WÜRTH GROUP

ANNUAL REPORT

Würth Group Fiscal Year 2015

understanding value

CONTENTS

AT A GLANCE »

THE WÜRTH GROUP AT A GLANCE

WÜRTH GROUP

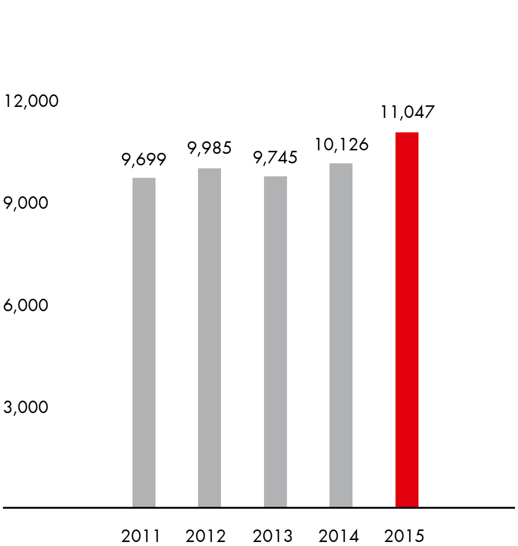
		2011	2012	2013	2014	**2015**
Sales	in millions of EUR	9,699	9,985	9,745	10,126	**11,047**
Employees	No. of	66,113	65,169	63,571	66,044	**68,978**
Pre-tax operating result *	in millions of EUR	395	415	445	515	**525**
Return on sales	%	4.1	4.2	4.6	5.1	**4.8**
EBIT	in millions of EUR	450	448	495	554	**572**
EBITDA	in millions of EUR	736	762	798	831	**903**
Net income for the year	in millions of EUR	271	279	309	378	**434**
Cash flow from operating activities	in millions of EUR	540	618	599	612	**630**
Investments	in millions of EUR	455	465	433	367	**525**
Equity	in millions of EUR	3,042	3,204	3,399	3,683	**4,083**
Balance sheet total	in millions of EUR	7,771	7,649	7,978	8,142	**9,210**
Rating by Standard & Poor's		A/stable	A/stable	A/stable	A/stable	**A/stable**

The consolidated financial statements of the Würth Group are prepared in accordance with the International Financial Reporting Standards (IFRS).

* Earnings before taxes, amortization of goodwill and financial assets, and changes recognized in profit or loss of non-controlling interests disclosed as liabilities

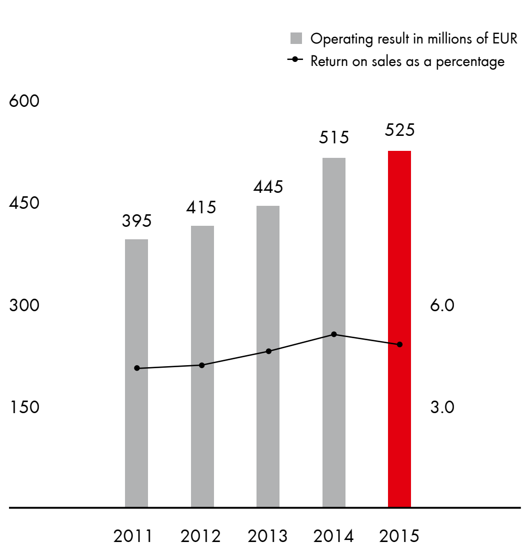
SALES

Würth Group in millions of EUR



OPERATING RESULT

Würth Group in millions of EUR

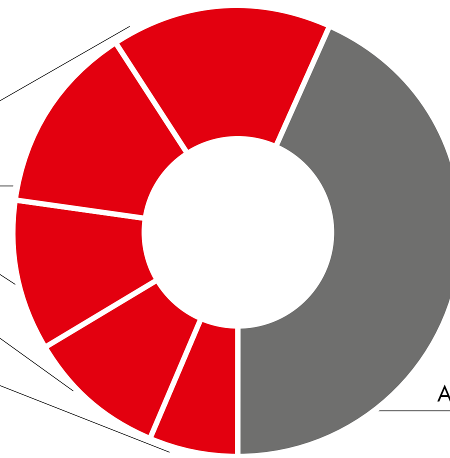


BUSINESS UNITS

SHARE OF SALES

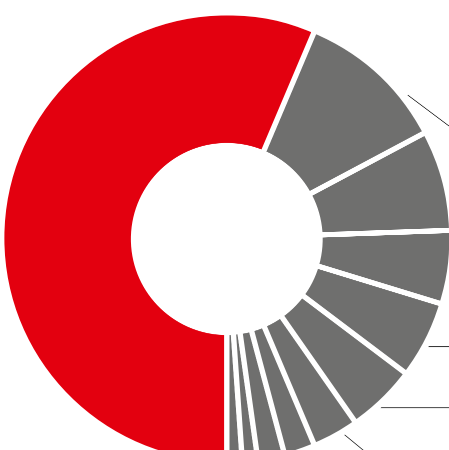
Divisions of the Würth Line

	2015 in %	2015 in millions of EUR	2014 in millions of EUR	Change in %
Metal	16.0	**1,765**	1,661	+ 6.3
Auto	13.6	**1,502**	1,423	+ 5.6
Industry	10.7	**1,180**	985	+19.8
Wood	10.1	**1,124**	996	+ 12.9
Construction	6.2	**686**	638	+ 7.5
Total	56.6	**6,257**	5,703	+ 9.7



SHARE OF SALES

Units of the Allied Companies



	2015 in %	2015 in millions of EUR	2014 in millions of EUR	Change in %
Electrical Wholesale	10.7	**1,186**	1,001	+ 18.5
Trade	7.2	**796**	746	+ 6.7
Electronics	5.5	**609**	552	+ 10.3
Production	5.5	**605**	568	+ 6.5
RECA Group	4.8	**527**	499	+ 5.6
Tools	3.5	**381**	369	+ 3.3
Chemicals	2.2	**240**	236	+ 1.7
Screws and Standard Parts	2.0	**225**	232	- 3.0
Financial Services	1.0	**111**	106	+ 4.7
Other	1.0	**110**	114	- 3.5
Total	43.4	**4,790**	4,423	+ 8.3

Would you opt to experience something you have always dreamed of if you knew that your memory of it would be erased as soon as it was over?

How much would you be prepared to pay for an hour of leisure time?

What do you value more: achieving something yourself or helping others?

Imagine if your life was being filmed. Would the cinema ticket be worth the price?

HOW MUCH DO YOU *value* THAT?

If you could only save five of your personal possessions from destruction, which ones would you save?

What is more important to you: Your car or your pet?

What would you choose: A three-week trip to an unknown destination or EUR 3,000?

Would you buy a guarantee to live until the age of 100 if you knew that all of your friends would die before you?

When was the last time you sacrificed something that was important to you?

Would you rather do without your favorite food forever or never watch TV again?

Someone gives you an expensive present. Are you less happy when you find out that the person got it on the cheap?

A QUESTION OF VALUE

»A THING
IS VALUED ACCORDING
TO ITS PERCEIVED
USEFULNESS
TO MANKIND.«

Eberhard Friedländer,
German economist
(1799–1869)

understanding value

What would the world be without value?
A collection of atoms colliding without any meaning.
What we do and think are what give
things their value.

THE VALUE OF VALUES

Nowadays, the word "value" seems to be on everyone's lips. But what does the word "value" actually mean? How do values come into being – and what standards can we use to measure them?

There is one thing that everyone agrees on: Values are a good thing. We all need values. Our values are the things we have to protect, the things that are worth fighting for. But the term itself is a confusing one. We talk about ethical values like justice, freedom and tolerance, but also refer to the value of property or assets. Values can also change and vary from culture to culture – and sometimes even from individual to individual.

"Value" means two different things. In financial terms, it refers to the monetary equivalent of a particular object, i.e. its price. We talk about valuables, the value of a company, a gold coin or a share. In this sort of context, something is considered to be "of no value" if nobody is prepared to pay any money for it. On the other hand, we use the word "value" to refer to the significance or importance we attach to a certain thing. We talk about the artistic value of a painting, the value of a scientific discovery, religious or ethical and moral values. When we talk about value, we are always referring to something positive in our lives.

The value of something expresses how much we want it because it benefits us in some way or another. So values have both a subjective and an objective component. Not everyone defines value in the same way. The teddy bear you have kept since childhood might only be important to you. At the same time, however, things have an objective value – one that is either intrinsic to the object itself or relates to the things we can do with it. Friendship, for example, is of intrinsic value. We generally aim to establish friendships because they are valuable per se. The value of a hammer, on the other hand, is associated with the fact that we can use it to hammer nails. But the question as to when something is really something we "value" also depends on what we are prepared to sacrifice for it – our money, our efforts, our working hours, our behavior. On the next few pages, we want to give you some insight into the manifold dimensions of the term "value" – and encourage you to think about your own values.

CREATING VALUE!

From product quality, to service, to the company's identity: Anyone who wants to create real value has to invest blood, sweat and tears – and never lose sight of the customer in the process.

VALUE IS QUALITY. Quality starts with an idea of perfection. With the idea of creating a product of the very highest quality. It might be a screw, a ladder or a caliper: There has to be unity between form and function. Quality is evident from the material and the design. A high-quality product is something people can get excited about instantly. And something that wins them over in the long term.

VALUE IS ABOUT HOW USEFUL SOMETHING IS. The customer is king. Customer demands set the standards for excellent service. Customers know what they need: optimum, innovative, precise solutions. The best proof of a product's value is individual satisfaction. People who are not satisfied with a product or service does not simply hide away and say nothing. They talk about it. The things that are useful to one specific individual should also be of use to others.

VALUE IS WHAT REMAINS. In today's fast-paced world, nothing is more important than sustainability. The voices calling for consistency are getting louder and louder in a world characterized by economic and technological change. Reliability is important. We want to surround ourselves with people and things we can rely on. The things we value are not the things that have to be replaced again tomorrow, but the things that endure. And the things that keep going, and going, and going.

VALUE IS ABOUT WHAT YOU ARE PREPARED TO PAY FOR. If you buy a product or service, you are buying an experience. If you invest your money in quality, then you can be certain that the experience you are investing in is worth a great deal more than the material value. Building a house, for example, is not just about the actual structure being built. It is about the way of life you are creating along with the property. Someone's own house is their home. A place where they belong. This is priceless.

VALUE IS ABOUT THINGS THAT HAVE BEEN HANDLED WITH CARE. What do you need if you want to manufacture good products? Time. What do you need to turn good service into excellent service? Purpose. It is exactly the same in the world of art: A few random brush strokes are not enough to produce a valuable painting. In order to ensure that the artistic work can win over laymen and connoisseurs alike, you need a creative process, expertise, technique, and endurance. There is no such thing as real value creation at the touch of a button.

VALUE IS PERFORMANCE. Performance, in the very best, valuable sense of the word, already holds the key to success. It is never something achieved by only one individual, but by a team striving to achieve a common goal. An undertaking can be described as a success if it ultimately results in an outcome that visibly makes sense – a unique achievement that people can build on. Any major innovative achievement deserves attention. All of these achievements set standards for economic and social progress.

VALUE IS ABOUT SHOWING APPRECIATION. In order to work well, people need an environment characterized by recognition and respect. Employees and managers can only develop their full potential in an atmosphere of mutual respect and appreciation. Only then do they feel free to show what they are capable of: what their assets and skills really are. Someone who feels that their actions are appreciated, and that they are valued as an individual, will enjoy coming to work. And they will be inspired to create something worthwhile for others.

VALUE IS ABOUT TRADITION. You can only be flexible in rising to the challenges of the future if you keep your feet firmly on the ground. If you are deeply rooted in your tradition. That also means being aware of your own history. We can only know where we are headed if we know where we came from. The tradition of a family, a trade, a corporate policy creates a sense of trust. It outlives passing trends. It is more influential than any fad.

VALUE IS ABOUT RESPONSIBILITY. If you act responsibly, you can always explain why you took course of action "A" as opposed to course of action "B". Responsibility starts with how you treat yourself, and then spills over into your relationships with the outside world. If we are prepared to take responsibility for the consequences of our decisions, then we can contribute to the future of our society. There is no question that this is a very valuable thing indeed.

VALUE IS ABOUT BEING AUTHENTIC. A company's identity is as important as an individual's identity. You have to be able to distinguish it as something "real" as opposed to something "fake". Authenticity shines through in a company's products, brand and vision. An authentic drive to create value is not something that can be imitated. It is the seal of quality for every effort to strike a balance between economics and ethics.

THE VALUE OF A SCREW

A screw, Würth's very first product, is an object that only appears banal at first glance. But its value is not just about the material itself, but rather about the ways in which the screw can be used. Why the screw is worth more than you might think:

IDEA

The main thing that distinguishes a screw from a nail, bolt or rivet is its thread. The principle is as convincing as it is straightforward: creating a detachable connection. Screws have been around for centuries and can be used by everyone.

CONNECTION

The value of a screw lies in its function: It connects components to create new objects. This is what Aristotle would call its "ergon", its specific purpose. Just as a knife's purpose is to cut, as the ancient Greek philosopher once pointed out, a screw is deemed to do a good job if it can be screwed well. It only develops its potential when it is used.

DIVERSITY

From the tiniest little screws in a clock mechanism, to the standard screws you can find in your tool box, to the meter-long steel screws that hold bridges and buildings together – you can find screws in a great variety of objects that shape our day-to-day lives. Germany's railway network alone contains more than one billion screws.

DURABILITY

Würth and its global success do right by the screw.
A good screw is durable and lasts years. And despite all of the advances made and the massive range of different screws available today, the basic principle of the screw remains the same. This loyalty to tradition is what makes Würth so unique.

INNOVATION

A screw is a winding, sloping surface, a principle that people were familiar with even in ancient times. Archimedes' water screw, for example, allowed water to be transported uphill and represented a breakthrough in irrigation technology. Whether it is a normal screw used to help fasten things together, a ship's propeller or a screw cap – screw mechanisms are closely linked to progress and innovative spirit. But screws themselves have constantly evolved too. Würth's patented ASSY® screw stands for maximum functionality and intelligent design. It shows that even a product that appears to be simple, like a screw, can still be made even better.

USEFULNESS

A screw is a means to an end, a problem solver. We do not keep screws in our homes just for the sake of it, but because of the things they can be used for. They are not a fun product, although it can, of course, be fun to use them in a car or in other handicraft work. In turn, however, this means that we always come back to the screw when we really need it. At the very latest when we can stand back and take a look at the shelves we have mounted on the wall, the value of the screw becomes as clear as day – and it does not even require you to say thank you.

FLEXIBILITY

As valuable as a strong connection is, flexibility is just as important nowadays! Whereas riveted or nailed connections can only be broken by force, screws can be unscrewed again and nuts can be loosened. This means that screws help to reconcile two contradictory aspects of modern life: the need for fixed structures and the wish to have all the freedom in the world.

CHANGING VALUES

Why companies have to venture into the new to preserve the old

Every company has its own story to tell. It starts with a specific business idea, with specific individuals in a specific place. In the beginning, the company is shaped by the personalities of its founders. Later on, new employees join the ranks, the organization grows and colleagues can look back on shared experiences. This eventually gives rise to a corporate culture that is characterized by certain modes of behavior, rules and rituals that are handed down from generation to generation – a culture of shared values.

Tradition provides a sense of stability and security. People know their roots. They feel they belong. They share certain values. A company's tradition forges a sense of identity and trust. But a balance also has to be struck between tradition on the one hand, and change processes, changing values, innovation and globalization on the other hand. Nowadays, competitive companies need to be capable of achieving dynamic growth and constantly reinventing themselves. Those that stand still cannot survive. Globalization is changing corporate identities and cultures. The pressure to be innovative is forcing companies to break with habits they have become fond of, e.g. as a result of digital technologies. The change in values within our society is transforming the working world: Conventional "9 to 5" jobs are a thing of the past. All of these developments are calling established traditions into question. Companies can only survive if they can react to these changes without giving up their culture and identity entirely. The company's values play a key role in this process. After all, companies are more than just a collection of people and products. People and products can be replaced. But without a common culture and shared values, a company cannot survive.

Values such as quality, reliability and customer orientation are all the more important when a company is faced with intense competitive pressure. Trust and integrity can help a company to overcome crisis situations. And a sense of identification with a particular region can help it to cope better with the demands of globalization.

The challenge facing each and every company is to constantly call into question its own traditions – i.e. all of the modes of behavior, rules and rituals that have been passed on through the generations: What parts of our tradition are really worth keeping? And is there anything that we are only doing in a certain way because that's the way we have always done it? What are the unshakable values that make a company strong and characterize its sense of identity? And where might bad habits have crept in over the years that we can no longer afford in the new environment?

TRADITION IS NOT SIMPLY AN END IN ITSELF

In an economic environment, tradition is not simply an end in itself. And we have to make sure that it does not lead us down the path of inertia and conservatism. The fact that "we have always done it that way" is not justification enough for "continuing to do it that way". If we were to apply this sort of thinking to outdated manufacturing procedures, for example, the outcome would be fatal. Similarly, it would be equally silly to reject modern means of communication citing "tradition". Tradition is not something you should hold onto simply because it is a tradition, but because it has something that has proven successful – and because there are good reasons to suggest that it will be successful in the future, too. One company, for example, could have a rule that employees have to turn up at meetings exactly seven minutes before they start. Obviously, there would not be the slightest reason to continue to apply the rule quite this strictly. The company could, however, continue to attach considerable importance to its employees' punctuality because this value has proven its worth in day-to-day corporate life.

Even traditional values in a company cannot be taboos. They can change if the people themselves change, or if the circumstances change. Corporate cultures change as new, younger employees with new values join the company. The management has to remain open to this sort of change and constantly ask itself whether the company's traditional values are still consistent with the company's reality. It is not enough to simply announce what a company's values are. Values have to be put into practice in day-to-day working life – otherwise, they are dead. And they have to make sense in practice, too. Otherwise, they will become empty slogans reserved for staff meetings. Employees and customers have to be able to experience the company's values day in, day out – and have to be able to see what the "value" behind these values is. This means that values have to be something that you can live. "Trust" requires an atmosphere based on trust, "quality" requires a suitable working environment and "passion" requires exciting challenges. Values do not simply fall from the sky and cannot simply be imposed from the top. Rather, they emerge from social interaction and communication – for example in places where people work together, experience things together, where old meets new.

So a company's values should also include the willingness to question those very values. An open mind, the ability to accept criticism and innovative spirit should be the key values that guide any modern company. It does not matter how valuable tradition is: You have to venture into the new to preserve the old.

VALUES HAVE TO BE PUT INTO PRACTICE – OTHERWISE, THEY ARE DEAD

“A **WORD** WITH REINHOLD WÜRTH”

We used an interview as an opportunity to ask Prof. Dr. h. c. mult. Reinhold Würth the following questions. You can start by thinking about what your own answers would be.

1 **What makes you like someone right away?**

2 **And what would tend to put you off?**

3 **What particular skills would you say an entrepreneur has to develop?**

4 **Which adjective describes you best?**

5 **What sort of person is a typical Würth employee?**

6 **Which strengths would you say Würth has as a company that might not stand out at first glance?**

7 **What are you scared of?**

8 **What do you pray for?**

9 **What is your personal motto for 2016?**

10 **What word really irks you?**

11 **When would telling a lie be justified?**

12 **What did you recently do for the very first time?**

13 **If you could do something completely outrageous, what would it be?**

14 **What would you say makes life worth living?**

15 **What would make you get out of bed at 4 a.m.?**

16 **What is the biggest challenge facing our society?**

To find out what Reinhold Würth’s answers were, look at the illustration on the next page.

1 EYE CONTACT
Arrogance and bad breathe
2
Modesty and competence
3
5 A friendly winner
CULTURE & continuity
6
4
Ask my wife
Nuclear war
7
8
For peace in freedom
9
2016
THE GRATITUDE OF OLD AGE
ARROGANCE
10
11
I don't think you ever should
12
13 Sink two of my suitcases filled with mail that I haven't attended to
Spent the Advent season in Moscow with my wife
14
Loving, friendly relationships with others
16
Leaving a habitable world behind for humanity
15 To make sure I don't pee the bed

VALUE WITH A SENSE OF PROPORTION

What do you do nowadays if you are not an IT native, but merely an IT immigrant? Just look up the word "value" online and there you have it: a list of 346 character traits that can be summarized under the term "value" and that describe how we live our lives, and our relationships with acquaintances, friends, business partners or our family. Let me pick out just a few of these traits: attentiveness, acceptance, adaptability, decency, sincerity, endurance, control, modesty, insight, humility, success, flexibility, freedom, composure, persistence, integrity, camaraderie, passion, performance, loyalty, motivation, openness, originality, precision, professionalism, self-confidence, solidarity, ambition, enjoyment, understanding, trust, growth, warmth, dignity, reliability and many more could have easily been taken from Würth's value scale (list taken from the German source http://stevepavlina.de/werte-liste). These ethical values can be attributed to a company's culture, but cannot be imposed and forced upon the company and its employees artificially in the form of official requirements set out in a sort of company manual.

We all know, for example, that modesty, friendliness and humility are character traits that people should, ideally, have learned from their parents and that can only become a firm part of, and develop within, a corporate culture over decades if all of the individuals involved reach a certain basic philanthropic consensus that they apply to everyday working life and if they are prepared to recognize and accept Raiffeisen's basic cooperative principle of "one for all and all for one" in everything that they do.

In 2015, I found myself in my 66th year with the company, having worked for Würth without any interruptions since 1949. Back then, I was able to observe the corporate culture initiated by my father Adolf – a corporate culture that I truly soaked up and have enhanced and continued to apply throughout my entire career. To me, my father Adolf, who established Würth in 1945 and managed it until he passed away in 1954, was the very embodiment of a virtuous, hard-working, honorable businessman who treated his employees very well and showed me, through his own example, both in our life as a family, later on while I was an intern within the company from 1949 to 1952 and for the two years after that, what the concept of culture and integrity really meant.

Looking at my company, I think I can summarize things rather well if I say that more than half of our success was not actually achieved because of products, systems, quality or prices, i.e. things that can be described as managerial acts, but rather because of our management culture, style and remarkably above-average continuity: Within the ranks of our top management, virtually the only reason for staff turnover throughout the decades has been the fact that our managers have become old enough to retire. Other than that, there has been virtually no other reason driving a top manager to leave the company. The positive spirit of collaboration within the company can also be measured using other indicators. The average number of work days lost due to illness at the parent company, for example, comes to 5.2 percent (2015), and the staff turnover rate is 2.5 percent among our in-house staff and 6.2 percent among our sales force. I am extremely thankful for this exceptional level of stability. But we are trying to put our corporate values into practice using other channels, too. We are committed to keeping in touch with our employees even after the end of their active working lives, an initiative that encompasses both our former top managers and each and every other employee.

15 years ago, for example, I set up something known as the Würthary Club which retired managers can join. The aim is to ensure that we do not lose contact with our former top managers. We maintain our relationship by organizing 2 two to three-day trips a year. One of the trips is one that only we men attend, while the other involves our wives as well. We obviously try to seek out a few nice destinations, such as Barcelona, Vienna, Rome, Paris, Istanbul, St. Petersburg, Venice, Prague, Oslo, Budapest, La Rioja, Bilbao, to name but a few.

This allows us to maintain close ties between former top managers and the company. Friendships between colleagues can be maintained and we also have an opportunity to present the latest developments from within the company. This Würthary Club is certainly a tool that nods to the Würth Group's idealistic values. Today's active managers obviously find out about these events and trips and know that, when they retire later on, they can maintain their relationship with the company – a stability factor that is not to be underestimated.

It is obviously also very important to show all other retiring employees that the company will definitely not forget the hard work they have put in over the decades. We have set up the "Würth Institute for Social Affairs", which is available to our retired Würth Group employees free of charge and helps them to organize visits to the authorities, to find lawyers who can deal with all kinds of transactions, e.g. drawing up a will, arranging medical care, etc. The Institute for Social Affairs also offers excursions for several hundred retired employees, as well as short trips within Europe which are mostly funded by the retirees themselves. This allows former employees to keep in touch with Würth until the end of their lives.

But of course, the company does not just consist of intangible, idealistic values, but also has to administer tangible and palpable things of value, things that increase in value and are measured in euros and dollars, renminbi and yen. Ever since my youth, I have always kept what is doubtlessly the most important sentence of my career in mind: GROWTH WITHOUT PROFIT IS FATAL! It has only been possible to build the Würth Group we know today – a Group with sales of more than EUR 11 billion (2015) and equity of more than EUR 4 billion (December 31, 2015) – practically from nothing because I have never lost sight of this correlation between growth and profit. This has allowed us to maintain an A rating from the top rating agency Standard & Poor's – something which is rather unusual for a private, family-owned company – for 20 years now.

This means that our financial values are on a par with our ethical and social ones. The most fantastic corporate culture and the very best cooperation within the company are of no use whatsoever if they do not have a solid financial foundation to build on. 2015 was anything but an exemplary year in this respect: Despite upping our sales by around EUR 1 billion, we failed to achieve any increase in profit to speak of. The additional gross profit of around EUR 400 million was eaten away by the costs of the organization, meaning that we took a dangerous step towards "growth without profit is fatal". The management is more than aware of this flaw in the otherwise pristine image of the Würth Group and has announced that it aims to achieve an above-average increase in our operating result in 2016 – and I am very confident that we will be able to achieve this. Every now and then, members of the public are keen to criticize the fact that Würth is getting bigger and bigger and to point out that surely the company's current size is enough. I would like to silence the critics by reminding them that growth is obviously one of the fundamental values of the Würth Group – and not as an end in itself: In 2015 alone, we created more than 2,900 new jobs within the Group. Thus, we made contributions to the stability of the various countries in which we operate, albeit small ones – but do not forget that the oceans also consist of individual drops of water!

This means that the expansion of the company is also our way of living up to our socio-political responsibility, namely the responsibility to create new jobs and secure existing ones, with our workforce of 69,000 employees, i.e. to secure the livelihoods of around 210,000 people – counting our employees' relatives – and to continue to strive to achieve this in the future, too.

Prof. Dr. h. c. mult. Reinhold Würth,
Chairman of the Supervisory Board of the Würth Group's Family Trusts,
Honorary Chairman of the Advisory Board of the Würth Group

So we do not just understand "values" as referring to buzzwords like sustainability, environmental protection, securing resources in the future, etc. We also have to maintain a sense of proportion if we do not want to hit a dead end. If the sudden discovery of a nest of crested larks can delay the construction of a highway or a large housing estate by a number of months, then this is definitely the wrong approach – one that pays more attention to the sensitivities of fanatical environmentalists than it does to the aim of securing a habitable world in the long run.

Understanding and preserving values has to be based on a fundamental sense of judgment and proportion if we want to be able to maintain a social market economy – which is certainly not the same thing as a socialist market economy – for the benefit of all of our citizens and, most importantly, all of our employees.

Reinhold Würth

A PERSON IS DEFINED BY MORE THAN JUST HIS WORK. THE SAME APPLIES TO A COMPANY. A COMPANY HAS A WIDE RANGE OF INTERESTS – AND A SOCIAL RESPONSIBILITY. WÜRTH IS COMMITTED TO SOCIETY, EDUCATION, ART AND CULTURE. OUR COMPANY SUPPORTS PROJECTS THAT PROMOTE THE INTEGRATION OF THE DISABLED, SUPPORTS MUSICIANS AND ATHLETES, COOPERATES CLOSELY WITH SCHOOLS AND UNIVERSITIES, AND GIVES WORKS OF ART A HOME IN ITS OWN COLLECTION.

WÜRTH IS COMMITTED TO

EDUCATION

ART

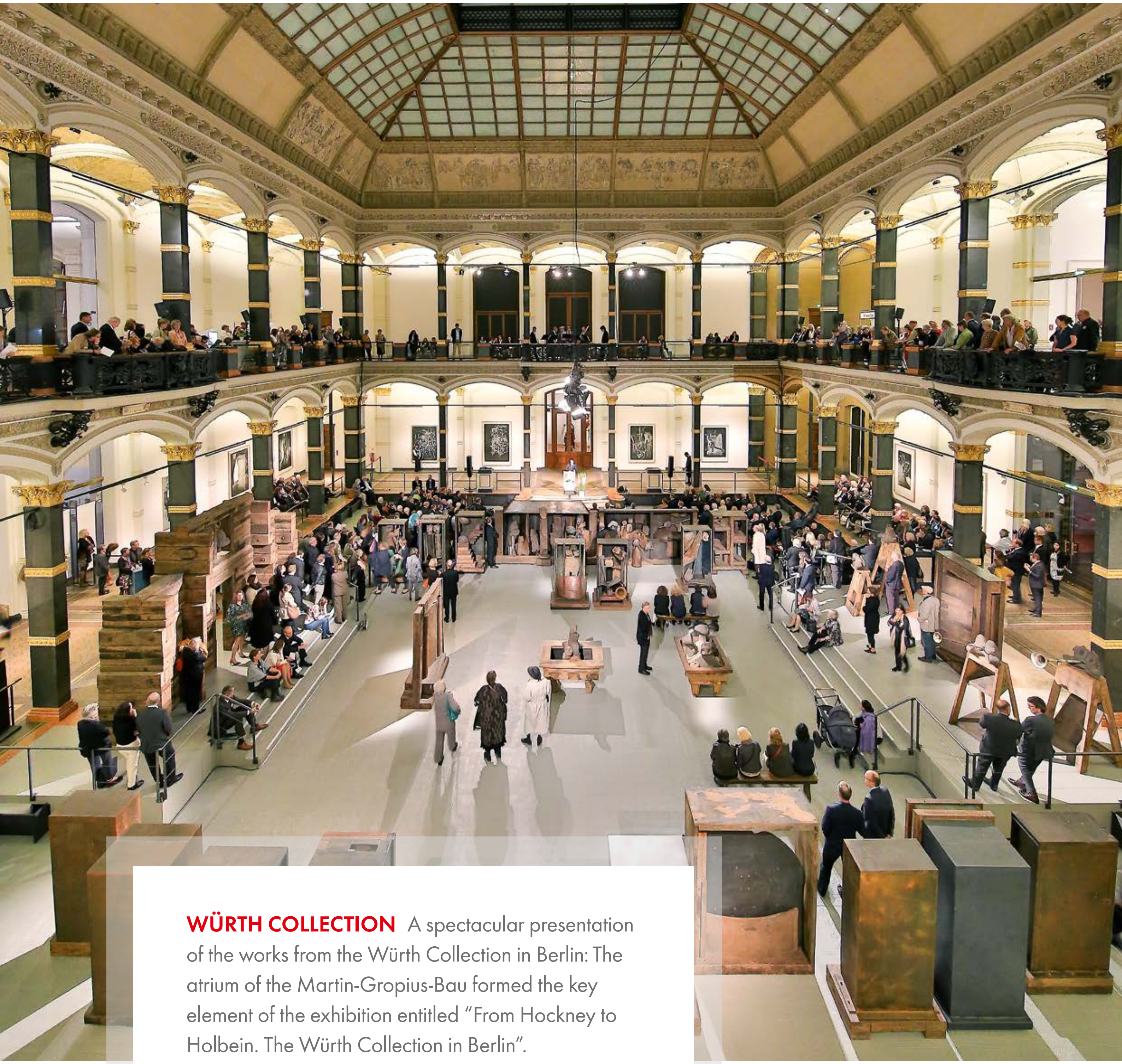
SOCIETY

EXPERIENCING ART AND CULTURE

The Würth Collection in Berlin Featuring more than 17,000 works of art, the Würth Collection is one of the biggest private collections in Europe. It includes works by the most eminent artists from the early modernist period, as well as medieval masterpieces and classic pieces of contemporary art. The collection was presented to the public in a scope that had never been seen before, with 460 internationally renowned works of art being displayed in an exhibition space spread across 27 rooms of the Berlin-based Martin-Gropius-Bau. The exhibition, which opened in September 2015, was entitled: "From Hockney to Holbein. The Würth Collection in Berlin". Reflecting the history of the Würth Collection, the exhibition delves from the present back into the history of art: Among the works on display were David Hockney's season cycle, a collection of sculptures by artists from Eduardo Chillida to Henry Moore, masterpieces of classical modernism by artists such as Pablo Picasso and Edvard Munch, breathtaking works of decorative art, and a selection of the Würth Collection's Old Masters, including one of the most significant paintings of the 16th century, Hans Holbein the Younger's "The Madonna With the Family of Mayor Meyer". A further highlight is the 25-piece monumental installation "The Last Judgement Sculpture" by Anthony Caro. The exhibition provided collector Reinhold Würth with the opportunity to continue to pursue his contribution to the art scene in the German capital, which started back in 2006 with the establishment of a Chamber of Art within the Bode Museum. The exhibition was opened by the Federal Government Commissioner for Culture and the Media, Monika Grütters.

Kunsthalle Würth, Schwäbisch Hall The Nationalgalerie of the Staatliche Museen zu Berlin sent around 200 of its most famous works from the dramatic 1900 to 1945 era on tour. This made Schwäbisch Hall the venue for a world-class exhibition, as the Nationalgalerie's collection is renowned across the globe as one of the finest collections of early modernist work. Although the Nazi period left gaps in the National Gallery's collection that cannot be filled, the German collection nevertheless features a true wealth and abundance of high-quality art from the early modernist period: from Max Beckmann and Rudolf Belling to Lovis Corinth, Emil Nolde and Ernst Ludwig Kirchner, George Grosz or Otto Dix. Just like the interlocking cogwheels in Charlie Chaplin's film, Modern Times, which is where the exhibition got its name from, the exhibition looks at different artists, themes, contemporary history and eras in relation to one another. In addition to aesthetic pleasure of the highest order, the exhibition also provided an opportunity for lively discussions on history, art and politics.

Kunstkammer Würth London's renowned Victoria and Albert Museum, the oldest and largest museum of design and applied arts in the world, presented a selection of its famous silver collection, including masterpieces from the superb Rosalinde and Arthur Gilbert Collection, as a guest of the Kunsthalle Würth. Masterpieces from the British National Collection of Silver were united with high-quality objects from the Würth Collection Chamber of Art. One of the most remarkable pieces of its kind, which has special links to the region, is the Würth Collection's allegorically sophisticated "Arch-Cupbearer's Cup". The Cup featured in the ceremony crowning Maximilian II from the House of Habsburg as Holy Roman Emperor in Frankfurt in 1562. At the same time, the "Op Art – Kinetics – Light. The Würth Collection from Josef Albers to Vasarely to Patrick Hughes" exhibition showed works from the Würth Collection.



WÜRTH COLLECTION A spectacular presentation of the works from the Würth Collection in Berlin: The atrium of the Martin-Gropius-Bau formed the key element of the exhibition entitled "From Hockney to Holbein. The Würth Collection in Berlin".

Robert Jacobsen Prize The "Focus on Sculpture" exhibition at the Museum Würth brought together for the very first time works by all the artists who have won the Würth Foundation's Robert Jacobsen Prize. The result was a multifaceted show of works of contemporary art representing different international character and providing an impression of the concept of sculpture over the past decades. The works by Lun Tuchnowski, Richard Deacon, Magdalena Jetelová, Gereon Lepper, Stephan Kern, Rui Chafes, Bernar Venet, Monika Sosnowska, Alicja Kwade, Jeppe Hein and the 2015 prizewinner Michael Sailstorfer embody a strikingly distinctive approach. They were presented in the exhibition by means of characteristic works from the holdings of the Würth Collection, as well as by several works on loan. In this specially created context, the sculptural works entered into exciting discourses, both with each other and with Robert Jacobsen's installation in the forecourt of the museum, the largest realized by the artist during his lifetime.

The Robert Jacobsen Prize is worth EUR 25,000 and is awarded every two years in memory of the Danish sculptor to a sculptor from the "middle generation".

Johanniterkirche, Schwäbisch Hall The Johanniterkirche church, whose permanent exhibition was presented in new contexts thanks to loans and counter-loans from and to Vienna, Zurich, Stuttgart, Tübingen and Cologne, was a hub of activity. Stained glass paintings alternated with carved altars and graphic art. Precious pages from Albrecht Dürer's "Large Passion", panel paintings by Hans Fries, sculptures by Mauch and Riemenschneider and rarely exhibited early modern printed graphic works from the Graphics Collection of the University Tübingen depicting "Women in the Old Testament" provide an interesting diversion for visitors looking to pass the time until the return of "Darmstadt Madonna" by Hans Holbein the Younger, which formed the highlight of the collection's exhibition in Berlin's Martin-Gropius-Bau.

Museum Würth, Künzelsau In 2014, a calendar depicting photos from Burundi replaced the Würth Group's traditional art calendar. The New York-based photographer Stephan Würth took photos of a community and hospice in Burundi to feature in the calendar. A small exhibition of his photos in the museum's gallery was supplemented by a retrospective entitled "Rudolf Hausner – I am It", which was

ROBERT JACOBSEN PRIZE

Sculptures by Michael Sailstorfer, the current winner of the Robert Jacobsen Prize, embellished the forecourt of Museum Würth in Künzelsau.

CARMEN WÜRTH FORUM

The ceremony marking the opening of the convention center will be held on July 18, 2017. This date also marks the 80th birthday of Carmen Würth, after whom the Forum is named.

presented to mark the 100th birthday of the Viennese visionary and featured works from the Würth Collection, as well as numerous loans. The photographs shown as part of "From Alaska to Syria. Reinhold Würth's travel photographs" formed an exhibition within the exhibition.

Finally, the Museum for Screws and Threads, which is connected to the Museum Würth, was given a facelift. An association was also set up under the name "Verein Freunde der Museen Würth und Künstlerfamilie Sommer e. V." to support the exhibition activities of the Würth Collection.

Carmen Würth Forum The new convention center will provide a meeting place for employees of the Group, as well as for the region as a whole. Construction work on the Carmen Würth Forum started with a groundbreaking ceremony at the beginning of December 2015 opposite the company premises in Künzelsau-Gaisbach. The Forum has been named after Carmen Würth, Professor Reinhold Würth's wife. Nobody could do a better job than Carmen Würth has done in highlighting how important it is to create space for dialogue, enthusiasm and enjoyment.

The Forum covers a total area of 11,000 square meters: an event center designed to seat 2,500 people and a chamber concert hall with space for 500 people. The foyer and gallery also provide space for a total of more than 500 visitors. The area in front of the main entrance will serve as a forum for open-air events, such as the Würth Open Air. In addition to company and cultural events organized by Würth, companies and sports clubs will also be given the opportunity to rent the Forum for their own events.

The Carmen Würth Forum was designed by David Chipperfield Architects, Berlin. In addition to Museum Folkwang in Essen, the firm had already planned Berlin's Neue Museum ("New Museum") and the Museum of Modern Literature in Marbach.

SHARING COMMITMENT

Würth Foundation Set up in 1987 by Reinhold and Carmen Würth, the Würth Foundation promotes projects in the fields of science and research, art and culture, and education. The Foundation currently has total capital of EUR 7.6 million. In addition to its own activities, the Foundation also supports third-party projects and initiatives – mainly in the Hohenlohe region where the Group has its headquarters.

Due to the current political situation, the Würth Foundation decided to place particular emphasis on helping refugees in 2015. Intercultural and language courses are an absolute must to ensure successful integration. In order to achieve this, Würth joined forces with the Hohenlohe district authorities to make an integration center available on the premises of Akademie Würth at the company's headquarters in Künzelsau, also donating EUR 500,000. The center aims to teach asylum seekers and refugees German, as well as to help them to integrate into society and working life. The center is working closely with the region's Diakonie and Caritas organizations, the social service organizations of the Protestant and Catholic churches respectively, the German Red Cross and other voluntary organizations. Würth also made a building available free of charge to the regional authorities in order to accommodate around 50 asylum seekers and refugees.

Other major projects that have received regular support in the past include the Hohenloher Kultursommer, as well as the international violin competition organized every other year by Kulturstiftung Hohenlohe (Hohenlohe Cultural Foundation), the Junge Oper Schloss Weikersheim and the work of the historical association for Württemberg-Franconia.

The Würth Foundation also supports the Freie Schule Anne-Sophie schools in Künzelsau and Berlin and the Competence Center for Economic Education. Moreover, it administers the foundation for the promotion of the Reinhold Würth University of Heilbronn University in Künzelsau.

Würth Prize for Literature The Würth Prize for Literature has been awarded in cooperation with the University of Tübingen since 1996. The 2015 prize went to Katharina Hartwell and Doris Anna Schilz. The prize is worth a total of EUR 7,500. 250 authors applied for the 26th Würth Prize for Literature, the motto of which was "In der Fremde zu Hause" (At home in a foreign country). The prize went to works of prose of around 10,000 characters that convincingly use language in a novel way. The topic had been chosen by the two authors Chika Unigwe and Priya Basil during the Tübingen poetry professorship (Tübinger Poetik-Dozentur) at the University of Tübingen in 2014.

Freie Schule Anne-Sophie The independent Freie Schule Anne-Sophie school was opened in 2006 in Künzelsau on the initiative of Bettina Würth. The private school is owned and funded by the Würth Foundation. 2011 marked the opening of the bilingual sister school in Berlin, which obtained state accreditation for German high school levels I and II in 2015. Around 600 pupils attend Freie Schule Anne-Sophie in Künzelsau, with more than 200 pupils attending the Berlin-based school. Both schools are based on a unique educational concept: target and performance-oriented learning in a stimulating environment. Bettina Würth summarizes the concept behind the schools as striving to ensure that "every child leaves Freie Schule Anne-Sophie as a winner".

FREIE SCHULE ANNE-SOPHIE Appreciation, mindfulness, a willingness to learn and confidence are the order of the day at Freie Schule Anne-Sophie. These values are reflected in all areas of the school, including in art lessons, where pupils take a very close look at the "human image" to create characteristic sculptures.

University promotion A separate foundation under the umbrella of the Würth Foundation has been dedicated to supporting Reinhold Würth University in Künzelsau since 2005. The University offers eleven hands-on courses of study leading to Bachelor's and Master's degrees in business and technology subjects. The Künzelsau campus, which has more than 1,500 students, is one of three campuses of Heilbronn University, the largest university of applied sciences in Baden-Württemberg with a total of more than 8,300 students. The Würth Group contributed an endowment of ten million euros to the foundation for the promotion of Reinhold Würth University. This support will help secure the Künzelsau university campus in the long run and forge ahead with its expansion.

ANNE-SOPHIE HOTEL AND RESTAURANT

People with and without disabilities work together hand in hand in the hotel. The disabled employees are trained and guided by specialists to work in housekeeping, building services, the kitchen or as members of the service team.

Carmen Würth Social commitment and the integration of people with physical and mental disabilities into society is a matter very close to Carmen Würth's heart. She is particularly committed to promoting, educating and training the disabled in a wide range of projects and to breaking down barriers in their everyday life. With her caring manner, Carmen Würth gives people the courage to believe in themselves. There is something special about each and every individual. Carmen Würth provides them with the space they need to develop.

Anne-Sophie Hotel and Restaurant Carmen Würth opened the hotel in Künzelsau back in 2003 to create a place in which people with and without disabilities can come to meet and communicate. The institution aims to make it easier for these employees to participate in social life and to earn a living. Anne-Sophie Hotel and Restaurant is particularly proud of its restaurant handicap, which opened in 2013. In 2014, the kitchen and service team led by top chef Serkan Güzelcoban was awarded a Michelin star in recognition of its excellent spirit of collaboration and unique cuisine. The hotel currently employs a workforce of 80, around one quarter of whom have disabilities.

Warsteiner Prize In the spring of 2015, Carmen Würth was awarded the Warsteiner Prize for her lifelong exceptional commitment to improving the lives of the disabled. The prize is awarded every year, within the context of the German Catering Industry Prize (Deutscher Gastronomiepreis), to members of the catering industry who show a special, exceptional commitment to the industry. All members of the jury agreed: "Carmen Würth has shown a tireless commitment to bringing people with and without disabilities together for more than ten years now. She further developed her vision to come up with an exemplary, creative overall concept that sets new standards for the catering industry to meet in the long term."

Special Olympics Deutschland On Carmen Würth's initiative, Würth has also been supporting the German organization of the world's largest sporting movement for people with mental and multiple disabilities, which is recognized by the International Olympic Committee (IOC), since 2008. Fifty volunteers from Würth took part in the Special Olympics National Winter Games in Inzell in 2015.

Music festival "With one another – for one another. Live with heart" was the motto of the second music festival for people with disabilities. The event in Künzelsau welcomed more than a dozen music groups from the Hohenlohe region featuring people with disabilities. The groups, which represent a range of different institutions, facilities and workshops, presented a varied program of rock, pop, jazz and carnival marching music to the audience. As the project's initiator, Carmen Würth wants more emphasis to be placed on musical education for people with disabilities.

In addition to the music festival, a symposium entitled "Musical education for the disabled – an insight into research and practical work" was held in November. Experts from academic and educational circles gave presentations on possible concepts for musical education for the disabled and presented their latest research results. The symposium is aimed primarily at musical societies and music teachers in order to raise awareness for music making with people with disabilities and eliminate any fears.

Refugee choir Together with the district authorities of Hohenlohe, the Würth Foundation is supporting the "Badinya-Familie" music group, which is made up of refugees living in Künzelsau and Öhringen. An average of 20 young men from Afghanistan, Syria, Kurdistan, Gambia, Eritrea, Iran and Iraq meet up once a week to make music together. Outings to cultural events are also on offer. Carmen Würth initiated the project together with Tobias Frank, a trained opera singer who is the group's musical director. The group performs German pop and folk songs that are interpreted using sounds from the men's native countries to give them a unique edge.

The group has performed at a number of events including "Interkulturelle Woche Öhringen" (Öhringen's Intercultural Week), "Internationales Sommerfest Würth" (Würth's International Summer Party) and the "Ideenwerkstatt" (Workshop of Ideas) for the "Hohenloher Integrationsbündnis 2025" (2025 Hohenlohe integration alliance). The group recorded a song entitled "Wir sind von überall" (We are from everywhere) for the CD "So bunt klingt's am Limes" (The diverse voices from the Limes), which appeared in connection with the 2016 state horticultural show in Öhringen. The musical activities focus on cultural exchange, as well as on teaching language and culture.

MUSIC FESTIVAL
Carmen Würth, the mind behind the event, with the "Wild Chicken" group from Jagsttalschule school in Westhausen, enjoying the music festival for the disabled in Künzelsau.

SHAPING EDUCATION

Competence Center for Economic Education The aim of the Competence Center is to promote economic issues in schools and spark an interest in economic processes and entrepreneurial spirit among school children and teachers alike. The Competence Center cooperates closely with the Ministry of Education and Cultural Affairs, Youth and Sports of Baden-Württemberg to develop concepts to help schools raise these issues. One example of this commitment is the annual Würth Education Prize.

The Würth Education Prize helps schools providing general education in Baden-Württemberg to implement forward-looking economics projects. The participating schools are then provided with financial and personnel support for their projects during the next school year. Total prize money of EUR 12,000 is awarded to six schools. In 2015, the Gustav-Schönleber-Schule school from Bietigheim-Bissingen was awarded the first prize, worth EUR 4,000. Children at the school set up a bicycle repair shop for repairs, maintenance and servicing. The project focused on hands-on work experience and on promoting a sense of responsibility.

In addition to the Würth Education Prize, the main activities of the Competence Center for Economic Education include an annual Management Symposium that addresses interesting topical issues from the worlds of school and business, as well as the "Werkrealschulpreis" (Secondary Technical School Prize), a prize awarded at the state level for outstanding achievements.

Lifelong learning Training and further education has been a top priority within the Würth Group for more than 30 years now. Würth offers commercial, logistical and technical apprenticeships, as well as Bachelor's degree courses in these areas in collaboration with Baden-Württemberg Cooperative State University. It also offers a large number of other apprenticeships combining work and study within its German group companies.

Adolf Würth GmbH & Co. KG set up Akademie Würth back in 1991. An extensive range of courses allows employees to put together their own further education program.

Akademie Würth Business School offers Würth Group employees and interested external parties academic training programs for working professionals. In collaboration with the Distance Learning University in Hamburg, even students without university entry qualifications can work towards their Bachelor of Arts. The Business School also offers Master of Business Administration (MBA) courses in cooperation with the University of Louisville (UofL) in Kentucky, USA at the UofL College of Business, which is accredited by the AACSB (Association to Advance Collegiate Schools of Business) and consistently receives high scores in the rankings.

10TH ANNIVERSARY OF THE COMPETENCE CENTER FOR ECONOMIC EDUCATION

The Competence Center for Economic Education in Baden-Württemberg presented the Würth Education Prize at the celebration to mark its 10th anniversary in November 2015. The Competence Center is an initiative of entrepreneur Professor Dr. h. c. mult. Reinhold Würth, which was called into being under the umbrella of the Würth Foundation in 2005.

TREFFPUNKT FORUM
Prof. Dr. h. c. mult. Reinhold Würth talks to moderator Bernadette Schoog about art, travel, politics, his company and life in general.

Treffpunkt Forum The former German Chancellor Gerhard Schröder opened a new series of events entitled "Treffpunkt Forum" (Meetings at the Forum) at Akademie Würth in 2015. He spoke about "The outlook for German and European politics" in front of an audience of around 550 invited guests.

The politician from Germany's Social Democratic Party talked about his view of the possible outlook, opportunities and risks for Germany and Europe. He placed particular emphasis on refugee policies and called for a greater sense of collaboration and cohesion, as well as for more dialogue. In a discussion round, he answered questions posed by moderator Bernadette Schoog on the refugee crisis and the growing disagreements between Russia and Germany.

"Treffpunkt Forum" is a series of events for employees of the company and for members of the general public, and offers an opportunity for dialogue with prominent guests from the fields of business, politics and society. Current issues are tackled in presentations, discussion rounds and podium discussions.

Representative offices In Berlin since 2003 and in Brussels since 2005. Würth attaches a great deal of importance to critical dialogue with social groups and institutions. Würth Haus Berlin and Würth Office Brussels have established themselves as key dialogue forums for German and international politics. They focus, in particular, on matters related to business foreign trade policy as part of the EU's trade regulation. Listening and understanding, but also articulating and commenting – this is how Würth believes debate should take place with business and industry, at discussion rounds, conferences and receptions. Both representative offices also offer a platform for cultural events in order to transport our understanding of commitment in a hands-on manner. Our aim is to be open so that others can be open with us.

Sport sponsoring "100% quality". This was the simple yet clear message that Würth used to present itself at around 120 qualifying matches for the EURO 2016 soccer championships. The claim was translated into the national languages of the countries playing each other at each match. The advertisements also showed the website URL of the relevant national company, thus sending out a clear signal for the Würth Group's e-business activities. This means that international soccer is and remains the Würth Group's biggest sponsoring focal point, one which benefits all Würth companies in Europe and across the globe. In addition to the advertising activities in Spain (referee advertising) and Germany (featuring various Bundesliga players), in 2015 Würth once again presented itself as a strong brand in what is by far the general public's favorite sport.

In addition to soccer, winter sports were the second key pillar of Würth's sponsoring strategy in 2015. As a premium sponsor of the German Ski Association, Würth could be seen on television during more than 2,500 hours of world cup coverage during the last season. In Germany, for example, on 60 days of live coverage, around 39 hours focused exclusively on the Würth logo, allowing the company to reach out to more than 240 million people. Then, there is the company's strong presence in print and online media, allowing Würth to draw considerable attention to the brand during winter.

Our brand presence in the field of motor sport is a multi-faceted one. In addition to Asia and South America, our successful commitment to the US NASCAR racing series forms the cornerstone of our activities.

The group companies also share in this commitment: Würth Elektronik eiSos extended its sponsoring contract with ABT Schaeffler Audi Sport for a period of three years in 2015. The upcoming season will already be characterized by the technology partnership now that participants are allowed to use their own developments for engines, gears and engine software in Formula E competitions. Use in racing cars is considered the acid test for electronics systems. Würth Elektronik eiSos hopes that the commitment will provide it with valuable input for the development of electronic components in the fields of heat management and energy efficiency.

TECHNOLOGY PARTNER IN FORMULA E

Würth Elektronik eiSos, which develops and manufactures electronic and electromechanical components, is acting as a technology partner for ABT Schaeffler Audi Sport in Formula E, an initiative which also serves as an advertising platform and an experience workshop for the eMobility market of the future at the same time.

REPORT OF THE ADVISORY BOARD

Bettina Würth, Chairwoman of the Advisory Board of the Würth Group

Ladies and Gentlemen,

In June 2015, representatives from the world's seven leading industrialized nations met at the G7 summit in Germany. The refugee crisis and the attacks in Paris really put the motto of the summit, "Think Ahead. Act Together", to the test across Europe and worldwide at the end of the year. And the question we are asking ourselves is: How valid are our values?

Values like honesty, predictability and straightforwardness are deeply ingrained in Würth's corporate culture. But what is a value? On the one hand, it is a figure, a definition: the value of a coin. We list values like these on our balance sheets. Our blood count values are defined by boundaries that classify them as good or bad. And what about moral values? They are not contained by any upper or lower limits. Values need something to be compared against. We measure them in terms of how they compare to the alternative. Our customers trust us to be honest. And while they cannot measure this honesty, they can certainly feel it. This gives honesty the value that it needs in order for any business relationship to survive. And so an ethical, moral value allows economic value to be created. As a family business, we place great value on raising awareness for this. Once we have achieved this, we can once again start thinking about tomorrow, together.

Work of the Advisory Board

In 2015, the Advisory Board of the Würth Group held four extensive meetings, with a joint strategy meeting of the Advisory Board and the Central Managing Board being held in July 2015. These meetings were based on the reports of the Central Managing Board members on the business situation, projections and opportunity and risk management. All transactions subject to approval pursuant to the company statutes were submitted to the Advisory Board for approval in good time and considered in detail; in urgent cases, resolutions were passed by circulars.

In 2015, the work of the Advisory Board was shaped to a considerable degree by the strategic developments within the Würth Group and by the provision of advice to the Central Managing Board on these strategic matters. As in previous year, one focal point was the further development of the conventional Würth business model in order to establish the company as a multi-channel sales company. The Advisory Board also focused on issues related to compliance, acquisitions and investments.

The Audit Committee and the Investment Committee both met three times in 2015, while the Personnel Committee met four times. The committees serve to increase the efficiency of the Advisory Board and carry out preparatory work on complex issues. The committee chairs each report regularly to the Advisory Board as a whole about the work of the committees.

On April 12, 2016, the Advisory Board's Audit Committee took an in-depth look at the 2015 consolidated financial statements, including the Group management report, as well as the audit report prepared by Ernst & Young, in which an unqualified opinion was issued. The Audit Committee examined these documents and approved them. The Audit Committee's work in 2015 also focused on risk management, the effectiveness of the internal audit function and the further development of compliance structures within the Würth Group.

The Advisory Board's Investment Committee assessed the investment projects that are subject to approval and classified them according to urgency and significance. The Würth Group will remain true to its investment culture as a prerequisite for the company's growth, meaning that the investments approved for the 2016 fiscal year will be on a similar level to previous years, taking sales growth into account. The Advisory Board approved the investment and financial plan of the Würth Group for the 2016 fiscal year at its meeting on December 11, 2015 based on the proposal made by the Investment Committee.

The Advisory Board's Personnel Committee dealt with all personnel measures falling within the Advisory Board's area of responsibility at its meetings. The committee focused on HR development and succession planning, as well as on the structure of the company's incentive and remuneration systems. Due to the new Group structure that was introduced in 2013 and given the further growth of the Würth Group, the Personnel Committee held an additional meeting to address the revision of the allocation of responsibility and decision-making powers within the Central Managing Board. The Personnel Committee has the power to pass resolutions regarding employment contracts and management remuneration.

The Advisory Board of the Würth Group would like to thank the Central Managing Board and the Supervisory Board of the Würth Group's Family Trusts for the good working relationship, especially Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, who attended all meetings of the Advisory Board. We would also like to thank all employees for their strong commitment and their decisive action, as well as all our customers and business partners for their loyalty to the Würth Group.

Sincerely,

B. Würth

Bettina Würth
Chairwoman of the Advisory Board
of the Würth Group

REPORT OF THE CENTRAL MANAGING BOARD

Robert Friedmann, Chairman of the Central Managing Board of the Würth Group

Ladies and gentlemen,

What is its value to me? This is a question we probably ask ourselves intuitively and without noticing before we make any decision. We hold a silent discussion with ourselves about how much effort we want to put into achieving a particular goal. The value question is one we have to ask before each and every investment. All business management KPIs assess our "value" as entrepreneurs, managers, employees. It does not matter whether we are the ones passing value judgments or having value judgments passed on us. We decide how committed we are and we set the limits. The challenge lies in how systematic one is prepared to be.

Added value. E-business, digitalization, industry 4.0 – progress that allows more to be achieved in the same amount of time. In order to earn more and remain competitive. Here at Würth, we can see how much "more" we have achieved if we look at how we have developed as a multi-channel sales company. I have made a conscious decision to use the term "developed" as opposed to "changed". Achieving more in one area does not necessarily mean achieving less in another. More business in the online shop does not have to mean less business generated by the external sales force. More company acquisitions does not have to mean less organic growth at our established entities. We always experience and assess change in a very individual way. This is why, as we develop, we have to continue to focus on our customers and their individual wishes in their own work processes so that we are familiar with their preferences and do not make the mistake of underestimating their skepticism. In 2015, Würth hired another 1,000 sales representatives across the globe in addition to making large-scale investments in e-business. While we are well aware of the value of the future, we sell our products in the here and now.

Growing value. Internationalization is one of our success factors. What started back in 1962 with the first foreign company in the Netherlands has now, 55 years down the line, turned into a group comprising over 400 companies in more than 80 countries across the globe. The decision to pursue this sort of geographical presence is a sustainable one: In 2015, we used three acquisitions to invest in one of our fastest-growing markets: the USA. The acquisition of 100 percent of the shares in Northern Safety Co., Inc. in Frankfort, New York, which specializes in the sale of industrial safety products, will increase the Group's sales by around 180 million US dollars. This means that we are expanding business models that we are familiar with, in which we are experienced, in which we are already active and where we already know the market. This will allow us to further increase our market share, which is still under the five percent mark in global terms, in these markets. Diversification also provides considerable growth impetus: The Allied Companies now account for more than 40 percent of the Group's total sales and have established themselves as a value-adding factor.

Countervalue. In 2015, the Würth Group generated sales of EUR 11 billion – up by 9.1 percent to mark a new record high. Our operating result is up slightly in a year-on-year comparison to EUR 525 million. An engine needs fuel to turn its energy into drive. Without fuel, it is worthless. It needs fuel to be able to show just how powerful it is. Our 69,000 employees worldwide are the gasoline and oil driving value increases within the Würth Group: Their motivation and the things they make possible are our fuel. Their individual performance allows them to achieve the company's objectives and create a bridge between their values and our corporate culture in day-to-day working life. Three million customers confirm that the values that guide us have the power to secure the future. The 200,000 new customers that we gained in 2015 prove that value and values are both important.

Valuable. We set our own high standards when it comes to striking a balance between ethical and financial values. We are promoting speed, and calling for progress and increasing levels of service in every corner of the globe, bridging cultures and uniting them. All developments come at a cost, meaning that we, as a company, have a responsibility. But responsibility only works on an equal footing between generations, genders and hierarchies. As a company, we have to continually manage to bring people and markets, work and life together in a way that benefits everyone. Most importantly, however, we have to make sure that nobody feels worthless in this big picture. If we can achieve this, then it is not just diversity, but also development that has a chance.

The value of saying thanks. The Central Managing Board of the Würth Group would like to extend its thanks to all of its customers worldwide, to all employees, to the Council of Confidence and Works Councils in the Würth Group, to the members of the Advisory Board and the Supervisory Board of the Würth Group's Family Trusts, to the Würth family and, most importantly, to Prof. Dr. h. c. mult. Reinhold Würth. Be it for their performance, loyalty, trust, constructive debate and open dialogue, advice or genuine hard work – all of these efforts have earned a big "thank you"!

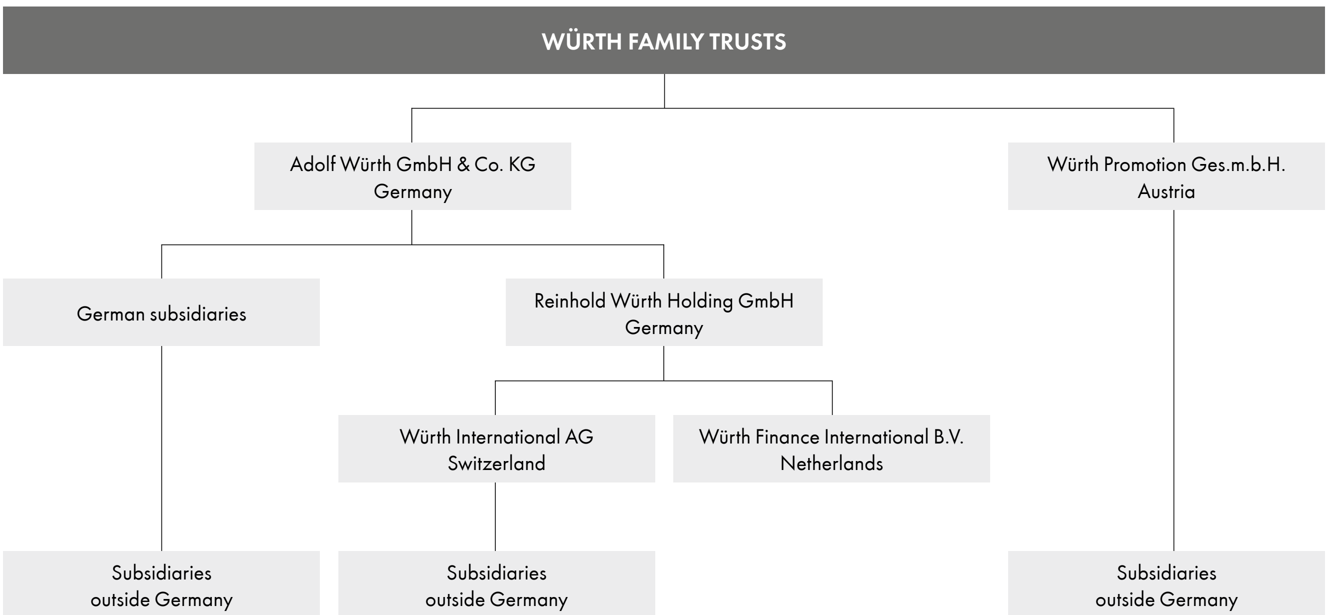
The latest forecasts for the European economy are positive ones. Value, be it in a financial or ethical sense, relies on the people who create it and work towards it. Würth is also full of optimism and drive for the coming 2016 fiscal year. Hand in hand with our employees, we aim to create more value year in, year out.

For the Central Managing Board of the Würth Group

R. Fried

Robert Friedmann
Chairman of the Central Managing Board
of the Würth Group

WÜRTH GROUP: LEGAL STRUCTURE (SIMPLIFIED CHART)



ORGANIZATIONAL STRUCTURE

ADVISORY BOARD

The Advisory Board is the supreme supervisory and controlling body of the Würth Group. It advises on strategy, approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Vice Presidents as well as the managing directors of the companies that generate the most sales.

(as of: January 1, 2016)

Bettina Würth
Chairwoman of the Advisory Board
of the Würth Group

Dr. Frank Heinricht
Deputy Chairman of the Advisory
Board of the Würth Group
Chairman of the Management Board
of Schott AG, Mainz

Peter Edelmann
Managing Partner of Edelmann &
Company, Ulm

Dr. Ralph Heck
(Member of the Advisory Board
since January 1, 2016)
Director of McKinsey & Company,
Düsseldorf

Hartmut Jenner
Chairman of the Executive Board
of Alfred Kärcher GmbH & Co. KG,
Winnenden

Wolfgang Kirsch
Chief Executive Officer of
DZ BANK AG, Frankfurt / Main

Jürg Michel
Former Member of the
Central Managing Board
of the Würth Group

Ina Schlie
Head of Group Tax at
SAP SE, Walldorf
Member of the Supervisory Board
and Chair of the Audit Committee
at QSC AG, Cologne
Member of the Supervisory Board
of Theo Müller S.e.c.s., Luxembourg

Dr. Martin H. Sorg
Certified Public Accountant
and Partner of the Law firm
Binz & Partner, Stuttgart

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of
the Würth Group's Family Trusts

Honorary members of the Advisory Board

Rolf Bauer
Former Member of the
Central Managing Board
of the Würth Group

Dr. Bernd Thiemann
Former Chairman of the
Management Board of Deutsche
Genossenschaftsbank AG,
Frankfurt / Main

CENTRAL MANAGING BOARD

Peter Zürn (left), Robert Friedmann, Bernd Herrmann and Joachim Kaltmaier (right) in Schwäbisch Hall in front of Kunsthalle Würth, which was opened in 2001 based on designs developed by the Danish architect Henning Larsen. The facade was crafted using local shell limestone from Crailsheim.

The Central Managing Board is the highest decision-making board of the Würth Group. It has four members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives as well as the management of strategic business units and functions.

Robert Friedmann
Chairman of the Central Managing Board of the Würth Group

Peter Zürn
Deputy Chairman of the Central Managing Board of the Würth Group

Bernd Herrmann
Member of the Central Managing Board of the Würth Group (since May 1, 2015)

Joachim Kaltmaier
Member of the Central Managing Board of the Würth Group

Uwe Hohlfeld
Member of the Central Managing Board of the Würth Group (up until April 30, 2015)

CUSTOMER ADVISORY BOARD

The Customer Advisory Board brings together Würth customers from the worlds of trade and industry.
The members report on developments in their sector and support Würth in aligning its activities with customer requirements.
The board's meetings, which are held twice a year, also look at new products and innovative services.

Joachim Wohlfeil
Chairman of the Customer Advisory Board
Managing Director of Ernst Wohlfeil GmbH, Sanitärtechnik, Karlsruhe
President of the Karlsruhe Chamber of Trade (Handwerkskammer)

Johannes Moser
Partner of Beratungsgesellschaft Trendsconsulting, Stuttgart

Dr. Thomas Peukert
Managing Director of Stahl CraneSystems GmbH, Künzelsau

Roland Schuler
Member of the Board of Management of BayWa AG, Munich

Burkhard Weller
Managing Partner of Wellergruppe GmbH & Co. KG, Berlin

Frank Westermann
Managing Director of Karl Westermann GmbH & Co. KG, Denkendorf
Chairman of the Technology Committee of Landesverband Schreinerhandwerk, Baden-Württemberg

Rudolf F. Wohlfarth
Member of the Management of Emil Frey Group
Chairman of the Management Board in Germany, Stuttgart

Honorary Chairman of the Customer Advisory Board

Gerhard Irmscher

GROUP MANAGEMENT REPORT OF THE WÜRTH GROUP

The Würth Group

The Würth Group is the global market leader in the trade of fastening and assembly materials. The foundation stone was laid in 1945 by Adolf Würth, when he set up Adolf Würth GmbH & Co. KG, a simple company selling screws, the parent company of the Würth Group, in Künzelsau.

After his father's early death in 1954, Reinhold Würth took over at the helm of the family business, which was generating annual sales of EUR 80,000, at the age of 19. In 2015, a good 60 years later, the Group is generating sales of EUR 11 billion and has a workforce of 69,000. The Group's international focus started with the formation of the first foreign company in the Netherlands in 1962. Today, the Group has more than 400 companies and operates in more than 80 countries.

Two birthdays, one story

In 2015, Prof. Dr. h. c. mult. Reinhold Würth celebrated his 80th birthday and Adolf Würth GmbH & Co. KG its 70th anniversary. An after-work party, the Würth Open Air and an open house served to ensure that people well beyond Hohenlohe's borders were aware of the birthday year and that it was celebrated accordingly.

The operational units

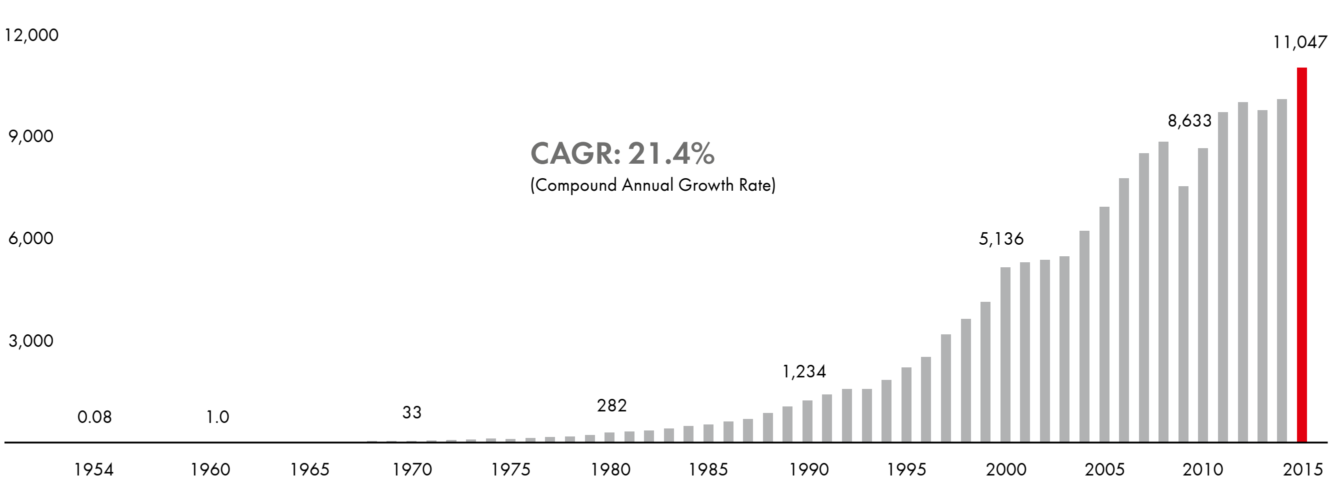
The Würth Group is split into two operational units: Würth Line and Allied Companies. The Würth Line companies are responsible for the Group's conventional core business, the sale of assembly and fastening materials. Our high quality demands are applied to 125,000 products: screws, bolts, screw accessories, screw anchors, chemical products, furniture and building fittings, tools, storage and retrieval systems, and protection equipment for professional users. Allied Companies operate in related areas as sales or manufacturing companies, and also include financial services providers, hotels and catering businesses.

The distribution network

With more than 420 branch offices, Adolf Würth GmbH & Co. KG is closer to its customers than any of its competitors. The Würth Group boasts 1,600 branch offices across the globe. A sales organization that includes 31,000 sales representatives worldwide guarantees the provision of professional advice to more than three million customers from trade and industry.

SALES DEVELOPMENT

Würth Group in millions of EUR



Economic environment

Global economic development in 2015 was marred by a slump in key emerging markets. Although the economic situation in the world's industrialized nations remained largely stable, Russia and Brazil slipped into a recession in 2015 and China lost slight economic momentum. This means that the companies in the Würth Group were once again faced with an environment that was far from easy in 2015. All in all, economic growth increased by 3.0 percent in 2015, down by 0.3 percentage points on 2014 (+3.3 percent).

- **Slump in key emerging markets hinders economic upswing**
- **Consumption proves the main driving force behind the German economy**
- **Steady economic growth in Germany**

The economic situation in Germany, the Würth Group's largest single market, was characterized by solid growth in 2015. Gross Domestic Product increased by 1.7 percent year-on-year (2014: + 1.6 percent).

The **trades** segment, which is the most important sales market for the Würth Group, continued to show positive development. Sales in the trade businesses rose by 2.1 percent in 2015 (2014: +2.4 percent). In the **metal and electrical industry**, another key sector for the Würth Group, production rose by only 0.6 percent (2014: +2.7 percent). The German **automotive industry** reported slight growth in domestic production in 2015. The number of vehicles produced rose to 5.7 passenger cars, up by 1.9 percent on the previous year (2014: 5.6 million). The German **mechanical engineering sector** closed 2015 at a high level, but only reported slight growth to the tune of 1.0 percent (2014: +0.7 percent). This development can be traced back to the numerous crises that put a damper on the order situation in Germany's mechanical engineering sector. Developments in the **construction sector** were not quite as positive in 2015 as in the previous year. Sales growth dipped by 2.5 percentage points to 1.6 percent (2014: +4.1 percent).

The **euro area** experienced continued economic recovery in 2015 and is moving further and further away from recession. Gross Domestic Product rose by 1.6 percent in a year-on-year comparison (2014: +0.9 percent). The economic situation in **Portugal** bounced back further in 2015. Gross Domestic Product increased by 0.6 percentage points year-on-year to 1.5 percent (2014: +0.9 percent). **Spain** is also continuing to shake off the shackles of the economic crisis, reporting strong growth in Gross Domestic Product in 2015. The Spanish economy had already shown positive development back in 2014 (+ 1.4 percent) and in 2015, GDP increased further by 3.2 percent year-on-year. After falling for two years running (2013: – 1.7 percent, 2014: – 0.4 percent), **Italian** Gross Domestic Product also achieved a turnaround in 2015. The Italian economy grew by 0.8 percent last year. In **France,** rising consumer spending pushed Gross Domestic Product up in the third quarter of 2015, also fueling an upswing in the French economy as a whole in 2015. GDP rose by 1.1 percent (2014: +0.2 percent). Economic growth in the **UK** fell by 0.6 percentage points year-on-year to 2.3 percent in 2015 compared with growth of 2.9 percent in 2014. The economic situation in **Russia** deteriorated considerably in 2015. While Gross Domestic Product increased by 0.6 percent in 2014, the Russian economy contracted by 3.7 percent in 2015.

The harsh winter on the East Coast, the negative impact of strikes on trade on the West Coast and the droughts in California hindered a more pronounced upswing in the **US economy** in 2015. Gross Domestic Product only increased by 0.1 percentage points year-on-year to 2.5 percent (2014: +2.4 percent). The **Latin American** economy continued to tail off in 2015. GDP fell by 0.6 percent (2014: + 1.3 percent). Two markets that are of considerable strategic importance to the Würth Group, **China and India**, continued to show positive economic development in 2015, although the Chinese economy lost slight momentum in 2015 compared with 2014. Nevertheless, China reported GDP growth of 6.9 percent (2014: +7.3 percent). In India, growth picked up again, rising from 7.1 percent in 2014 to 7.2 percent in 2015.

Business development

- **Tailwind for sales thanks to exchange rate effects and acquisitions**
- **Operating result of EUR 525 million up slightly year-on-year**
- **68,978 employees worldwide**

In 2015, the Würth Group generated sales of EUR 11 billion, the highest figure in the company's history (2014: EUR 10.1 billion). This represents an increase of 9.1 percent. This positive development is underlined by the fact that, in the months of September and October, the company reported two consecutive monthly sales records of more than EUR 1 billion in each case. In local currency terms, this translates into growth of 6.7 percent in 2015. It is particularly encouraging to see that all business units reported an increase in sales. Although the Electrical Wholesale unit and the Würth Line Industry Division benefited from company acquisitions, the sales increases of over 15 percent continue to be very positive. The Industry Division, for example, managed to surpass the EUR 1 billion sales threshold for the very first time. Company acquisitions allowed the Würth Group to grow by an extra 2.4 percentage points in total. Organic growth came in at 6.7 percent in 2015. Since most of the acquisitions were made abroad, the sales breakdown shifted in favor of the non-German subsidiaries of the Würth Group.

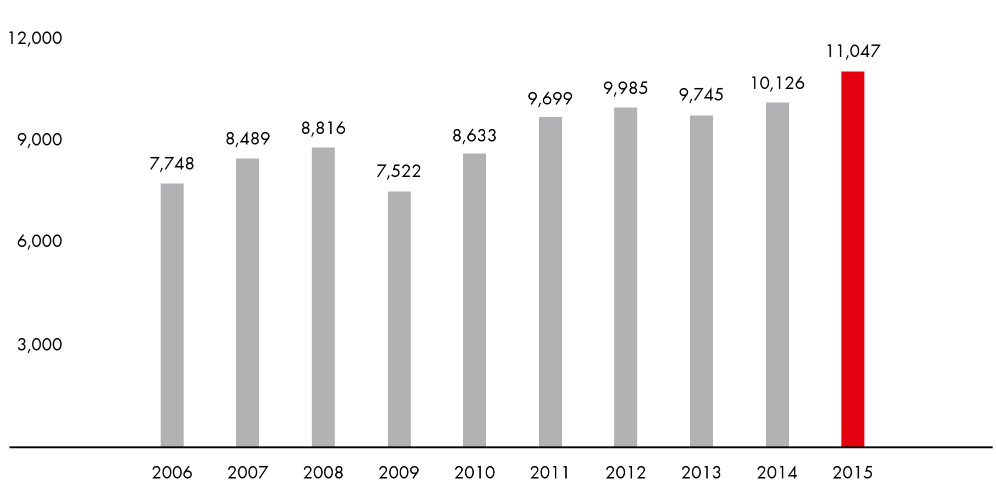
At EUR 525 million, the Würth Group's operating result was slightly up on the prior year (2014: EUR 515 million). In addition to more than 1,000 new hires in the sales force, a weaker calculation and higher depreciation and amortization had an impact on the result in 2015.

Despite only a slight improvement in earnings, the Group made substantial investments in its various divisions, units and markets. At EUR 525 million, capital expenditures were up on the level seen in recent years and are the basis for the Würth Group's future growth.

The number of employees rose once again, with a total of 68,978 people now working for the Würth Group (2014: 66,044). Including sales-related areas, more than 40,000 employees have direct contact with customers, with over 31,000 of them working as sales representatives. This means that the Würth Group remains the biggest employer of salaried sales specialists.

SALES

Würth Group in millions of EUR



Sales of the Würth Group

in millions of EUR	**2015**	2014	%
Würth Line Germany	1,682	1,574	+6.9
Allied Companies Germany	3,115	3,016	+3.3
Würth Group Germany	4,797	4,590	+4.5
Würth Group International	6,250	5,536	+12.9
Würth Group total	**11,047**	**10,126**	**+9.1**

Sales by region

- **Germany remains most important single market**
- **Developments in Southern Europe gain considerable momentum**
- **All regions grow in local currency terms**

The positive sales trend was particularly evident in the regions of Southern Europe and North America, even though Germany remains the most important and largest single market of the Würth Group. All in all, the companies in Germany grew by 4.5 percent to EUR 4.8 billion. The companies outside of Germany reported more substantial growth of 12.9 percent, also boosted by acquisitions. Particularly in southern Europe, however, the crisis years would appear to have been consigned to the history books and we expect sales to rise again over the next few years. The economic situation has stabilized in Spain and Portugal, in particular.

One of the Würth Group's strengths is decentralization. Thanks to the geographical diversification, our more than 400 companies in more than 80 countries allow us to participate in regional growth markets and to thus at least partly compensate for stagnation or sales declines in individual countries. Depending on the maturity of the individual markets, the strategic approaches to market penetration vary from region to region. In fledgling markets, the focus is on developing the sales force. The established entities concentrate on refining their sales divisions and expanding their sales channels, such as branch offices and e-business, through a regional approach, customer-specific segments and a policy of seeking out potential.

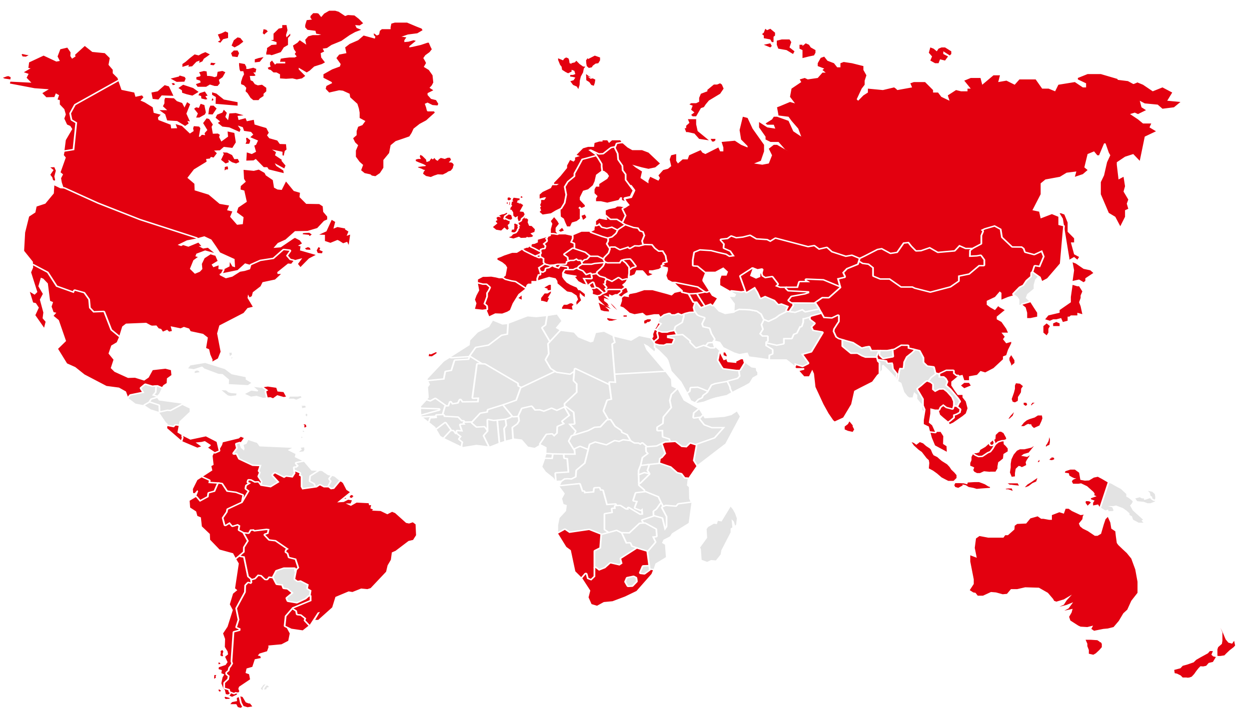
Accounting for more than 40 percent of sales, **Germany** remains the most important market for the Würth Group. Germany is home to the company that forms the core of the Group, Adolf Würth GmbH & Co. KG, which celebrated its 70th anniversary in 2015. Since it was established back in 1945, the biggest individual company in the Würth Group by far has been able to lift its sales to a record high of EUR 1.4 billion. 6,412 employees work as sales representatives and in-house staff, attending to our customers' needs. With more than 420 branch offices, the Group's flagship is closer to its customers than any of its competitors. It is not just in terms of sales that Adolf Würth GmbH & Co. KG boasts its pole position: it also set new standards in terms of operating result last year, reporting a figure in excess of EUR 100 million. In addition to the parent company, there are other companies in Germany that make a key contribution to the earnings power of this region and have been characterized by high levels of profitability for years now: Würth Industrie Service, Würth Elektronik eiSos, Arnold Umformtechnik and Reca Norm are prime examples. In addition to these established entities, the Würth Group also strengthened its market presence in Germany by making acquisitions in 2015. With effect from January 2, 2015, the company increased its stake in Paravan GmbH in Pfronstetten-Aichelau to 51 percent. Paravan is a globally leading manufacturer of customized vehicles for the disabled and distinguishes itself by being highly innovative. Paravan has performed more than 5,000 drive-by-wire controlled vehicle conversions in recent years, giving wheelchair users unlimited auto-mobility. Paravan had 153 employees on its payroll and generated sales of EUR 20 million in 2015. Würth believes that the future collaboration and Paravan's technology offer huge potential on the global market for fully automated driving.

Germany recorded a total operating result of EUR 291 million (2014: EUR 290 million) and is therefore the most profitable region. Out of a total of 31,000 sales representatives worldwide, 5,972 of them are employed in Germany.

Western Europe achieved sales growth of 3.8 percent in 2015, bringing sales up to EUR 1,742 million after they had virtually stagnated in the previous year, with growth of 1.8 percent. This region includes not only the Netherlands, but also Austria, France and Switzerland, for example, where a total of more than 10,000 employees, including 5,771 sales representatives, work for the Würth Group. Despite difficulties on the domestic market, the sales of the Swiss companies benefited from exchange rate developments, achieving growth that just made it into the double digits, calculated in euro. Due to its sales volume, France has a considerable impact on the region as a whole. Sales in France only increased slightly last year as the Würth

THE WÜRTH GROUP AROUND THE WORLD

■ Countries in which Würth is represented

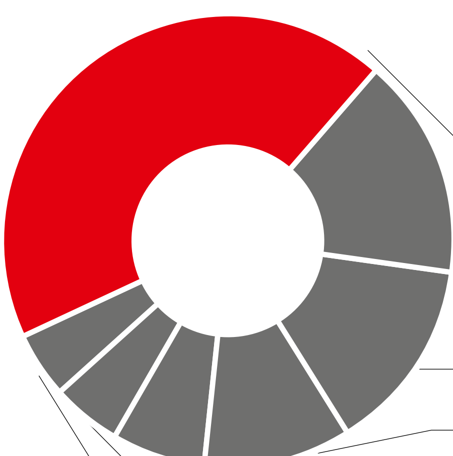


Group was unable to escape the overall economic development. Western Europe is the Group's second largest sales region after Germany.

With a marked increase in sales of 28.4 percent to EUR 1,531 million, the **Americas** region reported a successful 2015 fiscal year. While the region reaped considerable benefits from exchange rate effects, growth still came in at 12.5 percent in local currency terms. The US generated the highest sales in the Group at EUR 1,213 million (+ 37.7 percent) and remains a focus market for the Würth Group. The solid economic situation in the US was once again reflected in the sales development of the companies in the US group in 2015: In US dollars, sales growth came to 15.1 percent. Part of the Würth Group's growth strategy involves using targeted acquisitions to complement successful business areas where it makes sense to do so. The US has always been a focal point for such activities in the past, and 2015 was no exception. We acquired the business operations of United Plywoods & Lumber, Inc., Birmingham, Alabama, last year – a transaction that took effect on January 2. The company forms part of the Wood Division in the US. On July 31, 2015, Würth acquired 100 percent of the shares in Northern Safety Co., Inc., which is based in Frankfort, New York. The company generated sales of 179 million US dollars in 2015 and employed a total workforce of 484. Northern Safety specializes in the distribution of industrial safety products and primarily supplies industrial companies, making it an ideal addition to our existing industrial activities in the US. The third acquisition, which took effect on October 9, 2015, was Des Moines Bolt Supply, Inc., based in Iowa, US, a company that was set up in 1978. In the future, the company will operate under the name Wurth Des Moines Bolt Inc. as an independent company of Würth Industry of North America (WINA). WINA, which consists of eight companies, is one of the largest providers of assembly technology in the US and generated sales of 452 million US dollars in 2015. The acquisition will not only provide Würth Industry of North America with more than 1,000 customers, but will also allow it to expand its regional network west of the Mississippi. In the 2015 fiscal year, Des Moines Bolt reported sales of 42 million US dollars and employed a workforce of 96.

Unlike in North America, exchange rate developments in South America had a pronounced negative impact on growth. Whereas sales, calculated in euro, were down by 5.5 percent, the growth rate after exchange rate adjustments came in at 2.4 percent.

The **Southern European** region increased its share of total sales to above the 10 percent mark again thanks to positive sales development. The companies achieved sales in the amount of EUR 1,174 million, up by 21.5 percent. Spain, in particular, was able to make considerable gains, increasing its sales by 10.8 percent. At 28.4 percent, growth in Italy benefited considerably from the takeover of 65 percent of the shares in Elektrogroßhandelsgesellschaft MEF S.r.l., which has its registered office in Florence. MEF, which was set up in 1968, generated sales of EUR 130 million in 2015 and employed 532 people in 33 branch offices. The product range largely includes lighting, low-voltage distribution and control, renewable energy, cables and industrial automation technology. It is rounded off by a wide range of customer and support services. This takeover has allowed the Electrical Wholesale unit to expand its sphere of influence, which already covers eight European countries, to include one of the largest electrical wholesale markets in Europe. In addition to encouraging sales development, the Southern European region also managed to maintain its leading position in terms of the number of sales force employees. 6,497 colleagues attend to the needs of our customers.



SALES

Regions of the Würth Group

	2015 in %	**2015** in millions of EUR	2014 in millions of EUR	Change in %
Germany	43.4	**4,797**	4,590	+4.5
Western Europe	15.8	**1,742**	1,679	+3.8
America	13.9	**1,531**	1,192	+28.4
Southern Europe	10.6	**1,174**	966	+21.5
Scandinavia	6.7	**744**	757	- 1.7
Asia, Africa, Oceania	4.9	**544**	463	+17.5
Eastern Europe	4.7	**515**	479	+7.5
Total		**11,047**	10,126	+9.1

The **Scandinavian** region is home to one of the model companies in the Würth Group, Würth Finland. With four decades of operations behind it, the company impresses with its excellent market penetration and high profitability. The branch office concept is the decisive success factor here. Würth Finland now has 186 branch offices, more than ten percent of all the Group's branch offices. The entity therefore also spearheaded the spread of this successful sales concept within the Würth Line in recent years. Despite the excellent position enjoyed by Würth Finland, the Scandinavian region was the only one to report a drop in sales, namely in the amount of 1.7 percent. This meant that its share of sales fell to 6.7 percent. Although exchange rate effects were at play here – the region grew by 1.6 percent in local currency terms – supporting measures have been taken within individual companies.

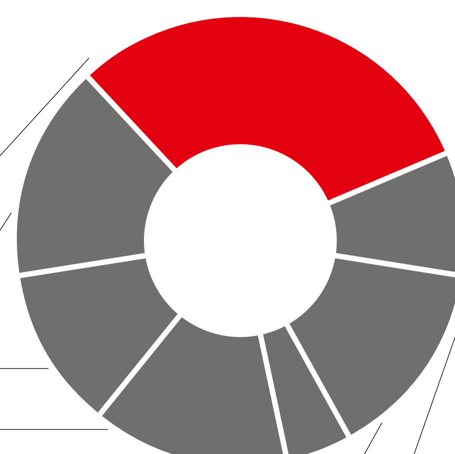
The share of sales attributable to the **Asia, Africa and Oceania** region increased from 4.6 percent to 4.9 percent last year. Although the region is very large in terms of area, the companies in Asia, Africa and Oceania still only play a minor role for the Würth Group at present. With sales of EUR 373 million, Asia accounts for what is by far the largest share of sales in the region, and Würth also sees the region as its "market of the future" in the east. We believe that China, in particular, offers considerable untapped market potential. In addition to direct sales serving the trades, we also provide system solutions for industrial customers in China and have set up three production sites over the past few years. In addition to the manufacture of screws, these production sites also develop and manufacture products for the Chemicals unit and produce coils for the Electronics unit.

The pace of growth in **Eastern Europe** picked up again compared with 2014. This region's share of total Group sales remained stable, with sales rising by 7.5 percent to EUR 515 million. As in the previous year, however, the slide in the Russian rouble played a major role in this development. After adjustments for currency effects, growth in the region therefore comes in at 11 percent. Although the region only accounts for a small share of the Würth Group's total sales, Eastern Europe is nevertheless home to more than 3,200 sales representatives, i.e. more than ten percent of the Group's total sales force.

EMPLOYEES

Regions of the Würth Group

	2015 in %	2015	2014	Change in %
Germany	30.7	**21,145**	**20,226**	+4.5
Western Europe	15.4	**10,663**	**10,455**	+2.0
America	11.9	**8,197**	**7,369**	+11.2
Southern Europe	14.1	**9,729**	**8,754**	+11.1
Scandinavia	4.7	**3,225**	**3,258**	-1.0
Asia, Africa, Oceania	14.4	**9,922**	**10,062**	-1.4
Eastern Europe	8.8	**6,097**	**5,920**	+3.0
Total		**68,978**	**66,044**	+4.4

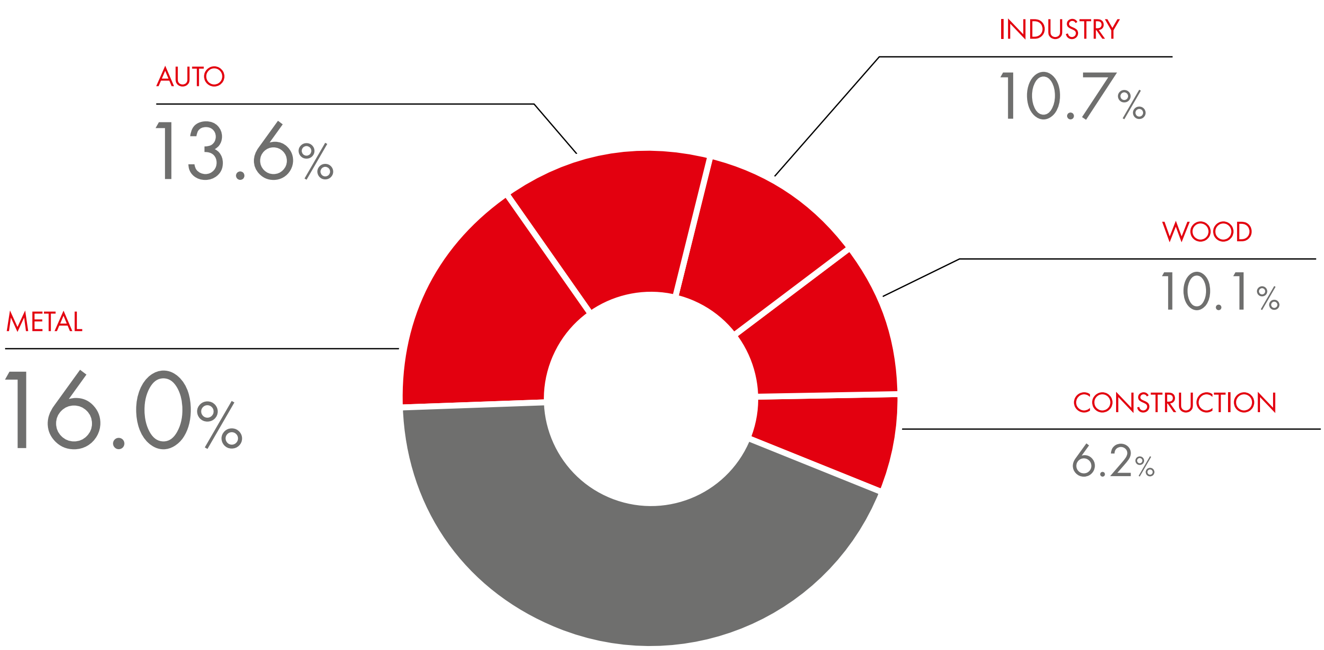


THE BUSINESS UNITS OF THE WÜRTH GROUP

THE WÜRTH LINE DIVISIONS

Würth Line operations focus on assembly and fastening materials, supplying customers in both trade and industry. Within Würth Line, the operating business units are split into Metal, Auto, Industry, Wood and Construction Divisions at the international level.

SHARE OF SALES OF THE DIVISIONS
in relation to the Würth Group's total sales



Metal Division

Range, system and customer management play key roles in the Metal Division. The focus is on what are known as "application worlds", which suggest products to customers that suit various work steps. This allows us to focus on our customers' needs in a more targeted manner.

Metal subdivision
This subdivision directly serves customers in the metalworking and metal processing industries, and its main customers include metal and steel fabricators, fitters, and machine and vehicle manufacturers.

Installations subdivision
This subdivision concentrates on electricians, gas, heating and water installation firms, as well as air-conditioning and ventilation system engineers.

Maintenance subdivision
This subdivision addresses an extremely wide range of customers: in-house repair shops of industrial enterprises, hotels, shopping centers, airports and hospitals.

Auto Division

Proximity to customers is a key success factor for the Auto Division. In order to ensure that we can collaborate efficiently with our customers in the future too, with a firm focus on their needs, we are constantly investing in initial and further training for our sales team. Strategic partnerships are also used to strengthen important expert areas and meet the rising technical demands on the market.

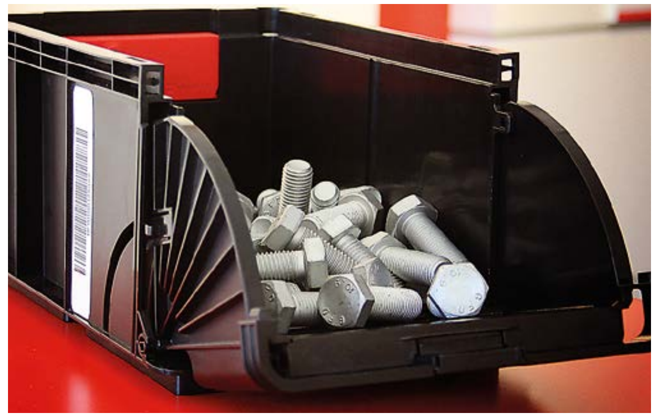
Car subdivision
The customers of the car subdivision are car garages, vehicle fleets, automotive refurbishers and car dealers. They include authorized dealerships of car manufacturers and independent workshops as well as special shops and service providers.

Cargo subdivision
The customers of the Cargo subdivision are authorized dealers and independent workshops, freight forwarders and transportation companies, public-sector utilities and waste disposal companies, as well as companies from the agricultural sector.

Industry Division

The Industry Division offers a complete range of assembly and connecting materials for industrial production, as well as maintenance and repair. Its strengths lie in individual supply and service concepts for logistics and materials planning, as well as technical consultation.

The innovative further development of procurement and logistics systems is increasing the role of systems and full automation in stocking and replenishing Würth products for manufacturing customers. The focus is on maximum supply security directly at the place of consumption, in the warehouse and at the workstation. The focus remains on personal on-site customer service thanks to a global network and, as a result, the same high standards of quality, products and processes across the globe.



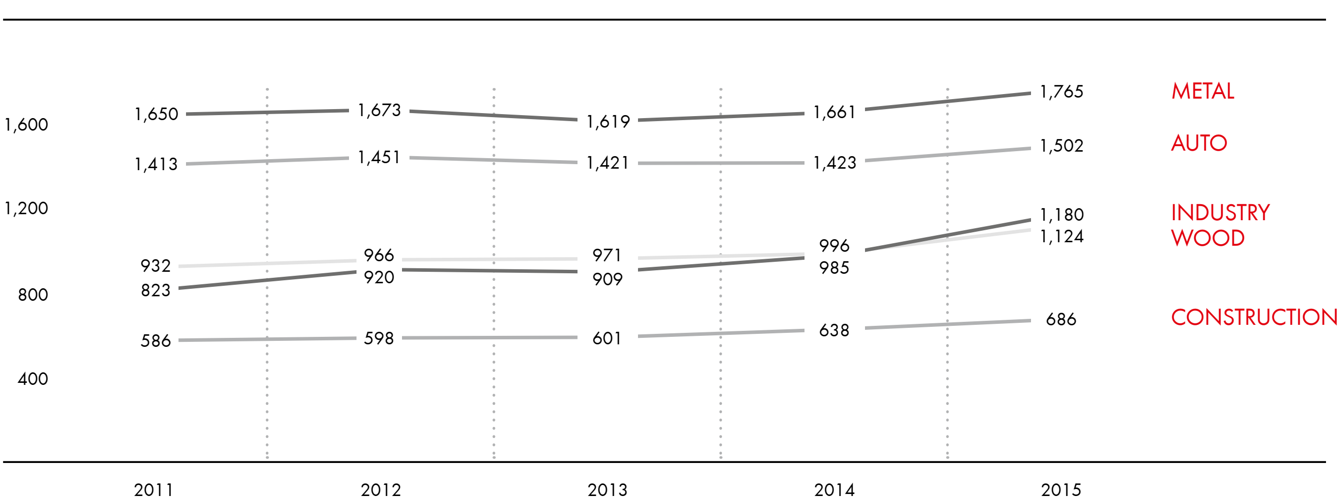
Wood Division

The Wood Division serves customers in the entire woodworking and wood processing trade, focusing on: joiners / carpenters, window makers (wood and vinyl) and window fitters.

The product spectrum covers furniture and building fittings, the entire range of fastening materials and sealing technology, as

SALES BY DIVISIONS

in millions of EUR



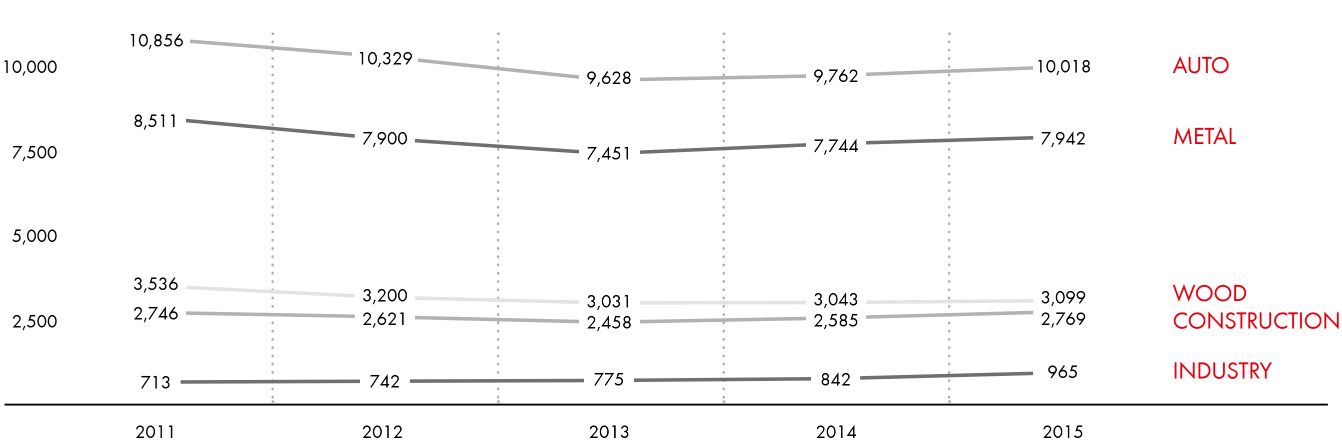
well as hand tools, machines, abrasives and chemical-technical products. It is also pressing ahead with the use of online-based ordering services and the development of planning aids, such as a furniture construction configurator.

Construction Division

The Construction Division aims to offer internationally active construction companies across the globe with top-level products and services.

The Construction Division encompasses all sales units responsible for serving customers in the construction and civil engineering industry and finishing trades. Marketing activity focuses on construction companies, roof and wood construction customers, finishing and facade specialists, and direct supplies to construction sites. Customized logistics solutions are also provided, such as equipped material stores directly at the construction site.

SALES REPRESENTATIVES BY DIVISION

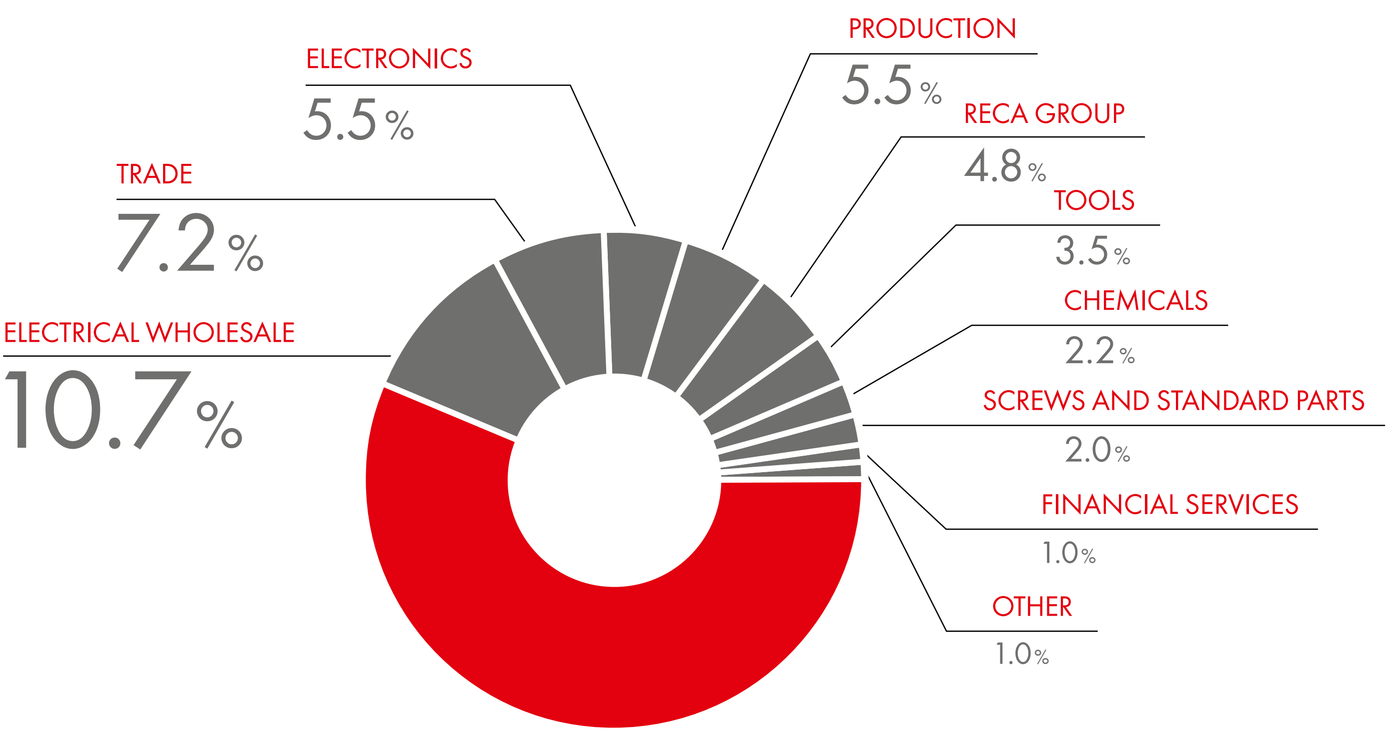


THE BUSINESS UNITS OF THE ALLIED COMPANIES

The Allied Companies operate either in business areas adjacent to the Group's core business or in diversified business areas, and round off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are trading companies operating in related areas.

SHARE OF SALES – BUSINESS UNITS OF THE ALLIED COMPANIES

in relation to the Würth Group's total sales



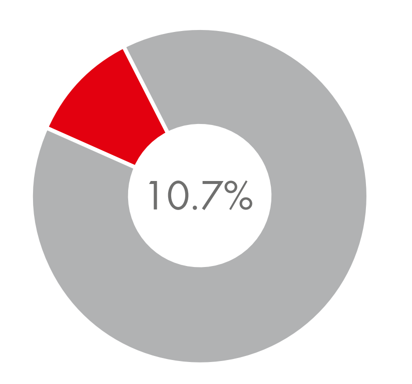
Electrical Wholesale unit

These companies are responsible for trading in electrical material. The product portfolio includes products and systems covering the areas of electrical installation, industrial automation, cables and lines, tools, data and network technology, lighting and illumination, household appliances and multimedia products, as well as electrical domestic heating technology and regenerative power generation.

- New sales record in 2015
- The biggest Allied Companies unit at EUR 1,186 million
- Sales up by 5.4 percent after adjustments to reflect acquisitions
- Increase in market share thanks to organic growth and targeted acquisitions, primarily in Southern and Eastern Europe
- 576 additional employees thanks to acquisitions in 2015
- 3,245 employees in Electrical Wholesale
- Marked increase in the number of customers
- Construction of a new central warehouse for Uni Elektro – one of the biggest German companies in this sector – now in the final stages, with commissioning scheduled for the fall of 2016
- Successful integration of the Italian electrical wholesaler MEF S.r.l., which has its registered office in Florence

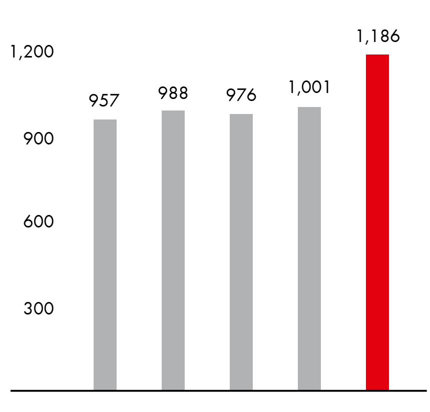
SHARE OF TOTAL SALES

Electrical Wholesale unit



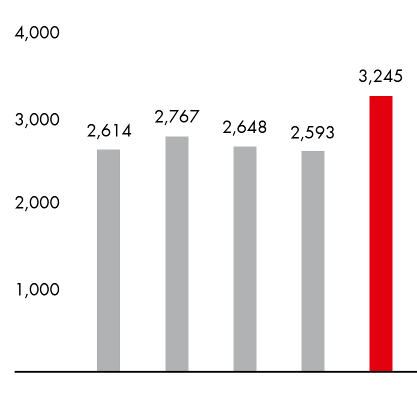
SALES

Electrical Wholesale unit in millions of EUR



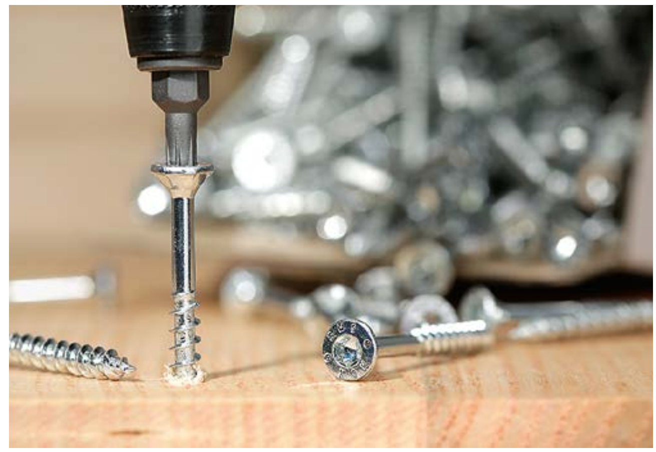
EMPLOYEES

Electrical Wholesale unit



Trade unit

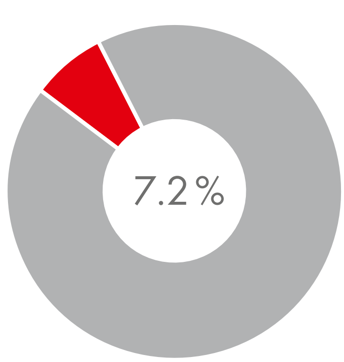
The companies belonging to this unit sell fastening and assembly materials, gardening equipment, electrical tools and furniture fittings, mainly to specialist dealers, DIY and hardware stores, and discounters.



- Satisfactory sales of EUR 796 million
- Sales hit by the loss of the bauMax group
- High US dollar exchange rate and weak euro make purchasing more expensive
- Bundling of purchasing volumes to achieve economies of scale
- Focus on customer requirements to achieve permanent improvements in process and service quality
- Innovative product solutions for our customers thanks to a greater focus on sustainable product ranges
- Setting ourselves apart from the competition by positioning our own brands such as Meister, CONNEX® and CORNAT®

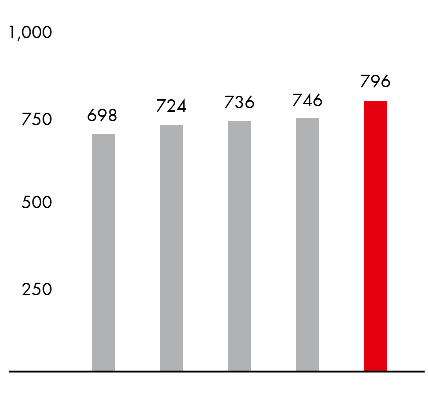
SHARE OF TOTAL SALES

Trade unit



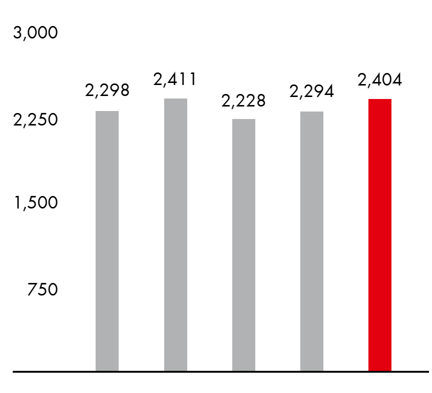
SALES

Trade unit in millions of EUR



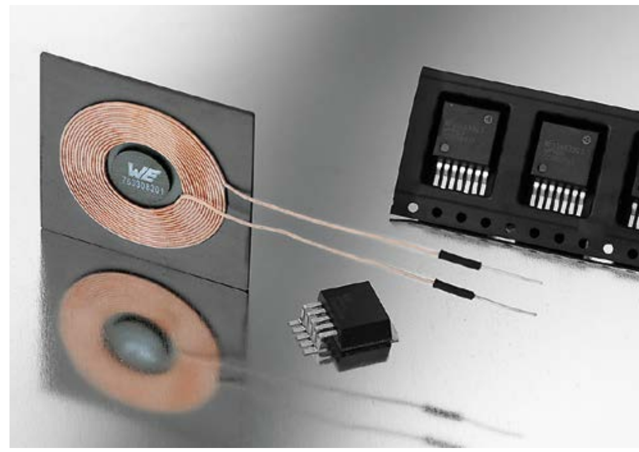
EMPLOYEES

Trade unit



Electronics unit

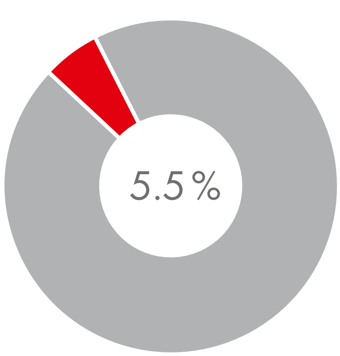
The Würth Elektronik Group produces and sells electronic components such as printed circuit boards, electronic and electro-mechanical elements and full systems components. The company Paravan has formed part of the Electronics unit since 2015.



- Sales up by 10.3 percent year-on-year to EUR 609 million
- Loss of 40 percent of production capacity due to a major fire in the printed circuit board factory in Niedernhall at the end of 2014
- Reconstruction in 2015 to create an innovative high-technology factory – during the reconstruction work, customer supplies were ensured by existing factories
- Market launch of new product lines in the electronic and electro-mechanical components unit, e.g. condensers (eiCap®)
- Product portfolio expanded by the acquisition of a manufacturer of inductors for the automotive industry
- First set of license agreements for the connector technology SKEDD®
- Stake in Paravan GmbH, a manufacturer of mobility products for the disabled, upped to 51 percent
- Revolutionary SPACE-DRIVE-II technology unveiled at the international automotive exhibition IAA and on the Solitude Revival race course

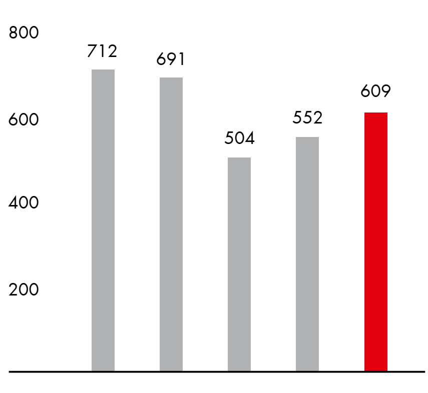
SHARE OF TOTAL SALES

Electronics unit



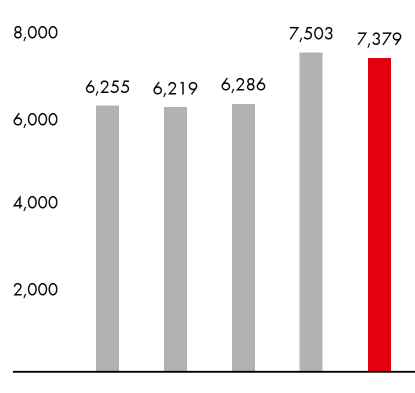
SALES

Electronics unit in millions of EUR



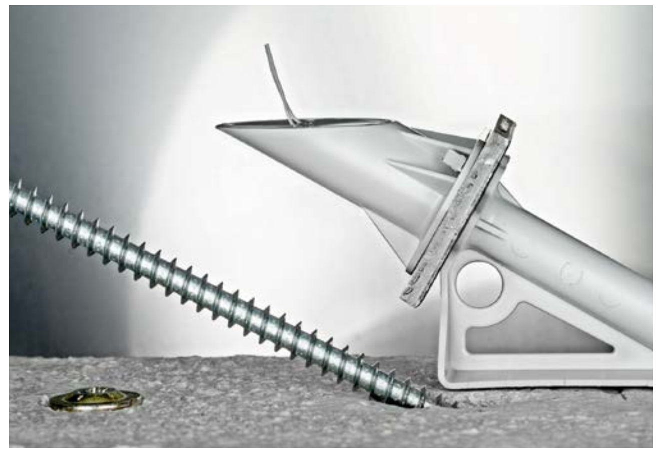
EMPLOYEES

Electronics unit



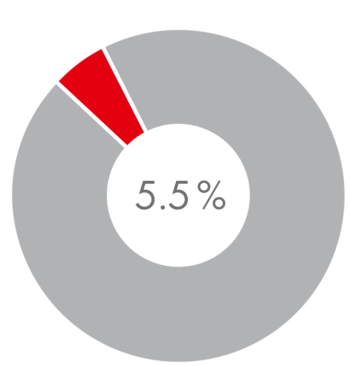
Production unit

The product range of the production businesses includes operating equipment, vehicle outfitting material, cold formed parts, forming and stamping tools, connecting elements and fastening systems, furniture fittings, and assortment and storage bins. The business supplies a range of customers, including customers from the automotive industry, manufacturers of kitchens and household devices, and wholesalers.

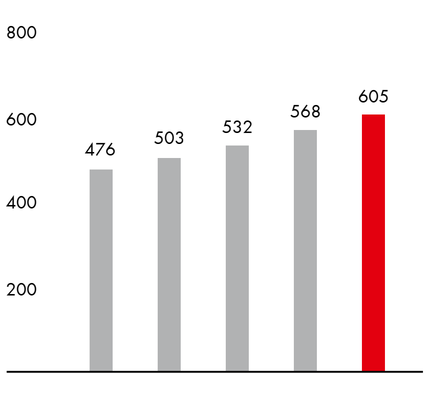


- Positive development in sales and operating result among companies in the automotive, electronics and construction segments
- Sales down in local currency terms at companies outside of European Monetary Union due to negative currency effects
- Companies belonging to the Arnold Group, a global systems provider, concentrate on expanding specialized production structures
- Establishment of a new organizational structure that focuses on customer benefits
- Expansion of expertise and resources to effectively tap into growth markets (e.g. timber engineering and industrial roof and facade construction)
- Sales up in the furniture fittings segment thanks to innovative products and new systems technology
- 2015 interzum Award goes to Grass GmbH for its Nova Pro Scala® drawer system (as part of the Red Dot and Koelnmesse design competition)

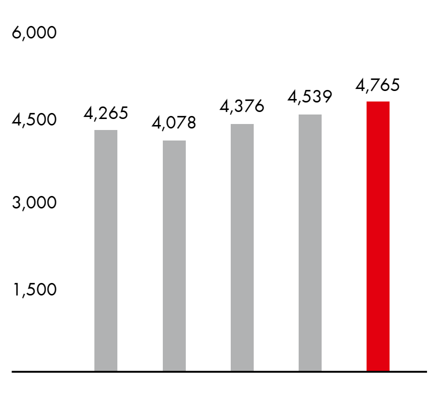
SHARE OF TOTAL SALES
Production unit



SALES
Production unit in millions of EUR



EMPLOYEES
Production unit



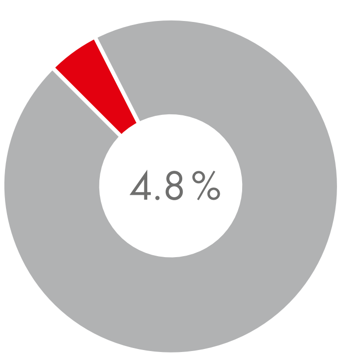
RECA Group unit

The RECA Group companies supply tools and assembly and fastening materials directly to industrial, metal and car business customers, as well as to customers in the Cargo subdivision. Specialists in workwear, advertising materials and vehicle equipment complement the product portfolio.

- New record sales of EUR 527 million
- Companies enjoy very good market position in Germany, Austria and Italy
- Evidence of positive economic trends, particularly in Southern and Eastern Europe
- Slight price increases due to currency erosion (euro against the US dollar)
- Further expansion of customer base by taking targeted measures to attract new customers
- Considerable free market potential despite high density of competition
- Focus on the further development of e-business and the introduction of an iPad-based sales solution at many companies
- Positive business developments thanks to the further expansion of multi-channel distribution and the associated strengthening of the sales force
- Outlook for the future remains positive thanks to typical business of direct selling with a sales force of 2,725

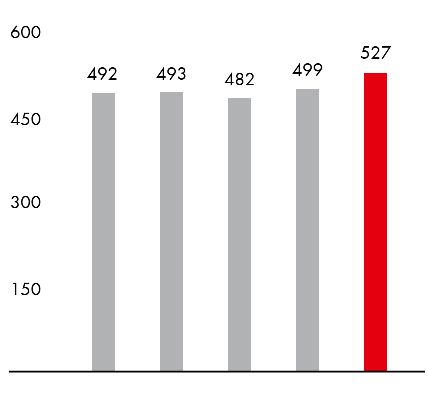
SHARE OF TOTAL SALES

RECA Group unit



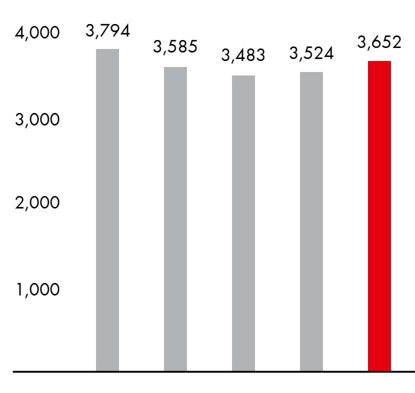
SALES

RECA Group unit in millions of EUR



EMPLOYEES

RECA Group unit



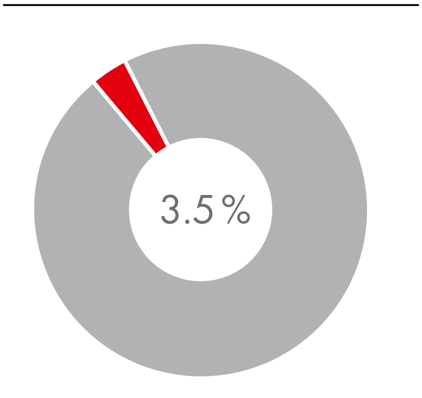
Tools unit

The companies in the Tools unit distribute items for metal cutting, clamping and measuring, as well as hand tools, operating equipment, industrial safety and machines. They supply companies from the metalworking and metal-processing industries. Their activities focus on the distribution of the unit's own brand, ATORN®.

- New Hahn+Kolb Web portal goes live, enabling access to more than 60,000 items and access to extensive company, service and additional information for customers
- Modern web design allows optimum display on all end devices
- New subsidiary of the Hahn+Kolb Group set up in Mexico
- Expansion of the sales force to boost distribution strength
- 2016: Focus on the further development of the unit's own brand, ATORN®, investments in tool vending systems, increasing productivity and the further expansion of the customer base.
- VDMA (German Engineering Federation) outlook for 2016: no production growth to speak of in the German mechanical and plant engineering sector

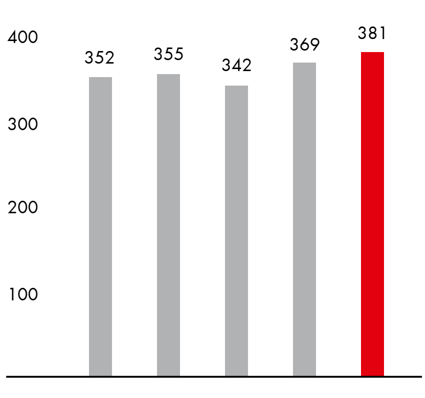
SHARE OF TOTAL SALES

Tools unit



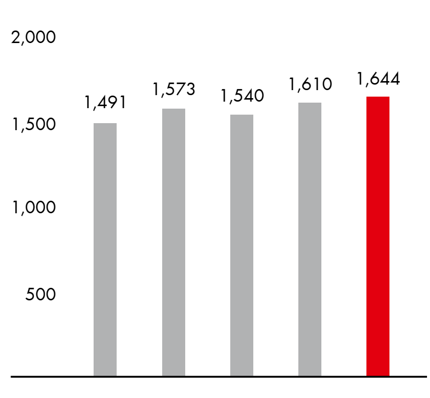
SALES

Tools unit in millions of EUR



EMPLOYEES

Tools unit

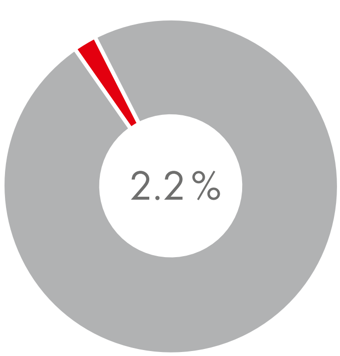


Chemicals unit

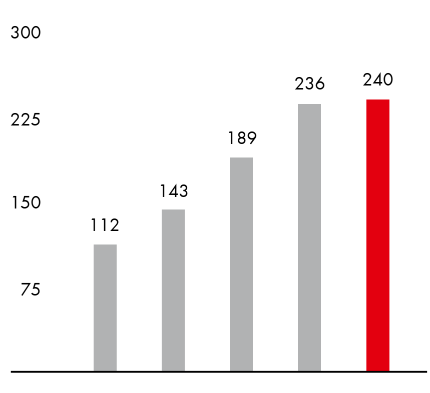
The companies in the Chemicals unit are responsible for the development, manufacture and distribution of chemical products for the automotive, industrial and cosmetics industries. They distribute both their own brands and private label products and are renowned as real innovation specialists and experts in their niche areas.

- Slight increase in sales to EUR 240 million
- Sales have more then doubled since 2011
- Production forms one of the unit's key components – it now has nine factories on three continents
- Greater focus on the cross-company use of the customer and cooperation network to exploit new potential within the unit (e.g. local sourcing in Brazil and China)
- Further standardization and harmonization of core processes within the unit in order to boost efficiency in the long term
- Aftermarket problem solutions for new engine systems thanks to new automotive developments
- In the industrial lubricants segment, further focus on products that have been optimized in terms of human toxicology and ecotoxicology
- Restructuring of the cosmetics segment in 2016
- Investments to boost competitiveness

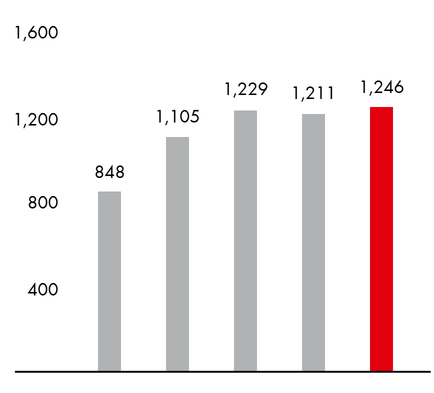
SHARE OF TOTAL SALES
Chemicals unit



SALES
Chemicals unit in millions of EUR



EMPLOYEES
Chemicals unit



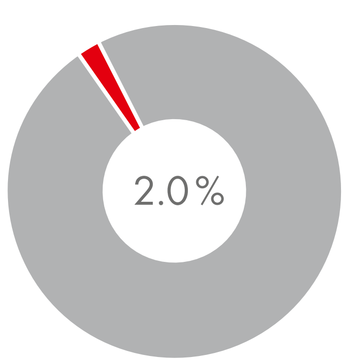
Screws and Standard Parts unit

These trading companies are product specialists with sophisticated industry supply concepts. The unit's main business activity is the sale of DIN and standard parts. Most of the companies specialize in stainless connecting elements. Our hydraulic companies are system providers of hydraulic hoses and fittings.

- Sales in 2015 focused primarily on the distribution of DIN and standard stainless steel parts
- First half of 2015: positive development at stainless steel companies thanks to rising / stable nickel prices
- Nickel price slumps by 30 percent in the second half of the year
- Further expansion of customer base
- New administrative building and expansion of logistics facilities at WASI in Wuppertal, construction work to start in 2016
- Hydraulics segment: moves to step up national and international expansion via system partnerships and cooperation within the Würth Group
- Intensified marketing of innovations, such as the super power hoses or the unit's own brand, ValCon®
- Distribution to focus on major customers from the maintenance sector, e.g. in the transport and automotive industries

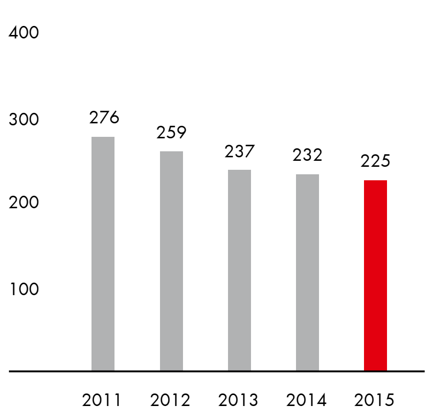
SHARE OF TOTAL SALES

Screws and Standard Parts unit



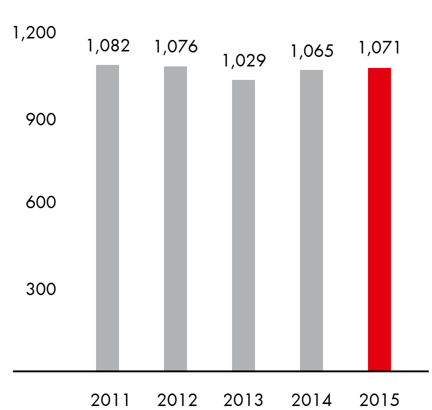
SALES

Screws and Standard Parts unit in millions of EUR



EMPLOYEES

Screws and Standard Parts unit



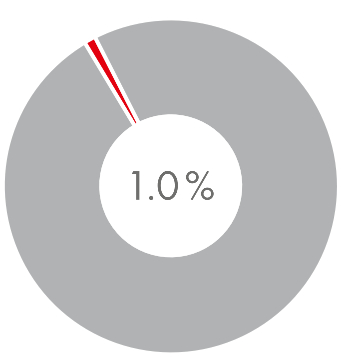
Financial Services unit

The companies in this unit offer services in the financial services sector both within the Würth Group and for external customers. Sales orientation, proximity to the customer and customized products rank among the strengths of this unit.

- Companies specializing in leases maintain their market position in Germany, Denmark and Switzerland despite a glut of liquidity
- Waldenburger Versicherung AG: further ongoing growth in premium volume
- As in the previous year, individual large-scale claims put considerable pressure on results
- Internationales Bankhaus Bodensee AG (IBB): double-digit earnings growth in a fiercely competitive banking market
- Long-term earnings stability despite the low interest rate phase thanks to IBB's robust business model
- Establishment of Würth Financial Services AG among the biggest and fastest-growing insurance brokers in Switzerland
- Further market share gained in 2015 thanks to organic growth
- 2016: planned expansion of leasing activities in Austria

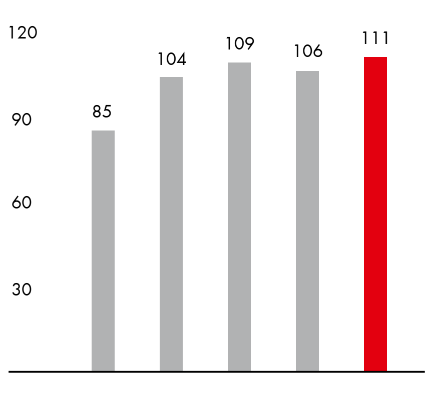
SHARE OF TOTAL SALES

Financial Services unit



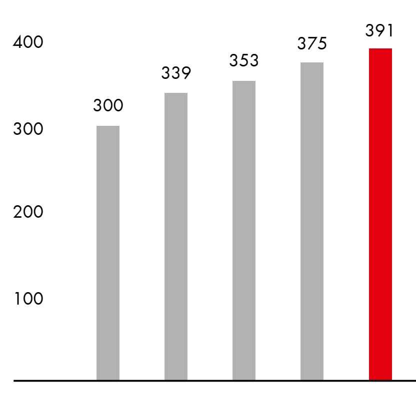
SALES

Financial Services unit in millions of EUR



EMPLOYEES

Financial Services unit



Net assets, financial position and results of earnings

- **Operating result up slightly year-on-year**
- **Equity exceeds the EUR 4 billion mark for the first time**
- **Investments of more than EUR 500 million**

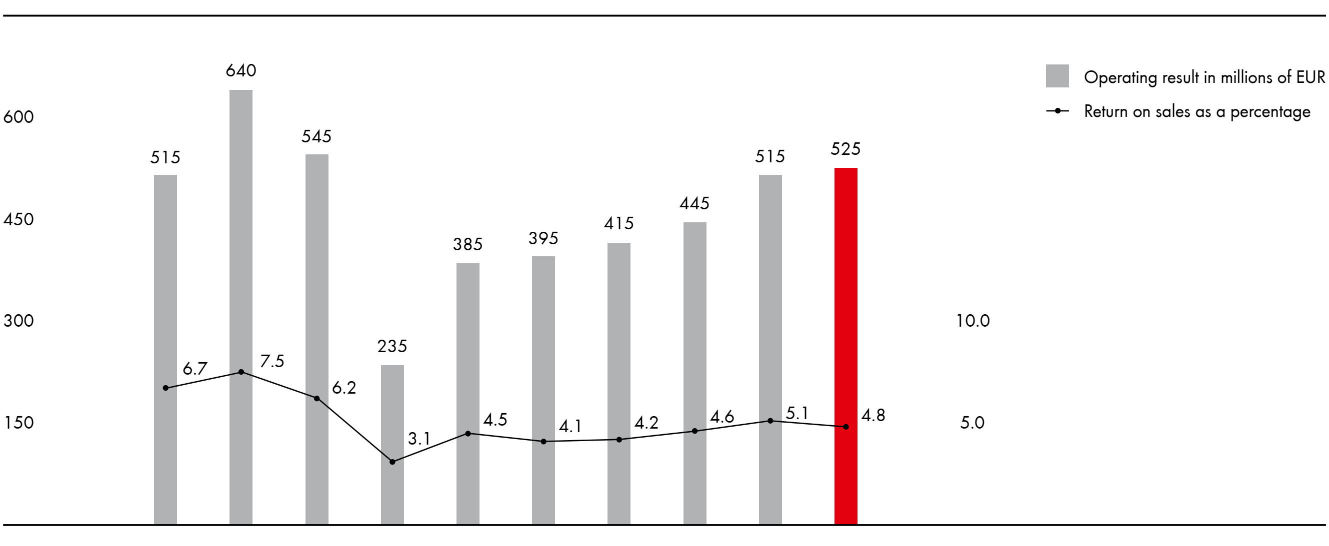
In the fiscal year under review, the operating result of the Würth Group came to EUR 525 million, up by 1.9 percent on the previous year (2014: EUR 515 million). Although sales growth was almost in the double digits at 9.1 percent, the operating result showed only moderate development and the return on sales fell to 4.8 percent. We have calculated the operating result as earnings before taxes, before amortization of goodwill and financial assets, and before changes recognized in profit or loss from non-controlling interests disclosed as liabilities.

The companies outside of Germany boosted their operating result by 4.0 percent to EUR 234 million (2014: EUR 225 million), meaning that they grew much faster than in the previous year. This momentum is partially due, to the positive development in the Southern Europe region, which showed a marked improvement after years of hefty slumps, even if it has still not bounced back to the usual level of profitability. Spain, in particular, showed very positive development, while there is still a need for restructuring in Italy. The wind power segment also contributed to the improvement in the operating result, even if it failed to live up to expectations. We believe that Brazil is a critical market from an economic perspective. Brazil is the Würth Group's largest market in South America in absolute terms and is battling with a significant economic downturn.

The German companies achieved an operating result that was on a par with the previous year's level. At EUR 291 million, it was up by 0.3 percent on the 2014 value (EUR 290 million). This corresponds to 55.4 percent of the Group's overall result, which serves to highlight just how important the domestic market still is. While there are myriad reasons behind the stagnation, it can be traced back primarily to an increase in the ratio of cost of materials to sales, and investments in the sales force. This situation was also compounded, for example, by restructuring measures in the Chemicals unit, which prevented a more pronounced increase in the operating result for the 2015 fiscal year.

PRE-TAX OPERATING RESULT AND RETURN ON SALES

Würth Group



Out of the German entities, Adolf Würth GmbH & Co. KG makes by far the biggest contribution to the operating result. With an operating result of more than EUR 100 million, the Group's flagship once again provided evidence of its earnings strength. Other top performers in Germany are Würth Industrie Service, Arnold Umformtechnik, Reca Norm and Würth Elektronik eiSos. On the whole, the operating result stagnated in Germany, pushing the return on sales down to 6.1 percent (2014: 6.3 percent).

The cost ratio of materials to sales increased year-on-year to 49.1 percent (2014: 48.1 percent). Despite lower commodity prices in some cases, a shift in sales within the different distribution channels towards key accounts and also e-business had a slightly negative impact in this regard, in addition to constantly increasing price transparency on the markets. Another negative effect came in the form of the lower gross profit within Würth Elektronik Group due to the fire in the printed circuit board factory in Niedernhall at the end of 2014.

The pronounced increase in other operating income in the amount of more than 100 percent is largely due to insurance settlements in connection with the fire in the Würth Elektronik printed circuit board factory in Niedernhall.

At the end of December 2015, the Würth Group had a total of 68,978 employees. The increase in the workforce by 2,934 compared with December 2014 was one of the reasons behind the sales growth that the company achieved, as face-to-face contact is the strength of our direct distribution approach. The sales force works hand in hand with our highly effective in-house staff, which provides the necessary support for the specific sales strategy. 1,777 additional employees joined the sales team in 2015. The number of employees working as members of the in-house staff rose by 4.9 percent, or 1.8 percent after adjustments to reflect acquisitions. At 28.0 percent, the ratio of personnel expenses to sales improved slightly compared with the previous year (2014: 28.1 percent).

At EUR 332 million, amortization and depreciation was up considerably on the prior year in 2015 (2014: EUR 278 million). This increase is primarily attributable to increased impairment losses in the electronics area. Amortization and depreciation are also up on the previous year due to increasing investments, although this effect is not quite as significant.

Other operating expenses showed a slightly above-average year-on-year increase in relation to sales growth. At 16.2 percent, this ratio is down slightly on the prior year. By way of example, we managed to save on energy costs but saw an increase in sample and advertising expenses, as well as rental and lease costs due to the further expansion of the branch office network.

The financial result fell slightly. Financial liabilities increased due to the market valuation of the interest rate derivatives taken out in connection with the bond issued in 2013. An opposing effect came from interest income from prior periods. Financial liabilities increased to more than EUR 300 million. In August 2015, the Würth Group redeemed a bond in the amount of 225 million Swiss francs with an average yield of 3.88 percent. In order to finance the redemption, a benchmark bond of EUR 500 million with a 1.00 percent yield was issued in May 2015. The liquidity generated as a result was invested largely in the short term for the purposes of security, and the investment interest was close to zero percent. This also had a negative impact on net interest income.

The tax rate decreased in the 2015 fiscal year to 15.9 percent (2014: 24.5 percent), mainly due to tax reimbursements related to other periods. Contrary effects resulted, in particular, from tax losses in the current fiscal year that were not stated. For a detailed analysis, we refer to the consolidated financial statements: G. “Notes on the consolidated income statement”, [9] “Income taxes”.

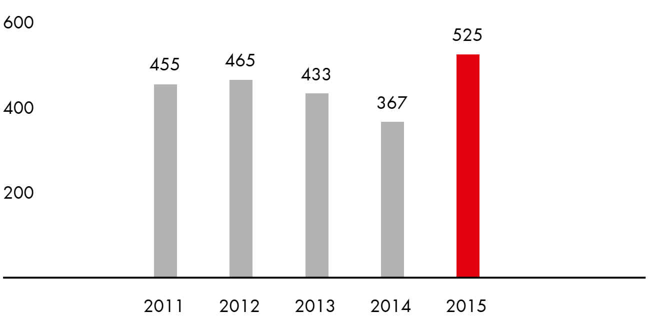
The Würth Group achieved new record sales of EUR 11 billion, which was higher than the projected value for 2015. Although the operating result only showed a moderate increase and just fell short of the target, net income for the year climbed to an all-time high of EUR 434 million. Against the backdrop of the global economic developments, the Central Managing Board believes that these results are satisfactory. The main KPIs, such as sales and operating result, have improved. Our gross profit, i.e. sales minus the cost of goods sold, as well as staff turnover, inventory turnover and collection days deteriorated slightly, but came in at an acceptable level.

Capital expenditures and cash flow

After a slight drop in capital expenditure in 2014, much more was invested in 2015, with investment spending coming to EUR 525 million (2014: EUR 367 million). Over the past ten years, the Group has invested around EUR 4 billion in property, plants and equipment,

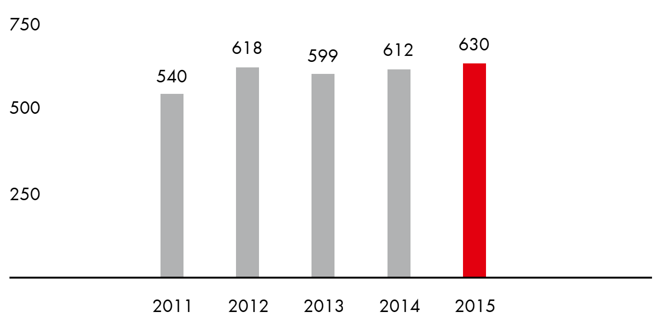
INVESTMENTS

Würth Group in millions of EUR



CASH FLOW FROM OPERATING ACTIVITIES

Würth Group in millions of EUR



financial assets and intangible assets. It is the Würth Group's strategy to invest in sales-related and productive areas. As a result, last year's investments focused on the expansion of warehouse capacities for our distribution companies, as well as on the fields of production buildings and technical equipment and machinery for our manufacturing companies. The biggest individual project within this context was the reconstruction of the Würth Elektronik printed circuit board factory in Niedernhall, Germany, which was destroyed by a major fire on December 27, 2014. The aim is to achieve full production capacity utilization again in the course of the current fiscal year. Arnold Umformtechnik, which specializes in screws and connecting technology for the automotive and electrical industry, also laid the foundation stone for three further production sites, with corresponding machinery, in Dörzbach in April 2015 – an investment with a total volume of around EUR 37 million. The aim is to expand Dörzbach as a production location for the company's brand products and series production. The expansion of the production facilities will create 100 additional jobs. This means that in 2016 a total of 300 employees will contribute to Arnold's success in Dörzbach. Würth Elektronik eiSos has started work on the construction of a new logistics building in Waldenburg. The building will provide almost 5,000 m^2 in additional storage space, offices and 800 m^2 of laboratory space for quality assurance and product development. 85,000 shelf spaces are waiting for product boxes. The warehouse is designed to handle 10,000 picks per day and is scheduled to be commissioned in the first quarter of 2016. The total investment volume comes to EUR 25 million.

In addition to the Allied Companies, the Würth Line companies also made substantial investments in stepping up their sales activities. Back in the fall of 2014, Adolf Würth GmbH & Co. KG started building its new branch and office building in Künzelsau-Gaisbach, offering office space for 550 workstations and premises for conferences and seminars. The new cube-shaped building, which features an inner courtyard, will cover a total of five upper floors. The building's direct location on Bundesstraße 19 makes it ideal for Würth's customers to reach. In the future, our customers will be able to experience the wide range of products we offer in an area covering more than 800 square meters. Around EUR 28 million is being invested in the new building in Gaisbach, which is set to be officially opened in the summer of 2016.

In addition to investments in production and storage space, we have also, as in past years, invested in our ORSY® storage management system, which offers our customers storage and provision of various consumables and supplies in line with their needs.

In total, EUR 315 million, or 60 percent of the investment volume, was attributable to Germany, reflecting to the continued high significance of the home market for the Würth Group.

Thanks to our moves to optimize our investment controlling processes using sophisticated recording and analysis tools in recent years, the Central Managing Board is always in a position to react quickly to changes in the overall environment. This is another reason why we once again met our objective of financing investments in intangible assets and in property, plants and equipment from our cash flow from operating activities in full in 2015. Our cash flow from operating activities came in at EUR 630 million (2014: EUR 612 million), up by 2.9 percent on the prior year. The increase in receivables and inventory accumulation stood in the way of a further increase in operating cash flow. We consider this level of cash flow from operating activities to be appropriate for us. The ratio of capital expenditures to cash flow from operating activities was 83.3 percent and was therefore up on the prior-year level (2014: 60.0 percent).

Purchasing

All in all, 2015 was characterized by good capacity utilization levels at our suppliers due to the economic situation. After the Eurozone Purchasing Managers' Index had closed 2014 at a relatively low level, the situation picked up throughout the course of the year, which indicates an increase in industrial production. As far as 2016 is concerned, we do not expect to see any significant changes for the time being, as economic experts predict that economic development will remain robust.

Prices on the commodities market developed favorably from a purchasing perspective, especially from the middle of the year onwards. Among the industrial metals, the price of nickel, in particular, took a nosedive, although the prices of aluminum and copper also dropped considerably. Oil prices continued to slide in 2015. By the end of the year, a barrel of Brent crude oil was traded a mere 37 US dollars. These developments on the commodities market allowed purchasing to achieve corresponding price reductions in the relevant areas.

Unlike the favorable commodities situation, currency developments posed a major challenge to purchasing. Particularly in the first half of the year, the collapse in the value of the euro made imports, particularly those from the US dollar area, much more expensive. There were times at which the value of the single currency plummeted to such an extent that parity between the euro and the dollar certainly appeared to be a realistic prospect. The external value of the euro also dropped against other currencies, meaning that many manufacturers outside of the euro area were forced to cut their prices.

All in all, the central purchasing organization of the Würth Line managed to keep purchasing prices stable in 2015. Würth was able to largely avert currency-related price demands and to offset them against advantages on the commodities side.

From a strategic perspective, even more of an emphasis is to be placed on the coordinated purchasing of indirect goods such as operating resources, energy and packaging material by the central purchasing organization. The harmonization of the ERP systems and the article master data allowed cross-company purchasing processes to be optimized further. The aim is to continue to forge ahead with this strategy in 2016. The main operational goal is to continue to guarantee a good service degree in 2016. What is more, inventories have to be kept largely flexible so that the company can react to changes in market conditions as quickly as possible.

Inventories and receivables

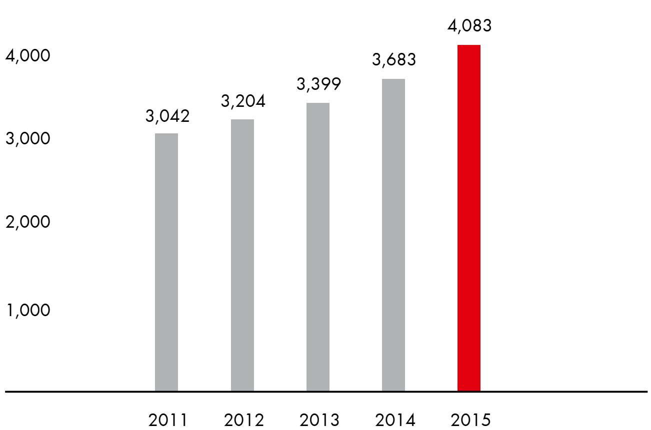
As a group of mostly trading companies, inventories and accounts receivable have always been in focus at Würth. Both balance sheet items allow for short-term controlling and optimization of liquidity and tied-up capital in the Group. This involves striking the right balance between making sure that our customers are satisfied on the one hand – through offering the best delivery service and adequate payment periods – and optimizing the business-related key figures on the other hand.

The sales growth achieved in the 2015 fiscal year also pushed inventories and receivables up. Working capital showed an above-average increase in relation to sales, primarily due to the acquisitions.

Trade receivables rose by EUR 160 million to EUR 1,427 million (2014: EUR 1,267 million). Around EUR 73 million of this amount was

EQUITY

Würth Group in millions of EUR



contributed solely by acquisitions. For years, however, sophisticated controlling systems, which enable rapid responses in the event of any indications of negative developments, and optimum interplay between sales and accounts receivable management have enabled the Würth Group to achieve a low level of receivables in relation to sales. The corresponding key figure, collection days (based on a 12-month calculation), therefore increased only slightly to 52.9 days compared with 51.8 days at the end of 2014. This is still a very good level in a multi-year comparison, especially considering that the Würth Group has operations in more than 80 countries worldwide. The number of collection days at the German companies – at 42.2 – has traditionally been lower than at companies outside of Germany.

We will continue to optimize accounts receivable by means of effective cooperation between sales and accounts receivable management, as well as by refining our analytical tools. We see the payment patterns of debtor payments as critical in Southern Europe, China and India – which on the one hand slows growth, and on the other hand reduces earnings due to an increasing need to recognize impairment losses.

The percentage of bad debts and the expenses from additions to value adjustments related to revenues fell slightly to 0.6 percent (2014: 0.7 percent).

We aim not just to satisfy our customers, but to inspire them. This also involves achieving a service degree that is close to the 100 percent mark. To achieve this, we are prepared to stock individual products, even where this runs contrary to all our business optimization efforts, in order to be able to deliver the goods to the customer one day after the order is placed at the latest. In 2015, we achieved this in 98 out of 100 cases.

The inventories of the Würth Group rose in 2015 by EUR 191 million to EUR 1,653 million (2014: EUR 1,462 million). These figures once again reflect the acquisitions, which contributed EUR 73 million to the increase in inventories. Exchange rate developments were also a factor, accounting for an increase of EUR 24 million. The above-average increase in inventories in relation to sales growth is also due to the further expansion of the branch office network. Furthermore, some product groups had long delivery periods so that we stepped up inventories here in line with our service degree policy. This ultimately meant that stock turnover, calculated on a 12-monthly basis, fell slightly from 5.1 times at the end of 2014 to 4.9 times.

Financing

The equity of the Würth Group climbed by EUR 400 million to EUR 4,083 million in 2015 fiscal year (2014: EUR 3,683 million). This puts the equity ratio at 44.3 percent, compared to 45.2 percent at the end of 2014. This is a considerable equity ratio for a trading company. For years, a comfortable equity capitalization has been the basis of solid financing of our group of companies and strengthens the customers' and suppliers' trust in the Würth Group. This is due to the typical family business approach of reinvesting a large portion of profits in the company. The high level of equity financing allows the company to be relatively independent of external capital providers.

Total assets rose by EUR 1,068 million to EUR 9,210 million (2014: EUR 8,142 million). The marked increase of 13.1 percent is largely due to the increase in intangible assets due to acquisitions, and to the increase in property, plants and equipment, inventories, and receivables, also due to acquisitions. Financial liabilities increased due to the issue of the bond in May 2015. The financial services activities remained virtually unchanged as far as total assets are concerned. Refinancing in the banking sector was mainly achieved through financial intermediaries and refinancing programs launched by the European Central Bank, while refinancing in the leasing segment was achieved mainly through the ABCP (Asset Backed Commercial Paper) program created especially for this purpose, as well as through non-recourse financing.

The Würth Group has undergone an annual rating process for more than 20 years now. The leading rating agency Standard & Poor's once again confirmed the Würth Group's "A / outlook stable" rating in 2015. This rating reflects the confidence that business and the financial KPIs will continue to develop successfully. The opportunities and potential of the Würth Group are viewed in a positive light. Our long history of good ratings not only documents the positive credit rating; at the same time, it is proof of the continuous and successful development of our corporate group and the stability of our business model.

The Würth Group made the most of the attractive conditions on the capital markets to take up long-term funds and placed a bond worth EUR 500 million on the market in May 2015. The bond has a maturity period of seven years and carries an interest coupon of 1.00 percent p.a. The issue allowed the Würth Group to strengthen its long-term funding and liquidity basis for the Group's further growth. The average term of the outstanding financial liabilities of the Würth Group has been extended considerably. The redemption of a bond worth 225 million Swiss francs and carrying an interest coupon of 3.88 percent in August 2015 reduced the average interest rate on the interest-bearing debt capital of the Würth Group by more than half a percentage point.

This means that, at the end of the 2015 fiscal year, the Würth Group had three bonds issued on the capital market and one private placement. All covenants in this context have been complied with. In 2018, 2020 and 2022, bonds worth EUR 500 million each will reach maturity, while the private placement of 200 million US dollars is set to reach maturity in 2021. The maturity profile is thus well balanced. For further details of the maturity profile and interest structure, please refer to the consolidated financial statements: H. "Notes on the consolidated statement of financial position", [24] "Financial liabilities".

As at December 31, 2015, the Würth Group had liquid funds of EUR 616 million (2014: EUR 602 million). In addition, the Group has a fixed line of credit of EUR 200 million, which remains undrawn to date, provided by a syndicate of banks until February 2018. Net debt increased from EUR 841 million to EUR 1,141 million. In order to exploit the current favorable interest rate level and in order to strengthen the long-term financing and liquidity basis of the Würth Group as a basis for future growth opportunities along with investments, the Würth Group launched a "Euro Medium Term Note" program in 2015. This program will make us more flexible in issuing future bonds and private placements.

Research and development

In addition to successful sales, outstanding logistics and cost-focused action, new products and customer service innovations are crucial when it comes to securing the competitive standing of the Würth Group.

In the 2015 fiscal year, for example, Adolf Würth GmbH & Co. KG generated a fifth of its sales with products that are no more than three years old. This is a very good proportion for a company that specializes in sales. The innovation rate is also high throughout the Group: At present, the Group has 613 active patents, 18 utility models, 446 registered designs, and 6,744 active brands.

Developments within the Würth Line

The new ORSY® system case by Würth – have everything at your fingertips at all times

The uniform grid dimensions form the basis for the ORSY® system range. All system elements are compatible, can be combined and fit into a whole range of mobile and stationary installations – be it a case, the ORSY®1 shelf system, ORSY®BULL or ORSY®mobil. The integrated runner outline and the connecting elements allow cases to be joined together and then carried and stored as one entity. The system case is made of particularly scratch-resistant thermoplastic resin, making it resistant to oils and lubricants, changes in temperature and climatic influences. Inside, the cases can be equipped with inlays made of foam or plastic and / or assorted boxes, depending on their intended purpose and requirements. There are plans to expand the system range to include workbenches and tool trolleys, containers and storage boxes, as well as socket wrenches, drills and bit boxes.

Cold-melt technology revolutionizes light-weight construction: cold-melting as opposed to bonding

Würth is using cold-melt technology to revolutionize light-weight construction using wood materials: The trademarked WoodWelding® technology developed by WW WoodWelding GmbH from Switzerland formed the basis for a development that paved the way for the innovative, hand-operated cold-melting device KSG-E. At the same time, the corresponding fasteners (cold-melt anchor screws) were developed to reliably hold the top layers of lightweight panels together without the use of adhesives. The hand-held device uses ultrasound to melt thermoplastic fasteners at an oscillation frequency of 20,000 Hz. The molten thermoplastic resin flows into the cavities in the wood material and becomes firmly embedded when it cools to create a reliable connection. Very little heat is produced during the melting process. This means that the cold-melting device offers users a fast solution for creating connection points in lightweight panels, while at the same time enabling user-friendly application.

W-UR 10 SymCon®: the most universal Würth plastic frame dowel

The Würth plastic frame dowel W-UR 10 SymCon® can be used, on the basis of European Technical Approval ETA-11 / 0309, for the multiple anchoring of non-load-bearing systems in concrete and masonry. The product has also been granted a new general construction permit for use as a form of individual fastening in cracked and non-cracked standard concrete. Unlike with conventional products, the permit for the product allows for variation between three different setting depths in concrete surfaces. In order to make application as straightforward as possible, all setting depths are marked on the polyamide dowel sleeve. The matching SymCon® screw is available in the quality materials “galvanized steel” and “stainless steel”. Since the dowel sleeve does not rotate while screwing, the dowel screw only requires a low tightening torque. The special geometry of the SymCon® screw allows for effective and safe expansion later on in the event of an increased load on, or cracking in the anchoring base.

Adolf Würth GmbH & Co. KG: success story for innovative service App as the company strives towards service leadership

The Würth Service App has taken mobile service in the industry to a level never seen before: A unique search function means that more than 250 Würth services can be found using the App. The App is a personal assistant that users can communicate with directly using voice recognition. A customer survey was used to define the key App functions. In addition to questions on Würth services such as machinery leasing or wood construction planning, the Würth Service App can also provide users with information on delivery status or contact details for product and application advice, as well as information on payments received. The App also learns new things every day, because all of the questions that return no hits are checked and information is added accordingly. This allows it to answer virtually all Würth-related questions that arise in a craftsman’s day-to-day work.

The App is a true innovation for the sector and can be downloaded from the iOS and Android App stores.

Würth Industrie: innovation in container development – extremely small containers and the first sustainable container
Nowadays, C-parts management is all about efficient processes, digital and transparent data management, system customization and the development of innovative, sustainable technology. The new extremely small container developed by Würth Industrie Service has the lowest volume offered to date compared with the Würth small-load carriers based on the VDA standard. It is ideal for direct supplies to individual workstations and, as a result, for delivery to the place of consumption.

Another new development by Würth Industrie Service, the new sustainable container, also incorporates ecological aspects into C-part supplies. It is the first sustainable Kanban container of its kind, consisting of 30% organic granulate. The ecological components of the granulate are manufactured using sunflower seed shells, originally a waste product from the food industry, and help to reduce the carbon footprint of the production process. Industrial companies can use the sustainable container to improve their environmental footprint.

Official opening of IT technology center
In June 2015, the Würth Group commissioned its new technology center, covering an area of 1,000 square meters of energy-efficient data center space and 125 workstations. The IT technology center in Niedernhall is the new "digital heart" of the Würth Group. The architecturally trendsetting data center forms part of what is known as the "Hohenlohe Ring" together with the existing data centers in Gaisbach and Waldenburg. As a real-time back-up network, it marks a milestone in the IT availability and IT security of the entire Group. Thanks to modern air conditioning technology, including waste heat recovery using heat exchangers, the data center will use 70 percent less energy than comparable facilities.

Developments within the Allied Companies

The Allied Companies of the Würth Group also invested in the development of products and services to offer their customers the best possible solutions in 2015.

TOGE: the concrete screw that is setting new standards
TOGE Dübel GmbH & Co. KG is not just one of the true market pioneers when it comes to the development and production of metal anchors for fastening windows, radiators, suspended ceilings, insulation and fire protection plates; it is also a pioneer in the field of concrete screws: In 2015, TOGE received European Technical Assessments (ETAs) for its newly developed concrete screw, confirming that the screw can be used in a large number of applications, for example individual fastening in concrete or multiple fastening in hollow pre-stressed concrete plate ceilings and even for post-assembly adjustments. The TOGE concrete screws measuring up to two meters in length are now being used, with the approval of Germany's Federal Railway Office (Eisenbahnbundesamt), in the renovation of bridge structures that are at risk of collapsing. TOGE® concrete screws allow these bridges to be repaired while they are still in use, extending their service life by an average of 25 years.

Reisser: the chipless duo – chipless application in sandwich and trapezoidal roofs
Reisser Schraubentechnik is the only manufacturer to offer chipless application in sandwich and trapezoidal roofs on timber substructures with the approval of the construction supervisory authorities. The new chipless duo consists of the butt joint screw and the Refabo® Plus Sandwich. Both screws have been approved by the construction supervisory authorities. The special tip of the butt joint screw allows material displacement and, as a result, no chip removal. The screw penetrates the sheet chip-free, at the same time forming a thread in the substructure. Like the butt joint screw, the Refabo® Plus Sandwich works based on the principle of flow drill screwing – the material is displaced chip-free. The downstream patented DRIBO® milling cutter between the two threads allows for chip-free screwing into the timber substructure, removing the need for pre-drilling. The sealing of the connection is supported considerably by the double under-head thread. There is no longer any need to clean the roof to remove chips after assembly, eliminating the risk of any associated complaints. When used as a duo, the two products enable a high level of application security and speed.

Tunap: the specialist for lubrication, maintenance and cleaning
Tunap develops, produces and sells chemical products in the areas of special lubricants, cleaning products, chemical-technical problem-solvers and aerosols for the automotive aftermarket and industry. In 2015, the focus in the automotive segment was on aftermarket problem solutions for the new engine systems introduced in response to global moves to step up emission standards (in Europe: Euro 6). Dirt and deposits collect at the exhaust gas recirculation valve, depending on driving style and the quality of fuel. The products based on Tunap's XFoam technology® allow these deposits and dirt to be removed in only 20 minutes. With its direct cleaning systems, Tunap also provides solutions for deposits in the combustion chambers of gasoline direct injection engines, which can result in pre-ignition and irregular engine operation and an increase in fuel consumption and emissions. In the industrial lubricants segment, Tunap continues to focus on products that have been optimized in terms of human toxicology and ecotoxicology. By way of example, it expanded the range of products approved for use in the food industry considerably. A novel high-temperature chain oil for the food industry that can withstand very high temperatures is particularly worthy of mention. The full range of food contact lubricants and maintenance products for food production was also approved. Special spray systems mean that the solvents and propellant quantities required for aerosol development have been more than halved. This allows aerosol cans that are only half as big to be used for identical active agents and active agent quantities (concentrated sprays).

Tunap Cosmetics – a passion for the product, individual support, many years of experience
As a private label provider of bodycare products, Tunap Cosmetics focuses on providing its trade customers with evidence of its innovative strength. In 2015, for example, the company further enhanced the VCAN packaging system – an aerosol can made of plastic. In the area of aerosol development, Tunap Cosmetics concentrated primarily on the further development of the bag-on-valve range – ideal packaging for environmentally friendly spray, gel and foam products, in particular, and for formulations that are sensitive to oxygen and light. The focus in 2015 was on the very successful shower gel aerosols and the hair styling / trend styling segment, in particular. In the hair styling segment, a number of trendsetting products were developed, such as the magic oil spray that turns specific styling wishes into a reality. Special hair wax types (e.g. aqua wax), matte pastes and gel pump sprays were developed as innovations to serve niche markets, particularly among drugstore customers.

Würth Elektronik Group
The Würth Elektronik Group consists of three main independent areas:
- Würth Elektronik GmbH & Co. KG Circuit Board Technology: printed circuit boards
- Würth Elektronik eiSos GmbH & Co. KG: active, passive and electromechanical components for the electronics industry
- Würth Elektronik ICS GmbH & Co. KG Intelligent Connecting Systems: circuit board-based system solutions for power distribution, display and control panels, and electronic control devices

Circuit Board Technology: process for the embedding of ultra-thin chips
In partnership with the technology cluster microTEC Südwest, a process was developed that allows ultra-thin chips to be embedded into flexible printed circuit boards. Embedded chips can be combined with other components (sensors, antennae), meaning that they can be manufactured at a low cost. These technologies can be used for various applications and product groups. To begin with, only a small number of the circuit carriers with the integrated construction elements and components were manufactured. The second phase involved the development of products for high-volume markets in the medical technology, life science and automotive sectors. The products could be used for intelligent applications that allow physical stimuli to be measured thanks to the flexibility and ultra-thin structures. In the field of medical technology, these stimuli include, for example, temperature, pulse or respiratory movements, whereas in an automotive environment, the aim is to detect mechanical strain and bending and to make corresponding control devices available for further analysis. microTEC Südwest is one of the largest technology networks in Europe in the field of micro system technology. Companies and scientific institutions closely collaborate to develop and implement ideas together.

Würth Elektronik eiSos: opening of research centers
A Competence Center was opened in Berlin in October 2015. Hardware and software engineers working in the Competence Center develop new solutions for application development and, at the same time, give students the opportunity to contribute their innovative ideas to the company. A design and application center was opened in Barcelona in November 2015. The development of customer-specific

solutions focuses on the software development of design tools and cross-platform Apps, as well as the development of energy-efficient and electromagnetically compatible power inductors for innovative areas of application.

Intelligent Connecting Systems: Redline Power Box
A standard housing was developed for power distribution and control in commercial vehicles: the Redline Power Box. The combination of the financially advantageous standardization of the housing and a configurable printed circuit board that can be customized to suit individual customer needs make the Redline Power Box a novel development.

Paravan: customized solutions
Paravan GmbH has formed part of the Electronics unit since 2015. The company was set up in 2005 and its product portfolio comprises customized car adaptations for the disabled, electric wheelchairs, seat collections, ramp systems, wheelchair loading lifts, manual devices, a special driving school and SPACE DRIVE, the world's first revolutionary drive-by-wire system authorized for road use with active redundancy, allowing autonomous driving. After being installed in a racing car prototype based on a World Touring Car Championship racing car, it was presented to specialists and the general public alike on the Solitude racetrack in 2015. Even at top speed, the racing car was steered without a mechanical steering column.

Risk and opportunities report

As a globally active company, the Würth Group is constantly exposed to risks, but also makes systematic use of opportunities that present themselves. Opportunities and risks can arise both as a result of our own actions or failure to act, and as a result of external factors. The risk and opportunities policy of the Würth Group is aimed at meeting the company's medium-term financial objectives and at ensuring the sustainable, long-term growth of the Group. In order to ensure this, the Würth Group has a system that identifies entrepreneurial opportunities and risks, assesses them using a standardized system, weighs them against each other, and communicates them. Our conscious and systematic approach to addressing opportunities and risks is inextricably linked to our entrepreneurial activities.

Functioning of the risk management system
The Würth Group has a three-tier risk management system (RMS), comprising the cyclical monitoring system of the internal audit function, Group controlling and the early warning system. The Central Managing Board of the Würth Group holds overall responsibility for the Group-wide risk management process and defines the principles of our risk policy and risk strategy. Responsibility for the installation of a functioning and efficient RMS in the Group companies is the task of the management of each entity within the Group. They are supported by the risk manager, who reports directly to the Central Managing Board of the Würth Group and coordinates risk management at the Group level. The risk manager is in close contact with the risk controller of the Advisory Board, who reports directly to the Chairperson of the Advisory Board.

How the financial reporting internal control system works
The aim of the financial reporting internal control system is to ensure that all business transactions are completely recorded and correctly evaluated with regard to the financial reporting requirements.

The Würth Information System is a significant component of the financial reporting internal control and risk management system of the Würth Group. With the help of this reporting system, all key performance indicators required to steer the Würth Group are presented and prepared for analysis by the Central Managing Board and Executive Board in addition to standardized monthly reporting.

System-based control mechanisms such as validation and cross-checks optimize the quality of the information as a basis for decision-making. A Group-wide online record of the financial statements of the Group entities is not only efficient; it also avoids carry-over errors, safeguards uniform provision of information and includes numerous plausibility checks, without which the information cannot be forwarded. This platform also ensures that financial reporting changes are implemented in a uniform way across the Group. Data is protected from changes by using control numbers and a system of IT access rights. Standard software is used for consolidation. Changes in the system settings are logged centrally. The monthly and annual financial statements of Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's "Policy And Procedure" (PAP) manual contains internal procedural instructions. Internal publications and training include detailed rules on financial reporting. Compliance with these rules is regularly reviewed by the internal audit function. External specialists are consulted to clarify the implications of legal and tax issues on accounting. External actuaries calculate pensions and similar obligations. Central and local training for those in charge of finance departments also ensures that all employees involved in the financial reporting process are up to date on the latest legislation and information of relevance to them.

The opportunity and risk management process is updated within the Würth Group on an ongoing basis and adapted to changes in the Group or in its economic and legal environment. In the 2015 fiscal year, the IT-based risk reporting system was put in place at further Group companies and the Executive Vice Presidents were more involved in the risk management process.

Risks

The Central Managing Board identifies, analyzes and assesses the Group's opportunities and risks at a dedicated annual workshop. This workshop determines focus risks which could pose a threat to the net assets, financial position and results of operations of individual entities or the Würth Group as a whole in the short, medium or long term. Furthermore, with the support of the Risk Manager, all major Group

RISK DEVELOPMENT

Würth Group December 31, 2014 – December 31, 2015

Economic Environment	Productivity	IT Structures	Human Resources	Compliance	Business Model
→	↗	→	→	↗	↘

↗ slight increase → unchanged ↘ slight decrease entities carried out a risk inventory and recorded and assessed focus risks and other risks in the reporting system. The processes already in place were continued in 2015, undergoing rolling improvements and adjustments in line with changing internal and external requirements.

Major risks that can be insured on an economically reasonable scale are covered by master programs for all Group entities wherever possible. We work with credit insurers, for example, where it makes financial sense to do so. In addition, receivables from customers are monitored by an extensive receivable management system, also at the Group level. Individual financial service providers are associated with a heightened risk of default. We counter this risk through a strict credit verification procedure and appropriate insurance for our investment. Although collection days increased slightly in 2015 in comparison to 2014, they are at a very good low level overall. This highlights that our risk in this area is relatively low and that the existing processes and systems are effective. We do, however, see ourselves faced with increasing difficulties in Germany as a result of court decisions in insolvency cases, which grant insolvency administrators extensive opportunities for reimbursement if we have supported our customers in the past with generous payment terms. In 2015, however, we were also able to take out an insurance policy to protect us against unforeseeable risks in this area. Overall insurance coverage is managed centrally.

The Central Managing Board has identified potential risks that could have a negative impact on the net assets, financial position and results of operations of the company in the following risk areas, sorted by descending relevance:

Economic environment

Through our global purchasing and sales activities, we have a high natural diversification of risk and a decreased dependency on negative economic developments in individual countries, with more than 80 percent of our sales being generated in Europe. This means that we are hit particularly hard by economic fluctuations in the euro area. Our companies in Southern Europe, particularly in Italy, Greece and Turkey, are exposed to an increased risk, although this situation turned around last year. We have identified further risks in the political development of Eastern European markets, the increased global risk posed by IS terrorism and the marked increase in immigration to Europe with the associated economic and social challenges. We nevertheless believe that immigration, in particular, also offers advantages for the labor market and on the demand side for our customers and, as a result, for the Würth Group.

Most of the financial risks of the Würth Group are measured, monitored and managed centrally by Würth Finance International B.V. In order to ensure that the Würth Group is solvent at all times without restriction, the Würth Group has sufficent cash and cash equivalents at its disposal and, thanks to its "A rating" from Standard & Poor's, excellent access to the public and private capital markets to procure further financial resources. There are therefore no liquidity risks for the Würth Group at present. In addition to the existing liquidity, the Würth Group had a contractually agreed, unused credit line of EUR 200 million at the end of 2015, which expires in February 2018. According to the latest liquidity plans, the Würth Group will not need to draw on this credit line in 2016 either. Any risks arising from derivative financial instruments are accounted for. At the time this management report was prepared, there was no indication of any specific counterparty risks, which are automatically monitored on a daily basis. In 2011, a CSA (Credit Support Annex) was concluded with the main counterparties to derivatives, thus further reducing counterparty risk. Cluster risks are avoided by internal deposit limits for individual banks. For a description of derivatives and associated risks, please refer to the notes on the consolidated financial statements under: I. "Other notes", [4] "Financial instruments".

Productivity

Every year, the Würth Group invests an amount running into the mid triple-digit million range to secure its planned sales growth and further expand its market shares in individual regions / market areas. As a result, any deviations from the planned route require a timely response, with targeted measures to counteract such developments. These measures include management using key productivity figures, the in-depth analysis of loss-making companies, a detailed, multi-stage investment controlling process, scenario calculations and a firm focus on achieving the targeted operating results. As a general rule, we take care to ensure that sales and gross profit grow faster than personnel expenses – in line with one of the Würth Group's fundamental principles: "Growth without profit is fatal".

IT structures

Due to the decentralized organizational structure of the Würth Group, with a large number of companies, IT risks are a particular challenge.

We have launched various IT projects and initiatives so that we can rise to this challenge.

Centralization of IT structures The establishment of Würth IT in Germany and India further consolidated the IT activities of the Würth Group in 2015. In addition to these two companies, there is also Würth ITensis in Switzerland, Würth Phoenix in Italy and the Comgroup in China. This has given Würth the profile it needs to be able to compete on the market as an attractive employer in the IT sector. The construction of a central data center for the Würth Group in Waldzimmern adds to the existing cluster of data centers. This means that the range of services offered by the central IT service to date has been expanded to include an infrastructure comprising several security mechanisms. More than 600 employees at these IT companies act as service providers and partners for the Würth Group companies and for our customers outside of the Würth Group.

IT standardization The centralization of the IT companies and the corresponding specialization means that a range of different system components is now available. A roll-out plan sets out the launch dates at the individual companies, with numerous roll-out teams working on the introduction of the components in question in parallel to ensure a broad multiplication platform for the applications, processes and functions in question.

The roll-outs will make existing processes more uniform, efficient, transparent and faster. This will allow the individual companies to respond to the rising demand for individual ordering and delivery services among our customers. Significant efficiency gains can still be achieved, as the standardization of the IT structures through central development will result in economies of scale.

The Würth Group's IT service has proven its ability to perform in line with the very highest standards. The uniform system platform will allow further developments to be made available to all companies working on the platform in question within a very short period of time.

IT security The security of the IT systems is reviewed by means of IT checks at the Group entities in accordance with a plan coordinated with the Central Managing Board of the Würth Group. We analyze the potential threat that cyber risks pose. We combat the resulting risks by taking organizational and technical measures and also by transferring risks that can be insured to external risk carriers, such as insurers. All measures relating to data security and IT risks are taken in cooperation with our data security officer, who has Group-wide responsibility. In addition, Würth has since introduced an IT Compliance Code of Conduct. The centralization of the IT systems also allows far-reaching and multi-level security procedures to be implemented, on the one hand at the physical level, e.g. in the data centers, and on the other at the logistical level, e.g. the various system and program components.

Human resources

Staff turnover, particularly among our sales force employees, remains a focal point. This is documented and analyzed across all hierarchy levels for every entity of the Würth Group. Regular employee surveys conducted by independent institutions and the monthly monitoring of staff turnover are key instruments allowing us to identify unfavorable developments, analyze their impact on staff recruitment processes, customer loyalty and training programs and combat these effects using targeted measures. The overall staff turnover rate of the Würth Group remains at a very encouraging low level at well below the 20 percent mark. The lack of specialist employees to work as members of the in-house staff or the sales force is another challenge for HR management. In Germany, it is also becoming increasingly difficult to find university graduates and skilled trainees. This prompted us to further expand the measures offered by the Würth Business Academy when it comes to managing young talent and training management employees in 2015. Up-and-coming management talents undergo development measures to prepare them for various levels of management within the Würth Group via the MC Würth, High Potential and Top Potential management training programs. These programs give employees targeted training that is tailored to suit their own individual ambitions and skills in order to prepare them for further management duties within the Group. The international management seminars, as well as international specialist seminars on issues such as product management, procurement and finance, are organized and coordinated by the Würth Business Academy.

Compliance risks

Risks from the regulatory environment are becoming more and more important for us as a global player. There is no question that we aim to observe and comply with all rules and regulations for our business, both nationally and internationally. These include, among others, regulations on how to deal with employees, competitors, suppliers, data and the authorities. We do not tolerate the use of country-specific or sector-specific practices to the contrary, and we communicate this every year using our compliance reporting system. In 2015, a roll-out plan was developed for the implementation of a company-wide compliance system. The steps to be taken in 2016 include: the further specification of the content and corresponding systems, adjustments to reflect existing structures, as well as communications and training.

National and international transactions involving goods, services, payments, capital, technology, software and other types of intellectual property are subject to numerous regulations and limitations that also have to be observed by the companies in the Würth Group. In 2014, the system for checking compliance with these regulations was strengthened by the introduction of internal guidelines and the appointment of a team of experts. What is more, checking systems are being introduced for control purposes at a growing number of companies. These systems are also, for example, part of the standardized Würth Line IT system (Würth System One). Due to the increasing complexity of tax law, we have in-house experts and consult renowned external consultants on a case-by-case basis. Particularly in emerging markets like Brazil, for example, complex, inconsistent and constantly changing legal principles pose a challenge and also create risks that are difficult to assess and will persist in the long term due to the possibility of retroactive effects.

Opportunities

The opportunities set out below could have a positive impact on net assets, financial position and results of operations. The opportunities are also listed in decreasing order of relevance.

Decentralized structure
Würth's decentralized structure is a great advantage for the Group, especially in light of the fact that the individual countries in which we operate display such variation in their economic development. We believe that this structure presents an opportunity for future growth. It allows a quick local response to circumstances and changes in any given market environment, meaning that we can implement efficient measures. We will continue to push the development of the Würth Group while maintaining our decentralized structure. The term "decentralized", within this context, does not just refer to regional aspects, but also covers the large number of our different business models. However, the fact that we pursue the principle of decentralization does not mean that we cannot standardize processes where it makes sense to do so in order to make better use of our resources.

Market penetration
Our global share of the market is estimated at just five percent due to a low share of the market in most countries, with a few exceptions. What would appear to be a disadvantage actually signals huge growth potential that we can still tap into by further expanding our customer base and intensifying our customer relationships, for example by continually enhancing intelligent distribution systems that offer real benefits to our customers.

Customer relations
More than three million customers form the basis for our business success. As a result, expanding and maintaining our customer relations are key components of our day-to-day working life. We will continue to focus on very intensive customer management at all Group companies. 300,000 customer contacts a day and a large number of long-standing relationships between our customers and our 31,000 sales representatives help us to exploit the existing customer potential to the greatest extent possible. Grouping our customers based on their individual needs is a key steering mechanism for strategic management. Our motto is: "To each customer their own Würth". The relationship between customer wins and sales growth as well as

Business model
The business model of direct selling still offers considerable opportunities for the Würth Group in that it places us very close to the market and ensures customer loyalty. Nevertheless, customer ordering behavior has changed considerably in recent years. The Internet offers a whole host of opportunities for working directly with suppliers. This is resulting in growing competitive pressure given the relative ease with which businesses can establish Internet-based business models. Our business model has to adapt to reflect this development. We want direct sales to continue to play a key role but also want issues such as logistics and a broad product range to enjoy market opportunities. Nowadays, sales representatives are more than just salespeople. They are managers of various different customer contact points: the external sales force, branch offices and the Internet. We are taking various different measures to support this development, including the introduction of innovative e-business tools.

the service degree are important indicators of business success for us. Customer insolvencies are therefore a manageable risk for the Würth Group. Thanks to our very extensive core range of 125,000 products, the comparatively low average order values and the broad customer base, we are well placed to keep the risks low.

Quality

It is the proclaimed aim of the Würth Group to meet, or where possible exceed, the highest quality standards. For this reason, the guiding principle "Würth is quality – everywhere, every time" was anchored in the Würth Group's quality management in 2010 and consistently developed further in the period from 2011 to 2015. The brand promise made by this principle applies for all of our markets, and its implementation opens up important additional market opportunities. This is true both of customers in the professional trades and those in industry. For us, ensuring reliable compliance with standards, as well as product requirements and approval criteria is a fundamental quality management task to enable us to be a dependable partner for our customers. This is important, but we do not consider it enough in itself: we strive to surpass customer expectations wherever possible with our services and inspire our customers in the process.

In the 2015 fiscal year, the Würth Group's central quality team continued its activities. Quality manager networks were promoted within the units and divisions, and our quality policy and current "Quality – Productivity" strategy were communicated and discussed. In cooperation with Akademie Würth, we have developed our own training program for this purpose, known as "Würth process management system". Würth Quality Risk Company Assessments (QRCA), which identify strengths and room for improvement and derive measures for the future, had already been conducted 269 times by the end of 2015. The management of the respective entity directly implements the findings in specific process enhancements that sharpen quality consciousness. The measures prioritize customer interfaces (contract review, sales support), complaints management, warehouse batch management, quality assurance and supplier management, with additional employees being hired in this area, too.

An important component remains the validation of future products by Adolf Würth GmbH & Co. KG and Würth International AG and the systematic testing of incoming goods. The Würth Group has its own testing labs worldwide, three of which now have ISO 17025 accreditation. The training initiative in quality management was designed and launched in 2012 and has continually been expanded further since then. While the primary target group comprises employees from quality assurance, the basic seminars also target employees from other relevant functional areas, e.g. purchasing. A total of 66 more employees received training on the topic of quality on 228 seminar days in 2015.

Mergers & Acquisitions

Sustainable and profitable sales growth is one of the key objectives pursued by the Würth Group. The Würth Group establishes subsidiaries to spread successful business models and sales concepts in new markets. In addition to setting up companies and achieving growth via additional divisions and branch offices of existing companies, part of the company's strategy also involves making targeted acquisitions. We want to use these acquisitions to further expand the Würth Group's current global presence in other regions, or to complement it from a strategic angle, as well as to refine the Würth Group's global profile. In 2015, we successfully achieved this objective by acquiring companies in North America and Southern Europe, in particular. Our international standing, earnings power and corporate culture make us an attractive partner for potential sellers.

Overall assessment

The risks for the Würth Group are limited by the functioning risk management system that is in place. Existing risks are consistently monitored and assigned measures to ensure that they do not jeopardize the Würth Group's continued prosperity. We are currently not aware of any such risks. The existing opportunities will enable us to continue to growing profitably in 2016 and in the subsequent years.

Employees

- **Number of employees rises to 68,978 worldwide**
- **Further enhancement of development programs within the Group**
- **Expansion of health management program**

Workforce development

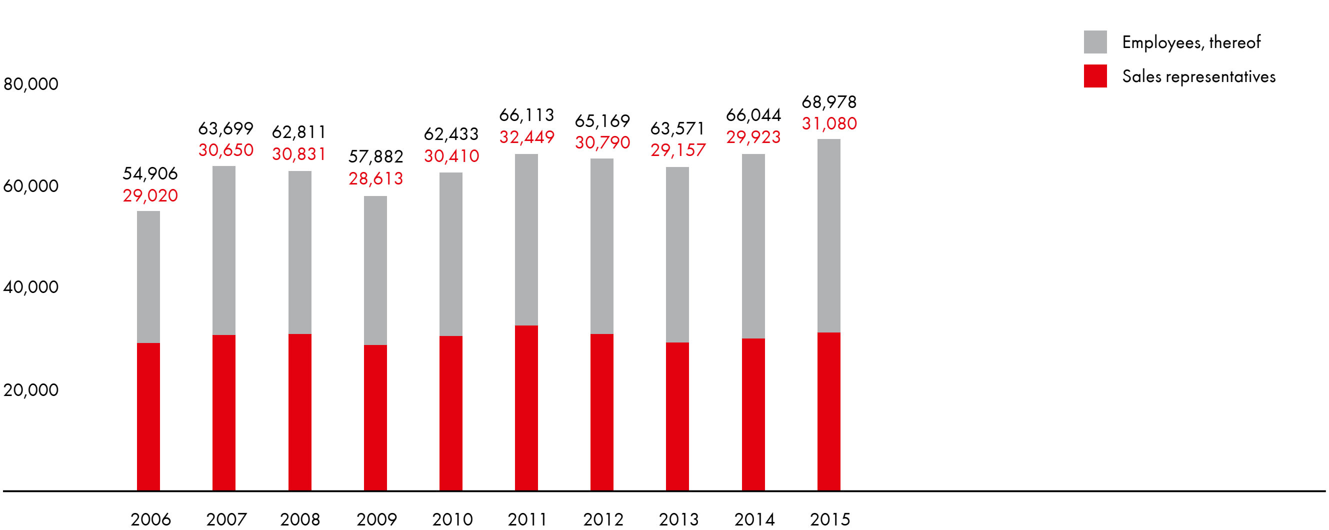
The number of employees in the Würth Group had risen by 4.4 percent to 68,978 by the end of 2015 (2014: 66,044). In Germany, the Würth Group had 21,145 employees on the payroll (2014: 20,226), while the Würth companies abroad reported 47,833 employees (2014: 45,818). There were 31,080 employees working as permanent sales representatives worldwide in fiscal year 2015 (2014: 29,923). 1,308 employees joined us in connection with acquisitions.

HR strategy

Demographic change, the globalization of the labor market and rising competitive pressure mean that there is greater competition for qualified staff. Extending our radius when recruiting staff for the Würth Group looking to other regions, for example abroad, is the logical consequence. At the same time, the opportunities we offer for working abroad and, as a result, the Group's international structure, are attracting growing interest from applicants. Our HR activities focus on bundling the resulting synergy effects in international collaboration and employee networking within the Würth Group. Scenarios in which employees change companies within the Group, for example due to their career development, the identification of up-and-coming young talent or relocations for family-related reasons call for a central HR administration team that is available internationally to the individual companies in the Group. The Würth Group uses international HR files presenting clear and meaningful employee qualifications in order to categorize employees systematically based on their flexibility, mobility and quality. The aim is to ensure the transparent presentation of all HR policy measures relating to talent management for the Group and to make a large number of additional services available to HR departments across the globe.

EMPLOYEES

Würth Group as of December 31



Promoting the future talent

As a family business, Würth is committed to long-term corporate development. This also applies when it comes to promoting the talent of the future. In Germany, where there is a long tradition of dual training concepts, Würth has been committed to providing people just embarking on their careers with extensive initial training for more than 60 years now. At the end of 2015, the Würth Group in Germany employed 1,155 trainees for more than 50 occupations. Young professionals can also study for Bachelor's degrees at the Baden-Württemberg Cooperative State University. Around one third of Würth trainees make use of this opportunity. Commercial and technical occupations and catering traineeships form training focal points within the German companies.

Employee training

There are various phases in each employee's working life: periods focusing on personal issues such as self-worth and confidence, or on an employee's professional career and periods in which specialist topics are just as important as intrinsic values. In Germany, Akademie Würth offers employees a development-oriented program that allows them to progress in these very areas: The program covers management, leadership and commercial or technical matters, as well as training courses dealing with interpersonal and social skills, work methods, IT applications and foreign languages.

Akademie Würth as an independent educational institute

Guided by the motto "Retaining and developing staff to make them successful", Akademie Würth is expanding its range of holistic and sustainable development courses for specialists and managers to include courses that are also available to interested individuals from outside of the Group: Würth employees can access a broad range of seminars covering topics from IT to working techniques and communication. In the craftsman center, our customers' employees can access numerous seminars on both technical and commercial topics. The Akademie Würth Business School even allows interested individuals from outside of Würth to study alongside their job. Akademie Würth aims to use this varied range of training and development programs to establish itself as an innovation leader and educational companion on the open education market. Akademie Würth has proven what it is capable of with decades of experience and a highly qualified pool of trainers and consultants. In addition to its existing certificate awarded by the German Association for Technical Inspection (TÜV) and its AZAV (Accreditation and Approval for Employment Promotion) certificate, Akademie Würth has been accredited as an educational institute by the regional authorities in Karlsruhe in accordance with the Self-Improvement Act of the Federal State of Baden-Württemberg (BzG BW).

Academic degrees

Training programs for working professionals at the Akademie Würth Business School, which are open both to employees of the Group and to interested individuals from outside of the Group, allow people to study for academic degrees after completing their initial vocational training. These include the Business Administration B.A. in cooperation with the Distance Learning University in Hamburg, a three-and-a-half year program. In collaboration with the University of Louisville in Kentucky (USA), Würth has been offering the Master's course in Global Business since 2002. The one-year program, which is conducted in the English language, awards graduates a Master of Business Administration (MBA).

The Akademie Würth Business School is also stepping up its collaboration with the Heilbronn Institute for Lifelong Learning (HILL), part of the Heilbronn University in Germany: This will allow the Business School to raise its profile in the Heilbronn-Franconia region and to send out a further signal, emphasizing the solidarity between the Group and the headquarters.

Career development

The Würth Group recruits most of its managers from within the Company. We have established various development programs within the Group to ensure holistic management training processes and the systematic development of up-and-coming talents.

The Würth Group offers the following programs:

› The MC Würth program prepares employees for middle management positions. 364 up-and-coming management staff took part in 2015.
› The High Potential program supports managers on their way to upper management levels. 111 specialists and executives took part in 2015.
› The Top Potential program prepares select managers for positions in the highest echelons of corporate management over a two to three-year period. 52 managers were in the program in 2015.

Career workshop

In order to establish forward-looking training and development and to secure the next generation of managers within the Group, Akademie Würth has set up the "career workshop" (Karrierewerk) for the German companies – a basic qualification for all further career programs. The career workshop is aimed at the lower management level and is designed to provide employees with guidance and training so that they can identify their further development potential. The program is split into management and specialist responsibilities, also offering advanced modules for employees who already have experience in their areas of responsibility and want to deepen this experience.In addition to providing networking opportunities for employees from various companies, the career workshop plays a key role in promoting the management philosophy and, as a result, the corporate culture of the Würth Group.

Health management

In order to consolidate all health promotion measures, the "Fit with Würth" company health management program launched by Adolf Würth GmbH & Co. KG has set up a cycle of quarterly working groups. Around 1,000 employees, their family members and retired employees attend more than 300 courses. The health management program covers fitness, nutrition, safety, social affairs, preventative health and well-being. Employees trained as "health navigators" invite employees to take an active break within their departments. In line with a suggestion made by employees working in the distribution center, the "fitness corners" pilot project offers employees the opportunity to train independently within the logistics departments and allows them to strike a healthy balance between physical activity and their daily work. A small group course conducted by physiotherapists on a weekly basis allows employees to receive individual, guided training that aims to improve their general physical and muscular condition. In order to make sure that our health promotion measures also reach our colleagues working as members of the sales force and at our branch offices, the "Fit with Würth" team uses conferences as an opportunity to conduct ergonomic consultancy sessions in the car, for example.

Employee survey

Employee satisfaction has always been a top priority for the Würth Group. Only satisfied employees can be good employees. They secure the company's competitive standing and, as a result, help to secure jobs. The Würth Group has been conducting a standardized, regular employee survey since 2005. This results in structured information allowing comparisons to be drawn and used to improve employee well-being and processes in general. The Group-wide survey provides a benchmark both for and between individual companies in the Würth Group. The survey is carried out together with the Mannheim-based WO Institute (Institute for Economic and Organizational Psychology). 170 companies within the Würth Group now take part in the survey. The companies are free to decide how often they conduct the survey – it is generally conducted every two years.

Thanks to our employees

2015 was a landmark year for Würth: Reinhold Würth celebrated his 80th birthday, while Adolf Würth GmbH & Co. KG marked its 70th anniversary. These two events prove that, as a family business, Würth relies on the individuals who have worked to turn a two-man business in Künzelsau into a global corporation over the past seven decades. The Central Managing Board of the Würth Group would like to thank all employees for rising to the challenges that have presented themselves, making the most of their scope for action and using their creative ideas to turn sketches into plans and drafts into results. It is precisely this consolidated strength of 69,000 people and this enthusiasm that determines the architecture of the Würth Group and came to the fore at the celebrations held in 2015.

We would also like to thank the employee representatives within the Würth companies. Open and honest dialogue forms the backbone of successful and constructive collaboration.

Corporate governance report

Corporate governance provides rules and standards for good and responsible management and monitoring of companies. Rules, codes of conduct, and standards for management and monitoring functions within the Würth Group are shaped by the corporate philosophy and culture.

The corporate philosophy shaped and defined by Prof. Dr. h. c. mult. Reinhold Würth determines the credo and self-image of the Würth Group. Together with corporate ethics, the corporate culture deals with the values and standards that should underlie entrepreneurial actions and decisions as well as the behavior of people working together. Würth's corporate culture is shaped by concepts such as dynamism, performance orientation, openness, honesty, reliability and responsibility.

Corporate governance in the Würth Group is ensured by the following rules and systems:

- A written corporate constitution laying down all the rules of interaction between the company, the Advisory Board and the owners, the Würth Family Trusts
- A dual management system, i.e. segregation of functions for operating management and supervisory bodies, with the Central Managing Board and Advisory Board comparable to the Management Board and Supervisory Board, respectively, of a stock corporation
- Internal Audit Department
- Audit of significant separate financial statements and the consolidated financial statements by independent auditors
- Establishment of risk management and risk controlling systems
- Refined controlling methods to create transparency in operating units
- Rating of the Würth Group by an international rating agency

In addition to these regulations and measures, the Central Managing Board of the Würth Group follows the current development of the German Corporate Governance Code (GCGC) and the German Code for Family Businesses. It adheres to these codes wherever the regulations are applicable to the Würth Group. Below are some further examples of corporate governance measures in addition to those described above:

- Examination of efficiency on the Advisory Board of the Würth Group pursuant to No. 5.6 GCGC
- Establishment of committees within the Advisory Board of the Würth Group, e.g. the audit committee pursuant to No. 5.3.2 GCGC
- Clear division of responsibilities between the bodies of the Würth Group by way of a binding approval catalog for management measures
- Performance-related payment of top management with variable and fixed salary components pursuant to No. 4.2.3 GCGC; appropriateness of total remuneration is borne in mind and a cap on severance packages has been arranged.

A further component of corporate governance is compliance on the part of the employees. With 69,000 employees, the Würth Group needs clear rules to determine its conduct or the framework for entrepreneurial decisions. This is particularly relevant in light of the fact that the Würth Group's activities span more than 80 countries.

We need to set out binding standards and rules of conduct without infringing the laws and values prevailing in various countries and cultures. On the basis of the corporate philosophy and corporate culture described, Würth's Policy And Procedure (PAP) manual sets out a code of conduct to guide executives and employees with respect to the behavior and actions expected of them within the company and in relation to its environment.

Subsequent events

For information on the events after the balance sheet date, refer to the comments in the notes on the consolidated financial statements under [10] "Events after the reporting period" in I. "Other notes":

Outlook

Overall economic environment
Global GDP is expected to grow by 3.3 percent year-on-year in 2016, 0.3 percentage points more than in 2015 (+ 3.0 percent).

The economic situation in the **euro area**, the region in which the Würth Group's sales are focused, continued to recover in 2015. The forecasts for 2016 point towards a similar economic situation to that witnessed in 2015. Economic growth is expected to come in at 1.7 percent in the euro area in 2016 (2015: + 1.6 percent). The **Italian** economy bounced back for the first time in 2015 after a prolonged slump (+ 0.8 percent). This development was driven primarily by rising export demand due to the weak euro, which is expected to result in GDP growth in the amount of 1.4 percent in 2016. The **Spanish** economy will remain at a relatively high level in 2016: GDP growth of 2.8 percent is expected this year (2015: + 3.2 percent). After GDP in the **UK** contracted by 0.6 percentage points to 2.3 percent in 2015, 2016 is not expected to bring any increase in economic growth either. Gross Domestic Product is expected to slip by a further 0.2 percentage points to 2.1 percent. In **France**, GDP is expected to increase slightly this year by 0.2 percentage points to 1.3 percent (2015: + 1.1 percent), with **Portugal** expected to achieve GDP growth of 1.6 percent in 2016 (2015: + 1.5 percent). The economic situation in **Russia** will show a slight recovery again in 2016: Gross Domestic Product is only expected to contract by 1.2 percent after it fell by 3.7 percent in 2015.

In **Germany**, the Würth Group's largest sales market, the economy remains on track – Gross Domestic Product is expected to increase by 1.8 percent (2015: + 1.7 percent).

The **US economy** failed to live up to the forecast of 3.6 percent growth in 2015, with GDP increasing by only 2.5 percent instead. The forecast for 2016 is the same: The US is expected to achieve GDP growth of 2.7 percent. As far as **Latin America** is concerned, 2016 is expected to bring GDP growth of 0.1 percent (2015: –0.6 percent). The emerging markets of **China and India**, which are very important to the Würth Group, will remain global growth drivers. Although China looks set to lose some momentum compared with last year (2015: + 6.9 percent), economic growth is likely to remain at a high level of 6.5 percent in 2016. The outlook for India is also positive, with a growth forecast of 7.4 percent for 2016 (2015: + 7.2 percent).

Development of the Würth Group

- **Aim to boost the operating result to EUR 580 million**
- **Expansion of the branch office network at established companies**
- **Mid-term focus on a balance between e-business and sales representatives**

The Würth Group achieved a new sales record of EUR 11 billion in 2015. Our operating result is up slightly in a year-on-year comparison to EUR 525 million. This is good news. But we want to do even better. This is the challenge we aim to rise to as we look ahead to 2016 with a sense of optimism and ambition.

Our focus will be on striking a balance between e-business, sales generated by our branch offices and direct sales. The partnership we enjoy with our customers, personal contact, dialogue and personal relationships continue to define what we understand to be a successful customer relationship. This is why – as well as investing in e-business – we made considerable investments in expanding our sales force and branch office network at the established Würth companies in 2015. We employed more than 1,000 additional sales representatives within the Group and opened 82 new branch offices worldwide. E-business is becoming increasingly important within the Würth Group. Online shops, customer Apps for mobile devices and scanner-supported ordering systems are being used more and more by companies to exploit the opportunities that the changes in the communication habits of our customers bring. This means that e-procurement is becoming increasingly important, with streamlined procurement processes and the digital exchange of information helping to optimize business processes. The Würth Group is systematically exploiting the opportunities that come hand-in-hand with digitalization to expand its entire e-business segment. As a result, e-business – together with the multiplication of our branch offices – is a key component in the process of change that will transform us into a multi-channel sales company.

The rapid pace of change, the high speed on the markets and our increasingly mobile societies are more controversial than ever before. What we have to do is retain a sense of balance and provide familiar products where familiar products are what the customer wants, while at the same time having responses ready to any new trends that emerge.

In 2015, a groundbreaking ceremony for the new convention center, the Carmen Würth Forum, took place on the premises of the parent company. This is testimony to our commitment to the place were the Group's parent company, Adolf Würth GmbH & Co. KG, has its home, the Hohenlohe region, and serves as a beacon of the Group's positive basic philosophy and forward thinking. If we look at the image of this new building within the context of the celebrations to mark the 70th anniversary of Adolf Würth GmbH & Co. KG and the 80th birthday of Professor Reinhold Würth in 2015, we get a three-dimensional impression of the sustainable energy that has been invested in values that have developed over time. For us, this awareness provides us with a healthy basis, the glucose that we convert directly into performance together with our employees: into the optimization of our products, their quality, our service. Because partnerships always take place in the analog world.

Overall statement on the future development of the Würth Group:

In the 2016 fiscal year, the Würth Group is aiming to achieve sales of EUR 11.8 billion and an operating result of more than EUR 580 million. As far as gross profit is concerned, we expect this key figure to remain constant although we expect this to prove a challenge. We predict a slight positive development in collection days, stock turnover and staff turnover. All of these statements are subject to the proviso that innovation, employment and global economic growth continue to show positive development.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in millions of EUR		2015	Share %	2014	Share %	Change %
Sales	[1]	11,046.8	100.0	10,126.4	100.0	9.1
Changes in inventories		9.5	0.1	1.9	0.0	> 100
Own work capitalized		17.0	0.1	17.1	0.2	– 0.6
Cost of materials	[2]	5,423.4	49.1	4,865.5	48.1	11.5
Cost of financial services	[3]	38.3	0.3	34.6	0.3	10.7
		5,611.6	**50.8**	**5,245.3**	**51.8**	**7.0**
Other operating income	[4]	177.6	1.6	83.0	0.8	> 100
Personnel expenses	[5]	3,092.0	28.0	2,845.5	28.1	8.7
Amortization and depreciation		331.5	3.0	277.7	2.7	19.4
Other operating expenses	[6]	1,794.2	16.2	1,651.4	16.3	8.6
Finance revenue	[7]	39.5	0.4	42.5	0.4	– 7.1
Finance costs	[7]	95.0	0.9	96.2	1.0	– 1.2
Earnings before taxes	[8]	**516.0**	**4.7**	**500.0**	**4.9**	**3.2**
Income taxes	[9]	81.8	0.8	122.5	1.2	– 33.2
Net income for the year		**434.2**	**3.9**	**377.5**	**3.7**	**15.0**
Attributable to:						
Owners of parent companies in the Group		419.6	3.8	361.8	3.6	16.0
Non-controlling interests		14.6	0.1	15.7	0.1	– 7.6
		434.2	**3.9**	**377.5**	**3.7**	**15.0**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of EUR		2015	Share %	2014	Share %	Change %
Net income for the year		434.2	100.0	377.5	100.0	15.0
Items that are not reclassified to profit or loss						
Remeasurement of defined benefit plans	[25]	6.6	1.1	– 57.4	– 15.2	< 100
Taxes attributable to other comprehensive income		– 0.7	0.3	11.8	3.1	– 89.0
Items that may be reclassified to profit or loss in certain circumstances						
Foreign currency translation		21.6	5.0	18.7	5.0	15.5
Other comprehensive income		**27.5**	**6.3**	**– 26.9**	**– 7.1**	**< 100**
Total comprehensive income		**461.7**	**106.3**	**350.6**	**92.9**	**31.7**
Attributable to:						
Owners of parent companies in the Group		446.4	102.8	335.3	88.8	33.2
Non-controlling interests		15.3	3.5	15.3	4.1	– 0.7
		461.7	**106.3**	**350.6**	**92.9**	**31.7**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets in millions of EUR		**2015**	Share %	**2014**	Share %	Change %
Non-current assets						
Intangible assets including goodwill	[10]	608.4	6.6	211.0	2.6	> 100
Property, plant and equipment	[11]	2,733.4	29.7	2,508.0	30.8	9.0
Financial assets	[12]	48.2	0.5	53.5	0.7	– 9.9
Receivables from financial services	[13]	704.5	7.6	707.6	8.7	– 0.4
Other financial assets	[18]	14.0	0.2	17.4	0.2	– 19.5
Other assets	[19]	28.7	0.3	27.2	0.3	5.5
Deferred taxes	[14]	136.8	1.5	125.8	1.5	8.7
		4,274.0	**46.4**	**3,650.5**	**44.8**	**17.1**
Current assets						
Inventories	[15]	1,653.4	18.0	1,462.1	18.0	13.1
Trade receivables	[16]	1,427.2	15.5	1,266.7	15.6	12.7
Receivables from financial services	[13]	735.5	8.0	704.6	8.6	4.4
Income tax receivables	[17]	54.3	0.6	33.7	0.4	61.1
Other financial assets	[18]	154.2	1.7	161.2	2.0	– 4.3
Other assets	[19]	157.9	1.7	129.7	1.6	21.7
Securities	[20]	137.4	1.4	131.4	1.6	4.6
Cash and cash equivalents	[21]	615.9	6.7	601.6	7.4	2.4
		4,935.8	**53.6**	**4,491.0**	**55.2**	**9.9**
		9,209.8	**100.0**	**8,141.5**	**100.0**	**13.1**

Equity and liabilities in millions of EUR		2015	Share %	2014	Share %	Change %
Equity						
Equity attributable to parent companies in the Group	[22]					
Share capital		408.4	4.4	395.2	4.9	3.3
Reserves		1,678.1	18.2	1,518.3	18.6	10.5
Retained earnings		1,889.2	20.5	1,698.2	20.8	11.2
		3,975.7	43.1	3,611.7	44.3	10.1
Non-controlling interests		107.0	1.2	71.3	0.9	50.1
		4,082.7	**44.3**	**3,683.0**	**45.2**	**10.9**
Non-current liabilities						
Liabilities from financial services	[23]	348.3	3.8	251.9	3.1	38.3
Financial liabilities	[24]	1,728.4	18.8	1,284.3	15.7	34.6
Obligations from post-employment benefits	[25]	248.7	2.7	244.8	3.0	1.6
Provisions	[26]	93.3	1.0	87.5	1.1	6.6
Other financial liabilities	[27]	105.7	1.2	6.1	0.1	> 100
Other liabilities	[28]	4.2	0.0	5.0	0.1	– 16.0
Deferred taxes	[14]	141.2	1.5	98.8	1.2	42.9
		2,669.8	**29.0**	**1,978.4**	**24.3**	**34.9**
Current liabilities						
Trade payables		553.5	6.0	477.5	5.8	15.9
Liabilities from financial services	[23]	826.5	9.0	877.3	10.8	– 5.8
Financial liabilities	[24]	166.1	1.8	289.4	3.5	– 42.6
Income tax liabilities		28.2	0.3	38.8	0.5	– 27.3
Provisions	[26]	147.7	1.6	143.6	1.8	2.9
Other financial liabilities	[27]	364.5	4.0	314.4	3.9	15.9
Other liabilities	[28]	370.8	4.0	339.1	4.2	9.3
		2,457.3	**26.7**	**2,480.1**	**30.5**	**– 0.9**
		9,209.8	**100.0**	**8,141.5**	**100.0**	**13.1**

CONSOLIDATED STATEMENT OF CASH FLOWS*

Cash flow from operating activities

in millions of EUR	2015	2014
Earnings before taxes	**516.0**	**500.0**
Income taxes paid	– 118.8	– 94.7
Finance costs	95.0	96.2
Finance revenue	– 39.5	– 42.5
Interest income from operating activities	17.2	22.0
Interest payments from operating activities	– 12.4	– 11.3
Changes in obligations from post-employment benefits	2.6	– 6.5
Amortization, depreciation and impairment losses / reversals of impairment	327.9	276.0
Losses on the disposal of non-current assets	3.4	2.9
Gains on the disposal of non-current assets	– 6.2	– 7.4
Insurance settlements for investments	– 39.4	0.0
Other non-cash income and expenses	39.2	61.4
Gross cash flow	**785.0**	**796.1**
Changes in inventories	– 114.5	– 127.1
Changes in trade receivables	– 103.8	– 62.0
Changes in receivables from financial services	– 22.0	– 7.4
Changes in trade payables	24.3	26.0
Changes in liabilities from financial services	44.4	– 22.2
Changes in short-term securities	– 6.0	– 14.2
Changes in other net working capital	22.3	23.0
Cash flow from operating activities	**629.7**	**612.2**
Investments in intangible assets	– 33.8	– 40.6
Investments in property, plant and equipment	– 471.4	– 303.9
Investments in financial assets	– 3.6	– 10.4
Investments in newly acquired subsidiaries less cash**	– 247.0	– 26.5
Inflow of funds from insurance settlements	39.4	0.0
Cash received from the disposal of assets	33.8	30.1
Cash flow from investing activities	**– 682.6**	**– 351.3**

Cash flows in millions of EUR	**2015**	**2014**
Distributions	– 254.8	– 213.5
Changes in receivables from / liabilities to Family Trusts and the Würth family including interest income	18.9	1.9
Capital contribution	164.7	147.5
Increase in financial liabilities	554.8	63.3
Decrease in financial liabilities	– 369.0	– 347.2
Interest payments / income from financing activities	– 46.8	– 61.3
Increase / decrease in majority shareholdings	0.0	– 1.5
Cash flow from financing activities	**67.8**	**– 410.8**
Changes due to consolidation	– 0.6	2.3
Changes in cash and cash equivalents	**14.3**	**– 147.6**

Composition of cash and cash equivalents in millions of EUR	**2015**	**2014**	Change in millions of EUR
Short-term investments	0.8	0.3	0.5
Other cash equivalents	5.7	4.1	1.6
Cash on hand	2.5	2.3	0.2
Bank balances	606.9	594.9	12.0
Cash and cash equivalents	**615.9**	**601.6**	**14.3**

* Reference to "J. Notes on the consolidated statement of cash flows"

** Reference to "C. Consolidated group"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to parent companies in the Group						
		Reserves					
in millions of EUR	Share capital	Differences from currency translation	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2014	**372.4**	**– 96.6**	**1,467.1**	**1,592.2**	**3,335.1**	**63.4**	**3,398.5**
Net income for the year	0.0	0.0	0.0	361.8	361.8	15.7	377.5
Other comprehensive income	0.0	18.7	– 45.1	0.0	– 26.4	– 0.5	– 26.9
Total comprehensive income	0.0	18.7	– 45.1	361.8	335.4	15.2	350.6
Capital increase / reduction	22.8	0.0	124.6	0.0	147.4	0.1	147.5
Transfer to / drawings from reserves	0.0	0.0	48.6	– 48.6	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	– 207.1	– 207.1	– 6.4	– 213.5
Acquisition of majority shareholdings	0.0	0.0	1.0	0.0	1.0	– 2.5	– 1.5
Other income and expense recognized in equity	0.0	0.2	– 0.2	– 0.1	– 0.1	1.5	1.4
December 31, 2014	**395.2**	**– 77.7**	**1,596.0**	**1,698.2**	**3,611.7**	**71.3**	**3,683.0**
Net income for the year	0.0	0.0	0.0	419.6	419.6	14.6	434.2
Other comprehensive income	0.0	21.6	5.2	0.0	26.8	0.7	27.5
Total comprehensive income	0.0	21.6	5.2	419.6	446.4	15.3	461.7
Capital increase / reduction	13.0	0.0	151.5	0.0	164.5	0.2	164.7
Transfer to / drawings from reserves	0.0	0.0	– 17.8	17.8	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	– 247.1	– 247.1	– 7.7	– 254.8
Changes in the consolidated group	0.0	0.0	0.0	0.0	0.0	26.1	26.1
Other income and expense recognized in equity	0.2	– 1.0	0.3	0.7	0.2	1.8	2.0
December 31, 2015	**408.4**	**– 57.1**	**1,735.2**	**1,889.2**	**3,975.7**	**107.0**	**4,082.7**

CONSOLIDATED VALUE ADDED STATEMENT*

Origin of value added in millions of EUR	**2015**	**2014**	Change %
Sales	11,046.8	10,126.4	9.1
Changes in inventories and own work capitalized for capital expenditure	26.5	19.0	39.5
Other operating income	177.6	83.0	> 100
Finance revenue	39.5	42.5	– 7.1
	11,290.4	**10,270.9**	**9.9**
Less advance payments			
Cost of materials and cost of financial services	5,461.7	4,900.1	11.5
Other operating expenses	1,794.2	1,651.4	8.6
Amortization and depreciation	331.5	277.7	19.4
	7,587.4	**6,829.2**	**11.1**
Value added	**3,703.0**	**3,441.7**	**7.6**

Purpose in millions of EUR	**2015**	**2014**	Change %
Employees (personnel expenses)	3,092.0	2,845.5	8.7
Public sector (tax expenses)	81.8	122.5	– 33.2
Company	344.1	311.5	10.5
Equity holders**	90.1	66.0	36.5
Lenders	95.0	96.2	– 1.2
Value added	**3,703.0**	**3,441.7**	**7.6**

* Not part of the consolidated financial statements in accordance with IFRS

** Distributions net of contribution to capital

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

A. General information

The headquarters of the Würth Group are located in 74650 Künzelsau, Germany.

The core business of the Würth Group involves trade in fastening and assembly materials worldwide. The companies that make up the Würth Group's active sales operations are divided into two operational units: Würth Line and Allied Companies.

Würth Line operations focus on fastening and assembly materials, supplying customers in the trades, the construction sector, and industry. The sales portfolio of the Würth Line comprises products sold under its own brand name and by its own sales organization. Its main business activity includes the sale of screws, screw accessories, DIN and standard parts, chemical-technical products, furniture and iron fittings, dowels, insulation, hand tools, power tools, cutting and pneumatic tools, service and care products, connecting and fastening materials, stocking and picking systems as well as the direct shipment of workwear.

The Allied Companies, which either operate in business areas adjacent to the core business or in diversified business areas, round off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are sales companies operating in related areas. The Diversification unit within the Allied Companies comprises service companies, such as hotels and restaurants, and logistics operators.

B. Adoption of International Financial Reporting Standards

Statement of compliance
The consolidated financial statements of the Würth Group were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and full IFRS. The consolidated financial statements consist of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes on the consolidated financial statements. The Group management report has been prepared in accordance with Sec. 315 HGB.

Basis of preparation
All IFRS whose adoption is mandatory as of December 31, 2015 have been applied. This also includes the International Accounting Standards (IAS) as well as the interpretations issued by the IFRS Interpretations Committee (formerly: IFRIC) and the Standing Interpretations Committee (SIC).

The financial statements have been prepared on the basis of historical cost, with the exception of financial assets at fair value through profit or loss and available-for-sale financial assets, which are measured at fair value without affecting on profit or loss.

The consolidated financial statements have been prepared in euro. All figures are reported in millions of euro (EUR) unless otherwise indicated.

The items in the statement of financial position have been classified into current and non-current assets and liabilities in accordance with IFRS. Items not due within a year are disclosed as non-current assets or non-current liabilities. In addition, deferred taxes are disclosed as non-current assets or liabilities.

The consolidated income statement has been prepared using the nature of expense method.

The consolidated financial statements were authorized by the Central Managing Board of the Würth Group on March 11, 2016 for issue to the audit committee of the Würth Group's Advisory Board.

Use of estimates and judgments

The preparation of the consolidated financial statements pursuant to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and other financial obligations as of the reporting date, and the reported amounts of income and expenses during the reporting period. The assumptions and estimates are based primarily on Group-wide regulations governing useful lives, accounting policies for capitalized development costs and provisions, the probability of future tax relief being realized from deferred tax assets and on the assumptions regarding the future earnings power of cash-generating units. Actual amounts in future periods may differ from the estimates. Changes are recognized in income if and when better information becomes available.

The main assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date that entail a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following fiscal year are discussed below.

a) Impairment of goodwill

The Würth Group tests goodwill for impairment at least once a year. This involves an estimate of the net selling price of the cash-generating units to which the goodwill is attributed. The cash-generating units are determined on the basis of the lowest level used to monitor goodwill for internal purposes by management making decisions on business combinations. In the Würth Group this is the legal entity, with the exception of Dinol and Diffutherm, which are considered to be a reporting unit. As of December 31, 2015, the carrying amount of goodwill totaled EUR 299.0 million (2014: EUR 63.2 million). Further details are presented in the notes on the consolidated statement of financial position under [10] "Intangible assets including goodwill".

b) Impairment of intangible assets and property, plant and equipment

The Würth Group tests intangible assets and property, plant and equipment for impairment if events or changes in circumstances suggest that it may not be possible to recover the carrying amount of an asset. The intrinsic value is calculated by comparing the carrying amount of the individual assets with their recoverable amount. The recoverable amount is either the value in use or the fair value, whichever is higher, less the cost of sale. The value in use is the amount calculated by discounting the estimated future cash flows. If an asset does not generate any cash inflows that are largely independent of the cash inflows generated by other asset groups, the impairment test is not carried out at the level of an individual asset, but at the level of the cash-generating unit. Further details are presented in the notes on the consolidated statement of financial position under [10] "Intangible assets including goodwill" and [11] "Property, plant and equipment".

c) Unused tax losses and temporary differences
Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Unused tax losses and temporary differences are considered recoverable only if they are likely to be used within the next five years. Deferred tax assets recognized on unused tax losses amount to EUR 24.4 million as of December 31, 2015 (2014: EUR 24.0 million).

d) Obligations from post-employment benefits
The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currencies with at least an AA rating or above, and the extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Moreover, the quality of the underlying bonds is assessed. Those having excessive credit spreads are excluded from the analysis of bonds from which the discount rate is derived, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. The net carrying amounts of the obligations from post-employment benefits amount to EUR 248.7 million as of December 31, 2015 (2014: EUR 244.8 million). Further details are presented in the notes on the consolidated statement of financial position under [25] "Obligations from post-employment benefits". All parameters are reviewed annually.

e) Securities
Financial assets for which there is no active market were measured on the basis of the expected cash flows discounted at a rate that reflects the terms and risks involved. This measurement is subject to estimation uncertainty because it is most sensitive to the discount rates used in the discounted cash flow method as well as the expected future cash inflows. The fair value of these financial assets totaled EUR 71.1 million as of December 31, 2015 (2014: EUR 75.3 million).

f) Development costs
Development costs are capitalized in accordance with the accounting policies presented in section F. Initial recognition of development costs is based on an assessment by management that the development is both technically and economically feasible. Generally, this is the case if a product development project has reached a certain milestone within an existing project management model. When determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. As of December 31, 2015 the carrying amount of capitalized development costs was EUR 20.2 million (2014: EUR 19.6 million).

g) Receivables
To determine specific allowances, receivables that could potentially be impaired are assessed for impairment and valuation allowances applied where appropriate. The calculation of valuation allowances on receivables is based primarily on assessments and analyses performed by the local management. In addition to the creditworthiness of, and default on payment by, the customer in question, historical default rates are also taken into account. Further details are presented in the notes on the consolidated statement of financial position under [13] "Receivables from financial services" and [16] "Trade receivables".

h) Purchase price liabilities for subsidiaries / business operations acquired
Some business combinations involve conditional purchase price components, or the seller is granted put options for non-controlling interests. The resulting purchase price liabilities are subject to estimates in the form of the objectives that can be achieved in the future and with respect to the present value assumptions for the future purchase prices.

Effects of new accounting standards
The accounting policies adopted are consistent with those of the prior fiscal year, except that the Group has adopted the new / revised IFRS and IFRIC interpretations set out below, which are mandatory for fiscal years beginning on or after January 1, 2015. The changes in accounting policies and in the disclosures in the notes are due primarily to adoption of:
- **IAS 19 "Employee Benefits"**
- **Improvements to IFRS 2010–2012**
- **Improvements to IFRS 2011–2013**

The adoption of these standards and interpretations is described below:
The amendment to **IAS 19 "Employee Benefits"** was published in November 2013 and is to be applied for the first time to the fiscal year starting on or after July 1, 2014. The amendment relates to the reporting of contributions made by employees or third parties to the pension plan as a reduction of service costs, insofar as these contributions reflect the benefit provided during the reporting period. The amendment is to be applied retroactively. The amendment will not have any material impact on the consolidated financial statements of the Würth Group.

Improvements to IFRS 2010–2012
The improvements to IFRS 2010–2012 constitute an omnibus of amendments that was published in December 2013 and is to apply, in the main, to fiscal years beginning on or after July 1, 2014, and will not have any material impact on the consolidated financial statements of the Würth Group.
- **IFRS 2 "Share-Based Payment"** clarifies the definition of exercise conditions and market conditions and adds definitions for performance conditions and service conditions (which previously formed part of the definition of exercise conditions).
- **IFRS 3 "Business Combinations" (with subsequent changes to other standards)** clarifies that contingent consideration that is classified as an asset or a liability is to be measured at fair value on each reporting date.
- **IFRS 13 "Fair Value Measurement"** (amending only the Basis for Conclusions with subsequent amendments to the Basis for Conclusions for other standards) clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- **IAS 16 "Property, Plant and Equipment"** clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 "Related Party Disclosures"** clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Improvements to IFRS 2011–2013

The improvements to IFRS 2011–2013 constitute an omnibus of amendments that was published in December 2013 and includes changes to various IFRS that are to apply, as a mandatory requirement, to fiscal years beginning on or after July 1, 2014. The Würth Group has not yet applied the following amendments but does not expect them to have any material impact on the consolidated financial statements:

- **IFRS 3 "Business Combinations"** clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 "Fair Value Measurement"** clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9 "Financial Instruments", regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation."
- **IAS 40 "Investment Property"** clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 "Business Combinations" and investment property as defined in IAS 40 "Investment Property" requires the separate application of both standards independently of each other.

Published standards endorsed by the EU in the comitology procedure that are not yet effective.

Standards issued but not yet effective by the date of issuance of the consolidated financial statements of the Würth Group are listed below. This listing of standards and interpretations issued includes those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position and results of operations when applied at a future date. The Würth Group intends to adopt those standards as soon as they become effective.

The amendment to **IFRS 11 "Acquisition of an Interest in a Joint Operation"** was published in May 2014 and is to be applied for the first time to the fiscal year starting on or after January 1, 2016. The amendment states that a joint operator reporting the acquisition of an interest in an existing joint operation that constitutes a business, as defined in IFRS 3 "Business Combinations", is required to apply all of the principles on business combinations accounting in IFRS 3 and other standards and must make the disclosures set out in these standards for business combinations. It also clarifies that previously held interests in a joint operation are not remeasured upon acquisition of an additional interest in the same joint operation whilst retaining joint control. The amendment also includes a scope exception designed to clarify that the amendments do not apply if the parties (including the reporting company) that share the joint control are under the joint control of one party. The amendment applies both to the first-time acquisition of interests in a joint operation and the acquisition of further interests in the same joint operation. The amendment is to be applied prospectively. Earlier adoption is permitted. The amendments will enhance comparability and could have an impact on the comparability of the Würth Group, the application of the provisions set out in IFRS 3 "Business Combinations" for joint activities that constitute a business could result in the statement of goodwill in the future.

The amendments to **IAS 16 and IAS 38 "Acceptable Methods of Depreciation and Amortization"** clarify the principle set out in IAS 16 and IAS 38 that the revenue should reflect the economic benefits generated from the operation of a business (of which an asset is part). Revenue does not, on the other hand, correspond to the economic benefit consumed by the use of the asset. As a result, the relationship between the revenue generated and the expected future total revenue cannot be used for the depreciation of property, plant and equipment, but only for the amortization of intangible assets – and even so, only in very limited cases. The amendment is to be applied prospectively and applies to reporting years starting on or after January 1, 2016. Earlier adoption is permitted.

As part of its major "Disclosure Initiative" project to explore and improve presentation and disclosure requirements, the IASB has published the first set of changes to **IAS 1 "Presentation of Financial Statements"**. These include limited amendments designed to encourage companies to exercise more discretion in stating and presenting information. The amendments clarify, by way of example, that the principle of materiality relates to the entire financial statements and that stating immaterial information can make financial data less useful. More discretion should also be exercised when it comes to the position and order of information in the financial statements. These amendments are mandatory for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted.

Improvements to IFRS 2012–2014

The improvements to IFRS 2012–2014 constitute an omnibus of amendments that was published in September 2014 and includes changes to various IFRS that are to apply, as a mandatory requirement, to fiscal years beginning on or after January 1, 2016.

- **IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations"** adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for disposal (or vice versa).
- **IFRS 7 "Financial Instruments: Disclosures"** adds additional guidance to clarify whether a servicing contract constitutes a continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS 7 on offsetting financial assets and liabilities to condensed interim financial statements pursuant to IAS 34.
- **IAS 19 "Employee Benefits"** clarifies that the market depth of high quality corporate bonds is to be assessed in the currency in which the obligation is denominated instead of merely at the level of the country in which the obligation is located. If there is no liquid market for high-quality corporate bonds in this currency, government bonds have to be used.

Published standards not yet endorsed by the EU in the comitology procedure

The IASB has published the following standards and interpretations whose adoption was not yet mandatory in the 2015 fiscal year. These standards and interpretations have not yet been recognized by the EU and will be applied by the Würth Group as soon as they come into force. This listing of standards and interpretations issued includes those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position and results of operations.

In July 2014, the International Accounting Standards Board (IASB) published the finalized version of **IFRS 9 "Financial Instruments"**, which incorporates the results of all phases in the IFRS 9 project and replaces both IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9 "Financial Instruments". IFRS 9 is effective for the first time for fiscal years beginning on or after January 1, 2018. Earlier application of the final standard IFRS 9

(2014) is permitted at any time. The standard is to be applied retroactively. Companies also have the option of only adopting the provisions on the presentation of value changes that are attributable to their own credit risk early on, without having to apply the other provisions set out in IFRS 9 (2014). The standard contains new provisions on classification and measurement, impairment and hedge accounting phases. The new standard will have an effect on the classification and measurement of the Würth Group's financial assets, but will not have an effect on the classification and measurement of financial liabilities.

IFRS 15 "Revenue from Contracts with Customers" introduces a new five-step revenue recognition model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognize revenue at the time of the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 provide a structured approach for the measurement and reporting of revenue. The standard's scope of application covers all types of sectors and companies and thus replaces all existing provisions relating to revenue recognition (IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services"). The standard must be applied to reporting periods starting on or after January 1, 2018. Earlier adoption is permitted. The standard is to be adopted with retroactively effect and will not have any material impact on the consolidated financial statements of the Würth Group.

The amendment to **IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate / Joint Venture"** was published in September 2014 and is to be applied for the first time to transactions executed in the fiscal year starting on or after January 1, 2016. It is designed to resolve inconsistencies between IFRS 10 and IAS 28 relating to the loss of control over a subsidiary that is incorporated into an associate or joint venture. The amendment clarifies that the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 "Business Combinations" is to be recognized in full by an investor. If a company retains an interest in a former subsidiary after the loss of control and this subsidiary does not constitute a business as defined in IFRS 3, the gain or loss resulting from the remeasurement of the remaining interest at fair value is recognized only to the extent of unrelated investors' interests. The amendment is to be applied prospectively. Earlier adoption is permitted. The Würth Group does not, however, expect the initial application to have any material impact on the consolidated financial statements.

IFRS 16 "Leases" was published on January 13, 2016 and is mandatory, for the first time, for fiscal years beginning on or after January 1, 2019. The standard provides a single lessee accounting model. The model means that all assets and liabilities from leases have to be recognized by the lessee in the statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value (optional in each case). Lessors continue to classify leases as operating or finance leases for accounting purposes. In this respect, IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17. The Würth Group is currently assessing the effect on disclosures in the notes, net assets, financial position and results of operations.

In connection with its "Disclosure Initiative", the IASB published amendments to **IAS 7 "Statement of Cash Flows"** in January 2016. The amendments essentially relate to requirements for additional disclosures in the notes, the aim being to allow users of an entity's financial statements to evaluate changes in the entity's liabilities arising from financing activities.

The amendments are mandatory, for the first time, for fiscal years beginning on or after January 1, 2017. Earlier adoption is permitted. Entities need not provide comparative information on previous periods when they first apply the amendments. This amendment is unlikely to have any material impact on the consolidated financial statements of the Würth Group.

The IASB published amendments to **IAS 12 "Income Taxes"** in January 2016. Specifically, the amendments relate to the recognition of deferred tax assets for unrealized losses. The amendments – "Recognition of Deferred Tax Assets for Unrealized Losses" – are designed to address various issues relating to the recognition of deferred tax assets for unrealized losses resulting from changes in the fair value of debt instruments, which are reported under other comprehensive income. The amendments to IAS 12 are effective for fiscal years beginning on or after January 1, 2017. Earlier adoption is permitted. The amendments to this standard are unlikely to have any material impact on the consolidated financial statements of the Würth Group.

C. Consolidated group

The consolidated financial statements of the Würth Group include parent companies at the same organizational level as well as all domestic and foreign entities in which the parent companies at the same organizational level hold a majority of the voting rights, either directly or indirectly, and thus have the possibility to exercise control over said entities. The parent companies – and hence the entire Würth Group – are subject to common control by the Central Managing Board. The consolidated group is therefore based on the Würth Group's uniform ownership, organizational and management structure, as only this presentation gives a true and fair view of the Würth Group. Determining the consolidated group in accordance with IAS 27 / IFRS 10 would not give a true and fair value of the net assets, financial position and results of operations because transactions between the subgroups thereby created would not be presented fairly. In this case, the subgroups would provide an incomplete and misleading presentation of the economic and financial conditions of the Würth Group regarding practically every item of the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Würth Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

The cost of subsidiaries and business operations acquired comprises the consideration transferred plus any non-controlling interests.

The major changes to the consolidated group in comparison to the prior year on account of acquisitions are as follows: On July 31, 2015, the Würth Group acquired 100 % of the shares and voting rights in Northern Safety Company, Inc., Frankfort, USA. This acquisition expands the industry business unit in the US and specializes in multi-channel sales of industrial safety products and personal safety equipment. A purchase price of USD 208.5 million was agreed, USD 67.5 million of which was paid through the assumption of debt. Furthermore, a conditional purchase price payment depending on margin and sales development in 2015–2017 and on average EBITDA in 2018–2019 was agreed. The fair value of the conditional purchase price comes to USD 89.0 million and is included in other financial liabilities.

The purchase price allocation, which is provisional with respect to the tax advantages contained in the purchase price, is as follows:

in millions of EUR	Fair value at acquisition date	Previous carrying amount
Assets		
Customer base	50.0	3.2
Brand	31.2	0.0
Other intangible assets	2.6	2.6
Other property, plant and equipment	7.9	7.9
Inventories	19.7	19.7
Trade receivables	15.2	15.2
Income tax assets	3.2	3.2
Other assets	4.7	4.7
	134.5	**56.5**
Liabilities		
Financial liabilities	45.1	45.1
Trade payables	12.9	12.9
Liabilities to employees	13.4	13.4
Deferred tax liabilities	30.4	0.0
Other liabilities	3.7	3.7
	105.5	**75.1**
Total identifiable net assets	**29.0**	**– 18.6**
Goodwill arising from the business combination	181.7	
Consideration transferred	**210.7**	
Transaction costs	1.3	
Net cash outflow	**212.0**	

The goodwill that is not likely to be tax-deductible largely includes synergy effects relating to sales and procurement. The intangible assets acquired were valued using income-based approaches.
Since the acquisition date, the company has contributed EUR 64.4 million to sales. The net loss for the year came in at EUR 2.5 million. The pro forma sales in 2015 totaled EUR 161.7 million with a pro forma loss of EUR 2.4 million.

The following acquisitions were also made:
On January 2, 2015, the Würth Group acquired a further 25.9 % of the shares and voting rights in PARAVAN GmbH, Pfronstetten-Aichelau, Germany, and now holds a stake of 51 % in this company. PARAVAN GmbH, Pfronstetten-Aichelau, Germany, has more than ten years' experience in the field of drive-by-wire technology for people with disabilities, and specializes in the manufacture of mobility products for the disabled. Within the context of this acquisition, the Group opted to value the non-controlling interests based on the pro rata identifiable net assets of the acquired company. The purchase price came to EUR 30.0 million and was paid using cash and cash equivalents. The interests that had already been

acquired in prior periods were stated at a fair value of EUR 9.0 million. An agreement was also reached on a conditional purchase price payment, depending on earnings, of a maximum of EUR 15.0 million. This was also measured at fair value.

On February 10, 2015, the Würth Group acquired 65 % of the shares and voting rights in MEF S.r.l., Florence, Italy. This electrical wholesaler has subsidiaries in the regions of Tuscany, Liguria, Umbria and Lazio.

The following business operations were also acquired:
On January 2, 2015, the Wurth Wood Group Inc., Charlotte, USA, purchased the business operations of United Plywoods & Lumber, Inc., Birmingham, USA. This will allow Wurth Wood Group Inc., Charlotte, USA, to expand its activities in the Tennessee and Alabama region.

On October 9, 2015, Wurth Des Moines Bolt Inc., Des Moines, USA, acquired the business operations of Des Moines Bolt Supply, Inc., Des Moines, USA, and those of Horizon Industrial Supply, Inc., Des Moines, USA. These companies focus on the distribution of fastening materials to industrial companies and complement the regional network of the industry business unit in the US.

in millions of EUR	PARAVAN GmbH	MEF S.r.l.	Wurth Des Moines Bolt Inc.	United Plywoods & Lumber, Inc.	Other	Total
Assets						
Franchises, industrial rights, licenses and similar rights	32.9	6.2	0.0	0.0	1.6	40.7
Goodwill	22.9	17.6	6.4	0.0	9.7	56.6
Customer relationships and similar assets	0.0	4.0	30.6	4.4	7.5	46.5
Other non-current assets	5.1	19.3	0.2	2.2	0.4	27.2
Financial assets	0.3	0.9	0.0	0.0	0.0	1.2
Inventories	2.7	20.8	14.1	3.7	4.0	45.3
Receivables and other assets	1.1	72.1	3.4	2.5	1.5	80.6
Cash and cash equivalents	1.8	0.2	0.0	0.2	3.2	5.4
	66.8	**141.1**	**54.7**	**13.0**	**27.9**	**303.5**
Equity and liabilities						
Deferred tax liabilities	9.2	3.2	0.0	0.0	2.1	14.5
Non-current liabilities	1.0	13.9	0.0	0.0	0.7	15.6
Current liabilities	2.2	93.4	1.4	2.6	2.4	102.0
	12.4	**110.5**	**1.4**	**2.6**	**5.2**	**132.1**
Non-controlling interests	15.4	10.7	0.0	0.0	0.0	26.1
Basic purchase price	39.0	16.9	50.8	8.9	16.1	131.7
Conditional purchase price payment	0.0	3.0	2.5	1.5	6.6	13.6
Consideration transferred	**39.0**	**19.9**	**53.3**	**10.4**	**22.7**	**145.3**
Pro rata sales	19.7	120.9	7.5	30.9	12.9	191.9
Share of profit / loss	0.9	0.6	– 0.6	– 0.4	1.2	1.7
Pro forma sales in 2015	19.7	129.5	37.7	30.9	17.0	234.8
Pro forma profit / loss in 2015	0.9	– 0.1	– 2.9	– 0.4	1.3	– 1.2

The franchises, industrial rights, licenses and similar rights were valued using income-based approaches. The goodwill that is not likely to be tax-deductible largely includes synergy effects relating to sales and procurement. The carrying amount of the receivables and other assets corresponds to the fair value. In the 2015 fiscal year, expenses amounting to EUR 5.9 million (2014: EUR 3.3 million) resulting from the impairment of assets identified in the course of purchase price allocation were recognized in connection with business combinations from prior years.

D. Consolidation principles

The consolidated financial statements are based on the financial statements of the parent companies and subsidiaries included in the Group as of December 31, 2015, which have been prepared according to uniform standards.

Acquisition accounting is performed using the acquisition method in accordance with IFRS 3 (revised). Accordingly, the consideration transferred to the seller plus any non-controlling interests and the fair value of the previously held equity interests in the acquiree are offset against the fair value of the acquired assets and liabilities as of the acquisition date. Any remaining credit differences are accounted for as goodwill. Any remaining debit differences are posted to profit or loss. Any contingent consideration is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Business combinations achieved in stages where the Group already has control or disposals of shares without a loss of control are recognized directly in equity from fiscal year 2010 onwards.

In the case of business combinations achieved in stages that give rise to control over an entity, or in the case of disposals of shares that result in a loss of control, the previously held or remaining equity interests are remeasured at fair value through profit or loss.

A change in the ownership interest of a subsidiary without involving the loss of control is accounted for as an equity transaction. Transactions under common control are recognized using the pooling-of-interest method. Under this method, any gains or losses on disposal lacking commercial substance are offset directly with equity from the reserves. The same accounting policies are used to determine the Group's share in equity of all companies accounted for using the equity method. Receivables and liabilities between the consolidated entities are netted. Intercompany profits in inventories and non-current assets are eliminated in the consolidated income statement. Intercompany sales and other intercompany income are netted against the corresponding expense. Deferred tax is recognized for consolidation transactions that are recognized in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the parent companies in the Group. Non-controlling interests are presented separately in the consolidated income statement and the consolidated statement of financial position. In the consolidated statement of financial position, non-controlling interests are disclosed in equity, separately from the equity attributable to the parent companies in the Group.

E. Foreign currency translation

In the separate financial statements of the entities, non-monetary and monetary items denominated in foreign currency are recognized at the rate prevailing when they were first recorded. Monetary items are translated at the exchange rate as of the reporting date. Any exchange rate gains generated and losses incurred as of the reporting date from the measurement of monetary assets and monetary liabilities denominated in foreign currency are recognized through profit or loss in finance revenue and finance costs respectively.

The functional currency method is used to translate the financial statements of foreign entities. In the consolidated financial statements, except for equity, the items of the statement of financial position of all foreign entities are translated to the euro at closing rates, as the significant Group entities included in the consolidated financial statements conduct their business independently in their local currency, which is the functional currency. Differences compared to the translation from the previous year are offset against reserves directly in equity (other comprehensive income). Goodwill is translated at the closing rate as an asset of foreign entities.

Income and expense items are translated using average rates. Differences compared to the closing rate are also recognized directly in equity.

The financial statements of the major subsidiaries in countries outside the European Monetary Union were translated to the euro using the following exchange rates:

	Average exchange rates for the fiscal year		Closing rates on the reporting date	
	2015	**2014**	**2015**	**2014**
1 US dollar	0.90173	0.75350	0.91625	0.81094
1 pound sterling	1.37810	1.23999	1.35740	1.26849
1 Canadian dollar	0.70617	0.68250	0.65967	0.70303
1 Australian dollar	0.67726	0.68032	0.66997	0.66958
1 Brazilian real	0.27671	0.32115	0.23134	0.30709
1 Chinese renminbi yuan	0.14359	0.12260	0.14102	0.13103
1 Danish krone	0.13408	0.13414	0.13401	0.13441
1 Norwegian krone	0.11187	0.11991	0.10413	0.11135
1 Polish zloty	0.23924	0.23894	0.23431	0.23714
1 Russian rouble	0.01485	0.01977	0.01241	0.01429
1 Swedish krona	0.10693	0.11004	0.10891	0.10638
1 Swiss franc	0.93703	0.82322	0.92345	0.83164
1 Czech koruna	0.03668	0.03630	0.03701	0.03618
1 Hungarian forint	0.00323	0.00324	0.00317	0.00322

F. Accounting policies

The Würth Group uses transaction date accounting. The financial statements of all consolidated companies have been prepared in line with uniform accounting policies for the Group (IFRS).

Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with IFRS 3.19, non-controlling interests are measured either based on the proportionate share of identifiable net assets of the acquiree (partial goodwill) or at fair value (full goodwill). This decision can be made on a transaction-by-transaction basis for each business combination and is not an accounting policy choice that determines the accounting treatment for all business combinations to be carried out by the Würth Group.

Recognized goodwill is tested for impairment on an annual basis and when there is any indication that it may be impaired. The impairment test for goodwill is effected at the level of the cash-generating unit. The cash-generating unit is defined as the legal entity, with the exception of Diffutherm and Dinol.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded.

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its acquisition-date fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate. If this is not the case, the assessment is prospectively changed from an indefinite to a finite useful life.

Intangible assets with finite lives are amortized over their useful life using the straight-line method and tested for impairment whenever there is any indication that the intangible asset may be impaired. The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at the latest at the end of each fiscal year. The necessary changes in the amortization method and the useful life are treated as changes to estimates. Amortization of intangible assets with a finite useful life is reported in the consolidated income statement under amortization and depreciation. Capitalized customer relationships, software, franchises and other licenses are amortized over a useful life of three to fifteen years.

Intangible assets with an indefinite useful life and intangible assets that are not ready for use are tested for impairment individually at least once a year. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate.

If all prerequisites of IAS 38.57 are met, internally generated intangible assets are reported at the amount of the directly attributable development costs incurred. Borrowing costs are capitalized. Capitalization ceases when the asset is finished and released. Pursuant to IAS 38.57 development costs may only be capitalized if an entity can demonstrate that all of the following six requirements are satisfied:

1. The technical feasibility of completing the asset so that it will be available for use or sale
2. The intention to complete the intangible asset and use or sell it
3. The ability to use or to sell the intangible asset
4. How the intangible asset will generate probable future economic benefits
5. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
6. The ability to measure reliably the expenditure attributable to the intangible asset during its development

The Würth Group estimated the customary useful life of the recognized internally generated intangible assets to be three years.

Costs of research and general development are immediately recorded as an expense in accordance with IAS 38.54.

Property, plant and equipment are stated at amortized cost. Repair costs are expensed immediately. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization. Borrowing costs are capitalized provided the requirements for a qualifying asset are met. Except for land and land rights, property, plant and equipment are generally depreciated using the straight-line method unless a different depreciation method better reflects the pattern of consumption.

Depreciation is computed according to the following uniform group useful lives:

Buildings	25 – 40 years
Furniture and fixtures	3 – 10 years
Technical equipment and machines	5 – 15 years

An item of property, plant and equipment leased under a finance lease is recognized at fair value or the lower present value of the minimum lease payments and depreciated over the expected useful life or the contractual term, whichever is shorter. Payment obligations resulting from the lease payments are recorded as a liability at their present value.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

An item of property, plant and equipment or an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

An impairment test is performed at the end of the fiscal year for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount or if an annual impairment test is required. If the recoverable amount of the asset falls short of the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs necessary to make the sale. Value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit.

Impairment losses recognized for an asset in profit or loss in prior years are reversed when there is any indication that the impairment no longer exists or has decreased. Any reversal is posted to profit or loss. A reinstatement or reversal of the impairment loss recorded on an asset cannot, however, exceed the amortized cost that would have been recognized without the impairment. Impairment losses recognized on goodwill are not reversed.

Financial assets are divided into the following categories: (a) held-to-maturity financial assets, (b) financial assets at fair value through profit or loss, (c) available-for-sale financial assets, and (d) loans and receivables originated by the entity. Financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity, other than loans and receivables originated by the entity, are classified as held-to-maturity investments. Financial assets classified as "at fair value through profit or loss" are (i) financial assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or exchange rates or (ii) financial assets designated upon initial recognition as at fair value through profit or loss. All other financial assets apart from loans and receivables originated by the entity are classified as available-for-sale financial assets.

Held-to-maturity investments are disclosed under non-current assets unless they are due within twelve months of the reporting date. Financial assets held for trading are disclosed under current assets. This does not apply to derivatives that lead to payments in more than twelve months after the reporting date. They are disclosed under non-current financial assets or liabilities. Financial assets designated upon initial recognition as at fair value through profit or loss and available-for-sale financial assets are disclosed as current assets if management intends to sell them within twelve months of the end of the reporting period. They are recognized at the date when the Würth Group enters into a contract.

The initial recognition of a financial asset is at cost, which corresponds to the fair value of the consideration given. Transaction costs are included, except for financial assets designated upon initial recognition as at fair value through profit or loss or classified as held-for-trading.

Held-to-maturity investments are measured at amortized cost using the effective interest method. If it is likely that financial assets measured at amortized cost are impaired, the impairment loss is recognized in profit or loss. An impairment loss recorded previously as an expense is adjusted in profit or loss if the subsequent reversal of the impairment loss (or reduction in the impairment loss) can be objectively attributed to circumstances that arose after the original impairment loss. A reversal of the impairment loss is, however, only recognized to the extent that it does not exceed the amortized cost that would have been recognized without the impairment.

Available-for-sale financial assets, financial assets that are classified as held for trading, and financial assets at fair value through profit or loss are subsequently measured at fair value on the basis of market prices as of the reporting date without deducting any transaction costs. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, discounted cash flow analysis or other valuation models.

Gains and losses from measurement of an available-for-sale financial asset at fair value are recognized directly in equity. Changes in the fair value of financial assets held for trading and financial assets at fair value through profit or loss are recognized in the net income or loss for the period.

Loans and receivables originated by the entity and not held for trading are recognized at amortized cost.

Any necessary impairment losses are recognized by deducting the amounts directly from the underlying receivables.

Derivative financial instruments are classified as held-for-trading financial assets / financial liabilities, unless they are included in hedge accounting as hedging instruments. The change in the fair value of the derivative financial instruments is recognized in the consolidated income statement. The fair value of open derivative financial instruments is disclosed under other assets / liabilities.

Receivables and liabilities from financial services include all receivables and liabilities arising from the financial services business. Bank receivables and loans, as well as receivables or loans due from customers, are financial investments with fixed or determinable payments and fixed maturity that are not quoted in an active market. After initial recognition, receivables and liabilities from financial services are carried at amortized cost using the effective interest method less any allowance for impairment. Loans in the banking business are tested for impairment. The Würth Group sells receivables from financial services to factors in asset-backed commercial papers (ABCP) transactions. Notwithstanding the transfer of title to the receivables from financial services, these must continue to be recognized by the Würth Group where Group entities retain significant risks and rewards on a contractual basis.

Interest-free and low-interest **loans** are stated at present value.

Actual **income taxes** are calculated based on the taxable income in the fiscal year and in accordance with national tax legislation. Additional tax payments / refunds that are expected, or have actually been made, for previous years are also included.

Deferred taxes result from temporary differences between the IFRS carrying amounts and the tax accounts of the individual entities (except for differences from goodwill arising upon acquisition of shares) and from consolidation entries. Deferred tax assets also include tax credits that result from the expected utilization of existing loss carryforwards in subsequent years. Deferred tax assets for recognition and measurement differences and for unused tax losses are only taken into account if they are expected to be realized. Deferred taxes are measured on the basis of the respective local income tax rates. Deferred tax assets and deferred tax liabilities are offset if a Group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred taxes relating to items recognized directly in equity are also posted directly to other comprehensive income. Other deferred taxes are posted to the consolidated income statement.

Inventories are stated at costs of purchase or costs of conversion. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization and, in the case of qualifying assets, borrowing costs.

The carrying amounts are calculated using the weighted average cost method.

Risks inherent in inventories from reduced saleability are accounted for by recognizing appropriate write-downs to the lower of cost or net realizable value.

Payments on account received from customers are recorded as liabilities.

Receivables and **other assets** are measured at amortized cost. Allowances are made for impairment based on individual risk estimates and past experience of recoverability. To determine specific allowances, financial assets that could potentially be impaired are grouped together by similar credit risk characteristics and collectively assessed for impairment. Impairment losses on trade receivables are recognized via a provision for impairment in some cases. The decision of whether to account for a credit risk by using a provision for impairment or by recognizing a loss directly on the receivable depends upon the ability to accurately assess the risk involved. On account of the different business fields and regional conditions, this assessment is at the discretion of the individuals in charge of the respective portfolios.

As a lessor, the Würth Group recognizes finance **lease assets** as receivables in the statement of financial position equal to the unsold net investment in the lease. Financial income is recognized to reflect a constant periodic rate of return on the lessor's net investment outstanding. Initial direct costs are immediately expensed. Income on unsold contracts is recognized over the term of the lease. Leases that do not essentially transfer all the risks and rewards associated with ownership from the Würth Group to the lessee are classed as operating leases. Initial direct costs incurred during the negotiation and conclusion of an operating lease are added to the carrying amount of the leased asset and recorded as an expense during the term of the lease in the same way as leasing income. Conditional rental payments are recognized as income during the period in which they are generated.

Securities are classified as financial assets held for trading or designated upon acquisition as financial assets at fair value through profit or loss and marked to market on the reporting date. Highly liquid securities classified as current assets are securities due within three months of the date of acquisition. They are reported as short-term investments under cash and cash equivalents.

Cash and cash equivalents include cash, demand deposits and short-term investments (e.g. money market funds).

Non-controlling interests include non-controlling interests in share capital, in reserves and in retained earnings unless they qualify as liabilities as defined by IAS 32. If the latter is the case, they are disclosed under financial liabilities and changes in the fair value are recognized within the financial result.

Post-employment benefit obligations for defined benefit plans are calculated using the projected unit credit method. Future obligations are measured using actuarial methods. Taking account of dynamic components, the future benefit obligations are spread over the entire period of service. Actuarial calculations and estimates must be obtained for all benefit plans. Actuarial gains and losses for the defined benefit plan are recognized in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognized in revenue reserves and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either as required by law or on a voluntary basis. No further payment obligations arise for the company from the payment of contributions. The amounts are recognized in profit or loss in full.

Provisions are created for all legal or constructive obligations to third parties as of the reporting date that relate to past events, will probably lead to an outflow of resources in the future, and whose amount can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of the money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. In the discounting process, the increase in the provision reflecting the passage of time is recognized as finance costs. Reversals of provisions are posted against the expense items for which the provisions were set up.

When measuring **financial liabilities,** a distinction is made between
(a) financial liabilities held for trading, and
(b) other financial liabilities.

Derivative financial instruments are classified as held-for-trading financial liabilities and measured at fair value. However, an exception is made for derivatives related to non-listed equity instruments whose fair value cannot be reliably determined and that can only be settled through their delivery. These are measured at cost.

Other financial liabilities are measured at amortized cost using the effective interest rate method. This usually corresponds to the repayment or settlement value or, in the case of obligations similar to pension obligations, to the present value. If non-controlling interests are classified as liabilities as defined by IAS 32, they are measured at fair value.

The Würth Group measures financial instruments and non-financial assets at **fair value** on every reporting date. The fair value is the price that would be paid, in the event of a due and proper transaction, between market participants on the calculation cut-off date for the sale of an asset / transfer of a liability. All assets and liabilities for which the fair value is calculated or is reported in the financial statements are allocated to the fair value hierarchy described below.
Level 1 – Prices listed on active markets for identical assets and liabilities,
Level 2 – Valuation procedures in which the lowest level input parameter that is relevant to valuation at fair value as a whole can be directly or indirectly observed on the market,
Level 3 – Valuation procedures in which the lowest level input parameter that is relevant to valuation at fair value as a whole cannot be observed on the market.

Financial guarantee contracts issued by the Würth Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. These financial guarantee contracts are treated as insurance contracts as defined by IFRS 4, i.e., the financial guarantee contracts are presented as contingent liabilities until utilization becomes probable. When this is the case, the corresponding obligation is recognized.

Sales are recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the level of sales can be measured reliably. Sales are recorded net of general VAT and any price reductions and quantity discounts when delivery has taken place and the risks and rewards incidental to ownership have been transferred in full.

Revenue from financial services is recognized when it is realized or realizable and earned. Interest from interest-bearing assets and liabilities is recognized proportionately over the term of the assets or liabilities concerned using the effective interest method and taking into account any deferred charges and fees as well as premiums or discounts. Commission is recognized when there is sufficient evidence that an agreement exists, the performance has been rendered, the fee or commission has been fixed, and collectability is sufficiently certain.

Lease payments under an operating lease are recognized as an expense in the consolidated income statement on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the benefit for the entity as lessee. A lease is classified as an operating lease if the lease does not transfer substantially all risks and rewards incidental to ownership to the entity.

Finance leases with the Würth Group as lessee, which essentially transfer all the risks and rewards incidental to ownership of the leased asset to the Würth Group, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the income statement. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Würth Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional provisions of IFRIC 4.

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the entity will in fact receive it. Government grants are recognized in profit or loss as scheduled in line with the related expenses that are subsidized by the grants. If grants are issued for the purchase of property, plant or equipment, the grants are treated as a reduction of the cost of those assets.

Contingent liabilities are possible or present obligations arising from past events which are not likely to result in an outflow of resources and are thus not recorded in the statement of financial position. The amounts stated correspond to the potential liability as of the reporting date.

Subsequent events that provide additional information about the situation after the reporting date are reflected in the statement of financial position. Subsequent events that do not result in any adjustments are reported in the notes where material.

G. Notes on the consolidated income statement

[1] Sales

in millions of EUR	2015	2014
Revenue from the sale of goods and services	10,940.5	10,024.1
Revenue from financial services	106.3	102.3
Total	**11,046.8**	**10,126.4**

Revenue from financial services primarily contains interest income of EUR 37.2 million (2014: EUR 40.2 million), similar income of EUR 10.0 million (2014: EUR 10.6 million) and commission income of EUR 14.6 million (2014: EUR 13.0 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. It also includes income from the leasing business.

Revenue from the sale of goods and services contains revenue from services of EUR 80.2 million (2014: EUR 86.0 million).

[2] Cost of materials

in millions of EUR	2015	2014
Cost of materials and supplies and of purchased merchandise	5,204.6	4,667.1
Cost of purchased services	218.8	198.4
Total	**5,423.4**	**4,865.5**

[3] Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 10.6 million (2014: EUR 13.0 million) and commission of EUR 6.6 million (2014: EUR 6.1 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. This item also contains EUR 3.0 million (2014: EUR 1.9 million) from the external business of the companies specializing in leases and EUR 18.0 million from the external business of the insurance company.

[4] Other operating income

Other operating income principally includes income from the sale of other goods and services as well as income from the disposal of assets. The year-on-year increase of EUR 86.0 million is due to insurance settlements in connection with fire damage in the Electronics unit.

[5] Personnel expenses and number of employees

Personnel expenses

in millions of EUR	2015	2014
Wages and salaries	2,520.3	2,320.9
Social security	332.6	305.4
Pension and other benefit costs	239.1	219.2
Total	**3,092.0**	**2,845.5**

Number of employees as of the reporting date

	2015	2014
Würth Line Germany	7,627	7,498
Allied Companies Germany	13,518	12,728
Würth Group Germany	21,145	20,226
Würth Group International	47,833	45,818
Würth Group total	**68,978**	**66,044**
Thereof		
Sales staff	31,080	29,923
In-house staff	37,898	36,121

The average headcount of the Würth Group totaled 68,009 in the reporting period (2014: 65,104).

[6] Other operating expenses

Other operating expenses mainly include selling, administration and operating expenses, bad debts and other taxes.

Other operating expenses also include impairment of receivables from the banking business of EUR 8.5 million (2014: EUR 11.5 million).

[7] Finance revenue / finance costs

in millions of EUR	2015	2014
Other interest and similar income	39.5	42.5
Interest and similar expenses	90.3	90.5
Net interest cost from pension plans	4.7	5.7
Total financial result	**55.5**	**53.7**
Thereof from financial instruments under the IAS 39 measurement categories:		
Held-to-maturity investments (HtM)	0.0	0.1
Financial assets held for trading (FAHfT)	9.4	32.4
Financial assets (designated as) at fair value through profit or loss (FAFVtpl)	1.2	1.3
Loans and receivables (LaR)	20.1	8.7
Financial liabilities held for trading (FLHfT)	– 19.3	– 17.0
Financial liabilities at amortized cost (FLAC)	– 62.2	– 73.5

Expenses from the translation of foreign currency items amounted to EUR 8.9 million in 2015. In the previous year, the translation of foreign currency items resulted in income of EUR 8.5 million.

The net gains or losses from financial assets / liabilities held for trading include the net gains or losses from changes in fair value as well as interest income and expenses from these financial instruments. The net gains or losses from loans and receivables chiefly include the effects of impairments and reversals of impairment losses.

[8] Earnings before taxes – reconciliation to the operating result of the Würth Group*

in millions of EUR	2015	2014
Earnings before taxes	516.0	500.0
Impairment losses for goodwill and brands	3.4	3.5
Measurement of the interests as defined by IAS 32	3.5	9.9
Other	2.1	1.4
Operating result	**525.0**	**514.8**

*Not part of the consolidated financial statements in accordance with IFRS

[9] Income taxes

in millions of EUR	2015	2014
Income taxes	92.6	111.4
Deferred tax income		
Deferred tax income from unused tax losses	34.9	45.4
Other deferred tax income	52.4	33.1
Deferred tax expense		
Deferred tax expense from unused tax losses	34.4	60.4
Other deferred tax expenses	42.1	29.2
Total	**81.8**	**122.5**

Income taxes include corporate income tax (including solidarity surcharge) and trade tax of German entities and comparable income taxes of foreign entities.

A reconciliation from the theoretical to the current tax rate for the Würth Group is shown below:

in millions of EUR	2015	2014
Earnings before taxes	516.0	500.0
Theoretical tax rate as a %	18.3	18.3
Theoretical tax expense	**94.4**	**91.5**
Changes in theoretical tax expense due to:		
Unrecognized tax losses of the current fiscal year	15.3	22.1
Recognition of unused tax losses from prior periods	– 3.1	– 6.7
Write-down on recognized unused tax losses from prior years	0.6	4.1
Write-down on temporary differences	– 1.7	0.3
Different tax rates	2.0	0.3
Tax reductions due to tax-free items	– 2.2	– 2.5
Tax increases due to non-deductible expenses	5.3	6.6
Income tax expense that cannot be derived from earnings before taxes	0.7	4.7
Non-tax-deductible amortization of goodwill and other intangible assets	0.4	1.0
Taxes relating to other periods	– 28.7	0.5
Other	– 1.2	0.6
Income taxes	**81.8**	**122.5**
Effective tax rate as a %	**15.9**	**24.5**

The theoretical tax rate is based on the weighted average tax rate of all consolidated entities. Changes in income taxes were primarily attributable to tax reimbursements relating to other periods in Germany. The recognition of unused tax losses from prior years includes EUR 2.1 million (2014: EUR 4.0 million) from the use of deferred tax assets written down in prior years.

H. Notes on the consolidated statement of financial position

[10] Intangible assets including goodwill

in millions of EUR	Franchises, industrial rights, licenses and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
January 1, 2015	268.0	77.2	185.0	247.3	4.9	782.4
Exchange differences	2.5	0.9	1.1	4.6	0.0	9.1
Changes in the consolidated group	74.5	0.0	96.5	238.3	0.1	409.4
Additions	23.0	4.6	0.2	0.0	6.0	33.8
Disposals	3.3	1.5	1.1	0.0	0.2	6.1
Reversal of impairment losses	0.1	0.0	0.0	0.0	0.0	0.1
Reclassifications	1.8	3.3	0.0	0.0	– 1.8	3.3
December 31, 2015	**366.6**	**84.5**	**281.7**	**490.2**	**9.0**	**1,232.0**
Accumulated depreciation and impairment						
January 1, 2015	194.0	57.6	135.6	184.1	0.1	571.4
Exchange differences	2.4	0.9	0.4	3.7	0.0	7.4
Amortization and depreciation	27.3	6.7	9.4	0.0	0.0	43.4
Impairment losses	0.0	0.0	2.5	3.4	0.0	5.9
Disposals	2.9	0.9	0.7	0.0	0.0	4.5
December 31, 2015	**220.8**	**64.3**	**147.2**	**191.2**	**0.1**	**623.6**
Net carrying amount						
December 31, 2015	**145.8**	**20.2**	**134.5**	**299.0**	**8.9**	**608.4**

in millions of EUR	Franchises, industrial rights, licenses and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
January 1, 2014	233.1	70.4	179.5	238.8	12.8	734.6
Exchange differences	1.7	0.2	0.6	4.5	– 0.3	6.7
Changes in the consolidated group	3.7	0.0	4.9	4.0	0.0	12.6
Additions	25.0	10.5	1.6	0.0	3.8	40.9
Disposals	6.1	5.7	1.7	0.0	0.7	14.2
Reclassifications	10.6	1.8	0.1	0.0	– 10.7	1.8
December 31, 2014	**268.0**	**77.2**	**185.0**	**247.3**	**4.9**	**782.4**
Accumulated depreciation and impairment						
January 1, 2014	172.0	48.0	130.7	180.4	0.1	531.2
Exchange differences	1.5	0.2	0.4	3.5	0.0	5.6
Amortization and depreciation	22.9	2.2	6.2	0.0	0.0	31.3
Impairment losses	3.3	12.6	0.0	0.2	0.0	16.1
Disposals	5.7	5.4	1.7	0.0	0.0	12.8
December 31, 2014	**194.0**	**57.6**	**135.6**	**184.1**	**0.1**	**571.4**
Net carrying amount						
December 31, 2014	**74.0**	**19.6**	**49.4**	**63.2**	**4.8**	**211.0**

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 6.8 million (2014: EUR 14.6 million).

Goodwill contains amounts from asset deals as well as from share deals.

Goodwill is tested for impairment annually. The test is based on estimated future cash flows derived from the business plan.

The impairment losses in the 2015 fiscal year relate to customer relationships and similar assets in the amount of EUR 2.5 million (2014: EUR 0.0 million) and to goodwill in the amount of EUR 3.4 million (2014: EUR 0.2 million). These impairment losses were recognized primarily on entities that are being hit by a sharp fall in demand on account of the current economic situation. In the 2014 fiscal year, the impairment losses were attributable to franchises, industrial rights, licenses and similar rights (2014: EUR 3.3 million) and to internally generated intangible assets (2014: EUR 12.6 million). Goodwill was regularly tested for impairment in accordance with IAS 36 in the fiscal year 2015. The impairment tests were based on net selling price and conducted at the level of the smallest cash-generating unit.

The impairment losses were recognized under amortization and depreciation.

The table below provides a summary of the tested goodwill and the assumptions underlying the impairment tests:

2015 in millions of EUR	Northern Safety Company, Inc.	PARA-VAN GmbH	MEF S.r.l.	Tunap	HSR / Indunorm	Chemofast Anchoring GmbH	Lichtzentrale Thurner GmbH	Wurth Des Moines Bolt Inc.	Diffutherm / Dinol	Other	Total
Goodwill before impairment test	181.7	22.9	17.6	9.2	9.1	8.7	6.8	6.4	6.2	32.9	301.5
Exchange difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4
Goodwill	181.7	22.9	17.6	9.2	9.1	8.7	6.8	6.4	6.2	30.4	299.0
Average sales growth in the planning period (%)	7.1	31.3	6.4	4.2	6.5	6.6	5.0	10.0	8.7	–1.4–13.0	
EBIT margin in the planning period (%)	4.9–8.2	–1.7–21.4	1.6–2.0	6.5–8.2	5.2–5.7	7.2–8.0	2.3–3.1	10.8–15.7	5.2–6.7	0.5–22.4	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p. a. after the end of the planning period (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (%)	8.2	21.4	2.0	8.2	5.7	7.2	3.1	15.7	6.7	2.6–22.4	
Discount rate	12.8	10.6	15.9	9.8	9.7	9.8	9.7	13.0	9.6	8.9–34.6	
Additional impairment losses											
assuming a 10% lower cash flow	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	5.9	0.0	
assuming a 1% higher discount rate	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	6.2	0.0	

2014 in millions of EUR	AP Winner LTDA	Lichtzentrale Thurner GmbH	Tunap	Chemofast Anchoring GmbH	Diffutherm / Dinol	TOGE Dübel GmbH & Co. KG	Other	Total
Goodwill before impairment test	2.0	6.8	9.2	8.7	6.2	4.0	25.5	62.4
Exchange difference	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Goodwill	2.0	6.8	9.2	8.7	6.2	4.0	26.3	63.2
Average sales growth in the planning period (%)	17.3	4.7	0.7	7.3	8.3	24.2	1.4 – 18.2	
EBIT margin in the planning period (%)	4.2 – 8.7	2.3 – 3.5	7.3 – 8.7	8.7 – 9.4	5.2 – 7.1	10.2 – 12.9	0.5 – 21.8	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p. a. after the end of the planning period (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (%)	4.2	3.5	8.6	9.4	7.1	12.9	2.3 – 21.8	
Discount rate	29.8	9.6	10.0	9.9	9.7	10.9	9.5 – 15.3	
Additional impairment losses								
assuming a 10 % lower cash flow	0.0	0.0	0.0	0.0	2.5	0.0	0.4	
assuming a 1% higher discount rate	0.0	0.0	0.0	0.0	4.0	0.0	1.0	

The assumptions underlying the calculation of the net selling price are most sensitive to estimation uncertainties regarding sales growth, EBIT margins and the discount rates used.

The assumptions concerning sales growth and EBIT margins used for the impairment tests in the planning period are based on internal records of past experience and assumptions by management used in the business plans valid as of the reporting date.

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessments of any risks specific to the cash-generating units for which future estimates of cash flows have not been adjusted.

With regard to the assessment of value in use of the cash-generating units, management believes that – with the exception of those cash-generating units where impairment losses were recognized – no reasonably possible change in any of the above key assumptions made to determine the net selling price would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

[11] Property, plant and equipment

in millions of EUR	Land, land rights and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Cost					
January 1, 2015	2,253.9	794.9	1,629.8	132.3	4,810.9
Exchange differences	15.5	8.1	13.8	– 0.2	37.2
Changes in the consolidated group	11.8	1.9	13.1	8.3	35.1
Additions	53.1	79.8	169.8	184.8	487.5
Disposals	25.8	32.1	105.1	3.0	166.0
Reclassifications	53.3	57.5	29.2	– 143.4	– 3.4
December 31, 2015	**2,361.8**	**910.1**	**1,750.6**	**178.8**	**5,201.3**
Accumulated depreciation and impairment					
January 1, 2015	840.1	542.3	920.4	0.1	2,302.9
Exchange differences	6.3	7.0	11.1	0.0	24.4
Amortization and depreciation	65.1	54.1	117.6	0.0	236.8
Impairment losses	10.5	35.0	0.0	0.0	45.5
Disposals	38.5	28.6	70.9	0.0	138.0
Reclassifications	0.0	1.3	– 1.3	0.0	0.0
Reversal of impairment losses	0.0	2.5	1.2	0.0	3.7
December 31, 2015	**883.5**	**608.6**	**975.7**	**0.1**	**2,467.9**
Net carrying amount					
December 31, 2015	**1,478.3**	**301.5**	**774.9**	**178.7**	**2,733.4**

in millions of EUR	Land, land rights and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Cost					
January 1, 2014	2,143.9	745.0	1,551.8	119.7	4,560.4
Exchange differences	8.6	4.8	7.5	– 4.6	16.3
Changes in the consolidated group	9.1	11.4	1.6	3.7	25.8
Additions	42.5	39.4	124.7	108.6	315.2
Disposals	5.0	28.3	64.3	7.3	104.9
Reclassifications	54.8	22.6	8.5	– 87.8	– 1.9
December 31, 2014	**2,253.9**	**794.9**	**1,629.8**	**132.3**	**4,810.9**
Accumulated depreciation and impairment					
January 1, 2014	772.3	511.6	861.9	2.7	2,148.5
Exchange differences	3.7	4.1	6.3	0.0	14.1
Amortization and depreciation	64.6	53.8	110.7	0.0	229.1
Impairment losses	0.0	0.0	0.0	1.0	1.0
Disposals	0.6	26.2	57.7	3.6	88.1
Reclassifications	0.1	– 1.0	0.9	0.0	0.0
Reversal of impairment losses	0.0	0.0	1.7	0.0	1.7
December 31, 2014	**840.1**	**542.3**	**920.4**	**0.1**	**2,302.9**
Net carrying amount					
December 31, 2014	**1,413.8**	**252.6**	**709.4**	**132.2**	**2,508.0**

The investments in property, plant and equipment relate to new purchases in connection with the fire damage in the Electronics unit amounting to EUR 54.2 million. Since the carrying amounts exceed the recoverable amount due to the investments made, an impairment loss of EUR 45.5 million was recognized in the Electronics unit in the 2015 fiscal year (2014: EUR 1.0 million). The recoverable amount was calculated as the fair value less costs to sell, applying a discount rate of 8.3 % based on the current business plans.

There are restrictions on the rights of disposal of property, plant and equipment and assets assigned as collateral, which can be broken down as follows:

in millions of EUR	2015	2014
Land charges	16.2	108.6
Collateral assignment	5.6	4.0
Total	**21.8**	**112.6**

There are payment obligations of EUR 19.1 million (2014: EUR 26.8 million) for capital expenditures on non-current assets.

Payments on account and assets under construction contain assets under construction of EUR 133.5 million (2014: EUR 103.6 million) which relate to technical equipment and machines as well as buildings.

[12] Financial assets

The investments disclosed under financial assets belong to the available-for-sale category. They are generally measured at fair value without any effect on profit or loss. There were no adjustments to fair value in fiscal year 2015 which would require unrealized gains and losses to be recognized in equity. Where fair value could not be determined because there was no active market or suitable valuation technique, the investment was measured at amortized cost. This item also includes held-to-maturity investments, which are accounted for at amortized cost. Fair values that could not be determined on the basis of observable market data of EUR 15.4 million (2014: EUR 21.1 million) relate to long-term interests in non-listed corporations and partnerships.

Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, provided securities with a carrying amount of EUR 15.0 million (2014: EUR 15.0 million) as collateral for loans granted by L-Bank, Karlsruhe, Germany. The maximum credit risk is the amount carried in the statement of financial position.

[13] Receivables from financial services

in millions of EUR	2015	Thereof due within one year	2014	Thereof due within one year
Receivables from the leasing business	333.0	128.8	304.3	119.6
Receivables from the insurance business	1.9	1.9	1.8	1.8
Receivables from the banking business				
Receivables from customers	1,045.0	544.7	1,073.4	550.5
Receivables from banks	58.0	58.0	30.5	30.5
Other asset items	2.1	2.1	2.2	2.2
Total	**1,440.0**	**735.5**	**1,412.2**	**704.6**

Receivables from financial services include receivables from related parties of EUR 16.9 million (2014: EUR 8.7 million).

The Würth Group regularly sells receivables from financial services arising from the external leasing business in the form of ABCP transactions. As of December 31, 2015, factored receivables from financial services of EUR 94.6 million (2014: EUR 72.9 million) were not derecognized from the consolidated statement of financial position because all the risks and rewards incidental to ownership were essentially retained by the Würth Group. The corresponding liability is disclosed under [23] "Liabilities from financial services".

Of the receivables from financial services, an amount of EUR 1.7 million (2014: EUR 0,0 million) has been pledged as collateral for refinancing at Deutsche Bundesbank, Frankfurt am Main, Germany, and EUR 29.3 million (2014: EUR 32.5 million) as collateral for a global loan at L-Bank, Karlsruhe, Germany.

The following table provides information on the extent of the credit risk included in receivables from financial services.

in millions of EUR	**2015**	**2014**
Receivables from financial services that are neither past due nor impaired	1,405.4	1,359.4
Receivables not impaired but past due by		
less than 120 days	18.6	35.9
between 120 and 179 days	0.3	0.1
between 180 and 359 days	0.3	0.1
more than 360 days	0.9	0.8
Total receivables not impaired	**1,425.5**	**1,396.3**
Impaired receivables from financial services (gross)	37.5	48.7
Impairment loss recognized on receivables from financial services	23.0	32.8
Net carrying amount	**1,440.0**	**1,412.2**

With respect to the receivables from financial services that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.

Most of the receivables that are past due but not impaired are secured.

Movements in the provision for impairment of receivables from financial services were as follows:

in millions of EUR	**2015**	**2014**
Provision for impairment as of January 1	**32.8**	**35.6**
Amounts recognized as income (–) or expense (+) in the reporting period	9.5	14.4
Derecognition of receivables	– 17.0	– 17.2
Payments received and recoveries of amounts previously written off	– 2.5	0.0
Currency translation effects	0.2	0.0
Provision for impairment as of December 31	**23.0**	**32.8**

The income or expense from impairment losses and the derecognition of receivables from financial services is disclosed under other operating expenses.

[14] Deferred taxes

Deferred tax assets and liabilities can be allocated as follows:

in millions of EUR	Deferred tax assets **2015**	Deferred tax liabilities **2015**	Deferred tax assets **2014**	Deferred tax liabilities **2014**	Change **2015**	Change **2014**
Non-current assets	59.1	94.6	56.1	49.2	– 42.4	6.4
Inventories	48.3	33.0	38.3	29.6	6.6	2.3
Receivables	16.8	5.2	14.0	3.0	0.6	– 7.1
Other assets	27.5	54.5	17.1	42.6	– 1.5	– 1.6
Provisions	59.5	21.4	56.2	21.6	3.5	11.3
Liabilities	13.0	4.8	10.3	4.0	1.9	– 0.4
Other liabilities	10.6	50.1	6.2	45.2	– 0.5	4.2
	234.8	**263.6**	**198.2**	**195.2**	**– 31.8**	**15.1**
Unused tax losses	24.4		24.0		0.4	– 13.9
Netting	– 122.4	– 122.4	– 96.4	– 96.4		–
Total	**136.8**	**141.2**	**125.8**	**98.8**	**– 31.4**	**1.2**

The development of timing differences is fully reflected in income taxes. One exception relates to foreign exchange differences of EUR – 4.0 million (2014: EUR – 0.6 million), which were recognized directly in equity, and additions of deferred taxes of EUR 44.9 million (2014: EUR 0.3 million) arising from new acquisitions, as well as deferred taxes on items recorded in equity that were also recognized directly in other comprehensive income in the amount of EUR 11.3 million (2014: EUR 12.6 million).

There are deferred tax assets totaling EUR 23.0 million (2014: EUR 24.8 million) at entities that have a history of losses.

Deferred tax assets of EUR 1.0 million (2014: EUR 2.7 million) were recorded subsequently in fiscal year 2015 on unused tax losses of EUR 12.0 million (2014: EUR 17.9 million), as it is considered probable that they will be used in the Würth Group in the future.

Deferred tax assets of EUR 136.8 million in total (2014: EUR 125.7 million) were recognized on unused tax losses.

No deferred tax assets were recognized for unused tax losses of EUR 562.0 million (2014: EUR 537.6 million) as it is not sufficiently probable that they will be realized.

These unused tax losses are classified by expiration period as follows:

in millions of EUR	2015	2014
Expiration of unused tax losses		
Non-forfeitable	363.3	357.8
Expiration within the next five to ten years	45.2	13.9
Expiration within the next one to five years	105.4	135.8
Expiration within the next year	48.1	30.1
Total unused tax losses net of deferred tax assets recognized	**562.0**	**537.6**

The unused tax losses include unused tax losses of EUR 1.5 million (2014: EUR 1.5 million) that originated prior to creation of the consolidated tax group and that cannot be used until the existing profit and loss transfer agreements have been terminated.

No deferred taxes were recognized for accumulated profits and losses of foreign subsidiaries of EUR 593.1 million (2014: EUR 521.0 million). If deferred taxes had been recognized for these timing differences, they would have had to be calculated exclusively using the withholding tax rate applicable in each case, possibly including the German tax rate of 5 % on distributed dividends. The calculation of these unrecognized deferred tax liabilities would have been unreasonably time-consuming.

Future distributions to the owners do not have any other income tax implications for the Würth Group.

[15] Inventories

in millions of EUR	2015	2014
Materials and supplies	86.3	87.5
Work in process and finished goods	165.1	159.0
Merchandise	1,392.4	1,205.7
Payments on account	9.6	9.9
Total	**1,653.4**	**1,462.1**

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 8.8 million (2014: EUR 6.5 million).

[16] Trade receivables

This item exclusively comprises receivables from third parties.

in millions of EUR	2015	2014
Trade receivables that are neither past due nor impaired	663.8	643.5
Receivables not impaired but past due by		
less than 120 days	263.1	211.5
between 120 and 179 days	2.2	1.9
between 180 and 359 days	1.1	0.2
more than 360 days	0.6	0.2
Total receivables not impaired	930.8	857.3
Impaired trade receivables (gross)	648.9	550.7
Provision for impairment of trade receivables	152.5	141.3
Net carrying amount	**1,427.2**	**1,266.7**

With respect to the trade receivables that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.

Where possible and feasible, we take out credit insurance.

Movements in the provision for impairment of trade receivables were as follows:

in millions of EUR	2015	2014
Provision for impairment as of January 1	141.3	135.6
Changes in the consolidated group	7.4	1.4
Amounts recognized as income (–) or expense (+) in the reporting period	28.6	35.2
Derecognition of receivables	– 23.9	– 30.4
Payments received and recoveries of amounts previously written off	– 1.4	– 1.7
Currency translation effects	0.5	1.2
Provision for impairment as of December 31	**152.5**	**141.3**

The following table presents the expenses from the derecognition of trade receivables and income from recoveries of amounts previously written off:

in millions of EUR	**2015**	**2014**
Expenses from the derecognition of receivables	32.7	34.9
Income from recoveries of amounts previously written off	2.8	5.1

The income or expense from impairment losses and the derecognition of trade receivables is disclosed under other operating expenses.

[17] Income tax receivables

This item records income tax receivables from tax authorities.

[18] Other financial assets

in millions of EUR	**2015**	Thereof due within one year	**2014**	Thereof due within one year
Receivables from related parties	47.1	33.1	74.7	57.3
Derivative financial assets	14.7	14.7	15.0	15.0
Sundry financial assets	106.4	106.4	88.9	88.9
Total	**168.2**	**154.2**	**178.6**	**161.2**

Sundry financial assets mainly include supplier discounts and bonuses. All other past due financial assets are directly written off against the underlying other financial assets.

The receivables from related parties include the purchase price receivable of EUR 17.3 million (2014: EUR 20.5 million) from the sale of Freie Schule Anne-Sophie to the Würth Foundation, Künzelsau, Germany. The receivable is subject to customary market interest rates.

[19] Other assets

in millions of EUR	2015	Thereof due within one year	2014	Thereof due within one year
Sundry assets	136.0	107.3	115.9	88.7
Prepaid expenses	50.6	50.6	41.0	41.0
Total	**186.6**	**157.9**	**156.9**	**129.7**

Sundry assets mainly include VAT receivables and customs duties paid in advance. Prepaid expenses mainly relate to prepaid insurance premiums and prepaid lease and rent payments.

Impairment losses were recognized on all other assets that were past due.

[20] Securities

On the one hand, the securities are investments in shares and bonds that are not actively traded, but managed at fair value on account of internal management and performance evaluations as well as in accordance with a documented risk management and investment strategy. Changes in value are determined by reference to comparable market values (level 2). Income from changes in value amounted to EUR 0.2 million in the fiscal year (2014: EUR 0.3 million). A total amount of EUR 9.3 million (2014: EUR 8.4 million) has been recognized in profit or loss since the instruments were designated as financial assets at fair value through profit or loss. On the other hand, securities include actively traded shares and bonds that are grouped as available-for-sale financial assets. There were no changes in value in fiscal year 2015. Of the securities, an amount of EUR 66.3 million (2014: EUR 56.1 million) was pledged as collateral for the credit line granted for refinancing purposes by Deutsche Bundesbank, Frankfurt am Main, Germany. The maximum credit risk corresponds to the fair value recognized.

[21] Cash and cash equivalents

Balances denominated in foreign currency are measured at the closing rate. The composition and development of cash and cash equivalents is presented in the consolidated statement of cash flows. The money market funds were valued at the current money market rate.

[22] Equity

Share capital comprises the share capital of the following parent companies within the Group:

Parent companies within the Group	Registered office	Share capital in millions of EUR	Shareholders
Adolf Würth GmbH & Co. KG	Germany	300.8	Würth Family Trusts
Würth Finanz-Beteiligungs-GmbH	Germany	67.0	Würth Family Trusts
Waldenburger Beteiligungen GmbH & Co. KG	Germany	20.0	Würth Family Trusts
Würth Elektrogroßhandel GmbH & Co. KG	Germany	19.6	Würth Family Trusts
Würth Promotion Ges.m.b.H.	Austria	0.05	Würth Private Trust
Würth Beteiligungen GmbH	Germany	0.04	Würth Family Trusts
Other (incl. 34 general partner companies)	Germany	0.93	Adolf Würth Trust
Total		**408.4**	

The limited partners' capital in the partnerships corresponds to the share capital.

Other reserves include the profits earned in prior years and not yet distributed as well as capital contributions at the parent companies in the Group and consolidated subsidiaries. Differences from foreign currency translation and from the remeasurement of defined benefit plans are also disclosed here. The individual components of equity and their development in 2015 and 2014 are shown in the consolidated statement of changes in equity.

Non-controlling interests mainly relate to shares held by third parties in subsidiaries as well as direct shareholdings of members of the Würth family.

Distributions of EUR 96.0 million are planned for 2016.

[23] Liabilities from financial services

2015 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	110.2	34.5	65.9	9.8
Liabilities from the insurance business	2.6	2.6	0.0	0.0
Liabilities from the banking business	1,062.0	789.4	224.1	48.5
Total	**1,174.8**	**826.5**	**290.0**	**58.3**

2014 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	75.0	29.7	45.0	0.3
Liabilities from the insurance business	2.2	2.2	0.0	0.0
Liabilities from the banking business	1,052.0	845.4	161.0	45.6
Total	**1,129.2**	**877.3**	**206.0**	**45.9**

Liabilities from financial services include liabilities from related parties of EUR 2.9 million (2014: EUR 1.6 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 94.6 million (2014: EUR 72.9 million). The nominal amount of this ABCP transaction comes to EUR 99.9 million (2014: EUR 78.0 million). Any risk items relating to it are hedged by interest swaps of the same amount and term as soon as they become apparent. As of the end of the reporting period, the contrasting changes in value and cash flows from hedged transactions and hedging instruments had balanced each other out.

The table below shows the contractually agreed remaining terms to maturity:

		Cash flow		
in millions of EUR	Carrying amounts **December 31, 2015**	< 1 year	1–5 years	> 5 years
Liabilities from the leasing business	110.2	46.0	70.6	10.0
Liabilities from the insurance business	2.6	2.6	0.0	0.0
Liabilities from the banking business	1,062.0	838.4	257.5	50.2

[24] Financial liabilities

in millions of EUR	**2015**	Thereof due within one year	**2014**	Thereof due within one year
Bonds	1,676.1	0.0	1,315.9	157.6
Liabilities to banks	167.4	120.8	201.4	85.3
Liabilities to non-controlling interests	40.2	40.2	44.1	44.1
Liabilities from leases	10.8	5.1	12.3	2.4
Total	**1,894.5**	**166.1**	**1,573.7**	**289.4**

The Group has financial liabilities due in more than five years of EUR 688.4 million (2014: EUR 719.4 million).

The maturities and terms of the bonds repayable and their fair values are as follows:

Type	Amount	Interest	Effective interest	Maturity	Treasury stock in millions of EUR	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	3.75%	3.86%	5/25/2018	0.0	498.3	552.5
Bond	EUR 500 million	1.75%	1.76%	5/21/2020	0.0	498.7	532.2
US private placement	USD 200 million	4.48%	4.53%	9/22/2021	0.0	183.3	212.7
Bond	EUR 500 million	1.00%	1.04%	5/19/2022	1.5	495.8	505.5
December 31, 2015					**1.5**	**1,676.1**	**1,802.9**

Type	Amount	Interest	Effective interest	Maturity	Treasury stock in millions of EUR	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	CHF 225 million	3.88%	3.97%	8/3/2015	29.4	157.6	166.6
Bond	EUR 500 million	3.75%	3.86%	5/25/2018	0.0	497.7	556.3
Bond	EUR 500 million	1.75%	1.76%	5/21/2020	0.0	498.4	533.0
US private placement	USD 200 million	4.48%	4.53%	9/22/2021	0.0	162.2	183.0
December 31, 2014					**29.4**	**1,315.9**	**1,438.9**

Treasury stock of EUR 1.5 million (2014: EUR 29.4 million) that was treated as corporate repurchase was offset against the bonds that were issued with an original value of EUR 1,677.6 million (2014: EUR 1,345.3 million).

The capital borrowed though the US private placement of USD 200 million is contingent on certain covenants being met. The Würth Group is required to meet certain debt service ratios such as the ratio of net financial debt to EBITDA and senior liabilities to equity. They also include restrictions on the disposal of assets.

The maturities and conditions of liabilities due to banks are as follows:

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	> 5 years	Carrying amount
EUR	floating / fixed	< 1 year	0.01% – 6.00%	97.6	0.6	0.1	98.3
USD	floating / fixed	< 1 year	0.01% – 5.57%	0.3	0.0	0.0	0.3
Other	floating / fixed	< 1 year	0.01% – 20.00%	22.9	0.7	0.0	23.6
EUR	fixed	1–5 years	0.78% – 7.00%	0.0	39.0	0.3	39.3
EUR	fixed	> 5 years	2.00% – 6.00%	0.0	0.0	5.9	5.9
December 31, 2015				**120.8**	**40.3**	**6.3**	**167.4**

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	> 5 years	Carrying amount
EUR	floating / fixed	< 1 year	0.01% – 7.05%	63.1	14.3	54.9	132.3
USD	floating / fixed	< 1 year	0.01% – 5.57%	0.4	0.0	0.0	0.4
Other	floating / fixed	< 1 year	1.00% – 27.50%	21.8	0.7	0.0	22.5
EUR	fixed	1–5 years	0.40% – 7.00%	0.0	39.1	0.3	39.4
Other	fixed	1–5 years	4.00% – 20.00%	0.0	5.8	0.0	5.8
EUR	fixed	> 5 years	0.40% – 5.00%	0.0	0.0	0.9	0.9
Other	fixed	> 5 years	4.00% – 5.00%	0.0	0.0	0.1	0.1
December 31, 2014				**85.3**	**59.9**	**56.2**	**201.4**

The carrying amounts of liabilities to banks reported in the statement of financial position approximate fair value. Non-current liabilities from leases are subject to customary market interest rates.

The table below shows the contractually agreed remaining terms to maturity.

		Cash flow		
in millions of EUR	Carrying amounts **December 31, 2015**	< 1 year	1–5 years	> 5 years
Financial liabilities				
Bonds, liabilities to banks	1,843.5	161.5	1,165.6	705.5
Liabilities from leases	10.8	5.2	4.3	2.1
Trade payables	553.5	553.5	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	242.5	13.1	0.0
Outflows from currency derivatives	5.0	249.2	13.4	0.0
Outflows from interest rate derivatives	30.0	7.0	24.3	5.5

[25] Obligations from post-employment benefits

A pension plan is in place for employees of the Würth Group for the period after they retire. The benefits vary according to local legal, tax and economic conditions. The obligations include vested future pension benefits as well as current pensions paid. The company pension scheme includes defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either on a voluntary basis or based on legal provisions. The contributions are recognized as a personnel expense when they fall due. No further payment obligations arise for the Würth Group from the payment of contributions. Current contributions (without contributions to the statutory pension insurance) totaled EUR 13.1 million (2014: EUR 11.5 million). Payments of EUR 170.7 million were made to the statutory pension insurance in the fiscal year (2014: EUR 162.1 million).

The largest defined benefit plans are in Germany, Austria, Italy, the Netherlands and Switzerland. The defined benefit plans in Germany, Austria and Italy constitute direct obligations, whereas the Swiss and Dutch plans are indirect benefit obligations. The amount of the entitlements depends on the length of service, frequently on the salary development and, for indirect benefit obligations, also on the employee contributions paid in.

The Würth Group's benefit obligations in Germany guarantee the beneficiaries a life-long monthly old age pension, provided that a vesting period of ten years of service can be demonstrated. The amount of the benefit is usually determined by arranged fixed amounts. Employees receive such voluntary pensions in addition to the statutory pension once they reach the statutory retirement age. Employees are also offered another defined benefit plan in the form of a deferred compensation arrangement under which gross cash compensation is converted to a company pension plan based on individual contracts. This voluntary conversion of monthly compensation is generally limited to the higher of either 10 % of one twelfth of the yearly income in the year before commencement of the conversion or 4 % of the respective maximum monthly contribution to the German pension system (western German states). In total, obligations in Germany amount to EUR 131.6 million (2014: EUR 141.4 million).

In Austria, a severance payment is guaranteed by law, subject to the provisions of the BMVG ["Betriebliche Mitarbeiterversorgungsgesetz": Austrian Act Governing Company Pensions]. This is paid out when the employment relationship ends. For employment relationships that began before the end of 2002, the employee has a right to such payment from the employer. The amount depends on the length of service and salary development. If the employment relationship is terminated by the employee, the right to a severance payment from the employer is forfeited. For employment relationships started as of the beginning of 2003, the employer pays 1.53 % of the gross monthly salary into a selected company pension scheme, which then pays out any severance payment entitlement when the employment ends. The entitlement is now retained even if the employee terminates the employment relationship. For employment relationships that began before the end of 2002, total obligations were recognized in the amount of EUR 25.0 million in Austria (2014: EUR 25.7 million).

In Italy, employees are entitled by law to a severance payment when the employment relationship ends (trattamento di fine rapporto, TFR). The amount of the TFR is determined by the number of years of service and is capped at one month's salary per year of service. Since 2007, the legislature provides for a capital option, i.e., the employees can choose whether provision should continue to be made for their future entitlements in the company or be paid into a pension fund instead. Obligations of EUR 26.1 million were recognized in the statement of financial position of the Würth Group in Italy (2014: EUR 23.7 million).

In the Würth Group Switzerland, retirement benefits are handled via external insurance companies. They are subject to regulatory supervision and are governed by the BVG ["Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans]. The top management body of these insurance companies, the trust board, is composed of an equal number of employee and employer representatives. The various benefits are set forth in regulations, with minimum benefits stipulated by the BVG. The contributions to the insurance company are settled by employers and employees. In the event of a deficit, measures can be agreed, such as adjusting the benefit obligation by changing conversion rates or increasing current contributions. In the case of almost all Swiss entities in the Würth Group Switzerland, the insurance company is a separate pension trust. The benefits comprise not only old age pensions, but also disability and surviving dependents' pension benefits. The trust's statutes define the pension scope and benefit amounts, minimum payment obligations and the investment strategy. All insurance-related risks are borne by the trust. The trust board reviews the investment strategy annually by means of an ALM (asset liability management) analysis as part of its responsibility for the investment of the assets. In total, obligations in Switzerland amounted to EUR 196.9 million (2014: EUR 163.7 million). Plan assets came to EUR 150.3 million (2014: EUR 133.0 million). The associated net liability amounts to EUR 46.6 million (2014: EUR 30.7 million).

In the Würth Group Netherlands, the company pension plan is based on a consensus between the government and the parties to collective bargaining agreements. The BPF ["Wet verplichte deelneming in een bedrijfspensioenfonds": Dutch Mandatory Participation in an Industry-wide Pension Fund Act] and the PSW ["Pensioen- en Spaarfondsenwet": Dutch Pension and Savings Fund Act] provide for quasi-obligatory additional company insurance. The mandatory membership of an industry-wide pension fund relates to the majority of employees covered by additional pension insurance. The additional insurance comprises old age pension and in many cases also surviving dependents' benefits. The PSW sets forth the legislator's key framework conditions for company pension plans. These include a requirement to segregate funds accumulated for pension purposes from a company's other assets (in an industry-wide pension fund, a company pension fund or master or individual insurance policies at an insurance company) and the obligation on the part of the employer to ensure that the premiums are paid. In the Netherlands, the Würth Group pays premiums to an insurance company. This was a qualified insurance policy up until December 31, 2015. The existing policy was terminated by the insurance company as of December 31, 2015 due to the significant increase in the price of guaranteed pensions in recent years due to the low interest rates and increase in life expectancy. As of January 1, 2016, the previous pension arrangements with guaranteed pension payments were switched over to a guaranteed contribution structure. This means that no obligations from post-employment benefits now have to be reported in the Netherlands. In the previous year, these obligations came to EUR 53.6 million. The plan assets amounted to EUR 57.0 million in the previous year.

The obligations from post-employment benefits were determined based on the following assumptions:

	Discount rate		Future salary increases		Future pension increases	
%	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Germany	2.50	2.00	3.0	3.00	1.75	2.00
Austria	2.25–2.65	2.25–2.50	2.00–3.00	2.00–3.00	–	–
Italy	2.02	3.00	3.00	3.00	1.50	1.50
Switzerland	0.83	1.20	1.00	1.00	–	–
Netherlands	2.20	2.20	1.30	1.30	2.00	2.00
Other countries	1.00–3.80	1.00–3.60	2.00–3.00	2.00–3.50	1.00–3.00	1.00–3.25

The 2005 G mortality tables from Dr. Klaus Heubeck are applied in Germany. The method for determining the discount rate is unchanged compared to the prior year.

The benefit obligations are derived as follows:

in millions of EUR	**2015**	**2014**	**2013**	**2012**	**2011**
Present value of funded benefit obligations	270.5	293.5	238.6	242.5	203.6
Fair value of plan assets	– 204.7	– 242.3	– 205.9	– 200.0	– 173.9
Adjustments on plan assets in accordance with IAS 19.64 b	0.0	3.3	1.6	4.4	5.1
Net carrying amount on funded benefit obligations	**65.8**	**54.5**	**34.3**	**46.9**	**34.8**
Present value of unfunded benefit obligations	**182.9**	**190.3**	**151.8**	**147.5**	**116.0**
Net benefit liability recognized in the statement of financial position	**248.7**	**244.8**	**186.1**	**194.4**	**150.8**
Experience adjustments					
Present value of the obligations	– 1.9	0.7	10.2	– 3.6	0.8

The average term to maturity of the obligations from post-employment benefits is 18 years.

The net benefit expense from defined benefit plans breaks down as follows:

in millions of EUR	2015	2014
Service cost		
Current service cost	24.1	16.7
Past service cost	– 2.7	– 0.1
Income from plan settlements	0.3	0.0
Net interest cost	4.7	5.7
Total expense recognized in the income statement	**26.4**	**22.3**

The service cost is recognized under personnel expenses, while the net interest cost is recorded in the financial result.

The remeasurement of defined benefit plans breaks down as follows:

in millions of EUR	2015	2014
Actuarial gains (–) and losses (+) recognized		
on changes in actuarial assumptions	– 7.6	74.8
on changes in demographic assumptions	– 1.9	0.7
Return on plan assets (less interest income)	6.2	– 19.8
Effects of the asset ceiling (IAS 19.64 b)	– 3.3	1.7
Remeasurement of defined benefit plans	**– 6.6**	**57.4**

The present value of the defined benefit obligations changed as follows:

in millions of EUR	2015	2014
Defined benefit obligation at the beginning of the year	483.8	390.4
Changes in the consolidated group	2.1	1.8
Increase due to deferred compensation	0.8	0.8
Service cost	21.7	16.6
Interest cost	9.5	11.7
Employee contributions	6.2	5.1
Benefits paid	– 12.6	– 12.2
Actuarial gains (–) and losses (+) recognized	– 9.5	75.5
Transfer of benefits	– 60.5	– 7.7
Exchange difference on foreign plans	11.9	1.8
Defined benefit obligation at the end of the year	**453.4**	**483.8**

Future adjustments in pension developments are taken into account in accordance with legal provisions (e.g. in Germany Sec. 16 BetrAVG ["Gesetz zur Verbesserung der betrieblichen Altersversorge": German Company Pensions Act]).

The fair value of the plan assets has developed as follows:

in millions of EUR	2015	2014
Fair value of plan assets at the beginning of the year	242.3	205.9
Interest income	4.8	6.0
Return on plan assets (less interest income)	– 6.2	19.8
Employer contributions	12.1	11.0
Employee contributions	6.2	5.1
Benefits paid	– 4.9	– 2.9
Transfer of assets	– 60.5	– 4.4
Exchange difference on foreign plans	10.9	1.8
Fair value of plan assets at the end of the year	**204.7**	**242.3**

The actual return came in at – 0.53 % (2014: 11.8 %). The amount of employer's contributions to external funds is expected to be similar in the following year.

Breakdown of fair value of plan assets by asset category:

in millions of EUR	2015	2014	2013	2012	2011
Fixed-income investment funds	67.9	116.4	79.6	82.1	68.7
Share-based investment funds	43.2	45.7	39.5	31.2	22.4
Real estate investment funds	35.8	30.4	32.1	25.9	20.7
Other funds	2.5	20.8	26.9	28.2	29.4
Fixed-interest securities	25.2	15.1	16.0	17.2	10.6
Shares	13.2	1.7	1.9	2.0	2.5
Real estate	3.5	2.4	2.6	2.9	3.1
Other	13.4	9.8	7.3	10.5	16.5
Total	**204.7**	**242.3**	**205.9**	**200.0**	**173.9**

As a rule, quoted prices are available on an active market for the equity and debt instruments. The ratings for funds and fixed-interest securities are usually not below A. The item "Other" primarily relates to cash and cash equivalents invested at banks with an A rating or higher.

With regard to sensitivities, the key actuarial assumptions determined for the Würth Group Germany are the discount rate and for the Würth Group Switzerland the discount rate and the rate of future salary increases. At the Würth Group Germany, a 0.5 % increase / decrease in the discount rate would lead to a decrease / increase in the DBO (Defined Benefit Obligation) of – 8.7 % / + 10.0 %.

At the Würth Group Switzerland, a 0.25 % increase / decrease in the discount rate would lead to a decrease / increase in the DBO of – 3.8 % / + 4.0 %. A 0.5 % increase / decrease in the rate of future salary increases would lead to an increase / decrease in the DBO of + 1.5 % / – 0.9 %.

[26] Provisions

in millions of EUR	**January 1, 2015**	Exchange difference	Additions due to changes in the consolidated group	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	**December 31, 2015**
Credit notes	67.5	0.3	0.6	49.5	5.3	54.9	0.0	68.5
Long-service bonuses	70.1	0.1	0.0	1.4	1.5	3.1	3.7	74.1
Warranty obligations	24.6	0.0	0.3	6.0	0.9	5.9	0.1	24.0
Litigation and lawyers' fees	21.2	0.1	0.0	4.6	1.6	3.8	0.2	19.1
Phased retirement scheme	8.2	0.0	1.6	1.9	1.0	1.6	0.3	8.8
Product liability	7.2	0.0	0.0	1.4	0.9	2.3	0.3	7.5
Sundry	32.3	0.1	0.2	9.1	6.5	21.7	0.3	39.0
Total	**231.1**	**0.6**	**2.7**	**73.9**	**17.7**	**93.3**	**4.9**	**241.0**
Thereof: current	143.6							147.7
non-current	87.5							93.3

in millions of EUR	**January 1, 2014**	Exchange difference	Additions due to changes in the consolidated group	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	**December 31, 2014**
Credit notes	64.1	0.0	0.1	58.8	5.2	67.3	0.0	67.5
Long-service bonuses	60.0	0.1	0.0	0.5	1.2	8.5	3.2	70.1
Warranty obligations	27.2	0.0	0.0	24.9	0.6	22.8	0.1	24.6
Litigation and lawyers' fees	24.3	0.0	0.0	2.5	5.1	4.2	0.3	21.2
Phased retirement scheme	7.5	0.0	0.0	0.3	1.3	2.0	0.3	8.2
Product liability	5.5	0.0	0.0	0.8	0.2	2.4	0.3	7.2
Sundry	37.6	0.0	0.1	10.4	5.3	10.1	0.2	32.3
Total	**226.2**	**0.1**	**0.2**	**98.2**	**18.9**	**117.3**	**4.4**	**231.1**
Thereof: current	146.9							143.6
non-current	79.3							87.5

The provision for credit notes is primarily attributable to obligations relating to discounts, bonuses, etc. granted that are allocable to the period after the reporting date, but caused by sales prior to the reporting date. The provision for long-service bonuses contains bonuses awarded to employees who have been with the company for many years. The provision for warranty obligations accounts for risks from legal or constructive obligations from trade with fastening and assembly materials involving trade customers, the building industry and industrial customers, as well as from the manufacture of screws and fittings. Other provisions relate to numerous identifiable specific risks and uncertain liabilities which were accounted for at the amount at which they are likely to be incurred.

The cash outflow for provisions for long-service bonuses and the German phased retirement scheme ("Altersteilzeit") is mainly of a medium (two to four years) to long-term (five to 50 years) nature. In most cases other provisions are expected to lead to a cash outflow in the next fiscal year.

[27] Other financial liabilities

in millions of EUR	**2015**	Thereof due within one year	**2014**	Thereof due within one year
Liabilities to related parties	7.9	6.7	10.6	9.4
Derivative liabilities	14.5	14.5	16.6	16.6
Liabilities from business combinations	102.0	3.3	0.0	0.0
Sundry financial liabilities	345.8	340.0	293.3	288.4
Total	**470.2**	**364.5**	**320.5**	**314.4**

Sundry financial liabilities essentially include liabilities to employees, outstanding purchase invoices and customers with credit balances.

[28] Other liabilities

in millions of EUR	**2015**	Thereof due within one year	**2014**	Thereof due within one year
Prepaid expenses	13.4	13.4	14.3	14.3
Other liabilities	361.6	357.4	329.8	324.8
Total	**375.0**	**370.8**	**344.1**	**339.1**

Liabilities relating to social security amount to EUR 66.3 million (2014: EUR 69.8 million). In addition, sundry liabilities include liabilities from other taxes of EUR 102.0 million (2014: EUR 85.2 million).

[29] Additional disclosures on financial instruments – carrying amounts, amounts recognized and fair values by measurement category

in millions of EUR **Assets**	Measurement category under IAS 39	Carrying amount **Dec. 31, 2015**	Amount recognized in the statement of financial position Amortized cost	Fair value (recognized directly in equity)	Fair value through profit or loss	IAS 17	Fair value **Dec. 31, 2015**
Financial assets	AfS / HtM	48.2	48.2				32.8
Receivables from financial services	LaR / n. a.	1,440.0	1,107.0			333.0	1,440.0
Trade receivables	LaR	1,427.2	1,427.2				1,427.2
Other financial assets							
Receivables from related parties	LaR	47.1	47.1				47.1
Derivative financial assets	FAHfT / LaR	14.7	– 14.1		28.8		14.7
Sundry financial assets	LaR	106.4	106.4				106.4
Securities	AfS / FAHfT / FAFVtpl	137.4		66.3	71.1		137.4
Cash and cash equivalents	FAFVtpl / LaR	615.9	615.1		0.8		615.9
Equity and liabilities							
Liabilities from financial services	FLAC	1,174.8	1,174.8				1,174.8
Trade payables	FLAC	553.5	553.5				553.5
Financial liabilities	FLAC / n. a.	1,894.5	1,883.7			10.8	2,019.8
Other financial liabilities							
Liabilities to related parties	FLAC	7.9	7.9				7.9
Derivative liabilities	FLAC / FLHfT	14.5	– 20.5		35.0		14.5
Liabilities from business combinations	FLAC	102.0	102.0				102.0
Sundry financial liabilities	FLAC	345.8	345.8				345.8
Thereof combined by measurement category in accordance with IAS 39:							
1 Held-to-maturity investments	(HtM)	32.8	32.8				32.8
2 Financial assets held for trading	(FAHfT)	28.8			28.8		28.8
3 Financial assets (designated as) at fair value through profit or loss	(FAFVtpl)	71.9			71.9		71.9
4 Available-for-sale financial assets	(AfS)	81.7	15.4	66.3			66.3
5 Loans and receivables	(LaR)	3,288.7	3,288.7				3,288.7
6 Receivables from the leasing business	(n. a.)	333.0				333.0	333.0
7 Financial liabilities held for trading	(FLHfT)	35.0			35.0		35.0
8 Financial liabilities at amortized cost	(FLAC)	4,047.2	4,047.2				4,172.5
9 Lease obligations	(n. a.)	10.8				10.8	10.8

in millions of EUR **Assets**	Measurement category under IAS 39	Carrying amount **Dec. 31, 2014**	Amount recognized in the statement of financial position Amortized cost	Fair value (recognized directly in equity)	Fair value through profit or loss	IAS 17	Fair value **Dec. 31, 2014**
Financial assets	AfS / HtM	53.5	53.5				32.4
Receivables from financial services	LaR / n. a.	1,412.2	1,107.9			304.3	1,412.2
Trade receivables	LaR	1,266.7	1,266.7				1,266.7
Other financial assets							
Receivables from related parties	LaR	74.7	74.7				74.7
Derivative financial assets	FAHfT / LaR	15.0	– 24.6		39.6		15.0
Sundry financial assets	LaR	88.9	88.9				88.9
Securities	AfS / FAHfT / FAFVtpl	131.4		56.1	75.3		131.4
Cash and cash equivalents	FAFVtpl / LaR	601.6	601.3		0.3		601.6
Equity and liabilities							
Liabilities from financial services	FLAC	1,129.2	1,129.2				1,129.2
Trade payables	FLAC	477.5	477.5				477.5
Financial liabilities	FLAC / n. a.	1,573.7	1,561.4			12.3	1,670.5
Other financial liabilities							
Liabilities to related parties	FLAC	10.6	10.6				10.6
Derivative liabilities	FLAC / FLHfT	16.6	– 10.8		27.4		16.6
Sundry financial liabilities	FLAC	293.3	293.3				293.3
Thereof combined by measurement category in accordance with IAS 39:							
1 Held-to-maturity investments	(HtM)	32.4	32.4				32.4
2 Financial assets held for trading	(FAHfT)	39.6			39.6		39.6
3 Financial assets (designated as) at fair value through profit or loss	(FAFVtpl)	75.6			75.6		75.6
4 Available-for-sale financial assets	(AfS)	77.2	21.1	56.1			56.1
5 Loans and receivables	(LaR)	3,114.9	3,114.9				3,114.9
6 Receivables from the leasing business	(n. a.)	304.3				304.3	304.3
7 Financial liabilities held for trading	(FLHfT)	27.4			27.4		27.4
8 Financial liabilities at amortized cost	(FLAC)	3,461.2	3,461.2				3,558.0
9 Lease obligations	(n. a.)	12.3				12.3	12.3

The following tables show the measurement of the fair value of the Würth Group's assets and liabilities by hierarchical level.

Assets and liabilities at fair value:

in millions of EUR	**Total Dec. 31, 2015**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Derivative assets			
Currency instruments	5.0	0.0	5.0
Interest instruments	23.8	0.0	23.8
Securities	137.4	66.3	71.1
Cash and cash equivalents	0.8	0.8	0.0
Financial assets at fair value	**167.0**	**67.1**	**99.9**
Derivative liabilities			
Currency instruments	5.0	0.0	5.0
Interest instruments	30.0	0.0	30.0
Financial liabilities at fair value	**35.0**	**0.0**	**35.0**

in millions of EUR	**Total Dec. 31, 2014**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Derivative assets			
Currency instruments	2.0	0.0	2.0
Interest instruments	37.6	0.0	37.6
Securities	131.4	56.1	75.3
Cash and cash equivalents	0.3	0.3	0.0
Financial assets at fair value	**171.3**	**56.4**	**114.9**
Derivative liabilities			
Currency instruments	4.0	0.0	4.0
Interest instruments	23.4	0.0	23.4
Financial liabilities at fair value	**27.4**	**0.0**	**27.4**

Notes on the fair values of those financial assets and liabilities that were not stated at fair value in the consolidated statement of financial position:

in millions of EUR	**Total Dec. 31, 2015**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	32.8	0.0	32.8
Receivables from financial services	1,440.0	0.0	1,440.0
Trade receivables	1,427.2	0.0	1,427.2
Receivables from related parties	47.1	0.0	47.1
Sundry financial assets	106.4	0.0	106.4
Cash and cash equivalents	615.1	615.1	0.0
Financial assets not stated at fair value	**3,668.6**	**615.1**	**3,053.5**
Liabilities from financial services	1,174.8	0.0	1,174.8
Trade payables	553.5	0.0	553.5
Financial liabilities	2,019.8	0.0	2,019.8
Liabilities to related parties	7.9	0.0	7.9
Liabilities from business combinations	102.0	0.0	102.0
Sundry financial liabilities	345.8	0.0	345.8
Financial liabilities not stated at fair value	**4,203.8**	**0.0**	**4,203.8**

in millions of EUR	**Total Dec. 31, 2014**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	32.4	0.0	32.4
Receivables from financial services	1,412.2	0.0	1,412.2
Trade receivables	1,266.7	0.0	1,266.7
Receivables from related parties	74.7	0.0	74.7
Sundry financial assets	88.9	0.0	88.9
Cash and cash equivalents	601.3	601.3	0.0
Financial assets not stated at fair value	**3,476.2**	**601.3**	**2,874.9**
Liabilities from financial services	1,129.2	0.0	1,129.2
Trade payables	477.5	0.0	477.5
Financial liabilities	1,670.5	0.0	1,670.5
Liabilities to related parties	10.6	0.0	10.6
Sundry financial liabilities	293.3	0.0	293.3
Financial liabilities not stated at fair value	**3,581.1**	**0.0**	**3,581.1**

I. Other notes

[1] Commitments and contingencies

in millions of EUR	2015	2014
Guarantees, warranties and collateral for third-party liabilities	28.7	33.1

Guarantees, warranties and collateral are due immediately upon request.

[2] Other financial obligations

in millions of EUR	2015	2014
Obligations from operating leases		
due within 12 months	236.6	216.6
due in 13 to 60 months	415.0	386.6
due in more than 60 months	117.9	64.3
	769.5	**667.5**
Purchase obligations		
due within 12 months	425.1	386.7
due in 13 to 60 months	0.0	0.3
	425.1	**387.0**
Sundry financial obligations		
due within 12 months	96.9	94.0
due in 13 to 60 months	69.7	73.0
due in more than 60 months	0.8	1.7
	167.4	**168.7**
Total	**1,362.0**	**1,223.2**

The operating leases mainly relate to rented buildings and leased vehicles. The interest rates stipulated in the lease agreements are customary market rates. There are no purchase options upon expiry of the lease either for the rented buildings or the leased vehicles.

The sundry financial obligations contain irrevocable lending commitments of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany in the amount of EUR 139.7 million (2014: EUR 147.1 million).

The table below shows the payments from operating leases recognized in profit or loss:

in millions of EUR	2015	2014
Real estate	142.5	123.7
Machines, equipment, furniture and fixtures	13.6	12.4
Vehicle fleet	130.2	127.8
Other	2.4	2.7
Total	**288.7**	**266.6**

[3] Contingent liabilities

As an international group with various areas of business, the Würth Group is exposed to many legal risks. This is especially true of risks for warranties, tax law and other legal disputes. However, according to the assessment by the Central Managing Board, no decisions are expected that would have a significant influence on the net assets of the Group. Tax field audits at group entities have not been completed yet and the related audit findings have not been reported yet.

[4] Financial instruments

Financial risk management
Through its financial activities, the Würth Group is subject to various risks that are assessed, managed and monitored by a systematic risk management system.

Details of the Group's management of market risks (exchange rates, interest rates and securities risks), credit risks and liquidity exposures are presented below.

Exchange rate risks
The Würth Group is exposed to currency risks from financing and operating activities. By exchange rate risks, the Würth Group means the exposure of the assets and income disclosed resulting from exchange rate fluctuations between the transaction currency and the functional currency in each case.

As far as operations are concerned, the individual group entities mainly carry out their activities in their own functional currency. The currency risk for the Würth Group from current operating activities is therefore classified as low. Exchange rate risks are countered by forward exchange contracts and currency options. Derivative financial instruments are used to hedge future sales and goods purchases against exchange rate risks.

Regarding the presentation of market risks, IFRS 7 requires sensitivity analyses showing how profit or loss and equity would be affected by hypothetical changes in the relevant risk variable.

If the euro had depreciated (appreciated) against the US dollar, the Swiss franc and the pound sterling by 10% as of December 31, 2015, the hypothetical effect on profit or loss would have been as follows:

in millions of EUR	Hypothetical effect on profit or loss **2015**		Hypothetical effect on profit or loss **2014**	
Currency	Depreciation	Appreciation	Depreciation	Appreciation
US dollar	– 0.4	0.4	3.9	– 3.9
Swiss franc	16.9	– 16.9	– 8.5	8.5
Pound sterling	0.1	– 0.1	0.0	0.0

There were no changes affecting other comprehensive income.

Interest rate risks

By interest rate risk, the Würth Group means the negative effects on the net assets and results of operations resulting from changes in interest rates. One of the methods used to counter this risk is to ensure that a large part of external financing is in fixed-interest rate bonds. In addition, derivatives are used for risk management purposes (e.g. interest rate swaps).

The interest rate risk is mainly limited to the liabilities to banks with floating interest rates listed under [24] “Financial liabilities” and the items presented under [13] “Receivables from financial services” and under [23] “Liabilities from financial services”.

Under IFRS 7, interest rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other components of profit or loss and, if applicable, on equity.

If the market interest level had been 100 base points higher (lower) as of December 31, 2015, profit or loss would have been EUR 5.3 million lower (higher) (2014: EUR 5.8 million). The hypothetical effect on profit or loss is mainly attributable to overdraft facilities as well as receivables and liabilities from financial services. Equity would change accordingly. There were no changes affecting other comprehensive income.

Securities risks

The Würth Group is exposed to securities risks because of its investments. Specifically, there is a risk of financial loss due to changes in prices of (publicly traded) securities. One way of countering this risk is through diversification of the investment portfolio. When selecting bonds, a minimum rating of BBB (Standard & Poor’s) is generally required. The rating development is monitored on a daily basis. If the bonds are downgraded by the rating agency, they are sold immediately. In addition, derivatives are used for risk management purposes to hedge security price risks.

Credit risk
The credit risk is countered by limiting business relationships to first class banks with a minimum rating of BBB (Standard & Poor's). Default risks from receivables are minimized by continuous monitoring of the creditworthiness of the counterparty and by limiting the aggregated individual risks from the counterparty. Standardized master agreements of the International Swaps and Derivatives Association (ISDA master agreements), including the Credit Support Annex (CSA), are in place with those external counterparties of the Würth Group with whom it enters into transactions as part of its financial risk management.

The maximum credit risk is the carrying amount of the financial assets recognized in the statement of financial position. The credit risk from operating activities is accounted for by recognizing a portfolio-based specific allowance on trade receivables.

Liquidity risks
The Würth Group needs liquidity to meet its financial obligations. Group entities are obliged by the Group's guidelines to deposit any excess cash not needed to meet current obligations with Würth Finance International B.V., 's-Hertogenbosch, Netherlands, or Adolf Würth GmbH & Co. KG, Künzelsau, Germany, to make it available to the Würth Group. The high international credit rating received by the Würth Group (Standard & Poor's issued an A rating on the Würth Group's non-current liabilities) means that the Group can obtain favorable terms for procuring funds on international capital markets. In order to be in a position to meet its payment obligations at any time, even in extraordinary circumstances, the Würth Group also maintains lines of credit with various banks to cover potential liquidity bottlenecks.

Capital management
The primary objective of the Würth Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio. The Group manages its capital structure in light of changes in economic conditions. In addition, the financial service providers within the Group comply with the applicable regulatory capital requirements. No changes were made to the objectives, policies and processes as of December 31, 2015 and December 31, 2014. The equity ratio, calculated as equity in accordance with IFRS divided by total assets, is 44.3 % (2014: 45.2 %). This means that the equity ratio is higher than the industry average, and ensures the Würth Group an investment grade A rating at present. Regarding a US private placement, the Würth Group is also required to comply with a certain ratio of senior liabilities to equity.

Fair value of financial instruments
The fair value of financial instruments that are included in the portfolio of available-for-sale financial assets and financial assets held for trading is estimated by comparing it with the market price on the reporting date.

The fair value of financial instruments designated as at fair value through profit or loss is determined using the valuation techniques presented under [20] "Securities".

The loss resulting from adjusting the fair value of financial assets at fair value through profit or loss amounted to EUR 0.9 million in the fiscal year (2014: EUR 0.1 million) and was recorded in full in profit or loss for the period.

The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. Interest rate swaps are measured at fair value on the basis of the present value of estimated future cash flows. The fair value of options is measured using option-pricing models. The Würth Group has a policy of obtaining confirmation of the fair value of all the above instruments by the banks that arranged the respective contracts for the Würth Group.

The financial instruments not recognized at fair value within the Würth Group primarily comprise certain cash equivalents, trade receivables, other current assets, other non-current assets, trade payables, and other liabilities, overdraft facilities, non-current loans and held-to-maturity investments.

The carrying amount of cash equivalents and overdraft facilities approximates fair value due to the high liquidity of the financial instruments.

The historical cost carrying amount of receivables and payables subject to normal trade credit terms also approximates fair value.

The fair value of non-current liabilities is based on the market price for these liabilities or similar financial instruments or on the current interest rates for borrowing at similar terms and conditions. The amounts reported in the statement of financial position approximate fair value and are presented separately in note [29] "Additional disclosures on financial instruments".

Derivative financial instruments

As of the reporting date, the fair value of derivate financial instruments was as follows:

in millions of EUR	Contract value or nominal value		Positive replacement value		Negative replacement value	
Type	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Currency instruments						
Foreign exchange forward contracts	771.2	930.0	4.9	2.0	5.0	4.0
Currency options (OTC)	2.7	0.0	0.1	0.0	0.0	0.0
Total currency instruments	**773.9**	**930.0**	**5.0**	**2.0**	**5.0**	**4.0**
Interest instruments						
Interest rate swaps	787.5	850.7	20.2	36.7	24.5	22.6
Cross-currency swaps	201.3	34.9	3.6	0.9	5.5	0.8
Total interest instruments	**988.8**	**885.6**	**23.8**	**37.6**	**30.0**	**23.4**
Reduction due to CSA			**14.1**	**24.6**	**20.5**	**10.8**
Net replacement value			0.2	– 1.6		

As part of financial risk management, a credit support annex (CSA) was entered into. For this reason, the positive and negative replacement values of the interest instruments were all presented as a net value in the statement of financial position, i.e. after taking into account the cash settlement under the CSA.

[5] Leases

Lessee

The net carrying amount of assets leased under finance leases breaks down as follows:

in millions of EUR	2015	2014
Real estate	7.4	7.4
Machines, equipment, furniture and fixtures	3.4	3.0
Vehicle fleet	1.7	2.4
Other	0.0	0.3
Total	**12.5**	**13.1**

The vast majority of finance leases relate to real estate. These agreements are generally designed to include a purchase option and a renewal option. Furthermore, some contain price escalation clauses based on the Euribor. There are no significant restrictions imposed by lease agreements.

Minimum lease installments over the remaining terms of the finance lease agreements and their present value are as follows:

in millions of EUR	2015	2014
due within 12 months	5.2	3.2
due in 13 to 60 months	4.3	8.6
due in more than 60 months	2.1	2.7
Minimum lease payments from finance leases less expected future interest payments	11.6	14.5
due within 12 months	0.1	0.6
due in 13 to 60 months	0.4	1.1
due in more than 60 months	0.3	0.3
Present value of minimum lease payments	**10.8**	**12.5**
Thereof		
due within 12 months	5.1	2.6
due in 13 to 60 months	4.0	7.4
due in more than 60 months	1.8	2.5

Lessor

The consolidated group also contains some entities that specialize in leases. These entities also have finance and operating leases with external third parties, primarily for machines, equipment, furniture and fixtures, and vehicles.

Reconciliation of the total gross investment to the present value of finance leases – lessor:

	December 31		due within 12 months		due in 13 to 60 months		due in more than 60 months	
in millions of EUR	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Total lease installments (gross total investments in the lease)	771.1	660.1						
Lease installments already received	303.9	266.2						
Lease installments (future minimum lease payments)	467.2	393.9	147.1	128.9	298.3	249.5	21.8	15.5
Thereof: lease payments already sold	276.9	217.2	82.3	68.9	177.5	137.5	17.1	10.8
Unearned finance income	47.6	44.2	18.3	18.1	27.7	24.0	1.6	2.1
Present value of the outstanding minimum lease payments	**142.7**	**132.5**	**46.5**	**41.9**	**93.1**	**88.0**	**3.1**	**2.6**

The finance leases are mainly hire-purchase arrangements or full payout lease agreements with a maximum term of over 90% of the leased assets' estimated useful life. The contracts can only be terminated for due cause for which the counterparty is responsible.

Valuation allowances of EUR 0.4 million (2014: EUR 0.6 million) were recognized in the fiscal year for uncollectable outstanding minimum lease payments.

Cash flow from operating leases – lessor:

in millions of EUR	**2015**	**2014**
due within 12 months	3.4	0.2
due in 13 to 60 months	11.1	0.5
due in more than 60 months	7.2	0.0
Total	**21.7**	**0.7**

[6] Related parties

Basically, related parties are members of the Würth family and entities controlled by them as well as key management personnel (members of the Würth Group's Central Managing Board and the Executive Board), members of the Advisory Board of the Würth Group, the Management Board of the Würth Group's Family Trusts, the Supervisory Board of the Würth Group's Family Trusts and close family members of the aforementioned groups of persons. Related parties also include the family trusts. Related party transactions were all conducted at arm's length.

Payments of EUR 247.1 million (2014: EUR 207.1 million) were made to members of the Würth family and the family trusts for distributions and usufructuary rights. Of the payments made, an amount of EUR 164.5 million (2014: EUR 147.4 million) was paid back as a capital contribution.

The transactions and interest income and expenses listed below were effected between the Würth Group and the Würth family, members of the Central Managing Board, the Executive Board and the Advisory Board, as well as the Management Board and the Supervisory Board of the Würth Group's Family Trusts.

in millions of EUR	2015	2014
Purchased services	3.1	3.2
Services rendered	0.3	0.2
Interest cost	0.5	1.0
Interest income	0.1	0.1
Lease / rental expense	4.9	6.1
Lease / rental income	0.2	0.2
Remuneration of the Management Board and Supervisory Board of the Würth Group's Family Trusts, and the Advisory Board	5.9	4.8

The following receivables and liabilities arose from these transactions:

in millions of EUR	2015	2014
Receivables from financial services	16.9	8.7
Loan receivable	17.4	20.5
Liabilities from financial services	2.9	1.6
Loan liabilities	7.9	10.6

In addition, close family members of key management personnel received wage and salary payments of EUR 2.1 million (2014: EUR 0.1 million). In addition, there are liabilities from financial services amounting to EUR 0.1 million (2014: EUR 0.2 million).

The interest income and expenses listed below were transacted between the Würth Group and the Family Trusts:

in millions of EUR	2015	2014
Lease / rental expense	1.0	1.0
Interest cost	2.9	2.5
Interest income	0.6	0.6

These transactions gave rise to loan receivables of EUR 29.7 million (2014: EUR 54.2 million) due from this group of persons and loan liabilities of EUR 0.4 million (2014: EUR 0.1 million).

The receivables due from and liabilities due to related parties for financial services are subject to market interest rates. All other purchased services are also rendered at market terms and conditions.

[7] Compensation of key management personnel

in millions of EUR	2015	2014
Short-term employee benefits	23.4	23.2
Post-employment benefits	0.1	0.1
Benefits due to the end of the employment relationship	0.3	0.2
Total	**23.8**	**23.5**

Individual members of the Central Managing Board and the Executive Board have a right to pension benefits with a total present value of EUR 16.2 million (2014: EUR 15.7 million). Former members and their surviving dependents are also entitled to benefit payments. The present value of the resulting benefit obligations totals EUR 17.3 million (2014: EUR 17.4 million).

[8] Government grants

The Würth Group received government grants of EUR 1.6 million in the form of investment subsidies for infrastructure projects (2014: EUR 0.9 million). EUR 0.6 million thereof (2014: EUR 0.1 million) was deducted from the assets' carrying amounts and EUR 1.0 million (2014: EUR 0.8 million) was immediately recognized in profit or loss.

[9] Auditor's fees

The following table shows, on aggregate, the fees incurred for the services provided by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany in the fiscal year 2015.

in millions of EUR	2015
Audit	2.0
Assurance services	0.1
Tax services	0.1
Other fees	0.3
Total	**2.5**

[10] Events after the reporting period

On January 29, 2016, the Würth Group acquired 100 % of the shares and voting rights in Erwin Büchele Unternehmensgruppe, Esslingen, Germany. The Group develops, produces and distributes rod core chokes and its activities are to be continued within the Würth Elektronik eiSos Group. The purchase price was EUR 19.7 million.

[11] Exemption from the duty of partnerships and stock corporations to prepare, audit and disclose financial statements

The following German Group entities organized as partnerships made use of the exemption clause according to Sec. 264b HGB for the fiscal year 2015:

Entity	Registered office
Abraham Diederichs GmbH & Co. oHG	Wuppertal
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg
Adolf Würth GmbH & Co. KG	Künzelsau
Arnold & Shinjo GmbH & Co. KG	Dörzbach
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg
Baier & Michels GmbH & Co. KG	Ober-Ramstadt
CONMETALL GmbH & Co. KG	Celle
Conpac GmbH & Co. KG	Celle
Glessdox GmbH & Co. KG	Untermünkheim
Grass GmbH & Co. KG	Reinheim
H. Sartorius Nachf. GmbH & Co. KG	Ratingen
Hetal-Werke Franz Hettich GmbH & Co. KG	Alpirsbach
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr
Marbet Marion & Bettina Würth GmbH & Co. KG	Künzelsau
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach
PIRUS Grundstücksgesellschaft mbH & Co. oHG	Göppingen
Schössmetall GmbH & Co. KG	Freilassing
Siller & Laar Schrauben- Werkzeug- und Beschläge-Handel GmbH & Co. KG	Augsburg
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten
Synfiber AS & Co. Beschränkt haftende KG	Worms
Teudeloff GmbH & Co. KG	Waldenburg
TOGE Dübel GmbH & Co. KG	Nuremberg
TUNAP Deutschland Vertriebs- GmbH & Co. Betriebs-KG	Wolfratshausen
TUNAP Industrie Chemie GmbH & Co. Produktions KG	Wolfratshausen
Uni Elektro Fachgroßhandel & Co. Grundstücksverwaltungsgesellschaft OHG	Eschborn
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn
Wagener & Simon WASI GmbH & Co. KG	Wuppertal
Waldenburger Beteiligungen GmbH & Co. KG	Künzelsau
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten
WLC Würth-Logistik GmbH & Co. KG	Künzelsau
Würth - Elektronik GmbH & Co KG	Niedernhall
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg
Würth Elektrogroßhandel GmbH & Co. KG	Künzelsau
Würth Elektronik ICS GmbH & Co. KG	Niedernhall

Entity	Registered office
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau
Würth Immobilien-Leasing GmbH & Co.KG	Göppingen
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim
Würth IT International GmbH & Co. KG	Bad Mergentheim
Würth Leasing GmbH & Co. KG	Göppingen
Würth Modyf GmbH & Co. KG	Künzelsau
Würth TeleServices GmbH & Co. KG	Künzelsau
Würth Versicherungsdienst GmbH & Co. KG	Künzelsau
YOUR OWN BRAND GmbH & Co. KG	Regensburg

The following German group entities organized as corporations made use of the exemption clause according to Sec. 264 (3) HGB for the fiscal year 2015:

Entity	Registered office
Dinol GmbH	Lügde
Dringenberg GmbH Betriebseinrichtungen	Ellhofen
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach
FFP Montageteileproduktion Vertriebs-GmbH	Waldenburg
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall
HAHN+KOLB Werkzeuge GmbH	Ludwigsburg
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Duisburg
INDUNORM Hydraulik GmbH	Duisburg
KERONA GmbH	Öhringen
Lichtzentrale Lichtgroßhandel GmbH	Ansbach
Meister Werkzeuge GmbH	Wuppertal
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal
„METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal
Normfest GmbH	Velbert
Panorama Hotel- und Service GmbH	Waldenburg
Pronto-Werkzeuge GmbH	Wuppertal
Reca Norm GmbH	Kupferzell
REISSER Schraubentechnik GmbH	Ingelfingen
Reinhold Würth Holding GmbH	Künzelsau
Schmitt Elektrogroßhandel GmbH	Fulda
SVH Handels GmbH	Dortmund
SWG Schraubenwerk Gaisbach GmbH	Waldenburg
WUCATO Marketplace GmbH	Stuttgart
Würth Elektronik iBE GmbH	Thyrnau
Würth IT GmbH	Bad Mergentheim
WOW ! Würth Online World GmbH	Künzelsau

J. Notes on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows shows how the Würth Group's cash has changed over the fiscal year as a result of cash received and paid. It is classified by cash flows from operating, investing or financing activities.

The cash flow from operating activities is derived indirectly from the earnings before taxes. Specifically, the figure for earnings before taxes is adjusted for income tax payments, finance costs and finance revenue, interest income from operating activities, changes in obligations from post-employment benefits, non-cash amortization, depreciation, impairment and reversals of impairment as well as losses and gains on the disposal of non-current assets and other non-cash expenses and income. The insurance settlement resulting from the fire damage was removed from the cash flow from operating activities and reported under cash flow from investing activities.

The effects of acquisitions and other changes in the consolidated group have been eliminated. When purchased subsidiaries are included for the first time, only the actual cash flows are shown in the consolidated statement of cash flows. Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand and bank balances as well as highly liquid short-term investments and other cash equivalents.

The effects of acquisitions and other changes in the consolidated group on the consolidated statement of cash flows have been considered separately. We refer to "C. Consolidated group".

K. List of shareholdings

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Albania		
Würth Albania Ltd.	Tirana	100
Argentina		
Wurnet Argentina S.A.	Canuelas	100
Würth Argentina S.A.	Canuelas	100
Armenia		
Würth LLC	Yerevan	100
Australia		
Würth Australia Pty Ltd	Dandenong South	100
Austria		
Würth Handelsgesellschaft m.b.H.	Böheimkirchen	100
Azerbaijan		
Wurth Azerbaijan LLC	Baku	100
Belarus		
FLLC "WurthBel"	Minsk	100
Belgium		
Würth België N.V.	Turnhout	100
Bolivia		
Wurth Bolivia S.r.l.	Santa Cruz de la Sierra	100
Bosnia and Herzegovina		
WURTH BH d.o.o.	Sarajevo	100
Brazil		
Wurth do Brasil Peças de Fixação Ltda.	Cotia	100
Bulgaria		
Würth Bulgarien EOOD	Sofia	100
Cambodia		
Wuerth (Cambodia) Ltd.	Phnom Penh	100
Canada		
McFadden's Hardwood & Hardware Inc.	Oakville	100
Würth Canada Ltd., Ltée	Guelph	100
Chile		
Würth Chile Ltda.	Santiago de Chile	100
China		
Wuerth (Shenyang) Hardware & Tools Co., Ltd.	Shenyang	100
Wuerth (Tianjin) International Trade Co., Ltd.	Tianjin	100
Würth (Chongqing) Hardware & Tools Co., Ltd.	Chongqing	100

Entity	Registered office	Würth Group share in %
China		
Würth (Guangzhou) International Trading Co., Ltd.	Guangzhou	100
Wurth Hong Kong Co., Ltd.	Hong Kong	100
Colombia		
Würth Colombia SA	Bogotá	100
Costa Rica		
Würth Costa Rica, S.A.	La Uruca, San José	100
Croatia		
Würth-Hrvatska d.o.o.	Zagreb	100
Czech Republic		
Würth, spol. s r.o.	Mladá Boleslav	100
Denmark		
Würth Danmark A/S	Kolding	100
Dominican Republic		
Würth Dominicana S.A.	Santo Domingo	100
Ecuador		
WURTH ECUADOR S.A.	Quito	100
Estonia		
Aktsiaselts Würth	Tallinn	100
Finland		
Würth Oy	Riihimäki	100
France		
Würth France SA	Erstein	95
Würth Modyf France S.A.R.L.	Erstein	100
Georgia		
Würth Georgia Ltd.	Tiflis	100
Germany		
Würth Modyf GmbH & Co. KG	Künzelsau	100
Greece		
Wurth Hellas S.A.	Kryoneri, Attiki	100
Hungary		
Würth Szereléstechnika KFT	Budaörs	100
Iceland		
Würth á Íslandi ehf.	Garðabær	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
India		
Wuerth India Pvt. Ltd.	Mumbai	100
Indonesia		
Wuerth Indonesia P.T.	Jakarta	100
Ireland		
Würth (Ireland) Limited	Limerick	100
Israel		
Würth Israel Ltd.	Caesarea	100
Italy		
Modyf S.r.l.	Tramin	100
Würth S.r.l.	Neumarkt	100
Japan		
Würth Japan Co., Ltd.	Yokohama	100
Jordan		
Wurth - Jordan Co. Ltd.	Amman	100
Kazakhstan		
Wuerth Kazakhstan Ltd.	Almaty	100
Kenya		
Wuerth Kenya Ltd.	Nairobi	100
Kosovo		
Würth-Kosova Sh.p.k.	Gračanica	100
Kyrgyzstan		
Würth Foreign Swiss Company Ltd.	Bishkek	100
Latvia		
SIA Wurth	Riga	100
Lebanon		
Wurth Lebanon SAL	Beirut	100
Lithuania		
Wurth Lietuva	Vilnius	100
Macedonia		
Wurth Makedonija DOOEL	Skopje	100
Malaysia		
Wuerth (Malaysia) Sdn. Bhd.	Johor Bahru	100
Malta		
Würth Limited	Zebbug	99
Würth Mediterranean Limited	Zebbug	100

Entity	Registered office	Würth Group share in %
Martinique		
Würth Caraïbes SARL	Ducos	100
Mexico		
Würth México S.A. de C.V.	Morelos	100
Moldova		
Wurth S.R.L.	Chisinau	100
Mongolia		
Wuerth Mongolia LLC	Ulan Bator	100
Montenegro		
Wurth d.o.o. Podgorica	Podgorica	100
Namibia		
Wurth Namibia	Windhoek	100
Netherlands		
Würth Nederland B.V.	's-Hertogenbosch	100
New Zealand		
Wurth New Zealand Ltd.	Auckland	100
Norway		
Würth Norge AS	Hagan	100
Panama		
Würth Centroamérica S.A.	Panama City	100
Peru		
Würth Perú S.A.C.	Lima	100
Philippines		
Wuerth Philippines, Inc.	Laguna	100
Poland		
Würth Polska Sp. z o.o.	Warsaw	100
Portugal		
Würth (Portugal) Técnica de Montagem Lda.	Sintra	100
Würth Modyf Lda.	Sintra	100
Romania		
Würth Romania S.R.L	Otopeni	100
Russia		
"Würth Eurasien" Aktiengesellschaft	Yekaterinburg	100
Wuerth North-West JSC	St. Petersburg	100
Würth Russia	Moscow	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Serbia		
Wurth d.o.o.	Belgrade	100
Slovakia		
Hommel Hercules France, s.r.o.	Bratislava	100
Würth spol. s r.o.	Bratislava	100
Slovenia		
Würth d.o.o.	Trzin	100
South Africa		
Wuerth South Africa (Pty.) Ltd.	Gauteng	100
South Korea		
Wurth Korea Co., Ltd.	Hanam	100
Spain		
WÜRTH CANARIAS, S.L.	Las Palmas	100
Würth España, S.A.	Palau-solità i Plegamans	100
Würth Modyf S.A.	Palau-solità i Plegamans	100
Sri Lanka		
Wurth Lanka (Private) Limited	Nugegoda	100
Sweden		
Würth Svenska AB	Örebro	100
Switzerland		
Würth AG	Arlesheim	100
Taiwan		
Würth Taiwan Co. Ltd.	Taipeh	100

Entity	Registered office	Würth Group share in %
Thailand		
Wuerth (Thailand) Company, Limited	Bangkok	100
Turkey		
Würth Sanayi Ürünleri Tic. Ltd. Sti.	Mimarsinan	100
Ukraine		
Würth Ukraine Ltd.	Vyshgorod	100
United Arab Emirates		
Würth Gulf FZE	Dubai	100
United Kingdom		
Wurth (Northern Ireland) Ltd.	Belfast	100
Würth U.K. Ltd.	Erith	100
Uruguay		
Wurth del Uruguay S.A.	Barros Blancos	100
USA		
Oliver H. Van Horn Co., LLC	New Orleans, Louisiana	100
Wurth Action Bolt & Tool Co.	Riviera Beach, Florida	100
Wurth Baer Supply Co.	Vernon Hills, Illinois	100
Wurth Louis and Company	Brea, California	100
Wurth USA Inc.	Ramsey, New Jersey	100
Wurth Wood Group Inc.	Charlotte, North Carolina	100
Vietnam		
Wurth Vietnam Company Limited	Ho-Chi-Minh City	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
Australia		
Thomas Warburton Pty. Ltd.	Dandenong South	100
Belgium		
Würth Industry Belgium N.V.	Grâce-Hollogne	100
Würth Industry Belux S.A.	Grâce-Hollogne	100
Brazil		
SW Industry Peças de Fixação Ltda.	São Bernardo do Campo	100
Canada		
Wurth Industry of Canada Ltd.	Indianapolis	100
China		
Arvid Nilsson Logistics & Trade (Shanghai) Co., Ltd.	Shanghai	100
WASI Tianjin Fastener Co., Ltd.	Tianjin	100
Wuerth (China) Co., Ltd.	Shanghai	100
Wuerth Baier & Michels (Shanghai)		
Automotive Fastener Co., Ltd.	Shanghai	100
Denmark		
Würth Industri Danmark A/S	Kolding	100
France		
Würth Industrie France S.A.S.	Erstein	100
Germany		
Baier & Michels GmbH & Co. KG	Ober-Ramstadt	100
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim	100
India		
Wuerth Industrial Services India Pvt. Ltd.	Pune	100
Italy		
Baier & Michels S.r.l.	Padua	100
Malaysia		
Wuerth Industrial Services Malaysia Sdn. Bhd.	Subang Jaya	100
Mexico		
Wuerth Baier & Michels México S.A.de C.V.	Querétaro	100
Würth McAllen Bolt de Mexico S de RL de CV	Reynosa	100

Entity	Registered office	Würth Group share in %
Mexico		
Würth McAllen Maquila Services S de RL de CV	Reynosa	100
Würth Service Supply de Mexico	Indianapolis	100
New Zealand		
EDL Fasteners Ltd.	Manukau	100
Norway		
Würth Industri Norge A/S	Dokka	100
Romania		
S.C. Wurth Industrie S.r.l.	Otopeni	100
South Africa		
Action Bolt (Pty.) Ltd.	Durban	100
South Korea		
Korea Fasteners Ltd.	Gyeonggi-Do	100
Spain		
Würth Industria España, S.A.	Barcelona	100
Sweden		
Würth Industri Sverige AB	Askim	100
Turkey		
Würth Baier & Michels Otomotiv Türkiye Ltd. Şti.	Bursa	100
Würth Industrie Service Endüstriyel		
Hizmetler Pazarlama Limited Sirketi	Silivri	100
USA		
Baier & Michels USA Inc.	Greer, South Carolina	100
Marine Fasteners Inc.	Sanford, Florida	100
Northern Safety Company, Inc.	Frankfort, New York	100
Würth Adams Nut & Bolt Company	Brooklyn Park, Minnesota	100
Wurth Des Moines Bolt Inc.	Des Moines, Iowa	100
Wurth RevCar Fasteners, Inc.	Roanoke, Virginia	100
Wurth Snider Bolt and Screw, Inc.	Louisville, Kentucky	100
Wurth Timberline Fasteners Inc.	Commerce City, Colorado	100
Wurth/Service Supply Inc.	Indianapolis, Indiana	100

ELECTRICAL WHOLESALE

Entity	Registered office	Würth Group share in %
Austria		
Eichmann Elektrofachgroßhandel GmbH	Linz	100
Czech Republic		
Elfetex spol. s r.o.	Pilsen	100
Estonia		
Talger-Elektrotehnika Osaühing	Tallinn	100
Germany		
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach	100
Lichtzentrale Lichtgroßhandel GmbH	Ansbach	100
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn	100

Entity	Registered office	Würth Group share in %
Germany		
Walter Kluxen GmbH	Hamburg	100
Italy		
MEF S.r.l.	Florence	65
Latvia		
SIA Baltjas Elektro Sabiedriba	Riga	100
Lithuania		
UAB ELEKTROBALT	Vilnius	100
Poland		
Fega Poland Sp. z o.o.	Wrocław	100

TRADE

Entity	Registered office	Würth Group share in %
Belgium		
CONMETALL N.V.	Mechelen	100
Duvimex Belgium BvbA	Edegem	100
China		
DIY Products Asia Ltd.	Hong Kong	100
Meister Tools Trading (Shanghai) Co., Ltd.	Shanghai	100
Czech Republic		
CONMETALL spol. s r.o.	Opava	100
Finland		
Ares Oy Nikotips	Espoo	100
France		
Meister France S.A.S.	Strasbourg	100
SWG France SARL	Forbach	100
Germany		
Arnold & Shinjo GmbH & Co. KG	Dörzbach	100
CONMETALL GmbH & Co. KG	Celle	100
Conpac GmbH & Co. KG	Celle	100
Glessdox GmbH & Co. KG	Untermünkheim	100

Entity	Registered office	Würth Group share in %
Germany		
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein	100
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr	100
KERONA GmbH	Öhringen	100
Meister Werkzeuge GmbH	Wuppertal	100
Schössmetall GmbH & Co. KG	Freilassing	100
Teudeloff GmbH & Co. KG	Waldenburg	100
Hungary		
REISSER Csavar Kft	Szár	100
Van Roij Fasteners Hungaria Kft.	Dunaharaszti	100
Italy		
Masidef S.r.l.	Caronno Pertusella	100
Unifix SWG S.r.l.	Terlano	100
Netherlands		
Van Roij Fasteners Europe B.V.	Deurne	100
Norway		
Arvid Nilsson Norge AS	Dokka	100

TRADE

Entity	Registered office	Würth Group share in %
Norway		
Synfiber AS	Oslo	100
Poland		
REISSER - POL Sp. z o.o.	Poznan	100
Romania		
Meister Romania Srl	Otopeni	100
Reisser Tehnic s.r.l.	Cluj Napoca	100
Russia		
IVT Ural, O.O.O.	Bolshoj Istok	100

Entity	Registered office	Würth Group share in %
Spain		
Reisser Tornillería SLU	Barcelona	100
RUC Holding Conmetall S.A.	Barcelona	100
SWG Schraubenwerk Gaisbach Espana, S.L.U.	Barcelona	100
Sweden		
Arvid Nilsson Sverige AB	Kungälv	100
Switzerland		
Reinhold Handels AG	Chur	100

PRODUCTION

Entity	Registered office	Würth Group share in %
Australia		
Grass Australia/New Zealand Pty Ltd.	Melbourne	100
Austria		
Grass GmbH	Höchst	100
Schmid Schrauben Hainfeld GmbH	Hainfeld	100
Canada		
Grass Canada Inc.	Toronto	100
China		
Arnold Fasteners (Shenyang) Co., Ltd.	Shenyang	100
Grass (Shanghai) International Trading Co., Ltd.	Shanghai	100
Czech Republic		
GRASS CZECH s.r.o.	Cesky Krumlov	100
Denmark		
Dokka Fasteners A/S	Kolding	100
France		
Arnold Technique France	Anneyron	100

Entity	Registered office	Würth Group share in %
Germany		
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg	100
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg	100
BB Stanz- und Umformtechnik GmbH	Berga	100
Chemofast Anchoring GmbH	Willich-Münchheide	100
Dringenberg GmbH Betriebseinrichtungen	Obersulm-Sülzbach	100
FELO-Werkzeugfabrik Holland-Letz GmbH	Neustadt	100
Grass GmbH & Co. KG	Reinheim	100
Grass Vertriebs GmbH Deutschland	Ofterdingen	100
Hetalco GmbH	Alpirsbach	100
Hetal-Werke Franz Hettich GmbH & Co. KG	Alpirsbach	100
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach	100
REISSER Schraubentechnik GmbH (1)	Ingelfingen-Criesbach	100
SWG Schraubenwerk Gaisbach GmbH (1)	Waldenburg	100
TOGE Dübel GmbH & Co. KG	Nuremberg	100
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten	100

On (1): These entities also operate in the Trade segment.

PRODUCTION

Entity	Registered office	Würth Group share in %
Hungary		
Felo Szerszámgyár Kft.	Eger	100
Italy		
Grass Italia SRL	Pordenone	100
Norway		
Dokka Fasteners AS	Dokka	100
Poland		
Dringenberg Polska Sp. z o.o.	Zagan	100
South Africa		
Grass ZA (Pty.) Ltd.	Montague Gardens	100
Spain		
Grass Iberia, S.A.	Elgeta	100
Sweden		
Grass Nordiska AB	Jönköping	100

Entity	Registered office	Würth Group share in %
Switzerland		
InovaChem Engineering AG	Wetzikon	100
KMT Kunststoff- und Metallteile AG	Hinwil	100
Turkey		
Grass TR Mobilya Aksesuarlari Ticaret Limited Sirketi	Istanbul	100
United Kingdom		
Grass Movement Systems Ltd	Bromsgrove	100
Tooling International Ltd.	Solihull	100
USA		
Arnold Fastening Systems, Inc.	Auburn Hills, Michigan	100
Cardinal Fastener Inc.	Bedford Heights, Ohio	100
Dokka Fasteners Inc.	Auburn Hills, Michigan	100
Grass America, Inc.	Kernersville, North Carolina	100
MKT Fastening L.L.C.	Lonoke, Arkansas	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Austria		
Würth Elektronik Österreich GmbH	Schwechat	100
Bulgaria		
Würth Elektronik iBE BG EOOD	Belozem	100
China		
Stelvio Kontek Limited	Hong Kong	100
Wuerth Electronic Tianjin Co., Ltd.	Tianjin	100
Wurth Electronics (Chongqing) Co., Ltd.	Chongqing	100
Wurth Electronics (HK) Limited	Hong Kong	100
Wurth Electronics (Shenyang) Co., Ltd.	Shenyang	100
Wurth Electronics (Shenzhen) Co., Ltd	Shenzhen	100
Czech Republic		
Würth Elektronik eiSos Czech s.r.o.	Brünn	100
Würth Elektronik IBE CZ s.r.o.	Budweis	100
Finland		
Würth Elektronik Oy	Nurmijärvi	100

Entity	Registered office	Würth Group share in %
France		
Würth Elektronik France SAS	Jonage	100
Germany		
PARAVAN GmbH	Pfronstetten-Aichelau	51
Würth - Elektronik GmbH & Co KG	Niedernhall	94
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg	100
Würth Elektronik iBE GmbH	Thyrnau	100
Würth Elektronik ICS GmbH & Co. KG	Niedernhall	100
Hungary		
SIME Elektronikai Gyártó és Forgalmazó Kft.	Tab	75
India		
Wuerth Elektronik CBT India Private Limited	Mysore	100
Wuerth Elektronik India Pvt Ltd	Bangalore	100
Wurth Electronics Services India Private Limited	Bangalore	100
Italy		
Wuerth Elektronik Stelvio Kontek S.p.A.	Oggiono	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Italy		
Würth Elektronik Italia s.r.l.	Cormano	100
Mexico		
Wemsa S.A. de C.V.	Irapuato	100
Würth Elektronik Mexico S.A. de C.V.	Irapuato	100
Netherlands		
Würth Elektronik Nederland B.V.	's-Hertogenbosch	100
Poland		
Würth Elektronik Polska sp. z o. O	Wrocław	100
Romania		
sc STM Elettromeccanica S.r.l.	Blaj	100
Singapore		
Wurth Electronics Singapore Pte. Ltd.	Singapore	100
Spain		
Würth Elektronik España, S.L.	Barcelona	100

Entity	Registered office	Würth Group share in %
Sweden		
Würth Elektronik Sweden AB	Enköping	100
Switzerland		
Würth Elektronik (Schweiz) AG	Zurich	100
Taiwan		
Wurth Electronics Co., Ltd.	Taipeh	100
Würth Elektronik eiSos GmbH&Co KG		
Taiwan Branch	Taipeh	100
Turkey		
Würth Elektronik Ithalat Ihracat ve Ticaret Ltd. Sti.	Ümraniye	100
United Kingdom		
Würth Electronics UK Ltd.	Manchester	100
USA		
Wurth Electronics ICS, Inc.	Dayton, Ohio	100
Wurth Electronics Midcom Inc.	Watertown, South Dakota	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Austria		
Kellner & Kunz AG	Vienna	100
Belgium		
Reca Belux	Ternat	100
Bosnia and Herzegovina		
RECA d.o.o., Sarajevo	Sarajevo	100
Bulgaria		
Reca Bulgaria EOOD	Sofia	100
China		
reca (Shanghai) Intern. Trading Co., Ltd.	Shanghai	100
Croatia		
reca d.o.o.	Varazdin	100

Entity	Registered office	Würth Group share in %
Czech Republic		
Normfest s.r.o.	Prague	90
reca spol. s r.o.	Brünn	100
France		
Reca Union France	Mundolsheim	75
Germany		
Normfest GmbH	Velbert	100
Reca Norm GmbH	Kupferzell	100
Siller & Laar Schrauben- Werkzeug-		
und Beschläge-Handel GmbH & Co. KG	Augsburg	100
Hungary		
Reca KFT	Budapest	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Italy		
FIME S.r.l.	Belfiore	100
Reca Italia S.r.l.	Gazzolo d'Arcole	100
SCAR S.r.l.	Bussolengo	96
Netherlands		
A.J. Steenkist-Rooijmans B.V.	Eindhoven	100
Poland		
Normfest Polska Sp. z o.o.	Poznan	100
reca Polska Sp. z o.o.	Cracow	100
Romania		
Reca Bucuresti S.R.L.	Bucharest	100
Serbia		
reca d.o.o. Beograd	Belgrade	100

Entity	Registered office	Würth Group share in %
Slovakia		
reca Slovensko s.r.o.	Bratislava	100
Slovenia		
Reca D.O.O.	Pesnica pri Mariboru	100
Spain		
reca Hispania S.A.U.	Aldaya	100
Switzerland		
Airproduct AG	Oberwil-Lieli	100
Reca AG	Samstagern	100
Turkey		
Reca Vida Alet ve Makine Parc. Tic. Ltd. Sti.	Izmir	100
United Kingdom		
reca-uk ltd	West Bromwich	100

TOOLS

Entity	Registered office	Würth Group share in %
Austria		
Hommel & Seitz GmbH	Vienna	100
Metzler GmbH & Co. KG	Rankweil	100
Bulgaria		
Hahn i Kolb Instrumenti EOOD	Sofia	100
China		
HAHN + KOLB (Tianjin) International Trade Co., Ltd.	Tianjin	100
HAHN+KOLB (Chongqing) Tools Co., Ltd.	Chongqing	100
HAHN+KOLB (Guangzhou) Tools Co., Ltd.	Guangzhou	100
Czech Republic		
HHW-Hommel Hercules Werkzeughandel CZ/SK s.r.o.	Prague	100
Germany		
HAHN+KOLB Werkzeuge GmbH	Ludwigsburg	100
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim	100
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen	100
SVH Handels-GmbH	Dortmund	100
Hungary		
HAHN + KOLB Hungaria Kft.	Budapest	100

Entity	Registered office	Würth Group share in %
India		
HAHN+KOLB Tools Pvt. Ltd.	Pune	100
Mexico		
HAHN+KOLB Mexico S. de R.L. de C.V.	Puebla	100
Poland		
HAHN + KOLB POLSKA Sp. z o.o.	Poznan	100
HHW Hommel Hercules PL Sp. z o.o.	Katowice	100
Romania		
HAHN+KOLB ROMANIA SRL	Otopeni	100
Russia		
OOO Hahn+Kolb	Moscow	100
Serbia		
Hahn + Kolb d.o.o. Beograd	Belgrade	100
Turkey		
HAHN KOLB Endüstri Ürünleri Tic. Ltd. Sti	Istanbul	100
United Kingdom		
Monks & Crane Industrial Group Limited	Wednesbury	100

CHEMICALS

Entity	Registered office	Würth Group share in %
Austria		
TUNAP Cosmetics GmbH	Kematen in Tyrol	51
Tunap Cosmetics Liegenschaften GmbH	Kematen in Tyrol	51
TUNAP chemisch-technische Produkte		
Produktions- und Handelsgesellschaft m.b.H.	Vienna	67
Belgium		
Tunap Benelux nv	Lokeren	100
Brazil		
AP Winner Indústria e Comércio de Produtos		
Químicos Ltda.	Ponta Grossa	100
TUNAP do Brasil Comércio de Produtos Químicos Ltda.	São Paulo	67
China		
AP Winner (Changzhou) Chemical		
Technology Co., Ltd.	Changzhou	100
Tunap (Shanghai) International Trading Co., Ltd.	Shanghai	67
France		
Tunap France SAS	Dachstein	67
Germany		
Dinol GmbH	Lügde	100
Kisling (Deutschland) GmbH	Bad Mergentheim	100
TUNAP Deutschland Vertriebs-GmbH		
& Co. Betriebs-KG	Wolfratshausen	51
TUNAP Industrie Chemie GmbH & Co.		
Produktions KG	Wolfratshausen	100
TUNAP Sports GmbH	Munich	100
YOUR OWN BRAND GmbH & Co. KG	Regensburg	100
Greece		
TUNAP Hellas EPE	Thessaloniki	67

Entity	Registered office	Würth Group share in %
Indonesia		
PT. TUNAP INDONESIA	Jakarta	67
Italy		
Tunap Italia S.r.l.	Terlano	67
Your Own Brand S.R.L	Milan	100
Netherlands		
Diffutherm B.V.	Hapert	100
Norway		
Tunap Norge AS	Hagan	67
Poland		
TUNAP Polska Sp. Z o.o.	Warsaw	67
Russia		
TUNAP Russia OOO	Moscow	67
Singapore		
TUNAP Asia-Pacific Pte. Ltd.	Singapore	67
Spain		
Tunap Productos Quimicos S.A.	Barcelona	67
Sweden		
Tunap Sverige AB	Sollentuna	67
Switzerland		
Kisling AG	Wetzikon	100
TUNAP AG	Märstetten	51
Turkey		
Tunap Kimyasal Ürünler Pazarlama Ltd. Sti.	Istanbul	67
United Kingdom		
Tunap (UK) Limited	Tonbridge	67
YOUR OWN BRAND UK Ltd.	North Somerset	100
USA		
Dinol U.S. Inc.	Lewis Center, Ohio	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Australia		
James Glen Pty Ltd	Lidcombe	100
Austria		
WASI-Rostfrei Schraubenhandelsges. mbH	Vienna	100
Belgium		
FASTINOX N.V.	Turnhout	100
HSR Belgium S.A./N.V.	Turnhout	100
Bulgaria		
Wasi Bulgarien EOOD	Sofia	100
China		
WASI (SHANGHAI) FASTENER TRADING CO., LTD.	Shanghai	100
Croatia		
WASI d.o.o.	Zagreb	100
Denmark		
WASI Inox Danmark ApS	Kolding	100
Estonia		
Ferrometal Baltic OÜ	Tallinn	100
Finland		
Ferrometal Oy	Nurmijärvi	100
France		
INTER-INOX Sarl	Meyzieu	100
Germany		
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn	100
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn	100
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten	100
Wagener & Simon WASI GmbH & Co. KG	Wuppertal	100
WASI International GmbH	Wuppertal	100
Greece		
Inox Mare Hellas SA	Thessaloniki	100
Italy		
HSR Italia S.r.l.	Verona	100
Inox Mare S.r.l.	Rimini	100
Inox Tirrenica S.r.l.	Fiumicino	100
Spinelli s.r.l	Terlano	100
Romania		
Wasi Romania S.R.L.	Otopeni	100
Serbia		
WASI d.o.o.	Belgrade	100
Spain		
WASI Hispania, S.A.	Palau-Solità i Plegamans	100
Switzerland		
Modal Inox AG	Arlesheim	100
Turkey		
Inox Ege Metal Ürünleri Dis Ticaret Limited Sirketi	Beylikdüzü	100

FINANCIAL SERVICES

Entity	Registered office	Würth Group share in %
Denmark		
Würth Leasing Danmark A/S	Kolding	100
Germany		
Internationales Bankhaus Bodensee AG	Friedrichshafen	94
Waldenburger Versicherung AG	Künzelsau	100
Würth Immobilien-Leasing GmbH & Co.KG	Albershausen	100
Würth Leasing GmbH & Co. KG	Albershausen	100
Würth Versicherungsdienst GmbH & Co. KG	Künzelsau	100
Italy		
Würth Leasing Italia S.r.l.	Neumarkt	100

Entity	Registered office	Würth Group share in %
Luxembourg		
Würth Reinsurance Company, S.A.	Luxembourg	100
Netherlands		
Würth Finance International B.V.	's-Hertogenbosch	100
Switzerland		
Würth Financial Services AG	Rorschach	100
Würth Invest AG	Chur	100
Würth Leasing AG	Dietikon	100

IT SERVICE AND HOLDING COMPANIES

Entity	Registered office	Würth Group share in %
Austria		
Würth Beteiligungen Ges.m.b.H.	Böheimkirchen	100
Würth Leasing International Ges. m.b.H.	Böheimkirchen	100
RuC Holding GmbH	Böheimkirchen	100
China		
Comgroup Information Technology (Shanghai) Co., Ltd.	Shanghai	100
Wuerth (China) Holding Co., Ltd.	Shanghai	100
Germany		
Reinhold Würth Holding GmbH	Künzelsau	100
UNI ELEKTRO Handels- und Beteiligungs-GmbH	Eschborn	100
WABCOWÜRTH Workshop Services GmbH	Künzelsau	50
WOW ! Würth Online World GmbH	Künzelsau	100
WUCATO Marketplace GmbH	Stuttgart	100
Würth IT GmbH	Bad Mergentheim	100
Würth IT International GmbH & Co. KG	Bad Mergentheim	100
Hungary		
Würth Phoenix KFT	Budaörs	100
India		
Wurth Information Technology India Private Limited	Pune	100

Entity	Registered office	Würth Group share in %
Italy		
Würth Phoenix S.r.l.	Bolzano	100
Mauritius		
Wurth Electronics Midcom International Holdings (Mauritius) LTD	Port Louis	100
Slovakia		
W.EG Slovensko s.r.o.	Bratislava	100
Sweden		
Autocom Diagnostic Partner AB	Trollhättan	100
Switzerland		
Würth Elektronik International AG	Chur	100
Würth International AG	Chur	99
Würth ITensis AG	Chur	100
Würth Management AG	Rorschach	100
United Kingdom		
Wurth Holding UK Ltd	Kent	100
USA		
Wurth Electronics Inc.	Ramsey, New Jersey	100
Wurth Group of North America Inc.	Ramsey, New Jersey	100
Wurth Industry North America LLC	Ramsey, New Jersey	100
Würth Wood-Division Holding LLC	Ramsey, New Jersey	100

DIVERSIFICATION

Entity	Registered office	Würth Group share in %
Austria		
marbet GmbH	Vienna	100
China		
Wuerth International Trading (Shanghai) Co., Ltd.	Shanghai	100
Germany		
EOS KSI Forderungsmanagement GmbH & Co. KG	Künzelsau	50
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall	98
Marbet Marion & Bettina Würth GmbH & Co. KG	Künzelsau	100
OTD Originalteile-Direkt GmbH	Erlenbach	100
Panorama Hotel- und Service GmbH	Waldenburg	100
WLC Würth-Logistik GmbH & Co. KG	Künzelsau	100
Würth Aviation GmbH	Künzelsau	100
Würth Inter Werbung GmbH	Kissing	100
Würth Logistics Deutschland GmbH	Bremen	100
Würth TeleServices GmbH & Co. KG	Künzelsau	100

Entity	Registered office	Würth Group share in %
Slovakia		
Würth International Trading s. r. o.	Bratislava	100
Spain		
FINCA INTERMINABLE, S.L.	Maspalomas	100
marbet Eventos S. A.	Barcelona	100
marbet Viajes Espana S. A.	Barcelona	100
Switzerland		
Lagerhaus Landquart AG	Landquart	100
Würth Logistics AG	Chur	100
Würth Promotional Concepts AG	Chur	100
USA		
Wurth International Trading America, Inc.	Ramsey, New Jersey	100
Wurth Logistics USA Inc.	Indianapolis, Indiana	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Australia		
EDL Fasteners Pty. Ltd.	Eastern Creek	100
Austria		
Metzler GmbH	Rankweil	100
Belgium		
Normfest Benelux SA/NV	Zaventem	100
Würth Belux N.V.	Turnhout	100
Brazil		
Wurth Energia Solar do Brasil Ltda.	Cotia	100
Bulgaria		
Meister Bulgaria	Sofia	100
China		
marbet (Shanghai) events Co., Ltd.	Shanghai	100
Midcom-Hong Kong Limited	Hong Kong	100

Entity	Registered office	Würth Group share in %
China		
munich one live communications Co., Ltd.	Beijing	100
Würth (Shanghai) Hardware & Tools Co., Ltd.	Shanghai	100
Cyprus		
Wurth Cyprus Ltd.	Nicosia	100
France		
Stelvio Kontek S.A.S.	Santeny	100
Germany		
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal	100
Abraham Diederichs GmbH & Co. oHG	Wuppertal	100
AHD Auto-Hifi & -Design GmbH	Künzelsau	100
E 3 Energie Effizienz Experten GmbH	Künzelsau	100
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Germany		
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn	100
EuroSun GmbH	Freiburg im Breisgau	45
FANDUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Willich KG	Pullach im Isartal	94
Grass Verwaltungs GmbH	Reinheim	100
Grundstücksgesellschaft Berlin Chemnitz Erfurt GbR	Künzelsau	49
Grundstücksgesellschaft Cottbus Magdeburg GbR	Künzelsau	49
Hettich-Verwaltungsgesellschaft mbH	Alpirsbach	100
KOSY Gesellschaft zur Förderung des holzverarbeitenden Handwerks mbH	Künzelsau	100
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal	100
MKT Metall-Kunststoff-Technik Beteilungsgesellschaft mbH	Weilerbach	100
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn	100
PIRUS Grundstücksgesellschaft mbH & Co. oHG	Albershausen	100
PIRUS Grundstücks-Verwaltungsgesellschaft mbH	Albershausen	100
Pronto-Werkzeuge GmbH	Wuppertal	100
Schmitt Elektrogroßhandel GmbH	Fulda	100
SCREXS GmbH	Waldenburg	100
Sonderschrauben Hamburg GmbH Eiben & Co.	Künzelsau	100
SYNFIBER AS & Co. beschränkt haftende KG	Worms	100
TUNAP Deutschland Vertriebs-GmbH	Wolfratshausen	51
TUNAP Industrie Chemie GmbH	Wolfratshausen	100
WPS Beteiligungen GmbH	Künzelsau	100
WSS Würth Shared Services GmbH	Künzelsau	100
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau	100
Würth Logistic Center Europe GmbH	Künzelsau	100
Würth Montagetechnik GmbH	Dresden	100

Entity	Registered office	Würth Group share in %
Greece		
Würth Solar Hellas Anonimi Eteria of Services for Production of Electric Energy from Solar Energy	Kryoneri, Attiki	100
India		
HAHN+KOLB TOOLS Chennai Pvt Ltd	Chennai	100
Italy		
FINK S.r.l.	Tramin	100
marbet Marion & Bettina Würth s.r.l.	Leifers	100
Viterie Venete S.r.l.	Rubano	100
Würth Solar Italia s.r.l.	Campodarsego	100
Morocco		
Würth Maroc SARL	Casablanca	100
Netherlands		
Normfest Nederland B.V.	Well	100
Pakistan		
Würth Pakistan (Private) Limited	Karachi	100
Spain		
Isa Eolica S.L.	Madrid	100
marbet Servicios Creativos S.A.	Barcelona	100
WS Murcia Anbesol PM S.L.	Madrid	100
Würth Industrie Logistik Espana S.A.	Vitoria	100
Switzerland		
Comgroup (Schweiz) AG	Biel	100
United Kingdom		
Anchorfast Limited	Wednesbury	100
Monks & Crane (Holdings) Limited	Wednesbury	100
Winzer Würth Industrial Ltd.	Erith	100
USA		
R. W. Ramsey Realty Corporation	Ramsey, New Jersey	100
Session Solar USA, Inc.	Ramsey, New Jersey	100

L. The boards

Advisory Board
The Advisory Board is the supreme supervisory and controlling body of the Würth Group. It advises on strategy, approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Board as well as the Managing Directors of the companies generating high sales.

(as of: December 31, 2015)

Bettina Würth
Chairwoman of the Advisory Board
of the Würth Group

Dr. Frank Heinricht
Deputy Chairman of the Advisory
Board of the Würth Group
Chairman of the Management Board
Schott AG, Mainz

Peter Edelmann
Managing Partner of
Edelmann & Company, Ulm

Hartmut Jenner
Chairman of the Management of
Alfred Kärcher GmbH & Co. KG,
Winnenden

Wolfgang Kirsch
Chief Executive Officer of
DZ BANK AG, Frankfurt / Main

Dr. Bernd-Albrecht von Maltzan
(Member of the Advisory Board up
until December 31, 2015)
Former Divisional Board Member
Deutsche Bank AG, Frankfurt / Main

Jürg Michel
Former Member of the Central
Managing Board of the Würth Group

Ina Schlie
Head of Group Tax at SAP SE,
Walldorf
Member of the Supervisory Board
and Chair of the Audit Committee
at QSC AG, Cologne

Dr. Martin H. Sorg
Certified Public Accountant and Part-
ner of the law firm Binz & Partner,
Stuttgart

**Honorary Chairman of the
Advisory Board**

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board
of the Würth Group's Family Trusts

**Honorary members of the
Advisory Board**

Rolf Bauer
Former Member of the Central
Managing Board of the Würth Group

Dr. Michael Rogowski
(Honorary member of the Advisory
Board up until December 31, 2015)
Chairman of the Foundation Board of
Hanns-Voith-Stiftung, Heidenheim

Dr. Bernd Thiemann
Former Chairman of the
Management Board of Deutsche
Genossenschaftsbank AG,
Frankfurt / Main

Central Managing Board

The Central Managing Board is the most senior decision-making board of the Würth Group. It has four members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives as well as the management of strategic business units and functions.

Robert Friedmann
Chairman of the Central
Managing Board
of the Würth Group

Peter Zürn
Deputy Chairman of the
Central Managing Board
of the Würth Group

Bernd Herrmann
Member of the Central Managing
Board of the Würth Group
(since May 1, 2015)

Joachim Kaltmaier
Member of the Central Managing
Board of the Würth Group

Uwe Hohlfeld
Member of the Central Managing
Board of the Würth Group
(up until April 30, 2015)

Executive Board
The Executive Vice Presidents constitute the operational management of the Würth Group. Each of the members is in charge of one strategic business unit or responsible for one functional area.

Joachim Breitfeld
Chemicals Group

Rainer Bürkert
Würth Line Industry (excl. USA),
Würth Line China, Asia and Oceania

João Cravina
Würth Line South America
and Portugal

Dr. Steffen Greubel
Würth Line Italy, Corporate
Development

Ulrich Häfele / Ernst Wiesinger
RECA Group

Norbert Heckmann
Würth Line Craft Germany, Chairman
of Adolf Würth GmbH & Co. KG

Michel Kern
Würth International AG

Thomas Klenk
Purchasing and product,
Anchor production

Jürgen Klohe / Jörg Murawski
Würth Elektronik Group

Andreas Kräutle
Tools Companies

Svein Oftedal
Würth Line UK, Ireland,
Scandinavia (excl. Finland)
and Africa

Pentti Rantanen
Würth Group Finland
and the Baltic States

Uwe Schaffitzel / Ulrich Liedtke
Electrical Wholesale

Dr. Reiner Specht
Würth Line Russia and Sub-Regions
of Southern and Western Europe,
Trade Unit, Deputy Member of the
Central Managing Board of the
Würth Group

Ulrich Steiner
DIN / Standard Stainless Steel Parts

Robert Stolz
Würth Line Auto USA,
Würth Line Wood USA and Canada

Marc Strandquist
Würth Line Industry America

C. Sylvia Weber
Director of Museum Würth / Kunsthalle
Würth, Curator of the Würth Collection

Mario Weiss
Würth Line Eastern Europe, Balkan States
and the Middle East

Alois Wimmer
Production of Screws and Anchors

Markus Würth
Fittings Manufacturers

AUDIT OPINION OF THE INDEPENDENT AUDITOR

The following audit opinion was issued by the Group auditor on the full consolidated financial statements including the list of shareholdings and the Group management report:

"We have audited the consolidated financial statements prepared by the Würth Group, Künzelsau, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes on the consolidated financial statements, together with the Group management report for the fiscal year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, as well as the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ['Handelsgesetzbuch': German Commercial Code] are the responsibility of the Central Managing Board of the Würth Group. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements fully comply with IFRS.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and generally accepted German standards for auditing financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account when determining audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and management report. 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 the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the IFRS as a whole and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 11, 2016
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Blesch
Auditor	Auditor

IMPRINT

Published by
Würth Group

Adolf Würth GmbH & Co. KG
Reinhold-Würth-Straße 12-17
74653 Künzelsau
Germany

Content responsibility
Robert Friedmann and Joachim Kaltmaier

Editorial office
Sigrid Schneider (editor-in-chief), Maria Theresia Heitlinger, Silke Hofmann, Susanne Hornburg, Cara Märcklin, Sonja Rauh, Ralf Schaich, Martina Skibowski, Claudia Zürn

The editorial team would like to thank the many people who helped prepare this Annual Report.

All of the information in this Annual Report was made available by Adolf Würth GmbH & Co. KG and its affiliated companies and is for information purposes only. No liability or warranty is assumed / provided for the accuracy of the information.

This Group Annual Report is also published in German. The German version shall prevail.

The German and English versions of this Annual Report and further information about the Würth Group can be found on the Internet at:
www.wuerth.com

Contact details
Corporate Communications
of the Würth Group
Phone +49 7940 15-1186
Fax +49 7940 15-4400
presse@wuerth.com

Part of the concept and realization (pp. 1–17)
Hohe Luft Verlag UG (haftungsbeschränkt) & Co. KG

Designed and realized by
Scanner GmbH, Künzelsau

Edited by
Ina Christov, Zachary Mühlenweg, Sonja Rauh

Printed by
W. Kohlhammer Druckerei GmbH & Co. KG, Stuttgart

Illustrations
Carolin Löbbert

Photo credits
Abt Sportsline GmbH (p. 29)
David Chipperfield Architects (p. 21)
Jupiterimages© (p. 57)
Andreas Lechner (p. 24)
Scanner GmbH (pp. 47–49, 51–54, 56, 59)
Andi Schmid (p. 19)
Philipp Schönborn (p. 20)
Wolfgang Uhlig (pp. 30, 32, 36)
Bernhard Zinnau (p. 28)
Würth archive (pp. 15, 23, 25, 27, 47, 48, 55, 58)

1GFU–HLV–SC–KO–2.5'-05/16

MIX
Papier aus verantwortungsvollen Quellen
FSC® C016267