

Annual report 2015



**INVESTING
IN THE FUTURE**

This is the annual report 2015 of Kramp Groep, showing what we have achieved in 2015 and looking ahead to what we want to achieve in the coming years. Within this report are interviews with CEO Eddie Perdok and CFO Hans Scholten, and a contribution by former Kramp Director Anjo Joldersma who retires later this year from the Supervisory Board. You will also find an interview with Kongskilde's Agricultural division Sales Director René de Zeeuw, giving an insight into the partnership between Kramp and Kongskilde. This report also contains pro forma financial statements that are based on the financial statements of Kramp Groep B.V. We hope you enjoy reading this edition.

● 'BECOMING
A STATE-OF-THE-ART
E-BUSINESS COMPANY'

Table of contents

Interview with CEO Eddie Perdok	4
Investing in partnerships	8
Company profile	11
Investing in relationships with customers	14
Interview with CFO Hans Scholten	16
Partnership with Kongskilde	20
Inspirational working environment	22
Portrait of a trainee	24
Investing in people	25
Supervisory Board	26
Consolidated financial statements	29

'Investing to remain successful'

"Let me start by saying that Kramp is a really nice company with a fantastic group of people. 2015 is a good example of how we can, and want to perform as a company, we have had a good year." states CEO Eddie Perdok.

With a turnover increase of 5% and a profit increase of 24%, the CEO of Kramp Groep can be nothing but content. "I am not only satisfied with the positive figures we managed to realise, but also with the commitment shown by our employees. During this past year we conducted a satisfaction survey among our employees that resulted in a score of 7.8. This puts Kramp at a top list of European companies from all markets; something I am extremely proud of."

Kramp has grown in a challenging market.

"The turnover figures of major tractor manufacturers have fallen by up to 25%, and for some, profits have fallen by 50%, so our continued growth is an important sign. It clearly shows where we stand and who we are; a company with a strong foundation, a strong market position, a good financial health and a business model that is less susceptible to the worldwide economic developments."

What is the secret behind this success?

"We are reaping the rewards of investments that we have made in the past. For example, a few years ago we invested heavily in expanding our international network by establishing sales organisations and infrastructures in countries where we did not have a market position. These initiatives are now delivering, and we see strong growth in France, Italy and Eastern Europe. In addition, the benefits of the merger between Kramp and Grene are also reflected in our results. We have seen an improvement in margin as a result of larger purchasing volumes, and we have been able to take advantage of efficiency benefits associated with the

merger of the two companies. We have also been able to keep a closer control on costs."

Just like the year before, 2015 was a year with significant investments. Why?

"Kramp Groep wants to continually grow to become a company with a turnover of 1 billion euro. To be able to realise this goal we need to continue investing to ensure we can meet the demands of growth. An example of this includes our IT systems that need to be up to speed. We are currently working hard to implement a single IT platform for all Kramp and Grene locations. This enables us to optimise and co-ordinate processes and therefore offer better quality to our customers. However IT solutions are only part of the approach, we are also investing in warehouses so that we can assure a reliable and quick supply of products to our customers, and in e-commerce so that customers can find our products easier and faster. "It's that easy."

**'WE WANT TO BE
ESSENTIAL FOR OUR
CUSTOMERS AND SUPPLIERS'**

Eddie Perdok, CEO Kramp Groep





Investing in locations

In recent years, Kramp Groep has made major investments in offices and warehouses, like in the Polish city of Konin.



Picture (from left to right)

Carsten Thygesen _____ Supplier & Category Management

Hans Scholten _____ CFO

Eddie Perdok _____ CEO

Mario Babic _____ Sales, Marketing & E-business

Tom Wolterinck _____ Operations, HR & IT

Partnerships are important for the success of Kramp Groep.

Can you explain why?

“Our aim is to be an essential partner for both customers and suppliers. We actually want to be indispensable; that is the secret behind the success of Kramp. Indispensable to our customers because we supply their parts on a daily basis, and indispensable to our suppliers because we can offer a platform that allows access to users and end-users. Our partnership developments include the extension of our collaboration with AGCO by five years, and we have agreed a new partnership with Kongskilde where we will be supplying all original parts to Kongskilde customers. This is a great move for Kramp and I am convinced that other manufacturers of agricultural machines will follow in the footsteps of Kongskilde to establish partnerships with us. That is why I am pleased with the steps we have taken this year.”

What are your expectations for 2016?

“In terms of the market, I expect the year to be similar to last year, although I still expect a slight recovery. Confidence needs to recover, and if this happens, we will all be able to look forward to the future. The first figures from CEMA show that we are heading in the right direction, this is good for our farmers, good for our customers and, of course, good for us.”

What are your expectations for Kramp Groep?

“I believe that, in the same way as last year, we should be able to realise a turnover growth of around 5%, and, again as in 2015, we will improve our market share in 2016. In addition, in 2016 we will continue our investments in IT, e-commerce and logistics, all of which are needed for us to realise further growth. We will also intensify the marketing activities for our private label brands. This means that we offer high quality products to our dealers that fit well into their shops. This helps them to succeed in selling parts and accessories to their customers.”

“We will of course continue to improve the services we offer to customers by supplying new tools that make it easier for them to do business with us. A good example of this is the Product Configurator that can already be found on our website and which enables our customer to easily order hoses and cylinders. Last but not least we are investing in our employees by offering training opportunities and management development programmes, and we are recruiting new colleagues, especially in e-commerce and trainees to give us the talent of the future.”

Finally, where do you see the company 5 years from now?

“In five years’ time we will be a thriving company with a state-of-the-art e-commerce business that is accessible to end-users through our dealer network and a turnover of 1 billion euro. We will have a stronger presence in the retail sector, and play a pivotal role in online and offline business in our market channels. We will have further improved the services we offer to our dealers by, for example, optimising stock management and helping our dealers to do business with their customers. As an employer, we will be an inspirational, open minded company to work for, where working together is key. We will make things as easy as possible for our partners, both internally and externally. It’s that easy.”

Investing in long-term relationships

It is essential to invest in partnerships to ensure the continuity of Kramp Groep. This applies to both the relationship with our customers and the relationship with our suppliers. We invest in long-term relationships because short-term relationships do not contribute to the success of tomorrow.

Customers

We like to communicate with our customers and that goes beyond the selling of parts, for which our web shop is a perfect platform. When Account Managers talk with customers they often create plans aimed at making our customers more successful.

Account Manager Bert Willems: "We discuss the customer's ambitions and how we can support them. This could be by us making the ordering process easier using EDI, or offering a re-stocking service, or by supporting sales activities to their end-users. Our role in this could be a "Powered by Kramp" shop, or supporting our customer with Kramp Online Service through their web shop. Our ability to propose solutions is exactly what is appreciated by our customers. When you have been visiting customers for a few years and gradually see their business grow, it is very rewarding to know you had a part in this, now and in the future."

Suppliers

As international markets are becoming more transparent, it has become even more important to establish strategic collaborations and partnerships with suppliers. "Our Supplier & Category Management teams do this by creating growth plans with our most important suppliers", explains Jeroen van Zalm, Category Manager. "Our USPs, for example, our European coverage and our intelligent logistics concepts, make it worthwhile for suppliers to do business with Kramp".



Account Manager Bert Willems (l) in conversation with
Tonny Weevers, owner of LMB De Nieuwstad.

'WE HELP CUSTOMERS TO REALISE THEIR AMBITIONS'

When working together with our suppliers we try to join our forces based on our mutual interests."

"We offer our suppliers an international e-business platform that allows them access to over 40,000 customers throughout Europe. Which supplier would not want to display his products in such a shop? However, we consider this cooperation to be a commitment. We expect our suppliers to show willingness to work together and grow together."

OEM's

Kramp also likes to establish relationships with manufacturers of tractors and agricultural machinery. There is a long-term partnership with ACGO, which was recently extended for a further 5 years, and there is a long-term partnership with SDF to supply universal parts and accessories to their dealers. A partnership agreement was signed with Kongskilde at the end of 2015 that gives Kramp sole responsibility for supplying all Kongskilde original parts. Similar agreements have also been made with others including Lemken and Kverneland.

Partnerships are therefore very important to Kramp Groep. We want to be the essential partner for customers as well as suppliers, and we want to be indispensable in the most positive sense of the word.

Focus on the future

ZG Raiffeisen
Technik



ZG Raiffeisen Technik GmbH and Kramp have been working together successfully for the past twelve years. During this time they have been able to improve each other's growth and to transform the collaboration into a genuine partnership. Both companies place great emphasis on customer focus and innovation, and this brings them closer together. Georg Baumann, Managing Director at ZG Raiffeisen Technik GmbH, gives an insight into this collaboration, the visions and expectations of both companies. A lot of opportunities can be explored together.



Georg Baumann, Managing Director at ZG Raiffeisen Technik GmbH

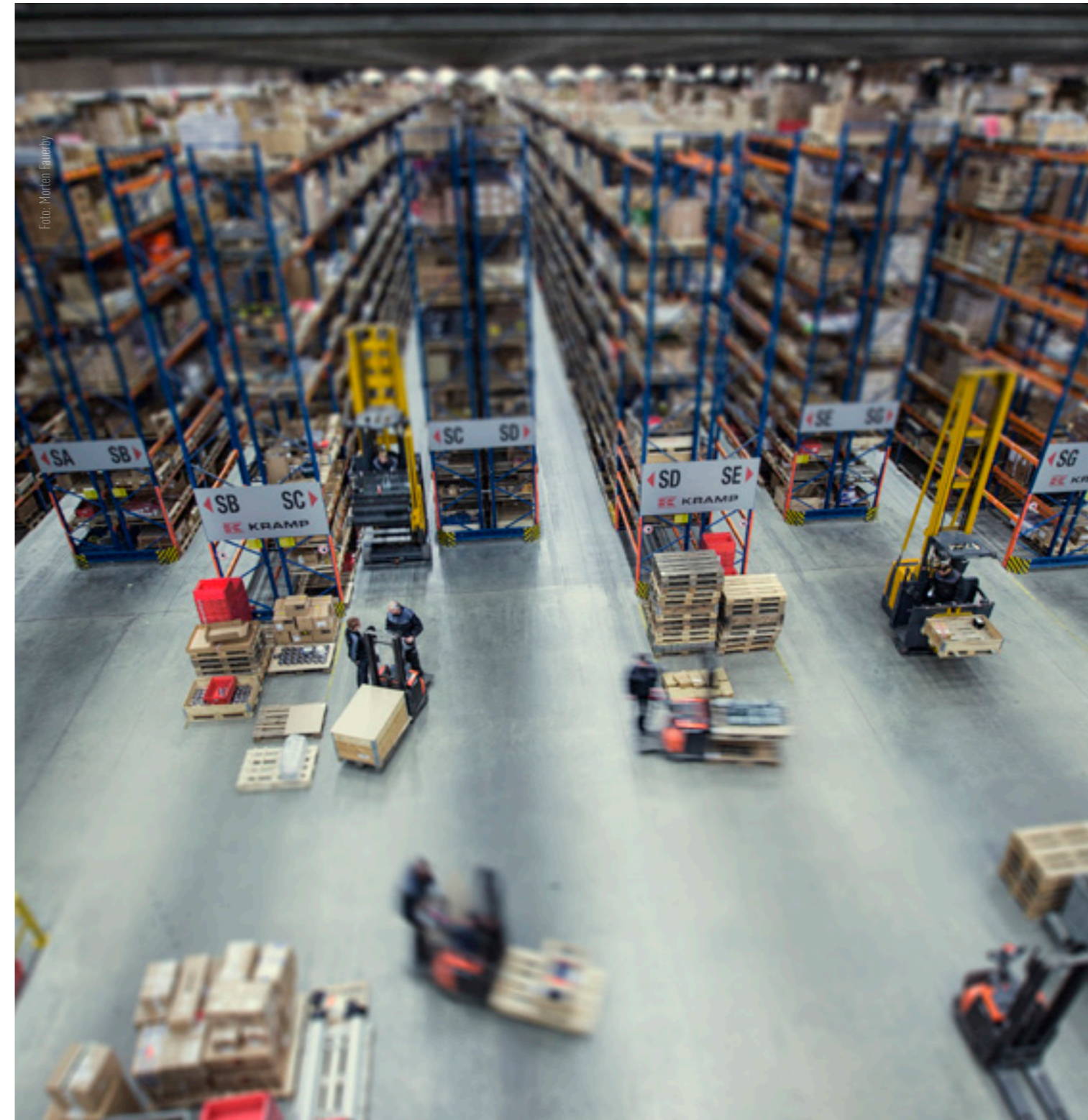
"Agricultural engineering is our main activity. Other activities are spread throughout the markets of horticulture and forestry, milking and livestock technology, used machines, supply of parts and repair. Farmers are amongst the customers of ZG Raiffeisen Technik GmbH as well as contractors, foresters, horticulturalists and government institutions. The challenges faced by the company can primarily be attributed to the composition of the region. We encounter almost all agricultural activities and our customers expect the widest possible range of machines, equipment and accessories", says Georg Baumann.

Since the start of the partnership in 2004, ZG Raiffeisen Technik GmbH has allowed Kramp to design 27 of its new shops. The company is currently using the EDI service and the hydraulics service, and is working with Kramp on a web shop for end-users. "Kramp is a very effective total supplier, capable of immediately meeting our needs. Personally, every time I witness the expertise and commitment of Kramp employees, I become more and more convinced about our partnership", says Baumann.

Technology that continues to evolve faster and further, and many industries are being fully automated. These developments require clear choices that need to be made. ZG Raiffeisen Technik GmbH wants to place increasing focus on the single most important factor – its customers. "Companies that offer the best service will be the most successful in retaining their customers, and Kramp is doing this for our ease."

Kramp. It's that easy.

"Stay as close as possible to the food because that is the last thing anyone gives up" Gerrit Johan Kramp, founder of Kramp Groep was known to say, and by food, he meant the agricultural market. Over the course of 65 years, with this philosophy in mind, Kramp Groep has grown from a one-man business based in a shed measuring 27m², to a modern e-business company and Europe's largest supplier of parts and services for the agricultural industry. We operate under the Kramp brand. In Scandinavia and with our retail division in Poland we operate under the Grene brand.





Think global, act local

Although Kramp Groep has become a European wide business we still remain close to our customers. "Think global, act local" is a philosophy that is typical to the way in which Kramp Groep does business. To speak the customer's language and to offer solutions that they need is in our DNA. We are a reliable partner for both our customers and suppliers, and we are a company with committed employees you can count on. Partnerships are essential for us and that is how it has always been.

Both Kramp and Grene originated from family businesses and the accompanying values form the basis of our principles and actions today. One of these values is putting the customer first, the customer always comes first in what we do. This is why Kramp Groep is much more than just a supplier of parts, after all, if our customers are successful then so are we. This is one of the very good reasons why we have developed into the market leader in Europe.

Innovative company

Kramp Groep is an innovative company. Its founder, Gerrit Johan Kramp, already knew that you need to make things as easy as possible for your customers, and that was why he introduced the paper catalogue. Years later, Kramp was one of the first companies in the market to set up a web shop, with only one thing in mind; to make our customer's job as easy as possible. This is what we have done in the past and what we will continue to do in the future, hence our slogan: Kramp. It's that easy. This is what you can expect from us.

USPs of Kramp

WEB SHOP & ONLINE SERVICE

ONE-STOP-SHOP

MULTI BRAND

FAST DELIVERY

SHARING KNOWLEDGE

INNOVATIVE SERVICES

MOBILE SOLUTIONS

RETAIL CONCEPTS

€699

MILLION TURNOVER

8.4
CUSTOMER SATISFACTION

2603
EMPLOYEES (FTE)

7.8
EMPLOYEE SATISFACTION

803
THOUSAND PARTS IN THE WEB SHOP

70-120
THOUSAND ORDER LINES PER DAY

24
SALES OFFICES

9

DISTRIBUTION CENTRES

Investing in added value

For many years Kramp Groep has been supplying services as well as products. Investments made in Business Solutions, such as Scan to Mobile for easily ordering products, Two Bin, a re-stocking service, and set deliveries are highly appreciated by our customers. In addition, Kramp offers a wide range of technical services like the configuration of hydraulic cylinders, milling and broaching for splines, as well as general engineering. Kramp also offers added value to its customers with its online activities.

‘OUR CUSTOMERS ALSO WANT TO ORDER ONLINE’



Anne Zwaan, Parts Manager Mechanisatiebedrijven De Blaauw



The Kramp Online Service was developed to offer the dealers an online platform that gives them a web shop with their own colours and brand. This can then be used by the dealer's end-users to access the extensive range of products offered by Kramp Groep. "This is a good example of how we work closely with our dealers" explains International Marketing & E-business Manager, Robbert van Dijk. "We offer an online solution that allows our customers to give the best possible service to their customers. Dealers know their customers better than anyone else, they know what their customers want. With the help of the Kramp Online Service they can offer an online service to their customers and the required parts can be supplied very quickly."

Success with Kramp Online Service

One of the dealers who successfully implemented the service is Mechanisatiebedrijven De Blaauw. Parts Manager Anne Zwaan: "We have been using the online solution for years, actually from the very beginning using the predecessor of the current Kramp Online Service." It was a logical step for Zwaan: "Today's warehouse employees are no longer the same as around five years ago, and that also applies to our customers who now want to order online. The Kramp Online Service is helping us to meet their needs."

Zwaan believes the provided doorstep delivery for products is also very important, however he does realise that new customers will not simply flock to him on their own accord. "This means new initiatives have to be taken that inform new customers about the possibilities offered by our web shop. Kramp offers the required support when it comes to marketing materials." De Blaauw is a good example of how dealers can be successful with the Kramp Online Service. It has become an important source of extra income for dealer De Blaauw.

Product Configurator

Kramp's own web shop is also evolving. For example, the e-commerce team is continuously making it easier for customers to find the right products for the right job therefore improving the customer's experience. Another example is the Product Configurator, giving customers the ability to configure their own products online.

The Cylinder Configurator was the first to go online and was recently followed by the Hose Configurator. Marcel Walvoort is responsible for the Product Configurator at Kramp, and explains the main benefits: "One of the most important benefits is the time saving aspect. Customers can now sit at their computers and configure the cylinder or hose they require, whenever it is convenient for them, and then with a click of the mouse, place the product into their shopping basket. For cylinders, a technical drawing is available immediately after configuration so that customers can export this to their own drawing programmes."

The Product Configurator and Kramp Online Service are examples of how Kramp is continuing to invest in the online services offered to customers.

'WE ALWAYS WANT TO BE A FRONT-RUNNER'

Hans Scholten, CFO Kramp Groep



Growing in a challenging market

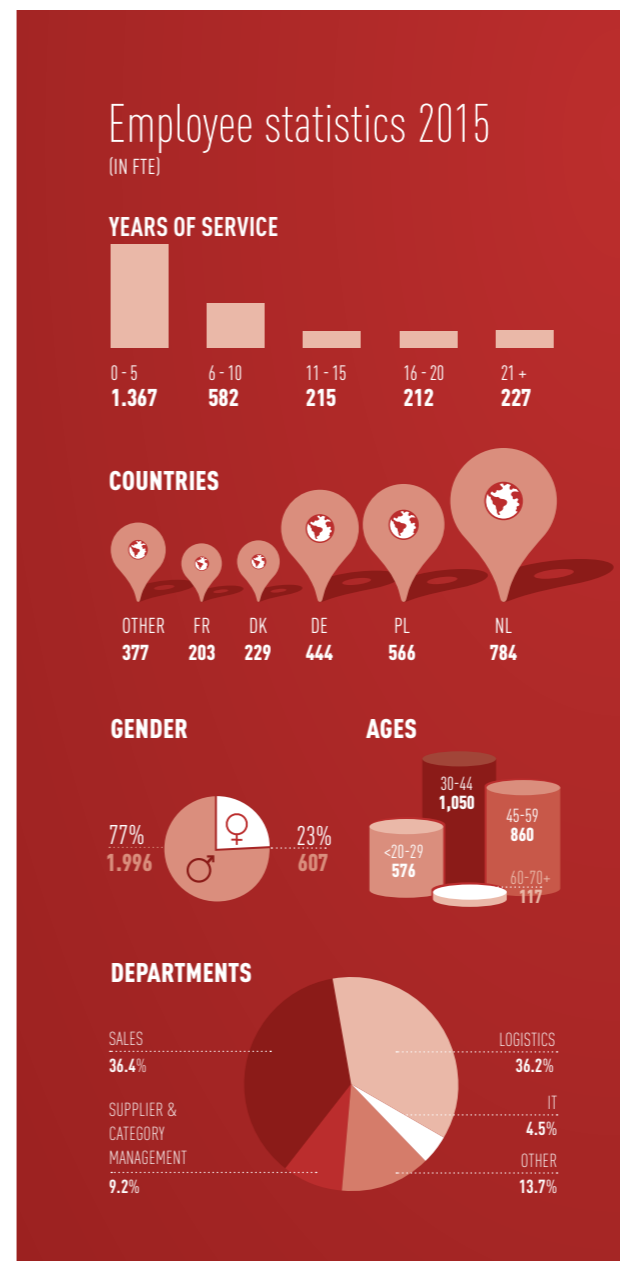
Kramp Groep has had a good year. Turnover in 2015 increased by almost 5% to 699 million euro. The operating profit (EBITDA) increased by almost 20% to nearly 81 million euro. This is a great result, certainly when one considers the current state of the agricultural market.

CFO Hans Scholten is satisfied with the past financial year. "Absolutely, despite staying behind budget and having a lower growth than last year. The agricultural market is still experiencing difficulties as the price of agricultural commodities has been under pressure for quite some time. This means that farmers are less willing to spend money, something the tractor manufacturers and the agricultural machinery dealers have experienced first-hand. The first group actually saw their turnover decrease by several dozen percent. So, the fact that Kramp Groep is able to grow, means we are doing well."

Just like last year the company has posted impressive figures particularly in the growing markets. Scholten: "We are still doing well in France, with an increase of 19%, and we also achieved the same result in Russia. We are doing well in Southern Europe with considerable growth in Spain, Portugal and Italy." In addition Kramp also realised growth in Eastern European countries like the Czech Republic, Hungary and Slovakia. However slightly less positive results were seen in the established countries, including Poland,

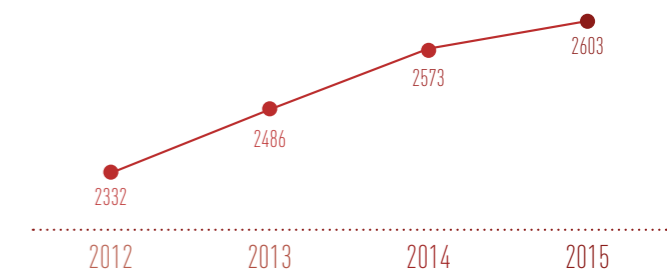
Germany and Denmark. "This is primarily attributed to the local market situation, although we did not actually concede any market share – on the contrary."

The merger between Kramp and Grene is now undoubtedly paying dividends and is contributing to the results of Kramp Groep. Scholten: "The benefits, which were only partly visible in 2014, clearly came to light in 2015. For instance, the better agreements with suppliers as we can now purchase products on a larger scale, have helped us to improve our margin. It sometimes takes a while for results to become visible, however, we will continue to see the advantages of the merger in the coming year."



Workforce

The workforce of Kramp Groep has increased to 2.603 FTE's. This is a natural development considering the company's growth. "We have welcomed a number of new colleagues, particularly in the field of IT, but this was something we expected. We want to remain a front-runner in our market, so we need people with the appropriate skills who can help us achieve our objectives."



Increase in personnel (in FTE's)

Investment

The company's growth is also reflected in the investments made during 2015: 23 million euro. A large part of this, 7.7 million euro, involves new-build and renovating some existing premises. The warehouses in Poland and France have been extended, and investments were made in the infrastructure and machines for these buildings. Just like the previous year, there was also major investment in IT of 8.5 million euro. "And this is something we will continue to do", states the CFO. "We want to further improve our profile as an e-business company, and maintain the innovative reputation we have established in our market."

France ready for the future

France is a developing market for Kramp. That is why the location in Poitiers has been expanded considerably to meet increasing demand for parts.

Everyone is searching for information online, which is why our company must continue to play a leading role that supports our customers. It must be easy to find and order the required products, and this is why we are incorporating the various systems from Grene Nordics, Grene Poland, and Kramp into one system. This will make it easier for us and of course our customers”.

“Our specialised IT team continues to improve our web shop, while the e-commerce team has also grown considerably. One of the main focus areas in the coming years will be to offer better services by examining what our customers want and when they need it. It is not only about our customers; we go a step further. The Kramp Online Service allows end-users to use the dealer’s web shop, which is aligned to the Kramp web shop. This allows dealers to offer a web shop in their own style and colour, and gives the end-user access to the extensive range of products offered by Kramp.”

“Data security is extremely important to Kramp, which is why we continue to invest here as well. Customers must have confidence that we treat their details with great care and do everything needed to prevent abuse.”

Sustainability

Kramp Groep wants to be a sustainable company wherever possible. For example our buildings and warehouses are designed and heated in the most energy efficient way possible. Sustainability is one of the reasons why we recently introduced the Code of Conduct for suppliers, a code that asks suppliers to adhere to certain guidelines.

“Sustainability has been a key principle at Kramp for many years, for example the red boxes that we use for dispatching goods to customers are now implemented in many of our countries, and the Set Delivery service uses sustainable, returnable packaging and for packaging material we use 100% recycled paper. Kramp Nederland is operated solely on green energy with the heating and cooling systems utilising the latest geothermal technologies. There are charging stations for electric cars in Varsseveld, and the warehouse features lighting that switches off automatically if no one is working in that area”, explains Scholten. “Naturally, sustainability involves more than just caring for the environment. We invest in the development of our employees and offer a place in our organisation to people who have difficulty in accessing the employment market. Naturally, we want to make a healthy profit, but we will not forget the other two values. People, Planet and Profit all go hand in hand at Kramp.”

Financial position

The inventory grew by 4%, which is in line with turnover growth; this was a conscious decision. “It is very important to us that we maintain a high level of service to our customers. We want to deliver to our customers as quickly as possible so keeping ample stock with the right mix is required. The increase can also of course, be attributed to the warehouse extensions in Poland and France.” Accounts receivable grew by almost 3 million euro, an increase of 5%, which has mostly come from the significant growth we have seen in the Southern and Eastern European countries where terms of payment are more generous. Accounts payable decreased by 11%. “We are a company that pays its invoices on time, we are renowned for this among our suppliers. We always keep our promises.”

Interest-bearing debt increased by 4% to 188 million euro. The credit facility amounts to 222 million euro, which leaves us plenty of opportunities for development in the future. Equity capital increased by 9% to 151 million euro. A balance sheet total of 387 million euro leads to a healthy solvency percentage of 39%.

Prospects for 2016

Even though prospects for the market are not particularly positive, Hans Scholten expects Kramp Groep to continue its upward trend. “We are banking on growth of around 5% for 2016. We know that our market is experiencing difficulties, but I still see possibilities for growth in the Southern and Eastern European countries. We will also benefit from further synergies of the merger between Kramp and Grene, which will allow us to improve our margin. I do not expect major growth in mature markets like Denmark and Germany, but we will maintain and expand our market share in these countries.”

“We intend to invest 30 million euro in 2016. Part of this amount will be used for the extension of the warehouse in Varsseveld, while 9 million euro will be invested in IT and e-business. We will not be only investing in hardware and software, but in our workforce as well. This will be done by offering training to existing employees and by recruiting new people. We have always been a front-runner in the market, and we want to keep it that way. It is always important to look ahead and remain open to new ideas and we will remain successful so long as we continue to do this.”

“This partnership is a textbook example of 1+1=3”

Just before Christmas 2015, Kramp and the Danish company Kongskilde, announced that Kramp would take over the supply of genuine spare parts for their agricultural machinery. René de Zeeuw, Sales Director for Kongskilde's agricultural machinery division, explains it was all about finding “a perfect match.”

**‘RELIABLE, FAST, INNOVATIVE
AND OF HIGH QUALITY’** 

A few years ago, Kongskilde decided to centralise its warehouses. “The main issue we came up against was the delivery speed”, said René de Zeeuw. “You are left with a choice between making significant investments, or working together with another party.” Kramp has been managing spare parts distribution for Kongskilde within the Benelux for around ten years. During the course of 2015, this cooperation provided a strong basis for exploratory talks.

Mutual trust

De Zeeuw says that the talks took place in an open and positive atmosphere from the very beginning. “Both parties simply put their cards on the table. Ultimately, the most important aspect of a partnership is mutual trust. Besides, Kramp's keywords are reliability, speed, innovation, and quality. In short a perfect match.”

In safe hands

From 1st April 2016, Kramp will be managing the total distribution of spare parts for Kongskilde throughout Europe. “Thanks to the partnership with Kramp, we can now fully focus on the production and sale of agricultural machinery, knowing that the parts distribution is in safe hands. Our cooperation with Kramp also means that our spare parts can now be ordered online. This means we are making a giant forward leap in one go.”

René de Zeeuw, Sales Director Kongskilde

Win-win situation

As agriculture is moving more and more towards becoming a 24/7 industry, De Zeeuw sees it as enormously important for producers and suppliers to move with the trend. “This is why it is positive to work with a party that also acknowledges this, and is able to deliver. This partnership is a textbook example of 1+1=3. A win-win situation for Kongskilde, for Kramp, and of course, for our customers. They benefit from the improved availability of parts and an excellent service.”



Kongskilde, part of the DLG Group, consists of three divisions: Agriculture, Systems (systems for grain drying and storage) and Industry. The company has production sites in North America, Poland, Sweden and Denmark and distributes its products worldwide via a mixture of its own sales offices and importers. Kongskilde and Kramp have entered into a partnership in the Agriculture division.

'We encourage our employees to develop themselves'

A score of 7.8 in the Kramp Way Employee Experience survey, shows that employees are in general more than satisfied with Kramp.

This is a high score, certainly when compared to other European companies in our market.

"We feel it is important to create an environment where people feel at home and enjoy doing their work", says CEO Eddie Perdok. "We want our employees to be committed to, and proud of Kramp. That is why we benchmark on a regular basis, and we immediately address improvement areas identified from the survey. I am satisfied with the great score, but I am equally pleased with the fact that almost 85% of our employees made time to complete the survey." Employee satisfaction is important for Kramp Groep and yields results. There is very little employee turnover, and as the organisation grows many new positions are created, which can often be filled in-house by people who are ready to make the next step in their careers. "We also encourage career development, by offering education and training opportunities. People make the difference at Kramp and we want to keep it that way".

Kramp Way

Kramp is a company with high ambitions and this is how it has always been. If these ambitions are to be realised it is essential to have committed colleagues. Perdok: "Our motto is 'work hard and have fun'. There is always room for a laugh. We create the framework needed to work hard, but also give colleagues the chance to let their hair down when the time is right. Having a good company culture is key to our success, and we place great emphasis on our existing culture. The Kramp culture, which forms the foundation of the Kramp Way, involves working with dedicated staff, giving room and freedom to try new ideas, but always with the interest of our customers in mind.

Training and development

Kramp Groep operates in a market that is, unjustifiably, considered to be traditional and conservative. This is not the way Kramp Groep works, in practice our methods are at the other end of the scale. A good example of this is the IT and the e-commerce teams. They implemented the Agile and Scrum methods of project management where work is carried out efficiently and effectively. Another example is with the Account Managers where everyone throughout Europe is trained in the same way by the Sales Academy. Of course training can be very individual, each employee needs to develop different skills and Kramp provides the framework for this to happen. Perdok: "We encourage people to develop themselves, and this helps us to progress. As a company we want to grow. This means that we encounter a lot of challenges and a lot of change, but our people believe in this approach and are all enthusiastic to move forward together."

Recruitment

To continue attracting talented people, Kramp Groep has established agreements with several colleges and universities, particularly for work placements and intern projects. There is also a Management Trainee Programme where managers of the future can follow an intense course gaining insight into Kramp's business. They gain international experience and carry out various projects, all leading to a management role after one and a half years. "When we welcome new colleagues to our business we aim at building up long term relationships, just like we do with our customers and suppliers. As a company we continuously develop ourselves. We want the same for our employees and encourage their development", explains Eddie Perdok.

'GOOD ENTREPRENEURSHIP IS IMPORTANT'

'Traineeship; a fast track with many challenges'

A traineeship is a sensible option when people are deciding their next step after completing their studies. "It is a process that allows you to quickly acquire a lot of experience", says Etienne Nauta. After studying Business Administration, Etienne (25) decided to follow an international management trainee programme at Kramp.

Etienne: "I was immediately attracted by the international flavour of this programme and that you are able to explore the whole organisation, and be involved in strategic projects". The programme starts with a familiarisation of the business where you pass through all departments and perform short projects. In the second phase you work as a management assistant and support a senior manager in specific projects and assist with their day-to-day activities. Phase three is six months spent working on your own project under the guidance of your mentor from the Executive Board, and then the final phase involves a short social project.

Major benefit

"I found it a valuable experience", explains Etienne. "You can compare it to being in a fast-track process where you continuously face new challenges. I was able to establish a large network at Kramp in a short space of time, and I am now reaping the rewards. This was a major benefit as far as I am concerned." After completing his traineeship, Etienne spent a year working as an OEM Development Manager, and has now moved to an Internal Sales Manager's role.

Responding to future preferences

"We are investing in the future of Kramp by focusing on our customers and their future preferences. By focusing on e-business and continuously thinking and acting in the customer's best interest, we can identify opportunities and explore them jointly with our customers. Also in 2020 the Kramp sales team still wants to offer our customers the best possible service through all new communication channels, focus on e-business and always putting the customer first, seeing opportunities and seizing them together with the customer."

Development

What he will be doing in five years' time is something Etienne cannot say at the moment. "Kramp is always developing, so you are always going to encounter new avenues and opportunities. I hope I can continue to be involved in various tasks and strategic projects that help our company to develop further. My exact role, or place in the organisation, is not important; I just want to play an important role in the overall process."

"The Anjo Foundation has helped me to grow enormously in my work"

Alessia Siragusa, Marketing Support Specialist

As a Marketing Assistant in Italy, Alessia Siragusa was given the opportunity in 2015, to take a course in 'Communication and Media Relations' through the Anjo Foundation. "This was a great opportunity for me to further develop my professional skills. I learned a lot doing the course and I see it as a huge investment in my future."

After studying psychology, Alessia has spent the last four years working mainly in marketing and communications in the agricultural market. She started by providing maternity cover for a colleague in the marketing department at a previous employer. "It was by pure chance that I found myself in a marketing and communications role. I really enjoyed the work and from the beginning I learned a great deal in practical terms. However I became aware that I was lacking knowledge of the theories behind marketing and communication."

Effective communication

"I was mainly looking for pointers to help me plan the marketing and communication here in Italy in a more strategic way. I wanted to increase my awareness of the goals for our local market and to use the right tools for effective communication". These were the reasons Alessia, who has since become Marketing Support Specialist, chose to submit a request to the Anjo Foundation. The result was the opportunity to take a course in 'Communication and Media Relations' at one of the best training institutes in Italy.

A huge step forward

The course lasted half a year and was delivered almost entirely online, with a number of meetings held on location in Rome. Alessia: "The training is helping me to develop in my work and allowing me to progress marketing communication in Italy to a higher level. Kramp has a relatively small market share in Italy, but we want to develop strongly in the years ahead and this will require a certain degree of professionalism. I see taking, and completing, this course as a huge step forward, both personally and professionally."

Anjo Foundation

Anjo Joldersma was the former director and shareholder of Kramp Groep. In 2010, after 36 years working at Kramp, he sold his share of Kramp Groep to the new management generation within Kramp, the current Executive Board. As a gift and a thank you for 36 valuable years, Anjo set up the Anjo Foundation after his departure. This foundation provides the funds for training applications by Kramp employees.

'The desire to improve has become second nature'

The name Anjo Joldersma will continue to be associated with Kramp, even if only through the Anjo Foundation, as at the end of this year Joldersma will be saying goodbye to Kramp Groep. The former employee, director and shareholder, is currently part of the Supervisory Board, but feels it is the right time for this to come to an end.

As a result, this is the last time he will be assessing the annual figures for Kramp Groep, something he has enjoyed immensely. "I think we can be satisfied with the result. Naturally, there is always room for improvement, but that is normal at Kramp. You should always want more," explains Joldersma from his office in Winterswijk. For example, you have to keep an eye on costs, or as Joldersma describes it: "You can't plan turnover, but you can plan cost."

The Supervisory Board meets about six times a year, and receives a monthly report about the activities of the company. Great scrutiny is placed on all actions in the company. Joldersma: "We are positive but critical. We keep a close eye on two factors, the risks and the results. We sometimes have long discussions about risk profiles, but I am in no way concerned by the strategy adopted by the existing management. There is a healthy ambition and our strategic partnerships should allow us to continue growing. However, you should see it as an evolution, rather than a revolution. Kramp is becoming an ever larger company, but you have to be able to manage it and maintain healthy relationships with your customers. A former colleague of mine, Henk van Braak, described it perfectly: 'Our back office is like that of a big chain of supermarkets but our front office is like that of your local grocer.'"

In the meantime, Kramp Groep has developed into a blossoming e-business company, where the web shop plays a major role in the company's success. Nonetheless, human contact remains as important as ever, says Joldersma. "We are not Amazon.com, and that isn't something we aspire either. Kramp has always been a front-runner with technology, but we have always stayed close to our customers. After all, customers do not do all of their business with computers. The same principle applies to our employees, you must continue to developing the company and you can do this by giving people the opportunity to continue learning. After all, a company is nothing more than an organisation of people, the rest is just bricks."

Now that Anjo Joldersma's time at Kramp Groep has almost come to an end, does he still have any advice? "Two things are important. One: continue to look ahead and learn from your mistakes, so remember everything. And two: be a partner that is willing to cooperate, and this starts inside the company. If you work well with one another inside the company, that will be reflected in the outside world. You must continue investing in the relationship; and this must be part of your DNA. Kramp has nothing to worry about on this front."

'YOU MUST CONTINUE INVESTING IN RELATIONSHIPS'

Anjo Joldersma
Anjo Joldersma will step down from the Supervisory Board later this year.





Supervision during the 2015 reporting year

We hereby present the annual report drawn up by the Executive Board. The official report will be filed with the Chamber of Commerce.

This official report was discussed by the Supervisory Board on 28 April 2016. At the General Meeting of Shareholders, the shareholders discharged the Executive Board and the Supervisory Board from liability for the management and supervision duties respectively completed during the past financial year. "We are of the opinion that the 2015 annual report forms a good basis for the account the Supervisory Board is to render in respect of the supervision", says Jan Bernard Wolters, Chairman of the Supervisory Board.

SUPERVISORY BOARD

Picture: (from left to right)

Jens Bjerg Sørensen: Member, CEO Schouw & Co. A/S
 Johan Terpstra: Member, Investment Director NPM Capital N.V.
 Jan Bernard Wolters: Chairman
 Anjo Joldersma: Member, former shareholder and director Kramp Groep

Consolidated financial statements

Pro forma accounts 2015



€699.000

TURNOVER (X1.000) ▲

4.7%

TURNOVER INCREASE

€81.000

EBITDA (X1.000) ▲

19.3%

EBITDA INCREASE

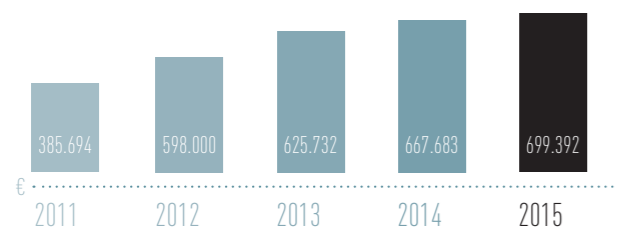
€23.000

NET INVESTMENTS (X1.000) =

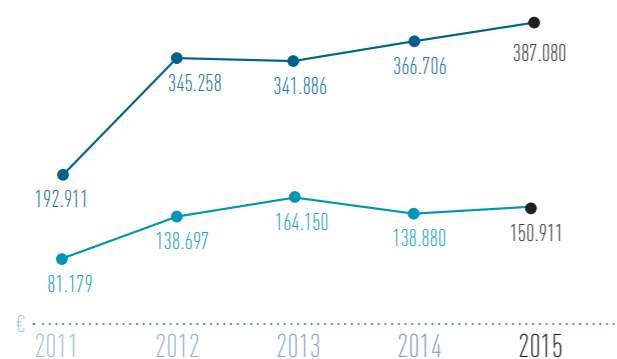
2.32

▲ NET DEBT/EBITDA

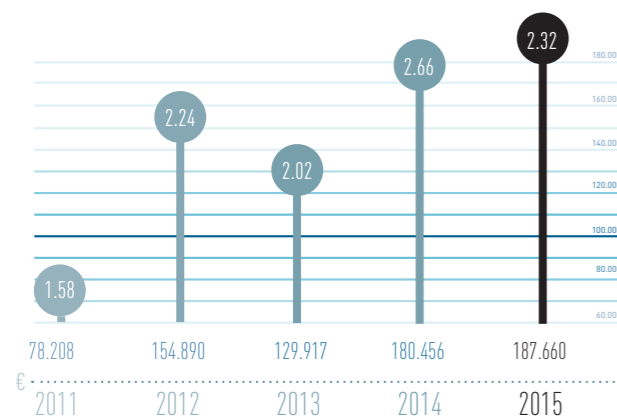
Key figures (x 1.000)



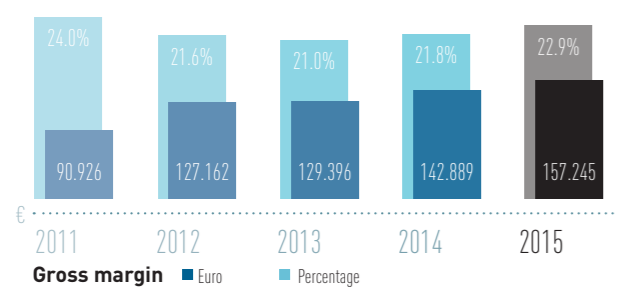
Gross turnover



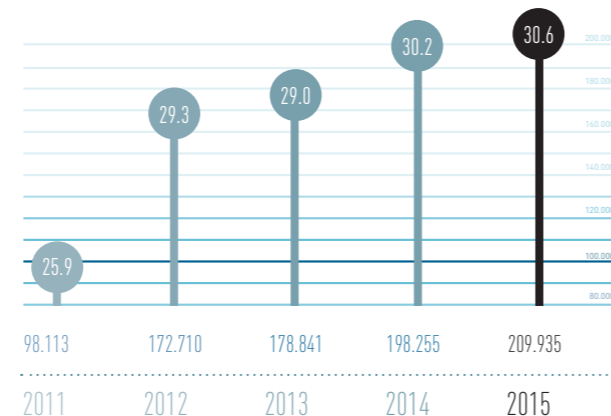
Year-end Balance sheet total Group equity



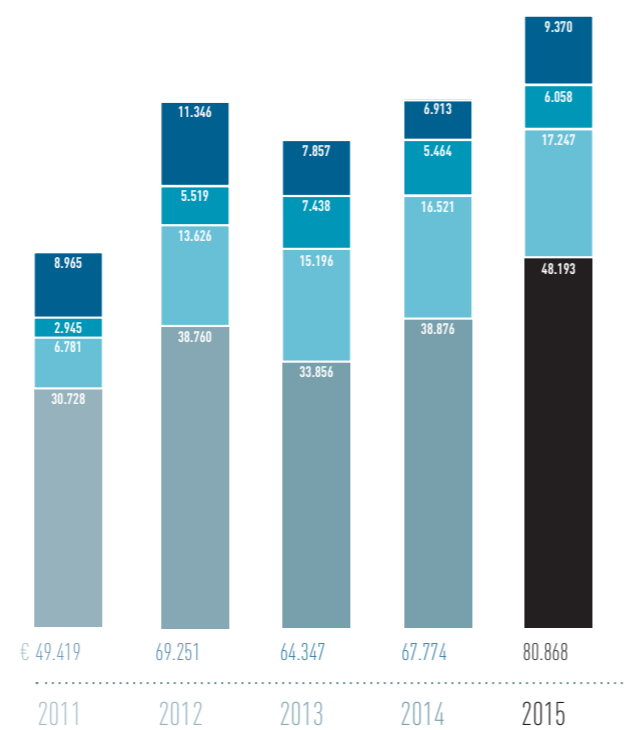
Interest-bearing debts DEBT/EBITDA



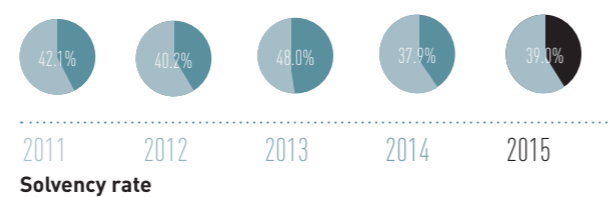
Gross margin Euro Percentage



Working capital as % of net turnover



EBITDA Tax Depreciation Finance charges Net profit after tax



Solvency rate

Consolidated profit and loss account

Pro forma accounts 2015

(x €1.000)

	2015	2014
Gross turnover	699.392	667.683
Boni and discounts	-12.222	-10.991
Net turnover	687.170	656.692
Cost of sales	529.925	513.803
Gross profit	157.245	142.889
Sales costs	66.370	61.192
General administrative expenses	27.464	28.642
Amortisation on goodwill	-	-
Total costs	93.834	89.834
Operating result	63.411	53.055
Interest receivable	377	162
Interest payable	-6.435	-5.626
Foreign exchange rate results	-36	-2.176
Financial result	-6.094	-7.640
Profit before tax	57.317	45.415
Tax	-9.370	-6.913
Third party share in result	246	374
	-9.124	-6.539
Profit after tax	48.193	38.876

Consolidated balance sheet per 31 December 2015

Pro forma accounts 2015

Assets (x €1.000)

Fixed assets

Intangible fixed assets

Intellectual property (software) 8.419

Tangible fixed assets

Land and buildings 95.381

Warehouse equipment 20.950

Office- and IT equipment 11.978

Cars 2.092

130.401

Financial fixed assets

Other receivables 9.192

9.192

Total fixed assets

148.012

Current assets

Inventories 168.690

Receivables

Trade debtors 61.558

Receivables from participants
and subsidiaries 1

Taxes and social premiums 2.900

Other receivables 678

Accruals and prepaid expenses 3.393

68.530

Cash

1.848

Total current assets

239.068

387.080

2014

-

92.806

20.628

16.896

2.171

132.501

9.635

9.635

142.136

162.149

58.906

1

1.366

2.093

62.366

55

224.570

366.706

Liabilities (x €1.000)

Equity

150.911

138.880

Third party share in Group companies

-

-40

Provisions

Deferred tax liabilities 2.302

1.734

Pension provisions 480

429

Other provisions 880

825

3.662

2.988

Long-term debts

6.574

7.108

Short-term debts

Amounts falling due within one year 1.251

695

Credit institutions 180.570

172.653

Trade creditors 20.313

22.800

Payables to participants and subsidiaries 12

18

Corporation tax 1.006

837

Other taxes and social premiums 7.545

4.576

Other liabilities 14.803

15.569

Accruals and deferred income 433

622

225.933

217.770

387.080

366.706

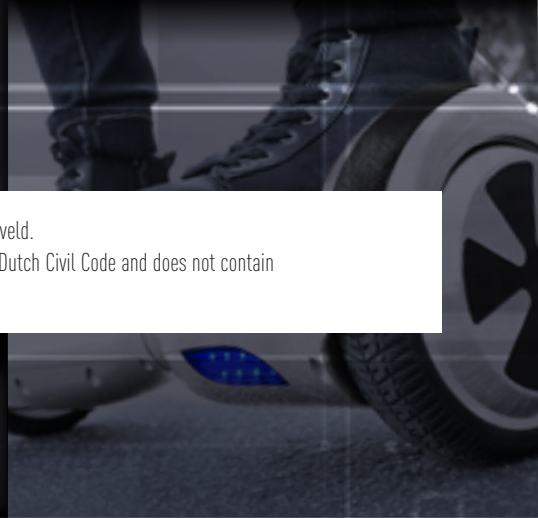
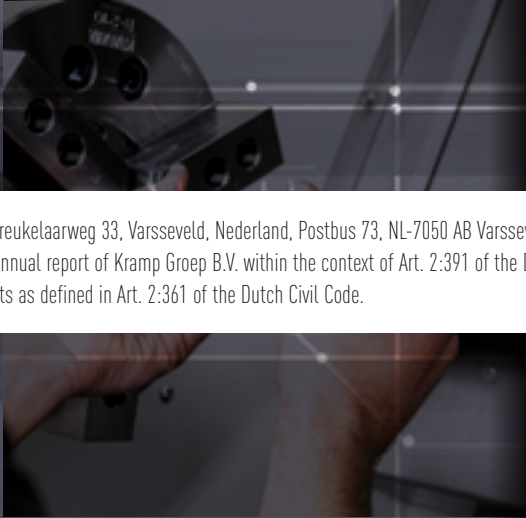
Consolidated cash flow statement

Pro forma accounts 2015

(x €1.000)

	2015	2014
Net result	48.193	38.876
Adjustments for:		
Depreciation	17.247	16.521
Net financial result	6.058	5.464
Paid corporation tax	9.370	6.913
Change in financial fixed assets	443	-1.935
Foreign exchange rate results on working capital and other receivables and liabilities	-1.238	-6.407
Other	-438	-723
	31.442	19.833
	79.635	58.709
Change in other receivables and accruals and prepaid expenses	-1.934	2.182
Change in provisions	653	173
Change in other liabilities and accruals and deferred income	455	-6.919
	-826	-4.564
Change in inventories	-6.541	-4.428
Change in trade debtors	-2.652	-4.570
Change in trade creditors	-2.487	-2.730
Change in working capital	-11.680	-11.728
	67.129	42.417
Received interest	377	162
Paid interest	-6.435	-5.626
Paid corporation tax	-9.370	-6.913
	-15.428	-12.377
Cash flow from operating activities	51.701	30.040

	2015	2014
Investments in intangible fixed assets	-4.687	-437
Investments in tangible fixed assets	-18.936	-24.622
Disinvestments in tangible fixed assets	262	2.112
Acquisition subsidiary	-1.486	-1.607
Cash flow from investing activities	-24.847	-24.554
Paid dividend	-33.000	-56.120
Repayment long-term debts	-1.121	-47.203
Borrowing long-term debts	1.143	848
Borrowing short-term debts	7.917	96.894
Cash flow from financing activities	-25.061	-5.581
Movement in cash position	1.793	-95
Beginning cash and cash equivalent	55	150
Closing cash and cash equivalent	1.848	55
Movement in cash position	1.793	-95



Kramp Groep B.V., Breukelaarweg 33, Varsseveld, Nederland, Postbus 73, NL-7050 AB Varsseveld.

This report is not the annual report of Kramp Groep B.V. within the context of Art. 2:391 of the Dutch Civil Code and does not contain the financial statements as defined in Art. 2:361 of the Dutch Civil Code.