

Combined Berner Group

Fiscal Year 2007/08:

On the road to success with double-digit growth

Künzelsau, 25 September 2008 – For the first time for several years the combined Berner Group in Künzelsau again achieved double-digit growth in the past fiscal year. The Group's net sales increased by 11.6 percent from 780 to 870 million euros.

The exceptional growth is a great success for the combined Berner Group: "On the one hand we were able to take optimal advantage of the favorable economic climate which continued well into the spring of 2008 in most European countries", explains Jörn Werner, CEO of the combined Berner Group. "On the other hand the company showed that the ambitious targets set in the Berner GO21 strategy are possible to achieve", he explained commenting on the above average growth.

The combined Berner Group is one of the leading direct sellers in Europe in the small parts business to professionals in the construction and automotive industries as well as other industries. In the group accounts the results of the two groups – Berner GmbH, Künzelsau, and BTI Befestigungstechnik GmbH & Co. KG, Ingelfingen – are shown together. On the closing date of the balance sheet, 31 March 2008, the Group had 8002 employees in total, 5157 of whom work in field sales.

The total sales of nearly 870 million euros include the recent acquisitions Berner Pultti Finland, Berner Romania,

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Tegee Chemie and Krähe. The results from ordinary activities are 16 percent lower than those of last year, mainly due to the exceptional write-off of demands at Berner Italy.

Construction and automotive sectors buck the trend, chemical sector ready for further expansion

The Construction Division, which still accounts for the largest part of the Group's net sales, grew by 8.6 percent to about 443 million euros. Thus the very important sector of house building continued to develop very dynamically in Eastern Europe although in Spain, Germany and the Scandinavian countries it suffered a decline.

In the automotive industry the consolidation process continues. The trend is towards multi-brand dealerships. This results in a decline in the overall number of outlets. The number of new cars registered throughout the European Union only increased slightly last year by 1.1 percent. Nevertheless this Berner Division managed to grow by 6.4 percent to 332 million euros.

The relatively young Chemicals Division also showed a positive trend. The combined Berner Group plans to systematically expand the chemical sector. Wigo, Caramba, Tegee Chemie as well as the recently acquired Rumler company are currently preparing to conquer the European market for specialist chemicals.

Net sales through other distribution channels – such as the specialist mail-order business and the shops – accounted in total for about 55 million euros.

Germany: Positive trend with acquisitions

In Germany the Berner Group increased its net sales by 5.7 percent from 283.8 to 303 million euros in the past fiscal year. Berner Germany had to operate under difficult market conditions which was also reflected in the net sales figures. The German company was not able to sustain its last year's performance level and ended the year down slightly by 2.9 percent with net sales amounting to 125.1 million euros.

The BTI Group last year increased its sales by 15.5 percent. The determining factor here was the takeover of specialist direct seller Krähe in July 2007. The development of the German BTI company did not quite meet expectations with a fall of 3.1 percent to 107.3 million euros. The companies in the Chemical Division last year achieved net sales of almost 50 million euros. Of course, the takeover of Tegee Chemie, Bremen, had a positive impact on the figures but Caramba, too, performed very well with increased sales of 5.5 percent.

European companies show considerable growth

With an increase of 14.3 percent, group companies in Europe made a very positive contribution to the overall success of the combined Berner Group. Together the companies achieved net sales of 567 million euros, accounting for 65 percent of total net sales.

Berner France, the largest individual company in the Group, still continues to grow: In the past fiscal year the company achieved double-digit growth of 10.9 percent with net sales increasing from 170.6 to around 189.3 million euros.

As for many years now, Berner Spain again had above average growth in the past fiscal year. With an increase of 22.3 percent, net sales managed to break through the 40 million euros barrier. And Berner Italy, too, managed to increase its net sales by 9.8 percent, raising turnover to 91 million euros.

But it was Berner Poland which in terms of percentage growth topped the list within the combined Berner Group with net sales increasing by almost 47 percent.

Since July 2008 Berner has been active in Croatia: The Montex company in Zagreb with 20 employees, 11 of whom work in field sales, achieved net sales of over two million euros in the past fiscal year (to 31.12.2007). Berner Pultti Oy already operating in Finland was joined in August by a further company. The 20 employees at Metaplan in Turku, 11 of whom work in field sales, achieved net sales of 6.5 million euros.

Increasing number of employees in Europe

The positive development of the Group is reflected in the 8.7 percent increase in the number of employees: from 6545 (31.03.06) to 7113 (31.03.07). The largest increases were in France and in the southern European countries. However the increase in the number of employees is also due to the newly acquired companies in Finland, Lithuania, Latvia and Romania as well as the Tegee and Krähe companies. There are now 5153 employees in sales, representing 65 percent of all employees.

Strategy for profitable growth

Over the last fiscal year, the combined Berner Group has introduced the Berner GO 21 company strategy, designed

to ensure further profitable growth in Europe. "We have made more progress than we originally planned. In the past fiscal year we have already achieved double-digit growth", summed up Jörn Werner. And he is confident about the future too: "Even if we are now set for an economic down turn in Europe, we will not be distracted from our course and will continue to pursue our goal." The projects derived from the strategy include focusing on profitable target groups in the construction and automotive sectors in Europe. For each target group the most efficient and most appropriate way to approach customers will be worked out.

Future prospects

It appears that Bernier is well on the way towards achieving its net sales target of one billion euros for the whole Group in the coming fiscal year 2008/09. However, attaining this goal strongly depends on the success of the planned acquisitions. "We have positioned the combined Bernier Group so that it is fit for the future and we will continue to follow our strategy. We are convinced that we are on the right track", affirmed Jörn Werner.