



Press Release

Berner Group completes restructuring phase of its core segment and further improves profitability

- All countries of the Berner brand will be profitable in 2017/18
- Unprofitable branch in Turkey is folded
- Activities in Finland are consolidated
- Carsten Rumpf becomes new COO of the Berner Division

Cologne, January 31, 2017. All signals are pointing toward profitable growth. The Berner Group is making greater stride in restructuring the Berner Division than planned. Closing our branch in Turkey and consolidating our activities in Finland has created the basis for all units of the Berner Division yielding positive results as early as the 2017/18 financial year. The last restructuring phase, which was carried out by COO Armin Hess, is thus coming to a successful completion. Carsten Rumpf, until now CEO of the Caramba Group (c. 1,100 employees) within the Berner Group, will succeed Armin Hess to become the new COO for the Berner Division (c. 6,600 employees in 25 countries) as of February 1. He will then assume responsibility during the next phase and implement further steps toward greater profitability and customer focus. Carsten Rumpf has already carried this out successfully at the Caramba Group.

Press Release

“All companies must make money”

Christian Berner, CEO of the Group, had said at the start of the restructuring phase in 2014: “I want all companies of the Berner Group to yield positive results. If we can accomplish that, we will be a step ahead of many groups of companies.” In addition to future investments in customer focus, we aim to take the company on a more persistent path of profitable growth. To this end, a number of programs on efficiency improvement and restructuring have been launched over the past few years. With the completion of the last restructuring phase in Turkey and Finland, we have built the foundation for all countries of the Berner Division to generate a profit starting in the 2017/18 financial year.

Market conditions in Turkey have negative impact on earnings

“Despite the growth in sales during the past years as well as the current financial year, a B2B direct sales company cannot make any money in Turkey,” says Thomas Bechter, Vice President of Berner and in charge of Berner Turkey. Berner has stopped this development by terminating its business activities in Turkey and taken yet another important step toward creating the basis for long-term improvement in profitability.

Although Berner Turkey has more than tripled local sales between 2010/11 and 2015/16, the company has not earned any money. Yet being a direct sales company which purchases most of its goods outside of Turkey, its results have been negatively impacted by large currency fluctuations in Turkey for years, despite increasing sales. In the past three years the Turkish lira has lost over 30 percent of its

Press Release

value against the euro. The – compared to the rest of Europe – high inflation in Turkey also impacted profits negatively; in 2016 it was nearly 10 percent.

In Finland Berner currently has two companies that offer its products on the market. Here measures will be taken in the months ahead that aim to consolidate the company's business activities and place them on a more solid basis.

Restructuring is succeeded by customer focus

As planned, the successful completion of the restructuring phase which COO Armin Hess carried out is now succeeded by the implementation of measures toward greater customer focus. From now on this will be one of the most important tasks of the new COO of the Berner Division, Carsten Rumpf. He remains in charge of the chemicals group.

“Carsten Rumpf has led the Caramba Group quickly and successfully through the first phases of the transformation since 2013. Today the chemicals segment is the fastest-growing and most profitable one in our corporation. We are pleased that Carsten Rumpf is willing to continue this success story in the Berner Division,” says Christian Berner, head of the Group.

Press Release

Armin Hess to meet other professional challenges

The Berner Group and the previous COO of the Berner Division, Armin Hess, are going their separate ways as of 31 March 2017 by full mutual agreement. With one interruption, he has been with the company since 1983 and was instrumental in forcing the introduction of the restructuring and digital transformation phase for the Berner Division. He now wants to meet new professional challenges. Important settings of the course were made successfully by Armin Hess.

“Armin Hess was an important factor in helping us make such pointed progress in the necessary restructuring work in the operative units of the Berner Division. He has rendered outstanding service to Berner for over 20 years. I personally thank him for this and wish him success in his new ventures,” says Christian Berner.

The Berner Group

The Berner Group is a family-run European commercial enterprise. Our vision is: “We keep the world together and moving.” This means we are the central B2B trading partner for all materials in the maintenance, repair, and production segments for our customers in the building, mobility, and industry sectors. With more than four channels we create an integrated omni-channel purchasing experience for our customers. In the steel and C materials as well as chemicals segments we are also an innovative manufacturer. We are represented in over 25 countries for our customers with more than 230,000 items and 9,000 employees.