HANIEL

Franz Haniel & Cie. GmbH
Financial Statements
2015

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Contents

Report of the Supervisory Board

Dear Sir or Madam,

The family-equity company Haniel made important decisions about its portfolio this year. Above all, we note the acquisition of Bekaert Textiles – the globally leading specialist for the development and manufacturing of woven and knitted mattress textiles. In addition, we strengthened the market position of our TAKKT division in the course of the year by acquiring a US-based direct marketing specialist and a UK-based online retailer. The reduction of our interest in Metro investment to 25 per cent represented a further key step in improving the balance of Haniel's portfolio. The Supervisory Board took these decisions at four regular and three extraordinary meetings. This laid the foundations for the continued success of the Company and its ability to pay a dividend.

New Supervisory Board member
On 25 April 2015, Prof. Henning Kagermann left the Supervisory Board. As the first shareholder representative on the Supervisory Board from outside the family, his experience and expertise were invaluable to the work of the Supervisory Board. We would like to thank him for his faithful collaboration. On 25 April, Thomas Geitner was elected to succeed him on the Supervisory Board. Most recently, he had been a member of the Management Board at Henkel, where he was responsible for the adhesives segment.

Supervisory Board supports Haniel's digital transformation
As in years past, the cooperation between the Supervisory Board and the Management Board was characterised by an atmosphere of great openness and mutual trust. The Management Board informed us regularly about the status of the Haniel Holding Company and the Group as a whole – also with regard to important individual events. This was also true when it came to issues surrounding the Company's digital transformation. The Management Board and Supervisory Board conferred on this matter and discussed the opportunities and challenges posed by the new digital technologies. The Supervisory Board granted its support to the plan to create an independent business unit in 2016 to devote itself to the digital transformation.

In accordance with my duty as Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH, beyond the normal meetings, I have also been in regular contact with the Chairman of the Management Board primarily, but also with the CFO. We discussed important business and strategic issues affecting the Group. The Supervisory Board continually and carefully monitored the group of companies' management and business development based on regular written and oral reports of the Management Board. We examined in depth all the decisions requiring our consent and passed the necessary resolutions.

The Audit Committee held four meetings in the 2015 reporting period. It monitored the accounting process and the effectiveness of the internal control system, the risk management system, the Internal Auditing office, and the compliance management system. Moreover, the committee examined and confirmed the independence of the auditor of the financial statements, and resolved, in its meeting on 18 March 2015, to recommend to the Shareholders' Meeting to re-appoint the previous auditor.

Annual separate and consolidated financial statements approved

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, audited the annual financial statements of Franz Haniel & Cie. GmbH and the report of the Management Board for the 2015 financial year. The auditors confirmed that the annual financial statements and report of the Management Board comply with legal provisions and the Company's articles of association. The auditors issued an unqualified auditors' report on the annual financial statements and the report of the Management Board. The auditors also issued an unqualified auditors' report on the consolidated financial statements and the Group report of the Management Board. The auditors participated in the Supervisory Board's meeting on the financial statements and in all meetings of the Audit Committee. Furthermore, the Supervisory Board again engaged the auditors to assess the Haniel Group's early risk identification system. This voluntary examination was conducted in accordance with section 317 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB"). The auditors verified the suitability of the system to detect early any risks endangering the going concern assumption.

The Management Board submitted the consolidated financial statements, the Group report of the Management Board and the Group auditors' report for 2015 to the Supervisory Board for its examination. Following an in-depth examination, the Supervisory Board approved the consolidated financial statements and the Group report of the Management Board. The Supervisory Board also approved the annual financial statements of Franz Haniel & Cie. GmbH and the Management Board's profit appropriation proposal. The annual financial statements are thereby adopted and the consolidated financial statements approved.

Gratitude for a job well done

We wish to thank the Management Board and employees for their commitment and hard work over this past year. The Supervisory Board looks forward to accompanying them further along the strategic path towards the long-term success of the Company. We will continue to advise, monitor and support the Management Board in the year to come.

Duisburg, 8 April 2016

Franz M. Haniel
Chairman of the Supervisory Board

The Supervisory Board

Our Supervisory Board is composed of six shareholder representatives and six employee representatives. The chairmanship has always been held by a family member.

Shareholder representatives

Franz M. Haniel
Chairman
Graduate engineer

Dr Georg F. Baur
Deputy Chairman
Businessman

Thomas Geitner
(since 25 April 2015)
Graduate engineer

Prof. Dr Henning Kagermann
(until 25 April 2015)
Graduate physicist

Dr Paul-Bernhard Kallen
Graduate economist

Dr Michael Schädlich
Graduate physicist

Prof. Dr Kay Windthorst
University professor

Employee representatives

Gerd Herzberg
Deputy Chairman
Former trade union secretary (Ver.di)

Ralf Fritz
Maintenance man

Bernd Hergenröther
Electrician

Fadi Kamal
Design engineer

Irina Pankewitz
Textile cleaner

Hans Wettengl
Trade union secretary (IG Metall)

The Management Board

Haniel's Management Board is composed of two members whose responsibilities are clearly defined. Nevertheless, they work closely together and manage the Company as a team.

Dr Florian Funck

born 1971

Dr Florian Funck has been a member of the Haniel Management Board since 1 September 2011. He is responsible for Corporate General Services, Corporate Controlling, Strategic Planning & Accounting, Corporate Finance and Corporate Tax. As a doctor of business administration, he began his career at Haniel Holding in 1999. In June 2004, he was appointed to the TAKKT Management Board in Stuttgart, where he was responsible for Controlling and Finance. Funck is a member of the Supervisory Boards of METRO AG, TAKKT AG and Vonovia SE.

Stephan Gemkow

Chairman
born 1960

Stephan Gemkow has been Chairman of the Haniel Management Board and Chief Human Resources Officer since 1 August 2012. He is responsible not only for overall strategy, but also for Corporate Development/M&A, Human Resources, Corporate Legal, Internal Audit, Shareholders + Sustainability and Communications. After spending the first years of his career as a management consultant for BDO Deutsche Warentreuhand AG, the business graduate has held various management positions at the Lufthansa Group since 1990, most recently spending six years as a member of the Executive Board responsible for finances and, since 2009, for Aviation Services as well. Gemkow is Chairman of the Supervisory Board of TAKKT AG. He is also a member of the Supervisory Board of Evonik Industries AG as well as the Board of Directors of JetBlue Airways Corporation, New York.

Corporate Governance

Distinct responsibility structures and cooperation based on partnership: These are the principles that distinguish Corporate Governance at Haniel. One essential element is the strict separation of corporate management and control, in line with the requirements for exchange-listed companies. Both sides engage in trusting dialogue, which is also how the Company communicates with its partners on the financial market.

Free from conflicts of interest
One characteristic sets Haniel apart from many other family-owned companies: Since the start of the 20th century, managers from outside the family have been responsible for the Corporate Governance. No family members work in the Haniel Group. Entrepreneurial decisions can be made free from familial obligations. The family attaches importance to sustainable growth and value enhancement. The steps to be taken along the way are at the discretion of the Management Board, which confers with the board of the Company. The basic structure of Corporate Governance at Haniel thus adheres to the standards set out in the German law governing stock corporations.

The roughly 680 shareholders are organised in the Shareholders' Meeting. It meets once a year and elects from its midst six shareholder representatives to serve five years on the Supervisory Board. The shareholder representatives and six employee representatives on the Supervisory Board help to shape the fundamental business policies of the Company and influence the corporate strategy. The Supervisory Board has equal representation as a co-determined monitoring body; it is always chaired by a member of the family. Shareholder and employee representatives jointly appoint and dismiss members of the Management Board, monitor their work and support them in an advisory capacity. Four members of the Supervisory Board form the Audit Committee, which also has equal representation. This committee monitors the accounting process and the effectiveness of the internal control system, the risk management system, the Internal Auditing office, and the compliance management system. Moreover, the committee examines and confirms the independence of the auditors of the financial statements. Details of the work of the Supervisory Board in the 2015 financial year are contained in the Report by the Chairman of the Supervisory Board starting on page 6. The Shareholders' Meeting elects also from its midst 30 members for the Advisory Board, which facilitates communication between the executive bodies of the Company (Supervisory Board and Management Board) and the members of the family.

Binding principles of conduct
The Haniel Holding Company itself, as well as through its divisions, is active in many different economic and social systems, and thus encounters differing cultural and national standards as well as legal regulations. It is precisely this that makes it essential that all employees at every level of the Company share the same values of openness and integrity. Essential components of the Haniel culture are the principles of legality, incorruptibility and fair competition. Haniel expressly commits to the principle of fair competition in the Code of Conduct. In addition, it sets out the principles of conduct for employees of the Holding Company, so that they neither offer nor accept inappropriate favours, they reject all forms of discrimination, and they disclose any conflicts of interest between their business and private affairs. Such principles of conduct are in place Group-wide. In addition, all divisions have a compliance management system that assists in preventing, detecting and eliminating abuses.

Easy access to information
For Haniel as a family-equity company, a solid equity base plays an important role. In addition, Haniel also uses borrowed capital in its financial strategy. To gain the trust of potential investors and to maintain the appreciation of its current investors, Haniel focuses on transparency and fairness in its financial communication: Every capital market participant, including banks, investors and analysts, are provided with the same information needed to assess the Company's performance. This applies in equal measure to the family shareholders as providers of equity. The corporate website represents a broad information platform where, among other things, the corporate group's portfolio and strategy are

elucidated. Haniel also publishes its annual and half year financial reports there, as well as the latest press releases. In addition, presentations, information on the investment strategy and additional separate and consolidated subgroup financial statements can be accessed online under the “Creditor Relations” heading. A financial calendar contains early announcements of important events for the Holding Company and the divisions. Moreover, Haniel publicly declares how the Holding Company is rated by the credit rating agencies Standard & Poor’s and Moody’s. In order to expand the variety of opinions offered by ratings, the rating by the European agency, Scope, was included for the first time in February 2016. Haniel submits itself to these external rating processes voluntarily in order to be able to use all the available financing options. For Haniel, transparent and fair financial communication is inseparably connected with continuity. The Company informs its partners at regular intervals and in a consistent manner about current developments. Thus, financial reports are always published in the customary place and in the customary form in order to make it easier for the reader to find and analyse the information. Haniel draws attention to any deviations from the preceding years.

Dialogue with investors

Haniel’s financial market partners can contact the staff of the Corporate Finance and Corporate Development/M&A departments directly. After the Company’s Annual Accounts Press Conference, Haniel issues invitations to an Investor or Analyst Call. The Management Board is closely involved in the dialogue with the financial community.

Corporate Governance
Group organisation

FAMILY

Shareholders' Meeting
about 680 family members

elects

↓

FAMILY

Advisory Board
up to 30 members

elects

↓

FAMILY AND EXTERNAL MEMBERS

Shareholder representa-tives
4 family and 2 external members

↓

COMPANY

Employees
about 12,900 employees*

elect

↓

COMPANY

Employee representa-tives
6 members

↓

FAMILY AND EXTERNAL MEMBERS, COMPANY

Supervisory Board
12 members

appoints/dismisses/supervises/advises

↓

COMPANY

Management Board of the Holding Company
2 members

↓

COMPANY

Divisions

* Annual average (headcount); see also explanations on page 35. The German employees elect the employee representatives to the Supervisory Board.

Corporate Responsibility

As a family-equity company, Haniel's objective is to systematically anchor Corporate Responsibility (CR) within all phases of value creation – with a focus on the interaction between the divisions. The CR programme was further expanded in 2015 through mutual dialogue.

Increasing value, living values – for 260 years, Haniel has combined entrepreneurial drive with a stable framework of values in line with this principle. Accordingly, Corporate Responsibility is firmly anchored in the Company's DNA and is embodied in equal part by the owner family as well as by the management. The aim is to combine economic success with responsibility for employees, society and the environment, thereby creating value for generations.

Haniel's values form the bedrock for the entrepreneurial responsibility exemplified by the Company. What they stand for is what has made Haniel successful in the past and what guides its actions in the present – the ability to marry a community spirit with business sense. The Company is dedicated to Haniel's values at every level: they serve as a compass to show the way for Haniel to develop further. That is why it is important for employees to have a common understanding of our values and to follow the same principles of conduct. These principles are laid out in Haniel's Code of Conduct, which the Company revised and updated in 2014. The divisions also issue similar guidelines on the basis of the Code of Conduct. The Code of Conduct is based on the ten principles of the UN Global Compact, among other things. When it joined the United Nations initiative, Haniel committed itself to uphold and promote the principles relating to human rights, labour standards, environmental protection and the fight against corruption. The divisions have also joined the UN Global Compact or have subscribed to its guiding principles.

In order to ensure that a climate of responsible entrepreneurship exists throughout the business and thus becomes a competitive advantage, Haniel creates the relevant structures in its function as a strategic Holding Company and lays down the fundamental guidelines for the divisions. In 2013, the Company engaged in a systematic dialogue with the relevant stakeholders and interest groups to gauge their expectations. On the basis of the outcome of this dialogue, the Company developed a CR management approach and organisation aimed at successfully anchoring sustainability within the Company's corporate structures – taking into account those peculiarities of a diversified group of companies with decentralised management which make Haniel unique. The Holding Company sets the focus with the three CR action areas Employees, Value Chain and Innovation. These were selected such that they apply to every company equally, regardless of their core business. Both the Holding Company and the divisions define and prioritise individual measures in these action areas and report on their progress.

Further information on the stakeholder dialogue, CR management approach and organisational structure can be found online in the CR Report.

Increasing Value Sustainably

Anchoring CR along the Haniel value chain
As a value developer with a long-term investment strategy, Haniel strives to implement a holistic CR approach along the entire value chain – from dialogue with providers of capital to the investment phase and portfolio management through to divestment. Haniel places its focus on where the Holding Company has leverage: in developing and managing the divisions.

Investing responsibly
CR aspects already play a vital role for Haniel when it expands its investment portfolio. Only those companies which fit with the Company and its values are considered. Thus all potential acquisition targets are reviewed to determine whether they fit with Haniel's values and the criteria in its investment filter, which also take into account ecological and social aspects. CR forms an integral part of the integration plan after a company

has been successfully acquired – as was the case with Bekaert Textiles in 2015. Depending on the existing CR activities, structures and processes are first created as a basis for successfully integrating CR into the core business.

Haniel exercises great care not only when acquiring new divisions: the Company also takes CR into consideration when making financial investments. A multidisciplinary CR Committee was established to specify CR aspects derived from Haniel's Code of Conduct, for instance in the form of a negative list for companies, and to further develop this for financial investments. In addition, CR aspects are systematically taken into account by the Holding Company in granting its approval to invest in or acquire divisions in accordance with its investment and enterprise valuation guidelines. These guidelines have stipulated that the specific positive and negative impacts on the objectives laid out in Haniel's CR action areas be assessed in investment proposals.

CR: an integral component of management dialogue
The corporate bylaws generally define the collaboration between the Holding Company and the divisions. They stipulate on the basis of statutory provisions that the Holding Company must help the divisions to develop their CR strategies. By placing Corporate Responsibility on the agenda of the regular management dialogue meetings, the Holding Company provides the divisions a starting point for discussion. Each year, Haniel's Management Board and the divisional management teams agree on individual targets with respect to Haniel's action areas and discuss their progress in achieving them. In this way, the Holding Company assumes the mantle of a CR sparring partner for the divisions. In addition to this CR dialogue at the management level, the CR Round Table is held three times a year to bring experts together: those responsible for CR within the Group meet to exchange information, share their experiences and discuss best practices. CR is also anchored in the Holding Company's organisation analogously to the process involving the management teams of the divisions. For instance, the directors of all departments join the Management Board each year at the CR Conference. There, they discuss the relevant issues faced by the Holding Company as they relate to Haniel's three CR action areas, agree on specific targets and objectives and kick off new projects. This is how Haniel anchors CR within all of the Company's core processes – both at the level of interactions with the divisions as well as within the Holding Company itself.

Good progress made in the CR programme in 2015
In addition to the new CR targets for 2016, the progress reports on already agreed-upon CR programmes were on the agenda of the management dialogue between the Holding Company and the divisions in September 2015. All divisions have made good progress in reaching their objectives. For instance, in the Employees action area, in 2015 the ELG division established a global reporting system for work-related accidents in order to further improve the health and safety of its employees over the long term.

In the Value Chain action area, the aim is to reduce social and ecological impacts of business activities – including beyond the limits of our own Company. TAKKT continues to push forward with its CR efforts as they relate to the supply chain. By the end of 2016, it aims to procure half of the goods and merchandise it sources from suppliers who have been evaluated as part of a supplier assessment programme. In 2015, they already made up 36 per cent of our total procurement volume.

In the Innovation action area, CWS-boco has made good progress in optimising service routes: After eliminating more than 850,000 fleet kilometres in 2014 with the "Optimize my Day" dispatch planning tool, CWS-boco pushed on with the international roll-out of "Optimize my Day" in 2015, equipping 80 per cent of drivers with the tool.

In 2015, the Holding Company agreed on CR targets with the fully consolidated divisions CWS-boco, ELG and TAKKT. For 2016, it plans to integrate Bekaert Textiles into the CR regulatory process and to identify key aspects in Haniel's CR action areas through joint dialogue. No CR targets were agreed with the financial investment METRO GROUP.

Divisions set individual focal points
Above and beyond the systematic implementation of CR targets in Haniel's action areas, all divisions are continually pushing forward with their commitment to sustainability and transparent reporting.

At Bekaert Textiles, Corporate Responsibility is an essential part of the company's basic values and is deeply rooted in the corporate culture. Assuming responsibility means offering safe, high-quality products and ensuring that business activities are environmentally friendly and socially responsible. Under the leadership of the management, an interdisciplinary team prioritises and initiates CR projects along the entire value chain. Bekaert Textiles bases these activities on the seven key topics of the ISO 26000 guideline for socially responsible behaviour: human rights, labour practices, the environment, fair operating practices, consumer issues, community development and organizational governance. The company publishes further information on its commitment to sustainability on the website at www.bekaerttextiles.com.

CWS-boco's business model – that of an apparel rental service – is committed to environmental protection and the sparing use of resources. The Company is constantly advancing its commitment to sustainability under the motto "Serving you, serving nature": In the course of refining its CR strategy, CWS-boco implemented a systematic stakeholder survey in early 2015 and carried out a comprehensive analysis of existing CR action areas. The findings culminated in the CR Report "Handle with Care" which was prepared in accordance with version "G4" of the international standard of the Global Reporting Initiative (GRI) and published in the summer of 2015. Further information can be found at www.cws-boco.com/en-US/sustainability-0.

Given its activities in recycling and global trading of raw materials – particularly in the stainless steel and superalloys market segments – sustainability is an integral part of ELG's business model. Above and beyond the sparing use of resources, and in accordance with ELG's corporate philosophy, the focus of its business activities is placed squarely on employee responsibility, ethical conduct and strong partnerships with suppliers, customers and other stakeholders. Together with the various stakeholder groups, the company has developed four core topics for its CR strategy: in the action areas Employee Focus, Operational Focus, Commercial Focus and Compliance Focus relevant CR issues are set out and progress is reported in CR reports. More at www.elg.de.

At TAKKT, too, sustainability is an integral part of the corporate strategy and a shared day-to-day responsibility at all levels of the Group. TAKKT bundles a portfolio of B2B direct marketing specialists for business equipment in Europe and North America in a single company and has set the objective of becoming the shining example of sustainability in its industry by the end of 2016. In dialogue with stakeholders, TAKKT has identified six action areas: Procurement, Marketing, Logistics, Resources & Climate, Employees and Company. For each action area, targets and specific measures have been formulated, the content and structure of which the company has anchored into the organisation with the SCORE (Sustainable Corporate Responsibility) programme. TAKKT reports regularly on its progress in sustainability reports, which can also be accessed accessed online at www.takkt.de/en/sustainability.

The METRO GROUP brings its economic objectives into alignment not only with statutory requirements but also social standards and the needs of its customers, employees, investors and partners. In doing so, it ensures that it respects the limits imposed by the environment. In keeping with its vision for sustainability, "We offer quality of life", the METRO GROUP and its sales divisions are continually pushing forward with their strategic and operational efforts to anchor sustainability within the group. The increasingly successful integration of CR into the core business is also apparent in ratings of the group by third parties – among other things, the retailer is listed on the Dow Jones Sustainability World Index as an Industry Group Leader in the Food & Staples Retailing category. The METRO GROUP describes its broad CR commitment in the action areas along the value chain in the Sustainability Report and on its website, www.metrogroup.de/verantwortung.

Further information on the progress made by the divisions in the Haniel action areas and the 2016 CR programme can be found in the CR Report online under "Increasing value".

Living Values

Assuming responsibility for employees, environment and society at the Holding Company's location
In order to establish sustainability at the Company over

the long term, we need employees whose philosophy and actions are characterised by foresight and responsibility. Haniel is laying the foundation for a shared understanding of CR and raising employee awareness of the need to conduct themselves responsibly in their day-to-day professional lives. By continually improving their work processes, they help to spare resources and reduce environmental impact. In addition to informational events, the Holding Company has developed an internal training format for CR: participants of the "CR Smartie" receive an overview of the global challenges such as climate change and resource scarcity and are encouraged to integrate sustainable conduct into their day-to-day lives at the Company. Moreover, the Holding Company implemented various measures in 2015 to reduce the ecological and social impacts of its own business activities. For instance, heating and cooling equipment was installed with the aim of reducing energy consumption in 2016 by approximately 15 per cent as compared to 2014.

Responsible employer

Well-trained employees are a key factor in the Company's long-term success. Thus Haniel promotes the professionalisation, development and networking of specialised workers and management personnel within the Group. The Haniel Academy plays a central role in this regard – for instance through the tailored development programmes of the "Haniel Leadership Curriculum". There, up-and-coming talented individuals, management personnel and top executives develop their leadership potential – from personal through to strategic leadership skills. In September 2015, the Haniel Academy launched the Haniel Management School: a new international programme which teaches experienced management personnel the latest management methods and concepts, in particular against the backdrop of rapid market changes and the need for organisational agility. The Group-wide academy programme addresses current challenges and issues: in 2016, classes were offered for the first time to prepare specialists and management personnel for the needs of the digital transformation, both from an individual and an organisational perspective.

For Haniel, "strengthening employees" also means maintaining an open, faithful dialogue. In order to receive feedback on the commitment and satisfaction of all employees, the Holding Company carries our regular employee surveys – most recently in 2014. With an 87 per cent participation rate, many employees took advantage of this opportunity to provide feedback. In addition to communicating the overall results to all employees, the departments also discussed the outcomes with management staff and developed measures where needed. The next employee survey is slated for 2016.

In order to increase employee satisfaction, Haniel offers them not only attractive compensation but also a variety of social benefits – including subsidies for child care and a Company pension scheme. In 2015, the existing model was made viable for the future by switching to a defined-contribution plan. In addition, Haniel introduced an online pensions portal to create greater transparency for employees as to the current status of their pension plans.

To find a better balance between private life, family and work, Haniel makes it possible for its employees to flexibly structure their working hours. Depending on the activity and personal situation of the employee, there is the option to work flex-time, part time or alternatingly from their home office. Employees of the Holding Company can take advantage of a family service to receive advice in order to better cope with their day-to-day lives, even in the face of particularly stressful changes in their private or professional lives. Employees of the Haniel Group who through no fault of their own have come into hard times can apply for financial aid from an employee benefit fund. The Duisburg Family Alliance ("Duisburger Bündnis für Familie") recognised Haniel as a particularly family-friendly company in December 2015 for its wide-ranging commitment.

In order to help its employees maintain their good health in the long term, the Haniel Holding Company offers a host of medical check-ups and sport offerings such as fitness classes, yoga and back and spine exercise courses – some of which are even free of charge. In addition, the Haniel Academy supports employees by offering health and stress management training sessions. In order to raise employee awareness for better health, the Holding Company carried out a Health Day in 2015 – which included lectures on healthy eating and stress prevention.

Hand in hand for Duisburg
In keeping with Haniel's values, the Holding Company's dedication to the community goes above and beyond its core business. As a corporate citizen, it provides financial, tangible and intangible support to initiatives and projects in Duisburg with the objective of increasing the liveability of the city and creating a long-lasting benefit for the region. In order to join forces to achieve more and to bundle competencies, Haniel works together with strong partners. Together with the not-for-profit Social Impact gGmbH, the Prof. Otto Beisheim Foundation and the KfW Foundation, in 2015 Haniel established a start-up lab for social entrepreneurs in Duisburg. Start-up entrepreneurs seeking to use their business ideas to resolve societal challenges receive an eight-month stipend and professional advice, coaching, workshops and the necessary working infrastructure.

Haniel is a co-founder of the initiative "We together – The integration initiative of the German economy" ("Wir zusammen – Integrationsinitiativen der deutschen Wirtschaft"), which was officially unveiled in the beginning of 2016. Participating companies pledge to make a tangible, lasting contribution to the integration of refugees in Germany. Haniel coordinates directly with the City of Duisburg to provide assistance when there are acute shortages in support for refugees and will promote cultural, technical and language training measures as well as child care and youth services. The Haniel Group is also making plans to assist with the professional integration of refugees granted rights of residence.

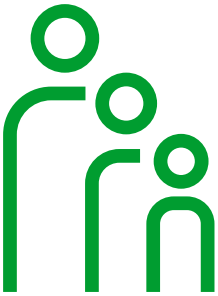
In the area of educational advancement, the Company and the Haniel Foundation in Duisburg go hand in hand: in order to improve the prospects of socially disadvantaged children and young people, the "Bildung als Chance" ("Opportunity through education") project was founded in 2010 together with Ashoka Deutschland and the three social entrepreneurs apeiros e.V., Chancenwerk e.V. and Teach First Deutschland gGmbH. Although all three educational initiatives share the same target group, they each pursue a different approach: While Teach First Deutschland sends outstanding university graduates to schools for two years as educational support staff, Chancenwerk offers pupils from less-well-off families access to qualified tutoring. The objective of apeiros is to encourage drop-outs to return to school. By dovetailing these approaches in Duisburg, we can join forces to achieve more in breaking down barriers to education and showing pupils the way towards a successful professional future.

Haniel's Responsibility website provides detailed information on the Company's social commitment.

The Online CR Report, published on Haniel's website, provides further information on our CR strategy and the progress made in our CR programme. The report is 'In Accordance' with the GRI G4 Guidelines – Core option.

www.haniel.com/cr2015

Corporate Responsibility
Haniel Values

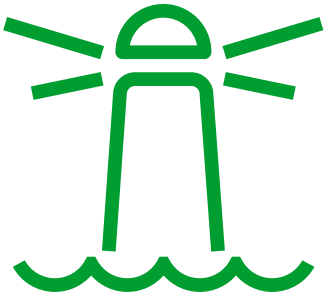


Thinking in generations

Our history as a family enterprise that has been successful for centuries shapes our long-term thoughts and actions.

Creating value

Our sustained value-enhancing corporate management ensures our economic success – which both obliges and enables us to create social value.



Assuming responsibility

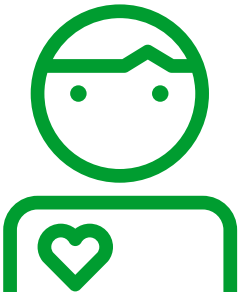
We consider it our duty to bring economic, environmental and social objectives into harmony.

Acting in an entrepreneurial manner

We stand out at all corporate levels by acting in a forward-looking manner with a pronounced desire to create.

Shaping change

We see change as an opportunity for sustained growth – but instead of allowing ourselves to be led by events, we actively shape markets.



Supporting our staff

To enable our staff to contribute their creativity and skills to corporate success in the best possible manner, we both challenge and encourage them by means of trusting dialogue.

Report of the Management Board

Franz Haniel & Cie. GmbH
Business performance

Franz Haniel & Cie. GmbH is pursuing its objective of developing a diversified portfolio of well positioned companies in market-leading positions. In financial year 2015, Franz Haniel & Cie. GmbH successfully continued to restructure its portfolio through its acquisition of the new Bekaert Textiles division. In the years to come, the investment portfolio will continue to grow through the acquisition of additional divisions.

Franz Haniel & Cie. GmbH's annual financial statements for 2015 reports net income of EUR 872 million (previous year: EUR 1,052 million). This was influenced mainly by the investment result in the amount of EUR 953 million (previous year: EUR 30 million), which is based on dividends and profit transfers from affiliated companies. These items were affected by non-recurring positive effects arising from the transfer of prior financial years' retained earnings as well as profits in the course of a merger on a subsidiary's level. The improvement in other net financial income to EUR -53 million (previous year: EUR -153 million) was attributable to non-recurring financial expenses relating to bond redemptions and the scheduled repayment of bonds at the end of the 2014 financial year.

Investments amounting to EUR 320 million (previous year: EUR 1,500 million) consisted primarily of EUR 301 million for the acquisition of a new division and EUR 17 million for capital increases at affiliated companies (previous year: EUR 1,400 million).

The financial management activities of the Company are focused on securing the Company's long-term financial flexibility. Emphasis is placed on a sound balance of financial instruments, a broad basis of reputable banks and investors and a balanced maturity structure of financial liabilities. In addition, the Company has issued bonds with a nominal volume of EUR 466 million and an original term of 5 to 7 years. The long-term approach to financing is also reflected in Franz Haniel & Cie. GmbH's balance sheet structure: 94 per cent (previous year: 84 per cent) of other liabilities have a remaining term of more than one year. This increase was attributable to the decrease in exclusively short-term liabilities to affiliated companies during the financial year.

In addition, Franz Haniel & Cie. GmbH has access to confirmed bilateral lines of credit amounting to EUR 823 million, none of which has been drawn down as at 31 December 2015.

Franz Haniel & Cie. GmbH's solid funding is also reflected in its balance sheet structure. The developments of the financial year have resulted in a significant increase in equity. With total assets remaining stable, the equity ratio thus increased to 80 per cent (previous year: 72 per cent).

On 31 December 2015, the employee headcount was 215, as in the previous year.

The business and earnings performance of Franz Haniel & Cie. GmbH as a holding company is closely linked to the performance of the Haniel Group. As a consequence, the opportunities and risks faced by the Haniel Group give rise to opportunities and risks for Franz Haniel & Cie. GmbH. The Report of the Management Board for the separate financial statements is therefore essentially identical to the Group report of the Management Board that follows. While the Group's accounting and financial reporting is in accordance with IFRSs, the annual financial statements of the holding company, Franz Haniel & Cie. GmbH, are prepared in accordance with the German Commercial Code (HGB).

In general, the earnings performance of Franz Haniel & Cie. GmbH is particularly dependent on dividends and profit transfers from the companies in its portfolio as well as on the results from the financing function. For financial year 2016, the net income is expected to decrease overall against the backdrop of non-recurring income from dividends and profit transfers in the past year.

Group structure and business models

Following the acquisition of Bekaert Textiles, the Haniel Group combines four divisions in addition to the financial investment in the METRO GROUP. Franz Haniel & Cie. GmbH functions as a strategic management Holding Company and is responsible for portfolio management. The operating business is in the hands of the divisions which act independently of one another and which each occupy a leading market position.

Holding Company designs the portfolio
Franz Haniel & Cie. GmbH is a tradition-steeped German family-equity company whose objective is to sustainably increase the value of its investment portfolio over the long term. Since the family shareholders have provided equity for an unlimited term, Haniel can pursue a long-term investment strategy. This strategy is aimed towards generating returns which permanently exceed the cost of capital. Haniel strives to achieve this economic goal in harmony with ecological and social goals. The Company is pursuing this goal by following the guiding principle of the "honourable businessman". In addition, capital and management are separated as a matter of principle at Haniel: Although the Company is 100 per cent family owned, no member of the Haniel family works at the Company.

When structuring the portfolio, Haniel concentrates on business models that are supported by global mega-trends and therefore have a high potential for increases in value over the long term. Promising markets and business models are analysed continually in order to detect growth opportunities. For example, Haniel identified Bekaert Textiles as a very promising, very suitable fit to Haniel and acquired the company in 2015. Haniel also successfully reduced its interest in METRO AG to 25.00 per cent to improve the balance of its portfolio, but it remains the largest shareholder. At the same time, Haniel successfully placed an exchangeable bond linked to Metro shares with a term until 2020. The proceeds generated from this will be used to further expand Haniel's portfolio.

Haniel as strategic catalyst
In addition to portfolio management, the Holding Company is also responsible for setting strategic guidelines for the operating divisions – in this respect the Holding Company considers itself as a strategic catalyst. Strategic initiatives are agreed on in discussion with the divisions, and then implemented by the divisions under their own responsibility. The divisional management teams report regularly to Haniel's Management Board on their progress. The Haniel Holding Company is also responsible for selecting and developing top executives for the divisions and offering the divisions tools and selected services. Due to its high relevance, Haniel is currently reviewing digitalisation options in all divisions and has provided a team of experts to support the implementation of appropriate projects. These activities are bundled in Schacht One GmbH which, with its headquarters in the Zollverein Coal Mine Industrial Complex with a rich tradition in Essen, builds on the earlier dynamic for change and innovative spirit in Haniel's history. This ensures that all divisions will continue to use their respective business models to contribute to the value enhancement of the investment portfolio in the best manner possible.

Diversified business models
Haniel's divisions – the 100 per cent holdings Bekaert Textiles, CWS-boco and ELG and the majority shareholding TAKKT (50.25 per cent) as well as the METRO GROUP financial investment (25.00 per cent) act independently of one another in their respective markets. With the exception of Bekaert Textiles, all divisions are headquartered in Germany. The business models differ from one another with respect to their sector, business drivers, customer structure and strategy, which results in the diversification of the Haniel portfolio:

Bekaert Textiles is the world's leading specialist for the development and manufacturing of woven and knitted mattress textiles. Following its acquisition by Haniel, it has been operated as an independent division since June 2015. The company, headquartered in Belgium, has a global network of nine production facilities in eight countries. Its product range primarily consists of woven

and knitted mattress textiles that are sold to mattress manufacturers in the Americas, Europe and the Asia-Pacific region. Bekaert Textiles profits from the continuous growth of the market for mattresses which is driven by sustainable global mega-trends such as population growth, a growing awareness of the positive impact of good sleep on human health and growth in emerging markets.

Bekaert Textiles works together with its customers to develop and produce mattress textiles to the customers' standard of quality in terms of both design and product features. The centralised development team is constantly working to further refine products in order to enable the company to offer its customer base a broad and innovative product portfolio. Thanks to Bekaert Textiles' global production network, customers also benefit from extremely short lead times.

The Bekaert Textiles division will continue its growth path as part of the Haniel Group. The company aims to expand its market position in the Americas, in Europe and the Asia-Pacific region. Bekaert Textiles is focussed on continuously improving its product quality, designs and delivery times. Innovations are regularly brought to the market so that mattress manufacturers, the company's customers, can offer attractive products to the mattress retailers. In addition to organic growth in existing markets, Bekaert Textiles is constantly searching for opportunities to tap into new markets and reviewing potential acquisition targets to accelerate its growth.

Improving operational excellence and optimising procurement are additional focal points. Both initiatives are vital to ensuring that the company will be able to expand its market position in the long term by offering competitive prices while at the same time realising attractive margins. Bekaert Textiles applies lean manufacturing principles to optimise its regional production facilities, which allows the company to act as a "virtual plant" to produce in accordance with uniform standards worldwide. Above all, the procurement initiative will standardise the quality of the yarns to be purchased and centralise their procurement in order to generate economies of scale.

CWS-boco offers end-to-end solutions in the fields of washroom hygiene, dust control mats, workwear and textile solutions. The division is one of the international leaders in this field with activities in 19 countries.

CWS-boco focuses on the rental business. The offerings range primarily from collections of employee clothing to protective and safety clothing, modern hygiene products such as towel, soap and fragrance dispensers, as well as dust control mats. The textiles are properly prepared in the division's own laundries and the dispensers are regularly serviced, both under long-term service contracts. The rental business is supplemented by the sale of consumables such as soap, disinfectants and paper as well as washroom hygiene products and workwear. In recent years, CWS-boco has also expanded its offering in the cleanroom business. In this field, the

Haniel portfolio

Divisions				Financial investment
Bekaert Textiles	CWS-boco	ELG	TAKKT	METRO GROUP
Equity interest 100%	**Equity interest 100%**	**Equity interest 100%**	**Equity interest 50.25%**	**Equity interest 25.00%**
Bekaert Textiles is the world's leading specialist for the development and manufacturing of woven and knitted mattress textiles.	CWS-boco ranks among the leading international full-service providers of washroom hygiene products, dust control mats, workwear and textile services.	ELG is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys, titanium and carbon fibres.	TAKKT bundles a portfolio of B2B direct marketing specialists for business equipment in Europe and North America in a single company.	METRO GROUP is among the premier international merchandisers.

company offers customers professional preparation of cleanroom apparel, while satisfying the highest certification standards, particularly with respect to sterility and the absence of particulates. CWS-boco's customers, companies of various sizes and industries, benefit from a comprehensive service network as well as sustainable products and processes.

CWS-boco is systematically pursuing the sales initiative launched in 2014. In the course, the number of sales employees will be further increased. In addition, new employees will be prepared for their sales work in theoretical and practical training units participating the Sales Excellence programme. The division expects the significant growth momentum from these measures to continue in the future. Beyond that, CWS-boco achieves additional growth potential by taking over regional companies that supplement the existing service network. The integration of these companies will achieve higher, and above all uniform quality and service standards for the benefit of customers. The specialist for washroom hygiene products and textile solutions is also working on the introduction of a new IT system during the course of a multi-year project. In addition, sustainability is a cornerstone of CWS-boco's business. CWS-boco Germany's gold rating, the highest award from the international scoring platform EcoVadis, is a testament to the company's focus on ecological and social responsibility.

The **ELG** division is a global leader in the trading, processing and recycling of commodities for the stainless steel industry as well as high performance materials such as superalloys, titanium and carbon fibres. With 42 locations in North America, Europe, Asia, Australia and South Africa, the division has one of the industry's largest global networks. The product line primarily comprises stainless steel scrap and superalloys. Superalloys are high-alloy, nickel-containing scrap and titanium scrap. The superalloys business trades under the name ELG Utica Alloys. ELG's customers, primarily global stainless steel producers and companies from the aviation industry, receive the material in exactly the composition that they need for further processing – just in time and pursuant to the highest quality standards. Scrap recycling companies in the superalloys business are certified by their customers in order to ensure high product quality. In addition to the classic trade business, the purchase and sale of recycled scrap, ELG's toll processing business also offers recycling of production waste containing scrap tailored to the customer's needs, returning this material to the customer within a closed-loop cycle.

In order to be able to meet customer requirements in the future as well, the company is continually increasing its international presence. For example, additional procurement sources for stainless steel scrap and superalloys are developed, and new customers are gained in growth markets. In recent years, ELG has used acquisitions and increases in capacity to further expand the superalloys business first and foremost, thus laying the foundation for further growth.

In addition to the trading in and recycling of stainless steel scrap and superalloys, ELG is active in the still nascent and attractive Carbon Fibre business segment, the recycling of carbon fibres. This business unit will be systematically further expanded.

The **TAKKT** division bundles a portfolio of B2B direct marketing specialists for business equipment in Europe and North America in a single company. Each company follows an essentially comparable business model, but with a different focus with respect to customer groups, product lines, regions or distribution channels. The direct marketing specialists concentrate mainly on the sale of durable, stable-priced equipment to corporate customers. The product range comprises operating and warehouse equipment, office furniture, transport packaging, display products as well as equipment for the retail sales and the restaurant and hotel markets.

In its sales approach, TAKKT follows a multi-brand strategy that comprises multi-channel and web-focused brands. Multi-channel brands are aimed more at medium-sized and larger companies. They combine the classic customer approach using a catalogue with an online offering, active telephone sales and field representatives in an integrated approach. TAKKT's web-focused brands, whose sales activities focus on digital channels, are aimed at customers that cannot be reached efficiently using the multi-channel approach. When a customer has ordered the desired product via one of the channels, TAKKT offers fast delivery and complementary services.

TAKKT intends to increase its profitability using several paths: it is concentrating on extending e-commerce activities as well as even better dovetailing the various channels in integrated multi-channel sales. In doing so, the current focus is on expanding direct sales using telephone sales and field representatives. Additional growth initiatives include the continual expansion of the product range and increased use of private labels. TAKKT will also push forward with digitalisation in the company along the entire value chain. In addition, the division is fostering the international expansion of existing successful business models and acquiring promising companies to supplement existing business activities.

Haniel holds a financial investment in the **METRO GROUP**, which is among the most important international retail groups. The METRO GROUP includes the three autonomous sales lines: METRO Cash & Carry, Media-Saturn and Real. METRO Cash & Carry is in the self-service wholesale business and focuses on commercial customers, in particular hotels, restaurants and catering companies. The electronics retailer Media-Saturn sells innovative technology products embedded in a comprehensive service offering under the Media-Markt, Saturn and Redcoon brands. Real offers an extensive and wide-ranging product line in the self-service hypermarkets business. The METRO GROUP's sales lines distribute their products and services in sales outlets and online to customers in 29 countries across Europe and Asia.

The METRO GROUP's strategy is aimed at sustainable growth. In order to achieve this objective, it consistently focuses on adding value for its customers and promoting innovation. The company strives for profitable like-for-like growth in all sales lines, while carefully and selectively expanding in selected countries through new openings. To take into account changing buying habits among its customers, METRO Cash & Carry's delivery service and multi-channel sales function are being further expanded. As part of their multi-channel activities, the sales lines are increasingly dovetailing their retail business with online sales. At Media-Saturn, customers cannot only have the merchandise they order online shipped to them, but they can also pick it up at the nearest store location or use services on-site.

Value-oriented management system

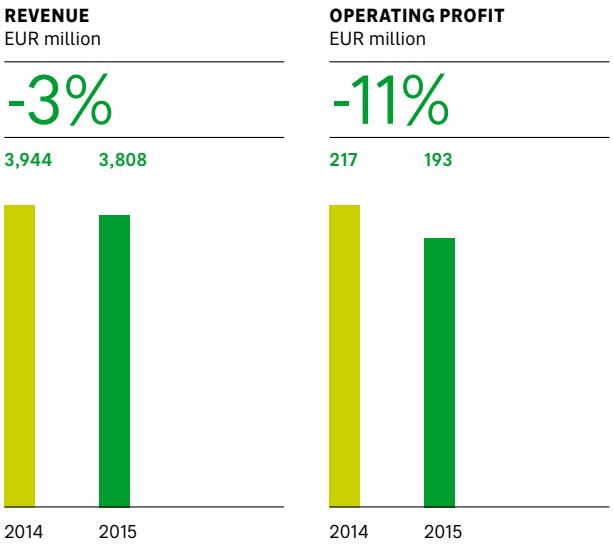
Sustainably increasing shareholder value is at the core of the activities of the divisions and the Haniel Holding Company. In order to ensure that the conduct of all participants is oriented on this goal, financial and non-financial indicators are utilised within the divisions and the Haniel Holding Company. At Group level, the Management Board uses, in addition to revenue, operating profit to assess the development of the divisions. Additionally, the profit before taxes is used as an indicator, which includes the investment result and the result from financing activities in addition to the operating profit.

A benchmark for value contribution in the Haniel Group is the Haniel value added (HVA). This indicator illustrates whether the Haniel Group or its divisions are generating results that at least cover the cost of capital. The cost of capital comprises the yield required by debt and equity providers and reflects the risk attributable to the Company's business activities. The return on capital employed (ROCE) is also used as a yield indicator in addition to Haniel value added. Recognised investments in non-current assets as well as the Haniel cash flow, in the sense of a cash-earnings indicator, are used to manage liquidity.

The indicators used for Group management are also used in the Haniel Group's compensation systems.

Haniel Group
Revenue and earnings performance

The stable economic growth in the markets relevant for Haniel was overlaid by declining development in the international commodity markets. This led to declining revenue and earnings at the ELG division. Despite excellent business development, in particular at TAKKT, and the positive contributions of the Bekaert Textiles division included since June, the Haniel Group therefore posted a decrease in revenue and operating profit. The development of profit before taxes was encouraging, which increased significantly due to the easing of the debt burden attained in previous years.



Heterogeneous market environment for Haniel
According to the International Monetary Fund (IMF), at a 3.1 per cent increase in 2015, the global economy posted lower growth than the 3.4 per cent in the previous year. The economy in the US and Europe benefited from a moderate, but continuous recovery. In this regard, economic growth and the resultant positive stimuli for business development were stronger in the US than in Europe. While the IMF reported 2.5 per cent economic growth in 2015 in the US, growth in the euro zone was only 1.5 per cent. Within Europe, Haniel benefited primarily from steady growth in Germany of 1.5 per cent as well. By contrast, restrained buying in Switzerland following the appreciation of the Swiss franc resulted in lower growth with noticeable effects on business activities there.

Global economic growth in 2015 was also characterised by reduced momentum in the emerging markets and developing countries. Those regions achieved growth of just 4.0 per cent after 4.6 per cent in the previous year. Among others, this decrease was driven by the Chinese economy.

In addition to the macroeconomic environment, the conditions in the stainless steel market segment are of great significance to the Haniel Group. These conditions were substantially worse in 2015 than in the previous year. A major cause of this was the economic cooling in China. Dampened economic expectations and the worldwide oversupply of primary nickel resulted in a price decline for nickel, the most significant price driver in stainless steel.

Revenue decline at ELG due to business development
The Haniel Group posted an overall decline in revenue of 3 per cent to EUR 3,808 million in 2015. Business development at ELG caused this decline – by contrast, acquisitions had an overall positive effect on revenue. In addition to Haniel's acquisition of Bekaert Textiles as a new division, business acquisitions at the existing divisions also delivered positive contributions to revenue development: in 2015, TAKKT expanded its portfolio with Post-Up Stand and BiGDUG, while CWS-boco acquired several smaller companies. Currency translation effects, in particular due to the stronger US dollar, also had positive impacts. By contrast, the sale of the Plant Equipment Group in the 2015 financial year, and the closure of the Topdeq business at TAKKT in the previous year had a negative effect.

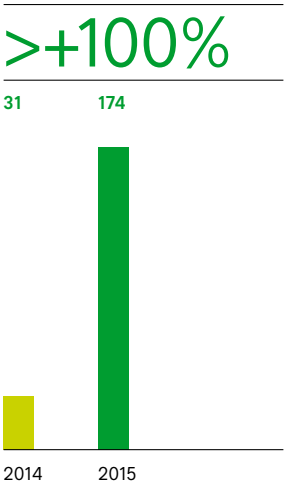
Adjusted for these business acquisitions and disposals as well as currency translation effects, revenue was down year on year by 12 per cent. This is attributable solely to the historically low price of nickel and the lower output tonnage as a result of the difficult market situation facing the ELG division. The revenue of all other

divisions developed positively compared to the previous year. Of particular mention here is TAKKT's strong revenue growth in the US, where the division benefited from a positive business climate and business models with strong growth.

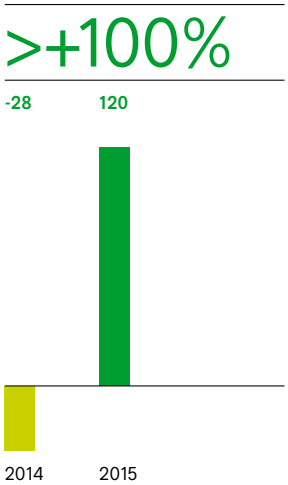
Operating profit declined
The Haniel Group's operating profit is characterised by the poor business development of ELG caused by market conditions. The lower output tonnage compared to the previous year and the considerably lower margin in the stainless steel scrap business resulted in a sharply lower operating profit at ELG, which was negative in financial year 2015. TAKKT, however, increased its earnings in particular due to the positive business development in the US; CWS-boco also generated a higher operating profit. Additionally, Bekaert Textiles made a positive contribution to consolidated income. In the aggregate, however, ELG's deficit could not be entirely offset so that the 2015 operating profit was EUR 193 million and hence below the previous year's level of EUR 217 million.

Profit before taxes significantly higher through easing of the debt burden
Profit before taxes increased from EUR 31 million to EUR 174 million. This is attributable to both a higher investment result and an improved result from financing activities.

PROFIT BEFORE TAXES
EUR million



PROFIT AFTER TAXES*
EUR million



The investment result, which encompasses solely the result from the Metro investment, increased from EUR 14 million in the previous year to EUR 57 million in the 2015 financial year. As a result of the sale of METRO Cash & Carry Vietnam, the METRO GROUP posted fewer one-offs in total, despite the impairment loss on goodwill at Real Germany. Thanks to that, but also due to the positive growth at METRO Cash & Carry and at Media-Saturn, the METRO GROUP generated a slightly higher operating profit than in the previous year. In addition, an improved net financial income, lower tax expense and the net disposal gain from the sale of Galeria Kaufhof contributed to the increase in the net investment result at Haniel. Haniel's May 2015 decrease in the Metro investment from 30.01 per cent to 25.00 per cent reduced earnings.

The result from financing activities, which is composed of finance costs and other net financial income, totalled EUR -76 million in the reporting period. In the previous year, it was EUR -200 million due to the early redemption of bonds of the Haniel Holding Company and the concomitant extraordinary charge. In addition, finance costs were significantly smaller due to the lower level of indebtedness in the 2015 financial year than in the previous year. Haniel thus benefited from the systematic debt reduction of previous years.

Higher profit after taxes from continuing operations
At a higher profit before taxes, the profit after taxes from continuing operations was also markedly above the previous year's level. Profit after taxes was increased – also supported by a slightly lower tax expense – from EUR -28 million to EUR 120 million in the 2015 financial year. The profit after taxes including discontinued operations also amounted to EUR 120 million in 2015. In the previous year, this was EUR 686 million and included a profit from discontinued operations of EUR 714 million resulting from the sale of the Celesio division.

Haniel value added and ROCE under year-earlier level
In addition to the revenue and earnings figures, the Haniel Group also uses the Haniel value added (HVA) and the return on capital employed (ROCE) as value-oriented performance indicators.** HVA expresses the value contribution generated within a single year. Positive value is added if earnings after taxes and be-

* From continuing operations
** For a detailed calculation of the HVA and ROCE indicators, see the explanation in the notes to the consolidated financial statements on page 114 in the Haniel annual report 2015.

fore finance costs, i.e., the return, exceeds the cost of capital. The cost of capital is calculated by multiplying the weighted average cost of capital with the average capital employed. The weighted average cost of capital reflects the return expectations of equity and debt holders, factoring in the risks associated with providing capital. The costs of equity and debt are determined each year, as is their weighting. A weighted average cost of capital of 8.1 per cent was used to calculate HVA in 2014 and 2015.

EUR million	2014	**2015**
Return	907	**209**
- Cost of capital	634	**492**
Haniel value added (HVA)	**273**	**-283**
Return	907	**209**
/ Average capital employed	7,832	**6,080**
Return on capital employed (ROCE)	**11.6%**	**3.4%**

HVA was EUR -283 million in 2015, significantly below the previous year's level of EUR 273 million. The primary cause for the decrease was the sale of the Celesio division in the previous year: the 2014 return included a positive contribution from the sale of Celesio. The reduced capital costs in the 2015 financial year had a counter effect because the average capital employed declined substantially as a result of the sale of Celesio.

The performance indicator ROCE reflects the return realised on the average capital employed. The Haniel Group's ROCE fell from 11.6 per cent in the previous year to 3.4 per cent in 2015. Hence, the return on average capital employed during the 2015 financial year was below the weighted average cost of capital of 8.1 per cent; it had been above that figure in the previous year.

Revenue and operating profit below expectations
For 2015, Haniel had forecast that both a rising stainless steel production in the US and a higher nickel price would have a positive impact on the Haniel Group's business development. Since the nickel price as well as demand in the stainless steel market segment declined contrary to the forecast, ELG did not generate the expected growth in revenue and operating profit. However, TAKKT and CWS-boco were able to realise slight or moderate increases in revenue and operating profit as forecast. At the Group level, the expected increases in revenue and operating profit were not attained due to ELG's business development.

As expected, adjusted for currency translation effects, the METRO GROUP posted a slight increase in both revenue adjusted for acquisitions as well as operating profit before one-offs. Contrary to the forecast, Haniel's investment result significantly exceeded the previous year's level. The causes for this were primarily the net disposal gain from the sale of the Galeria Kaufhof sales line and of the METRO Cash & Carry activities in Vietnam.

The Haniel Group's profit before taxes in 2015 – as expected – was markedly above the previous year's level. In addition to the forecasted substantially improved net financial income as compared to the previous year, the higher investment result also contributed to this increase.

The 2015 profit after taxes declined as expected due to the net disposal gain earned on the sale of Celesio in the previous year. This also applies to the value-oriented performance indicators HVA and ROCE.

Haniel Group
Financial position

Haniel took advantage of the attractive capital market environment to issue an exchangeable bond linked to Metro shares. In addition, the Metro investment was reduced further. Haniel acquired the new Bekaert Textiles division with the proceeds and also expanded its financial leeway for future transactions.

Financial governance between the Holding Company and the divisions
The ultimate objective of financial management is to cover the financing and liquidity needs at all times while maintaining entrepreneurial independence and limiting financial risks. The Holding Company prescribes principles to the divisions in order to establish minimum organisational requirements and to govern the structure of key financial management processes, including financial risk management. These directives are documented in guidelines for the treasury departments of the Holding Company and the divisions. The Holding Company and the divisions use this basis to identify, analyse and evaluate the financial risks that each operating business is responsible for – in particular liquidity, credit, interest rate and currency risks – and take measures to avoid or limit these risks. In addition, the Holding Company sets the financing and financial risk management strategy and approves the financial counterparties and financial instruments used, as well as limits and reports.

While staying within these guidelines, the divisions manage their own financing based on their own financial and liquidity planning. Cash management is also the responsibility of the divisions. In order to leverage economies of scale, the Holding Company and its finance companies support the divisions and, together with partner banks, offer cash pools in various countries. Combining central directives with the autonomy of the divisions in terms of their financing takes into account both the different levels of investment by the Holding Company in the divisions as well as the divisions' individual requirements for financial management.

Trusting cooperation with financing partners
As a family business with stable but limited equity financing, access to sources of debt capital are of high importance to Haniel. Accordingly, a good reputation with financial partners is essential. A significant aspect of this is providing rating agencies and business partners with timely and transparent information and the equal treatment of banks and investors with respect to material contractual components. Only if this is ensured can a company earn a high degree of trust from banks and investors as a long-standing and reliable business partner, such as Haniel has enjoyed for many years.

Investment grade rating from Scope rating agency
A stable good rating is evidence of the corresponding creditworthiness and creates transparency that is necessary for a trusting relationship with financing partners. For that reason, the Haniel Holding Company voluntarily submits to external ratings. Material factors influencing the rating include the market value gearing and the cash cover. Market value gearing is the ratio of net financial debt to the value of Haniel's investment portfolio. Cash cover indicators give the ratio of cash inflows to cash outflows at the level of the Haniel Holding Company. For example, total cash cover is calculated as the ratio between cash inflows from dividends and profit transfers and the outflows for ongoing Holding Company costs, interest and dividends to the Haniel family. In addition, the number and weight of the individual equity investments in the Haniel investment portfolio influence the rating.

Standard & Poor's and Moody's had already raised their ratings to BB+ and Ba1, respectively, in 2013. In 2014, Standard & Poor's added a positive outlook to its opinion and confirmed it in the first half of 2015. The European rating agency Scope evaluated Haniel for the first time in February 2016, classifying it as investment grade at BBB-. This vindicates the Haniel Holding Company's goal of a stable investment grade rating.

Broad-based financing
Diversification of financing is a significant core element of financial management in the Haniel Group. The use of various financing instruments with a broad range of business partners not only ensures access to liquidity at all times, it also reduces the dependency on individual financial instruments and business partners. In addition, the Group can respond flexibly to developments on the

capital markets and in the banking sector. Binding commitments for credit facilities which are, however, utilised to only a limited extent, are an expression of the effort to obtain secure and independent financing. The Haniel Group has used and unused credit facilities on the scale of EUR 2.0 billion.

In addition to bank loans, the Haniel Group also obtains financing regularly on the capital market using bonds, commercial paper and promissory loan notes. To that end, the Haniel Holding Company updates its commercial paper programme at longer intervals and its debt issuance programme (still in the amount of EUR 2.0 billion) annually. Based on information contained therein, bonds can be placed very flexibly in terms of the timing and amount and adjusted to the respective market conditions.

A balanced maturity structure with appropriate long-term financing ensures additional financing security. The financial liabilities reported in the Haniel Group's Statement of financial position were EUR 1,680 million as at 31 December 2015. Of that amount, EUR 643 million is due in less than one year, EUR 914 million is due in one to five years, and EUR 123 million is due in more than five years. The majority of liabilities are denominated in euros. Liabilities in foreign currencies are primarily in US dollars.

Attractive financing terms secured
Haniel used two measures in the financial year just ended to further expand its financial leeway: First, the Holding Company further reduced the weighting of the Metro investment in Haniel's portfolio and released financial resources through the disposal of Metro shares. Second, the highly favourable capital market environment was leveraged to issue an exchangeable bond linked to Metro shares. The non-interest bearing bond will secure attractive financing conditions for Haniel over the next five years. The reduction of the shares in the METRO GROUP financial investment and the placement of the exchangeable bond linked to Metro shares brought in EUR 1.0 billion for Haniel in 2015. Haniel used a portion of the proceeds from these transactions to acquire the Bekaert Textiles division.

The issue of the exchangeable bond increased the carrying amount of the outstanding bonds in the Haniel Group from EUR 0.5 billion at the end of 2014 to EUR 0.9 billion as at 31 December 2015. In addition, the divisions have increasingly financed themselves on the market for promissory loan notes in recent years and thus broadened their financing base. At the end of 2015, the value of promissory loan notes, commercial paper and other securitised liabilities in the Haniel Group remained unchanged from the previous year's value of EUR 0.2 billion. Additionally, the Bekaert Textiles, CWS-boco and ELG divisions maintain programmes for the continual sale of trade receivables to third parties.

Net financial position of the Group reduced
The net financial liabilities of the Haniel Group, i.e., financial liabilities less cash and cash equivalents, remained almost constant at EUR 1,338 million as at 31 December 2015 compared to EUR 1,358 million at the end of 2014. The increased debt from the issue of the exchangeable bond linked to Metro shares as at 31 December 2015 is offset by higher cash and cash equivalents from short-term, temporary investment despite the acquisition of the Bekaert Textiles division. These financial resources were proceeds from the bond issue and the sale of Metro shares. In addition, the decline in inventories and trade receivables in the ELG division resulted in a lower financing requirement and hence to lower financial liabilities.

The net financial position in the Haniel Group equals the net financial liabilities less the investment position of the Haniel Holding Company – excluding current and non-current receivables from affiliated companies. The net financial position declined from EUR 774 million to EUR 445 million due primarily to the Haniel Holding Company's larger investment position as a result of the temporary investment of cash, in particular from the sale of the Metro shares, as well as from the issue of the exchangeable bond linked to Metro shares.

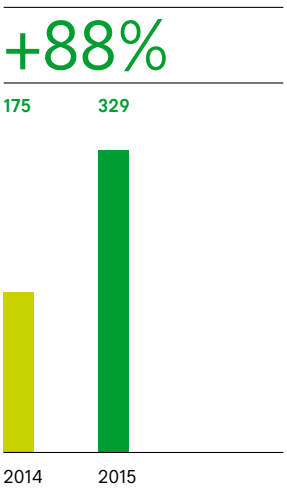
At the level of the Haniel Holding Company, net financial liabilities increased from EUR 647 million to EUR 849 million. This is offset by a portfolio of financial assets that will be used in the coming years to acquire additional divisions as well as to redeem outstanding bonds. Including current and non-current receivables from affiliated companies, the Haniel Holding Company had financial assets valued at EUR 1,158 million as at 31 De-

cember 2015. The Haniel Holding Company thus remains de facto debt-free and has a solid financial buffer.

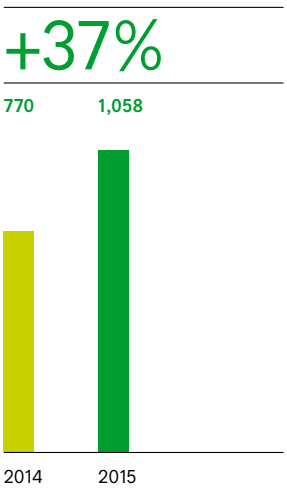
Operating cash flow increased significantly
Haniel uses the performance indicator Haniel cash flow to assess the strength of its liquidity position in its current business activities. This indicator reveals the extent to which the Haniel Group generates sufficient financial resources through its current business activities to enable it to secure funding both for its current net assets* as well as its investing activities. Haniel cash flow increased from EUR 175 million in the previous year to EUR 329 million in 2015. One cause for the increase was that, in contrast to the previous year, the METRO GROUP paid out a dividend in 2015. Another contributor to the improvement in cash flow was the substantially lower finance costs as a result of the easing of the debt burden. In addition, the new Bekaert Textiles division is included for the first time and made a significant positive contribution to Haniel cash flow.

Cash flow from operating activities, which supplements Haniel cash flow in depicting the change in current net assets, amounted to EUR 451 million in 2015, and was thus higher than Haniel cash flow. This is attributable to the fact that the reduction of current net assets resulted in financial funds being freed up. A lower nickel price and a lower output tonnage in the ELG division in particular resulted in declining trade receivables and lower inventories. In the previous year, cash flow from operating activities amounted to EUR -135 million, less than the Haniel cash flow. This was due to the 2014 increase in inventories, in terms of value and volume, and trade receivables at ELG in particular.

HANIEL CASH FLOW
EUR million



CAPITAL EXPENDITURE
EUR million



EUR million	2014	**2015**
Haniel cash flow	175	**329**
Cash flow from operating activities	-135	**451**
Cash flow from investing activities	779	**-293**
Cash flow from financing activities	-1,093	**72**

Higher investments through acquisition of Bekaert Textiles
Cash flow from investing activities in the 2015 financial year amounted to EUR -293 million because the outflows for investing activities significantly exceeded the proceeds from divestment activities. Payments for investments in property, plant and equipment, intangible and other assets, as well as for business acquisitions amounted to EUR 1,058 million. In addition to the investments by the divisions in property, plant and equipment and intangible assets, that figure primarily includes the acquisition of the new Bekaert Textiles division as well as the acquisition of companies by TAKKT and CWS-boco. In addition, the payments for financial assets by the Haniel Holding Company increased investments. The payments compare to proceeds from divestment activities amounting to EUR 765 million. These primarily consisted of the proceeds from the sale of Metro shares and financial assets of the Haniel Holding Company.

Divestments in the prior-year period substantially exceeded investments so that the cash flow from investing activities amounted to EUR 779 million. That figure included payments of EUR 770 million – primarily for financial assets through the Haniel Holding Company and for investments by the divisions in property, plant and equipment and intangible assets. The proceeds from divestment activities of EUR 1,549 million in the previous year were extremely high due primarily to the sale of the Celesio division.

Cash flow from financing activities amounted to EUR 72 million in the year under review. That figure includes proceeds from the issue of the exchangeable bond linked to Metro shares. That was offset by outflows from

* Net current assets consist essentially of trade receivables and inventories less trade payables.

the repayment of current financial liabilities, in particular against the backdrop of ELG division's lower financing requirement. The cash flow from financing activities also includes the payment of dividends to the shareholders of Franz Haniel & Cie. GmbH amounting to EUR 40 million – following EUR 30 million in the previous year. The cash flow from financing activities in the previous year of EUR -1,093 million contained the scheduled repayment and redemption of bonds with a total principal amount of EUR 849 million.

Haniel Group
Assets and liabilities

The acquisition of the Bekaert Textiles division in 2015 led to significantly higher recognised investments of the Haniel Group. In addition, financial assets and cash increased through the reduction of the Metro investment and the issue of the exchangeable bond linked to Metro shares. The equity ratio continues to remain high, underscoring Haniel's investment potential.

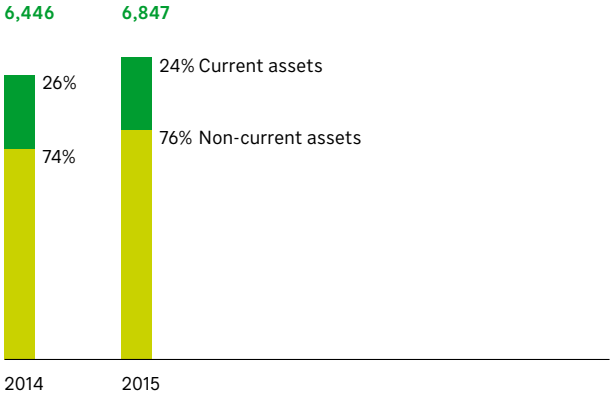
Higher total assets
The Haniel Group's total assets increased from EUR 6,446 million as at 31 December 2014 to EUR 6,847 million as at 31 December 2015. This increase resulted from non-current assets, which increased from EUR 4,784 million to EUR 5,237 million. In particular, the acquisition of the new division Bekaert Textiles led to an increase in property, plant and equipment and intangible assets. In addition, the reduction of the Metro investment resulted in a lower carrying amount of investments. This aspect was more than compensated for in non-current assets. This is because Haniel invested a portion of the financial assets received from the reduction in the shareholding and the issue of the exchangeable bond linked to Metro shares in non-current financial assets.

By contrast, the Group's current assets declined slightly from EUR 1,662 million to EUR 1,610 million as at 31 December 2015. The primary cause was the decline in the ELG division's inventories and trade receivables as a result of lower raw materials prices and a lower output tonnage. The first-time inclusion of the Bekaert Textiles division and an increase in cash and cash equivalents as a result of the reduction of the Metro investment and the issue of the exchangeable bond linked to Metro shares had a counter effect.

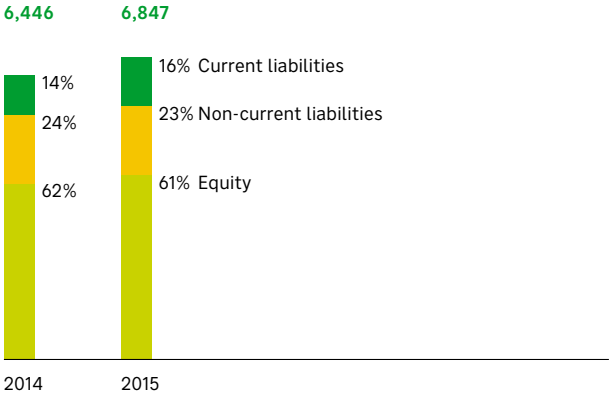
Equity ratio remains high
The equity of the Haniel Group increased from EUR 3,973 million as at 31 December 2014 to EUR 4,169 million as at 31 December 2015. This was in particular due to the profit after taxes as well as positive measurement effects from pensions and foreign currency translation. The equity ratio declined slightly from 62 per cent to 61 per cent because not only did equity increase, but so, too, did total assets. The continuing high level of the equity ratio underscores the investment potential of the Haniel Group. Non-current liabilities remained virtually constant at EUR 1,573 million. By contrast, current liabilities increased from EUR 899 million to EUR 1,105 million as at 31 December 2015. This was due to the increased financial liabilities: at the ELG division, the decline in inventories and trade receivables resulted in a lower financing requirement and hence a reduction in

Consolidated statement of financial position

ASSET STRUCTURE
EUR million



EQUITY AND LIABILITY STRUCTURE
EUR million



current financial liabilities. However, this reduction was countered by the issue of the exchangeable bond linked to Metro shares. This exchangeable bond is presented under current financial liabilities because it is convertible at any time by the bondholders.

Increase in recognised investments
The Haniel Group's recognised investments increased from EUR 357 million in the previous year to EUR 1,104 million during the 2015 financial year. This is attributable first and foremost to the acquisition of the new Bekaert Textiles division as well as to higher investments of the Haniel Holding Company in non-current financial assets. The acquisition of Post-Up Stand and BiGDUG by the TAKKT division also contributed to the increase. The previous year's figure for recognised investments included acquisitions to only a minor extent.

Haniel Group
Employees

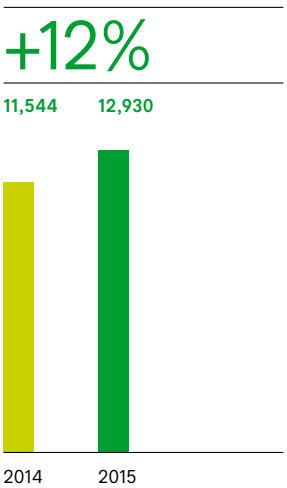
The acquisition of the new division Bekaert Textiles increased the headcount of the Haniel Group significantly in the 2015 financial year. While the average number of employees was 11,544 in the previous year, the number of employees in 2015 averaged 12,930.

Increasing headcount through acquisitions
The number of employees in the Haniel Group increased by 12 per cent from 11,544 to 12,930, primarily as a result of business acquisitions. The key acquisition in the 2015 financial year was the acquisition of **Bekaert Textiles** by the Haniel Holding Company, which increased the headcount of the Haniel Group by 1,466 employees.

In financial year 2015, the number of employees at **CWS-boco** remained stable overall at 7,563 versus 7,529 in the previous year. The expansion of sales operations, the new laundry in Croatia and increases in capacity at the central warehouse and service location in Poland added to the headcount. By contrast, the number of employees in Italy fell as a consequence of the closure of laundries.

Despite the difficult financial year for **ELG**, the headcount in this division also remained stable at 1,282 compared to 1,267 in the previous year. Positive developments of the Carbon Fibre business segment led to an incremental hiring of employees. At ELG Utica Alloys, the superalloys business, recycling capacities were also expanded and new sites launched operations. By contrast, headcount in the stainless steel scrap segment was reduced slightly.

EMPLOYEES
Annual average (headcount)



The average number of employees at **TAKKT** declined from 2,528 to 2,403. This was caused by the disposal of the Plant Equipment Group. The decline in the headcount resulting from the sale could not be offset by the increases resulting from the acquisitions of the companies Post-Up Stand and BiGDUG.

Fostering a better combination of careers and family life
The Haniel Management Board acknowledges that diversity is a strategic success factor for the future viability of Haniel. Shaping general conditions in particular, also in the light of the German Act to Promote Equal Participation of Women and Men in Management Positions, represents a focus of activity here. Depending on the location, there are various offerings in the companies of the Haniel Group that open opportunities for improving a better combination of careers and family life. Accordingly, for the 2016 financial year, the Management Board of Franz Haniel & Cie. GmbH has resolved not to go below the percentage of women already reached for the Haniel Holding Company of 10.00 per cent for the first management level and of 6.25 per cent for the second management level. Likewise, the company will, at a minimum, maintain the current percentage of women on the Management Board and the Supervisory Board of Franz Haniel & Cie. GmbH in the 2016 financial year.

Holding Company Franz Haniel & Cie.

As a family-equity company, the Haniel Holding Company* pursues the goal of developing a diversified portfolio of well-positioned companies, each with leading market positions. Haniel came a step closer to this goal with the acquisition of the new Bekaert Textiles division in 2015. At almost the same time, the portfolio weighting of the Metro investment was further lessened by a reduction of the interest.

Portfolio restructuring successfully continued
The Haniel Holding Company acquired Bekaert Textiles in the 2015 financial year. The company operates as an independent division within Haniel's portfolio. In addition to this expansion of the portfolio, the reduction of the Metro investment from 30.01 per cent to 25.00 per cent took an additional important step towards balancing the investment portfolio. At the same time, Haniel placed an exchangeable bond linked to Metro shares with a term until 2020 so that an additional reduction of the proportional interest held is possible.

Following the portfolio measures in 2015, Haniel intends to invest more than EUR 1 billion in the acquisition of additional new divisions in the coming years. As a family-equity company, Haniel pursues a long-term investment approach. The focus is on well-positioned companies in attractive niche sectors that, together with Haniel, can expand their leading market position and make a contribution to the diversification of the overall portfolio. In addition, Haniel gives preference to the acquisition of controlling interests in non-listed companies. In line with Haniel's objective of being "enkelfähig", the only candidates for acquisition are companies which already make a positive contribution to the environment and society through their sustainable actions, or which will be able to do so in the future.

Financial assets higher than net financial liabilities
The reduction of the shares in the METRO GROUP financial investment and the placement of the exchangeable bond linked to Metro shares brought in EUR 1.0 billion for Haniel in 2015. The exchangeable bond secures for the Company the outstanding financing terms in the capital market environment at the issue date for the next five years. The Holding Company used EUR 266 million of the proceeds generated to acquire the shares in Bekaert Textiles. Haniel invested the remaining cash in a financial asset portfolio that was established with the sale of the Celesio investment in 2014. The financial assets held in this portfolio will be utilised in coming years to acquire additional divisions as well as to redeem outstanding bonds. As at 31 December 2015, taking into account current and non-current receivables from affiliated companies, there were financial assets valued at EUR 1,158 million versus net financial liabilities amounting to EUR 849 million. The Haniel Holding Company thus remains de facto debt-free and has a solid financial buffer.

Over the mid- to long-term, after acquiring new divisions, Haniel is expecting net financial liabilities to be about EUR 1 billion. In addition to financing through the capital markets, these liabilities will be covered by existing, currently unused credit facilities at banks. However, the major part of financing is and remains the equity made permanently available by the family shareholders.

Market value of the portfolio increased
The value of the Haniel investment portfolio – including financial assets and minus the remaining net financial liabilities at the Holding Company level – amounted to EUR 4,887 million at the end of financial year just ended. It was therefore higher than the EUR 4,428 million reported at the end of 2014 due in particular to the share prices of the listed portfolio companies being higher. The value of the investment portfolio is calculated as the sum of the valuations of the divisions, the METRO GROUP financial investment, financial assets and other assets, less net financial liabilities. Listed divisions and the financial investment are valued on the basis of three-month average share prices, while the remainder of the divisions are valued on the basis of market multipliers, and for the financial assets, on the basis of fair values as at the reporting date.

Rating opinions expanded
Haniel submits itself to external rating assessments voluntarily, thus ensuring broad access to capital markets. Standard & Poor's and Moody's had already raised their ratings to BB+ and Ba1, respectively, in 2013. In 2014,

* Incl. the Holding Company's financing and service companies. You can find the financial statements of the Franz Haniel & Cie. subgroup under "Creditor Relations" at www.haniel.de.

Standard & Poor's added a positive outlook to its opinion and confirmed it in the first half of 2015. In order to offer its investors an additional external rating opinion, Haniel obtained a rating by the European rating agency, Scope. The BBB- rating was published in February 2016 and hence given an investment grade rating. This estimate is based on the consistent portfolio restructuring, the search for suitable divisions based on clear criteria as well as Haniel's conservative financial policy. These important qualitative rating drivers are supplemented by the solid development of the material quantitative factors influencing the Holding Company's ratings, market value gearing and cash cover, which are generally in the range required for an investment grade rating. Market value gearing is the ratio of net financial debt to the value of Haniel's investment portfolio. Cash cover indicators give the ratio of cash inflows to cash outflows at the level of the Haniel Holding Company. For example, the total cash cover is calculated as the ratio between cash inflows from dividends and profit transfers and the outflows for ongoing Holding Company costs, interest and dividends to the Haniel family.

Earnings contribution of the Holding Company slightly better

The Haniel Holding Company's contribution to operating profit improved in 2015 due to income from the reversal of provisions no longer needed.

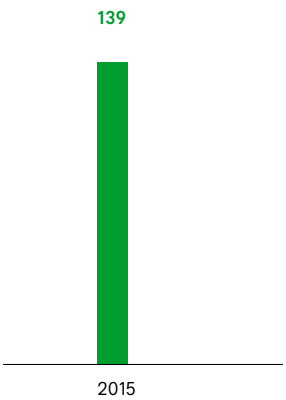
Bekaert Textiles

Bekaert Textiles, the world's leading specialist for the development and manufacturing of woven and knitted mattress textiles, was added to the Haniel Group's portfolio in June 2015. The company has continued its previous growth path since that time, with both revenue and operating profit coming in significantly positive.

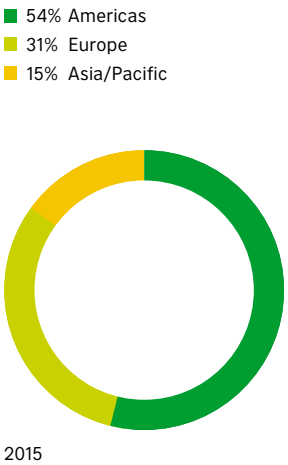
Market position further expanded
Bekaert Textiles is a growth-oriented company that seeks the long-term expansion of its global market position through both organic growth and acquisitions. This growth will be achieved in existing regional markets on the one hand, but also by entering new, as yet not-tapped markets. In addition to the search for attractive acquisition targets, the division's emphasis in its first months as a member of the Haniel Group was on organically strengthening its market position.

Supported by a growing mattress market, in 2015 Bekaert Textiles succeeded in further expanding its position in the market segment for mattress textiles. The decidedly positive business development in the US, Argentina and Asia contributed in particular to that achievement. This success was due to the company's consistent focus on quality, service, and innovation. This understanding of the business is also followed in a targeted sales approach: As part of a 360-degree approach centred on the customers' needs, Bekaert Textiles has in-depth discussions with customers on all decisive corporate levels in order to use specific solutions to increase added value for the customers. Among the key departments included in the customer dialog are Sales & Marketing, Design, Development, Finance, but also Production, Logistics and Procurement. Beyond this, the company further improved its go-to market strategy and invested in its sales force, mainly in emerging markets in order to expand the geographical reach.

REVENUE*
EUR million



REVENUE*
by region



The market for mattress textiles is characterised by a long-term trend towards higher-value materials, which is attributable in particular to the increasing prosperity and the concomitant readiness to purchase upmarket mattresses. The upmarket materials include primarily knitted mattress textiles because – in addition to special product characteristics such as promoting health – these textiles enable the use of sophisticated, three-dimensional designs. Due to its many years' experience with knitted textiles, Bekaert Textiles can benefit from this trend and hence from high growth rates and higher margins in this product area.

Cost initiatives successfully continued
In addition to focusing on sales, the company continued two initiatives in 2015 to reduce costs by leveraging the international setup of the company. Lean manufacturing has been rolled out to all production facilities and has increasingly delivered savings. In addition, the centralisation and standardisation of yarn purchases was an important part of the procurement initiative. With the growing share of centrally sourced yarns, Bekaert Textiles managed to increase its buying power and further reduce yarn prices. Low oil prices and favourable capacities with its suppliers also had a positive effect on the company's costs.

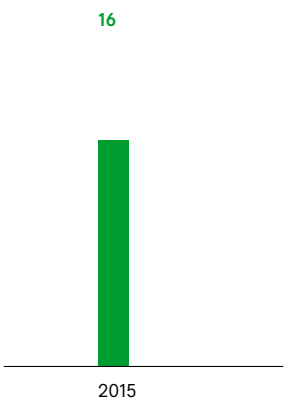
Encouraging revenue and operating profit
In a positive market environment and supported by the strategic initiatives, Bekaert Textiles generated revenue of EUR 139 million from June to December 2015. The revenue trend was encouraging, driven by the company's solid business growth, first and foremost in the US,

* The figures refer to the period from June 2015 through December 2015.

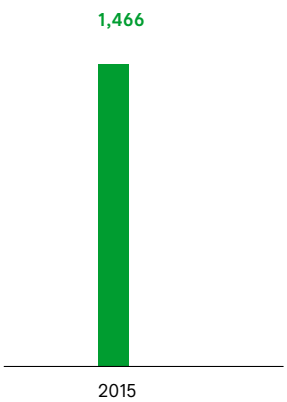
Argentina and Asia. The growing demand for knitted mattress textiles also contributed to that achievement. Its share of total revenue amounted to almost 50 per cent in 2015. The remaining revenue shares were attributable primarily to woven mattress textiles, but also to a small extent to other products such as ready-made mattress covers.

Development of operating profit at Bekaert Textiles was encouraging amounting to EUR 16 million in the period from June to December 2015. In addition to the increased share of upmarket and thus higher-margin mattress textiles, the procurement initiative introduced and the lean manufacturing initiative made a positive contribution to this result. Operating profit was weighed down by the scheduled amortization arising from the purchase price allocation amounting to EUR 5 million. Adjusted for the scheduled amortization arising from the purchase price allocation, the operating profit was EUR 21 million. Overall, the performance of Bekaert Textiles exceeded expectations and was downright positive in 2015.

OPERATING PROFIT*
EUR million



EMPLOYEES*
Annual average (headcount)



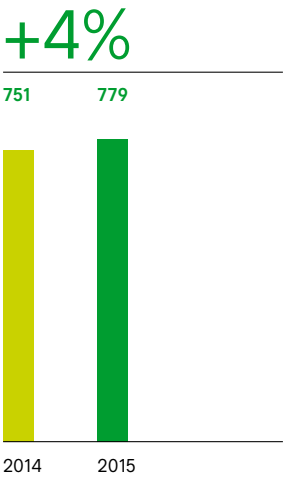
CWS-boco

CWS-boco further intensified its sales initiatives in the 2015 financial year and was thus able to increase revenue year on year. The higher costs related to the sales initiative were more than compensated for by increases in efficiency in the laundries and the supply chain. At EUR 75 million, CWS-boco's operating profit once again surpassed the previous year's level.

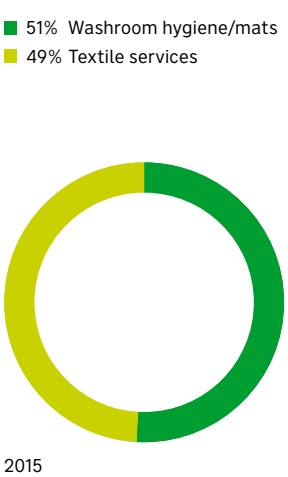
Sales and cleanroom business strengthened
CWS-boco further strengthened its sales function in the 2015 financial year and again increased the number of sales employees. In addition, the division also enhanced the Sales Excellence programme: sales employees go through a variety of training units over a twelve-month period and are supported by an experienced mentor during the programme. After the first participants successfully completed the programme in Germany in 2014, in 2015 it was adapted for the individual service lines of CWS-boco and rolled out in additional countries.

CWS-boco also further expanded its competitive position in the growth market of the cleanroom business in Germany. The acquisition of Zahn HiTex near Munich initiated in the previous year was successfully completed in 2015. The division's cleanroom laundries service the growing demand for cleanroom apparel primarily in the microelectronics and pharmaceuticals industries.

REVENUE
EUR million



REVENUE
by division



Launch of operating own paid washrooms
The 2015 financial year also saw CWS-boco succeed in new business activities: an important new business comprises various service offers around high-quality public washrooms that are available to users for a fee. CWS-boco participated successfully in tender invitations for the operation of public washrooms in several countries. For example, in the Netherlands, CWS-boco together with its joint venture partner, Sanifair, won the bid for the operation of high-quality washrooms at major rail stations.

CWS-boco invests in laundries and IT landscape
CWS-boco continued modernising its European-wide laundry network in 2015 and closed laundry locations in Italy. By contrast, new laundries were opened in Germany, Croatia and Poland. These are based on a highly flexible laundry concept which not only improves the quality of services but also significantly reduces the use of resources. In addition, the focus was on further optimising both existing and new locations.

In addition, the division kicked off the implementation of a multi-year project to renew its IT systems. The objective of this project is to realise high, uniform standards of customer service and processes within the company with the help of a software application that is used throughout Europe. In addition, this software application is designed to support the cross-border integration of warehouse and service processes.

Positive revenue development
Revenue of CWS-boco in 2015 was EUR 779 million, 4 per cent over the previous year's value. In addition to currency effects, smaller acquisitions, such as the one of Zahn HiTex, had a positive impact. Adjusted for these effects, revenue increased by 2 per cent compared to the previous year.

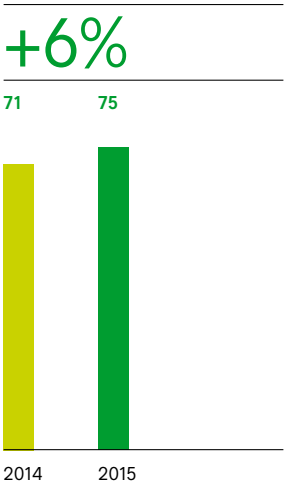
Revenue in CWS-boco's core service business – the rental service for workwear, washroom hygiene products and dust control mats – increased by 2 per cent adjusted for acquisitions and currency translation effects. The

expansion of the sales function has shown a positive impact in terms of new business. In addition, CWS-boco further improved customer loyalty and once again reduced cancellation rates for all product segments compared to the previous year. This was due to the improvement in the quality of services, intensified customer support as well as an improvement in complaint and cancellation management.

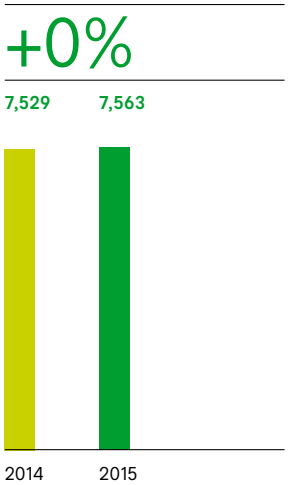
CWS-boco supplements its service business by selling consumables, such as soap, disinfectant and paper, as well as dispensers and workwear. Adjusted for currency translation effects and acquisitions, revenue in this trade business in 2015 was 2 per cent below the previous year's level.

Increased operating profit
Operating profit at CWS-boco in 2015 was EUR 75 million, EUR 4 million over the previous year's value. The higher costs related to the sales initiative were more than compensated for by increased efficiency in operating processes. The ongoing modernisation of the laundry network and supply chain were of particular importance for this.

OPERATING PROFIT
EUR million



EMPLOYEES
Annual average (headcount)



ELG

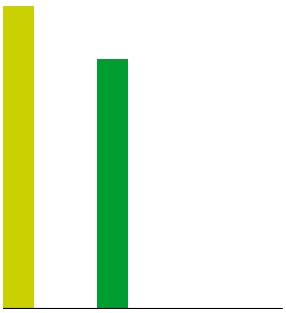
ELG held its ground comparatively well in a very difficult market environment. Nevertheless, revenue and operating profit dropped sharply compared to the previous year. This is attributable first and foremost to historically low commodity prices as well as a lower output tonnage for stainless steel scrap. The superalloys business performance was heterogeneous: while the toll processing business had a stabilising effect, the trade business came under pressure.

Difficult market environment for stainless steel
Global stainless steel production in the 2015 financial year ranged below the previous year's level for the first time since 2009. A substantial cause for the declining quantity was the weaker overall economic demand in China. Quantities also declined in ELG's two most important sales markets – Europe and the US. In addition to the weaker domestic demand for stainless steel products, production in the US suffered from increased imports from China where half of the world's stainless steel is produced. In Europe, stainless steel mills saw weaker demand from their customers. Additionally, there was a massive decline in the price of nickel, the most valuable element in stainless steel, due to the worldwide oversupply of primary nickel as well as diminished economic expectations.

REVENUE
EUR million

-17%

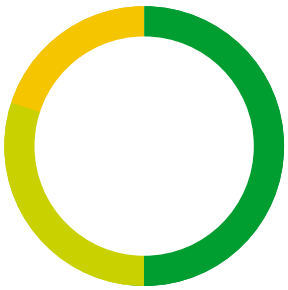
2,213 1,827



2014 2015

REVENUE
by sales region

- 50% Europe
- 30% Americas
- 20% Asia



2015

Global trading in stainless steel scrap was also impacted by the continually declining price of nickel. On the one hand, this led to a noticeably lower availability of scrap on the procurement market than in the previous year because many suppliers held back scrap in view of the low price level and in expectation of increasing prices. Furthermore, the competitiveness of primary nickel compared to stainless steel scrap grew due to prices. Overall, this situation had a negative impact on ELG's stainless steel scrap output tonnage, which fell by 12 per cent year on year.

Historically low commodity prices
The price of nickel declined continually since the beginning of the year and closed the financial year at USD 8,700 per tonne – the lowest level since 2003. It averaged USD 11,800 per tonne, 30 per cent below the previous year's price level. In addition, the prices of iron and chrome ranged significantly below the previous year's level in 2015. The price of iron dropped by 40 per cent during the course of the financial year, the price of chrome by 15 per cent. In addition to the decline in quantity, the stainless steel scrap business therefore also had to cope with a substantial deterioration of commodity prices of the most important stainless steel components.

Toll processing stabilises superalloys business
In financial year 2015, the superalloys tonnage in the ELG Utica Alloys business segment increased by 6 per cent year on year. In this regard, ELG Utica Alloys benefited from business development in the toll processing business, first and foremost by entering into new contracts with the aviation industry. By contrast, the trade business was well below the previous year's level due to the declining demand in the energy generation and petrochemicals industries.

The shifting of volume to the toll processing business had a stabilising effect on the business because ELG Utica Alloys generates these revenues largely independently of commodity prices. By contrast, development of prices of commodities significant to the trade business varied: while the nickel price and other raw material prices declined, the relevant titanium price increased significantly compared to the previous year.

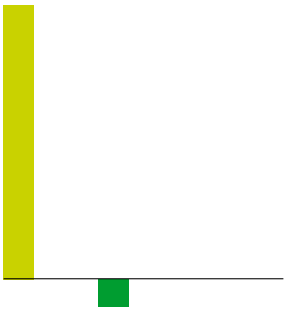
Sharp drop in output tonnage, revenue and operating profit
ELG's overall output tonnage dropped sharply compared to the previous year. In conjunction with the considerably lower price of nickel and other relevant commodities, this led to a 17 per cent decline in revenue to EUR 1,827 million. ELG's operating profit also dropped and fell into the negative to EUR -6 million in the 2015 financial year, which in the previous year amounted to EUR 59 million. Lower revenue and the lower margin in the stainless steel scrap business negatively impacted the operating profit. The decline in margins is attributable to the fierce competition on the sales side, the high level of purchase prices on the procurement side, and the losses in value of inventories through continually declining commodity prices. The losses in value of iron, chrome and molybdenum were especially grave because no hedging transactions can be concluded for these alloy components. Additionally, the operating profit was reduced by a provision recognised for an earlier business acquisition, which was increased due to stricter environmental regulations. ELG held its ground comparatively well despite the extremely difficult market environment.

Strict cost management and capacity adjustments
In the stainless steel scrap market segment, ELG countered the difficult environment with strict cost management. As a result of the closure of German stainless steel plants as well as the commissioning of a stainless steel plant in the US, ELG has also adjusted its location network to the changed materials flows.

OPERATING PROFIT
EUR million

<-100%

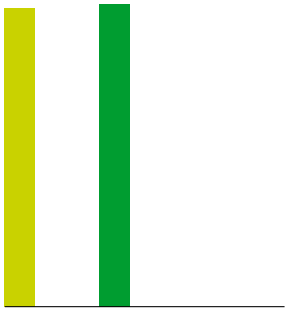
59 -6



EMPLOYEES
Annual average (headcount)

+1%

1,267 1,282



The increased demand for superalloy scrap resulted in a high capacity utilisation in ELG Utica Alloys' superalloys business. The segment therefore expanded its recycling capacities and launched new operating locations.

Further expansion of Carbon Fibre business segment
The Carbon Fibre business segment acquired in 2011 developed positively year on year. Its activities focused on the expansion of the product development and sales functions.

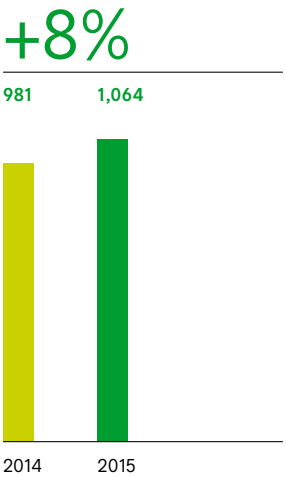
TAKKT

The TAKKT division benefited in 2015 from continuing good business in the US and the strong US dollar. Both revenue and operating profit increased significantly. In the 2015 financial year, TAKKT drove forward its further development into an integrated multi-channel company, took up further digitalisation along the entire value chain as a key strategic topic, and expanded its portfolio with the acquisition of two strong growth companies.

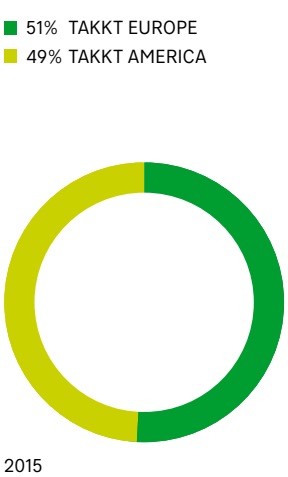
TAKKT continues expansion course
In 2015, TAKKT strengthened its portfolio with the acquisition of Post-Up Stand in the US and BiGDUG in the UK. Post-Up Stand is a leading specialist for customised printed marketing material and is therefore a good addition to the successful display business within the Specialties Group in North America. The acquisition of BiGDUG, the leading online retailer of business equipment in the UK, strengthened the Business Equipment Group's business. In addition to this expansion of the portfolio, TAKKT successfully completed the sale of the low-profit Plant Equipment Group in North America.

TAKKT's revenue increased by 8 per cent in 2015 to EUR 1,064 million, thus exceeding the EUR 1 billion mark for the first time. The acquisitions of Post-Up Stand and BiGDUG contributed to this growth, as did positive currency translation effects, in particular due to the stronger US dollar. By contrast, the closure of Topdeq, which was completed in the previous year, and the sale of the Plant Equipment Group had a negative impact. Adjusted for these effects, revenue grew by 5 per cent.

REVENUE
EUR million



REVENUE
by division



Adjusted for acquisitions, currency effects, and the closure of Topdeq, revenue at TAKKT EUROPE was 1 per cent over the previous year's level. The Packaging Solutions Group recorded slight revenue growth. The Business Equipment Group also posted slightly positive development. However, the worse business climate in Switzerland as a result of the strong Swiss franc had a particularly negative impact as reflected in restrained capital spending by TAKKT customers.

Adjusted for acquisitions and currency translation effects, TAKKT AMERICA increased revenue by 10 per cent in a continuing positive business climate in the US. Both the Specialties Group and the Office Equipment Group posted encouraging development. The Specialties Group's business benefited from high growth at Central, the direct marketing specialist in restaurant equipment. At the Office Equipment Group, the high demand from private companies as well as US state government institutions had a positive effect.

Operating profit improved
TAKKT increased its operating profit from EUR 111 million in the previous year to EUR 129 million. This resulted primarily from the positive business development of TAKKT AMERICA as well as a positive earnings contribution from the sale of the Plant Equipment Group. In addition, TAKKT benefited from the strong US dollar. Earnings at TAKKT EUROPE were below the previous year's level due to a lower gross margin – in particular in Switzerland, where business was burdened by the discounted currency.

Focused on multi-channel sales function and digitalisation
TAKKT is integrating various sales channels in order to address customers as needed: through the catalogue, online, by telephone and via employees in the external sales force. To that end, TAKKT launched the DYNAMIC

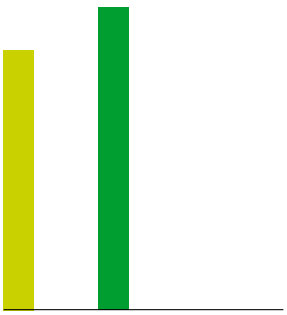
initiative in 2012 with the goal of focussing business activities even more strongly on the multi-channel sales approach. DYNAMIC originally comprised approximately 50 projects, which are individually tailored to the subsidiaries in question, and of which some have already been successfully concluded. Additional overall progress was made in the transformation in 2015 as well. For example, the e-commerce business was further expanded: its share of total revenue increased from 30 per cent in the previous year to 36 per cent in 2015.

Beyond its successes in e-commerce, digitalisation is a key strategic topic for TAKKT – thereby issues along the entire value chain are examined. The objective is to specify the opportunities of digitalisation such that they deliver direct benefits for customers, business partners and the company itself. As part of the DYNAMIC initiative, TAKKT has tackled the initial digital topics such as greater digital integration of suppliers. Aside from this, more is being invested in IT systems, thus ensuring that the company also has high-performance technical platforms going forward. Additional options for digitalisation will be aggregated in a digital agenda in 2016 which TAKKT will implement in the coming years.

OPERATING PROFIT
EUR million

+16%

111 129

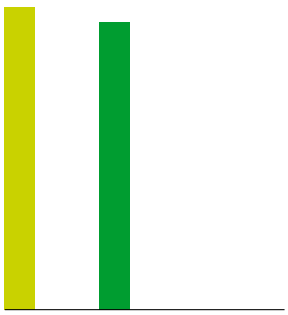


2014 2015

EMPLOYEES
Annual average (headcount)

-5%

2,528 2,403



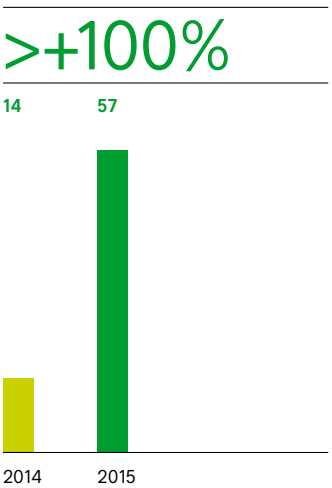
2014 2015

METRO GROUP

In 2015, the METRO GROUP financial investment made great strides in focusing its portfolio with the sale of the Galeria Kaufhof sales line and the METRO Cash & Carry activities in Vietnam. Revenue, adjusted for business acquisitions and disposals as well as currency translation effects, was increased. Currency translation effects negatively impacted this positive business development, reducing revenue and operating profit before one-offs. Haniel's investment result from the METRO GROUP benefited from disposal gains from the sales of Galeria Kaufhof and METRO Cash & Carry Vietnam, and was significantly above the previous year.

Galeria Kaufhof and METRO Cash & Carry Vietnam sold
The METRO GROUP focused its portfolio in 2015, selling the Galeria Kaufhof sales line to the Canadian Hudson's Bay Company and the METRO Cash & Carry activities in Vietnam to TCC in Thailand. The proceeds from both disposals reduced the METRO GROUP's debt markedly and enable greater investments in the remaining sales lines in order to ensure future profitable growth.

HANIEL INVESTMENT RESULT
EUR million



The METRO GROUP also made significant progress with respect to its strategic initiatives in 2015. For example, delivery revenue at METRO Cash & Carry as well as revenue generated online at Media-Saturn increased by substantially more than 10 per cent each. In addition, the METRO GROUP expanded its involvement in the start-up segment and fostered potentially trailblazing digital and technological innovations for gastronomy with the "Techstars METRO Accelerator". Additionally, Media-Saturn's "Spacelab" supports young innovative companies with respect to Media-Saturn's entire value chain – from the logistics application to innovative accessories.

Revenue increased organically
The METRO GROUP's revenue amounted to EUR 58,991 million in 2015 – excluding the Galeria Kaufhof sales line, which is presented as a discontinued operation and is therefore not included in either revenue or operating profit. Revenue was hence 1 per cent below the previous year's level due to negative currency translation effects and disposals of companies. Organic revenue growth – like-for-like; adjusted for business acquisitions and disposals and currency translation effects – amounted to 1 per cent.

Revenue at Metro Cash & Carry fell by 2 per cent. This was primarily due to negative currency translation effects – in particular as a result of the exchange rate trend of the Russian rouble. In addition, the lack of revenue contributions due to the sale of the activities in Vietnam and Greece as well as the discontinuance of locations in Denmark added to this decline. In contrast, a positive impact was driven by new store openings, in particular in Russia and India, as well as by a slight organic revenue growth. Positive developments in several southern European countries as well as the strong holiday shopping season in Germany contributed to this growth. A sharper focus on the needs of professional customers enabled, among other things, the further successful expansion of the delivery business. An important milestone was the takeover of Classic Fine Foods, a leading provider in the growing grocery delivery business, in particular in Asia.

Media-Saturn increased revenue by 2 per cent – despite negative currency translation effects – in particular as a result of a weaker Russian rouble. Decisive here was

the opening of new sites, primarily in eastern Europe, and significant organic revenue growth. In Germany and western Europe, Media-Saturn benefited from successful marketing efforts and was able to add market shares during the holiday shopping season in particular. The multi-channel offering was also further expanded. In addition to pure online sales, it also comprises pick-up in stores. This is gaining increasing acceptance by customers and has now established itself as an integral component of Media-Saturn's business.

The Real sales line is now active solely in Germany following the sale of the eastern European business which was completed in the previous year. Real modernised additional locations in 2015 and intensified marketing efforts in order to improve the customer's perception of Real and its competitiveness. Nevertheless, revenue fell by 5 per cent due to the loss of revenue contributions from sold eastern European business. In addition, growth declined in Germany due to location closures as well as a weak business in non-food items.

Operating profit after one-offs improved
The positive organic revenue development at METRO Cash & Carry and Media-Saturn led to an earnings contribution from the METRO GROUP that exceeded the prior-year contribution. However, negative currency translation effects caused the operating profit before one-offs to amount to EUR 1,448 million, below the previous year's level of EUR 1,508 million.

Higher one-off expenses were incurred in 2015 as compared to the previous year due to the impairment loss on goodwill at Real Germany. These were offset by the net disposal gain from the sale of METRO Cash & Carry activities in Vietnam. On an aggregate level, one-offs came in significantly lower. After one-offs, the operating profit therefore improved from EUR 1,017 million to EUR 1,076 million.

Higher earnings contribution for Haniel
The higher operating profit had a proportionately positive impact on the investment result the Haniel Group derives from the METRO GROUP. The net disposal gain from the sale of Galeria Kaufhof also resulted in an increase in the result. By contrast, the May 2015 reduction of Haniel's interest in METRO AG to 25.00 per cent reduced the investment result. Overall, the Haniel Group's investment result from the METRO GROUP increased significantly from EUR 14 million in the previous year to EUR 57 million in 2015.

Supplementary report

With effect from 29 February 2016, the Bekaert Textiles division acquired all shares in the DesleeClama Group, which is domiciled in Belgium. DesleeClama is also a leading and established company for the development and manufacturing of mattress textiles. The purchase price amounted to EUR 92 million. In financial year 2015, DesleeClama generated more than EUR 100 million in revenue.

No further reportable events took place after the reporting date.

Report on opportunities and risks

Being a successful entrepreneur means exploiting opportunities that present themselves and dealing with risk appropriately. The objective is to identify both opportunities and risks for the Haniel Group's business development early on, to analyse them in detail and take measures accordingly.

Exploiting opportunities to increase value

In the Haniel Group, opportunities are viewed as entrepreneurial courses of action that must be leveraged in order to attain additional profitable growth. Opportunities are identified primarily by continually observing markets. To that end, both the Holding Company and the operating divisions collect and analyse market, trend and competitor information. As a result, Haniel is in a position to identify trends and requirements on often fragmented markets early on and to advance innovations.

Opportunity management is closely integrated into the process of strategy development. As part of strategic planning, entrepreneurial options are systematically evaluated and initiatives are developed in order to use these options to increase value. In the next step, strategic initiatives are specified in detail in operational planning and actions are derived.

The strategy and its implementation are discussed in depth by the members of the Haniel Management Board with the management of the divisions in regularly scheduled discussions. Over and above that, the Holding Company's strategy is continuously reassessed. On that basis the Holding Company realigns its business portfolio by making acquisitions and disposals if necessary. To that end, the Management Board engages in regular dialogue with the Supervisory Board.

Options for sustainable and profitable growth

The Haniel Group enjoys a large number of options for entrepreneurial action. The Holding Company and divisions continually search for possibilities that secure sustainable and profitable growth. The opportunities identified in the Haniel Group are listed below:

Optimising the business portfolio: Haniel continually reviews the strategic alignment of its portfolio. New divisions should be able to make a long-term value contribution to the economic success of the Group and be in accordance with its ecological and social values. The Holding Company follows two parallel approaches in this regard. On the one hand, it analyses the potential of various sectors and markets on the basis of global megatrends with the objective of identifying and contacting attractive companies. On the other hand, the Holding Company continually reviews current takeover offers. Based on this, the Haniel investment portfolio will be developed further by business acquisitions and disposals in order to enhance value creation while always maintaining a solid financing structure.

International expansion: All Haniel divisions are widely represented in Europe, and Bekaert Textiles, ELG and TAKKT in North America as well, and enjoy a strong position there with their various business models. Haniel sees opportunities for further growth by strengthening its presence in these markets and in the fast-growing economies throughout the world. These markets include those in eastern Europe, Latin America and Asia. Opportunities for expansion can be leveraged by founding new companies or acquiring existing ones.

Sustainability as a competitive factor: Corporate Responsibility has a long tradition in the Haniel Group. It is expressed in its striving to increase economic value in accordance with ecological and social contributions. In order to live up to this vision, Haniel has identified three action areas in the field of sustainability: employees, value chain and innovation. Each of the divisions and the Holding Company are responsible for improving on these areas of emphasis, regardless of their respective business model and taking into account their unique features, with the overarching objective of developing the potential for additional profitable growth. You can find detailed information

on the subject of sustainability in the Haniel Group in the "Corporate Responsibility" section starting on page 13.

Digitalisation: Digitalisation is profoundly changing the behaviour of private consumers and business customers. It is creating new ways to use existing technologies while providing room for the completely new. 3D printing, Industry 4.0, cloud computing, big data and mobile stand for the digital transformation. For the Haniel Group, digitalisation offers great opportunities along the value chain, at the customer interface and for developing new business models. For instance, powerful product configurators and flexible manufacturing methods such as 3D printing make it possible to offer individualised products to the "masses". In addition, the availability of large volumes of data opens up possibilities for transforming value chains and improving the customer offering. Each of Haniel's divisions is working on its digital agenda, which will enable them to better leverage the opportunities that digitalisation offers. Haniel has established Schacht One, a separate company that will function as a platform for implementing digital projects.

Multi-channel activities: Continuing digitalisation gives rise to growth opportunities through the consistent expansion of METRO GROUP's retail and wholesale activities and of TAKKT's mail-order business into a multi-channel business. These growth opportunities at the METRO GROUP reside in the dovetailing of the stationary business with the e-commerce activities. The METRO GROUP can create real added value for the customer on this basis. TAKKT, the specialist mail-order company, is strengthening its existing distribution channels, including catalogue, telemarketing, field service and e-commerce, and improving the links between them. TAKKT is thus developing into a multi-channel company, whose offerings are present wherever customers inform themselves about products and make purchasing decisions. This is opening up opportunities for additional growth.

Increasing demand for raw materials: ELG's core business is the trading and recycling of raw materials, particularly for the stainless steel market segment. Growth opportunities for ELG result from increasing global demand for stainless steel products that is anticipated over the medium and long term. It must also be assumed that ELG Utica Alloys, the superalloys business, will continue to gain significance. In this sector, ELG recycles very high-grade materials. These include in particular titanium scrap and high-alloy, nickel-containing scrap which are used in, e.g., the aviation and aerospace industry as well as in the energy generation industry. ELG has strengthened this area of operations by making acquisitions in recent years, thus significantly expanding its foundation for future growth. In addition to trading in stainless steel scrap and superalloys, ELG is active in the nascent business of recycling carbon fibres. ELG is planning to expand this innovative business model further.

Rising standard of living: Demand for high-quality mattresses which foster the health and wellbeing of the person sleeping on them can be expected to increase in markets with a high level of prosperity. The mattress textiles developed and produced by Bekaert Textiles play a key role in satisfying the rising quality demands with respect to design and product features of mattresses. Additionally, in the developing markets, particularly in Asia, rising prosperity offers medium and long-term growth opportunities stemming from the increase in demand for mattresses. Thanks to its local presence there and its broad product range, Bekaert Textiles can participate in this development.

From an overall perspective, there remain a number of opportunities open to the Haniel Group for sustainable and profitable growth in the future. In particular, the Haniel Holding Company has sufficient financial resources available to acquire new, attractive divisions – offering many new opportunities.

Systematic risk management

The objective of the risk management system at the Haniel Group is a forward-looking evaluation of risks with respect to the overriding corporate objectives of value creation, growth and liquidity. The purpose is to identify those risks at an early stage that negatively impact strategic and operating initiatives and hence the realisation of value and growth potential or that endanger having adequate liquidity available at all times. This does not mean avoiding all potential risks. Rather, risks should be identified early so that rapid and effective countermeasures can be taken or conscious decisions can be made to take on manageable ones – thereby also to exploit entrepreneurial opportunities.

Haniel's risk management system is based on an integration concept and accordingly comprises multiple components. The Holding Company stipulates the scope of activities for the key components and sets minimum central requirements which must be implemented at the discretion of each of the divisions, as suiting the individual business models.

The **organisational structure for risk management** is defined throughout the Group and includes all divisions. At the level of the divisions, the controlling or Internal Auditing departments coordinate risk identification and are responsible for risk assessment as part of corporate planning. Identified risks are discussed by the Risk Management Board with the participation of the Management Board, and any need for additional action to manage risks is examined. Furthermore, there is also a Risk Management Committee at the Holding Company level in which the Management Board and the heads of all corporate and staff departments are represented. This body serves above all to foster a cross-disciplinary exchange of information on the risks faced by the Holding Company. The Risk Management Officer at the Holding Company level coordinates the risk identification process across all divisions and is responsible for further developing the early risk identification system.

In connection with the **strategic and operational planning** process, material risks and measures for their mitigation are identified. A risk is defined as the danger of a negative deviation from the planned or expected development. The identified risks are systematically assessed with regard to their probability of occurrence and amount of damage, with measures for avoiding or mitigating the risks and provisions already recognised incorporated as part of the assessment. The identified risks are discussed in the planning meetings by the Management Board of the Holding Company and the management of the divisions. The risks are subsequently discussed in greater detail in the Risk Management Board. In addition to this risk analysis, a risk inventory is conducted at the Holding Company level. The results are discussed by the Risk Management Committee. The Haniel Group risk report is prepared based on the divisions' risk reports and the Holding Company's risk inventory. The members of the Management Board discuss the findings and inform the Audit Committee about the Group's overall risk situation and about significant individual risks.

As part of their **reporting of revenue and results** during the period, the divisions submit not only key financial figures but also company-specific non-financial figures and issues to the Holding Company so that undesirable developments can be detected in good time. This reporting is supplemented by risks that exceed defined thresholds.

An additional element of risk management is the ongoing collection and **analysis of information on markets, trends and competitors.**

Investment controlling comprises annual budgeting as well as the regular review of the capital spent. Capital spending projects are assessed using uniform discounted cash flow (DCF) calculations. Minimum risk-adequate rates of return are specified for each division and each strategic business unit.

Financial risk reporting and management include liquidity risks, default risks, risks resulting from changes in interest and exchange rates, and price fluctuations in the commodity markets. The objective is to avoid or limit financial risks. To that end, the Holding Company has laid out general principles for financial risk management. These principles are prescribed in guidelines for the treasury departments of the Holding Company and the divisions. In addition, the Holding Company has special guidelines for the investment of financial resources. The management of financial risks is explained in detail in the notes to the consolidated financial statements starting on page 127 in the Haniel annual report 2015.

The **internal control system** is designed to ensure that existing regulations for risk reduction are adhered to at all levels within the Group. This is intended to ensure the functionality and cost-effectiveness of business processes and to counteract impairments of assets. The internal control system is implemented in the Holding Company and divisions according to their specific business models, and incorporates both process-integrated and process-independent control measures. It covers all significant business processes including the accounting process.

The **compliance management system** comprises preventative measures designed to ensure compliance with statutory and internal corporate rules and regulations. To that end, Haniel has prescribed uniform minimum standards through-

out the Group. Compliance risks in the Group are systematically captured and evaluated as part of the compliance management system, and discussed between the management of the divisions and Management Board of the Holding Company. A hotline for reporting possible compliance violations is also a component of the compliance management system. In addition, training sessions with examinations are held on compliance issues. Furthermore, the divisions and Holding Company each have compliance officers who serve as employee liaisons to help clarify potential issues.

The **Internal Auditing departments** in the divisions and the Holding Company are integrated into the risk management system. They monitor the processes within the companies of the Haniel Group, in particular from the perspectives of operating performance, cost-effectiveness and adherence to statutory regulations and internal guidelines. These efforts also include monitoring the implementation and effectiveness of the risk management system, including the internal control system and the compliance management system. In its risk-orientated audit plan, Internal Auditing also takes account of the information from the risk inventory and examines significant risk issues where necessary.

Corporate bylaws and regulations derived from them ensure that the elements of the risk management system are adhered to and applied in the intended manner in the Haniel Group in accordance with statutory provisions. Codes of conduct for the Holding Company and the divisions supplement these regulations. They set forth the fundamental principles of conduct for employees, based on practised value concepts.

The effectiveness of the risk management system is monitored regularly and improvements are introduced where necessary.

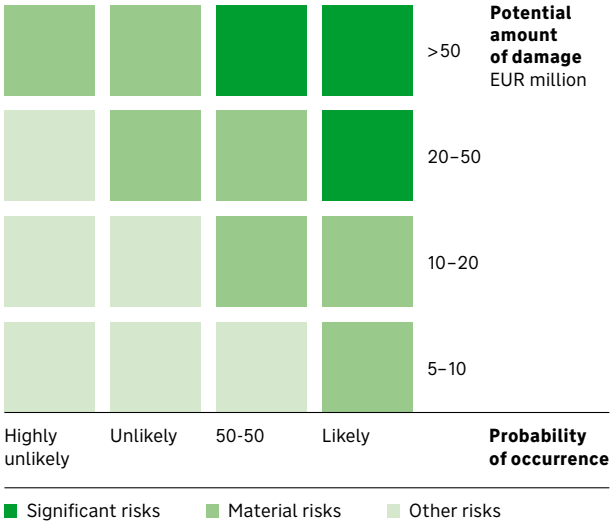
In 2015, the auditors were again commissioned by the Supervisory Board to subject the Group's early risk identification system to a voluntary audit analogously to § 317 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB"). The auditor verified the suitability of this system.

Clearly defined risk fields

A prerequisite of systematic risk management is that risks are identified in a timely fashion. The central, currently identified risks to which the Haniel Group is anticipated to be exposed to over the short- and medium-term are listed below. The identified risks are assigned to ranges in terms of their probability of occurrence and amount of damage, with the amount of damage presented as a possible impact on profit per year. Risk mitigation countermeasures are incorporated before assigning risks to the ranges. By combining the two criteria – probability of occurrence and amount of damage – the individual risks are allocated to the following categories in the Haniel risk matrix: "significant risks", "material risks" and "other risks". The central, identified risks are presented below broken down by these categories, commencing with "significant":

Equity interests: Haniel holds a substantial equity interest in the METRO GROUP in particular. Factors that exert an unfavourable influence on the consolidated profit of METRO AG also have a negative effect on Haniel Group's net investment income or could have a negative effect on the carrying amount of the investment. This risk in the Haniel Group must be classified as significant due to the size of the interest in the METRO GROUP. Risks to which the METRO GROUP is exposed arise in particular from changes in consumption patterns and customer expectations of retailers, as well as increasing competitive pressure from e-commerce. If the METRO GROUP fails to react appropriately to these challenges and fails to successfully implement the transformation projects it has launched,

HANIEL RISK MATRIX



this may have a detrimental impact on its business development. In addition, a deterioration of the macroeconomic environment and an erroneous assessment of markets for international expansion could also have a negative effect on METRO GROUP's business. The task of managing these risks primarily falls to the management of the METRO GROUP. As the largest shareholder, Haniel supports management in managing these risks through representation on the Supervisory Board and by exercising ownership rights in the Annual General Meeting.

Corporate strategy: Corporate strategy risks can arise above all from the erroneous assessment of future developments in the market and competitive environment. Erroneous assessments can also relate to the attractiveness of new regional markets or to the future feasibility of business models overall. The Haniel Group counters this risk by conducting in-depth analyses of the markets and competitors and by holding regular strategy discussions between the Management Board of the Holding Company and the management teams of the divisions. In addition, the diversified portfolio of business fields helps to mitigate the effects of adverse developments in individual sectors. However, the high relevance of strategic decisions to success means that the related risks in the Haniel Group count among the material risks.

Business acquisitions and disposals: In order to effectively counter risks associated with corporate transactions, investments and divestitures are carefully examined before their conclusion – including the assistance of qualified external consultants – and are evaluated using uniform DCF rate of return calculation methods. An acquired company is subsequently integrated into the Haniel Group on the basis of detailed timetables and action plans as well as clearly defined responsibilities. Additionally, the success of previously executed business acquisitions is reviewed on a regular basis. If, despite all diligence, the objectives envisaged with an acquisition are not or only partially attained, impairment losses on goodwill and other assets may be necessary. In the case of business disposals, the resulting commitments remaining in the Group are regularly monitored and assessed. In connection with the disposal of the previous Xella division, this also includes claims asserted in litigation arising from allegedly defective sand-lime bricks from previous Haniel building materials plants. The risks resulting from business acquisitions and disposals are material risks due to the high significance of portfolio management in the Haniel Group and the inherently related imponderables.

Overall economic development: The demand for the divisions' services and products is also influenced by overall economic developments. However, the extent and timing of this dependency varies in the divisions: While a weakening economy directly impairs business development at Bekaert Textiles, ELG and TAKKT, at CWS-boco it is felt to a comparatively lesser extent and after a delay. This is due to the long-term nature of the contracts with customers in CWS-boco's core rental business. Overall economic development represents a material risk even though the diversification of the Haniel business portfolio and its presence in various regions mitigates the effects of economic fluctuations. The strong market position of the individual divisions, comprehensive product and service offerings, a heterogeneous customer base and flexible capacities and cost structures also mitigate risks.

Human Resources: The corporate success of the Haniel Group is dependent largely on the expertise and commitment of its employees. Executives must exhibit the necessary competence, experience and personality in order to make and implement correct decisions in the sense of a value-driven and long-term development of their departments. Accordingly, the selection of executives who do not meet these requirements and who make poor decisions can noticeably impair the Company's successful development. That is why the Haniel Group strives to recruit qualified staff, to provide them with continuing education and to foster their long-term loyalty to the Company. To that end the Haniel Group offers attractive compensation models and conducts regular succession planning aimed at filling jobs which become available with qualified internal candidates. But above all, the Haniel Group invests in the continuing education of its employees: The internal Haniel Academy offers specialists and managers from the Group seminars and modular programmes for interdisciplinary continuing education and to strengthen their leadership skills. The programmes in the Haniel Leadership Curriculum prepare emerging management talent, experienced executives and top managers for future challenges and management tasks. You can find detailed information on training and continuing education in the Haniel Group in the "Corporate Responsibility" section starting on page 13.

Overall, risks from Human Resources are deemed to be material.

Information technology: Well-functioning IT systems tailored to strategy represent a necessary precondition for Haniel Group's operating activities and administrative departments. Insufficient customisability of IT systems may entail significant competitive disadvantages when strategic requirements change. Haniel Holding and the divisions therefore review their IT strategy regularly and modernise or replace systems if required. In order to counter risks that are inextricably linked with such projects, systematic and substantiated selection processes and modern project management methods are applied when introducing new IT systems. Furthermore, the ongoing use of IT systems entails the risk of an outage and the risk of unauthorised data access or manipulation. In addition to heightened security awareness of employees, professionally organised IT operations prevent such risks from materialising. There are uniform minimum standards throughout the Group for IT operations. In compliance with these standards, Haniel Holding and the divisions have additional emergency systems available, perform regular backups of relevant data and ensure that unauthorised persons cannot access IT systems. Overall, the risks resulting from information technology in the Haniel Group are considered material.

Commodity prices: The ELG division's performance is considerably influenced by the price trend for commodities – particularly for nickel, which is in turn affected by economic developments in the industry. Price hedges using derivative financial instruments stabilise business development at ELG, as does the broad geographic distribution of commodity flows in both procurement and distribution. Nevertheless, fluctuations in commodity prices remain a material risk due to the business model.

Receivables: Given the nature of the sector in which it operates, ELG in particular delivers its products to a small number of very large customers. In some instances this can lead to extensive receivables per customer. In order to limit the risks resulting from non-payment, ELG has a comprehensive receivables management system, systematically obtains default insurance to cover this risk where possible and sells accounts receivables within the context of forfaiting programmes. Even after factoring in these countermeasures, the default on receivables represents a material risk.

Exchange rates: Because the Haniel Group has business activities of a considerable scope in countries that do not use the euro as the local currency, its operating business and financing transactions are subject to exchange rate fluctuations, which could have a negative impact on the Haniel Group's profit. On the one hand, this concerns transaction risks that arise primarily from earning revenue and incurring the accompanying costs in different currencies. On the other hand, there are translation risks that stem from translating income and expenses in other currencies into euros. While translation risks are generally not hedged against exchange rate fluctuations, the Group uses a variety of hedging instruments to limit transaction risks. These are explained in detail in the notes to the consolidated financial statements starting on page 130 in the Haniel annual report 2015. In the Haniel Group, exchange rate risks are among the material risks, in particular with regard to the unhedged translation risks.

Interest rates and financing: Changes in interest rates can result in higher financing costs and thus have an adverse effect on profits. In this regard, changes in the market interest rate must be differentiated from the change in the margin that must be paid in addition to the market rate. The Group uses a variety of hedging instruments to limit the risks from fluctuations in market interest rates. These are explained in detail in the notes to the consolidated financial statements starting on page 129 in the Haniel annual report 2015. Long-term credit agreements, promissory loan notes and bonds are appropriate forms of financing for limiting the volatility of interest margins. In the case of such financing, the interest margin also depends on the Holding Company's rating. This is based on the market value gearing, that is, the ratio between net financial liabilities and the market value of the investment portfolio as well as the cash flow at the Holding Company level. In addition, the number and weight of the individual equity investments in the Haniel investment portfolio influence the rating.

Financing requirements for the operating business are secured in the Haniel Group through equity and debt capital. When outside financing is used, the Company seeks to diversify its financing instruments and its circle

of investors in order to be able to respond flexibly to developments on the capital markets and in the banking sector. In addition to committed bilateral lines of credit, which are drawn upon only to a limited extent, capital market programmes at the Holding Company, such as the Debt Issuance Programme, are updated regularly. When financing with borrowed capital, it is of benefit that the Holding Company and its divisions, both as established and reliable partners, enjoy a high degree of trust from banks and other investors. The Haniel Group is thus able to ensure the continuation of the operating business, even if for example economic conditions cause declines in incoming payments from business activities.

Regarding the temporary investment of financial resources following the disposal of the Celesio division in 2014, there is, in principle, a risk that a counterparty will become insolvent and hence a risk of a loss of receivables. To counter that risk, Haniel divides the investments among a large number of contracting parties and sets limits corresponding to their creditworthiness. This is documented in the guidelines for the investment of financial resources and is regularly monitored.

In the Haniel Group, risks from interest rates and financing are currently of comparatively minor significance and thus counted among the other risks.

Compliance: The Haniel Group's business activities are subject to statutory and internal corporate rules and regulations. A failure to comply with these rules and regulations may damage the Company's reputation and may jeopardise its economic success. In order to prevent compliance risks effectively, the Haniel Group has established a comprehensive compliance management system. For this reason compliance risks are classified as other risks.

Litigation: Neither Franz Haniel & Cie. GmbH nor any of its current subsidiaries are involved in ongoing or currently foreseeable litigation that could have a significant impact on the Group's assets or financial position or results.

No risks jeopardising the going concern assumption

The Haniel Group's risk situation has changed since the previous year, primarily as a result of the acquisition of Bekaert Textiles. However, risks accompanying the new division only change the Group's overall risk situation to a small degree: No risks have been added specifically from the Bekaert Textiles business model which could be categorised as significant, material or other risks.

Considered separately, the risks presented could have adverse effects on the Haniel Group. With regard to the overall risk situation, however, the diversification of business models and regions has a positive effect: Many risks are restricted to individual divisions or regions and are therefore of comparatively minor significance in relation to the Group as a whole. Where risks inherently affect all divisions and the Holding Company, it can be assumed that they do not impact all business units in the same manner and at the same time. This diversification therefore results in the Haniel Group being well prepared with respect to identifiable risks.

There are no recognisable individual or aggregate risks which jeopardise the Group as a going concern, nor are there any noteworthy future risks beyond the normal entrepreneurial risk. For Haniel, the risks presented are also accompanied by numerous opportunities for sustainable, profitable growth.

Controlled accounting processes

The Haniel Group applies an internal control and risk management system to its accounting processes. The purpose is to ensure that its financial reporting is reliable and that the risk of misstatements in the external and internal Group Reports is minimised. Misstatements are most likely to originate from complex transactions or consolidation procedures, mass transactions, the materiality of individual items of the financial statements, the use of discretion and estimates, unauthorised access to IT systems, and inadequately trained employees. Checks are performed regularly to determine the extent to which these factors can jeopardise the integrity of the consolidated financial statements.

In order to counter potential risks, the Haniel Group installed an internal control system that seeks to ensure the reliability and propriety of the financial reporting processes, compliance with the relevant statutory and internal regulations, and the efficiency and effectiveness of

procedures. However, even an appropriate and functional internal control system cannot guarantee that all risks will be identified and avoided. The Haniel Group's internal control system is based on the COSO publication "Internal Control-Integrated Framework". COSO is the Committee of Sponsoring Organizations of the Treadway Commission.

The existing risk and control structure is systematically recorded and documented. For this purpose, the most important risk fields are regularly updated and checked on the basis of clearly defined qualitative and quantitative materiality criteria. In the event of changed or newly emerged accounting-related risks or identified control weaknesses, it is the divisions' responsibility, in coordination with Corporate Accounting, to implement appropriate control measures at the earliest possible opportunity. The effectiveness of the defined controls is checked and documented at regular intervals by means of self-assessment on the part of the controlling officers or their supervisors. The results of these self-assessments are subject to regular validation by independent third parties. Responsibility for establishing and supervising the internal control system lies with the Management Board. In addition, the Audit Committee monitors the system's effectiveness.

The Haniel Group is distinguished by its clear and decentralised management and corporate structure. The local accounting processes are managed by the divisions, each of which prepares its own subgroup financial statements. The management of the entities included in the subgroups controls and monitors the risks concerning the operational accounting processes. The Group companies are responsible for compliance with the guidelines and procedures that apply throughout the Group. They are also answerable for the proper and timely flow of their accounting processes. They are supported in that respect by Corporate Accounting.

Corporate Accounting prepares the consolidated financial statements and the Group report of the Management Board. The relevance of ongoing developments of the IFRS standards and other applicable statutory provisions and their impact on the consolidated financial statements and/or the Group report of the Management Board is continuously assessed. The Management Board and Group companies are informed, as necessary, of any consequences on consolidated reporting. Financial reporting is governed by accounting guidelines applicable throughout the Group, a uniform Group chart of accounts, and a financial statements calendar applicable throughout the Group. The accounting guidelines are updated annually, considering relevant changes in the law. There are binding provisions and uniform instruments for complex issues, such as goodwill impairment testing and the measurement of deferred taxes. Outside experts are brought in if required, for example, to measure pension obligations or to prepare expert opinions on the purchase price allocation for acquisitions.

The Haniel Group's formal analysis and reporting process seeks to ensure that the information contained in the published annual report is reliable and complete. Corporate Accounting performs analytical checks in order to identify potential errors in consolidated reporting. The checks are documented and reviewed according to the principle of dual control. A detailed timetable and fixed responsibilities apply for the preparation of accounts.

Standardised and centrally managed IT systems are used to prepare the consolidated financial statements. This applies to consolidation at all stages of the Haniel Group and to the process of preparing the notes to the financial statements. The closing process is supported by numerous validations. The IT systems used in the accounting department are protected against unauthorised access. Separations of functions and change management systems are installed.

As an important element of internal process monitoring that is independent of the relevant processes, the Internal Auditing departments are responsible for systematically auditing and independently assessing the internal control systems.

As part of the audit of the consolidated annual financial statements, external auditors report on their material audit findings and any weaknesses in the internal control system relating to the entities included in the financial statements.

Report on expected developments

The Haniel Group expects to be able to significantly increase its operating profit in financial year 2016 while revenue – adjusted for acquisitions and currency translation effects – remains at the same level as in the previous year. Its profit before taxes and profit after taxes will thus also be appreciably higher.

Macroeconomic environment uncertain and situation in stainless steel market segment remains difficult
The International Monetary Fund (IMF) expects gross domestic product to grow globally by 3.4 per cent in 2016, which would thus be just above the 2015 level of 3.1 per cent. Economic development in the key markets of Haniel's divisions is expected to remain stable: For instance, growth in the US is expected to remain stable at 2.6 per cent in 2016 (previous year: 2.5 per cent) and the US is expected to remain a key driver of global growth. In addition, following euro zone growth of 1.5 per cent in 2015, the IMF is forecasting growth of 1.7 per cent for 2016. Germany in particular will contribute to this trend, with 1.7 per cent growth. With respect to developing and emerging economies, the IMF is forecasting 6.3 per cent growth in China in 2016 (previous year: 6.9 per cent). As a result, not only will additional positive momentum for the global economy be lost, but also this slowdown in China and other developing and emerging economies will increasingly erode expectations of market participants: For instance, the Organisation for Economic Cooperation and Development (OECD) has already revised its forecast downwards and expects certain industrialised countries – particularly the US – to experience slightly lower growth rates instead of a stable trend.

Aside from the general economic situation, the development of the stainless steel market segment is of crucial significance to ELG. Global stainless steel production is particularly dependent on the general economic trend and on Chinese demand for stainless steel products – both remain uncertain. It is assumed that global stainless steel production will trend sideways. In Europe, stainless steel production is even expected to decrease slightly. The price of nickel, the key raw material in the stainless steel business, fell dramatically in 2015. Prices are currently not expected to recover any time soon.

In an economic environment which is forecasted to remain stable overall yet uncertain, Haniel's Management Board believes that there are imponderabilities for 2016 arising not only from the difficult market environment for stainless steel: In addition, several political and economic developments have the potential to contribute to a significant worsening of the economic trend around the world. These include above all conflicts in the Arabic and African regions, the stability of the European Union, the development of the financial markets and commodity prices – particularly the price of oil – and a sharper economic decline in China.

Since the various divisions are active internationally, the results of the Haniel Group also depend on the development of various exchange rates, particularly the US dollar, the British pound and the Swiss franc. In addition, the investment result from Metro is impacted significantly by the development of the Russian rouble.

Deviations from the assumed economic development and the future exchange rates compared to the planning assumptions may significantly change the forecasts for revenue and profit.

Higher operating profit in all divisions
In addition to the economic environment, continuing efforts to implement strategic initiatives by the divisions are expected to have a positive effect on the Haniel Group's business development in 2016.

For the **Bekaert Textiles** division it is projected that it will generate revenue of around EUR 250 million for the 2016 financial year – adjusted for business combinations and disposals as well as currency translation effects. This significant increase is attributable on the one hand to the first-time inclusion of the division in the Haniel Group over an entire year. On the other hand, the continued increase in market share on the company's primary

markets and the successful expansion of business with mattress covers in North America and higher sales of knitted fabrics are expected to affect revenue positively. The operating profit is expected to track the revenue trend and amount to approximately EUR 30 million. It should be taken into account that this operating profit is weighed down by the scheduled amortisation arising from the purchase price allocation amounting to EUR 9 million in financial year 2016.

At **CWS-boco**, revenue growth adjusted for acquisitions and currency translation effects is expected to grow by a low single-digit percentage in 2016. This increase is attributable mainly to the expansion of the sales force. The higher costs for investments in the future, such as the expansion of the sales force, new services and innovations which are expected to have a positive effect on revenue in the future, will still weigh down profits in 2016 and only in subsequent years will this result in a positive contribution to earnings. It can nevertheless be assumed that in financial year 2016 CWS-boco's operating profit will improve slightly year on year. Additional measures to modernise the international laundry network and the systematic optimization of the operations will contribute to that increase.

The **ELG** division expects the market environment to remain difficult in 2016 in terms of the relevant commodity prices and demand. Based on the assumption of global stainless steel production at the same level as in the previous year, ELG expects its own output tonnage to increase in the single-digit percentage range. ELG expects its superalloys trade business to stabilise in 2016 and demand for superalloys toll processing to remain high. Thus, an increase in output tonnage for superalloys is expected in the low double-digit percentage range. ELG expects the price of nickel, a key commodity for its business, to remain at the low level recorded at the end of 2015. This will result, on average, in a lower price in 2016 than in 2015, when the price of nickel was USD 11,800 per day on average. Based on these assumptions, ELG expects revenue – adjusted for business acquisitions and disposals and currency translation effects – to decrease slightly. By contrast, ELG's operating profit is expected to increase and be positive again. This forecasted improvement in earnings as compared to 2015 is expected to result from the absence of one-offs as well as to the absence of losses in value of inventory items in particular. This effect results from a continuous drop in prices for commodities and significantly weighed down ELG's operating profit in 2015. As development on the commodity markets is very volatile, ELG's revenue and operating profit may also deviate significantly from this forecast, however.

Adjusted for business acquisitions and disposals and for currency translation effects, the **TAKKT** division expects revenue to increase in the single-digit percentage range. In addition to a stable economic environment in the US and Europe, TAKKT primarily expects its sound business development to continue in the high-growth American business models. Operating profit is expected to increase moderately. In 2016, the systematic implementation of the growth initiatives launched as part of the DYNAMIC programme will continue. Among other things, the various sales and marketing channels will be better coordinated with each other in order to further improve the sales approach. Moreover, TAKKT intends to begin developing and implementing its digital agenda. The purpose of the digital agenda is to identify additional untapped potential to digitalise the business model and the business opportunities arising from that.

Result from the Metro investment expected to remain at same level as previous year

The forecast for the financial investment in the **METRO GROUP** is for slight organic revenue growth – like-for-like; adjusted for business acquisitions and disposals and currency translation effects. This growth will be driven by the Metro Cash & Carry and Media-Saturn sales lines. The METRO GROUP will continue its strong focus on efficient structures and strict cost control. A slight increase in operating profit before one-off factors and adjusted for currency translation effects is therefore expected for 2016.

By contrast, Haniel's investment result from the Metro investment is expected to be at the same level as in the previous year. The lower level of debt is likely to result in an improvement in net financial income at the METRO GROUP. However, a comparable amount of positive one-off income, such as from the sale of Metro Cash & Carry Vietnam and Galeria Kaufhof in 2015, is not expected in 2016.

Significant increase in operating profit at Haniel Group
Overall, Haniel's Management Board expects the Group's revenue, adjusted for business acquisitions and disposals and currency translation effects, to be at the same level in financial year 2016 as in the previous year. This forecast assumes that a decrease in revenue at ELG can be offset by higher revenue at all other divisions. Operating profit is expected to experience a significant increase, driven by higher operating profit at every division.

Both profit before taxes and profit after taxes are also expected to increase sharply. This development is also reflected in the value-oriented KPIs return on capital employed and Haniel value added. Haniel's Management Board expects the 2016 return to be higher than in 2015 and the costs of capital to be virtually the same. This will result in a slight increase in Haniel value added. This assumption also results in a slight increase in return on capital employed. Haniel cash flow will also increase slightly as compared to 2015 thanks to the positive trend.

For the existing business, Haniel's Management Board plans capital expenditure for property, plant and equipment and intangible assets to be up slightly year on year. Besides replacement investments this increase will be especially driven by the further modernisation of the IT systems of CWS-boco and TAKKT. At the level of the Haniel Holding Company – as well as at the divisions – the focus will continue to remain on acquisition activities. This will have a material influence on the volume of capital expenditure, as it had in 2015.

Haniel's Management Board is confident that the expected revenue and earnings trend for the Haniel Group will deviate positively from the presented development with the acquisition of new divisions or supplementary acquisitions by the existing divisions.

Annual financial statements

Franz Haniel & Cie. GmbH
Statement of financial position

ASSETS

EUR million	Note	31 Dec. 2015	31 Dec. 2014
Fixed assets	1		
Intangible assets		0.1	0.2
Property, plant and equipment		30.7	34.9
Financial assets		1,939.6	3,413.7
		1,970.4	**3,448.8**
Current assets			
Accounts receivable and other assets			
Receivables from affiliated companies	2	2,295.8	46.0
Receivables from companies in which the Company has a participating interest		0.0	4.4
Other assets	3	31.0	43.0
Other securities	4	0.0	25.6
Cash in hand, bank balances		30.1	60.2
		2,356.9	**179.2**
Prepaid expenses	5	**0.5**	**0.8**
		4,327.8	**3,628.8**

EQUITY AND LIABILITIES

EUR million	Note	31 Dec. 2015	31 Dec. 2014
Equity	6		
Subscribed capital		1,000.0	1,000.0
Par value of treasury shares		-2.3	-1.4
Issued capital		997.7	998.6
Earned surplus			
Other earned reserves		1,170.1	572.9
Reserves provided for by the articles of association (Welker Funds)		0.5	0.5
Retained profit		1,284.3	1,052.7
		3,452.6	**2,624.7**
Provisions	7	**150.4**	**176.0**
Subordinated liabilities	8	**229.4**	**248.7**
Liabilities	9		
Bonds		466.5	488.0
Liabilities due to banks		0.0	10.2
Trade payables		0.9	2.8
Liabilities to affiliated companies		0.0	49.3
Other liabilities		28.0	29.1
		495.4	**579.4**
		4,327.8	**3,628.8**

Franz Haniel & Cie. GmbH
Income statement

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

EUR million	Note	2015	2014
Other operating income	11	35.7	1,246.5
Personnel expenses	12	37.1	35.1
Amortization of intangible assets and depreciation of property, plant and equipment		3.0	8.1
Other operating expenses	13	24.5	28.2
		-28.9	**1,175.1**
Net investment result	14	953.3	29.7
Other net financial income	15	-52.8	-153.3
Result from ordinary operations		**871.6**	**1,051.5**
Income taxes	16	0.0	0.9
Net income		**871.6**	**1,052.4**
Retained earnings		412.7	0.3
Retained profit		**1,284.3**	**1,052.7**

Franz Haniel & Cie. GmbH
Statement of cash flows

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

EUR million	2015	2014
Net income	**871.6**	**1,052.4**
Depreciation/amortisation (+)/writeups (-) of fixed assets	3.0	8.6
Increase (+)/decrease (-) in provisions	-25.6	-24.2
Other non-cash income (-) and expenses (+)	4.4	12.4
Reclassification of income (-)/expenses (+) from the disposal of fixed assets	-1.6	-1,204.3
Increase (-)/decrease (+) in other receivables and other current assets	12.1	-1.3
Increase (+)/decrease (-) in trade payables and other current liabilities	-3.0	-32.6
Cash inflow (+)/outflow (-) from operating activities	**860.9**	**-189.0**
Inflows (+) from the disposals of tangible and intangible fixed assets	5.0	0.5
Outflows (-) from additions to tangible and intangible assets	-2.2	-0.6
Increase (-)/decrease (+) in receivables from and liabilities to affiliated companies and investments	-2,298.3	564.0
Inflows (+) from the disposals of affiliated companies	0.0	1,983.6
Outflows (-) from the acquisition of affiliated companies	-301.1	0.0
Inflows (+) from the disposal of long-term financial assets and from the investment of cash funds for short-term cash management	1,813.8	1.3
Outflows (-) from the addition of long-term financial assets and for the investment of cash funds for short-term cash management	-17.0	-1,425.6
Cash inflow (+)/outflow (-) from investing activities	**-799.8**	**1,123.2**
Dividends (-) to shareholders	-40.0	-30.0
Purchase (-) of treasury shares	-3.7	-1.5
Cash proceeds (+) from the issuance of financial liabilities	3.6	18.4
Cash repayments (-) of financial liabilities	-51.1	-861.3
Cash inflow (+)/outflow (-) from financing activities	**-91.2**	**-874.4**
Change in cash and cash equivalents	-30.1	59.8
Cash and cash equivalents at beginning of the period	60.2	0.4
Cash and cash equivalents at the end of the period	**30.1**	**60.2**

The cash flow from operating activities includes interest income in the amount of EUR 16.6 million (previous year: EUR 11.0 million), interest payments of EUR 61.6 million (previous year: EUR 152.5 million) and dividend income of EUR 953.3 million (previous year: EUR 30.2 million). As in the previous year, no income tax payments occurred during the financial year.

The cash flow from investing activities includes payments for purchases and disposals of individual assets, payments for purchases and disposals of affiliated companies and payments in connection with the financing of the affiliated companies and other investments.

Notes
General disclosures and accounting policies

Various items are aggregated in the statement of financial position and income statement to increase the clarity of presentation. The aggregated items are disclosed separately in the notes to the financial statements.

Purchased **intangible assets** are recognised at cost and amortised on a straight-line basis over their expected useful lives. Internally generated intangible assets are not capitalised.

Property, plant and equipment are measured at cost, finite-lived tangible fixed assets are systematically depreciated over their useful lives. The straight-line method of depreciation is generally used.

Depreciation is based on the following useful lives:

Buildings	33 to 50 years
Operating and office equipment	3 to 13 years

Independently used moveable fixed assets that are subject to wear and tear are written off in full in the year of acquisition if their cost does not exceed EUR 150. As from 1 January 2008, corresponding fixed assets costing between EUR 150 and EUR 1,000 are pooled annually in a summary account, which is depreciated over five years. Impairments expected to be permanent are recognised by impairment losses.

Shares in affiliated companies and other long-term equity investments are recognised at cost or the lower fair value if an impairment is expected to be permanent. **Loans issued** are recognised at the principal amount or the lower fair value if an impairment is expected to be permanent. If the reasons for an impairment no longer exist in whole or in part, the impairment loss is reversed up to a maximum of the cost or principal amount.

Marketable securities are recognised at cost or the lower quoted or market price as of the reporting date.

Receivables and other assets are generally recognised at the principal amount less any required valuation allowances.

Differences between the settlement amount and the lower issue amount of liabilities are recognised as **prepaid expenses** and expensed periodically over the term of the liabilities.

Provisions for pensions and similar obligations are determined using the actuarial projected unit credit method based on biometric probabilities (Prof. Dr. Klaus Heubeck's 2005G mortality tables). The average market interest rate determined by the Deutsche Bundesbank for matching maturities for the past seven financial years is used to discount the obligation over an assumed residual term of 15 years. Salary and pension increases expected in future are taken into account when determining the obligations.

Other provisions cover all recognisable risks and uncertain liabilities. They are recognised at the settlement amount as dictated by prudent business judgement. Future price and cost increases are considered. Provisions with a remaining term of more than one year are discounted in accordance with their remaining term. Provisions for expected losses recognised in connection with derivative financial instruments are generally charged to the net financial result.

Liabilities are recognised at their settlement amounts. Pension obligations are recognised at their present value and discounted using an appropriate average market rate for matching maturities over the past seven financial years.

Cash in hand and bank balances as well as receivables and liabilities denominated in **foreign currency** are posted at historical exchange rates and measured at the applicable average spot rate on the balance sheet date. Receivables and liabilities denominated in foreign currency with a remaining term of more than one year are measured in accordance with the imparity principle, under which unrealised valuation gains are not recognised. Unrealised valuation gains are recognised for items with a remaining term of less than one year.

Deferred taxes are recognised for all temporary differences between the carrying amounts and tax bases for assets, liabilities, prepaid expenses and deferred income. This takes into account not only the differences between Franz Haniel & Cie. GmbH's own balance sheet items, but also those at consolidated tax group subsidiaries. Deferred tax assets on tax loss carry forwards are recognised only if there is reasonable assurance that they will be realised within five years. Deferred taxes are generally presented on a net basis. A tax burden is recognised on the balance sheet as a deferred tax liability. In the event of a tax benefit (net asset), the Company does not exercise the corresponding option to recognise this under § 274 (1) sentence 2 HGB. Deferred taxes are determined based on the combined income tax rate of the consolidated tax group of Franz Haniel & Cie. GmbH. The combined income tax rate consists of corporate income tax, municipal business income tax and the solidarity surcharge, and is calculated based on the currently applicable statutory tax rates (current financial year: 30.7 per cent; previous year: 30.7 per cent).

Notes to the statement of financial position

1 Fixed assets

EUR million	Cost			
	As at 1 Jan. 2015	Additions	Disposals	As at 31 Dec. 2015
Intangible assets				
Purchased concessions and similar rights	2.3			2.3
Property, plant and equipment				
Land and buildings including buildings on third-party land	92.2	0.1	-8.5	83.8
Other equipment, operating and office equipment	32.3	1.9	-0.5	33.7
Prepayments and construction in progress	0.1	0.1		0.2
	124.6	**2.1**	**-9.0**	**117.7**
Financial assets				
Shares in affiliated companies	3,312.3	318.1	-1,791.4	1,839.0
Investments	1.5			1.5
Loans to affiliated companies	100.3		-0.8	99.5
Other loans	0.1			0.1
	3,414.2	**318.1**	**-1,792.2**	**1,940.1**
	3,541.1	**320.2**	**-1,801.2**	**2,060.1**

The disposal of property, plant and equipment resulted mainly from the disposal of real estate assets.

The additions to shares in affiliated companies resulted from the acquisition of Bekaert Textiles as well as from a capital increase at a subsidiary. The disposals are related to withdrawal from capital reserves at two subsidiaries.

Accumulated depreciation				**Carrying amount**	
As at 1 Jan. 2015	Annual depreciation and amortisation	Disposals	As at 31 Dec. 2015	As at 31 Dec. 2015	As at 31 Dec. 2014
-2.1	-0.1		-2.2	0.1	0.2
-68.5	-1.5	5.1	-64.9	18.9	23.7
-21.2	-1.4	0.5	-22.1	11.6	11.1
0.0			0.0	0.2	0.1
-89.7	**-2.9**	**5.6**	**-87.0**	**30.7**	**34.9**
0.0			0.0	1,839.0	3,312.3
-0.5			-0.5	1.0	1.0
0.0			0.0	99.5	100.3
0.0			0.0	0.1	0.1
-0.5	**0.0**	**0.0**	**-0.5**	**1,939.6**	**3,413.7**
-92.3	**-3.0**	**5.6**	**-89.7**	**1,970.4**	**3,448.8**

2 Receivables from affiliated companies

The increase in receivables from affiliated companies to EUR 2,295.8 million (previous year: EUR 46.0 million) resulted primarily from the capital measures carried out at subsidiaries in the financial year. The remaining term of the receivables is less than one year.

3 Other assets

Other assets contains receivables from taxes of EUR 30.2 million (previous year: EUR 41.6 million). The previous financial year contained interest receivables of EUR 0.4 million. Other assets in the amount of EUR 0.1 million have a remaining term of less than one year.

4 Other securities

In the previous year the other securities included short-term financial investments and portions the euro bonds of Franz Haniel & Cie. GmbH which had been repurchased but not taken out of trading.

5 Prepaid expenses

The prepaid expenses of EUR 0.5 million (previous year: EUR 0.8 million) are essentially discounts on euro bonds.

6 Equity

The difference between the cost and the par value of the treasury shares held by the Company was charged to the freely distributable reserves. The par value was offset against subscribed capital on the face of the statement of financial position. Treasury shares with a par value of EUR 0.9 million were acquired during the financial year.

There is no distribution restriction pursuant to § 268 (8) HGB with regard to the net retained earnings as at the balance sheet date.

7 Provisions

EUR million	31 Dec. 2015	31 Dec. 2014
Provisions for pensions and similar obligations	79.6	70.9
Other provisions	70.8	105.1
	150.4	**176.0**

The carrying amount of provisions for pensions and similar obligations is determined using the projected unit credit method based on actuarial methods. Provisions were determined based on the following parameters:

%	31 Dec. 2015
Discount rate	3.88
Salary trend	2.75
Pension trend	1.75

The other provisions essentially comprise provisions for personnel remuneration, outstanding invoices, as well as provisions for claims in connection with sand-lime bricks made from lime substitutes in former Haniel building materials plants. These claims are settled by Haniel voluntarily to maintain goodwill.

8 Subordinated liabilities

The subordinated financial liabilities are subordinated to all other liabilities. The subordinated financial liabilities are shown in the table below:

EUR million	31 Dec. 2015	31 Dec. 2014
Shareholder loans	148.3	163.4
Loans of the Haniel Foundation	36.3	36.3
Haniel Zerobonds and Zinsbonds	7.9	13.8
Haniel Performance Bonds	28.1	26.4
Other financial liabilities	8.8	8.8
	229.4	**248.7**

Of the total amount, EUR 25.2 million (previous year: EUR 31.7 million) is due in more than five years, EUR 123.5 million (previous year: EUR 126.0 million) is due in one year to five years and EUR 80.7 million (previous year: EUR 91.0 million) is due within one year.

9 Liabilities

All unsubordinated obligations of Franz Haniel & Cie. GmbH as at the reporting date are presented under liabilities.

The various types and remaining maturities of the other liabilities as at 31 December 2015 are presented in the following table:

EUR million	**31 Dec. 2015**				**31 Dec. 2014**			
	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Bonds		466.5		**466.5**		488.0		**488.0**
Liabilities due to banks				**0.0**	10.2			**10.2**
Trade payables	0.9			**0.9**	2.8			**2.8**
Liabilities to affiliated companies				**0.0**	49.3			**49.3**
Other liabilities	26.8	1.0	0.2	**28.0**	27.9	1.0	0.2	**29.1**
Thereof for taxes				**0.0**				**0.0**
	27.7	**467.5**	**0.2**	**495.4**	**90.2**	**489.0**	**0.2**	**579.4**

The decline in bonds is related to the repurchase of additional portions of the euro bonds. Moreover, bonds which in the prior year had not yet been withdrawn from trading were removed from trading in the financial year. The change in liabilities to affiliated companies is related to the financing of subsidiaries.

The maturities of the liabilities due to banks correspond to the respective financing commitments.

EUR 1.4 million of the other liabilities (previous year: EUR 1.4 million) is secured by payment guarantees.

10 Contingent liabilities and other financial commitments

EUR million	31 Dec. 2015	31 Dec. 2014
Liabilities from payment guarantees and provision of collateral for third-party liabilities	**1,028.6**	**516.9**
Thereof to affiliated companies	501.8	1.9
Other financial commitments		
Rental and leasing agreements		
in the following year	0.3	0.3
in 2 to 5 years	0.2	0.2
in 6 or more years	0.9	0.9
Total	**1.4**	**1.4**

The Management Board believes that it is currently improbable that Franz Haniel & Cie. GmbH will have to use the contingent liabilities vis-à-vis third parties to any significant degree. With respect to contingent liabilities for affiliated companies, to the knowledge of the Management Board, the companies in question will be able to satisfy the underlying obligations. Recourse to Franz Haniel & Cie. GmbH is therefore not expected.

The increase in liabilities from payment guarantees and provision of collateral for third-party liabilities to affiliated companies results from the takeover of a pledge for a bond issued by a subsidiary.

Notes to the income statement

11 Other operating income

EUR million	2015	2014
Income from disposal of fixed assets	1.6	1,204.4
Income from reversals of provisions	20.6	18.4
Other income	13.5	23.7
	35.7	**1,246.5**

In the previous year, other operating income included income from the disposal of shares in affiliated companies amounting to EUR 1,203.9 million.

Of the reversals of provisions, EUR 15.0 million related to provisions for claims in connection with sand-lime bricks which are settled by Haniel voluntarily to maintain goodwill. In the previous year, the reversal amounted to EUR 13.0 million in relation to provisions for guarantees issued under a purchase agreement.

Other income contains income from cost transfers for services provided in the amount of EUR 7.0 million (previous year: EUR 8.1 million), which is offset by the same amount of costs in other operating expenses.

12 Personnel expenses

EUR million	2015	2014
Wages and salaries	22.0	25.9
Social security, pensions costs and other benefits	15.1	9.2
Thereof for pensions	12.9	7.0
	37.1	**35.1**
Average number of employees (full-time employees)	180.0	183.0

The personnel expenses include interest cost on pension provisions of EUR 3.2 million (previous year: EUR 3.2 million). The increase in pension costs resulted primarily from a change in the discount rate from 4.62 per cent in the previous year to 3.88 per cent as at the balance sheet date.

13 Other operating expenses

Other operating expenses of EUR 24.5 million (previous year: EUR 28.2 million) include general and administrative expenses as well as expenses for consulting services and other taxes.

14 Net investment result

EUR million	2015	2014
Income from investments	390.6	10.6
Thereof from affiliated companies	390.6	10.6
Income from profit and loss transfer agreements	562.8	24.0
Thereof from tax assessments	1.9	-0.3
Expenses from profit and loss transfer agreements and income subsidies	-0.1	-4.4
Write-downs of other long-term equity investments	0.0	-0.5
	953.3	**29.7**

The income from profit and loss transfer agreements was influenced during the financial year by gains recognised by a subsidiary in the course of a merger.

15 Other net financial income

EUR million	2015	2014
Income from other securities and long-term loans	6.0	5.7
Thereof from affiliated companies	5.4	2.7
Other interest and similar income	10.7	3.4
Thereof from affiliated companies	3.3	2.7
Write-downs of financial assets and securities classified as current assets	-0.3	-0.9
Interest and similar expenses	-69.2	-161.5
Thereof to affiliated companies	-0.2	-0.4
Thereof interest cost on provisions	-2.6	-2.5
	-52.8	**-153.3**

The write-downs of EUR 0.3 million in the current financial year (previous year: EUR 0.9 million) are attributable to securities classified as current assets.

The other net financial income includes expenses from currency translation totalling EUR 5.7 million (previous year: EUR 5.0 million).

Interest and similar expenses in the financial year included expenses from the redemption of bonds at a premium amounting to EUR 1.5 million (previous year: EUR 60.5 million). Additionally, in the previous year, this item also included expenses from the early termination of cash flow hedges as a result of the elimination of hedged items.

16 Income taxes

Corporate income tax, municipal business income tax, the solidarity surcharge and income taxes paid in foreign countries are presented as income tax expense.

Deferred taxes are not included in the net tax income/expense. As at 31 December 2015, Franz Haniel & Cie. GmbH expects a future tax benefit from timing differences between the financial and tax accounts because the deferred tax assets exceed the deferred tax liabilities. The option to recognise deferred taxes pursuant to § 274 (1) sentence 2 HGB is not exercised.

Deferred tax assets result essentially from temporarily different carrying amounts of investments in corporations and partnerships, differences in pension and other provisions as well as provisions not recognised for tax purposes. To date, there are no deferred tax receivables due to previously unused tax loss carryforwards.

Deferred tax liabilities result essentially from temporarily different carrying amounts of investments in corporations and partnerships as well as tangible fixed assets.

17 Fees of the independent auditors pursuant

The total fee of the auditors, PricewaterhouseCoopers Aktiengesellschaft, for the financial year was EUR 0.5 million (previous year: EUR 0.4 million). This aggregate fee relates to services in connection with the audit of the financial statements totalling EUR 0.4 million (previous year: EUR 0.3 million) and to other assurance services and other services totalling EUR 0.1 million (previous year: EUR 0.1 million).

18 Derivative financial instruments

Franz Haniel & Cie. GmbH is exposed to currency, interest rate, and price change risks as part of its business. Derivative financial instruments, such as currency forwards, swaps and options, are generally used to hedge these risks.

Derivative financial instruments are used wherever possible and expedient to hedge against interest rate risks and exchange rate risks in relation to financial receivables and liabilities. To that end, interest rate swaps (including combined cross currency interest rate swaps), forward rate agreements, caps and floors, and currency forwards are generally used.

The hedges are entered into only with top rated banks. The underlying transactions and the (micro) hedges are combined into a valuation unit, if volume and maturity of the instruments match.

If the cash flows net to zero, the derivative financial instruments are not recognised separately, but are aggregated using the net hedge presentation method.

EUR million	**Notional value**		**Fair value**		**Book value**	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Interest rate swaps						
Derivatives with affiliated companies	**100.0**	**100.0**	**2.8**	**4.6**	**0.3**	**0.3**
Derivatives with third parties	**50.0**	**50.0**	**-0.6**	**-1.6**	**-0.2**	**-0.2**
Thereof for affiliated companies	50.0	50.0	-0.6	-1.6	-0.2	-0.2
Foreign exchange instruments	**55.0**	**85.2**	**-0.8**	**-1.5**	**-0.8**	**0.0**

Given that portfolio hedge accounting continued for the remaining valuation units and cash flows will be netted in the future, no provisions for expected losses had to be recognised for negative fair values of interest rate swaps of EUR 0.6 million (previous year: EUR 1.4 million). At the balance sheet date, a EUR 0.8 million provision for expected losses was recognised for negative fair values of derivative financial instruments which had not been combined to form valuation units. The provision for expected losses was recognised under other provisions.

Under the imparity principle, positive unrealised fair values are generally subject to a prohibition on recognition. The fair values of the derivatives are determined by discounting the expected future cash flows. Discounting is based on arm's-length interest rates over the remaining term of the instruments.

If the hedges become ineffective, the dollar offset method is normally used to determine the ineffectiveness by comparing the fair values of the hedged item and the hedging instrument.

The remaining term of the notional value of derivatives is as follows:

EUR million	**Remaining terms**			**Notional value**	
	Up to 1 year	1 to 5 years	More than 5 years	31 Dec. 2015	31 Dec. 2014
Interest rate swaps					
Derivatives with affiliated companies	**50.0**	**50.0**		**100.0**	**100.0**
Derivatives with third parties	**50.0**			**50.0**	**50.0**
Thereof for affiliated companies	50.0			50.0	50.0
Foreign exchange instruments	**55.0**			**55.0**	**85.2**

19 Related-party disclosures

There are no material transactions with related parties that are not at arm's length. From the perspective of Franz Haniel & Cie. GmbH, related parties are affiliated companies and associates, parties related to members of the Management Board, Supervisory Board, the senior management group and close family members of this category of persons.

20 Disclosures on shareholdings

The full list of shareholdings of Franz Haniel & Cie. GmbH and the Haniel Group, which forms a part of these notes to the financial statements, is published in the electronic Federal Gazette (elektronischer Bundesanzeiger) and on the website, www.haniel.com.

The shareholdings of TAKKT AG and METRO AG are indicated in the individual companies' annual reports and on their websites (www.takkt.com; www.metrogroup.de).

21 Executive bodies/governing body remuneration

The individual members of the Supervisory Board and the Management Board are listed on pages 8 and 9.

In accordance with § 286 (4) HGB, the total remuneration paid to the members of the Management Board in the financial year is not disclosed. The total remuneration of the Supervisory Board was EUR 0.8 million (previous year: EUR 0.6 million); that of the Advisory Board was EUR 0.2 million (previous year: EUR 0.2 million).

The remuneration for previous members of the Management Board and their survivors was EUR 2.2 million (previous year: EUR 2.1 million); pension provisions totalling EUR 26.3 million (previous year: EUR 24.8 million) for these persons have been recognised.

22 Events after the reporting date

No reportable events took place after the reporting date.

Duisburg, 4 March 2016

The Management Board

Gemkow **Funck**

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Franz Haniel & Cie. GmbH, and the report of the Management Board includes a fair view of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Duisburg, 4 March 2016

The Management Board

Gemkow **Funck**

Auditors' report

We have audited the annual financial statements, comprising the balance sheet, the income statement, cash flow statement and the notes to the annual financial statements, together with the bookkeeping system, and the report of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, for the financial year from 1 January to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and report of the Management Board in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the report of the Management Board based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 German Commercial Code (Handelsgesetzbuch, "HGB"), and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, "IDW"). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in conformity with German principles of proper accounting and in the report of the Management Board are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the report of the Management Board are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements and the report of the Management Board. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on our findings from our audit, the annual financial statements are in line with statutory requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The report of the Management Board is consistent with the annual financial statements, and on the whole, provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of its future development.

Essen, 4 March 2016

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Granderath
Wirtschaftsprüfer
(German Public Auditor)

Wienands
Wirtschaftsprüfer
(German Public Auditor)

Franz Haniel & Cie. GmbH
Profit appropriation proposal

Euro	31 Dec. 2015
After deducting appropriate write-downs and recognising adequate valuation allowances and provisions, the net income for the financial year ending 31 December 2015:	871,585,497.10
Plus retained earnings brought forward from the previous year:	412,748,542.90
This results in retained profit of:	1,284,334,040.00

The Management Board proposes to pay out a dividend of EUR 50,000,000.00 for the financial year, an allocation to the earned reserves of EUR 1,029,958,710.00 and to carry the amount of EUR 204,375,330.00 forward to a new account.

The shareholders receive a dividend of 5.00 per cent on share capital of EUR 1,000,000,000.00, which corresponds to EUR 2.50 for each capital contribution of EUR 50.00.

Duisburg, 4 March 2016

The Management Board

Gemkow **Funck**

Contact

Franz Haniel & Cie. GmbH
Franz-Haniel-Platz 1
47119 Duisburg
Germany
Telephone +49 203 806 - 0
info@haniel.de
www.haniel.com

Bekaert Textiles Holding BVBA
Deerlijkseweg 22
8790 Waregem
Belgium
Telephone +32 56 62 41 11
info@bekaerttextiles.com
www.bekaerttextiles.com

CWS-boco International GmbH
Franz-Haniel-Platz 6 – 8
47119 Duisburg
Germany
Telephone +49 203 9871658000
info@cws-boco.com
www.cws-boco.com

ELG Haniel GmbH
Kremerskamp 16
47138 Duisburg
Germany
Telephone +49 203 4501 - 0
info@elg.de
www.elg.de

TAKKT AG
Presselstrasse 12
70191 Stuttgart
Germany
Telephone +49 711 3465 - 80
service@takkt.de
www.takkt.com

METRO AG
Metro-Strasse 1
40235 Düsseldorf
Germany
Telephone +49 211 6886 - 4252
presse@metro.de
www.metrogroup.de

Publication details

Responsible for the content
Franz Haniel & Cie. GmbH
Franz-Haniel-Platz 1
47119 Duisburg
Germany
Telephone +49 203 806-0
info@haniel.de
www.haniel.com

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These separate financial statements of Franz Haniel & Cie. GmbH are published in German and English. Both versions can be downloaded at www.haniel.com. The German version is controlling. All statements in this brochure with regard to occupations and target groups apply, always and irrespective of the formulation, to both male and female persons.

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