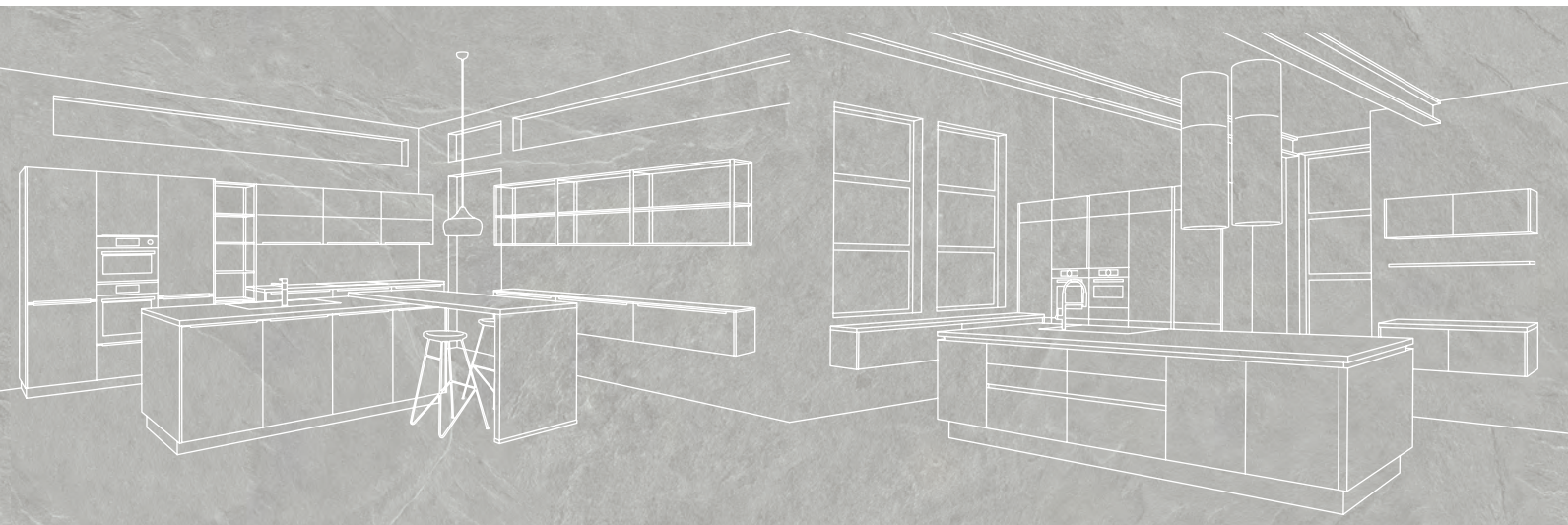
Balance Press Conference

Fiscal Year 2018



Verl, February 22, 2019

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Data and facts 2018

Ladies and gentlemen,

2018 was a demanding year, one in which we defied the challenging and volatile market conditions to nevertheless experience renewed growth and increase our sales.

The first half of last year was still characterised by consolidations in the market on the manufacturer's side. The resulting redistribution of order volume generally led to higher order intake and thus, to increasing delivery times. But, by taking numerous measures, we were able to successfully realise an increase in production volume at the existing production sites and once again reduce the delivery times.

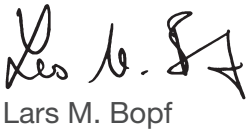
Even though in the second half of the year, the extended period of fair weather led to consumer restraint across the entire furniture industry, Manufacturer was able to record further sales growth despite demand fluctuations in our sector, throughout 2018. Along with investments in both existing plants for the above-mentioned capacity expansion, construction work also began on Plant III in Gütersloh at am Hüttenbrink. Plans for Plant V in Saarland have also been advanced.

The successful open house exhibition in September of last year went above and beyond versatile design possibilities for kitchens to explore attractive ideas and solutions for holistic home designs in keeping with the motto "more than the kitchen". With this, and especially through an increase of the market shares in the export markets, we laid the foundation for continued success in the future. It is our aim to position Manufacturer for strong growth, more international activity, and thus a watertight future.

In addition to the long-time loyalty of our customers and suppliers, we owe the successof Manufacturer in 2018 to the roughly 3,600 employees who make it all possible. The figures presented to you in this report for 2018 document the collective success and the enormous commitment of the entire Manufacturer family.

Therefore, we view the future optimistically and are collectively aware of our responsibility to continue Manufacturer positive development — also in the interest of our employees.

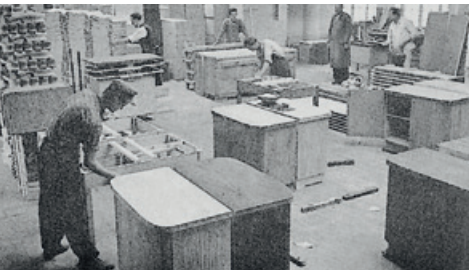
Faithfully yours,



Lars M. Bopf

Brief portrait

Manufacturer was founded in 1945 by brothers Johann and Willy and has since grown to become the worldwide market leader for kitchen furniture with customers in over 90 countries across all continents. The market share of Manufacturer in the domestic market remains at around 30%. Therefore, almost every third kitchen sold in Germany comes from Manufacturer. For more than 70 years, Manufacturer kitchens have stood for up-to-date personalised design, outstanding brand quality and great value for money.













The company manufactures exclusively at its locations in Germany. The two factories in East-Westphalian Verl count among the most modern and efficient kitchen furniture production sites in the world. In the two factories combined, over 3,300 kitchens are produced daily. The fact that Manufacturer started as a family business has characterised the corporate culture from the very beginning. For more than 70 years Manufacturer has proven its stability and dependability and has counted on its long-lasting and close relationships with its customers and business partners.

The company offers a wide variety of products–ranging from modern and puristic to timelessly classic to contemporary cottage style. A cleverly structured product range enables individualised planning solutions, tailored to fit every kitchen floor plan as well as achieve holistic home design. Thirteen electrical appliance brands, among them four exclusive own brands, supplement the assortment and enable complete marketing of kitchens including appliances and accessories — truly one-stop shopping.









One thing always takes centre stage at Manufacturer: the highest quality. This quality standard influences every employee in their daily work. Manufacturer is passionate about its products and services, with the aim of developing customised solutions for its customers.

Manufacturer Highlights 2018

January
01



From the 9th to the 11th of January Manufacturer exhibits for the first time in the USA at the KBIS.



March
03



March 2nd Manufacturer purchases a plot of land in Saarlouis with an area of 290,000 m² in the industrial park at Lisdorfer Berg. In close proximity to the French border, the site will be the future home to an additional assembly plant.

On March 10th the company holds a health fair for all plants. Staff can gather information on a variety of programmes from service bikes to fitness flat rates to skin cancer screenings.

On March 19th the new training centre for carpenters and woodworking machinery mechanics — with 2,000 m² of floor space — begins operation.



June
06

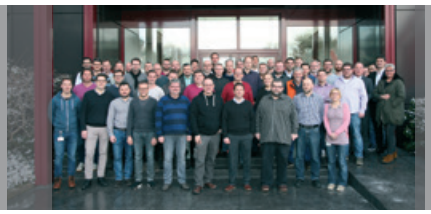
In June the long-standing Manufacturer retiree trip continues its tradition. 140 former Manufacturer employees spend an event-filled day with railway romanticism, traditional Schützenfest activities (marksmen's festival) and other memorable experiences in the group.

July
07



On July 9th Manufacturer innovative Xtra worktop is distinguished with the sought-after Red Dot Award.

October
10



At the beginning of October the new order processing centre (OP) goes into operation. It forms a junction point, from which order control and planning can be centrally managed across all divisions.

November
11



November 30th the car park at Plant II in Verl-Kaunitz with over 450 parking spaces is completed.



April
04

In April Manufacturer presents at the EuroCucina trade fair in Milan at a stand covering 800 m² — with both the Manufacturer and noblessa brands.





May
05



On May 26th the seventh annual international Manufacturer Fair Play Football Tournament for employees takes place. For the first time, a Manufacturer beach volleyball tournament also runs parallel. 29 football teams with 334 participants and 7 volleyball teams with 44 participants take up the challenge.

more than kitchen





September
09

At its open house exhibition Manufacturer presents a collection for holistic interior home design in keeping with the motto “more than the kitchen.” Bathroom furniture makes its first appearance as part of the collection. In addition, Manufacturer also introduces its exclusive collaboration with Bora.

And just in time for the start of the open house, a car park at Plant I in Verl-Sürenheide is completed. The 500 additional parking spaces improve the parking situation for exhibition visitors as well as for the staff in Sürenheide.



December
12



On December 10th at Plant I the 7-millionth unit rolls off assembly line 111.

The first stage of construction on the new Manufacturer Plant III at am Hüttenbrink in Gütersloh begins.

1. Total market for furniture and kitchens 2018

The year 2018 will be remembered by the German furniture industry as a difficult one. After three so-so quarters, which can — among other things — be traced back to the long heatwave all across Europe, the German furniture industry ends November at a slight plus. According to the VDM (Association of the German Furniture Industry) figures, total furniture sales increased by 0.9 percent to EUR 16.7 billion.

Although, domestic sales gained only a nominal plus of 0.7 percent in the first eleven months of 2018. Based on VDM studies, the weak development of demand domestically could largely be attributed to the fact that the furniture industry as a whole was not able to compete with other consumer goods such as travelling or electric bikes. In this respect, the furniture industry has managed only insufficiently to profit from the low unemployment, rising incomes and general propensity to consume, which German citizens are enjoying.

The industry association's statistics show that the sales development abroad as of the end of November was somewhat stronger, and indeed rose by 1.2 percent. As a result, the export ratio of the German furniture industry rose by 0.06 percent above the previous year to reach an industry value of 32.6 percent.

In comparison, the kitchen furniture branch proved to be more successful than the industry as a whole. According to VdDK statistics (Association of the German Kitchen Furniture Industry), the kitchen furniture industry recorded an upsurge in sales of 6.3 percent between January and November. This effect can mainly be traced back to very good demand from abroad for kitchen furniture, made in Germany. By the end of November, export sales in the kitchen furniture sector had gained 8.2 percent over the previous year. Subsequently, the export quota for the kitchen furniture industry rose to 40.5 percent.

Total furniture sales
+ 0.9 percent
Total kitchen sales
+ 6.3 percent

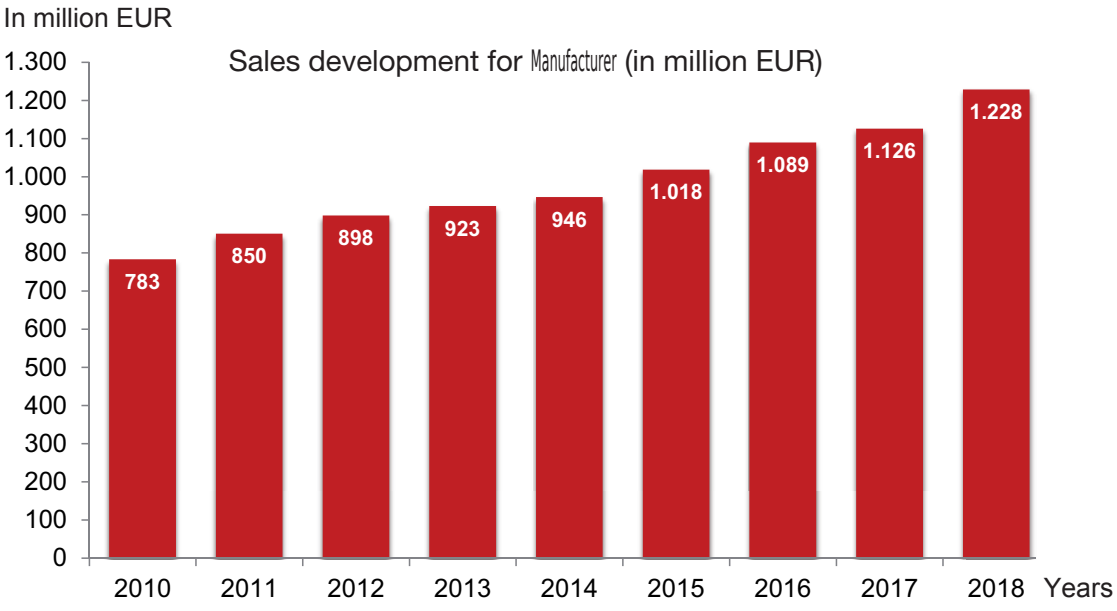


With an increase of 5.1 percent, the domestic market also contributed to growth in the sector. A part of this growth, however, can be attributed purely to the redistributive effect in the market. At the start of the year, this resulted in a large order backlog from the prior year for many manufacturers along with a healthy intake of orders. In the further course of the year, however, the domestic kitchen boom lost momentum. This was due to — among other things — the unusually long-lasting hot spell that also led to a low frequency in the kitchen trade. Moreover, the domestic demand for kitchen furniture in 2018 was predominantly carried by the new-build construction business with established customers — meaning the replacement of existing kitchens within the framework of renovations — stagnated. The dispute with the diesel driving ban and the possible resulting replacement investments also had a negative effect on the propensity to consume.

2. Business trends Manufacturer 2018

2.1. Total sales development for Manufacturer

Manufacturer looks back on a year of good business performance. In an economically challenging environment we managed to piggyback on the successful growth trajectory of the last few years.
The total sales increased in 2018 by EUR 102 million to EUR 1.228 billion. This value corresponds to an increase of 9.1 percent compared to the previous year's sales of EUR 1.126 billion and is significantly above the sector trend.
With this outcome in the financial year under review, Manufacturer recorded the greatest absolute growth in the company's history. Thus, Manufacturer has once again grown through its own efforts and was able to reaffirm its prominent position as market leader.



Source: Manufacturer

Total sales Manufacturer	EUR 1.228 billion
	+ 9.1 %
Kitchen commissions 2018	727,000



Along with the sales growth, Manufacturer production volume also increased. With around 727,000 kitchen commissions produced in the last financial year, a new volume record was achieved. Every working day, more than 3,300 commissions left our two factories in Verl.
The sales increase primarily resulted from the business with wooden parts. This achieved new peak figures with more than 7.27 million units and over 1.69 million worktops.

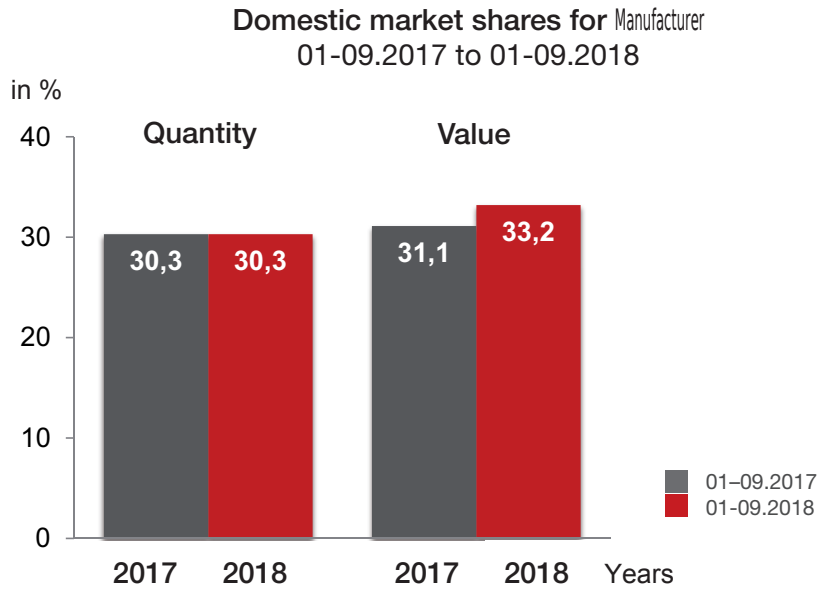
Complete marketing

Manufacturer offers its retail partners not only kitchen furniture, but also fully equipped kitchens with electrical appliances and accessories as part of the so-called complete marketing business. In this marketing sector, Manufacturer is one of the leading suppliers. Almost half the kitchen commissions produced are supplied including electrical appliances. The complete marketing quota rose by roughly one percent over last year's.
The range is comprised of thirteen brands of electrical appliances, including four exclusive brands. For marketing the 2019, collection Manufacturer entered into an exclusive partnership with BORA, the renowned manufacturer of cooktop extractors. With this wide range of electrical appliances, Manufacturer covers all price classes, from entry level to the high end segment.
This represents yet another expansion, particularly in export, in the complete marketing of kitchens including built-in appliances. The conceptual approach to complete marketing can really make an impact in the export business primarily through its logistical advantages. Especially in complex distance transactions, the simple and quick processing benefits of a single source proves to be an important strategic factor for success.
However, complete marketing is not equally suited to all export markets. Sometimes, the range of appliances in individual export markets deviates from local technical standards. Moreover, the principle of complete marketing is a typical German marketing strategy and thus, many countries are not familiar with it. Therefore, the advantages of this type of marketing must first be communicated in-depth and partners must be well-trained. Significant advances have been made with this, predominantly in the markets in France, Belgium, Spain and Great Britain.
Whereas on the domestic market, appliance sales slightly decreased. This effect can, in large part, be attributed to the fact that various size retail groups market electrical appliances on their own domestically. Above all, this influences the sales in the quantity-relevant entry level price segment.


+
= 100 %

2.2. Domestic sales development for Manufacturer

In the fiscal year, 2018 domestic sales rose nominally by 6.6 percent and thus reached a value of EUR 642 million. This increase means that the previous year's sales of EUR 602.5 million were exceeded by EUR 39.5 million. Thus, Manufacturer also experienced stronger domestic growth in 2018 than the rest of the market.

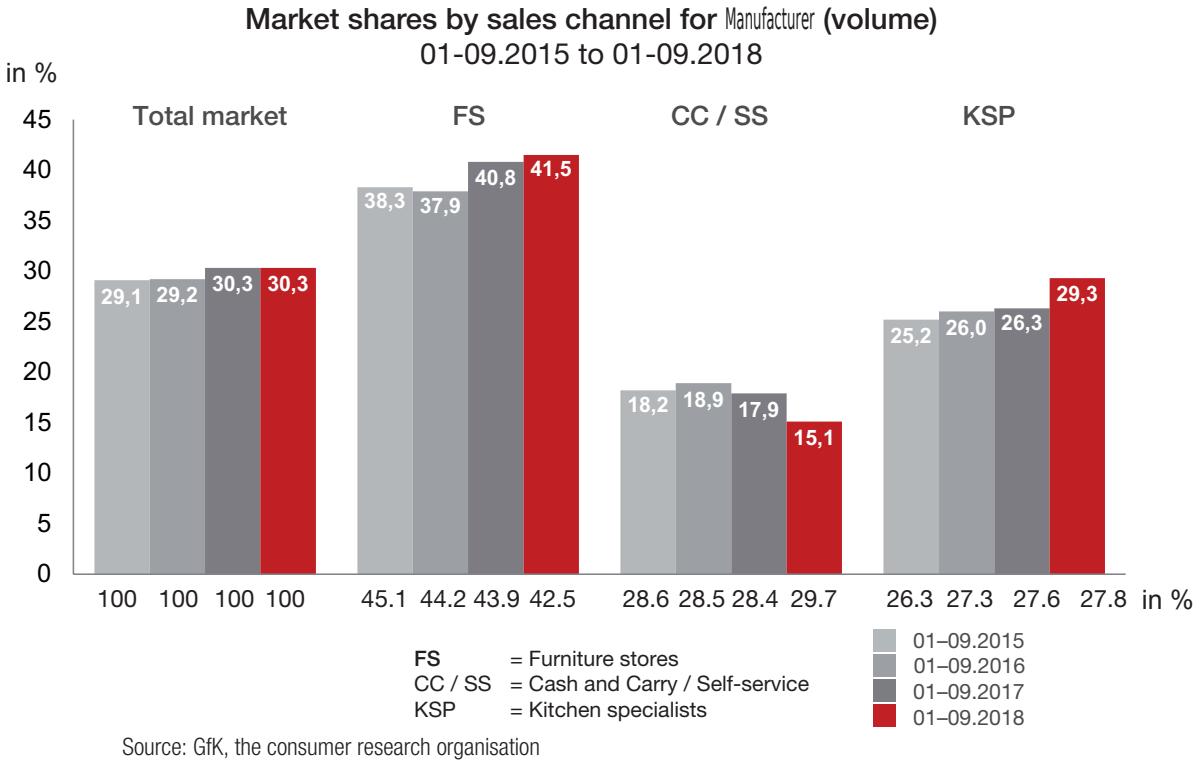


Source: GfK, the consumer research organisation

In terms of volume, Manufacturer thus achieved a market share of 30.3 percent. In terms of value, Manufacturer likewise further increased its market share. The market share rose to 33.2 percent by the end of September. This past year Manufacturer once again advanced its position as market leader.

Distribution channel development

In Germany kitchens are mainly marketed through three distribution channels: furniture stores (FS), cash and carry / self-service and kitchen specialists (CC / SS). Currently about 42.5 percent of kitchen sales are made by furniture stores. Roughly 30 percent of sales take place in the distribution channel cash and carry / self-service. The kitchen specialists bring in roughly 28 percent.



Source: GfK, the consumer research organisation

The distribution channel for furniture stores remains the most important sales outlet for Manufacturer. In the first nine months the company achieved a market share of 41.5 percent in quantity. The long-range analysis of the past four years demonstrates that Manufacturer has managed to expand and solidify its market share at a high level in recent years.

The same time period also documents a downward trend for Manufacturer in the distribution channel cash and carry / self-service. The marketing focus in this distribution channel lies in offering very simplistic kitchens with a high proportion of so-called “knocked down items”. As is well known, Manufacturer does

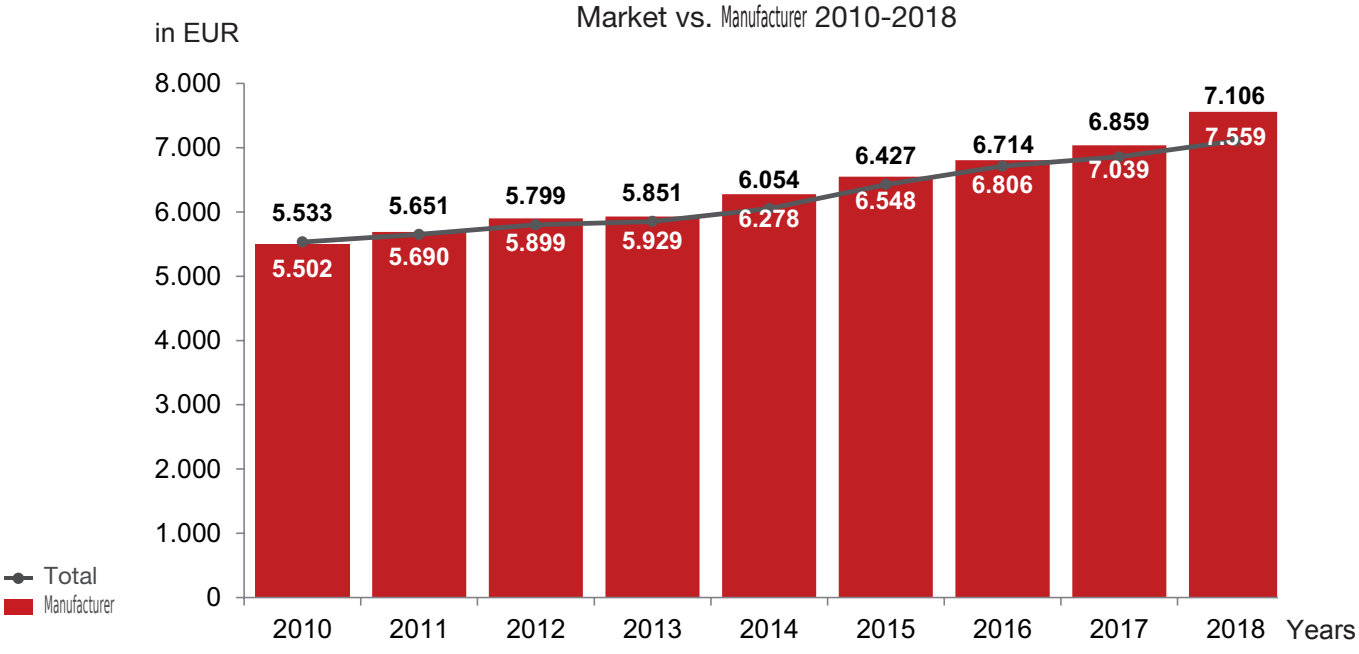
not offer such items, but rather, its range in the self-service channel primarily meets the needs of the small volume, high end segment. For this reason, in terms of volume, Manufacturer only achieved a market share of 15.1 percent here.

In the segment of kitchen specialists Manufacturer has shown continuous growth in recent years. In 2018 Manufacturer once again increased in this channel and reached a market share of 29.3 percent by the end of September. In 2015 this figure was just 25.2 percent.
According to the results of the GfK consumer research organisation, Manufacturer occupied the position of market leader in all three distribution channels, yet again in 2018. No other kitchen manufacturer achieved higher market shares in the three distribution channels considered.

Development by price segments

Again in 2018, all the distribution channels realised higher average prices for kitchens. The lasting trend toward trading up continues unabated. Accordingly, the average end user price for a kitchen including electrical appliances rose to EUR 7,106. For the eight time in a row Manufacturer achieved an average price above the market level with a value of EUR 7,559.

End customer average price
Market vs. Manufacturer 2010-2018



Source: GfK, the consumer research organisation



Average kitchen price market

EUR 7,106

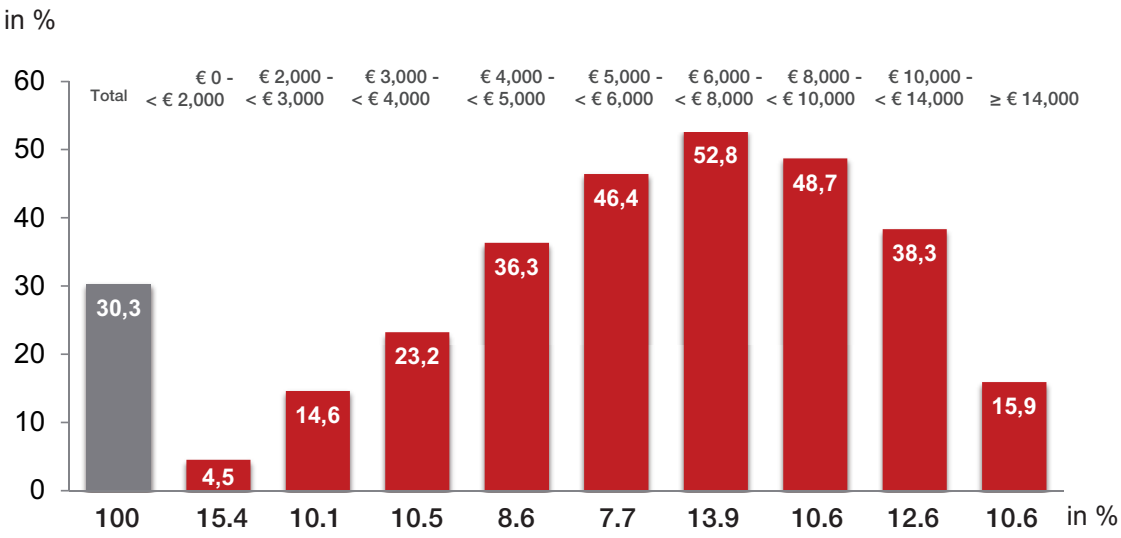
Average kitchen price Manufacturer

EUR 7,559

Following the development of market prices as well as development in the distribution channels, Manufacturer could essentially expand its market share in the higher price segments above EUR 6,000.

In doing so, Manufacturer would still be at home in the so-called “broad middle of the market” in the price range of EUR 3,000 - 14,000. Roughly 64 percent of the kitchens sold in Germany fall exactly into this price range.

Market shares by price groups for Manufacturer (volume)
01-09.2018



Source: GfK, the consumer research organisation

The closer examination of this price segment by the GfK shows that Manufacturer once again asserted itself as the market leader in this margin, with market shares between 23 and 53 percent. In fact, in the price range from EUR 5,000 to 10,000, virtually every second kitchen sold in Germany is a Manufacturer kitchen. The shares in the individual price fields reach roughly 50 percent each.



2.3. Export sales development for Manufacturer

The export markets remained a decisive success factor for Manufacturer in 2018 with organic sales growth of 12 percent. Export sales increased over the previous year by EUR 62.5 million to EUR 585.5 million.
With this, the export ratio in 2018 reached a new peak value of 47.7 percent, and still remains considerably above the industry average of 40.5 percent. With this development, Manufacturer has further expanded its leading market position in export business as well.

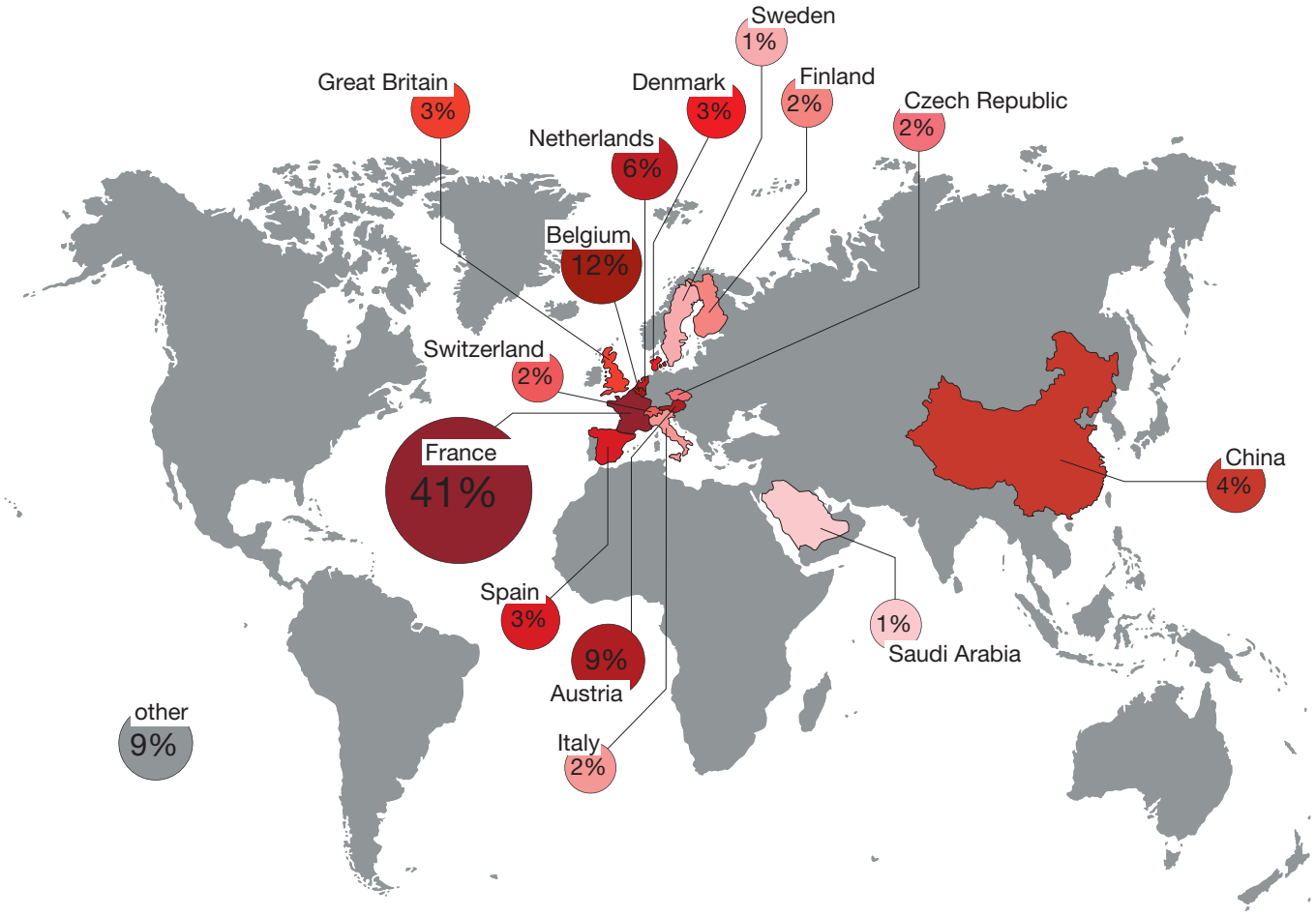


Source: Manufacturer

Particularly good growth rates were realised primarily in France, the Netherlands, Spain, Italy and China. However, since Manufacturer grew in virtually all export markets again in 2018, the sales distribution by country shows very little change.

Export sales Manufacturer	**EUR 585.5 million**
	+ 12.0 %
Export quota for Manufacturer	**47.7%**

Export sales for Manufacturer **2018**
(shares according to country)



Source: Manufacturer

The main focus of the relevant export sales remains in the neighbouring European countries, dominated by French business at a high level. The markets in Belgium, Austria and the Netherlands follow.

In terms of the sum total, the area known as “miscellaneous” also showed an increase again. This confirms that the non-European markets are gaining increasingly in importance for Manufacturer and the company’s export business is based on a broad foundation.

Manufacturer currently supplies retail partners in more than 90 countries worldwide.

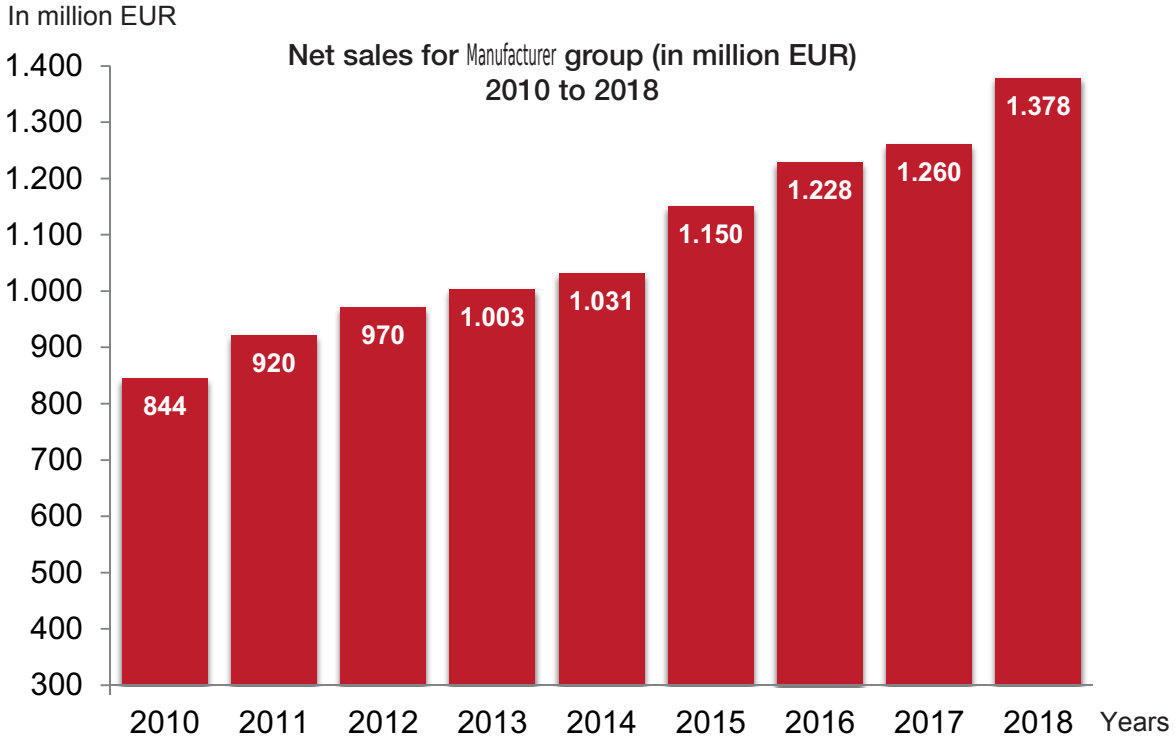
3. The Manufacturer company group

Manufacturer is first and foremost a manufacturer of high quality kitchen furniture. As such, Manufacturer core business is the development and production of kitchens and the worldwide distribution of these kitchens to retail partners.
Moreover, Manufacturer has also been active for many years — exclusively abroad — with various forms of its own retail activities.

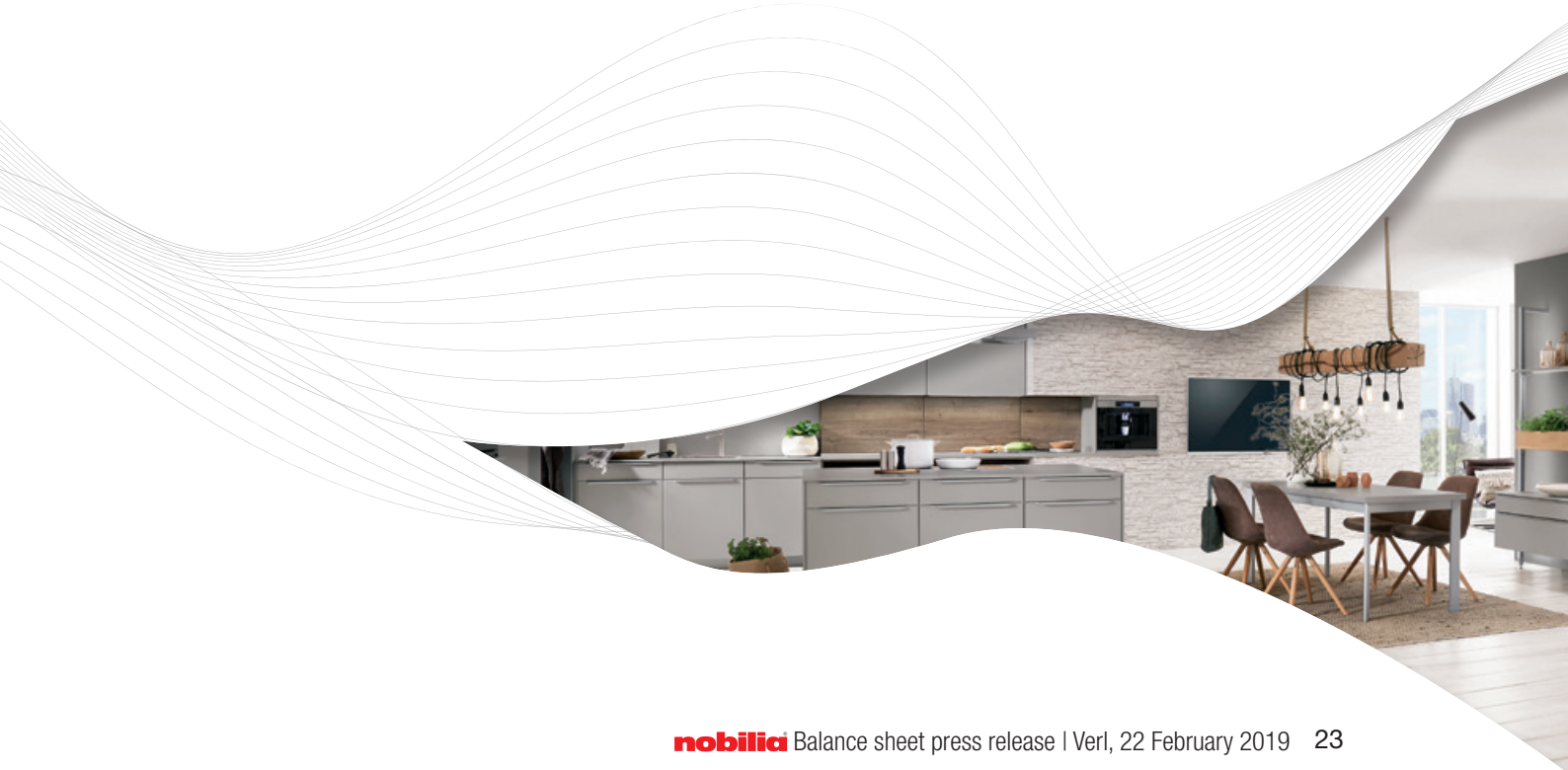
In Sweden and England Manufacturer operates its own kitchen studios under the names Noblessa Sverige and Kütchenhaus. It also has a minority interest in the Belgian retail chain MENATAM SA, whose studios are represented under the name èggo. In addition, Manufacturer is the majority shareholder of the French franchise organisation FBD, which is currently active with the sales channels Ixina, Cuisine Plus, Cuisines Références and Vanden Borre Kitchen, in more than 400 kitchen studios. The regional focus of FBD is in France and Belgium. The globalisation of the group, however, has been successfully promoted for several years.

Including these activities, the Manufacturer Company Group's external sales increased nominally by 9.4 percent to EUR 1.378 billion. This represents an increase of EUR 118 million over last year's EUR 1.260 billion. To calculate the group sales, the internal sales were eliminated (consolidated) and the ownership structure was taken into account (apportioned). For the franchise organisation, only the franchise fees and not the sales revenues were included in the calculation.

Group sales Manufacturer	**EUR 1.378 billion** **+ 9.4 %**



Source: Manufacturer



4. Open house exhibition 2018 and Collection 2019

In keeping with tradition, the Manufacturer open house exhibition took place in September 2018 in the course of the Küchenmeile trade fair. With more than 13,000 visitors from 60 countries, the open house exhibition was extremely well attended on all trade fair days. The new 2019 collection was presented at the exhibition with the motto “more than the kitchen.” Trade visitors were treated to a diverse product range with 92 design suggestions on an exhibition space covering 4,000 m². In addition to the kitchen, dining and living room, Manufacturer also presented attractive solutions for the utility room, wardrobe and bathroom. With this expansion, the range offers exciting new possibilities for a holistic interior design.



more than the kitchen

The trend toward urbanisation continues unabated. As a result, housing space in the cities is becoming increasingly scarce. Thus, there is great demand for concepts that enable comfortable living even in small spaces. Boundaries become fluid as cooking, dining, living and working areas flow seamlessly into one another. The kitchen has thereby increasingly become the heart of the home. And with the new Manufacturer collection, its design can easily be incorporated into all living areas. The solutions, which are as beautiful as they are practical, are just as inspiring in the entryway and bathroom. Manufacturer devoted an entire section of the exhibition to the motto “more than the kitchen”. It was subdivided into designs for bath, utility room and media wall system designs. Additionally,

a complete “house of Manufacturer” was also integrated into the exhibition. There, visitors could experience first-hand just how the Manufacturer range connects and enhances all living and functional rooms. The retail market received this holistic approach with very positive feedback. Analogous to the “house of Manufacturer,” many placements have been made with specialised retailers since the open house exhibition.

Digital business processes and more

Figuratively speaking, the exhibition motto “more than the kitchen” also perfectly expresses the Manufacturer philosophy regarding service and customer relations. We consider it a matter of course to give our retail partners a competitive edge with holistic solutions. Along with an innovative collection, retailers benefit from an extensive and proven range of services encompassing all aspects of planning, marketing, sales and order processing. At the open house exhibition, the service area provides a glimpse into this portfolio.







There, visitors can receive information about ultra-modern planning systems for retailers that score points with new technologies, such as virtual reality. The Manufacturer Academy introduced its comprehensive training and continuing education programme for kitchen salespeople, designers and fitters. The spectrum stretches from the basic education of a sales associate to a variety of on-site seminars at Manufacturer to new E-learning courses offered in three languages. Here as well, Manufacturer offers a unique service in this regard.

Furthermore, RMTsoft, presented how the process quality in the kitchen trade – from Point of Sale (POS) to final installation – can be sustainably improved. From fully automated order control (AOC) to the electronic acceptance protocol for kitchen installation, these tools accompany all relevant process steps in retail for a consistent and smooth handling of orders.

New fronts and colours

The new fronts, Color-Concept colours and worktop décors attractively showcase the latest interior design trends. From cool industrial vibes to puristic elegance and cosy cottage style, everything is possible.

The new range is inspired by a popular attitude towards life which merges the desire for an urban lifestyle with the longing for the simplicity found in nature. The successful fusion is reflected in the new surfaces. Steel and marble reproductions enhance the range alongside concrete, slate and oak décors.

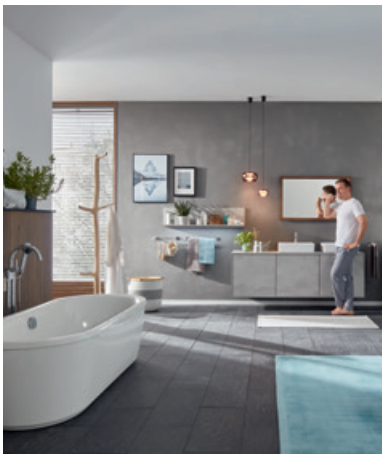
Dual awards for XTRA

Nine new worktop décors ensure the product range is always at the forefront of trends. Of these, two new features supplement the assortment of exclusive Xtra worktops. An extra thick laminate gives Xtra its extremely authentic look and feel. Thanks to an innovative functional layer, this product also impresses with high impact resistance and exceptional swelling resistance. This even enables select hot plates and sinks to be flush-mounted. Xtra has successfully established itself in the market and was already distinguished last year with the “Kitchen Innovation of the year 2018” award as well as the highly sought-after Red Dot award.



Open shelf units with a system

Open shelf units have become a hot topic in modern interior designs. The new Manufacturer collection makes it easy to incorporate this trend. Particularly versatile is Backlight, an ambitious shelving system for achieving holistic, modern designs. Backlight allows flexible planning and does away with the borders between living spaces. Kitchens and living rooms aren’t the only spaces to benefit from its innovative solutions, elegant design and a multitude of practical features — it is also ideal for furnishing wardrobes, dressing areas or bathrooms.



Cosy solutions for the bathroom

The bathroom today is being transformed into a wellness oasis with inviting character. Which is why well-thought-out, modern furnishings with optimal storage are becoming more important in the bathroom as well. Manufacturer products fulfil these desires for beautiful design and functionality perfectly. Expanding into the bathroom segment is therefore a logical next step. An

independent assortment of bathroom and vanity units as well as washbasins and taps, supplements the range for the 2019 collection. Thus, Manufacturer once again provides retailers with an integrated solution from a single source.
The base units for bathroom designs successfully passed TÜV Rheinland testing and meet all legal requirements for bathroom furniture.

Cleverly planned utility rooms

The kitchen continues to gain importance in modern living concepts. Along with functionality, an inviting ambience plays a central role here. The transparency and lightness of these designs are often hardly compatible with washing machines or broom closets. Moreover, many new homes today no longer come with basements. This has led to a revival of the utility room.
With an expanded range for utility room designs, the 2019 collection meets all the prerequisites for an optimum and ergonomic design of this space. A comprehensive product range and plenty of practical accessory items allow ingenious designs in even the smallest spaces, for instance for laundry care. Manufacturer solutions for raised washing machines are the only ones in the industry that are TÜV certified and have been awarded the GS quality seal for tested safety.

Exclusive partnership with BORA

For complete marketing in 2019, Manufacturer is partnering with BORA. With this new collaboration, Manufacturer offers its retail partners an additional attractive product range for the joint distribution of furniture and appliances from a single source as part of its “one stop shopping” approach.

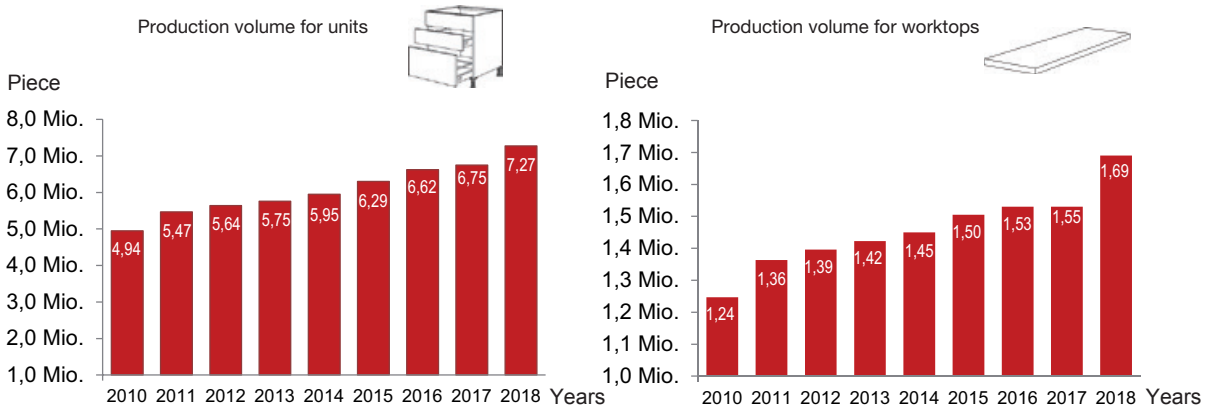




5. Production and investments

In the course of this growth, Manufacturer production volume increased by roughly 520,000 units compared to the previous year. With roughly 727,000 kitchen commissions, approx. 7.27 million units and more than 1.69 million worktops, production volumes in both production plants reached new peak values in 2018. The daily production output expanded to 33,300 wooden parts per workday.

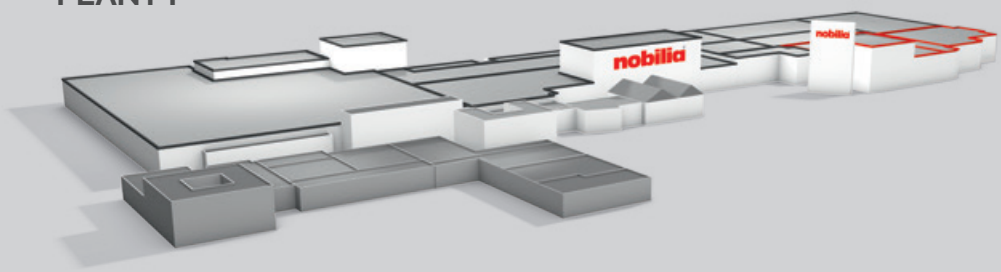
Production volumes 2010-2018



Source: Manufacturer

Due to investments in additional machinery and production optimisation, the capacity at Plant I in Verl-Sürenheide increased yet again. The output quantity rose thereby to roughly 16,800 units per workday.
Likewise the capacity at Plant II in Verl-Kaunitz also increased due to

PLANT I



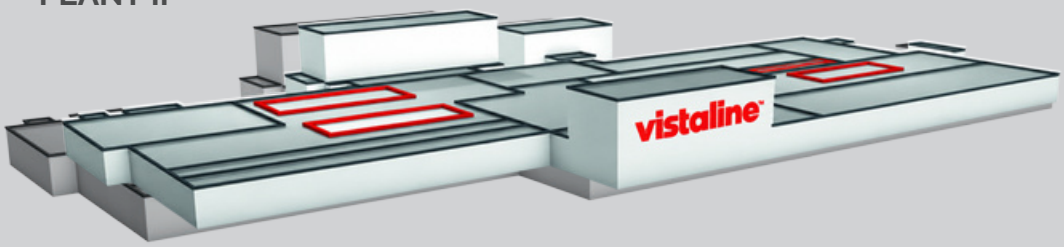
investments targeting expansion. By the end of December, Plant II reached an output of 16,500 units per workday.
The last fiscal year saw investments totalling more than EUR 128 million. At both plants, the focus of the investments was primarily on measures for improving output quantity. A high order backlog along with a large order intake at the start of the year led to a extension of Manufacturer traditionally short delivery times. A quick expansion of capacities through investments and overtime enabled a swift and steady return to the short delivery times for which we are known and which the market demands.

One of the most important investments included a building addition to extend parts production at Plant I, with a surface area of roughly 14,000 m², which was completed in the second quarter of 2018. At the same time, Manufacturer own training workshop was expanded. In addition, a car park was built at both of the production sites, in order to provide sufficient parking spaces to accommodate the growing number of employees.

In the last quarter of 2018 the first stage of construction also began on the new Plant III at am Hüttenbrink in Gütersloh. It will encompass an area of 35,000 m². In the future, the special areas which don't have to be planned as part of the production flow at Plant I will be relocated to this additional production site. This action serves the primary purpose of reducing complexity and optimising the production flow at Plant I.

Further investments were made in the area of EDP/IT and the vehicle fleet, for the purchase of 40 new motor tractors and 75 new semi-trailers. The company's own vehicle fleet thus currently comprises 200 motor tractors and more than 700 semi-trailers.

PLANT II





6. Sustainability

Economic success, responsible resource management, and the acceptance of social responsibility form the basis for Manufacturer continual growth. As an independent and future-oriented company, Manufacturer is very aware of its responsibility, which is why the principle of sustainability is firmly rooted in our corporate values.

Our mission is to create long-term sustainable value for our customers, consumers, and for our company. In the process, we aim to balance superior product benefits and quality with responsibility for our environment. In this context, Manufacturer uses its “integrated management system for quality and the environment” as an instrument for the continuous improvement of all services and processes. Therefore, Manufacturer has allowed its management systems to be independently evaluated by neutral authorities for many years. The external certification in accordance with the international standards for quality, environmental protection and energy management was successfully renewed in 2018.

The high quality benchmark at Manufacturer intrinsically fulfils the stringent requirements of the Deutsche Gütegemeinschaft Möbel e. V. (DGM) [German furniture quality control association]. These requirements are well above the national and international guidelines and distinguish products with above-average quality. Quality tested furniture must be sturdy, safe, hard-wearing and well crafted. Thorough tests and rigorous controls ensure that furniture with the RAL seal of quality, the “Golden M”, meets the extensive requirements. The “Golden M” is recognised both nationally and internationally as one of the most important certificates of quality awarded according to the absolute strictest criteria. Since 2007 Manufacturer kitchens have been consistently awarded the “Golden M.”

Sustainability criteria also play an important role in the selection and evaluation of suppliers and materials. In 2018 Manufacturer entire product range was converted to TSCA compatible material. Thus, all derived timber products meet the strict requirements of the American CARB2 standards for extremely low emission levels.

Against this backdrop of responsible use of resources, the optimisation of materials recycling counts among the other components of our sustainable corporate strategy. The Manufacturer waste management concept for raw materials and packaging ensures consistent separation of the different recyclable material fractions, so that the raw materials can be purposefully sent for further processing. In 2018 the successful continued development of this concept led to an additional reduction in the residual waste per unit produced. These savings were achieved through various isolated measures such as improved waste separation and improved recycling rates in different material groups.

In 2018 new technologies for energy measurement were introduced as part of the Manufacturer energy management system. This new measuring technology can be used to determine more detailed energy consumption figures. The result is an improved data base for the long-term optimisation of energy consumption, since measures taken can be more efficiently and accurately evaluated in the future.

In the interest of improving fire protection, Manufacturer intensified and expanded its cooperation with the local fire brigade. Members of the fire brigade who are Manufacturer employees are supported in their work with surrounding fire brigades. These colleagues commit to a dual membership with the local fire brigade and are then given time off by the company for operations and training. Furthermore, these employees help with internal emergencies and are integrated into Manufacturer emergency response plan.



7. Employees and training

Our employees give our company its unique character through their dedication, their knowledge and their skills and they play a pivotal role in our continued success. In order to reach our long-term goals together, we count on a performance-oriented and motivating corporate culture. To this end we create an inspiring workplace environment based on trust, in which we are all part of a team. The foundation for this is a management culture that is candid and appreciative of every team member. To retain and motivate our employees, we offer targeted support to help them with their personal development.

By the end of 2018 the number of employees reached 3,596, an increase of 281 staff members over the previous year. As part of the expansion of the production capacities, we focused our recruiting efforts on increasing staff at both plants. Additional new staff were also needed in the areas of sales and the vehicle fleet.



Source: Manufacturer



In order to realise the high number of new staff, despite the structural challenges in the labour market, in 2018 we pursued diverse and at times new pathways for approaching candidates. We supplemented traditional recruiting measures with hiring applicants via professional networks, participating in job fairs and hosting application days at Manufacturer. These measures also made use of media in the form of radio spots and videos to accompany job profiles.

We feel it is important to have a balanced distribution of ages among our staff. In order to maintain this and to account for the demographic shift, we do our best to promote all generations at Manufacturer equally and to take into consideration the different stages of life. Offerings include various semi-retired employment, but also the expansion of our work-from-home positions as well as part-time jobs to promote a better balance between family life and work.

Training and continuing education

In-house training and continuing vocational education are important to us. We try to include a variety of training pathways. The company currently has 124 young people learning one of ten business or technical occupations. In 2018 the company had 51 new trainees and students who started working on their professional qualifications at Manufacturer. Our training portfolio includes three dual-study programmes in the fields business economics, wood technology and industrial engineering. This training curriculum combines an in-company apprenticeship at Manufacturer with a Bachelor's degree. There are 15 students currently completing such a practice-oriented course of study at Manufacturer.

Fostering international business relationships counts as part of daily operations in many of the jobs at Manufacturer. The range of training and educational offerings is thus rounded off with foreign language instruction and the opportunity to stay in a foreign country as part of the training programme. Again in 2018, following the successful final examinations, we offered all of the trainees a job with the company.

Throughout 2018 in our continuing education programme we focused on measures, which increase the flexibility of our employees as well as help them improve their qualifications. This includes extensive language courses, which can be carried out both in-house and online. Roughly 100 employees currently take advantage of these offerings. Additional areas of focus have been continuing education measures to impart project management skills and to improve specific software knowledge.







Due to the high number of new employees in the past year and in preparation for the qualification of new employees at our additional production sites, we have optimised and standardised our orientation programme for new staff company-wide. Here the main focus is on our high standards for product and process quality, dealing with our customers, interaction with each other, and conveying the Manufacturer company culture.

Manufacturer Health management

As a responsible employer we want to contribute to promoting and maintaining the health of our employees. For this reason, our health management programme has focussed on the development of respective preventive measures. In 2018 Manufacturer held its first health day events with a wide variety of offerings.

These included skin cancer screenings, workplace glasses, flu vaccinations and cardio scans. In addition, Manufacturer introduced the “sport navigator.” Through this programme Manufacturer employees have access to a diverse range of services from sports, fitness and wellness sectors. More than 500 employees have used this programme to date. Also introduced in 2018 was the opportunity to lease a bike from Manufacturer for a healthy commute. In the past year alone 400 employees took advantage of this offer.







Dedication

The personal dedication and the suggestions of the staff are not only essential to the lasting success of Manufacturer, but also a perfect example of the high level of employee identification with the company. In 2018 more than 1,000 ideas were submitted via the Manufacturer idea management system — the “idea kitchen” — and some 800 of those were implemented in the same year.
At the end of 2018, in addition to the standard holiday and Christmas bonus, every employee received a special bonus of EUR 1,700 for exceptional dedication and high flexibility in the past financial year. Company expenses totalled approx. EUR 6 million.



8. Overall economic outlook and forecast

In 2018, a kitchen year that can best be described as a challenge and a hybrid, Manufacturer once again performed well. In fact, the company was able to resolutely pursue its long-standing and independent course of growth in both domestic and foreign markets.

Even though at the turn of the year the council of economic experts adjusted its prognosis further downward, we anticipate a stable demand situation for domestic sales in our industry for 2019. Increasing net incomes, a low unemployment rate, strong construction activity and a slightly positive consumer trend add up to a basis that doesn't look half bad after all.

After strong growth in 2017, the economic momentum in many national economies has again weakened. However, the upward turn of the global economy has held on thus far. Notwithstanding the above, the headwind from the external environment has noticeably increased. Trade conflicts, currency turmoil and an increasing protectionism are putting a strain on the global economy and have increased the general uncertainty about the economic development. In Europe the lack of clarity surrounding Brexit still persists. And not least, within the Euro zone the huge debt burden and the political uncertainty surrounding Italy harbour risks to the stability of the monetary union. Signals coming from the United States are of a less dynamic progression. In this respect, the economic forecasts from international organisations are predicting a continued upward trend in the global economy, though it will be weaker than that of previous years.

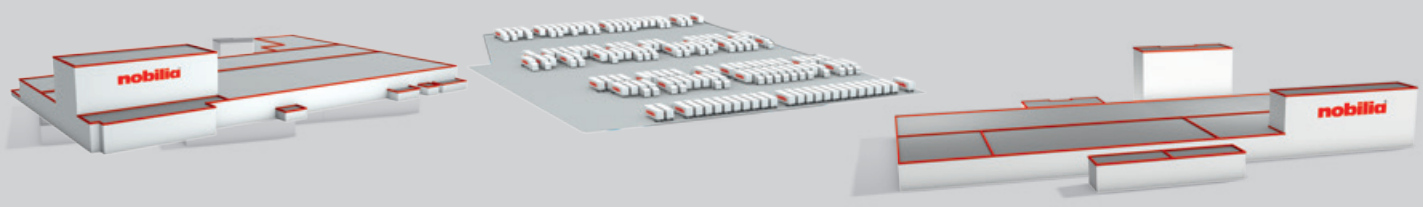
In such a heterogeneous economic environment, independence from individual countries and markets remains paramount for Manufacturer. With its worldwide export business in some 90 countries, Manufacturer has deliberately diversified. With our diverse product range and our high quality standards for products and services we are well prepared for the individualised and complex demands of the export



business. The German fitted kitchen enjoys an excellent reputation around the world. In this respect, business abroad still poses great growth potential for Manufacturer.

In an increasingly complex business environment, we view the current year with careful optimism. We intend to continue our long-term strategy for profitable, organic growth.

PLANT III **SITE IV** **PLANT V**



Data and facts 2018

Sales volume:	EUR 1.228 billion
Export ratio:	47.7 %
Retail customers:	in over 90 countries worldwide
Market share of domestic market:	Quantity: 30.3 % / Value: 33.2 %
Employees:	3,596
Production sites:	2 in Verl, East-Westphalia
Production area:	250,000 m², of which: 110,000 m² in plant I, Verl-Sürenheide 140,000 m² in plant II, Verl-Kaunitz
Production figures:	727,000 kitchens / year 7.27 million units / year 1.69 million worktops / year approx. 3,300 kitchens / day approx. 33,300 units / day
Investments:	EUR 128 million
Own vehicle fleet:	200 lorries and 700 semi-trailers 360 qualified trained drivers
Freight volume:	2,700,000 m³ / year
Driving distance HGVs:	19.8 mil. kilometres / year
Management	Dr. Lars Bopf (Chairman) Michael Klein Frank Kramer Dr. Oliver Streit

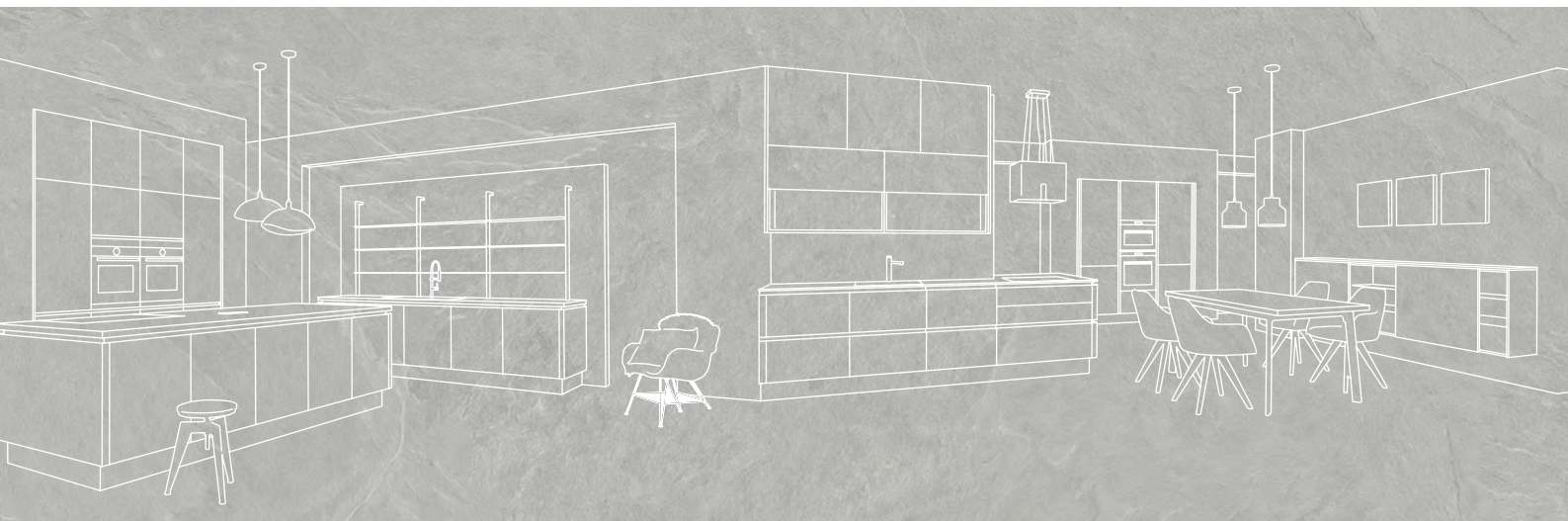


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