PRESS RELEASE

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Haniel successfully starts transformation

- **Focus on profitable growth and sustainability**
- **Portfolio restructuring underway, new management model established**
- **Around EUR 1.7 billion available for additional portfolio development following Metro exit**
- **Revenue and operating profit down year on year**
- **Profit before and after taxes up significantly**
- **Reliable forecast for 2020 impossible due to coronavirus crisis**

Duisburg, 2 April 2020. In 2019, the family equity company Haniel successfully began implementing efforts to make the portfolio and the Group fit for the future and boost its growth prospects. Haniel's specific investment approach focuses on sustainability criteria while placing a clear emphasis on performance. The Group made progress in the past year in restructuring its portfolio and established a new management model. Despite the subdued economic development and the one-off expenses stemming from the transformation, Haniel lifted its profit before and after taxes.

"We aim to bring Haniel back to a growth path and steer it towards a sustainable future", said Thomas Schmidt, Chairman of Haniel's Management Board. "This past year, we therefore invested in our transformation and developed a sustainable investment strategy. Together, we want to reshape Haniel's culture, portfolio and leadership values – and secure our position as a modern, fast-growing company."

Focus on a sustainable portfolio
Haniel committed itself to create value for generations. The realignment of our strategy resulted in the clear definition of three focus areas for future investments: people, planet and progress. Accordingly, the Company will invest solely in business models that make a positive contribution to a future worth living. Specifically, Haniel is guided by the United Nations' Sustainable Development Goals and by economic megatrends.

Haniel's holistic investment approach covers the entire business life cycle. In addition to acquiring companies in more mature phases, Haniel will invest about EUR 500 million in companies at an earlier stage of development, primarily through investment funds. The first investments have already been made. Thus, Haniel will participate in growth at an early stage and leverage additional opportunities for diversification. As a regional cornerstone investor, Haniel will invest 30 million euros in the Dutch fund Gilde Healthcare V, which focuses on medical technology, digital health and therapeutics.

Haniel has already begun to restructure its portfolio: On 6 November 2019, the company sold a further 12.5 per cent of shares in METRO AG to EP Global Commerce (EPGC). This move marked the end of Haniel's more than 50-year Metro investment. With effect from 31 July 2019, Haniel also acquired 17.81 per cent of the shares in CWS from Rentokil Initial, and thus is once again the sole owner of the CWS business unit. Following the sale of the Metro shares, Haniel had financial resources of EUR 1.7 billion at its disposal at 31 December 2019 for the acquisition of additional business units.

The business units also expanded their portfolios. For instance, CWS bolstered its core business by purchasing the washroom hygiene specialist Vendor, while initiating two strategic acquisitions in the cleanroom growth market and taking over several regional companies specialising in fire safety. TAKKT acquired XXL Horeca, a Dutch e-commerce gastronomy equipment seller. All in all, Haniel invested approximately EUR 550 million to expand its portfolio in 2019, including the purchase of the remaining shares in CWS.

New management model a success factor

With effect from 1 July 2019, Thomas Schmidt succeeded Stephan Gemkow as Chairman of the Management Board, after Mr Gemkow left the Company by amicable and mutual agreement with the shareholders. Thomas Schmidt has been a member of the Haniel Holding Company's Management Board since 2017 and prior to taking on the mantle of Chairman also served as a Managing Director of CWS.

With a significantly more streamlined and focussed Holding Company, Haniel sees itself acting as a strategic architect that plays an active role in developing the portfolio companies. This also means that the Holding Company steers the business units more closely than before. "The collaboration is based on our performance-oriented management model, known as the Haniel Operating Way or HOW", said Thomas Schmidt, Haniel's CEO. "This model enables us to ensure that all entities share a common culture of leadership and are all headed in the right direction when it comes to strategy, execution and talent management."

As part of the strategic realignment, the Chairman of the Supervisory Board, Franz M. Haniel, considered the current year to be the right time to support the Group's transformation by ushering in a change in generations on the Board. At the end of April he will hand off to Doreen Nowotne. She will therefore become the first non-family Chairwoman of the Supervisory Board in the Company's history.

Transformation and weak economy weigh down revenue and operating profit

The Haniel Group posted overall revenue of EUR 4,533 million in 2019, representing a decrease of 3 per cent. Operating profit in 2019 was EUR 255 million, down on the previous year's figure of EUR 301 million. This was due in particular to the significantly weaker operating development of the ELG and TAKKT business units as well as higher one-off expenses incurred in connection with the Group's programme to reduce costs and increase flexibility. The CWS and BekaertDeslee business units generated encouraging increases in profit.

Profit before and after taxes up significantly

The Group's profit before taxes – comprising the operating profit plus the investment result and the result from financing activities – had been weighed down in the previous year by significant impairments on the CECONOMY financial investment and therefore rose from EUR -475 million to EUR 175 million during the reporting period. CECONOMY once again made a positive contribution to Haniel's investment result, in the amount of EUR 41 million. This followed the EUR -707 million contribution to the investment result which was attributable to the CECONOMY financial investment in the previous year. The higher profit before taxes, combined with a slightly lower tax expense, resulted in an increase in the result after taxes from EUR -848 million in the previous year to EUR 130 million in 2019.

Coronavirus crisis renders outlook for 2020 difficult

The ongoing coronavirus pandemic will have considerable negative impacts on the development of the business in 2020. All business units will be adversely affected, albeit to different degrees. At present, it is not possible to reliably or realistically estimate the impacts of the crisis. Haniel is confident that, thanks to its sound balance sheet and financial structure, it is well equipped to overcome the challenges it will face. Work will continue in 2020 to implement the transformation project that was successfully launched in 2019 in order to make the portfolio and the Group fit for the future and boost its growth prospects.

You can download the full Haniel Annual Report 2019 on our website.

2019 in figures: overview

IFRSs (EUR million)	2018	**2019**	Change (%)
Haniel Group			
Revenue	4,683	**4,533**	-3%
Operating profit	301	**255**	-15%
Profit before taxes	-475[1]	**175**	>+100%
Profit after taxes	-848	**130**	>+100%
Net financial position	974	**823**	-16%
Equity ratio (in per cent)	58%	**53%**	-5% points
Annual average number of employees (headcount)	18,824	**19,302**	+3%
BekaertDeslee			
Revenue	318	**339**	+7%
Operating profit	21	**27**	+28%

IFRSs (EUR million)	2018	**2019**	Change (%)
CWS			
Revenue	1,141	**1,188**	+4%
Operating profit	140	**155**	+11%
ELG			
Revenue	1,811	**1,580**	-13%
Operating profit	32	**7**	-78%
Optimar			
Revenue	123	**118**	-4%
Operating profit	3	**2**	-33%
ROVEMA			
Revenue	110	**96**	-13%
Operating profit	11	**7**	-36%
TAKKT			
Revenue	1,181	**1,214**	+3%
Operating profit	133	**118**	-11%
Financial investments			
CECONOMY investment result	-707	**41**	>+100%

[1] Following the disposal of most of the shares held in METRO, METRO is no longer classified as a reporting segments and is reported as a "discontinued operation". Prior-year figures have been adjusted accordingly.

Haniel
Franz Haniel & Cie. GmbH is a German family equity company which has been headquartered in Duisburg-Ruhrort since it was founded in 1756. It is from there that the Holding Company, which is wholly owned by the family, manages a diversified portfolio in line with a unique investment strategy as a value developer, combined with a consistent focus on sustainability criteria and a clear emphasis on performance. Haniel's portfolio currently includes six business units which are independently responsible for their own operating business and which hold a leading market position in their respective sectors: BekaertDeslee, CWS, ELG, Optimar, ROVEMA and TAKKT. In addition, Haniel holds a financial investment in CECONOMY.

You can find more information about Haniel at www.haniel.de/en and www.enkelfaehig.de.

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