


Annual Report | Kramp Groep

2019

 KRAMP

Focus on our foundation

 KRAMP

About this report

Welcome to the annual report 2019 of Kramp Groep B.V. This year's theme is "Focus on our foundation." This has been one of our focal points for 2019 and we are happy to show you the results of this in various fields of work. We also introduce to you our two new members of the Executive Board: Andrea Bodstein - Walenciak and Martijn Bonte. In addition, we give a detailed outline of our new webshop and app, and you will hear from a dealer, supplier and farmer about their experiences last year and their expectations for 2020. Finally, in this report you will find the pro forma accounts taken from the financial statements of Kramp Groep B.V.

We hope you enjoy reading this report.



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Message from the CEO

A solid foundation for future growth

"In every respect, 2019 was a better year for Kramp than 2018. We strengthened the foundations of our company, turnover has increased and our new webshop is almost ready to go live," explains CEO Eddie Perdok. Here he outlines how the year went, what the highlights were and what is in store for 2020.

Satisfied customers

"Our top priority for 2019 was to get the foundation of the business back on track and to ensure fast and reliable delivery of our products. This was particularly important given the delivery issues that we had in 2018. We have succeeded in doing this. The new automatic warehouse systems are running well, and we are scoring better on all our KPIs, from delivery to product availability. However, the most important thing is that our customer satisfaction levels have increased, as we can see from our higher NPS score."

Better results

"Our turnover is lower than expected but has still grown by 6%, and because we have adjusted our costs, profitability has increased by 14%. The fact that turnover has grown less swiftly than expected is mainly due to the difficult market conditions in Europe. From Brexit and tensions between America and China to the farmers' protests and the problems facing the nitrogen emissions, all of this created uncertainty in the agricultural sector, which in turn led to farmers led to cautious spending by farmers."

"For me, the highlight of 2019 was the launch of our new webshop, which we have gradually rolled out, one country at a time."

New online shop

"For me, the highlight of 2019 was the launch of our new webshop, which we have gradually rolled out, one country at a time. Three years ago, we decided to build the web technology ourselves — this meant that we could tailor it to meet the precise needs of our customers. I am very pleased with how smooth the transition from the old to the new webshop has been. The new webshop will allow us to make a real difference and add new functionalities quickly and easily. This will make ordering parts even easier for our customers."

It's that easy

"We now have a strong technological foundation that we can build on in the coming years. For example, using the new web technology, we worked together with Google to create a Kramp app. The Kramp app allows customers to take a picture of the spare part that they want to order. The app will then make sure that the correct part is ordered. This means that customers do not need to search for the correct part themselves. It is very straightforward, or true to our mission: It's that easy. We launched the app at Agritechnica in November, and the response has been very positive so far and the app is already very popular."

Leadership position

"When it comes to digitalisation in our marketplace, we want to take the lead and stay ahead of our competitors. This is why we are committed to improving our webshop, the Kramp app and other technologies over the coming years. We started this push towards improving our technology at the end of 2019 with Maykers, a platform for farmers, dealers and suppliers. We are one of the suppliers on Maykers, but we are also giving other suppliers and dealers a platform to carry out their business."

"When it comes to digitalisation in our marketplace, we want to take the lead and stay ahead of our competitors."

Kramp app scanning a shipping label





New acquisitions

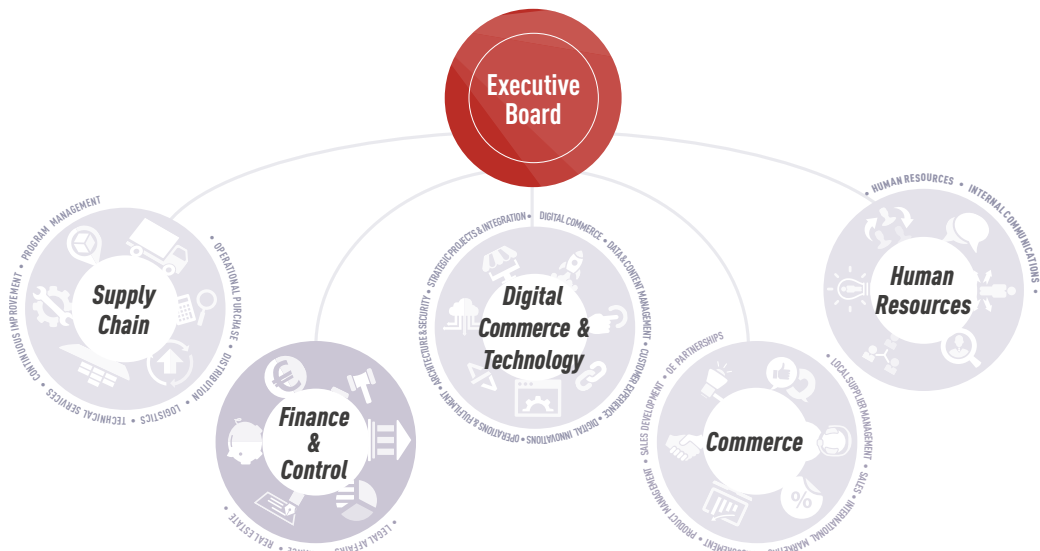
"We also worked hard to integrate Raico and Recinsa of which the Raico and Kramp integration is now complete. In 2019, the integration of Recinsa focused mainly on getting to know the company and moving the Spanish Kramp team to the Recinsa headquarters. We are taking the integration process one step at a time. By combining the importance of Recinsa in the local market with the unique strengths of Kramp, we are getting the best of both worlds. Naturally, we are still actively looking for new acquisitions to help us further strengthen our position in Europe."

Looking ahead to 2020

"We are optimistic and have complete confidence in the future and growth of Kramp. We are expecting turnover in the region of 930 million euro in 2020. Over the past year, we have really strengthened the foundations of Kramp, and we will continue to do so in 2020. We will also continue to invest in our employees, technology and digitalisation. This is how we will continue to be the go-to partner for the agricultural industry."

The effects of COVID-19

COVID-19 has unfortunately also affected Kramp, our employees, customers and suppliers. Given the level of uncertainty surrounding the situation, it is not possible to estimate the potential impact of the virus on future results.



Our Executive Board

At the end of 2018 we reassessed our organisational structure and as a result, we expanded our Executive Board to include the role of Chief Human Resources Officer (CHRO). We also appointed a new COO. Our Executive Board now consists of six people. The arrival of Andrea Bodstein-Walenciak and Martijn Bonte completes our Executive Board and we are now ready for the future. Read on for brief introductions of the latest members.

Andrea Bodstein-Walenciak

Andrea is 45 and lives with her husband and two children (7 and 10) near Eindhoven. She has a Masters in Organisational Psychology and previously held HR management positions at large international companies including HAVI, Philips and Dawn Foods. Andrea has been CHRO at Kramp since January 2020: "I enjoy working for B2B companies like Kramp as their strong values and rich history appeal to me. As CHRO, I represent the people within Kramp and I am very proud of that. After all, our employees are the bedrock of our success."



Image (f.l.t.r.):

Arnoud Klerkx

CDO (Chief Digital Officer)
Technology and Digitalisation

Eddie Perdok

CEO (Chief Executive Officer)
Overall responsible

Mario Babic

CCO (Chief Commercial Officer)
Commerce

Andrea Bodstein-Walenciak

CHRO (Chief Human Resources Officer)
People management

Martijn Bonte

COO (Chief Operations Officer)
Supply chain

Hans Schotten

CFO (Chief Financial Officer)
Finance

Martijn Bonte

Martijn is 40 and lives with his wife and two children (3 and 5) in Amersfoort. He has a Masters in Mechanical Engineering and a PhD in Optimising Production Processes. He previously held senior positions at Philips, McKinsey and Wehkamp. Martijn has been COO at Kramp since October 2019. He says, "The focus on customers and people, and the down-to-earth, yet warm, culture at Kramp appealed to me immediately. I am also excited by our boundless ambition and enormous growth potential. I think it's fantastic that, as COO, I can help this company grow, innovate and improve."



Message from the CFO

Good results for Kramp

"In 2019, we reviewed and improved our internal processes, including procurement and delivery. One result of this is that the figures are much better than in 2018," explains CFO Hans Scholten. He talks about the financial results and investments of Kramp and looks ahead to 2020.

Turnover development

"In 2019, our turnover increased by almost 50 million – in other words, 6.1% – to 872,1 million euro. I think we can be very satisfied with this, especially as the margin has remained the same. However, turnover is lower than expected. This is mainly because farmers have spent less than expected due to the uncertainty in the sector."

Optimising procurement process

"In 2019, we started optimising our procurement process. We did this by better anticipating what will be in demand and reducing our inventory accordingly. We want to make even more progress here in the coming year. Thanks to the improved turnover rate, our stock fell by 6 million euro to 231.6 million euro."

"We have worked hard on cost awareness and taking responsibility for your own results."

Cost development

"We have worked hard on cost awareness and taking responsibility for your own results. That challenge has been well received throughout the organisation, so we have spent less than expected and costs have therefore increased less than turnover. However, the relative distribution costs are higher than planned due to increased fuel and transport costs. Our operating costs are also higher than last year and represent 14,2 percent of net turnover. This is because we have chosen to invest heavily in our organisation; for example, in IT and e-business."

Satisfying result

"The operating result was 60,6 million euro. This represents an increase of 9.4% compared to 2018. The financing facility has not changed, so we have sufficient financial room for growth in working capital. The finance charges have fallen by 350,000 euro. An exchange rate loss of 2.7 million in 2018 has become an exchange rate gain of 0.3 million euro in 2019, thanks to the recovery of the Russian Rouble and the Polish Zloty. This means that profit before tax amounts to 53.7 million euro, which is 18.8% higher than last year. In terms of EBITDA, the result has increased by 15.2% from 75.5 million to 87.0 million euro."

Healthy balance

"Our creditors have increased by only 1.1%, while our purchases have increased by 6%. The effective payment term to suppliers has therefore become shorter. Although our debtor position is stable, the number of days sales outstanding has increased. The interest-bearing debt decreased by 32.1 million euro and is at 274.1 million euro. This means that our financing ratio has improved by as much as 21%."



1.639 zonnepanelen op ons dak in Varsseveld

Thanks to the profit addition our equity has increased by 31.5 million euro, or 19.6%, with a limited amount of dividend paid out. The balance sheet has slightly increased. By optimising working capital and because investments are only slightly higher than depreciation, the solvency rate has grown from 29.8% in 2018 to 31.7% in 2019. So, we have a healthy balance."

Investing in the future

"In 2019, we invested a total of 32 million euro, with 14.8 million euro in IT and e-business. That money was used for things like the new webshop, the Kramp app and the Maykers platform. Other investments include setting up our new warehouse in the UK and a new conveyor and packaging system in Poland. The planned

investment in the construction of a new distribution centre in Italy has been postponed until 2020.

We have also invested in sustainability, as this is a regular part of our business. One example worth mentioning was the planned installation of 1,639 solar panels on our roof in Varsseveld last year. We have given our employees the opportunity to join us in investing in sustainability by setting up the investment in solar panels as a co-operative."

Looking ahead to 2020

"The outlook for 2020 is positive. Moving forward from 2019, we will reap the benefits in 2020 of our investments in IT and e-business and of the effort to put our internal processes in order. We therefore expect a growth of turnover to around 930 million euro, with the margin staying the same. We expect to be able to keep our costs at a relatively constant level. In 2020 we will invest substantially more than we did in 2019, again especially in IT and e-business. We also intend to start building our new warehouse in Italy and put the warehouse in the UK into operation, which will have the same sustainable conveyor and packaging system as in Poland. We will also improve our payment terms in 2020 through Supply Chain Finance, so our suppliers can choose when they want to be paid.

"We have also invested in sustainability, as this is a regular part of our business."

All in all, we expect a result before tax of approximately 62 million euro in 2020, which represents an increase of 15%. For the EBITDA, this means an expected increase of 87 million to 93 million euro. The possible effects of the Covid-19 virus outbreak have not been taken into account. Although turnover for the first quarter of 2020 is on budget, the effects for the full year 2020 are not yet known at the time this annual report was published.

It is important that we continue to consistently focus on improving basic processes in the supply chain in 2020. Examples include better logistics agreements with suppliers, further optimisation of internal processes and extending control of working capital, which involves reducing inventory levels without compromising delivery quality to our customers. In addition, as in 2019, we are asking our employees to be cost-conscious and to take responsibility for the result."





Commercial results

At Kramp, our customers come first

"Keeping customers satisfied drives what we do every day. All our activities are focused on providing the best possible support for our customers. This is rooted in co-operation with our customers, suppliers and partners", says CCO Mario Babic.

John Deere

"To give an example of this, we have worked closely with John Deere since 2017. As pioneers in this sector, we share the same values and a common goal: contributing to the success of John Deere dealers. Our partnership makes it easier for dealers to order, stock and sell additional parts and accessories using a single channel", Mario explains. "After a successful launch in the German market, we extended our partnership with John Deere to include France, Portugal and Spain in 2019. We also added the Vapormatic brand to the range in selected countries. In the next phase, other European John Deere dealers will also gain access to the wide range of John Deere accessories, Vapormatic parts and the extensive Kramp product portfolio."

It's that easy

In 2019, we started analysing our product assortment to enable us to offer locally relevant products in all our countries; all so that we are able to make sure 'It's that easy' for all our customers. We make it as easy as possible for them to order, manage and sell parts. It all starts with a good online shop with easy-to-use search functions and extensive product knowledge, so that customers can find and order parts quickly. With our Powered by Kramp retail concept (PBK) and the Kramp Online Service (KOS), we also support dealers in selling parts. At the end of the day, if our customers are successful, we are too."

"We want the entire organisation to consistently get better at seeing things from the customer's perspective."

Powered by Kramp

"We are proud of the results our retail concept achieved in 2019. Last year, we opened new PBK shops in several countries. Powered by Kramp shops offer everything that farmers, outdoor people and DIY enthusiasts need. In addition to a wide range of top brands, Kramp offers a complete range of products under its own Kramp, Farma and Gopart brands", Mario explains. "We will continue to roll out this concept across Europe in 2020. Dealers say they are pleased that we provide this kind of support to help boost their business, both online and offline."

Customer satisfaction

"Customers have more and more access to information and a wide range of options to choose from, so a positive customer experience and customer perception is becoming more and more important. We established the Customer Experience Team in 2018, to make sure we have a close relationship with our

customers and to make sure we understand what drives them and what they need. The goal is to secure loyal customers who turn to Kramp as their first port of call for parts and accessories. Customer Experience is something that needs to be constantly nurtured and maintained and we want the entire organisation to consistently get better at seeing things from the customer's perspective. That is why this team is involving the entire organisation in the customer experience approach; from purchasing to the online shop, sales, logistics and finance teams. We want to learn from each other, but especially from our customers, so we can do things that are relevant and have an impact for them.

"We are and will remain optimistic about the future of the agricultural sector."

Now, one year later, we can see clearly that this approach is paying off. For example, the Net Promoter Score increased from 24 in 2018 to 36 in 2019, Customer Satisfaction increased from 3.9 to 4.1 and the Customer Effort Score remained stable at 4.3. In addition, it is especially important that we receive sufficient feedback from a large group of customers to give us a representative view, so we are pleased to see that the response rate increased by 22% in 2019 compared to 2018."

Commercial results

"We can see that, despite the uncertainty in the market and therefore the reluctance of farmers to invest, turnover has still increased by 6%. Countries that saw a relatively high turnover increase in 2019 are France, Switzerland, Austria, Belgium and Finland. Turnover in Germany remained stable and decreased slightly in Denmark.

We are and will remain optimistic about the future of the agricultural sector and will continue to work very hard next year to maintain and strengthen our partnership with our customers and suppliers."

Experiences from the Supply Chain

Four questions for... Kramp dealer Willemen

1. How was 2019 for your business?

"We sell, rent out and repair garden machinery for private individuals and professionals. Our turnover was good last year and we welcomed a lot of new customers. We also opened a second branch in Herenthout. All in all, 2019 was a good year for us."

2. What are the most significant challenges you are facing?

"The most important challenge facing us today is coming out of the coronavirus crisis as strong as possible. Belgium has been under lockdown since mid-March and you are only allowed to go to the supermarket or pharmacy, so our shops are also closed. Although we have an online shop, it is not that easy for people to buy large machines online. They want to see and touch them first."

3. What are your expectations for 2020?

"At the beginning of this year, 2020 was still looking very good and successful but of course things are now quite different. We are facing an uncertain year with a considerable loss of turnover. Fortunately we have a buffer and we can still see it through. The health of our employees and customers is paramount."

4. Do you like working with Kramp?

"It is great that Kramp really puts itself in our shoes; for example, by making the ordering process as simple and flexible as possible. That means we can order parts before 6.30 pm and have them delivered the next morning, and there is always enough stock. Yes, we are very happy with this partnership."



Niels Willemen Director of Willemen

Four questions for... supplier Lemken

1. How was 2019 for your business?

"Lemken specialises in agricultural machinery for tilling, drilling and crop protection. There was a lot going on in our sector last year, such as the farmers' protests and the trade boycott between America and China. We also had another very dry summer, fortunately, our turnover remained stable and we had an excellent year."



Anthony van der Ley Director of Lemken

2. What are the most significant challenges you are facing?

"The world is currently struggling with the coronavirus. Although many industries are not working, the agricultural sector must carry on as normal, because people still need to eat. In this sense, we can count ourselves very lucky that we operate in this sector. Our biggest challenges are to keep the coronavirus outside our company for as long as possible and to find a solution to the fact that our suppliers in Spain and Italy are no longer able to supply parts. We still have stock but we are already looking at alternative suppliers."

3. What are your expectations for 2020?

"We started the first quarter very well with lots of orders and a good turnover. However, due to the coronavirus crisis, I expect a substantial decrease in the number of new orders in the second quarter. Farmers are still working, but dealers have put trade on hold, and some will face liquidity problems. It is difficult to predict how much this will impact us, but we are trying to remain positive: every crisis also brings with it new opportunities."

4. Do you like working with Kramp?

"In 2012, we took the conscious decision to make Kramp our preferred partner. This means that we are able to access the huge network of Kramp and, at the same time, Kramp has exclusive rights to sell Lemken parts. It's a win-win situation. I think we work so well with Kramp because we have the same vision."



Geertjan Kloosterboer Dairy farmer with 120 cows

Four questions for... Dairy farmer Kloosterboer

1. How was 2019 for you?

"It was a good year for our business, despite the drought and the debate surrounding the problems facing the nitrogen emissions, although we will not see the consequences of that until some point in 2020, so we will simply carry on as normal until then."

2. What are the most significant challenges you are facing?

"These are uncertain times for our sector, so I'm trying to look to the future as much as possible and seize new

opportunities. As a result, you can now play laser games, hold children's parties or organise meetings here at our farm. We are currently working on solar panels and setting up a business space for groups of fifty to sixty people. This will give us other sources of income, if we generate less from the dairy cows."

3. What are your expectations for 2020?

"I'm hoping for a healthy year, both financially and physically. Fortunately, we have not been hit too hard by the recent coronavirus outbreak so far, but that will not be the case for much longer, as exports are now completely locked down."

4. What do you think of Kramp?

"As an end user, I do not deal directly with Kramp; there is a dealer in between who orders the parts from Kramp for me. But last year I was a guest at the management meeting of Kramp and that gave me a very positive impression of the company."



Company profile



TURNOVER

>872_M

6.1%

GROWTH



CUSTOMERS

>40_K

4.1

SATISFACTION (SCALE 1-5)



PARTS

>500_K

<232_M

ON STOCK



SHELF LOCATIONS

>750_K

>120_K

ORDER LINES PER DAY





22

SALES OFFICES



11

DISTRIBUTION CENTRES



>3,000

EMPLOYEES (FTE)



32_M

INVESTMENTS



>302_K

ONLINE VISITORS WEEKLY



98.8%

DELIVERED ON TIME



>7.5_K

METRES ROLLER CONVEYOR



RETAIL
CONCEPTS



ONE-STOP-SHOP



FAST
DELIVERY



ONLINE
SERVICES



INNOVATIVE
SERVICES



MULTI BRAND



SHARING
KNOWLEDGE



MOBILE
SOLUTIONS

ADDED VALUE

CORE VALUES



CUSTOMER FIRST



TOGETHER



ENGAGED



ENTREPRENEURSHIP





Digital progress

New webshop and app: the perfect example of 'It's that easy'.

In 2019, we reached the final stage of preparations for our new webshop. "We have spent a lot of time and energy on this in recent years," says CDO Arnoud Klerkx. "The technology that we have developed in-house significantly improves performance; rather like going from a trusty old Volvo, while continuously developing, to a brand-new Tesla. We also introduced the Kramp app, which makes it easier than ever to do business with our company."

Improved search function

"Here at Kramp, we are closely involved with our customers, so we consulted them intensively during the development of our new webshop and app. This is how we discovered that what customers want most is to be able to find products easily. Although we made significant improvements to the search function in the webshop, we felt there had to be an even easier way. What if you could just take a picture of a part and then let the system itself find the right one? It is hard to imagine a better example of our mission 'It's that easy'."

"The technology that we have developed in-house significantly improves performance."

Google Partnership

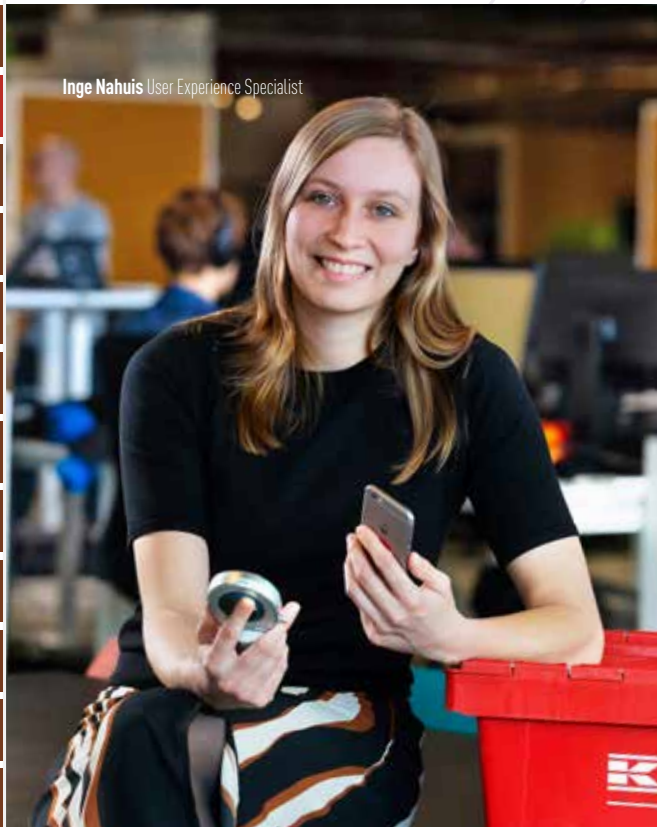
"We have now fulfilled the desire for simple product recognition and the Kramp app can identify specific parts based on a picture you take on the spot. Of course, this requires advanced technology running in the background, such as artificial intelligence and machine learning, and we have used Google's expertise for this. We implemented product recognition in 2019. We also brought together internal experts from various fields in both our head office in Varsseveld and the Kramp Hub in Utrecht, for the webshop and the app. These innovative systems give us a solid foundation that we can build on during 2020. They bring us closer to our customers and give us more commercial power."

Improved customer experience

"The new Kramp app was launched with a great deal of fanfare during Agritechnica 2019 and received a warm reception. Thousands of customers are using it already and giving it a high rating. We will continue to develop the app in 2020, including refining the product recognition section. We will also keep adding new features over next year, based on the wishes of our customers. This will create an even better customer experience."

Promise fulfilled

"More and more options are also being made available in the webshop and the full functionality will come online during 2020. This will fulfil a major promise: personal collaboration supported by technology that works perfectly. Kramp is now reaping the benefits of the investments it made in recent years and the customer experience is now significantly better than in 2018. We will keep working enthusiastically on this in 2020. At the same time, we also want to get rid of obsolete systems, as this will improve our reliability and provide a solid foundation for the future."



Kramp app

Quick and easy

"Kramp is constantly looking for new technologies and innovative solutions. So, when the result of customer research showed customers really wanted to be able to find products more easily, we quickly came up with the idea of the Kramp app," says Inge Nahuis, User Experience Specialist and Product Owner of the Kramp app.

Product recognition

"As the Kramp app runs on the same e-commerce platform as our new webshop, we were able to develop an app relatively quickly and easily add new features. By using the Kramp app customers can take a picture of the item they want to order, and an algorithm identifies the correct product or product category. Product recognition is still in its infancy, but continuous training of the algorithm will improve the identification rate every time."

Together with customers

"We have involved our customers in every step of the process, from design to launch of the app. We ask for feedback on each step or new feature that we add, and we use that information to keep improving the app. Every few weeks, we issue a new release that implements the improvements. One recent one allows customers to use the app to scan boxes and crates arriving from Kramp, so, they know exactly what is in each one and they can quickly find the item they want. This is very important because customer orders are often needed quickly."

" We ask for feedback on each step or new feature that we add, and we use that information to keep improving the app."

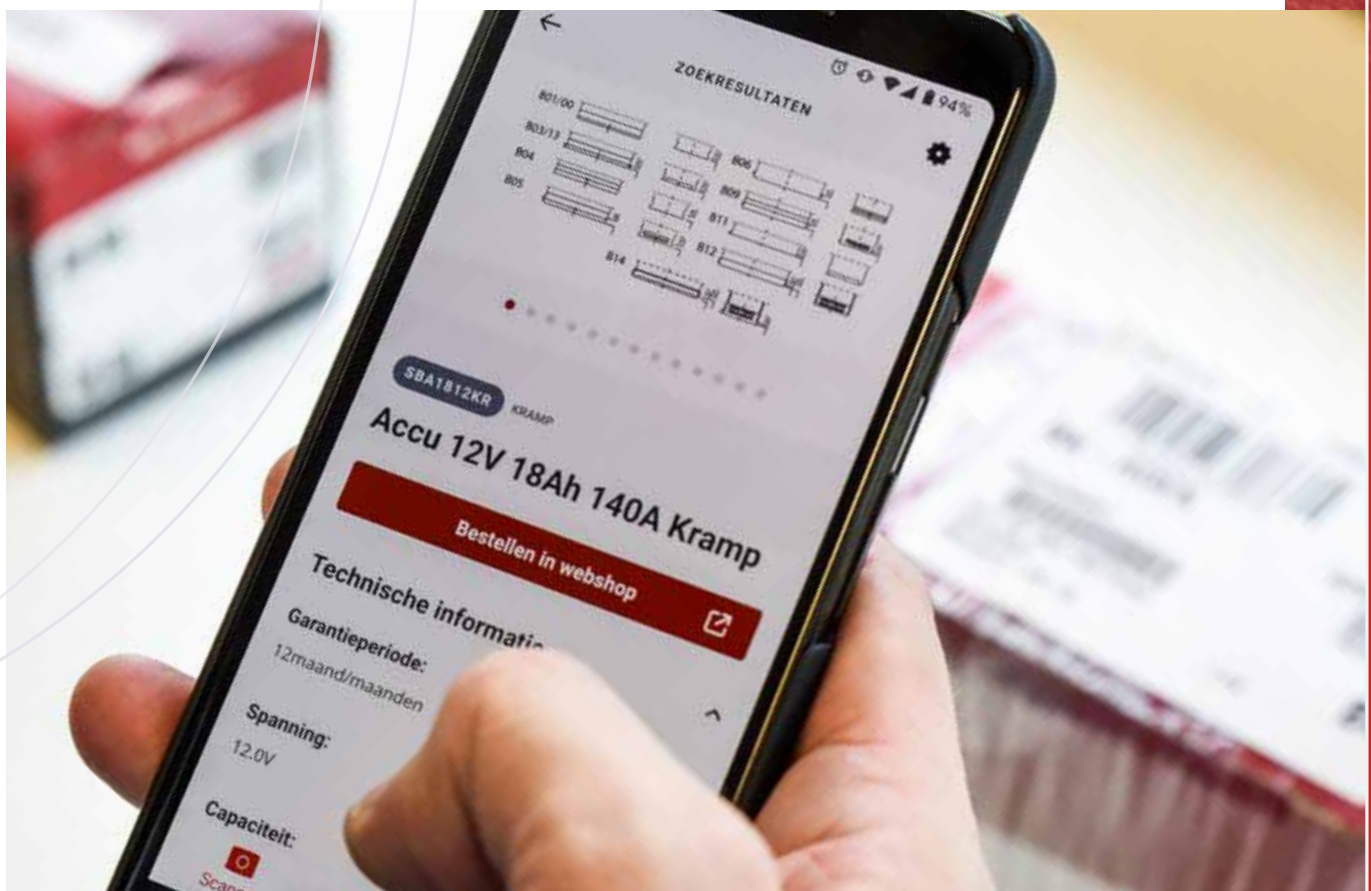
Cross-functional collaboration

"In addition to feedback from our customers, we also asked for help from in-house and third-party specialists in mobile apps, customer experience and design. As a result, the architects and engineers at the Kramp Hub developed the entire technology and our product specialists have tailored product recognition to suit Kramp customers. Our

product photographers have taken thousands of extra photos, so that the app can properly identify all the products. Ultimately, this multidisciplinary collaboration inside and outside Kramp has created a fantastic, user-friendly app."

Flying start

"We launched the app at Agritechnica in November 2019. Reactions so far have been very positive, and the app has won the Spanish FIMA Technical Novelty Award and the silver SpinAward. That really is a flying start," says Inge proudly. "There are many more new features to come, such as being able to order directly from the app, as customers are now being linked through to the webshop. That is how we are gradually making the app even better and easier to use."



New webshop

Kramp: digital leader

In 2017, Kramp started developing a completely new e-commerce platform — the foundation for the new webshop and the Kramp app. Product Owner Digital Commerce Ron Huiskamp says, "We have been working on e-commerce for almost twenty years now and we are at the forefront of digitalisation. If we want to maintain this leadership position in the sector, we must keep developing and progressing. That is why we decided a few years ago to develop a completely new platform for all our online business."



Ron Huiskamp Product Owner Digital Commerce

Step-by-step

"In 2019, we gradually integrated new features into our existing webshop, such as the new search engine that is now live in every country. This search engine contains better product information and expanded search algorithms, so that customers can find what they are looking for significantly faster, which will in turn, improve customer satisfaction. In addition, this new search engine allows us to collect useful data, such as customer search behaviour. The My Account feature is now operating in every country and contains all the information that a customer needs including orders, deliveries and payments. All the new pages we add are optimised for mobile devices."

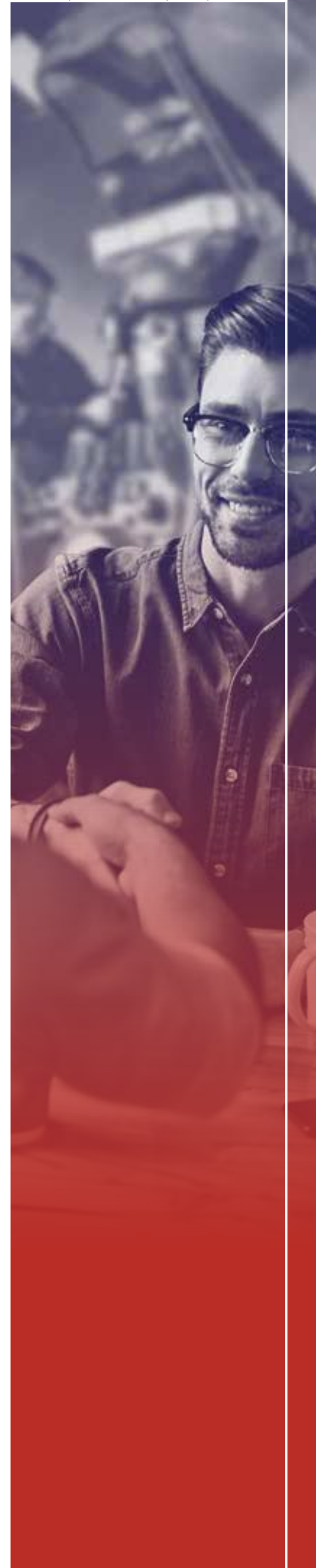
"We also believe it is important to maintain a good relationship with our customers offline; for example, by visiting customers and by using co-creation to involve them in the development process."

Good customer relationships

"We are developing our webshop in an ongoing series of small steps, reducing the impact on our customers and enabling us to add updates and improvements quickly when needed. We follow the data, which means that we base our decisions and improvements as much as possible on the data we continuously collect, such as our customers' feedback and search behaviour. We also believe it is important to maintain a good relationship with our customers offline; for example, by visiting customers and by using co-creation to involve them in the development process. This is how we will continue to lead the way digitally in the agricultural sector."

Ready for the future

"The new e-commerce platform provides a solid foundation for further shaping our webshop and allows us to make adjustments and improvements quickly and relatively easily. We have already added 45 new features since launching My Account and our goal is to get the webshop running fully on the new e-commerce platform during 2020. One thing is certain: with this third generation webshop we are completely ready for the future."





Operational key points

The most reliable service ever

Customers of Kramp were sometimes put to the test in 2018. "We had problems with our suppliers and disruption in our warehouse in Varsseveld," says COO Martijn Bonte. "That meant that our customers did not get the service they wanted and our logistics and distribution costs were higher than expected. We worked hard to improve this in 2019 and the result is that our service is more reliable than ever."

Higher satisfaction, lower costs

"After the problems in 2018, we started to continuously improve our performance for customers across Kramp. In addition, the shuttle systems we implemented in 2018 are now stable and reliable. This will increase customer satisfaction and reduce distribution and logistics costs."

Improved range and stock

"We also worked on our range and our stock in 2019. We continuously monitor whether our range is still in line with our customers' needs, by adding relevant new products and removing less popular ones. We also have taken steps to work more closely with our suppliers. This results in an improvement of delivery reliability while reducing the amount we need to keep in stock ourselves. This also increases customer satisfaction and lowers costs, and we will continue this progress in 2020."

Cross-functional collaboration

"We are working closely together within Kramp to make sure we do everything we can to improve our service. After all, better service requires excellent teamwork among sales, logistics and distribution departments. To make our processes even smarter, we need to work together. Over the past few years, we have trained more than 200 employees in Lean Six Sigma and our organisation has gained a lot more certified Green and Black Belts. We will keep working towards a culture of continuous improvement in 2020; working a little bit smarter every day so we can offer a much-improved service to our customers."

"Customers are very satisfied, and it is easier and easier for them to find us. Kramp is growing – and one place we are noticing that is at our warehouses."

Expanding warehouses

"Our efforts are bearing fruit; our service has never been so good. Customers are very satisfied, and it is easier and easier for them to find us. Kramp is growing – and one place we are noticing this is at our warehouses, which are starting to become too small for all the orders and products we offer. So, we are building a new warehouse in the UK that will be put into operation in the summer of 2020. Although a bit delayed, we have made preparations for the construction of our new premises in Italy and we are looking at opportunities to expand our warehouses in several other countries as well."

Investing in smart technology

"In addition, we continue to invest in smart technology in our existing warehouses. Automation of the warehouse in Varsseveld is now working perfectly and we have also taken steps to further automate the warehouse in Poland. These developments are needed to keep track of our growth and further increase our reliability, and this will continue in 2020."

Trust

"Kramp took great steps forward in 2019. We have overcome the teething problems in our systems, our service and reliability have improved significantly, and our customers benefit from all the extra opportunities. As a result, we are confident about the future."

Koen Demkes Program Manager Assortment & Supply Chain



Focus on the foundation

Reliable and customer-oriented

Returning to the good service and reliable delivery that Kramp customers expected was our goal for 2019. "We launched fifteen projects with the aim of improving our end-to-end service: from delivery to our warehouses right through to delivery to our customers. As a result, we can deliver faster, we have a better understanding of what our customers need and we have aligned our inventory with that", says Program Manager Assortment & Supply Chain Koen Demkes.

More efficient processes

We have set up a Key Process Structure to make our basic processes throughout the supply chain more efficient and as uniform as possible for all countries. The different departments involved in each process are now more closely linked and, where departments were initially separate from each other, they are now much more closely aligned. We base our thinking on the customer experience, not on distinct departments and processes."

Cross-functional working

"We want to retain and expand this cross-functional way of working together, as this is very important in a large international company like Kramp. For example, we can detect and resolve delivery errors at a much earlier stage. Previously, if something went wrong in the warehouse, it was not always picked up by the right person. Now, warehouse workers must answer a number of questions on their scanner when a delivery is unloaded. Is the load spread evenly across the pallet? Is the load not too high? Is the dispatch note on the outside? All very practical questions."

"We base our thinking on the customer experience, not on distinct departments and processes."

Data and dashboards

"We collect all the data and display it in a number of clear charts, known as dashboards. We do this for the other work processes as well. It gives us much more insight

into what is going well and what can be improved. For example, the data on delivery to our customers showed that mirrors were all too often damaged on arrival. We discovered this was because the mirrors were in an awkward place in our warehouse. A simple adjustment solved the problem. In addition, we can use data to better assess what we are going to sell in the near future and what new items are going to do well."

Agreements with suppliers

"Last year we also created a supplier manual. The manual contains our agreements with suppliers. It specifies the maximum permitted height of pallets, for example, and how many days it takes for us to get confirmation after an order has been placed. This book tells suppliers exactly what we expect from them and we can hold them to it as we measure compliance, so the suppliers benefit from gaining a better understanding of how they are performing."

Looking ahead to the future

"One KPI we use to measure our success is the percentage of products that reach the customer on time. Previously, we focused on whether an ordered item left our warehouse on time, but there are still a lot of things that can happen along the way to delay delivery. This is why we now look at whether an ordered item reaches the customer on time. Now that we have taken significant steps to improve our internal organisation, this year we can shift our focus back to growth and cost savings. The secret here is to make even better use of what we already have, increasing turnover while reducing costs proportionately."



Vision on HRM

Creating a WOW employee experience

Kramp operates in a fast-changing world, where the right employees are in scarce supply. "We are using our HR policy to respond to this," says CHRO Andrea Bodstein-Walenciak. "By making sure we attract and retain talented people. Our employees are ambassadors for Kramp. We want them to remain permanently loyal to the Kramp brand, based on positive experiences, even if they do not work for us anymore."

Striving for simplicity

"In 2019, we worked hard to continuously improve our HR processes, by striving for simplicity. 'It's that easy' definitely applies to us as well; the easier we make it internally, the more time we have left for customers and our own professional development. Only then will we be able to fulfil our brand promise and make our customers happy."

High expectations

"Employees expect HR processes to run quickly and smoothly. If they order something online at home, they just tap a key to have it delivered the next day and this expectation carries over to the workplace. If we use complex forms and time-consuming procedures internally, they will be disappointed."

"The easier we make it internally, the more time we have left for customers and our own professional development."

Getting the basics right

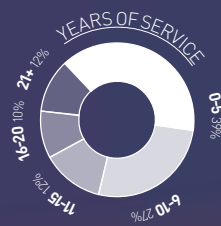
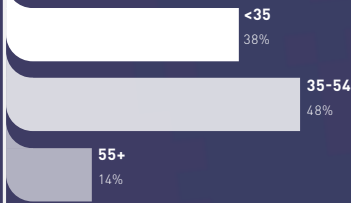
"This is why we have done a lot of work behind the scenes to simplify our processes. We have standardised things for all the countries we operate in, which means we now use one single HR information system, for example, and take the same approach to performance management and salary payment. One common approach across national borders gives clarity, and this is particularly important for our global managers who support teams working in multiple countries."

"There are definitely still plenty of opportunities for improvement, so we will continue to follow the 'Getting the basics right' policy in HR in 2020. We will also take clear steps towards innovative HR solutions for the future, such as access to talent management and learning resources that respond to the needs of our employees."

Attracting the right people

"We also invested in employer branding in 2019 to encourage people to come and work for us. This involved developing specific profiles for typical Kramp employees to help us understand what they want and where we can find them. Through customised job descriptions, we are now able to attract the right people, who fit with our organisation and want to stay. We can also use these profiles in the future; for example, to better tailor training and learning needs to the personalities and preferences of our staff. That's how we make learning more enjoyable."

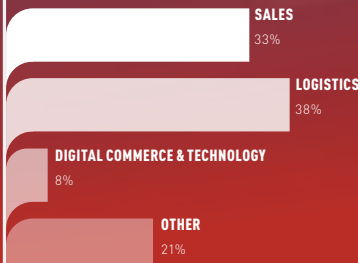
AGE



KWEE SCORE

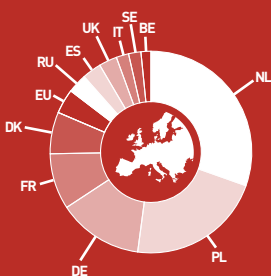


DEPARTMENTS FTE



FTE COUNTRIES

NL 30.4%	FR 9.0%	RU 3.1%	IT 2.0%
PL 21.7%	DK 6.7%	ES 2.9%	SE 2.0%
DE 13.6%	EU 3.9%	UK 3.1%	BE 1.6%



FTE INCREASE

2015	2016	2017	2018	2019
2,603	2,719	2,743	2,857	3,003



Anyone can be a recruiter

"In addition, we have invested in a referral programme that employees can use to alert others of our vacancies. As a company, we are better known inside our industry than outside, which makes it hard to attract people from outside our industry with the knowledge and skills we are looking for. The referral programme is a way of reaching suitable people in spite of the current tight job market. The pilot project in Belgium has been successful and we are making a broader commitment to this programme in 2020. After all, anyone of our more than 3,000 staff members can be a recruiter."

Smooth onboarding process

"Starting a new job always takes some getting used to, it is an investment that requires a lot of energy. That is why we have developed and expanded our onboarding programme. If this runs smoothly, then new employees will feel at home more quickly, increasing productivity and boosting self-confidence. The programme is worthwhile, considering that we hire about 500 people a year."

"Our employees are ambassadors for Kramp. We want them to remain permanently loyal to the Kramp brand."

Continuous development

"We continuously invest in training. In 2019, we trained 15 project managers in project communication and they are now better able to involve the organisation in their projects and the developments that result from them. We have also started a training programme for the top 100 of our managers across Europe. They are following a range of learning and experience modules, including personal leadership and people leadership. They use peer coaching to learn from each other and improve how they interact with each other. The first groups started in 2019 and the rest will follow in 2020."

Satisfied employees

"The results of the Kramp Way Employee Experience (KWEE) from 2018 showed that employees saw more potential for improvement than in previous years. We evaluated the results and created action plans to give improvement. As a result, for example, we put the spotlight on employees after a special achievement, and pay more attention to celebrating our successes, which is now having an impact. At the beginning of 2020, we once again asked our employees for feedback and they generally see a positive change. Our engagement rate has slightly increased. We are now looking at the results by department and addressing areas for improvement together."

One tool

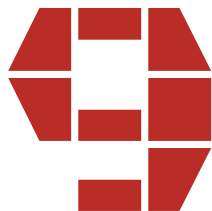
"Another big step we took in 2019 involved digital enablement. Employees can now access their own data in one tool. In 2019, we took steps to allow people to change their basic data themselves, such as their name and address, and their bank account number. We will continue with this in 2020. We will then also look at how we can digitally support managers in terms of talent management and HR analytics."

Cross-functional collaboration

"One final result I would like to mention is the 70 workshops on roles and responsibilities that we gave in 2019, using the RACI model. RACI stands for Responsible, Accountable, Consulted, Informed and describes how we work together and who ultimately is responsible for each aspect. This provides clarity and simplifies the decision process."

"Kramp is part of an entire supply chain and needs to work cross-functionally within the organisation to provide customers with the best possible service. This is sometimes difficult as our organisation is divided into departments. During the workshops, we were able to show people how to work intelligently across departments, based on the RACI model."





A word from the Supervisory Board



Johan Terpstra



Koen Slippens



Frederik Nieuwenhuys



Johan Lokhorst

The role of the Supervisory Board is to monitor the policy of the Executive Board and the general affairs of Kramp. We focus on a number of different aspects, including the effectiveness of internal risk management and control systems, as well as the integrity and quality of financial reporting. The Supervisory Board meets each year, according to a schedule agreed with the Board. The meetings where we discuss strategy and budgeting are attended by the entire Executive Board. The Supervisory Board evaluates its own performance and the performance of each of its members at least once a year.

We met a total of five times in 2019: three times in Varsseveld, once in Germany and once in Spain. In Germany and Spain, we held discussions with local management teams and visited customers. This has given us a good insight into both the sites and the local markets. Last year, we discussed the usual topics: strategy, interim results, balance sheet trends and cash flow. We also discussed the development of the new online shop, human resources, acquisitions, joint ventures, investments, budgeting and market developments. In our discussions with the Executive Board, the main topics covered were the composition of the Executive Board, the need for a change in our corporate culture when it comes to the efficiency of processes, cost awareness, plus filling senior management and other relevant positions. These discussions were very open and constructive.

The membership of our Supervisory Board is changing with effect from 1 April 2020. Our commissioner Johan Terpstra, one of the Managing Directors of shareholder NPM Capital, is leaving NPM Capital. His replacement on the Supervisory Board will be Rutger Ruigrok. Rutger, also a Managing Director, has worked at NPM Capital since 2005 and knows Kramp well. He will build on the work done by Johan in his role as commissioner at Kramp.

I would like to thank all Kramp employees for their outstanding commitment and dedication. Together, we have laid an even stronger foundation for future growth.

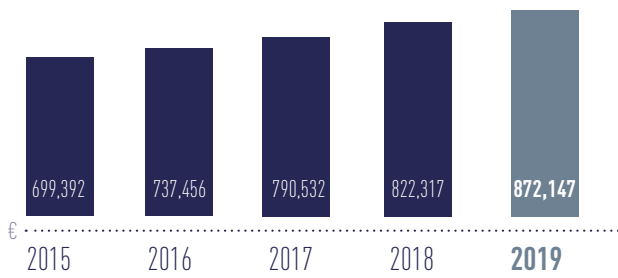
Johan Lokhorst, Chairman of the Supervisory Board at Kramp Groep B.V.



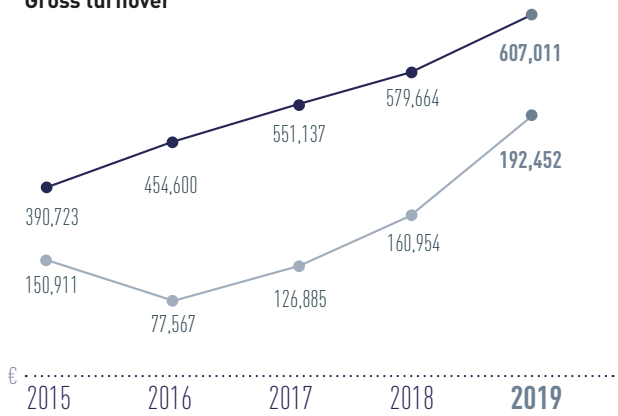
Consolidated financial statements

Pro forma financial statements 2019

Key figures (x 1,000)

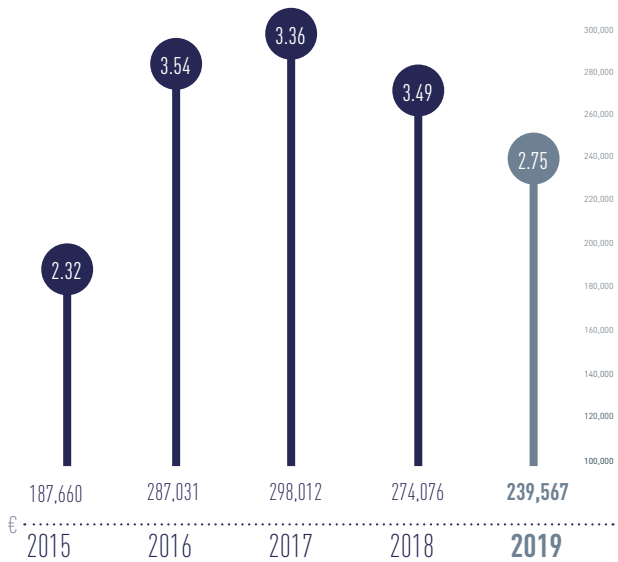


Gross turnover



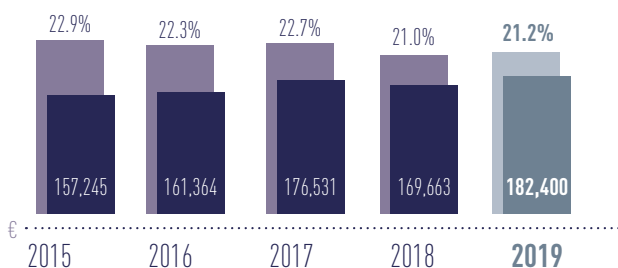
Year-end

■ Balance sheet total ■ Group equity



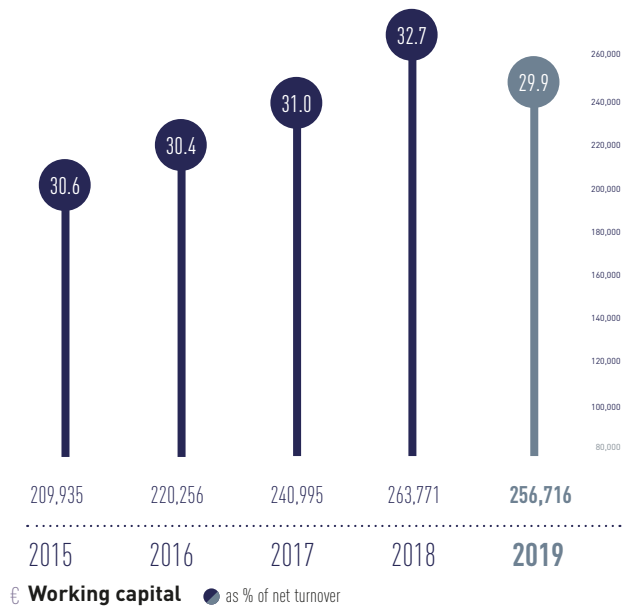
Interest-bearing debts

● NET DEBT/ADJUSTED EBITDA



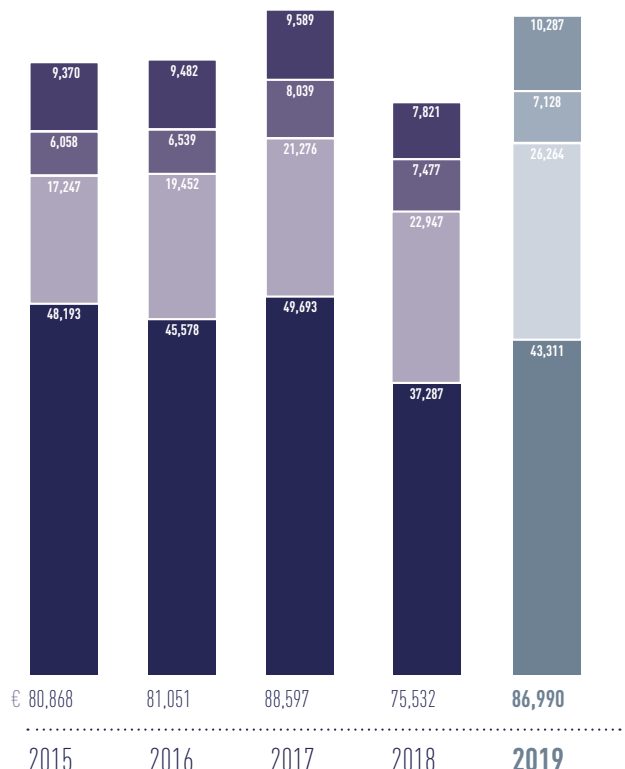
Gross margin

■ Percentage ■ Euro



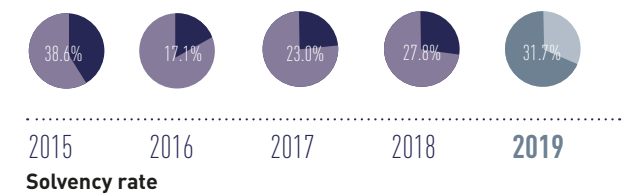
Working capital

● as % of net turnover



EBITDA

■ Tax ■ Finance charges
■ Depreciation ■ Net profit after tax



Solvency rate

Consolidated profit and loss account 2019

Pro forma accounts 2019

(x €1,000)	2019	2018
Gross turnover	872,147	822,317
Boni and discounts	-13,017	-14,510
Net turnover	↳ 859,130	↳ 807,807
Cost of sales	-676,730	-638,144
Gross profit	↳ 182,400	↳ 169,663
Sales costs	-84,810	-79,728
General administrative expenses	-37,038	-34,574
Total costs	↳ -121,848	↳ -114,302
Net turnover result	60,552	55,361
Interest receivable and similar income	216	366
Interest payable and similar costs	-7,344	-7,843
Foreign exchange rate results	292	-2,655
Financial result	↳ -6,836	↳ -10,132
Profit from ordinary business operations before tax	53,716	45,229
Taxes result from ordinary business operations	-10,287	-7,821
Share in results of subsidiaries	60	-
	↳ -10,227	↳ -7,821
Profit after tax	43,489	37,408
Third party share in result	-178	-121
Net result	43,311	37,287

Consolidated balance sheet per 31 December 2019

Pro forma accounts 2019

Assets (x €1,000)	2019	2018
Intellectual property (software)	21,450	19,947
Goodwill	17,436	17,958
Prepayments on intangible fixed assets	8,283	5,515
Intangible fixed assets	↳ 47,169	↳ 43,420
Land and buildings	116,225	116,736
Warehouse equipment	30,648	32,665
Office- and IT equipment	8,932	8,456
Vehicles	2,066	2,070
Prepayments on tangible fixed assets and assets under construction	6,213	1,837
Tangible fixed assets	↳ 164,084	↳ 161,764
Subsidiaries	250	-
Receivables from participants	6,046	9,063
Deferred tax receivables	13,331	12,502
Other receivables	-	111
Financial fixed assets	↳ 19,627	↳ 21,676
Total fixed assets	230,880	226,860
Inventories	231,575	237,897
Trade debtors	77,264	77,410
Taxes and social premiums	10,138	6,320
Other receivables	516	765
Accruals and prepaid expenses	5,859	5,631
Receivables	↳ 93,777	↳ 90,126
Cash	50,779	24,781
Total current assets	376,131	352,804
Total	607,011	579,664



Liabilities (x €1,000)	2019	2018
Equity	192,452	160,954
Third party share in Group companies	806	628
Group equity	↳ 193,258	↳ 161,582
Deferred tax liabilities	3,548	2,267
Pension provisions	558	592
Other provisions	2,200	2,324
Provisions	↳ 6,306	↳ 5,183
Long-term debts	258,711	267,755
Amounts falling due within one year	24,087	24,090
Credit institutions	42,087	39,235
Trade creditors	52,123	51,536
Corporation tax (domestic)	923	1,466
Other taxes and social premiums	10,531	10,221
Value differences to be amortized	2,543	2,727
Other liabilities	16,442	15,869
Short-term debts	↳ 148,736	↳ 145,144
Total	607,011	579,664

Consolidated cash flow statement 2019

Pro forma accounts 2019

(x €1,000)	2019	2018
Net result	43,311	37,287
Depreciation	26,264	22,947
Net financial result	6,836	10,132
Corporation tax	10,287	7,821
Change in financial fixed assets	111	-2,050
Third party share in result	178	121
Other	0	1,356
Total adjustments	↳ 43,676	↳ 40,327
	86,987	77,614
Change in other receivables and accruals and prepaid expenses	-1,480	-398
Change in provisions	-158	-166
Change in other liabilities and accruals and deferred income	883	121
	↳ -755	↳ -443
Change in inventories	6,322	-15,283
Change in trade debtors	146	8,453
Change in trade creditors	587	-7,012
Change in working capital	↳ 7,055	↳ -13,842
Cash flow from operations	93,287	63,329
Received interest	216	366
Paid interest	-7,262	-10,234
Paid corporation tax	-12,256	-7,176
	↳ -19,302	↳ -17,044
CASH FLOW FROM OPERATING ACTIVITIES	73,985	46,285

(x €1,000)	2019	2018
Investments in intangible fixed assets	-12,783	-9,878
Investments in tangible fixed assets	-19,493	-14,917
Disinvestments in tangible fixed assets	1,034	130
Acquisition subsidiaries	-855	-26,375
Long-term loans issued	-3,051	-
Repayment on long-term loans	6,068	-
CASH FLOW FROM INVESTING ACTIVITIES	↳ -29,080	↳ -51,040
Paid dividend	-14,340	-
Repayment long-term debts	-24,032	-31,216
Borrowing long-term debts	14,985	1,232
Change in short-term debts	2,849	24,360
	↳ -6,198	↳ -5,624
CASH FLOW FROM FINANCING ACTIVITIES	↳ -20,538	↳ -5,624
NET CASH FLOW	24,367	-10,379
Exchange and conversion differences on cash	1,631	-3,217
MOVEMENT IN CASH POSITION	25,998	-13,596
Beginning cash and cash equivalent	24,781	38,377
Closing cash and cash equivalent	50,779	24,781
MOVEMENT IN CASH POSITION	↳ 25,998	↳ -13,596



 **KRAMP**

It's that easy.