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## Constant growth in uncertain market

2016 was again a year in which the agricultural market experienced many uncertainties. The combination of increased instability in Europe, progressively strict legislation around the environment, sustainability and animal welfare, and lower commodity prices, has again put to the test the entrepreneurial skills of farmers. In addition, there were major events on the geopolitical stage. Think for example of the UK's Brexit, the consequences of which will only become clear in the course of time. All these uncertainty also affects dealers and tractor manufacturers. They saw their turnover and profits fall once again. However, despite these circumstances, Kramp achieved the desired growth of 5.4%. Quite a performance, stresses CEO Eddie Perdok.

"At Kramp Groep we have done very well. Of course, we have performed better in some countries than in others, but if you look at the big picture, we have achieved a result together of which we can be proud. On behalf of the entire Executive Board, I would like to thank our employees for their dedication and commitment, which has led to a good result in 2016."

### 2016 was not just about growth for Kramp, but also about investment.

"We want just one thing: to be our customers' essential partner. If we want to achieve this, then we must continue to invest. This means investing in logistics, so that we can get the orders to the customer as soon as possible, investing in technology to help customers find the right products quickly, and investing in people. Last year we expanded our warehouses in France, Germany and Poland, and we opened a new warehouse in Madrid. Spain is now the tenth country where we have a warehouse, which is a great step for Kramp and for Kramp Ibérica in particular. Our colleagues are now even better at meeting the needs of Spanish and Portuguese customers.

To make it even easier for our customers to do business successfully, we have invested heavily in e-business. A better search function, further personalisation, more flexible delivery times, speed and convenience are at the heart of our web shop. We want to maximise user-friendliness for our customers.

## The developments are rapid, particularly in the area of digitalisation. How does Kramp see this?

"Change is the only constant, which is something we have of course all come to realise in recent years. Technological and innovative developments are influencing our lives at an incredible pace. It is necessary more than ever now to continue investigating how we can make even smarter use of technology to continually improve the service to our customers."

#### How can you remain ahead as a company in the sector?

"By continuing to invest, research, looking at other companies and continuously asking questions. The customer is at the heart of everything we do. That is in our DNA. We are in constant contact with our customers and partners, we make use of their expertise and work closely with them. We challenge ourselves to ask our customers ever better questions, because better questions lead to better responses. Those better answers help us to continue to innovate, which allows us to help our customers become even more successful. It's that easy!



At Kramp, our 3,100 employees try every day to be a little better than the day before. This creates an entrepreneurial organisation, where we also dare to look critically at what we do. That has led to the 'Continuous Improvement Programme'. This gives insight into where we can improve our internal processes, resulting in greater efficiency and even better service for our customers. Step-by-step this procedure must become part of our culture, fitting within our core value of 'entrepreneurship'. As long as today is a little better than yesterday, we are on the right track."

#### How do you see 2017?

"I don't immediately see an improvement in the market. It is therefore important that we continue to support our customers in achieving their goals, with the right technology, the right advice and the right products and services at the right price. Next year will be at least as challenging as last year. But I have every confidence that we can face these challenges, thanks to a team of dedicated, committed and professional employees."

#### What developments do you foresee for Kramp in 2017?

We want to take further steps to become even more efficient and customer focused. This includes the expansion of our warehouses in the Netherlands, Germany and France. This will allow us to offer an even wider range of products with the same rapid delivery. To achieve our objective of €1 billion turnover in 2020, further growth is necessary. The strategy of Kramp is primarily aimed at organic growth, based on our own

capacity, with the aim of becoming the market leader in all regions where we operate. In countries where this position has not yet been reached or where we are not yet active, we can choose to grow through acquisitions.

With the opening of our 'flagship store', the first Kramp branded store, in Topolčany, Slovakia, a huge step was taken in the realisation of our retail strategy. We will open more franchise stores in the next few years and replace our own stores with franchise stores. We want to make things as easy as possible for our customers, in the broadest sense of the word. That is the power of Kramp and the franchise concept adds to this."

### Will partnerships with suppliers and customers also remain important for Kramp in 2017?

"Absolutely! I am proud to report that we have signed a partnership with John Deere for the German market in 2017. The fact that such a major company wants to work with us says a lot about our company. This is something that everyone at Kramp should be proud of. John Deere is the third tractor manufacturer with whom we have established a partnership. In 2016, AGCO and SDF extended their partnerships with Kramp. These partnerships are important for us as they make it possible for us to continue to grow, inside and outside Europe. They help us to be *the* essential partner."



### NAME CHANGE IN SCANDINAVIA

One of the main focuses during the last few months of 2016 was the name change from Grene to Kramp. The decision follows the merger between the two companies in 2013. The change of name was announced to colleagues in Denmark, Norway, Sweden and Finland in January of this year, after which customers, suppliers and other interested parties were informed.

The name change from Grene to Kramp is a logical step, as Eddie Perdok explains. "Four years ago, Kramp and Grene made the decision to move forward together. The interim period has been used to ensure we are operating as one company in every respect. The decision to go with one strong name was an obvious choice."

Colleanues have responded enthusiastically to the news. "Obvious!

Grene has enjoyed a long history and has built up a strong name, particularly in Denmark. It helped that both companies have a very similar culture and embrace the same values, both internally and towards our customers. Everyone is very willing to work together to make this a success. Everyone has got behind the decision and we all believe that operating under one strong brand name offers many benefits for the future." These benefits include larger purchase volumes, a more efficient way of working and greater brand recognition. The name change has not had any other impact on employees, the way in which the company works or on customers and suppliers. This year, the offices and warehouses are being adapted to the Kramp brand. In the meantime, Kramp Sweden has already held its first "Kramp Open" customer event. "By introducing the Kramp name to Denmark, Sweden, Finland and Norway, we have become one European company that is ready to turn its ambitions into reality."

8 | Continuous Improvement

## Creating a culture of continuous improvement

Kramp is active across Europe, and has 24 sales offices and 10 warehouses. This keeps us close to our customers on the one hand, but it also leads to different ways of working internally. This is usually not the most efficient way of working, and that is why the 'Continuous Improvement Programme' was started.

ean Six Sigma is a methodology that leads to noticeable and sustainable emprovement in business results. It focuses on what is really important to the customer. This approach simultaneously leads to reduced costs, increased customer satisfaction and shortened lead times. This means investing in our own seconds and making use of their skills and expertise. Source: www.sixsigma.pl

On the Executive Board, Tom Wolterinck is responsible for the programme. "We have always focused on the customer and that will remain the case. We want to offer an ever-better service to our customers, but also in the most efficient way. To do this requires understanding of our internal processes, which doesn't mean the programme is mostly internally focused. The aim is to improve customer satisfaction by delivering the best quality and service at a lower cost, and this is possible by aligning essential processes. At Kramp, we want to create a culture of constant improvement. We should all want to do better every day."

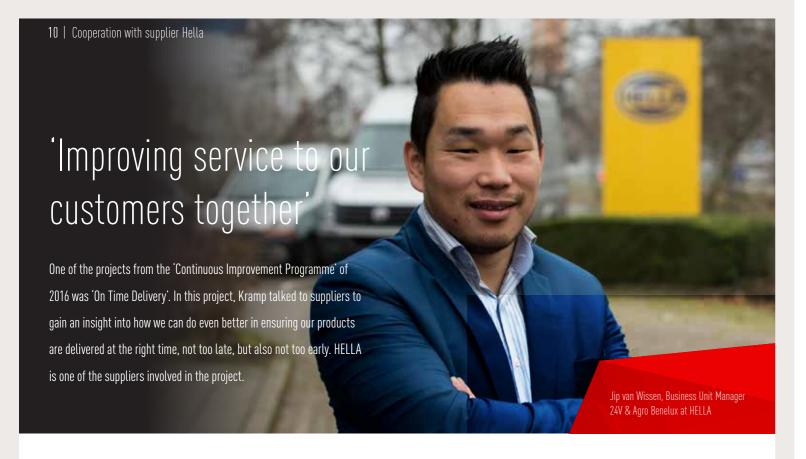
With the help of the consultancy firm R&G Global Consultants, we began the 'Continuous Improvement Programme' in 2016. The teams concerned follow the Agile method and use techniques from the Lean Six Sigma methodology. In 2016, three projects were launched, two of which have since been transferred to the local management. In Varsseveld we began 'On Time Delivery and First Time Right.' Wolterinck: "For over 90% of the order lines, the following applied: 'ordered today, delivered tonight'. What we wanted to know is what went wrong with the remaining 10%. Was it because parts were not in stock, did the customer perhaps have a credit hold, was the delivery location not accessible or was there a problem in our logistics department? We also investigated our suppliers' delivery processes. Did they deliver on time? By this we mean that they delivered on the day we wanted." The results of this project are good, with the percentage of orders delivered on time rising to over 95%. The number of complaints, credit holds and returns also decreased, all of which led to cost savings

and more satisfied customers. Germany was active with the second project: 'Internal Sales Improvement'. The intention here was to reduce the number of missed phone calls from customers and to increase the productivity of internal sales. This project has been successfully completed. The availability of the internal sales department for customers rose sharply, thus reducing the number of missed calls, while at the same time turnover per FTE increased. "Both projects have proven themselves and will serve as a blueprint for other countries: increased customer satisfaction at a lower cost."

At the start of the programme, it was difficult to convince everyone of its value and necessity. "It was difficult to create momentum, but we now get a lot of applications from countries and departments that want to start a project. That is also what we want, everyone taking action themselves to continue to improve, i.e. we should create an internal culture of continuous improvement."

The 'On Time Delivery' and 'Internal Sales Improvement' projects will be taken on board by other countries. "We are now going to start new projects in Europe. Continuous Improvement should spread as an oil slick across the Kramp offices, because the will to continuously improve is in our DNA", says Tom Wolterinck.







Jip van Wissen, Business Unit Manager 24V & Agro for the Benelux at HELLA: "We are always open to improving the service provided to our customers. This project is a fine example

of this. Kramp is an important partner of HELLA for the distribution of HELLA products to the agricultural market. The "On Time Delivery Project" from Kramp was also a great learning opportunity for us in terms of delivery to our customers and the desires they have."

Although the agricultural market is relatively small for HELLA, that doesn't mean we don't invest energy into it: on the contrary. Van Wissen: "In fact we have started to work in a different way in this market, by making international rather than local agreements, and as a result, Kramp is the first large international partner for HELLA outside Germany. By working at a European level, we can make better agreements and together get the maximum out of our partnership. There is enough potential in the agricultural market and the challenge for HELLA, and Kramp, is to fully exploit that potential." By making international agreements we can act faster, which is not to say that there is no longer contact between HELLA and Kramp locally. "That's certainly not the case. The knowledge of the market is local, so it's important to also

maintain contact locally. For example, Kramp Germany and HELLA Germany are very active with promotions. We should very much encourage that each country maintains its own point of contact."

Just as Kramp does, HELLA regularly analyses the delivery process. "Right now, for example, we're looking at product planning," explains Van Wissen. "If certain orders follow a pattern, we can proceed to a fixed, monthly delivery of x number of products. We currently have a delivery time of five days, which is already pretty good. But of course we're always looking for improvements, just as Kramp does with the 'Continuous Improvement Programme'. That's why we were happy to be part of it."

HELLA is a global player in the automotive industry.

The German company is active in 38 countries at 125 locations and has 34,000 employees. The annual turnover in 2016 amounted to €6.4 billion. Impressive figures,

Van Wissen agrees: "What perhaps speaks the most to the imagination is that there are 6,000 people working in research and development. Innovation is vital to HELLA; we are constantly on the move." HELLA is more than just lighting. They also make a lot of automotive electronics, for example, they are the global market leader in accelerator pedals.



**FAST DELIVERY** 



WEB SHOP & ONLINE SERVICE



ONE-STOP-SHOP



SHARING KNOWLEDGE





INNOVATIVE SERVICES



**MULTI BRAND** 

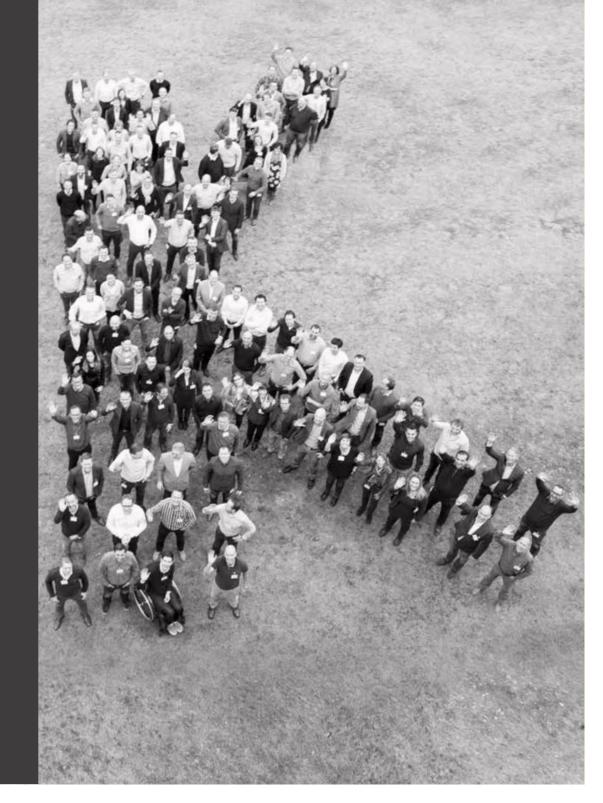


MOBILE SOLUTIONS

UNIQUE VALUE

# Company profile

Kramp Groep is the largest parts and accessories specialist in Europe for the agricultural industry and has its head office in Varsseveld, the Netherlands. Kramp.com provides access to a comprehensive range of over 500,000 parts and accessories to around 40,000 European customers, mainly from the agricultural machinery market.













We offer fast delivery from a strong international logistics network, and in many cases, this is overnight. We also offer additional services such as 'Scan-to-Order' and personalised web shops through 'Kramp Online Service'.

Our values, 'customer first', 'entrepreneurship', 'together' and 'engaged', have been ingrained in our DNA for over 65 years. Since it was founded in 1951, Kramp has become a market leader in Europe by staying true to these values and forging partnerships. To us, partnership with our customers and suppliers means working closely with them, speaking their language, sharing in their thinking and offering solutions, so that they can do their work successfully and more easily. After all, if our customers are successful, then so are we.

#### Mission: It's that easy.

Making it easy for our customers to do business with us is the guiding principle behind everything we say and do. We want to be more than simply a supplier of parts. Our comprehensive range of products, quick delivery and services that provide added value, allow us to support our customers. It's that easy!

#### Vision

Kramp wants to be and remain the essential partner for parts and accessories in the agricultural market by offering a strong presence in all channels relevant to our customers.

500<sup>+</sup> €737 10

150+2,719 7.6



# Web shop improving on a daily basis

The Kramp web shop is visited a quarter of a million times a week.

More than 90% of turnover is digital, and this figure is increasing every year. To make it even easier for our customers to successfully do business, we invest a lot of time, money and energy into e-business.

To continuously improve the user-friendliness of the web shop, the e-business development and e-business marketing departments work closely together. The lines of communication are short and this works.

International Marketing & E-Business Manager Robbert van Dijk and Product Owner Edwin Wopereis explain.

Edwin Wopereis: "It's a different way of working. We are flexible and work in short cycles. We optimise the web shop continuously, without inconvenience for our customers and by constantly measuring and testing, we know where we need to work on to make it as easy as possible for the customer. We make choices based on data, rather than our own gut feeling. Customer demands are central." Robbert van Dijk: "We have a broad and deep product range, which is expanding daily. We know that not all our customers make optimal use of this yet, so we are working hard to improve this. For example, by improving the search function, we can make it increasingly easier for our customers."

Moreover, this goes beyond just the marketing department and IT. Van Dijk: "For an optimal customer experience, you need the whole business to be involved; Logistics, Purchasing, Sales, you name it. What happens in one department has an impact on others, so the key is to integrate everything as well as possible."

#### Attractive employer

The e-business teams have grown considerably in the past year, with new specialisms being added. "Attracting the right people is a challenge. We are an interesting employer, with a good story, and we're simply doing really well, and that makes us attractive to work for", Van Dijk knows. What do customers notice from the efforts of the teams? Wopereis: "Customers must experience ordering as becoming easier and easier. This process is now ongoing, and step by step we are improving the web shop. This means our customers see no major changes, but experience the increasing ease of ordering. This is not only when ordering parts, but also when using additional services such as the Product Configurator, which allows them to easily order the correct cylinder or hydraulic hose. Furthermore, this year the label management application for use in shops and warehouses will become available, allowing customers to create labels themselves."

#### Partners also benefit

Kramp offers dealers the Kramp Online Service, which gives their customers access to the Kramp range. This operates through a web shop, which is set up in the dealer's own brand style. These web shops also benefit directly from the improvements. The web shops of Kramp partners, such as the tractor manufacturers SDF, AGCO and John Deere, are also directly included in the improvements.

With the creation of multidisciplinary teams, an 'Agile' way of working and optimum coordination between the e-business teams, Kramp is ready for the future.

Robbert van Dijk: "The world around us continues to change. That is why we're building an organisation that can keep up with these changes and that is why we're investing in both technology and people."

The word 'agile' means dexterous, nimble. An agile project approach assumes that the world will thange during the project and tries to facilitate hese changes as far as possible, without losing aight of the project result.

With an Agile project, the finished product is therefore not fully determined in advance, but adjusts during the period of the project implementation to any changing circumstances or wishes of the customer.

The Agile approach comes from II-oriented software development projects, but the principles are also very useful in other projects. There are several methods within the Agile spectrum, each with its own specific characteristics. The best known are: Scrum, DSDM, (R)UP, Extreme Programming (XP) and Kanban.

By working in an Agile way, teams experience transparency, responsibility and self-management, which has a positive effect on job satisfaction, commitment, motivation and of course: the end result.



# Growth in almost all countries

Considering the economic conditions in the agricultural market, Kramp has reached the end of the 2016 financial year with a very satisfactory outcome. With a turnover of €737.5 million, Kramp achieved growth of 5.4% compared to last year. Almost all Kramp countries finished the year positively. In Southern and Eastern Europe in particular, the company achieved considerable growth.

"We can look back on a successful year", says
CFO Hans Scholten. "If we can grow as Kramp Groep in line
with expectations, in a market where the yields were again
under pressure this year, we can only be proud." Despite the
good turnover figures, profit did not rise: the operating profit
amounted to €81 million (EBITDA). "Our net profit was 5%
lower. That is due to the fall in the value of the British Pound
and higher depreciation as a result of investments we have
made. At the same time, this says something about our
strategy and the confidence we have. To be able to continue
doing business in a way that makes Kramp strong, we want
to invest."

#### What is your opinion about the result?

In some countries, Kramp has started in recent years. Kramp defines these as 'growth markets'. Just as in previous years, these Kramp growth markets in particular experienced a good year. "In Italy (+26%) and Ibérica (+54%) we have had a great year. The opening of the warehouse in Madrid has certainly contributed to this result. There we are now closer to our customers and have 'won' a day's delivery time, and this is appreciated. France also did well once again with an increase of 23%. Thanks to our partnerships with the tractor manufacturers AGCO and SDF, we have succeeded in growing there every year. In the last few years, a great deal of time and energy has been invested in the growth markets. That is bearing fruit, with more and more customers finding their way to us."

The large growth figures are not only to be found in Southern Europe. Kramp has also gained market share in Eastern Europe, for example, turnover in Russia increased by 35%. "We have, by the way, performed very well in almost all countries. The poorer result in the UK is explained by the depreciation of the British Pound, as a direct consequence of Brexit, the decision to leave the European Union. Due to the falling exchange rate, we now experience losses when converting the Pound to Euros, where we would otherwise have made a profit."

In the existing, mature markets, Kramp experienced a solid year. Belgium, the Netherlands and Denmark had a good year, with rates of growth of 6-8%. Germany also grew in line with expectations. "This is the result of continuing to invest in the relationship with our customers", explains Scholten.

## Is this investment also reflected in the number of people employed?

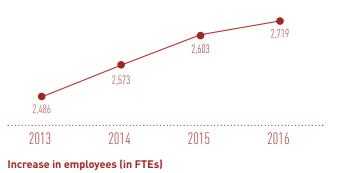
At the end of 2016, about 3,100 employees (2,719 converted to FTE) worked at Kramp, 100 more than a year before. Scholten: "Our logistics staffing grew in particular, as a result of the expansion of the warehouses in countries including Poland and France. In the next few years we aim for a constant number of employees. Of course there is space to take on employees where needed, but where possible we will also make improvements to processes." The CFO believes this can be realised with the help of the 'Continuous Improvement Programme', which began in 2016. "We want to take a major step forward in efficiency, in which cost reduction, increased customer satisfaction and shortened lead times are achieved simultaneously."

#### You indicate that Kramp has invested heavily. In which areas?

In 2016 we invested more than €34 million, of which €10 million in IT. There was also considerable investment in logistic systems and the expansion of the warehouses, including in Poland and the new warehouse in Madrid. At our Varsseveld location, the warehouse was enlarged and we invested in new office spaces.

#### What investments are on the agenda for Kramp in 2017?

The budget is €52 million, a record in the history of Kramp. "We will expand our warehouses once again. In France we have increased capacity in recent years, and will continue this year as a result of the large growth in the last few years and the expectations we have for the next few years. The warehouse in Germany will also become much larger and a new warehouse will be built in Poland for the storage of dangerous goods. Finally, we are working hard on a new warehouse in Varsseveld, next to the existing one. In this warehouse, with a height of no less than 24 metres, a fully automatic shuttle system will be constructed. This system will also be installed in the new building in Germany." The investment in IT will be increased to €10 million per year. "We continue to invest in our e-commerce platform; we are investing in knowledge and technology. The developments in this area are very rapid, and we want to be at the forefront. If we do this I am convinced we can maintain the growth of recent years."



18 | Interview with CFO Hans Scholten

#### How is the financial position of Kramp?

In January 2017, the previous financing facility that Kramp had with the banks expired. We therefore made agreements with a new consortium of banks last year. For the next five to seven years, Kramp has a financing facility of up to €450 million. "This shows our ambitions", explains Scholten. "We want to grow, to continue to be the essential partner for our customers. This includes an active acquisition policy and this new financing facility makes that possible." The financing facility was also used to purchase the stake held by the investment company Schouw. [see textbox]

"The interest-bearing debt rose from €188 million to €287 million at the end of 2016. With a balance of €451 million, the solvency ratio fell to 17%, mainly as a result of the purchase of shares. The expectation is that this percentage will return to Kramp's trusted figure of 40% within three years. The shareholder's equity fell from €151 million in 2015 to €78 million at the end of 2016."

## How does the increased stock position fit in the Kramp strategy?

"To keep our service level as high as possible, we have deliberately increased our stocks from €169 million to €189 million. This allows us to offer our customers a high stock availability guarantee."

## Finally, can you say something about the accounts payable position at Kramp?

"Our year-end accounts payable increased from €20 million to €37 million. This is partly explained by the fact that, more so than in other years, stocks were delivered at the year end in preparation for the new season. Kramp considers it important to adhere strictly to payment deadline agreements made with suppliers. We also want to be a reliable partner for our suppliers."

In August 2013, Kramp merged with Danish industry peer Grene. At the time, this merger came about through a share swap. The owner of Grene, the Danish investment company Schouw & Co., obtained a 20% stake in Kramp. In 2016, the management of Kramp and NPM Capital, in proper consultation with Schouw & Co., decided to purchase the Schouw & Co.'s stake. With this strengthening of its ownership position, Kramp emphasises its confidence in the organisation, in the management and in the future.



20 Partnership with customer Cottard

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## Cooperation with Kramp is only getting stronger

Cottard is a French agricultural machinery dealer based in Curchy, in the Somme department of the Hauts-de-France region. Patrice Cottard, one of the founder's sons, is currently at the helm of this family business. Cottard has been a partner of Kramp for over thirty years.

# 'KRAMP IS CONSTANTLY PROVIDING TOOLS WHICH MAKES IT EASIER FOR CUSTOMERS TO RUN THEIR BUSINESS'



The business specialises in repairing and selling agricultural machinery. Bernard Cottard started a smithy in 1965 and expanded his range of activities in the years that followed. Since his son Patrice took over in 1995, the business has grown even further. Today, Cottard employs nine people, including Patrice's brother Philippe, who has been providing essential technical expertise since 2005.

Repairing agricultural machinery and supplying parts are the core activities of the business, which has become established in various segments of the agricultural market, and they are dealer for several brands. Manufacturers consider Cottard a service partner when it comes to customising agricultural machinery.

Of course, time never stands still, even in the agricultural market. Staying ahead of the pack in a competitive market means that businesses need to keep a close eye on technological and digital developments. Kramp is a pioneer in this field, continually improving its customer service and providing a contantly evolving range of tools that enable its customers to do business with ease. Cottard uses several Kramp services, such as EDI (Electronic Data Interchange), Kramp Online Service and, in the near future, Scan-to-Order. With a dynamic and modern web shop bearing the Cottard name, the business is also investing in new technology with the aim of selling more parts and accessories to farmers in the region.

Due to the experience and market position that Kramp has built up in the field of hydraulics, Cottard began a collaboration with Kramp for this range of products early in 2017. According to Patrice Cottard, the comprehensive service, excellent relationship, the price vs quality ratio and the exciting innovations, mean Kramp is the first choice for his business.

Cottard expects this partnership to continue to expand in the future, when Kramp continues to prove its added value as an essential partner.





# 'We want to be a learning organisation'

Kramp is developing in the broadest sense of the word. New warehouses are under construction, significant investments have been made in hardware and software, and employee development has become a further top priority.

Binne Visser has worked as Kramp's Head of HR (Human Resources) since November 2015. "The world around us is changing at an increasingly rapid rate, and we cannot be left behind. Everything is becoming more digital and efficient, and this continual development is

affecting our market too. How long will it be, for example, before self-driving tractors become a common sight in our fields? In the past year, we have taken significant steps in personnel and organisational development, enabling us to enter the next phase. To put it more strongly, we have to remain ahead of the curve in order to act as an essential partner for dealers and farmers."

To realise this ambition, Kramp will remain focused on both the development and professionalisation of current employees as well as the recruitment of new talent.

According to Visser: "Young people bring new insights and the latest knowledge of developments in the world around us, allowing our organisation to achieve an even higher level of professionalisation. As a result of this, our connection to universities

has been strengthened over the past year, in addition to the management trainee programme we have been running for over five years now. We must create an offer that's attractive enough to make students line up to join Kramp, both during their studies, when they're looking for an internship or a graduate research project, as well as when they graduate and start looking for work."

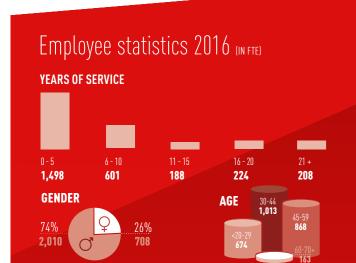
"Kramp is a great company with a strong family culture and our employees are proud to work for us. You can see just how much our core values of 'customer first', 'entrepreneurship', 'together' and 'engaged' mean to our employees. This is pretty special for a business operating in so many different countries, dealing with fifty or more specific subcultures. Our international working environment and the wide range of development opportunities within Kramp are the building blocks for retaining good employees and attracting the right people in a market where highly educated talent is scarce."

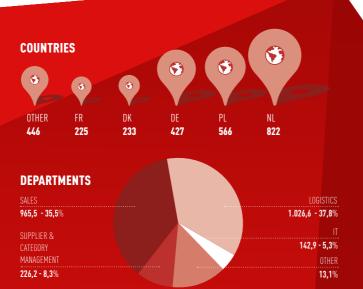
Kramp is a learning organisation, and we challenge each other each and every day to become a little bit better. This means it is absolutely necessary to critically evaluate our competences and to remain open to new knowledge and skills. Every Kramp employee should keep on developing, and to support this, we have started in 2016 an internationally applicable and uniform approach to evaluation and development discussions.

Previously, these discussions varied between countries, but all employees and their

managers are now able to hold annual discussions focused on personal development in a consistent manner. As part of these discussions, employees and managers will set objectives and define personal growth targets, the progress of which will be evaluated annually. "One of our main goals is to get the right people working in the right places. Managers need to be in constant conversation with their employees: what's going well and what can we improve together?"

The Kramp Academy was another significant step taken in 2016. The Academy provides a training programme with leadership modules to facilitate the personal and professional development of Kramp's management and to support them in translating Kramp's strategy to the shop floor. These modules will be rolled out further within Kramp over the course of the next period. "The programme teaches you to evaluate yourself critically and to facilitate improvements. These are important skills to becoming an effective leader. Our leaders must be able to connect in order to encourage, coach, engage and provide direction to their people, and our managers have the full support of the HR department. Are we all working together in the right way? We have to keep challenging each other so that together we can achieve the greatest output." Of course, performance is not the be-all and end-all at Kramp. "The happiness of our employees is also important to us. Visser emphasises: "Working for Kramp should be fun, and in most cases, great performance will simply follow."







Hananja Monster has worked at Kramp since September 2015. Hananja began as a Management Trainee and is now a 'Circle Team Member' within the 'Continuous Improvement Programme'.

The Management Traineeship at Kramp is becoming increasingly well known. Each year there are more applications for the average of four places available. The traineeship was also an ideal way for Hananja to discover which position was the best fit for her. "I could have chosen several companies, but I consciously chose Kramp for the culture, the international aspect and it clicked from the first introduction. The Kramp approach is very special. My first appointment was in Varsseveld and CFO Hans Scholten immediately came to introduce himself." In approximately one and a half years, a Management Trainee is prepared for a managerial position at Kramp. After an introduction to the various departments in the Netherlands and the other offices in Europe, trainees start with projects for the larger departments. During this time, they have someone from the Executive Board as a mentor. In Hananja's case, that was Tom Wolterinck. "That was really valuable. Not only did I share my experiences with him, I was also briefed on matters within the company and I gradually gained an insight into where my added value was. In my case that was Project Management, and so Tom Wolterinck suggested the 'Continuous Improvement Programme'. In this project we follow a particular process from beginning to end, for example the delivery to our customers. Each step is examined using data; which process steps are valuable, how can we avoid 'waste', what slows down the process and how we can prevent it?" Hananja was involved in the first projects of the 'Continuous Improvement Programme' as a project leader. "I didn't know everything about specific areas, for example logistics, but that was not necessary. I had a facilitative and coordinating role, which meant I had to ask the right questions to bring the right people together at the table. We also trained different people in the organisation in efficient working methods such as Lean Six Sigma. It was a really fun and informative time." Hananja has since begun working as a 'Circle Team Member' at Kramp, which means she remains involved in the 'Continuous Improvement Programme'.

Continuous Improvement, the will to be a little better every day, is not conceived in meeting rooms. On the contrary. It is in fact on the shop floor that the best ideas often come to life, and that's why Kramp introduced the 'Internal Idea Award' years ago. We encourage employees to share their ideas about how their work can become smarter and better. If an idea is practicable, it will be rewarded.

Carsten Meyboom is one of the employees whose idea has been implemented. Carsten has worked at Kramp for over fifteen years. He started in the warehouse in Hamminkeln, Germany and has now worked for around eight years in logistics in Varsseveld. He devised a frame to cut large hoses, including hoses used on slurry tankers. These hoses can be large and heavy and not always easy to handle. Thanks to the frame, accidents can be avoided when cutting. Carsten not only thought of the idea for the frame, he also produced the (technical) drawings, so the Kramp workshop could build the frame. Carsten: "When the hoses were still stocked outside, I was the only one who would cut them. After they were moved inside, more colleagues started cutting the hoses to size required by our customers. Not everyone was equally experienced, which led to a greater risk of cutting yourself with a Stanley knife before we started using the frame. For example, if you rest the hose on your leg before cutting, there is a large chance that you will cut yourself in the leg. The use of the frame prevents this." Kramp wishes to give employees a safe and efficient working environment. This idea contributes to this in a very practical way, and was therefore awarded the 'Internal Idea Award'.

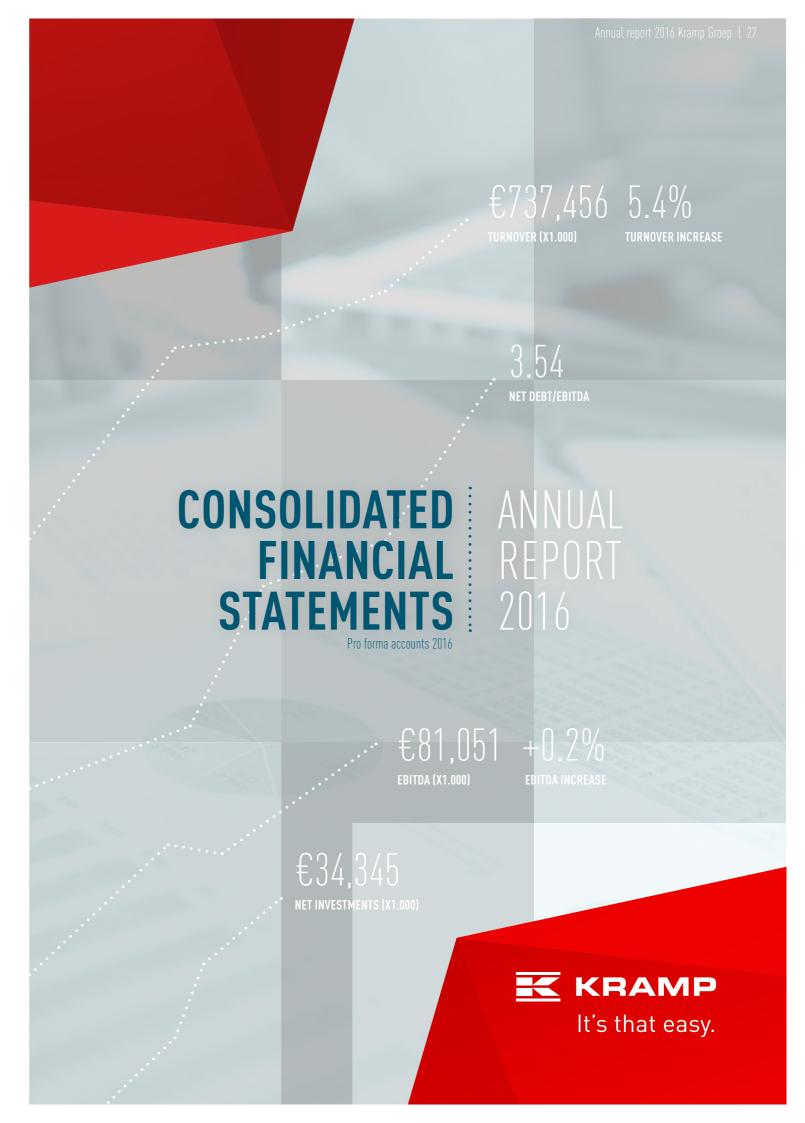
The frame is now in continuous use, although Carsten no longer works with it. "I now work in another department within logistics, but it's nice that my idea has been carried out and that my colleagues now work with it. Perhaps we can even supply the frame to customers. They must also need to cut hoses now and then."



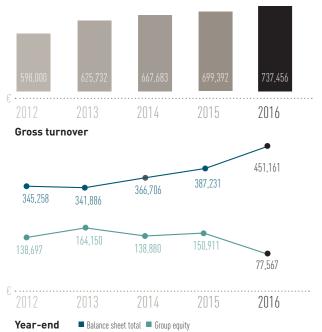
We hereby present the annual report as drawn up by the Executive Board. The official report was discussed by the Supervisory Board on 10 May 2017 and will be filed with the Chamber of Commerce. At the General Meeting of Shareholders, the shareholders discharged the Executive Board and the Supervisory Board from liability for the management and supervision duties respectively completed during the past financial year. "We are of the opinion that this annual report acts as a good summary of the supervision of the Supervisory Board in 2016", says Jan Bernard Wolters, who is now stepping down as chairman of the Supervisory Board. From today (10 May 2017), Mr

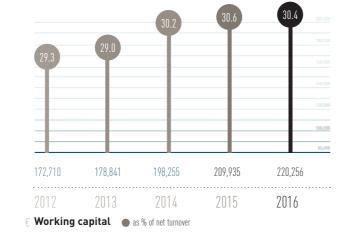
Johan Lokhorst will take over this role. Recently Mr Koen Slippens has joined the Supervisory Board as a member. He succeeds Anjo Joldersma, who is leaving the Supervisory Board after seven years. During 2016 already, Jens Bjerg Sørensen stepped down as member of the Supervisory Board. "The new Supervisory Board appreciates everything Jan Bernard, Anjo and Jens have achieved, and their commitment and engagement over a long period of time," Johan Lokhorst added. With the new appointments, Kramp Groep has again a new, knowledgeable and experienced Supervisory Board, that has all the qualifications required to support Kramp Groep in achieving future amhitions and plans

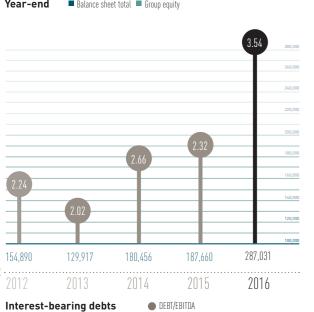


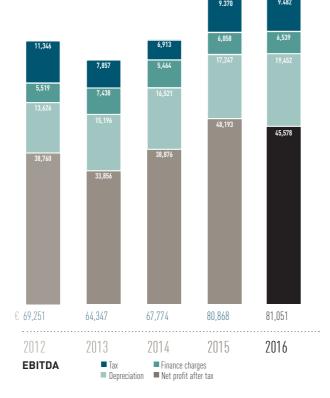


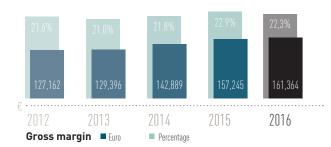
# Key figures (x 1.000)













# Consolidated profit and loss account

Pro forma accounts 2016

(x €1.000)				
Gross turnover	737,456		699,392	
Boni and discounts	-13,223		-12,222	
Net turnover	724,233		687,170	
Cost of sales	-562,869		-529,925	
Gross profit		161,364		157,2
Sales costs	-70,759		-66,370	
General administrative expenses	-28,766		-27,464	
Total costs		-99,525		-93,8
		61,839		63,4
Other operating income		1,079		
Operating result		62,918		63,4
Interest receivable	229		377	
Interest payable	-6,768		-6,435	
Foreign exchange rate results	-1,308		-36	
Financial result		-7,847		-6,0
Profit before tax		55,071		57,3
Tax	-9,482		-9,370	
Third party share in result	-11		246	
		-9,493		-9,1
Profit after tax		45,578		48,1



Assets (x €1.000)		2016		2015
Fixed assets				
Intangible fixed assets				
Intellectual property (software)	13,108		8,419	
Goodwill	1,170		-	
Prepayments on intangible fixed assets	4,465		2,359	
		18,743		10,778
Tangible fixed assets				
Land and buildings	97,751		95,381	
Warehouse equipment	20,182		20,950	
Office- and IT equipment	9,131		9,619	
Cars	2,012		2,092	
Prepayments on tangible fixed assets				
and assets under construction	5,894			
		134,970		128,042
Financial fixed assets				
Subsidiary	318		-	
Other receivables	10,765		9,343	
		11,083		9,343
Total fixed assets		164,796		148,163
Current assets				
Inventories		188,676		168,690
Receivables				
Trade debtors	68,701		61,558	
Receivables from participants				
and subsidiaries	5		1	
Taxes and social premiums	8,653		2,900	
Other receivables	1,323		678	
Accruals and prepaid expenses	3,354		3,393	
		82,036		68,530
Cash		15,653		1,848
Total current assets		286,365		239,068
		451,161		387,231
			:	

Liabilities (x €1.000)		2016		2015
Equity		77,567		150,911
Third party share in Group companies		94		-
Provisions Deferred tax liabilities Pension provisions Other provisions  Long-term debts	2,358 647 1,026	4,031 114,296	2,302 480 <u>880</u>	3,662 6,574
Short-term debts Amounts falling due within one year Credit institutions Trade creditors Payables to participants and subsidiaries Corporation tax Other taxes and social premiums Other liabilities Accruals and deferred income	15,726 172,835 37,121 21 1,115 12,021 15,902 432	255,173	1,251 180,570 20,313 12 1,157 7,545 14,803 433	226,084
		451,161		387,231

Pro forma accounts 2016

(x €1.000)				
Net result		45,578		48,193
Adjustments for:				·
Depreciation	19,452		17,247	
Net financial result	6,539		6,058	
Paid corporation tax	9,482		9,370	
Change in financial fixed assets	-1,626		443	
Foreign exchange rate results on working capital				
and other receivables and liabilities	1,688		-1,238	
Third party share in result	11		-246	
Other	-178		-598	
		35,368		31,036
		80,946		79,229
Change in other receivables and accruals and prepaid expenses	-6,363		-1,934	
Change in provisions	369		653	
Change in other liabilities and accruals and deferred income	5,541		455	
		-453		-826
Change in inventories	-19,986		-6,541	
Change in trade debtors	-7,143		-2,652	
Change in trade creditors	16,808		-2,487	
Change in working capital		-10,321		-11,680
		70,172		66,723
Received interest	229		377	
Paid interest	-7,308		-6,411	
Paid corporation tax	-8,762		-9,292	
		-15,841		-15,326
Cash flow from operating activities		54,331		51,397

Investments is intensible fixed exects	11 7//		/ / 07	
Investments in intangible fixed assets Investments in tangible fixed assets	-11,764 -22,581		-4,687 -18,936	
· · · · · · · · · · · · · · · · · · ·	-22,361		-16,736 280	
Disinvestments in tangible fixed assets Acquisition subsidiary	- -114		-1,200	
Acquisition substituty	-114		-1,200	
Cash flow from investing activities		-34,459		-24,543
Assuicition our above	00 / 10			
Acquisition own shares Paid dividend	-88,612 -32,000		-33,000	
	-32,000 83		-33,000	
Third party share in group companies	-120,529		-33,000	
Denoument long term debte	-120,327		-33,000	
Repayment long-term debts	-1,432		-1,121	
Borrowing long-term debts	123,629		1,143	
Change in short-term debts	-7,735		7,917	
Cook flow from financing activities	-7,730		7,717	
Cash flow from financing activities		-6,067		-25,061
Movement in cash position		-0,007		-23,001
Movement in Cash position		13,805		1,793
Beginning cash and cash equivalent		13,003		1,775
Closing cash and cash equivalent	1,848		55	
Gusing Cash and Cash Equivalent	15,653		1,848	
Movement in cash position	10,000		1,040	
Provement in cash position		13,805		1,793



