the measurement of the fair value of the Würth Group's assets and liabilities by hierarchical level**

Assets and liabilities at fair value:

| in millions of EUR | **Total 31 Dec. 2014** | Quoted prices in active markets (level 1) | Significant observable inputs (level 2) |
|---|---|---|---|
| Derivative assets | | | |
| Currency instruments | 2.0 | 0.0 | 2.0 |
| Interest instruments | 37.6 | 0.0 | 37.6 |
| Securities | 131.4 | 56.1 | 75.3 |
| Cash and cash equivalents | 0.3 | 0.3 | 0.0 |
| **Financial assets at fair value** | **171.3** | **56.4** | **114.9** |
| Derivative liabilities | | | |
| Currency instruments | 4.0 | 0.0 | 4.0 |
| Interest instruments | 23.4 | 0.0 | 23.4 |
| **Financial liabilities at fair value** | **27.4** | **0.0** | **27.4** |

| in millions of EUR | **Total 31 Dec. 2013** | Quoted prices in active markets (level 1) | Significant observable inputs (level 2) |
|---|---|---|---|
| Derivative assets | | | |
| Currency instruments | 2.9 | 0.0 | 2.9 |
| Interest instruments | 40.9 | 0.0 | 40.9 |
| Securities | 117.2 | 51.2 | 66.0 |
| Cash and cash equivalents | 68.1 | 68.1 | 0.0 |
| **Financial assets at fair value** | **229.1** | **119.3** | **109.8** |
| Derivative liabilities | | | |
| Currency instruments | 0.8 | 0.0 | 0.8 |
| Interest instruments | 27.4 | 0.0 | 27.4 |
| **Financial liabilities at fair value** | **28.2** | **0.0** | **28.2** |

Notes on the fair values of those financial assets and liabilities that were not stated at fair value in the consolidated statement of financial position:

| in millions of EUR | **Total 31 Dec. 2014** | Quoted prices in active markets (level 1) | Significant observable inputs (level 2) |
|---|---|---|---|
| Financial assets | 32.4 | 0.0 | 32.4 |
| Receivables from financial services | 1,412.2 | 0.0 | 1,412.2 |
| Trade receivables | 1,266.7 | 0.0 | 1,266.7 |
| Receivables from related parties | 74.7 | 0.0 | 74.7 |
| Sundry financial assets | 88.9 | 0.0 | 88.9 |
| Cash and cash equivalents | 601.3 | 601.3 | 0.0 |
| **Financial assets not stated at fair value** | **3,476.2** | **601.3** | **2,874.9** |
| Liabilities from financial services | 1,129.2 | 0.0 | 1,129.2 |
| Trade payables | 477.5 | 0.0 | 477.5 |
| Financial liabilities | 1,670.5 | 0.0 | 1,670.5 |
| Liabilities to related parties | 10.6 | 0.0 | 10.6 |
| Sundry financial liabilities | 293.3 | 0.0 | 293.3 |
| **Financial liabilities not stated at fair value** | **3,581.1** | **0.0** | **3,581.1** |

| in millions of EUR | **Total 31 Dec. 2013** | Quoted prices in active markets (level 1) | Significant observable inputs (level 2) |
|---|---|---|---|
| Financial assets | 30.9 | 0.0 | 30.9 |
| Receivables from financial services | 1,417.8 | 0.0 | 1,417.8 |
| Trade receivables | 1,210.1 | 0.0 | 1,210.1 |
| Receivables from related parties | 85.6 | 0.0 | 85.6 |
| Sundry financial assets | 71.7 | 0.0 | 71.7 |
| Cash and cash equivalents | 681.1 | 681.1 | 0.0 |
| **Financial assets not stated at fair value** | **3,497.2** | **681.1** | **2,816.1** |
| Liabilities from financial services | 1,151.6 | 0.0 | 1,151.6 |
| Trade payables | 426.4 | 0.0 | 426.4 |
| Financial liabilities | 1,854.9 | 0.0 | 1,854.9 |
| Liabilities to related parties | 17.0 | 0.0 | 17.0 |
| Sundry financial liabilities | 269.9 | 0.0 | 269.9 |
| **Financial liabilities not stated at fair value** | **3,719.8** | **0.0** | **3,719.8** |

# I. Other notes

### [1] Commitments and contingencies

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Guarantees, warranties and collateral for third-party liabilities | 33.1 | 42.3 |

Guarantees, warranties and collateral are due on call.

### [2] Other financial obligations

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| **Obligations from operating leases** | | |
| due within 12 months | 216.6 | 215.3 |
| due in 13 to 60 months | 386.6 | 363.5 |
| due in more than 60 months | 64.3 | 72.6 |
| | **667.5** | **651.4** |
| **Purchase obligations** | | |
| due within 12 months | 386.7 | 314.2 |
| due in 13 to 60 months | 0.3 | 0.0 |
| | **387.0** | **314.2** |
| **Sundry financial obligations** | | |
| due within 12 months | 94.0 | 40.7 |
| due in 13 to 60 months | 73.0 | 109.4 |
| due in more than 60 months | 1.7 | 0.1 |
| | **168.7** | **150.2** |
| **Total** | **1,223.2** | **1,115.8** |

The operating leases mainly relate to rented buildings and leased vehicles. The interest rates stipulated in the lease agreements are customary market rates. There are no purchase options upon expiry of the lease either for the rented buildings or the leased vehicles.

The sundry financial obligations contain irrevocable lending commitments of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 147.1 million (2013: EUR 141.7 million).

The table below shows the payments from operating leases recognized in profit or loss:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Real estate | 123.7 | 122.2 |
| Machines, equipment, furniture and fixtures | 12.4 | 13.4 |
| Vehicle fleet | 127.8 | 129.7 |
| Other | 2.7 | 2.8 |
| **Total** | **266.6** | **268.1** |

### [3] Contingent liabilities

As an international group with various areas of business, the Würth Group is exposed to many legal risks. This is especially true of risks for warranties, tax law and other legal disputes. However, according to the assessment by the Central Managing Board, no decisions are expected that would have a significant influence on the net assets of the Group. Tax field audits at group entities have not been completed yet and the related audit findings have not been reported yet.

### [4] Financial instruments

#### Financial risk management

Through its financial activities, the Würth Group is subject to various risks that are assessed, managed and monitored by a systematic risk management system.

Details of the Group's management of market risks (exchange rates, interest rates and securities risks), credit risks and liquidity exposures are presented below.

#### Exchange rate risks

The Würth Group is exposed to currency risks from financing and operating activities. By exchange rate risks, the Würth Group means the exposure of the assets and income disclosed resulting from exchange rate fluctuations between the transaction currency and the functional currency in each case.

As far as operations are concerned, the individual group entities mainly carry out their activities in their own functional currency. The currency risk for the Würth Group from current operating activities is therefore classified as low. Exchange rate risks are countered by forward exchange contracts and currency options. Derivative financial instruments are used to hedge future sales and goods purchases against exchange rate risks.

Regarding the presentation of market risks, IFRS 7 requires sensitivity analyses showing how profit or loss and equity would have been affected by hypothetical changes in the relevant risk variable.

If the euro had depreciated (appreciated) against the US dollar and the Swiss franc by 10% as of 31 December 2014, the hypothetical effect on profit or loss would have been as follows:

| in millions of EUR | Hypothetical effect on profit or loss **2014** | | Hypothetical effect on profit or loss **2013** | |
|---|---|---|---|---|
| Currency | Depreciation | Appreciation | Depreciation | Appreciation |
| US dollar | 3.9 | – 3.9 | 0.2 | – 0.2 |
| Swiss franc | – 8.5 | 8.5 | – 5.7 | 5.7 |

There were no changes affecting other comprehensive income.

**Interest rate risks**

By interest rate risk, the Würth Group means the negative effects on the net assets and results of operations resulting from changes in interest rates. One of the methods used to counter this risk is to ensure that a large part of external financing is in fixed-interest rate bonds. In addition, derivatives are used for risk management purposes (e.g., interest rate swaps).

The interest rate risk is mainly limited to the liabilities to banks with floating interest rates listed under [25] "Financial liabilities" and the items presented under [13] "Receivables from financial services" and under [24] "Liabilities from financial services".

Under IFRS 7, interest rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other components of profit or loss and, if applicable, on equity.

If the market interest level had been 100 base points higher (lower) as of 31 December 2014, profit or loss would have been EUR 5.8 million lower (higher) (2013: EUR 7.9 million). The hypothetical effect on profit or loss is mainly attributable to overdraft facilities as well as receivables and liabilities from financial services. Equity would change accordingly.

There were no changes affecting other comprehensive income.

**Securities risks**

The Würth Group is exposed to securities risks because of its investments. Specifically, there is a risk of financial loss due to changes in prices of (publicly traded) securities. One way of countering this risk is through diversification of the investment portfolio. When selecting bonds, a minimum rating of BBB (Standard & Poor's) is generally required. The rating development is monitored on a daily basis. If the bonds are downgraded by the rating agency, they are sold immediately. In addition, derivatives are used for risk management purposes to hedge securities price risks.

**Credit risk**

The credit risk is countered by limiting business relationships to first class banks with a minimum rating of A– (Standard & Poor's). Default risks from receivables are minimized by continuous monitoring of the creditworthiness of the counterparty and by limiting the aggregated individual risks from the counterparty. Standardized master agreements of the International Swaps and Derivatives Association (ISDA master agreements), including the Credit Support Annex (CSA), are in place with those external counterparties of the Würth Group with whom it enters into transactions as part of its financial risk management.

The maximum credit risk is the carrying amount of the financial assets recognized in the statement of financial position. The credit risk from operating activities is accounted for by recognizing a portfolio-based specific allowance on trade receivables.

**Liquidity risks**
The Würth Group needs liquidity to meet its financial obligations. Group entities are obliged by Group guidelines to deposit any excess cash not needed to meet current obligations with Würth Finance International B.V., 's-Hertogenbosch, Netherlands, or Adolf Würth GmbH & Co. KG, Künzelsau, Germany, to make it available to the Würth Group. The high international credit rating received by the Würth Group (Standard & Poor's issued an A rating on the Würth Group's non-current liabilities) means that the Group can obtain favorable terms for procuring funds on international capital markets. In order to be in a position to meet its payment obligations at any time, even in extraordinary circumstances, the Würth Group also maintains lines of credit with various banks to cover potential liquidity bottlenecks.

**Capital management**
The primary objective of the Würth Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio. The Group manages its capital structure in light of changes in economic conditions. In addition, the financial service providers within the Group comply with the applicable regulatory capital requirements. No changes were made to the objectives, policies and processes as of 31 December 2014 and 31 December 2013. The equity ratio, calculated as equity in accordance with IFRSs divided by total assets, is 45.2% (2013: 42.6%). This means that the equity ratio is higher than the industry average, and ensures the Würth Group an investment grade A rating at present. Regarding a US private placement, the Würth Group is also required to comply with a certain ratio of senior liabilities to equity.

**Fair value of financial instruments**
The fair value of financial instruments that are included in the portfolio of available-for-sale financial assets and financial assets held for trading is estimated by comparing it with the market price on the reporting date.

The fair value of financial instruments designated as at fair value through profit or loss is determined using the valuation techniques presented under [20] "Securities".

The loss resulting from adjusting the fair value of financial assets at fair value through profit or loss amounted to EUR – 0.1 million in the fiscal year (2013: EUR – 2.0 million) and was recorded in full in profit or loss for the period. The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. Interest rate swaps are measured at fair value on the basis of the present value of estimated future cash flows. The fair value of options is measured using option-pricing models. The Würth Group has a policy of obtaining confirmation of the fair value of all the above instruments by the banks that arranged the respective contracts for the Würth Group.

The financial instruments not recognized at fair value within the Würth Group primarily comprise certain cash equivalents, trade receivables, other current assets, other non-current assets, trade payables, and other liabilities, overdraft facilities, non-current loans and held-to-maturity investments.
The carrying amount of cash equivalents and overdraft facilities approximates fair value due to the high liquidity of the financial instruments.

The historical cost carrying amount of receivables and payables subject to normal trade credit terms also approximates fair value.

The fair value of non-current liabilities is based on the market price for these liabilities or similar financial instruments or on the current interest rates for borrowing at similar terms and conditions. The amounts reported in the statement of financial position approximate fair value and are presented separately in note [30] “Additional disclosures on financial instruments”.

**Derivative financial instruments**
As of the reporting date, the fair value of derivate financial instruments was as follows:

| in millions of EUR | Contract value or nominal value | | Positive replacement value | | Negative replacement value | |
|---|---|---|---|---|---|---|
| Type | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Currency instruments | | | | | | |
| Foreign exchange forward contracts | 930.0 | 664.4 | 2.0 | 2.9 | 4.0 | 0.8 |
| Currency options (OTC) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total currency instruments** | **930.0** | **664.4** | **2.0** | **2.9** | **4.0** | **0.8** |
| Interest instruments | | | | | | |
| Interest rate swaps | 850.7 | 994.0 | 36.7 | 29.4 | 22.6 | 26.2 |
| Cross-currency swaps | 34.9 | 51.7 | 0.9 | 11.5 | 0.8 | 0.9 |
| Swaptions (OTC) | 0.0 | 25.0 | 0.0 | 0.0 | 0.0 | 0.3 |
| **Total interest instruments** | **885.6** | **1,070.7** | **37.6** | **40.9** | **23.4** | **27.4** |
| **Compensation of credit risk through CSA** | | | **24.6** | **23.2** | **10.8** | **8.2** |
| Net replacement value | | | – 1.6 | 0.6 | | |

As part of financial risk management, a credit support annex (CSA) was entered into. For this reason, the positive and negative replacement values of the interest instruments were all presented net in the statement of financial position, i.e., after taking into account the cash settlement under the CSA.

**[5] Leases**

**Lessee**
The net carrying amount of assets leased under finance leases breaks down as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| Real estate | 7.4 | 7.0 |
| Machines, equipment, furniture and fixtures | 3.0 | 1.5 |
| Vehicle fleet | 2.4 | 2.3 |
| Other | 0.3 | 0.0 |
| **Total** | **13.1** | **10.8** |

The vast majority of finance leases relate to real estate. These agreements are generally designed to include a purchase option and a renewal option. Furthermore, some contain price escalation clauses based on the Euribor. There are no significant restrictions imposed by lease agreements.

Minimum lease installments over the remaining terms of the finance lease agreements and their present value are as follows:

| in millions of EUR | 2014 | 2013 |
|---|---|---|
| due within 12 months | 3.2 | 2.6 |
| due in 13 to 60 months | 8.6 | 8.2 |
| due in more than 60 months | 2.7 | 2.5 |
| Minimum lease payments from finance leases less expected future interest payments | 14.5 | 13.3 |
| due within 12 months | 0.6 | 0.6 |
| due in 13 to 60 months | 1.1 | 1.1 |
| due in more than 60 months | 0.3 | 0.3 |
| **Present value of minimum lease payments** | **12.5** | **11.3** |
| thereof: | | |
| due within 12 months | 2.6 | 1.9 |
| due in 13 to 60 months | 7.4 | 7.2 |
| due in more than 60 months | 2.5 | 2.2 |

**Lessor**

The consolidated group also contains some entities that specialize in leases. These entities are responsible for intercompany lease transactions, among other things. They also have finance lease agreements with third parties, primarily for machines, equipment, furniture and fixtures, and vehicles.

Reconciliation of the total gross investment to the present value of finance leases – lessor:

| | 31 December | | due within 12 months | | due in 13 to 60 months | | due in more than 60 months | |
|---|---|---|---|---|---|---|---|---|
| in millions of EUR | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Total lease installments (gross total investments in the lease) | 660.1 | 585.0 | | | | | | |
| Lease installments already received | 266.2 | 255.1 | | | | | | |
| Lease installments (future minimum lease payments) | 393.9 | 329.9 | 128.9 | 112.6 | 249.5 | 201.9 | 15.5 | 15.4 |
| thereof: lease payments already sold | 217.2 | 247.2 | 68.9 | 86.0 | 137.5 | 150.5 | 10.8 | 10.7 |
| Unearned finance income | 44.2 | 29.3 | 18.1 | 9.8 | 24.0 | 17.4 | 2.1 | 2.1 |
| **Present value of the outstanding minimum lease payments** | **132.5** | **53.4** | **41.9** | **16.8** | **88.0** | **34.0** | **2.6** | **2.6** |

The finance leases are mainly hire-purchase arrangements or full payout lease agreements with a maximum term of over 90% of the leased assets' estimated useful life. The contracts can only be terminated for due cause for which the counterparty is responsible.

Valuation allowances of EUR 0.6 million (2013: EUR 0.5 million) were recognized in the fiscal year for uncollectible outstanding minimum lease payments.

**[6] Related parties**

Basically, related parties are members of the Würth family and entities controlled by them as well as key management personnel (members of the Würth Group's Central Managing Board and the Executive Board), members of the Advisory Board of the Würth Group, the Management Board of the Würth Group's Family Trusts, the Supervisory Board of the Würth Group's Family Trusts and close family members of the aforementioned groups of persons. Related parties also include the Family Trusts. Related party transactions were all conducted at arm's length.

Payments of EUR 207.1 million (2013: EUR 210.3 million) were made to members of the Würth family and the Family Trusts for distributions and usufructuary rights. Of the payments made, an amount of EUR 147.4 million (2013: EUR 152.0 million) was paid back as a capital contribution.

The transactions and interest income and expenses listed below were effected between the Würth Group and the Würth family, members of the Central Managing Board, the Executive Board and the Advisory Board, as well as the Management Board and the Supervisory Board of the Würth Group's Family Trusts:

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Purchased services | 3.2 | 3.1 |
| Services rendered | 0.2 | 0.2 |
| Interest cost | 1.0 | 1.4 |
| Interest income | 1.0 | 1.0 |
| Lease / rental expense | 6.1 | 4.1 |
| Lease / rental income | 0.2 | 0.0 |
| Remuneration of the Management Board and Supervisory Board of the Würth Group's Family Trusts, and the Advisory Board | 4.8 | 4.7 |

The following receivables and liabilities arose from these transactions:

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Receivables from financial services | 8.7 | 7.9 |
| Loan receivable | 20.5 | 23.5 |
| Liabilities from financial services | 1.6 | 2.0 |
| Loan liabilities | 10.4 | 17.0 |

In addition, close family members of key management personnel received wage and salary payments of EUR 0.1 million (2013: EUR 0.3 million). In addition, there are liabilities from financial services amounting to EUR 0.2 million (2013: EUR 0.2 million).

The interest income and expenses listed below were transacted between the Würth Group and the Family Trusts:

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Lease / rental expense | 1.0 | 1.0 |
| Interest cost | 2.5 | 2.6 |
| Interest income | 0.6 | 0.7 |

These transactions gave rise to loan receivables of EUR 54.1 million (2013: EUR 62.1 million) and loan liabilities of EUR 0.1 million (2013: EUR 0.0 million).

The receivables due from and liabilities due to related parties for financial services are subject to market interest rates. All other purchased services are also rendered at market terms and conditions.

### [7] Compensation of key management personnel

| in millions of EUR | **2014** | **2013** |
|---|---|---|
| Short-term employee benefits | 23.2 | 20.8 |
| Post-employment benefits | 0.1 | 0.1 |
| Benefits due to the end of the employment relationship | 0.2 | 0.3 |
| **Total** | **23.5** | **21.2** |

Individual members of the Central Managing Board and the Executive Vice Presidents have a right to pension benefits with a total present value of EUR 15.7. million (2013: EUR 15.5 million). Former members and their surviving dependants are also entitled to benefit payments. The present value of the resulting benefit obligations totaled EUR 17.4 million (2013: EUR 13.9 million).

### [8] Government grants

The Würth Group received government grants of EUR 0.9 million in the form of investment subsidies for infrastructure projects (2013: EUR 2.7 million). Of this amount, EUR 0.1 million (2013: EUR 1.3 million) was deducted from the assets' carrying amounts and EUR 0.8 million (2013: EUR 1.4 million) was immediately recognized in profit or loss.

**[9] Auditor's fees**

The following table shows, on aggregate, the fees incurred for the services provided by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany in the fiscal year 2014.

| in millions of EUR | **2014** |
|---|---|
| Audit | 2.0 |
| Assurance services | 0.1 |
| Tax services | 0.1 |
| Other fees | 0.2 |
| **Total** | **2.4** |

**[10] Events after the reporting period**

On 2 January 2015, the Würth Group purchased the business operations of United Plywoods & Lumber, Inc., Birmingham, USA. Furthermore, on 10 February 2015, the Würth Group purchased 65% of the voting rights in the electrical wholesaler MEF S.r.l., Florence, Italy.

In 2015, the Würth Group received an initial interim payment in connection with the settlement of the claim associated with the major fire in the Electronics unit. Further reimbursements, in an amount that could not yet be calculated, will be made in 2015.

In order to exploit the current favorable interest rates and in order to strengthen the long-term financing and liquidity basis of the Würth Group as a basis for future growth opportunities along with investments, the Würth Group plans to launch a "Euro Medium Term Note" program in 2015. This program will make us more flexible in issuing new bonds.

**[11] Exemption from the duty of partnerships and stock corporations to prepare, audit and disclose financial statements**

The following German group entities organized as partnerships made use of the exemption clause according to Sec. 264b HGB for the fiscal year 2014:

| **Entity** | **Registered office** |
|---|---|
| Abraham Diederichs GmbH & Co. oHG | Wuppertal |
| Adolf Menschel Verbindungstechnik GmbH & Co. KG | Plettenberg |
| Adolf Würth GmbH & Co. KG | Künzelsau |
| Arnold & Shinjo GmbH & Co. KG | Dörzbach |
| Arnold Umformtechnik GmbH & Co. KG | Forchtenberg |
| Baier & Michels GmbH & Co. KG | Ober-Ramstadt |
| CONMETALL GmbH & Co. KG | Celle |
| Conpac GmbH & Co. KG | Celle |
| Gavia Grundstücksverwaltungsgesellschaft mbH & Co. Objekte Ratingen und Ingolstadt Vermietungs OHG | Mainz |

| Entity | Registered office |
|---|---|
| Glessdox GmbH & Co. KG | Untermünkheim |
| Grass GmbH & Co. KG | Reinheim |
| H. Sartorius Nachf. GmbH & Co. KG | Ratingen |
| Hetal-Werke Franz Hettich GmbH & Co. KG | Alpirsbach |
| Hommel Hercules-Werkzeughandel GmbH & Co. KG | Viernheim |
| IMS-Verbindungstechnik GmbH & Co. KG | Neuenstein |
| IVT Installations- und Verbindungstechnik GmbH & Co. KG | Rohr |
| LOGO Grundstücksgesellschaft mbH & Co. oHG | Göppingen |
| Marbet Marion & Bettina Würth GmbH & Co. KG | Künzelsau |
| Panoramahotel Grundstücksgesellschaft mbH & Co. Objekt Waldenburg oHG | Göppingen |
| PIRUS Grundstücksgesellschaft mbH & Co. oHG | Göppingen |
| Schössmetall GmbH & Co. KG | Freilassing |
| Siller & Laar Schrauben- Werkzeug- und Beschläge-Handel GmbH & Co. KG | Augsburg |
| Sonderschrauben Güldner GmbH & Co. KG | Niederstetten |
| SWG Schraubenwerk Gaisbach Besitz-GmbH & Co. KG | Waldenburg |
| Synfiber AS & Co. Beschränkt haftende KG | Worms |
| Teudeloff GmbH & Co. KG | Waldenburg |
| TOGE Dübel GmbH & Co. KG | Nuremberg |
| TUNAP Deutschland Vertriebs- GmbH & Co. Betriebs-KG | Wolfratshausen |
| TUNAP Industrie Chemie GmbH & Co. Produktions KG | Wolfratshausen |
| Uni Elektro Fachgroßhandel & Co. Grundstücksverwaltungsgesellschaft OHG | Eschborn |
| UNI ELEKTRO Fachgroßhandel GmbH & Co. KG | Eschborn |
| Wagener & Simon WASI GmbH & Co. KG | Wuppertal |
| Waldenburger Beteiligungen GmbH & Co. KG | Künzelsau |
| Werkzeugtechnik Niederstetten GmbH & Co. KG | Niederstetten |
| WLC Würth-Logistik GmbH & Co. KG | Künzelsau |
| Würth Elektrogroßhandel GmbH & Co. KG | Künzelsau |
| Würth Elektronik GmbH & Co. KG | Niedernhall |
| Würth Elektronik eiSos GmbH & Co. KG | Waldenburg |
| Würth Elektronik FLATcomp Systems GmbH & Co. KG | Pforzheim |
| Würth Elektronik ICS GmbH & Co. KG | Niedernhall |
| Würth GmbH & Co. KG Grundstücksgesellschaft | Künzelsau |
| Würth Immobilien-Leasing GmbH & Co. KG | Göppingen |
| Würth Industrie Service GmbH & Co. KG | Bad Mergentheim |
| Würth IT International GmbH & Co. KG | Bad Mergentheim |
| Würth Leasing GmbH & Co. KG | Göppingen |
| Würth Modyf GmbH & Co. KG | Künzelsau |
| Würth TeleServices GmbH & Co. KG | Künzelsau |
| Würth Versicherungsdienst GmbH & Co. KG | Künzelsau |
| YOUR OWN BRAND GmbH & Co. KG | Regensburg |

The following German group entities organized as corporations made use of the exemption clause according to Sec. 264 (3) HGB for the fiscal year 2014:

| **Entity** | **Registered office** |
|---|---|
| Dinol GmbH | Lügde |
| Dringenberg GmbH Betriebseinrichtungen | Ellhofen |
| Erbschloe Werkzeug Vertriebsgesellschaft mbH | Wuppertal |
| FEGA & Schmitt Elektrogroßhandel GmbH | Ansbach |
| FFP Montageteileproduktion Vertriebs-GmbH | Waldenburg |
| Flugplatz Schwäbisch Hall GmbH | Schwäbisch Hall |
| HAHN+KOLB Werkzeuge GmbH | Ludwigsburg |
| HSR GmbH Hochdruck Schlauch + Rohr Verbindungen | Duisburg |
| INDUNORM Hydraulik GmbH | Duisburg |
| KERONA GmbH | Öhringen |
| Lichtzentrale Lichtgroßhandel GmbH | Ansbach |
| Meister Werkzeuge GmbH | Wuppertal |
| Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH | Wuppertal |
| "METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH | Wuppertal |
| Normfest GmbH | Velbert |
| Panorama Hotel- und Service GmbH | Waldenburg |
| Pronto-Werkzeuge GmbH | Wuppertal |
| Reca Norm GmbH | Kupferzell |
| REISSER Schraubentechnik GmbH | Ingelfingen |
| Reinhold Würth Holding GmbH | Künzelsau |
| Schmitt Elektrogroßhandel GmbH | Fulda |
| SVH Handels GmbH | Dortmund |
| SWG Schraubenwerk Gaisbach GmbH | Waldenburg |
| UNI ELEKTRO Handels- und Beteiligungs-GmbH | Eschborn |
| Würth Elektronik iBE GmbH | Thyrnau |
| Würth IT GmbH | Bad Mergentheim |
| WOW ! Würth Online World GmbH | Künzelsau |

## J. Notes to the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows shows how the Würth Group's cash has changed over the fiscal year as a result of cash received and paid. It is classified by cash flows from operating, investing or financing activities.

The cash flow from operating activities is derived indirectly from the earnings before taxes. Specifically, the figure for earnings before taxes is adjusted for income tax payments, finance costs and finance revenue, interest income from operating activities, changes in obligations from post-employment benefits, non-cash amortization, depreciation, impairment and reversals of impairment as well as losses and gains on the disposal of non-current assets and other non-cash expenses and income.

The effects of acquisitions and other changes in the consolidated group have been eliminated. When purchased subsidiaries are included for the first time, only the actual cash flows are shown in the consolidated statement of cash flows. Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand and bank balances as well as highly liquid short-term investments and other cash equivalents.

The effects of acquisitions and other changes in the consolidated group on the consolidated statement of cash flows have been considered separately. We refer to "C. Consolidated group".

## K. List of shareholdings

### WÜRTH LINE CRAFT

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Albania** | | |
| Würth Albania Ltd. | Tirana | 100 |
| **Argentina** | | |
| Wurnet Argentina S.A. | Canuelas | 100 |
| Würth Argentina S.A. | Canuelas | 100 |
| **Armenia** | | |
| Würth LLC | Yerevan | 100 |
| **Australia** | | |
| Würth Australia Pty Ltd | Dandenong South | 100 |
| **Austria** | | |
| Würth Handelsgesellschaft m.b.H. | Böheimkirchen | 100 |
| **Azerbaijan** | | |
| Wurth Azerbaijan LLC | Baku | 100 |
| **Belarus** | | |
| FLLC "WurthBel" | Minsk | 100 |
| **Belgium** | | |
| Würth België N.V. | Turnhout | 100 |
| **Bosnia and Herzegovina** | | |
| WURTH BH d.o.o. | Sarajevo | 100 |
| **Brazil** | | |
| Wurth do Brasil Peças de Fixação Ltda. | Cotia | 100 |
| **Bulgaria** | | |
| Würth Bulgarien EOOD | Sofia | 100 |
| **Cambodia** | | |
| Wuerth (Cambodia) Ltd. | Phnom Penh | 100 |
| **Canada** | | |
| McFadden's Hardwood & Hardware Inc. | Oakville | 100 |
| Würth Canada Ltd., Ltée | Guelph | 100 |
| **Chile** | | |
| Würth Chile Ltda. | Santiago de Chile | 100 |
| **China** | | |
| Wuerth (Shenyang) Hardware & Tools Co., Ltd. | Shenyang | 100 |
| Wuerth (Tianjin) International Trade Co., Ltd. | Tianjin | 100 |
| Würth (Chongqing) Hardware & Tools Co., Ltd. | Chongqing | 100 |
| Würth (Guangzhou) International Trading Co., Ltd. | Guangzhou | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **China** | | |
| Wurth Hong Kong Co., Ltd. | Hong Kong | 100 |
| **Colombia** | | |
| Würth Colombia SA | Bogotá | 100 |
| **Costa Rica** | | |
| Würth Costa Rica, S.A. | La Uruca, San José | 100 |
| **Croatia** | | |
| Würth-Hrvatska d.o.o. | Zagreb | 100 |
| **Czech Republic** | | |
| Würth, spol. s r.o. | Mladá Boleslav | 100 |
| **Denmark** | | |
| Würth Danmark A/S | Kolding | 100 |
| **Dominican Republic** | | |
| Würth Dominicana S.A. | Santo Domingo | 100 |
| **Ecuador** | | |
| WURTH ECUADOR S.A. | Quito | 100 |
| **Estonia** | | |
| Aktsiaselts Würth | Tallinn | 100 |
| **Finland** | | |
| Würth Oy | Riihimäki | 100 |
| **France** | | |
| Würth France SA | Erstein | 95 |
| Würth Modyf France S.A.R.L. | Erstein | 100 |
| **Georgia** | | |
| Würth Georgia Ltd. | Tiflis | 100 |
| **Germany** | | |
| Würth Modyf GmbH & Co. KG | Künzelsau | 100 |
| **Greece** | | |
| Wurth Hellas S.A. | Kryoneri, Attiki | 100 |
| **Hungary** | | |
| Würth Szereléstechnika KFT | Budaörs | 100 |
| **Iceland** | | |
| Würth á Íslandi ehf. | Garðabær | 100 |
| **India** | | |
| Bettina Wuerth Auto India Private Limited | Mumbai | 100 |
| Marion Wuerth India Pvt. Ltd. | Delhi | 100 |

## WÜRTH LINE CRAFT

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **India** | | |
| Reinhold Wuerth India Pvt. Ltd. | Chennai | 100 |
| Wuerth India Pvt. Ltd. | Mumbai | 100 |
| **Indonesia** | | |
| P.T. Wuerth Indah | Jakarta | 100 |
| Wuerth Indonesia P.T. | Jakarta | 100 |
| **Ireland** | | |
| Würth (Ireland) Limited | Limerick | 100 |
| **Israel** | | |
| Würth Israel Ltd. | Caesarea | 100 |
| **Italy** | | |
| Modyf S.r.l. | Tramin | 100 |
| Würth S.r.l. | Neumarkt | 100 |
| **Japan** | | |
| Würth Japan Co., Ltd. | Yokohama | 100 |
| **Jordan** | | |
| Wurth - Jordan Co. Ltd. | Amman | 100 |
| **Kazakhstan** | | |
| Wuerth Kazakhstan Ltd. | Almaty | 100 |
| **Kenya** | | |
| Wuerth Kenya Ltd. | Nairobi | 100 |
| **Kosovo** | | |
| Würth-Kosova Sh.p.k. | Gračanica | 100 |
| **Kyrgyzstan** | | |
| Würth Foreign Swiss Company Ltd. | Bishkek | 100 |
| **Latvia** | | |
| SIA Wurth | Riga | 100 |
| **Lebanon** | | |
| Wurth Lebanon SAL | Beirut | 100 |
| **Lithuania** | | |
| Wurth Lietuva | Vilnius | 100 |
| **Macedonia** | | |
| Wurth Makedonija DOOEL | Skopje | 100 |
| **Malaysia** | | |
| Wuerth (Malaysia) Sdn. Bhd. | Johor Bahru | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Malta** | | |
| Würth Limited | Zebbug | 99 |
| Würth Mediterranean Limited | Zebbug | 100 |
| **Martinique** | | |
| Würth Caraïbes SARL | Ducos | 100 |
| **Mexico** | | |
| Würth México S.A. de C.V. | Morelos | 100 |
| **Moldova** | | |
| Wurth S.R.L. | Chisinau | 100 |
| **Mongolia** | | |
| Wuerth Mongolia LLC | Ulan Bator | 100 |
| **Montenegro** | | |
| Wurth d.o.o. Podgorica | Podgorica | 100 |
| **Namibia** | | |
| Wurth Namibia | Windhoek | 100 |
| **Netherlands** | | |
| Würth Nederland B.V. | 's-Hertogenbosch | 100 |
| **New Zealand** | | |
| Wurth New Zealand Ltd. | Auckland | 100 |
| **Norway** | | |
| Würth Norge AS | Hagan | 100 |
| **Panama** | | |
| Würth Centroamérica S.A. | Panama City | 100 |
| **Peru** | | |
| Würth Perú S.A.C. | Lima | 100 |
| **Philippines** | | |
| Wuerth Philippines, Inc. | Laguna | 100 |
| **Poland** | | |
| Würth Polska Sp. z o.o. | Warsaw | 100 |
| **Portugal** | | |
| Würth (Portugal) Técnica de Montagem Lda. | Sintra | 100 |
| Würth Modyf Lda. | Sintra | 100 |
| **Romania** | | |
| Würth Romania S.R.L | Otopeni | 100 |

## WÜRTH LINE CRAFT

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Russia** | | |
| "Würth Eurasien" Aktiengesellschaft | Yekaterinburg | 100 |
| Wuerth North-West JSC | St. Petersburg | 100 |
| Würth Russia | Moscow | 100 |
| **Serbia** | | |
| Wurth d.o.o. | Belgrade | 100 |
| **Slovakia** | | |
| Hommel Hercules France, s.r.o. | Bratislava | 100 |
| Würth spol. s r.o. | Bratislava | 100 |
| **Slovenia** | | |
| Würth d.o.o. | Trzin | 100 |
| **South Africa** | | |
| Wuerth South Africa (Pty.) Ltd. | Isando | 100 |
| **South Korea** | | |
| Wurth Korea Co., Ltd. | Hanam | 100 |
| **Spain** | | |
| WÜRTH CANARIAS, S.L. | Las Palmas | 100 |
| Würth España, S.A. | Palau-solità i Plegamans | 100 |
| Würth Modyf S.A. | Palau-solità i Plegamans | 100 |
| **Sri Lanka** | | |
| Wurth Lanka (Private) Limited | Nugegoda | 100 |
| **Sweden** | | |
| Würth Svenska AB | Örebro | 100 |
| **Switzerland** | | |
| Würth AG | Arlesheim | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Taiwan** | | |
| Würth Taiwan Co. Ltd. | Taipeh | 100 |
| **Thailand** | | |
| Wuerth (Thailand) Company, Limited | Bangkok | 100 |
| **Turkey** | | |
| Würth Sanayi Ürünleri Tic. Ltd. Sti. | Mimarsinan | 100 |
| **United Arab Emirates** | | |
| Würth Gulf FZE | Dubai | 100 |
| **United Kingdom** | | |
| Wurth (Northern Ireland) Ltd. | Belfast | 100 |
| Würth U.K. Ltd. | Erith | 100 |
| **Ukraine** | | |
| Würth Ukraine Ltd. | Vyshgorod | 100 |
| **Uruguay** | | |
| Wurth del Uruguay S.A. | Barros Blancos | 100 |
| **USA** | | |
| Oliver H. Van Horn Co., LLC | New Orleans, Louisiana | 100 |
| Wurth Baer Supply Co. | Vernon Hills, Illinois | 100 |
| Wurth Louis and Company | Brea, California | 100 |
| Wurth USA Inc. | Ramsey, New Jersey | 100 |
| Wurth Wood Group Inc. | Charlotte, North Carolina | 100 |
| **Vietnam** | | |
| Wurth Vietnam Company Limited | Ho-Chi-Minh City | 100 |

## WÜRTH LINE INDUSTRY

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Australia** | | |
| Thomas Warburton Pty. Ltd. | Mulgrave | 100 |
| **Belgium** | | |
| Würth Industry Belgium N.V. | Grâce-Hollogne | 100 |
| Würth Industry Belux S.A. | Grâce-Hollogne | 100 |
| **Brazil** | | |
| SW Industry Peças de Fixação Ltda. | São Bernardo do Campo | 100 |
| **Canada** | | |
| Wurth Industry of Canada Ltd. | Indianapolis | 100 |
| **China** | | |
| Arvid Nilsson Logistics & Trade (Shanghai) Co., Ltd. | Shanghai | 100 |
| Wuerth (China) Co., Ltd. | Shanghai | 100 |
| **Denmark** | | |
| Würth Industri Danmark A/S | Kolding | 100 |
| **France** | | |
| Würth Industrie France S.A.S. | Erstein | 100 |
| **Germany** | | |
| Würth Industrie Service GmbH & Co. KG | Bad Mergentheim | 100 |
| **India** | | |
| Wuerth Industrial Services India Pvt. Ltd. | Pune | 100 |
| **Malaysia** | | |
| Wuerth Industrial Services Malaysia Sdn. Bhd. | Petaling Jaya | 100 |
| **Mexico** | | |
| Würth McAllen Bolt de Mexico S de RL de CV | Reynosa | 100 |
| Würth McAllen Maquila Services S de RL de CV | Reynosa | 100 |
| Würth Service Supply de Mexico | Indianapolis | 100 |
| **New Zealand** | | |
| EDL Fasteners Ltd. | Manukau | 100 |

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Norway** | | |
| Arvid Nilsson Norge AS | Dokka | 100 |
| Würth Industri Norge A/S | Dokka | 100 |
| **Romania** | | |
| S.C. Wurth Industrie S.r.l. | Otopeni | 100 |
| **South Africa** | | |
| Action Bolt (Pty.) Ltd. | Durban | 100 |
| **South Korea** | | |
| Korea Fasteners Ltd. | Gyeonggi-Do | 100 |
| **Spain** | | |
| Würth Industria España, S.A. | Barcelona | 100 |
| **Sweden** | | |
| Arvid Nilsson Sverige AB | Kungälv | 100 |
| Würth Industri Sverige AB | Askim | 100 |
| **Turkey** | | |
| Würth Industrie Service Endüstriyel Hizmetler Pazarlama Limited Sirketi | Silivri | 100 |
| **USA** | | |
| Marine Fasteners Inc. | Sanford, Florida | 100 |
| Wurth Action Bolt & Tool Co. | Riviera Beach, Florida | 100 |
| Würth Adams Nut & Bolt Company | Maple Grove, Minnesota | 100 |
| Wurth RevCar Fasteners, Inc. | Roanoke, Virginia | 100 |
| Wurth/Service Supply Inc. | Indianapolis, Indiana | 100 |
| Wurth Snider Bolt and Screw, Inc. | Louisville, Kentucky | 100 |
| Wurth Timberline Fasteners Inc. | Commerce City, Colorado | 100 |

## ELECTRICAL WHOLESALE

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Austria** | | |
| Eichmann Elektrofachgroßhandel GmbH | Linz | 100 |
| **Czech Republic** | | |
| Elfetex spol. s r.o. | Pilsen | 100 |
| **Estonia** | | |
| Talger-Elektrotehnika Osaühing | Tallinn | 100 |
| **Germany** | | |
| FEGA & Schmitt Elektrogroßhandel GmbH | Ansbach | 100 |
| Lichtzentrale Lichtgroßhandel GmbH | Ansbach | 100 |

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Germany** | | |
| UNI ELEKTRO Fachgroßhandel GmbH & Co. KG | Eschborn | 100 |
| Walter Kluxen GmbH | Hamburg | 100 |
| **Latvia** | | |
| SIA Baltjas Elektro Sabiedriba | Riga | 100 |
| **Lithuania** | | |
| UAB ELEKTROBALT | Vilnius | 100 |
| **Poland** | | |
| Fega Poland Sp. z o.o. | Wrocław | 100 |

## TRADE

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Austria** | | |
| TUNAP chemisch-technische Produktions- | | |
| und Handelsgesellschaft m.b.H. | Vienna | 67 |
| **Belgium** | | |
| CONMETALL N.V. | Mechelen | 100 |
| Duvimex Belgium BvbA | Edegem | 100 |
| Tunap Benelux nv | Lokeren | 100 |
| **Brazil** | | |
| TUNAP do Brasil Comércio de Produtos | | |
| Químicos Ltda. | São Paulo | 67 |
| **China** | | |
| DIY Products Asia Ltd. | Hong Kong | 100 |
| Meister Tools Trading (Shanghai) Co., Ltd. | Shanghai | 100 |
| Tunap (Shanghai) International Trading Co., Ltd. | Shanghai | 67 |
| Wuerth Baier & Michels (Shanghai) Automotive | | |
| Fastener Co., Ltd. | Shanghai | 100 |
| **Czech Republic** | | |
| CONMETALL spol. s r.o. | Opava | 100 |
| **Finland** | | |
| Ares Oy Nikotips | Espoo | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **France** | | |
| Meister France S.A.S. | Strasbourg | 100 |
| SWG France SARL | Forbach | 100 |
| Tunap France SAS | Dachstein | 67 |
| **Germany** | | |
| Arnold & Shinjo GmbH & Co. KG | Dörzbach | 100 |
| Baier & Michels GmbH & Co. KG | Ober-Ramstadt | 100 |
| CONMETALL GmbH & Co. KG | Celle | 100 |
| Conpac GmbH & Co. KG | Celle | 100 |
| Glessdox GmbH & Co. KG | Untermünkheim | 100 |
| IMS-Verbindungstechnik GmbH & Co. KG | Neuenstein | 100 |
| IVT Installations- und Verbindungstechnik | | |
| GmbH & Co. KG | Rohr | 75 |
| KERONA GmbH | Öhringen | 100 |
| Kisling (Deutschland) GmbH | Bad Mergentheim | 100 |
| Meister Werkzeuge GmbH | Wuppertal | 100 |
| Schössmetall GmbH & Co. KG | Freilassing | 100 |
| Teudeloff GmbH & Co. KG | Waldenburg | 100 |
| TUNAP Deutschland Vertriebs-GmbH | | |
| & Co. Betriebs-KG | Wolfratshausen | 51 |

## TRADE

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Germany** | | |
| YOUR OWN BRAND GmbH & Co. KG | Regensburg | 100 |
| **Greece** | | |
| TUNAP Hellas EPE | Thessaloniki | 67 |
| **Hungary** | | |
| REISSER Csavar Kft | Szár | 100 |
| Van Roij Fasteners Hungaria Kft. | Dunaharaszti | 100 |
| **Indonesia** | | |
| PT. TUNAP INDONESIA | Jakarta | 67 |
| **Italy** | | |
| Baier & Michels S.r.l. | Padua | 100 |
| Glessdox SRL | Tramin | 100 |
| Masidef S.r.l. | Caronno Pertusella | 100 |
| Tunap Italia S.r.l. | Terlano | 67 |
| Unifix SWG S.r.l. | Terlano | 100 |
| Your Own Brand S.R.L | Milan | 100 |
| **Netherlands** | | |
| Van Roij Fasteners Europe B.V. | Deurne | 100 |
| **Norway** | | |
| Synfiber AS | Oslo | 100 |
| Tunap Norge AS | Hagan | 67 |
| **Poland** | | |
| REISSER - POL Sp. z o.o. | Poznan | 100 |
| TUNAP Polska Sp. Z o.o. | Warsaw | 67 |
| **Romania** | | |
| Meister Romania Srl | Otopeni | 100 |
| Reisser Tehnic s.r.l. | Cluj Napoca | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Russia** | | |
| IVT Ural, O.O.O. | Bolshoj Istok | 100 |
| TUNAP Russia OOO | Moscow | 67 |
| **Singapore** | | |
| TUNAP Asia-Pacific Pte. Ltd. | Singapore | 67 |
| **Spain** | | |
| Reisser Tornillería SLU | Barcelona | 100 |
| RUC Holding Conmetall S.A. | Barcelona | 100 |
| SWG Schraubenwerk Gaisbach Espana, S.L.U. | Barcelona | 100 |
| Tunap Productos Quimicos S.A. | Barcelona | 67 |
| **Sweden** | | |
| Tunap Sverige AB | Sollentuna | 67 |
| **Switzerland** | | |
| Airproduct AG | Oberwil-Lieli | 100 |
| Reinhold Handels AG | Chur | 100 |
| **Turkey** | | |
| Tunap Kimyasal Ürünler Pazarlama Ltd. Sti. | Istanbul | 67 |
| Würth Baier & Michels Otomotiv Türkiye Ltd. Şti. | Bursa | 100 |
| **United Kingdom** | | |
| Tunap (UK) Limited | Tonbridge | 67 |
| YOUR OWN BRAND UK Ltd. | Cheddar | 100 |
| **USA** | | |
| Baier & Michels USA Inc. | Greer, South Carolina | 100 |
| Dinol U.S. Inc. | Lewis Center, Ohio | 100 |

## PRODUCTION

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Australia** | | |
| Grass Australia/New Zealand Pty Ltd. | Melbourne | 100 |
| **Austria** | | |
| Grass GmbH | Höchst | 100 |
| TUNAP Cosmetics GmbH | Kematen in Tyrol | 88 |
| Schmid Schrauben Hainfeld GmbH | Hainfeld | 100 |
| **Brazil** | | |
| AP Winner Indústria e Comércio de Produtos Químicos Ltda. | Ponta Grossa | 100 |
| **Canada** | | |
| Grass Canada Inc. | Toronto | 100 |
| **China** | | |
| AP Winner (Changzhou) Chemical Technology Co., Ltd. | Changzhou | 100 |
| Arnold Fasteners (Shenyang) Co., Ltd. | Shenyang | 100 |
| Grass (Shanghai) International Trading Co., Ltd. | Shanghai | 100 |
| **Czech Republic** | | |
| GRASS CZECH s.r.o. | Cesky Krumlov | 100 |
| **Denmark** | | |
| Dokka Fasteners A/S | Kolding | 100 |
| **France** | | |
| Arnold Technique France | Anneyron | 100 |
| **Germany** | | |
| Adolf Menschel Verbindungstechnik GmbH & Co. KG | Plettenberg | 100 |
| Arnold Umformtechnik GmbH & Co. KG | Forchtenberg | 100 |
| BB Stanz- und Umformtechnik GmbH | Berga | 100 |
| Chemofast Anchoring GmbH | Willich-Münchheide | 100 |
| Dinol GmbH | Lügde | 100 |
| Dringenberg GmbH Betriebseinrichtungen | Obersulm-Sülzbach | 100 |
| FELO-Werkzeugfabrik Holland-Letz GmbH | Neustadt | 100 |
| Grass GmbH & Co. KG | Reinheim | 100 |
| Grass Vertriebs GmbH Deutschland | Ofterdingen | 100 |
| Hetalco GmbH | Alpirsbach | 100 |
| Hetal-Werke Franz Hettich GmbH & Co. KG | Alpirsbach | 100 |
| MKT Metall-Kunststoff-Technik GmbH & Co. KG | Weilerbach | 100 |
| REISSER Schraubentechnik GmbH (1) | Ingelfingen-Criesbach | 100 |
| SWG Schraubenwerk Gaisbach GmbH (1) | Waldenburg | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Germany** | | |
| TOGE Dübel GmbH & Co. KG | Nuremberg | 100 |
| TUNAP Industrie Chemie GmbH & Co. Produktions KG | Wolfratshausen | 100 |
| Werkzeugtechnik Niederstetten GmbH & Co. KG | Niederstetten | 100 |
| **Hungary** | | |
| Felo Szerszámgyár Kft. | Eger | 100 |
| **Italy** | | |
| Grass Italia SRL | Pordenone | 100 |
| **Netherlands** | | |
| Diffutherm B.V. | Hapert | 100 |
| **Norway** | | |
| Dokka Fasteners AS | Dokka | 100 |
| **Poland** | | |
| Dringenberg Polska Sp. z o.o. | Zagan | 100 |
| **South Africa** | | |
| Grass ZA (Pty.) Ltd. | Montague Gardens | 100 |
| **Spain** | | |
| Grass Iberia, S.A. | Elgeta | 100 |
| **Sweden** | | |
| Grass Nordiska AB | Jönköping | 100 |
| **Switzerland** | | |
| InovaChem Engineering AG | Wetzikon | 100 |
| Kisling AG | Wetzikon | 100 |
| KMT Kunststoff- & Metallteile AG | Hinwil | 100 |
| TUNAP AG | Märstetten | 51 |
| **Turkey** | | |
| Grass TR Mobilya Aksesuarlari Ticaret Limited Sirketi | Istanbul | 100 |
| **United Kingdom** | | |
| Grass Movement Systems Ltd | Bromsgrove | 100 |
| Tooling International Ltd. | Solihull | 100 |
| **USA** | | |
| Arnold Fastening Systems, Inc. | Auburn Hills, Michigan | 100 |
| Cardinal Fastener Inc. | Bedford Heigts, Ohio | 100 |
| Dokka Fasteners Inc. | Auburn Hills, Michigan | 100 |
| Grass America, Inc. | Kernersville, North Carolina | 100 |
| MKT Fastening L.L.C. | Lonoke, Arkansas | 100 |

On (1): These entities also operate in the Trade segment.

## ELECTRONICS

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Austria** | | |
| Würth Elektronik Österreich GmbH | Singapore | 100 |
| **Bulgaria** | | |
| Würth Elektronik iBE BG EOOD | Belozem | 100 |
| **China** | | |
| Stelvio Kontek Limited | Hong Kong | 100 |
| Wuerth Electronic Tianjin Co., Ltd. | Tianjin | 100 |
| Wurth Electronics (Chongqing) Co., Ltd. | Chongqing | 100 |
| Wurth Electronics (HK) Limited | Hong Kong | 100 |
| Wurth Electronics (Shenyang) Co., Ltd. | Shenyang | 100 |
| Wurth Electronics (Shenzhen) Co., Ltd | Shenzhen | 100 |
| **Czech Republic** | | |
| Würth Elektronik IBE CZ s.r.o. | Budweis | 100 |
| **Finland** | | |
| Würth Elektronik Oy | Nurmijärvi | 100 |
| **France** | | |
| Würth Elektronik France SAS | Jonage | 100 |
| **Germany** | | |
| Würth Elektronik eiSos GmbH & Co. KG | Waldenburg | 100 |
| Würth Elektronik GmbH & Co. KG | Niedernhall | 94 |
| Würth Elektronik iBE GmbH | Thyrnau | 100 |
| Würth Elektronik ICS GmbH & Co. KG | Niedernhall | 100 |
| **Hungary** | | |
| SIME Elektronikai Gyártó és Forgalmazó Kft. | Tab | 75 |
| **India** | | |
| Wuerth Elektronik CBT India Private Limited | Mysore | 100 |
| Wuerth Elektronik India Pvt Ltd | Bangalore | 100 |
| Wurth Electronics Services India Private Limited | Bangalore | 100 |
| **Italy** | | |
| Wuerth Elektronik Stelvio Kontek S.p.A. | Oggiono | 100 |
| Würth Elektronik Italia s.r.l. | Cormano | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Mexico** | | |
| Wemsa S.A. de C.V. | Irapuato | 100 |
| Würth Elektronik Mexico S.A. de C.V. | Irapuato | 100 |
| **Netherlands** | | |
| Würth Elektronik Nederland B.V. | 's-Hertogenbosch | 100 |
| **Poland** | | |
| Würth Elektronik Polska sp. z o. O | Wrocław | 100 |
| **Romania** | | |
| sc STM Elettromeccanica S.r.l. | Blaj | 100 |
| **Singapore** | | |
| Wurth Electronics Singapore Pte. Ltd. | Singapore | 100 |
| **Spain** | | |
| Würth Elektronik España, S.L. | Molins de Rei | 100 |
| **Sweden** | | |
| Würth Elektronik Sweden AB | Enköping | 100 |
| **Switzerland** | | |
| Würth Elektronik (Schweiz) AG | Zürich | 100 |
| **Taiwan** | | |
| Wurth Electronics Co., Ltd. | Taipeh | 100 |
| Würth Elektronik eiSos GmbH&Co KG | | |
| Taiwan Branch | Taipeh | 100 |
| **Turkey** | | |
| Würth Elektronik Ithalat Ihracat ve Ticaret Ltd. Sti. | Ümraniye | 100 |
| **United Kingdom** | | |
| Würth Electronics UK Ltd. | Manchester | 100 |
| **USA** | | |
| Wurth Electronics ICS, Inc. | Dayton, Ohio | 100 |
| Wurth Electronics Midcom Inc. | Watertown, South Dakota | 100 |

## RECA GROUP

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Austria** | | |
| Kellner & Kunz AG | Vienna | 100 |
| **Belgium** | | |
| Reca Belux | Ternat | 100 |
| **Bosnia and Herzegovina** | | |
| RECA d.o.o., Sarajevo | Sarajevo | 100 |
| **Bulgaria** | | |
| Reca Bulgaria EOOD | Sofia | 100 |
| **China** | | |
| reca (Shanghai) Intern. Trading Co., Ltd. | Shanghai | 100 |
| **Croatia** | | |
| reca d.o.o. | Varazdin | 100 |
| **Czech Republic** | | |
| Normfest s.r.o. | Prague | 90 |
| reca spol. s r.o. | Brünn | 100 |
| **France** | | |
| Reca Union France | Mundolsheim | 75 |
| **Germany** | | |
| Normfest GmbH | Velbert | 100 |
| Reca Norm GmbH | Kupferzell | 100 |
| Siller & Laar Schrauben- Werkzeug- | | |
| und Beschläge-Handel GmbH & Co. KG | Augsburg | 100 |
| **Hungary** | | |
| Reca KFT | Budapest | 100 |
| **Italy** | | |
| FIME S.r.l. | Belfiore | 100 |

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Italy** | | |
| Reca Italia S.r.l. | Gazzolo d'Arcole | 100 |
| SCAR S.r.l. | Bussolengo | 96 |
| **Netherlands** | | |
| A.J. Steenkist-Rooijmans B.V. | Eindhoven | 100 |
| **Poland** | | |
| Normfest Polska Sp. z o.o. | Poznan | 100 |
| reca Polska Sp. z o.o. | Normfest Polska Sp. z.o.o | 100 |
| **Romania** | | |
| Reca Bucuresti S.R.L. | Bucharest | 100 |
| **Serbia** | | |
| reca d.o.o. Beograd | Belgrade | 100 |
| **Slovakia** | | |
| reca Slovensko s.r.o. | Bratislava | 100 |
| **Slovenia** | | |
| Reca D.O.O. | Maribor | 100 |
| **Spain** | | |
| reca Hispania S.A.U. | Aldaya | 100 |
| **Switzerland** | | |
| Reca AG | Samstagern | 100 |
| **Turkey** | | |
| Reca Vida Alet ve Makine Parc. Tic. Ltd. Sti. | Izmir | 100 |
| **United Kingdom** | | |
| reca-uk ltd | West Bromwich | 100 |

## TOOLS

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Austria** | | |
| Hommel & Seitz GmbH | Vienna | 100 |
| Metzler GmbH & Co. KG | Rankweil | 100 |
| **Bulgaria** | | |
| Hahn i Kolb Instrumenti EOOD | Sofia | 100 |
| **China** | | |
| HAHN + KOLB (Tianjin) International Trade Co., Ltd. | Tianjin | 100 |
| HAHN+KOLB (Chongqing) Tools Co., Ltd. | Chongqing | 100 |
| HAHN+KOLB (Guangzhou) Tools Co., Ltd. | Guangzhou | 100 |
| **Czech Republic** | | |
| HHW-Hommel Hercules Werkzeughandel | | |
| CZ/SK s.r.o. | Prague | 100 |
| **Germany** | | |
| H. Sartorius Nachf. GmbH & Co. KG | Ratingen | 100 |
| HAHN+KOLB Werkzeuge GmbH | Ludwigsburg | 100 |
| Hommel Hercules-Werkzeughandel GmbH & Co. KG | Viernheim | 100 |
| SVH Handels-GmbH | Dortmund | 100 |

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Hungary** | | |
| HAHN + KOLB Hungaria Kft. | Budapest | 100 |
| **India** | | |
| HAHN+KOLB Tools Pvt. Ltd. | Pune | 100 |
| **Poland** | | |
| HAHN + KOLB POLSKA Sp. z o.o. | Poznan | 100 |
| HHW Hommel Hercules PL Sp. z o.o. | Katowice | 100 |
| **Romania** | | |
| HAHN+KOLB ROMANIA SRL | Otopeni | 100 |
| **Russia** | | |
| OOO Hahn+Kolb | Moscow | 100 |
| **Serbia** | | |
| Hahn + Kolb d.o.o. Beograd | Belgrade | 100 |
| **Turkey** | | |
| HAHN KOLB Endüstri Ürünleri Tic. Ltd. Sti | Istanbul | 100 |
| **United Kingdom** | | |
| Monks & Crane Industrial Group Limited | Wednesbury | 100 |

## SCREWS AND STANDARD PARTS

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Australia** | | |
| James Glen Pty Ltd | Lidcombe | 100 |
| **Austria** | | |
| WASI-Rostfrei Schraubenhandelsges. mbH | Vienna | 100 |
| **Belgium** | | |
| FASTINOX N.V. | Turnhout | 100 |
| HSR Belgium S.A./N.V. | Turnhout | 100 |
| **Bulgaria** | | |
| Wasi Bulgarien EOOD | Sofia | 100 |
| **China** | | |
| WASI (SHANGHAI) FASTENER TRADING CO., LTD. | Shanghai | 100 |
| WASI Tianjin Fastener Co., Ltd. | Tianjin | 100 |
| **Croatia** | | |
| WASI d.o.o. | Zagreb | 100 |
| **Denmark** | | |
| WASI Inox Danmark ApS | Kolding | 100 |
| **Estonia** | | |
| Ferrometal Baltic OÜ | Tallinn | 100 |
| **Finland** | | |
| Ferrometal Oy | Nurmijärvi | 100 |
| **France** | | |
| INTER-INOX Sarl | Meyzieu | 100 |

| Entity | Registered office | Würth Group share % |
|---|---|---|
| **Germany** | | |
| HSR GmbH Hochdruck Schlauch + Rohr | | |
| Verbindungen | Duisburg | 100 |
| INDUNORM Hydraulik GmbH | Duisburg | 100 |
| Sonderschrauben Güldner GmbH & Co. KG | Niederstetten | 100 |
| Wagener & Simon WASI GmbH & Co. KG | Wuppertal | 100 |
| **Greece** | | |
| Inox Mare Hellas SA | Thessaloniki | 100 |
| **Italy** | | |
| HSR Italia S.r.l. | Verona | 100 |
| Inox Mare S.r.l. | Rimini | 100 |
| Inox Tirrenica S.r.l. | Fiumicino | 100 |
| Spinelli s.r.l | Terlano | 100 |
| **Romania** | | |
| Wasi Romania S.R.L. | Otopeni | 100 |
| **Serbia** | | |
| WASI d.o.o. | Belgrade | 100 |
| **Spain** | | |
| WASI Hispania, S.A. | Palau-Solità i Plegamans | 100 |
| **Switzerland** | | |
| Modal Inox AG | Arlesheim | 100 |
| **Turkey** | | |
| Inox Ege Metal Ürünleri Dis Ticaret Limited Sirketi | Beylikdüzü | 100 |

## FINANCIAL SERVICES

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Denmark** | | |
| Würth Leasing Danmark A/S | Kolding | 100 |
| **Germany** | | |
| Internationales Bankhaus Bodensee AG | Friedrichshafen | 93 |
| Waldenburger Versicherung AG | Waldenburg | 100 |
| Würth Immobilien-Leasing GmbH & Co.KG | Göppingen | 100 |
| Würth Leasing GmbH & Co. KG | Göppingen | 100 |
| Würth Versicherungsdienst GmbH & Co. KG | Künzelsau | 100 |
| **Italy** | | |
| Würth Leasing Italia S.r.l. | Neumarkt | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Liechtenstein** | | |
| Würth Financial Services AG | Triesen | 100 |
| **Luxembourg** | | |
| Würth Reinsurance Company, S.A. | Luxembourg | 100 |
| **Netherlands** | | |
| Würth Finance International B.V. | 's-Hertogenbosch | 100 |
| **Switzerland** | | |
| Würth Financial Services AG | Rorschach | 100 |
| Würth Invest AG | Chur | 100 |
| Würth Leasing AG | Dietikon | 100 |

## IT SERVICE AND HOLDING COMPANIES

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Austria** | | |
| RuC Holding GmbH | Böheimkirchen | 100 |
| Würth Beteiligungen Ges.m.b.H. | Böheimkirchen | 100 |
| Würth Leasing International Ges. m.b.H. | Böheimkirchen | 100 |
| **China** | | |
| Comgroup Information Technology (Shanghai) | | |
| Co., Ltd. | Shanghai | 100 |
| Wuerth (China) Holding Co., Ltd. | Shanghai | 100 |
| **Germany** | | |
| mind-IT GmbH | Schorndorf | 100 |
| Reinhold Würth Holding GmbH | Künzelsau | 100 |
| UNI ELEKTRO Handels- und Beteiligungs-GmbH | Eschborn | 100 |
| WABCOWÜRTH Workshop Services GmbH | Künzelsau | 50 |
| WOW ! Würth Online World GmbH | Künzelsau | 100 |
| Würth IT GmbH | Bad Mergentheim | 100 |
| Würth IT International GmbH & Co. KG | Bad Mergentheim | 100 |
| **Hungary** | | |
| Würth Phoenix KFT | Budaörs | 100 |
| **Italy** | | |
| Würth Phoenix S.r.l. | Bolzano | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Mauritius** | | |
| Wurth Electronics Midcom International Holdings | | |
| Mauritius LTD | Port Louis | 100 |
| **Sweden** | | |
| Autocom Diagnostic Partner AB | Trollhättan | 100 |
| **Switzerland** | | |
| Würth Elektronik International AG | Chur | 100 |
| Würth International AG | Chur | 99 |
| Würth ITensis AG | Chur | 100 |
| Würth Management AG | Rorschach | 100 |
| **United Kingdom** | | |
| Wurth Holding UK Ltd | Kent | 100 |
| **USA** | | |
| Wurth Electronics Inc. | Ramsey, New Jersey | 100 |
| Wurth Group of North America Inc. | Ramsey, New Jersey | 100 |
| Wurth Industry North America LLC | Ramsey, New Jersey | 100 |
| Würth Wood-Division Holding LLC | Ramsey, New Jersey | 100 |

## DIVERSIFICATION

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Austria** | | |
| marbet GmbH | Vienna | 100 |
| **China** | | |
| Wuerth International Trading (Shanghai) Co., Ltd. | Shanghai | 100 |
| **Germany** | | |
| EOS KSI Forderungsmanagement GmbH & Co. KG | Künzelsau | 50 |
| Flugplatz Schwäbisch Hall GmbH | Schwäbisch Hall | 98 |
| Marbet Marion & Bettina Würth GmbH & Co. KG | Künzelsau | 100 |
| OTD Originalteile-Direkt GmbH | Erlenbach | 100 |
| Panorama Hotel- und Service GmbH | Waldenburg | 100 |
| WLC Würth-Logistik GmbH & Co. KG | Künzelsau | 100 |
| Würth Aviation GmbH | Künzelsau | 100 |
| Würth Inter Werbung GmbH | Kissing | 100 |
| Würth Logistics Deutschland GmbH | Bremen | 100 |
| Würth TeleServices GmbH & Co. KG | Künzelsau | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Slovakia** | | |
| Würth International Trading s. r. o. | Bratislava | 100 |
| **Spain** | | |
| FINCA INTERMINABLE, S.L. | Maspalomas | 100 |
| marbet Eventos S. A. | Barcelona | 100 |
| marbet Viajes Espana S. A. | Barcelona | 100 |
| **Switzerland** | | |
| Lagerhaus Landquart AG | Landquart | 100 |
| Würth Logistics AG | Chur | 100 |
| Würth Promotional Concepts AG | Chur | 100 |
| **USA** | | |
| Wurth International Trading America, Inc. | Ramsey, New Jersey | 100 |
| Wurth Logistics USA Inc. | Indianapolis, Indiana | 100 |

## OTHER ENTITIES

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Australia** | | |
| EDL Fasteners Pty. Ltd. | Eastern Creek | 100 |
| **Austria** | | |
| Metzler GmbH | Feldkirch | 100 |
| Tunap Cosmetics Liegenschaften GmbH | Kematen in Tyrol | 88 |
| **Belgium** | | |
| Normfest Benelux SA/NV | Zaventem | 100 |
| Würth Belux N.V. | Turnhout | 100 |
| **Brazil** | | |
| Wurth Energia Solar do Brasil Ltda. | Cotia | 100 |
| **Bulgaria** | | |
| Meister Bulgaria | Sofia | 100 |
| **China** | | |
| marbet (Shanghai) events Co., Ltd. | Shanghai | 100 |
| Midcom-Hong Kong Limited | Hong Kong | 100 |
| munich one live communications Co., Ltd. | Beijing | 100 |
| Würth (Shanghai) Hardware & Tools Co., Ltd. | Shanghai | 100 |
| Würth Construction Tools Commercial (Beijing) Co., Ltd. | Beijing | 100 |
| **Cyprus** | | |
| Wurth Cyprus Ltd. | Nicosia | 100 |
| **Finland** | | |
| Recafinn Oy | Riihimäki | 95 |
| **France** | | |
| Stelvio Kontek S.A.S. | Santeny | 100 |
| Würth Solar France SAS | Entzheim | 100 |
| **Germany** | | |
| Abraham Diederichs GmbH & Co. oHG | Wuppertal | 100 |
| AHD Auto-Hifi & -Design GmbH | Künzelsau | 100 |
| CHEMOFAST Beteiligungs-GmbH | Künzelsau | 100 |
| CONMETALL Vermietungsgesellschaft mbH | Celle | 100 |
| CONMETALL Verwaltungs-GmbH | Celle | 100 |
| E 3 Energie Effizienz Experten GmbH | Künzelsau | 100 |
| EOS KSI Verwaltungsgesellschaft für Forderungsmanagement GmbH | Künzelsau | 49 |
| Erbschloe Werkzeug Vertriebsgesellschaft mbH | Wuppertal | 100 |
| ESB Grundstücksverwaltungsgesellschaft mbH | Eschborn | 100 |
| EuroSun GmbH | Freiburg im Breisgau | 45 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Germany** | | |
| FANDUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Willich KG | Pullach im Isartal | 94 |
| Gavia Grundstücksverwaltungsgesellschaft mbH & Co. Objekte Ratingen und Ingolstadt Vermietungs OHG | Mainz | 95 |
| Erbschloe Werkzeug Vertriebsgesellschaft mbH | Reinheim | 100 |
| Grundstücksgesellschaft Berlin Chemnitz Erfurt GbR | Künzelsau | 49 |
| Grundstücksgesellschaft Cottbus Magdeburg GbR | Künzelsau | 49 |
| Hettich-Verwaltungsgesellschaft mbH | Alpirsbach | 100 |
| IVT Installations- und Verbindungstechnik Verwaltungs-GmbH | Rohr | 75 |
| KOSY Gesellschaft zur Förderung des holzverarbeitenden Handwerks mbH | Künzelsau | 100 |
| LOGO Grundstücksgesellschaft mbH & Co. oHG | Göppingen | 100 |
| LOGO Grundstücks-Verwaltungsgesellschaft mbH | Göppingen | 100 |
| Marbet Marion & Bettina Würth Verwaltungs-GmbH | Künzelsau | 100 |
| Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH | Wuppertal | 100 |
| Menschel Verbindungstechnik Verwaltungs-GmbH | Waldenburg | 100 |
| "METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH | Wuppertal | 100 |
| MKT Metall-Kunststoff-Technik Beteilungsgesellschaft mbH | Weilerbach | 100 |
| nordberliner Elektro-Großhandels-Gesellschaft mbH | Eschborn | 100 |
| Panoramahotel Grundstücksgesellschaft mbH & Co. Objekt Waldenburg oHG | Göppingen | 100 |
| PIRUS Grundstücksgesellschaft mbH & Co. oHG | Göppingen | 100 |
| PIRUS Grundstücks-Verwaltungsgesellschaft mbH | Göppingen | 100 |
| Pronto-Werkzeuge GmbH | Wuppertal | 100 |
| Schmitt Elektrogroßhandel GmbH | Fulda | 100 |
| SCREXS GmbH | Waldenburg | 100 |
| Sonderschrauben Hamburg GmbH Eiben & Co. | Künzelsau | 100 |
| SWG Schraubenwerk Gaisbach Besitz-GmbH & Co. KG | Waldenburg | 90 |
| SYNFIBER AS & Co. beschränkt haftende KG | Worms | 100 |
| TUNAP Industrie Chemie GmbH | Wolfratshausen | 100 |
| TUNAP Deutschland Vertriebs-GmbH | Wolfratshausen | 51 |

## OTHER ENTITIES

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Germany** | | |
| UNI ELEKTRO Fachgroßhandel GmbH | Linden | 100 |
| Uni Elektro Fachgroßhandel & Co. Grundstücks- | | |
| verwaltungsgesellschaft OHG | Eschborn | 100 |
| Werkzeugtechnik Niederstetten Verwaltungs-GmbH | Künzelsau | 100 |
| WS Solarbeteiligungen Schwäbisch Hall GmbH | Schwäbisch Hall | 100 |
| Würth Elektronik FLATcomp Systems GmbH & Co. KG | Pforzheim | 100 |
| Würth Elektronik ICS Verwaltungs-GmbH | Künzelsau | 100 |
| Würth GmbH & Co. KG Grundstücksgesellschaft | Künzelsau | 100 |
| Würth Leasing Verwaltungsgesellschaft mbH | Göppingen | 100 |
| Würth Logistic Center Europe GmbH | Künzelsau | 100 |
| Würth Montagetechnik GmbH | Dresden | 100 |
| **Greece** | | |
| Würth Solar Hellas Anonimi Eteria of Services for | | |
| Production of Electric Energy from Solar Energy | Kryoneri, Attiki | 100 |
| **Hungary** | | |
| Schössmetall Hungària Kft. | Budapest | 100 |
| **India** | | |
| HAHN+KOLB TOOLS Chennai Pvt Ltd | Chennai | 100 |
| **Italy** | | |
| FINK S.r.l. | Tramin | 100 |
| marbet Marion & Bettina Würth s.r.l. | Leifers | 100 |
| Viterie Venete S.r.l. | Rubano | 100 |
| Würth Solar Italia s.r.l. | Terlano | 100 |

| Entity | Registered office | Würth Group share in % |
|---|---|---|
| **Morocco** | | |
| Würth Maroc SARL | Casablanca | 100 |
| **Netherlands** | | |
| Normfest Nederland B.V. | Well | 100 |
| **Pakistan** | | |
| Würth Pakistan (Private) Limited | Karatschi | 100 |
| **Poland** | | |
| WASI Polska Sp. Z.o.o. | Poznan | 100 |
| **Russia** | | |
| OOO "Fega" | Moscow | 100 |
| **Spain** | | |
| Isa Eolica S.L. | Madrid | 100 |
| marbet Servicios Creativos S.A. | Barcelona | 100 |
| WS Murcia Anbesol PM S.L. | Madrid | 100 |
| Würth Industrie Logistik Espana S.A. | Vitoria | 100 |
| **Switzerland** | | |
| Comgroup (Schweiz) AG | Biel | 100 |
| **United Kingdom** | | |
| Advanced Fastener Technology Ltd. | Solihull | 100 |
| Anchorfast Limited | Wednesbury | 100 |
| Monks & Crane (Holdings) Limited | Wednesbury | 100 |
| Winzer Würth Industrial Ltd. | Erith | 100 |
| **USA** | | |
| R. W. Ramsey Realty Corporation | Ramsey, New Jersey | 100 |
| SolarMarkt US Corp. | Ramsey, New Jersey | 100 |

## L. The boards

**Advisory Board**
The Advisory Board is the supreme supervisory and controlling body of the Würth Group. It advises on strategy, approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Board as well as the Managing Directors of the companies generating high sales.

(as of: 31 December 2014)

**Bettina Würth**
Chairwoman of the Advisory Board of the Würth Group

**Dr. Frank Heinricht**
Deputy Chairman of the Advisory Board of the Würth Group, Chairman of the Management Board of Schott AG, Mainz

**Peter Edelmann**
Member of the Advisory Board, Managing Partner of Edelmann & Company, Ulm

**Wolfgang Kirsch**
Member of the Advisory Board, Chief Executive Officer of DZ BANK AG, Frankfurt / Main

**Axel C. A. Krauss**
Member of the Advisory Board (until 31 December 2014), Chairman of the Board of Directors of Zukunftsfonds Heilbronn

**Dr. Bernd-Albrecht von Maltzan**
Member of the Advisory Board, former Divisional Board Member of Deutsche Bank AG, Frankfurt / Main

**Jürg Michel**
Member of the Advisory Board, former Member of the Central Managing Board of the Würth Group

**Ina Schlie**
Member of the Advisory Board, Head of Group Tax at SAP SE, Walldorf
Member of the Supervisory Board and Chair of the Audit Committee at QSC AG, Cologne

**Dr. Martin H. Sorg**
Member of the Advisory Board, Certified Public Accountant, Partner of the law firm Binz & Partner, Stuttgart

**Honorary Chairman of the Advisory Board**

**Prof. Dr. h. c. mult. Reinhold Würth**
Chairman of the Supervisory Board of the Würth Group's Family Trusts

**Honorary Members of the Advisory Board**

**Rolf Bauer**
Former Member of the Central Managing Board of the Würth Group

**Dr. Michael Rogowski**
Chairman of the Foundation Board of Hanns-Voith-Stiftung, Heidenheim

**Dr. Bernd Thiemann**
Former Chairman of the Management Board of Deutsche Genossenschaftsbank AG, Frankfurt / Main

**Central Managing Board**

The Central Managing Board is the most senior decision-making board of the Würth Group. It has four members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives as well as the management of strategic business units and functions.

**Robert Friedmann**
Chairman of the Central Managing Board of the Würth Group

**Uwe Hohlfeld**
Member of the Central Managing Board of the Würth Group

**Peter Zürn**
Deputy Chairman of the Central Managing Board of the Würth Group

**Joachim Kaltmaier**
Member of the Central Managing Board of the Würth Group

**Executive Board**

The Executive Vice Presidents constitute the operational management of the Würth Group. Each of the members is in charge of one strategic business unit or responsible for one functional area.

**Joachim Breitfeld**
Chemicals Group

**Rainer Bürkert**
Würth Line Industry (excl. USA)

**Dr. Steffen Greubel**
Würth Line Italy
(Since 1 July 2014)

**Ulrich Häfele/Ernst Wiesinger**
RECA Group

**Norbert Heckmann**
Chairman of Adolf Würth GmbH & Co. KG

**Bernd Herrmann**
Information Technology and Logistics, IT Group

**Michel Kern**
Würth International AG

**Thomas Klenk**
Purchasing and Product, Anchor production

**Jürgen Klohe / Jörg Murawski**
Würth Elektronik Group

**Andreas Kräutle**
Tools companies

**Svein Oftedal**
Würth Line UK, Ireland, Scandinavia (without Finland), Würth South Africa

**Pentti Rantanen**
Würth Group Finland and Baltic Countries

**Uwe Schaffitzel / Ulrich Liedtke**
Electrical Wholesale
(Since 1 May 2014)

**Dr. Reiner Specht**
Würth Line South America, Russia and sub-regions of Southern and Western Europe, Trade unit, Deputy Member of the Central Managing Board of the Würth Group

**Ulrich Steiner**
DIN / Standard Stainless Steel Parts

**Robert Stolz**
Würth Line Auto USA,
Würth Line Wood USA and Canada

**Marc Strandquist**
Würth Line Industry USA

**C. Sylvia Weber**
Director of Museum Würth / Kunsthalle Würth, Curator of the Würth Collection

**Mario Weiss**
Würth Line South-Eastern Europe, Balkan Countries

**Alois Wimmer**
Production of Screws and Anchors

**Markus Würth**
Special projects

# AUDIT OPINION OF THE INDEPENDENT AUDITOR

**The following audit opinion was issued by the Group auditor on the full consolidated financial statements including the list of shareholdings and the Group management report:**

"We have audited the consolidated financial statements prepared by the Würth Group, Künzelsau, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the fiscal year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, as well as the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Group management of the Würth Group. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements fully comply with IFRS.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the IFRSs as a whole and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, 13 March 2015
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert
Wirtschaftsprüfer [German Public Auditor]

Blesch
Wirtschaftsprüfer [German Public Auditor]

WÜRTH GROUP

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Robert Friedmann and Joachim Kaltmaier

**Editorial office**
Dr. Janina Knab (editor-in-chief), Sigrid Schneider (managing editor), Silke Hofmann, Stefanie Koch, Sonja Rauh, Ralf Schaich, Martina Skibowski, Claudia Zürn

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The German and English versions of this Annual Report and further information about the Würth Group can be found on the Internet at:
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**Contact details:**
Corporate Communications
of the Würth Group
Phone +49 7940 15-1186
Fax +49 7940 15-4400
presse@wuerth.com

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