



POSSEHL

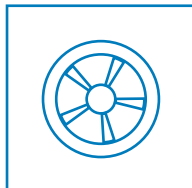
The Entrepreneurs' Group

Entrepreneurs at work

Business Report
2019

9 independent divisions

TYRE TECHNOLOGY



15
Companies
17.6 %
Share of Sales
2019*

CLEANING TECHNOLOGY



25
Companies
18.6 %
Share of Sales
2019*

PRINTING MACHINES



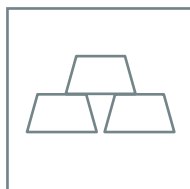
25
Companies
11.5 %
Share of Sales
2019*

INTRALOGISTICS



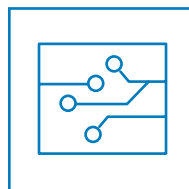
22
Companies
5.3 %
Share of Sales
2019*

PRECIOUS METALS PROCESSING



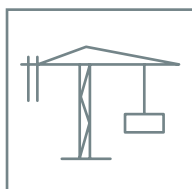
9
Companies
6.7 %
Share of Sales
2019*

ELECTRONICS



15
Companies
10.0 %
Share of Sales
2019*

SPECIAL PURPOSE CONSTRUCTION



29
Companies
14.9 %
Share of Sales
2019*

IDENTIFICATION SOLUTIONS



26
Companies
6.1 %
Share of Sales
2019*

SME INVESTMENTS



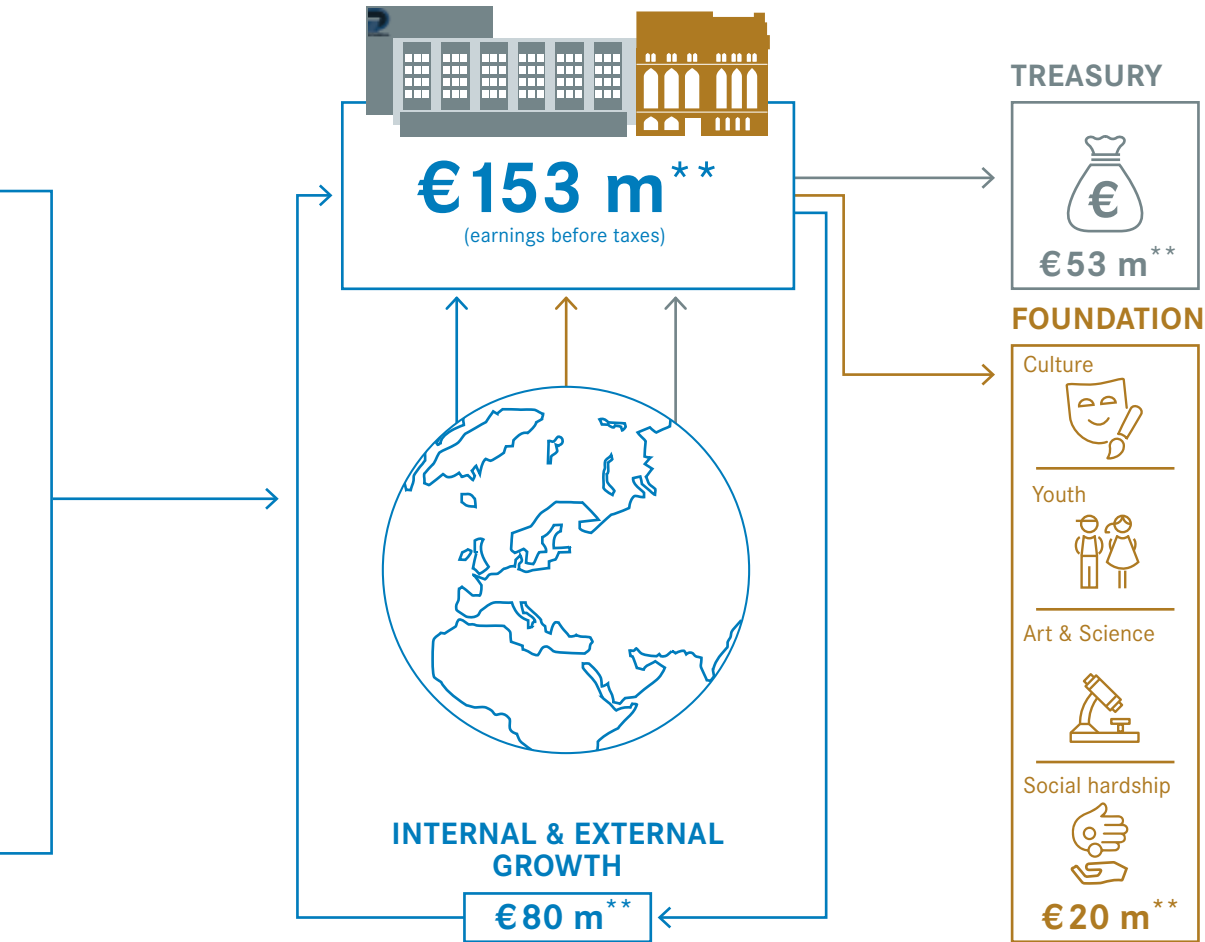
26
Companies
9.3 %
Share of Sales
2019*

* adjusted

Our values

Provide Orientation
Competition
Challenge & Encourage
DIGITISATION
DIVERSIFICATION
Responsibility
FUTURE
Trust
SUSTAINED
VALUE ENHANCEMENT

Company and foundation



** figures for 2019 (without special projects)



The divisions /// Company and foundation



ACT AS A ROLE MODEL Openness
GROWTH EXPERTISE **TRADITION**
 Vision & Patience
 Long-term Success **STABILITY** Experience
 SMEs **ENTREPRENEURS** Innovation

Possehl at a glance

		2015	2016	2017	2018	2019
Earnings						
Sales	€ million	3,516	3,877	3,809	3,764	4,140
thereof sales from precious metal trading	€ million	1,311	1,682	1,466	1,266	1,537
Sales adjusted for the proceeds from precious metal trading	€ million	2,205	2,195	2,343	2,498	2,603
Earnings before interest, taxes and goodwill amortization (EBITA)	€ million	178	268	189	195	191
Earnings result from ordinary operations (EBIT)	€ million	167	256	175	181	173
Earnings before taxes	€ million	145	243	158	162	153
Consolidated net profit	€ million	89	188	100	107	93
Dividends	€ million	24	57	18	19	20
EBIT ratio*	%	7.6	11.7	7.5	7.2	6.6
Return on equity before taxes	%	19.9	28.7	17.2	16.2	14.3
Net assets						
Balance sheet total	€ million	1,382	1,563	1,619	1,788	1,854
Equity	€ million	727	848	919	1,002	1,071
Equity ratio	%	52.6	54.3	56.8	56.0	57.8
Working capital	€ million	488	551	600	706	714
Financial position						
Net financial assets	€ million	264	352	366	268	244
Cash flow from operating activities	€ million	223	127	121	91	184
Investment in property, plant and equipment and intangible assets (excluding goodwill)	€ million	67	82	71	108	115
Depreciation of property, plant and equipment and intangible assets (excluding goodwill)	€ million	53	56	58	61	68
Employees						
Employees, annual average		12,164	12,443	12,413	13,365	13,331
thereof domestic		6,865	6,896	6,708	6,985	6,913
thereof abroad		5,299	5,547	5,705	6,380	6,418

* sales adjusted for precious metals contained in the output

Key figures

4.1

Sales (€ billion)

153

EBT (€ million)

1.1

Equity (€ billion)

>200

Group companies

~13,300

Employees

173

Years

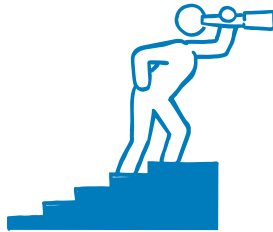
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Contact & Imprint

[L. Possehl & Co. mbH](#) is a Group of medium-sized industrial companies managed in Hanseatic tradition. In our currently more than 200 companies we employ around 13,300 people worldwide, with over half being based in Germany. Our companies preserve and maintain their unique identity and continue to develop independently within the Group. As a successful and diversely positioned Group with a history spanning 173 years, the name Possehl stands for entrepreneurial spirit, tradition and responsibility.

Entrepreneurs at work.
Every day!



Vision and patience

“We do not base our decisions on short-term goals,
but act in a considered and sustainable manner.”

Dear Business Partners, Dear Readers,

The economic environment and underlying conditions have become more difficult during the course of the 2019 financial year: In many industries and regions, the economy slowed down noticeably, the trade climate became considerably harsher, and many industries and business models – in particular the automobile industry – are subjected to fundamental changes. In this demanding environment, the Possehl Group performed well and continues to stand on a sound financial footing.

In the past financial year, we achieved record sales of €4.1 billion. Precious metal prices, which rose significantly during the year, were the main growth driver. On a comparable basis, thus by excluding precious metal price changes, the Group's growth amounted to a good 4%. This was primarily due to both the acquisitions and strong development we saw in our Cleaning Technology division. The economic headwind was mostly felt in our Electronics segment, which reported noticeably declining revenues year-on-year.

Earnings did not quite reach the outstanding level of the previous year. However, with operative earnings before interest and taxes (EBIT) amounting to €173 million, we still achieved a very good result.

The development of earnings in our Printing Machines division was particularly gratifying. Already in the first full business year following the merger, the joint venture manrolandGoss improved both the company's market position and competitiveness significantly, and was able to report a small profit. Positive development could also be recorded in our divisions Special Purpose Construction, Tyre Technology and Cleaning Technology. In particular the Hako Group, which recorded vibrant sales and a constant earnings margin, achieved record profits. The fact that we, as the Possehl Group, nevertheless not quite matched the consolidated results recorded in the previous year was mainly due to the unexpectedly weak demand for semiconductors and automobiles. Moreover, some of our SME companies did not operate at full capacity throughout the year.

Once again in the reporting year we invested heavily in both tangible and intangible assets, innovative products and process improvements, as well as in the acquisition of new companies. In short: We invested

in keeping the Possehl Group competitive and fit for the future. The outflow for investments in fixed assets amounted to over €180 million in the 2019 financial year. Focussed acquisitions enabled us to expand our already strong portfolio even further. From a strategic perspective, expanding the package sorting and intralogistics business within the Böwe Systec Group was of particular importance. Following the acquisition of a majority interest in Optimus-Sorter, we took further seminal steps last year by acquiring a majority interest in the Swedish conveyor systems specialist SGA Conveyor Systems AB as well as in Red Ledge Ltd., a supplier of software and automation solutions based in the UK. Renaming this Group division "Intralogistics" reflects the growing importance of this particular product segment. Our Special Purpose Construction division also continued its successful growth course of recent years by our acquiring three new companies. Furthermore, we strengthened our Identification Solutions division through a company acquisition in Italy.

We financed these investments both from current cash flow and, partly, our credit balances at banks. Despite particularly favourable conditions, we deliberately abstained from taking out investment loans. On the one hand, we assume that both short- and long-term interest rates will remain on a low level; on the other hand, negative interest rates on credit balances currently render even long-term financing an unattractive alternative.

Owing to the low interest-rate environment and the high liquidity in the market, we had to slightly adapt our profitability requirements for company acquisitions. A look at our balance sheet shows that goodwill from company acquisitions has almost reached the €100 million mark. This is clearly a high value in absolute terms; however, when considered in relation to a balance sheet total of €1.9 billion and our equity of €1.1 billion, this value, although increased, is still relatively marginal and proof of our high acquisition activities over the past years. It also shows that well-positioned companies, in which we invest, have their price. The expense resulting from our conservative depreciation policy in terms of goodwill, which was charged against our consolidated earnings, amounted to €21 million in the year under review. However, the positive effect of this policy is that unscheduled depreciations and



Dr Joachim Brenk
Chairman of the Board

impairment losses, as can be increasingly observed to affect companies that prepare their balance sheets in accordance with international accounting standards, can be largely avoided.

Overall, the broadly stable development of earnings in a difficult global market environment confirms our Group strategy of ‘deliberate diversification’ and ‘individual strengths’. Our corporate portfolio currently comprises more than 200 companies in nine independently operating divisions with often different economic cycles. The broad diversity of our businesses ensures internal risk balance; and strengthening our de-centrally operating companies underlines our conviction that it is a Management Holding’s job to review and monitor individual business models, but not to take over the operational management.

Despite our firm belief that – as a Group of companies under the joint umbrella of Possehl – we are in a solid position, both the Possehl Group as a whole and, even more so, our individual Group companies in their respective markets will be facing major challenges and find themselves exposed to increasing risks in times to come. Political risks, the ongoing trade dispute between China and the US, as well as increased regulatory scrutiny and the continued shortage of skilled labour are just a few examples in this respect. In addition, the negative impact of the global coronavirus pandemic will be considerable.

On some of these challenges we have no, or only very little, influence. Our role in this case is a passive one; all we can do is to act appropriately and as quickly and stringently as possible. However, there are other challenges that we can actively address and manage. And this we do with utmost determination.

Every day, we experience how rapidly the world around us is changing. Product- and innovation cycles are becoming shorter and shorter, entire business models are called into question or disappear altogether. Topics such as Smart Factory, Industry 4.0, Internet of Things or Digitisation in general are increasingly defining our agendas.

Our companies are prepared to meet these challenges, and their responsible executives concern themselves with the question how relevant these trends are for both their own and their customer’s respective products and services, and will finally decide which of these innovations and future-oriented technologies ultimately need to be tackled in practical terms. Our Holding intensively supports the Group companies in their further development, and had done so long before our first Group-wide Digital Conference with more than 100 participants from all divisions took place in March 2019. Following this event, we have built up our own digitisation expertise within the Holding in order to promote and coordinate the process of exchange between our companies. Under the slogan #CreatingBonds (#BildetBanden), experts and executives from all divisions have come together to form cross-company work groups which we call



Mario Schreiber
Member of the Board



Dr Henning von Klitzing
Member of the Board

Possehl what it is today: a successful Group of companies. In recent years we have taken a forward-looking and solid approach, and are entering what will certainly be an extreme challenging financial year in very good shape.

Yours sincerely,

Dr Joachim Brenk

Mario Schreiber

Dr Henning von Klitzing

“Digital Clusters”. To facilitate their work, we have built up a cloud-based collaboration & knowledge management platform. The topics discussed by these clusters, in which several hundred experts now work together Group-wide, reflect the entire range of innovations and investments in new future-oriented solutions, products and business models: from the requirements posed on the working world of the future to IT and data security, digital recruiting and e-commerce, right down to “Smart Factory” – one of the most ambitious objectives, based on process automation, sensor technology und data collection, data analytics and artificial intelligence, augmented and virtual reality or 3D printing. We regard the purely needs-oriented and voluntary participation in this “CreatingBonds” principle as an appropriate counterbalance to avoid redundancies or actionism in dealing with this large number of trend topics.

These joint efforts may not pay off immediately, but definitely will in the long term. In particular, they will keep the Possehl Group competitive and render it fit for the future. First of all, however, we too will feel the effects of the coronavirus pandemic and the cooling economy. We therefore do not expect any further growth in sales in the 2020 financial year and predict a lower return on sales.

The good result we achieved in the 2019 financial year is based on excellent team work, for which we would like to thank all our employees. Your every-day dedication towards our customers as well as your creativity and commitment to our shared values have made

Executive Board

Joachim Brenk

Dr.-Ing.

Chairman of the Board

Member of the Executive Board since 2009. Chairman of the Board since 1 August 2017 and responsible for the divisions Intralogistics, Printing Machines, Precious Metals Processing and Tyre Technology.

Henning von Klitzing

Dr. rer. pol., Lawyer

Has been working for the Possehl Group since 2006.

Member of the Executive Board since 2013

and responsible for M&A.

Mario Schreiber

Diplom-Betriebswirt (MBA/Master in Business Administration)

Has been working for the Possehl Group since 2004.

Member of the Executive Board since 2013 and responsible for the divisions Special Purpose Construction, Electronics, Identification Solutions, SME Investments and Cleaning Technology.

Supervisory Board

Ernst F. Schröder

Dr. rer. pol.
Chairman
Businessman

Peter Hlawaty

Vice Chairman
IG Metall Küste

Hans-Willi Puntheller

Painter and Decorator
Chairman of the Works Council of cds Polymere GmbH & Co. KG
Member of the Group Works Council of L. Possehl & Co. mbH

Hanno Brüggem

Personally liable shareholder of H. & J. Brüggem KG

Rolf Schmidt-Holtz

Co-founder and Chairman of the Supervisory Board of Just Software AG

Claus Bunk

Head of Plant Assembly at Böwe Systec GmbH
Chairman of the Works Council of Böwe Systec GmbH
Chairman of the Group Works Council of L. Possehl & Co. mbH

Max Schön

Entrepreneur
Chairman of the Possehl Foundation's Management Board

Michael Hinrichsen

Insurance Broker at Lubeca Versicherungskontor GmbH

Angelika Strait-Binder

Personally liable shareholder of J.G. Niederegger GmbH & Co. KG

Uwe Lüders

Master of Economics (Dipl.-Volkswirt)

Horst Wardius

Equipment Engineer
Vice Chairman of the Works Council of Hako GmbH,
Bad Oldesloe plant
Member of the Group Works Council of L. Possehl & Co. mbH

Liane Papaioannou

Chief Authorised Representative of IG Metall Pforzheim

Dear Sir or Madam,

In the 2019 financial year, the Possehl Group achieved consolidated earnings before interest and taxes (EBIT) of €173 million. Group sales adjusted for precious metal price effects increased by almost 4% to €2.6 billion. Group equity grew to €1.1 billion and net financial assets amounted to €244 million at the end of the year. In light of a significantly weaker global economy, these figures are very impressive. The underlying outstanding performance of both the Executive Board and all employees of the Possehl Group once again deserves our sincerest appreciation. Based on the very solid 2019 financial data, Possehl will master the extraordinary challenges posed on the Group in connection with the Corona pandemic.

In the long term, the rapid technological progress presents all businesses with major challenges, however, it opens up undreamt-of opportunities as well. The Supervisory Board therefore explicitly welcomes the Executive Board's initiatives towards encouraging the Group companies to adopt new approaches and to provide them with the best possible support in defining and shaping the necessary processes of change – fully in line with the spirit of our maxim “Possehl – The Entrepreneurs' Group”.

During the financial year 2019, the Supervisory Board fulfilled the obligations incumbent on it in accordance with the relevant statutory provisions, the articles of association and its by-laws with great diligence. We regularly advised the Executive Board in its management of the Group and closely monitored its activities. We performed these functions on the basis of detailed reports from the Executive Board received at our Supervisory Board meetings. The Supervisory Board was directly involved in all decisions of fundamental importance at an early stage. The Executive and Supervisory Boards work together in a very constructive manner for the benefit and successful further development of Possehl.

In the year under review, the Supervisory Board convened five meetings, four of which were regular meetings. In these regular meetings, the Executive Board provided us with information about major acquisition projects, the course of business, the future prospects of each individual division as well as the general situation of the Group. During these meetings with the Executive Board, we discussed in-depth all fundamental issues concerning corporate policy, including and in particular the strategic development and the risk situation of the Group as well as issues regarding corporate planning and key investment decisions. We conducted in-depth reviews of all business transactions requiring our approval to comply with

statutory regulations and company by-laws. Following intensive discussion and examination, the Supervisory Board approved the Executive Board's proposed resolutions.

In the meeting held on 24 May 2019, the Chairman of the Supervisory Board was unanimously confirmed in his office.

Outside the Supervisory Board meetings, the Chairman of the Supervisory Board was also in regular close contact with the Executive Board, in particular with its Chairman. He was regularly and comprehensively informed of significant business transactions and current events of importance for assessing the situation and development of the Group. The Chairman of the Supervisory Board advised the Executive Board in its entrepreneurial decisions, especially with regard to corporate transactions.

During the reporting period, the Supervisory Board steadfastly fulfilled its duty to monitor the Executive Board consistently.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The auditor, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited the Annual Financial Statements and the Management Report of L. Possehl & Co. mbH as well as the Consolidated Financial Statements and the Group Management Report for the financial year as at 31 December 2019 in accordance with German statutory provisions and issued an unqualified audit opinion. The auditor's reports were made available to all members of the Supervisory Board in due time and were discussed in detail in the presence of the auditor at the accounts meeting held on 30 April 2020. The auditor reported on the volume, the focal points and essential results of the auditing, highlighting both particularly important audit issues and audit activities performed. He provided comprehensive information on the audit reports to the members of the Supervisory Board and answered their questions in detail.



Dr Ernst F. Schröder

Chairman of the Supervisory Board

The Supervisory Board concurred with the results of the audit. Following the conclusion of its own examination, the Supervisory Board raised no objections to the findings. The Supervisory Board approved the Financial Statements of L. Possehl & Co. mbH for the financial year as at 31 December 2019 and recommends that the shareholder, the Possehl Foundation, approves the Financial Statements. Furthermore, the Supervisory Board recommends that the shareholder approves the Consolidated Financial Statements of L. Possehl & Co. mbH for the financial year as at 31 December 2019.

The Supervisory Board examined and approved the Executive Board's proposal for the appropriation of the profits, which had been submitted to the Supervisory Board beforehand.

CHANGES TO THE SUPERVISORY BOARD

In the year under review, there were no changes in membership, neither in the Supervisory Board nor in the Executive Board.

The Supervisory Board wishes to express its thanks to all employees of Possehl's Group companies as well as the corporate management for their entrepreneurial commitment, their courage, and their successful work in the 2019 financial year. We wish you and your families, also on behalf of the Possehl Foundation, the best of health and happiness in these exceptionally difficult times.

Lübeck, 30 April 2020

On behalf of the Supervisory Board

A handwritten signature in blue ink, appearing to read 'Dr. Ernst F. Schröder'.

Dr Ernst F. Schröder

Chairman of the Supervisory Board



Preserving tradition and driving innovation

“We are aware of our roots and maintain our values.
We also actively shape the future
with new ideas and innovative solutions.”

The Entrepreneurs' Group

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Targets and strategy

Growth and value enhancement

It is our aim to constantly increase our Group's earnings and enhance our corporate value sustainably. To achieve this, we need suitable entrepreneurs, who enjoy a high level of entrepreneurial freedom within the framework of our corporate values, to manage each of our many companies. In addition, it is our objective to offer owner- and family-run businesses attractive succession solutions in order to win new companies for our Group.

Our strategy

- Acquisitions
- Active sparring partner of the managements

Ability to pay dividends

It is our aim to pay our proprietor, the Possehl Foundation, an attractive regular dividend, even in economically difficult times. We achieve this through long-term income and investment planning and a conservative interpretation of accounting flexibility. When taking major decisions, we always include our capability of fulfilling dividend promises on a sustained basis into our considerations. We rely on our companies' sustainable profitability without pursuing any exit strategy.

- Long-term investment planning
- Defensive accounting policy

- Diversification of the portfolio
- Risk spreading

Stability

It is our aim to secure the entrepreneurial activities of our individual companies by ensuring the strength of the Group as a whole. We achieve this by maintaining a diversified and broadly based portfolio stretching across various business sectors and industries with companies preferably subjected to different economic cycles. We will continue to broaden our base in the coming years. Despite pursuing a strategy of diversification, we aim at understanding each and every of our business models since we can only develop products and services we fully understand.

- Decentralised management model
- Investment/Innovation/Digitisation

Social responsibility

In our aim of achieving our targets, it is important to us to be fully aware of our social responsibilities since we feel obliged to fulfil our shareholder's high standards in this respect. This is why people in their individuality always play a key role in all our decisions. Within the mid-tier segment, we communicate, openly and honestly, on an equal footing. Both employee representatives and works councils as well as union representatives are regularly welcome to discuss business matters with our managements.

Leadership philosophy

Lean structures and fast decision-making processes

A good opportunity waits for no man, and matters of great urgency do not allow any delay. And why should they? Today, modern lines of communication enable fast and efficient information exchange processes within organisations. The same goes for us: At the Holding Company, we are always available and approachable for our companies, directly and without much ado, to help solving problems in a fast and straightforward manner. All of our companies adhere to this principle.

Venturing into new territory

Given the highly dynamic development in the markets, our companies, in return, need to become even more agile and, in particular, rise to the challenge of digitisation in the years to come. We encourage our companies to seize opportunities, once identified, with a “controlled approach to risk”. In doing so, we also accept the fact that, with hindsight, certain decisions may prove to have been wrong. However, at the end of the day, this is what entrepreneurship is all about. The most important thing is that the overall performance is right.

Cooperative leadership

Nobody knows his own waters better than the captain himself, who negotiates them on a daily basis. We know this because in our current positions as, we ourselves have gained many years of experience in different managerial positions in operative units in the past. For this reason we place great trust in our companies’ managements. We strive to make them as strong as possible while giving them as much leeway as possible in their day-to-day operative development. Instead of relying on setting targets, we give preference to exchange and inspiring new momentum to encourage mutual trust which is particularly helpful in a more difficult phase.

Clear targets and honest feedback

As is to be expected, our companies' freedom of action is linked to certain conditions. We attach great importance to transparency, clear agreements and exact feedback received from our managing directors in the course of informal dialogues as well as at our annual meetings. In general, we give preference to personal discussions rather than exchanging emails or receiving excessive key data "monstrosities" or stylish presentations.

Regular communication

Information provides security. This is why our managers closely communicate with each other on a regular basis. Our division managers are in constant contact with our operative management to discuss short-term developments. In addition, regular meetings take place between the managing directors and the executive board on a quarterly basis, followed by annual planning meetings in autumn. Parallel to this, the management of the Holding Company maintains regular on-site contact with the managing directors to exchange information.

Bottom-line accountability

It is part of our leadership philosophy that our companies develop independently, which includes operating under their own profit responsibility. Each company must be economically viable. Cross-subsidisation is not intended. As a general rule, cross-corporate actions, such as measures regarding cyber security, digitisation clusters, benchmarks, joint purchasing of licences or innovation competition, are optional in character and mostly based on the initiative of individual group companies.

M&A-Strategy

We are always on the lookout for new companies that fit into our operation: competitive enterprises with a good market position and positive development prospects. We maintain their entrepreneurial freedom and support them on a strategic and financial level. Our companies continue to grow because we give them the opportunity to concentrate on their key distinguishing feature, which is to achieve good results based on their special know-how and years of experience.

Our Philosophy: Best-Owner Approach

We only acquire companies which we are convinced will profit from Possehl as the best owner in the long term.

This best-owner approach also corresponds to both the mind-set and the actions that have been undertaken by our founder Emil Possehl.

We can assure family business owners that, when selling their company to us, their life's work is in good hands. Our approach is to successfully continue what they have equally successfully built up over many years or generations.

Our offer

#1 Transaction security

We finance our acquisitions from liquid funds; our operative companies will not be burdened with financial costs resulting from the acquisition.

#2 Prospect

We ensure long-term support and development of the businesses we take over.

#3 Safeguarding of identity

Our companies can preserve and develop their own culture.

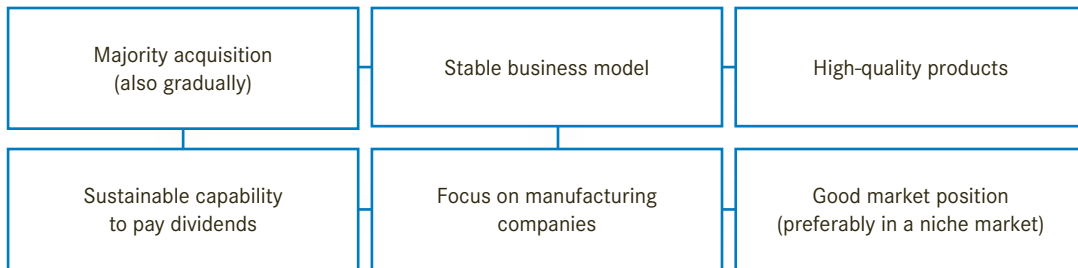
#4 Security

We actively support our companies in times of need.

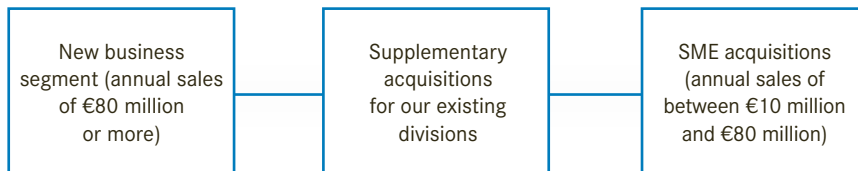
#5 Sustainability

Together, we develop new business models in future-oriented industries.

Our acquisition criteria



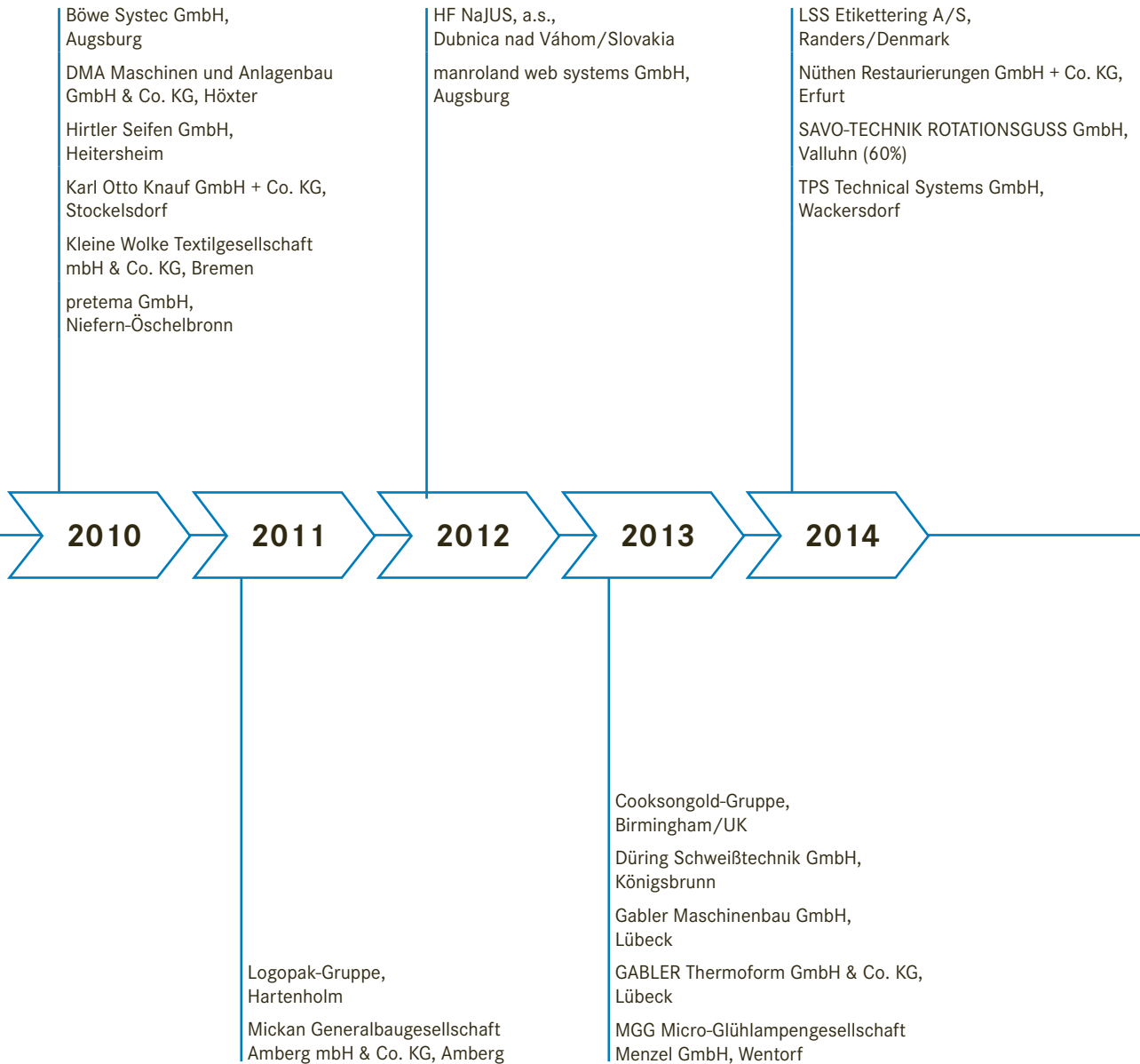
In general, we would consider the following acquisitions

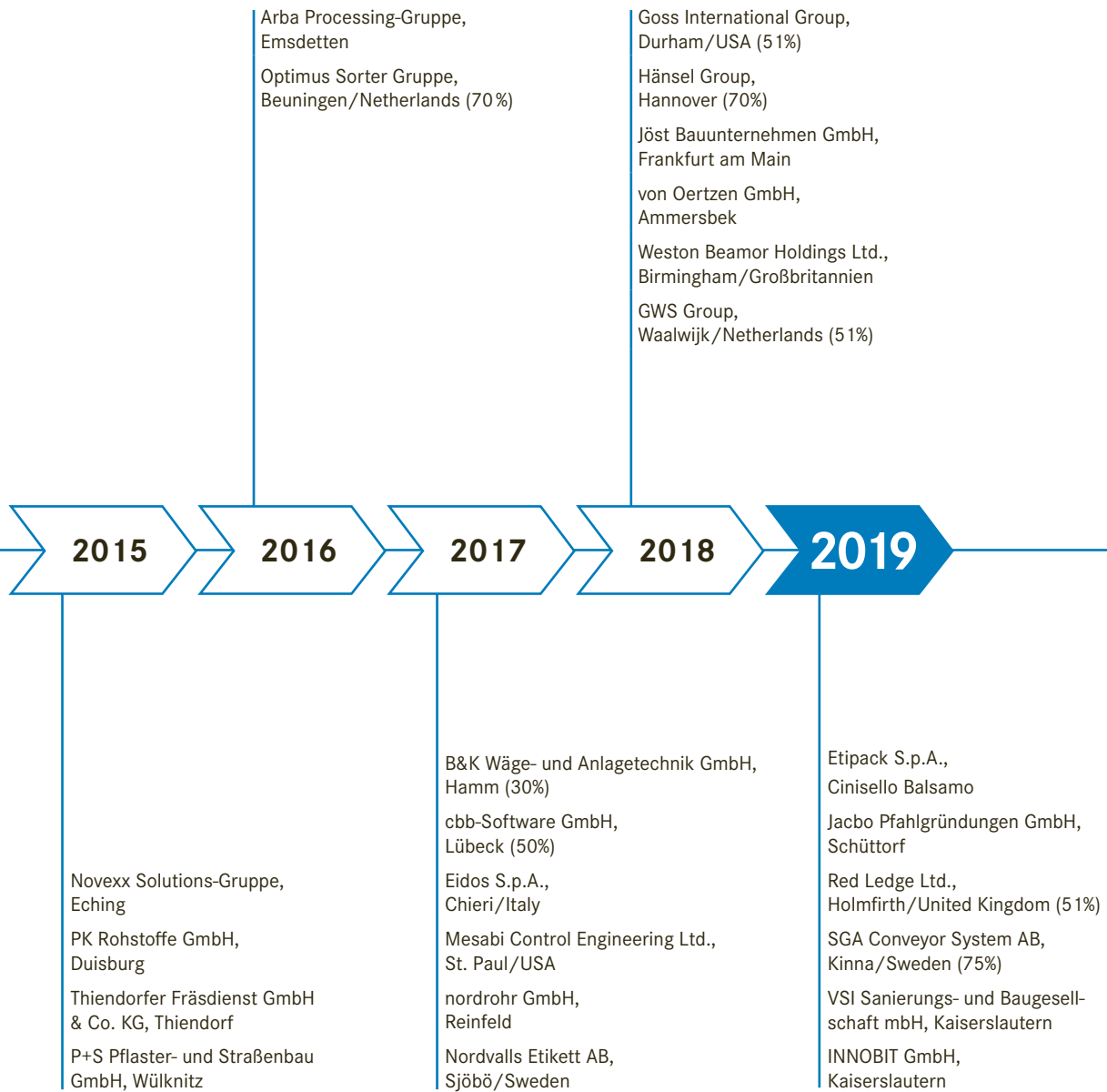


“Both our long-term perspective and buy-and-hold strategy fundamentally distinguish us from classic financial investors.”

Dr Henning von Klitzing

Acquisitions from 2010–2019







„MEIN GRÖSSTER
WUNSCH IST ES,
"MY DEAREST WISH IS THAT
DASS DIE FRÜCHTE MEINES
THE FRUITS OF MY LIFE'S WORK
LEBENSWERKES
MEINER GELIEBTEN
VATERSTADT,
SHOULD BENEFIT MY BELOVED HOMETOWN,
DER FREIEN UND HANSESTADT
LÜBECK,
ZU GUTE KOMMEN MÖGEN."
THE FREE HANSEATIC CITY
OF LÜBECK"

EMIL
EIN100
Hundert Jahre
Possehl-Stiftung!

E. Possehl.
EMIL POSSEHL

Possehl Foundation

Emil Possehl passed away a hundred years ago. His death in 1919 was also the beginning of the Possehl Foundation, the Possehl Group's sole shareholder. In accordance with the founder's intentions, the Foundation promotes "everything good and beautiful in Lübeck". Hence, the Possehl Group, a group of companies focussed on economic success, is embedded in a non-profit context. The Foundation manages the proceeds the Possehl Group pays out annually and uses the funds to support exclusively non-profit aims of the foundation. The foundation's historical objectives are:

- to preserve the beauty of the city
- to help the young
- to foster the arts and sciences
- to alleviate hardship for those in need
- to support charitable and non-profit institutions

The Foundation and the Group are associated not only through their corporate relationship and common headquarters located in Lübeck's Beckergrube, but also by shared values: tradition, stability and entrepreneurial vision. And this for 101 years now.

Selected areas of funding

The Beauty of the City

Lübeck's old town has held UNESCO World Cultural Heritage status for more than three decades. Preserving the cityscape with its beautiful buildings and parks is a particularly multi-faceted objective of the Foundation, especially in a city as rich in listed historical structures worthy of preservation as Lübeck. Many homeowners put a great deal of commitment into restoring their properties, which have an architectural history that often goes back to the Middle Ages. The Possehl Foundation provides funding for the additional costs involved in carrying out renovation work that meets curatorial standards, and therefore contributes to safeguarding this historical heritage for the future. Furthermore, the Possehl Foundation participates in projects promoting the contemporary redesign of Lübeck's inner-city streets and town squares. Contributing €42 million to the construction of the European Hansemuseum in the northern part of the old town has been the Possehl Foundation's most significant contribution to the development of the cityscape so far. Since its opening in 2015, the museum has attracted more than 100,000 visitors every year.

Helping the Young

In recent years, the subject of "education at work" has increasingly gained in importance for the Possehl Foundation. In close cooperation and dialogue with both the municipal authorities and the network of Lübeck-based foundations, the Possehl Foundation contributes to children finding the kind of favourable conditions in Lübeck's schools and day-care facilities that encourage the joy of learning and give them the opportunity for a self-determined future. A special initiative is the SAME ("Solidarity Action Day Movement in Europe") office in Lübeck, which was established in 2018. For one "Social Day", pupils from all over Europe swap their classrooms for offices and help to support projects all over the world. The Foundation also encourages getting closer to nature – for example by supporting the nature workshop on the Priwall peninsula. In 2019, a group of young people had the opportunity to experience nature conservation first-hand on the peninsula on the Trave estuary.

Fostering the Arts and Science

"Fostering science" is specified as one of the Foundation's purposes in its statutes, and this enables the Foundation's board of directors to support the excellence of research and teaching at Lübeck's universities. The intensive support and funding of both the University of

Lübeck, the Technical University of Applied Sciences Lübeck, and the University of Music Lübeck (MHL) increases the universities' attractiveness for professors and students and reinforces Lübeck's place on the academic map, which benefits the city and its citizens. The main areas of funding are specific research projects, endowed chairs and the technical equipment required for scientific work. In a city so rich with history, preserving its cultural heritage is a priority. The construction of the Kunsthalle St. Annen art gallery erected on the foundation walls of the historic Friary Church in 2003 had already built a bridge from the past to the present by creating a place of encounter with both contemporary and 20th century arts amidst the medieval Aegidien Quarter.



Experiencing nature together gets children and young people interested in nature conservancy

Alleviating the Hardship of Those in Need

Personal need is an important issue in today's society. It is the Foundation's objective to prevent social neglect, financial indebtedness and lack of perspective. To achieve this, it aims to promote more effective coordination and networking of existing services. For ten years now, Lübeck's day-care facilities and schools have been in a position to better support children from low-income families. The Education Fund offers support in financing school lunches, educational material, music and sports activities and school trips, and is supplemented by benefits from the Educational & Participation Package. In cooperation with the job centre, the Hanseatic City of Lübeck was able

to set up a simple, uncomplicated structure which ensures one thing above all: that children and young people receive rapid and unbureaucratic support. In cases where the Educational & Participation Package does not take effect, the Education Fund steps in. Every year, some €4 million are made available to support more than 8,700 children.

Charitable and Non-Profit Institutions

There are more than 300 registered associations in Lübeck dedicated to a broad range of different objectives, which are supported by Lübeck's citizens with a high level of charitable commitment. This engagement reinforces societal cohesion and is a valuable addition

to the work carried out by public authorities. The Foundation's financial contributions to the funding of all kinds of charities are also a mark of recognition and appreciation for their work, which is indispensable for the welfare of the city. More than 140 associations – many of whom are financially supported by the Possehl Foundation – with some 40,000 members belong to the Lübeck Sports Federation (Lübecker Turn- und Sportbund). In 2019, the Foundation also supported TEAM LÜBECK, an association of young athletes who want to promote Lübeck as a sports city. In addition, the Foundation provides particular support to charities that are committed to the integration of elderly people, migrants and people with disabilities.

Projects and events in 2019

100 years of the Possehl Foundation

In May 2019, the Possehl Foundation held celebrations to mark its 100th anniversary. The event at the Theater Lübeck focused on the people who make the Foundation's purpose possible, namely the applicants. Around 500 guests came together to enjoy a colourful jubilee programme. After delivering a few words of introduction, the Foundation's chairman Max Schön joined Dr Joachim Brenk, Chairman of the Board of the Possehl Group, in giving an interview, which provided an entertaining portrait of the Foundation and the Group. This was followed by performances featuring music, theatre and video illustrating the diversity of the projects the Foundation has supported in recent years. A mixed programme of musical recitals, magic shows, short films, performances and a wide range of culinary specialities rounded off the celebrations.

Possehl Foundation awards

The Possehl Foundation sees itself as a financial sponsor and partner of Lübeck's universities, which is reflected in the joint awarding of both the **Possehl Music Prizes** with the University of Music Lübeck, and the **Possehl Engineering Prize** with the Technical University of Applied Sciences Lübeck.

Our jubilee year also gave us the opportunity to extend our focus on "all that is good and beautiful" in Lübeck through establishing partnerships with other co-funders. In 2019, the Foundation tendered and awarded the **Possehl Scholarship for Architecture** for the first

time in cooperation with the Technical University of Applied Sciences Lübeck. With the new **Possehl Prize for International Art**, which is awarded in conjunction with the **Possehl Prize for Lübeck Art**, the Foundation aims to encourage people to explore contemporary art on a pan-regional scale.

European Hansemuseum Lübeck

Since it was founded, the European Hansemuseum has been the top spot for showcasing and learning about Hanse history. It is both a meeting point and a research centre, with the task of maintaining and animating the site on which it stands. The combination of old and new buildings again won a prize for architecture in 2019 and is one of the main tourist attractions on Lübeck's Old Town Island. A highlight of the European Hansemuseum this year was the exhibition, "Störtebeker & Company – pirates of the Hanse period?", which opened in September. It brings the legend of Störtebeker back to its roots at the Lübeck Castle Friary. Its events and discussion groups have also established the European Hansemuseum as a place of cultural exchange. In August, it hosted the annual general meeting of the youth charitable network "Schüler Helfen Leben" and the associated SAME network (Solidarity Action Day Movement in Europe).

Museum of Theatre Puppets and Puppet Theatre Lübeck

The museum is located in a narrow historical lane in Lübeck's Old Town. It is home to an outstanding collection of theatre puppets, which it brings to life on stage. In 2017, the Possehl Foundation

decided to renovate this unique collection of listed buildings and initiated an architecture competition to make this a reality. The plans based on the prize-winning design by the architects Konermann & Siegmund were presented in October 2019. They show how the museum and the theatre will become ever more intertwined in the future. Nearby, in the churchyard of St. Peter's, the Puppet Theatre Caravan provides visitors with information and sells tickets and gifts. The collection has been moved out for storage, cataloguing and specialist restoration work. The results of this work will form the basis for the new displays.



Exhibition of the students' work at the Kulturwerft Gollan

Further information about the Possehl Foundation:
www.possehl-stiftung.de

Possehl Foundation contributions in €

1950-2018	390,812,754.23
2019	17,973,608.34
Total	408,786,362.57



Jonathan Meese, ICH BIN DAS LIEBE KUNSTSTUNKIGE, 2018



Taking decisions, assuming responsibility

“We live up to our entrepreneurial obligations on a daily basis and take responsibility for the decisions we make – always in keeping with our social responsibilities.”

Highlights 2019

Highlights 2019

Once again in 2019, the Possehl Group was able to develop and strengthen their operative business through additional acquisitions. At our group companies, the topic of digitisation is becoming more and more important.

February

The well-established software company Red Ledge based in Yorkshire in the UK specialises in auto ID solutions, and its technologies are successfully used in letter and parcel sorting centres as well as warehouse and production facilities worldwide. Red Ledge's core competencies include competitive software platforms.



May

The company VSI Sanierungs- und Baugesellschaft based in Kaiserslautern, which also operates subsidiaries in Saxony and Bavaria, is a competent and efficient partner in the field of rehabilitation and maintenance of traffic surfaces. With its modern and highly-specialised machinery, the company is the second-largest supplier of thin-layer bituminous surfaces, specialising in cold asphalt techniques (DSK) in Germany.

Headquartered in Kaiserslautern, the company Innobit GmbH develops and produces innovative products for professional road maintenance tasks, setting new standards in terms of product quality.



July

Etipack S.p.A. is a leading manufacturer of industrial labelling solutions, primarily for the Italian market. In addition to the principle company founded in 1978 in Italy, Etipack operates five subsidiaries and associated companies in Europe and the US.



November

By acquiring a majority share in SGA Conveyor Systems AB, BÖWE SYSTEC further expanded its intralogistics business. With its picking- and transport solutions, SGA is a well-established solution supplier for logistics centres – in particular for E-commerce companies, which increasingly operate their shipping logistics autonomously.



December

Together with its two Dutch subsidiaries EFG Services B.V. and EFG Equipment B.V., Jacob Pfahlgründungen GmbH is a leading specialist for civil engineering on the German market. The company, based in Schüttorf in Lower Saxony near the Dutch border, is represented by five subsidiaries located across Germany.



Digitisation conference

In March, more than 100 Possehl executives from all nine Group divisions met in Lübeck's Media Docks to participate in the first Group-wide digitisation conference '**Possehl 4.0**'. During this two-day event, the participants worked both in groups and plenary sittings to discuss the opportunities, risks and challenges resulting from the more and more dynamic development and digitisation of products, processes and entire business models. It quickly became clear that each individual company and every single job is



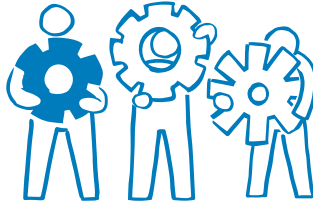
affected by digital change, while, at the same time, this development holds immense opportunities for each and every one of Possehl's Group companies. Possehl's Executive Board underlined its commitment to allow sufficient leeway for individual companies and provide the resources required to develop and implement new ideas, fully in line with our corporate motto "Possehl – The Entrepreneurs' Group".



Dr Joachim Brenk: "Out of our first digitisation conference 'Possehl 4.0', a comprehensive collaboration- and innovation process has emerged; as a result, annual digitisation conferences will now take place each year in spring as a permanent fixture in the calendar of our Group companies. Working together in a cluster boosts our experts' creativity and strengthens the innovative capabilities of our individual companies. Innovations are created when the right people come together at the right time and with an open mind for new ideas."

This approach allows us to better utilise our companies' outstanding technical expertise and industry acumen, which we are expanding further through external know-how contributed by universities, technology companies or start-ups. It is our objective to create suitable framework conditions that enable

us to interconnect people and knowledge in a digital eco system in order to create added value for our Group companies and their respective customers by actively shaping both digitisation and Industry 4.0.”



Ensuring stability and diversification

“With our decisions and actions we always
strive to ensure our Group’s long-term success.”

Divisions

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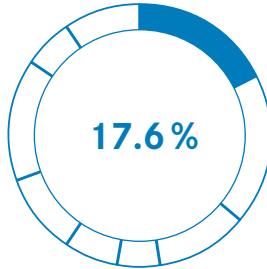
An overview of the divisions

Tyre Technology



15

Companies



17.6%

Share of adjusted total net sales 2019

Cleaning Technology



25

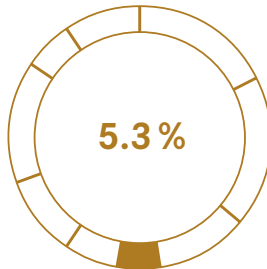
Companies

Intralogistics



22

Companies



5.3%

Share of adjusted total net sales 2019

Precious Metals Processing



9

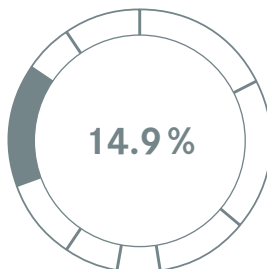
Companies

Special Purpose Construction



29

Companies



14.9%

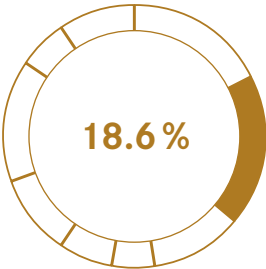
Share of adjusted total net sales 2019

Identification Solutions



26

Companies

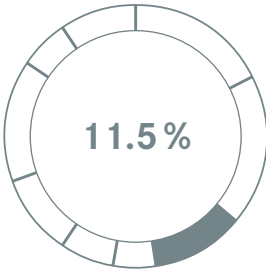


Share of adjusted total net sales 2019

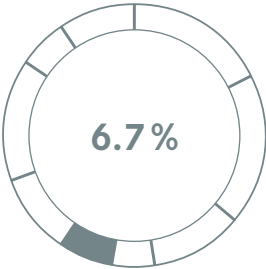
Printing Machines



25
Companies



Share of adjusted total net sales 2019

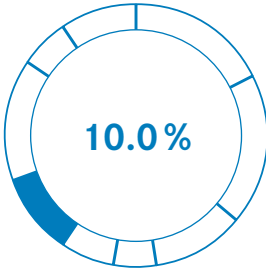


Share of adjusted total net sales 2019

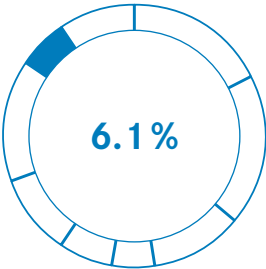
Electronics



15
Companies



Share of adjusted total net sales 2019

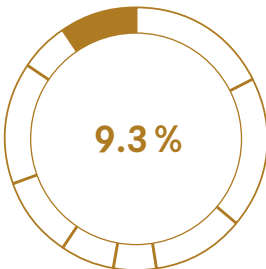


Share of adjusted total net sales 2019

SME Investment



26
Companies

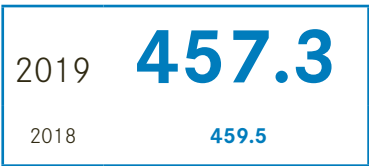


Share of adjusted total net sales 2019

Tyre Technology

Harburg-Freudenberger (HF) is the worldwide leading supplier of machines and systems for the tyre industry. With its two autonomously operating business units “HF Mixing Group” and “HF TireTech”, this division offers a wide range of machinery for the rubber-processing industry. In addition, the division develops and produces machines and systems for the cooking oil and polymer-processing industries.

Sales in € million



Scope of activities/products

- Mixers and mixing room equipment
- Tyre building machines
- Extrusion lines (sold in 2019)
- Heat presses
- Masterbatch compounders
- Screw extrusion presses and refinery plants

Locations



Number of employees (annual average)



Customer groups

- Tyre manufacturers
- Plastics industry
- Technical rubber goods industry
- Oil mill and food industry



FARREL



Fifteen companies, six product areas and three business units are united under the umbrella of HF Group, which, together with the parent company Harburg-Freudenberger Maschinenbau GmbH, has been a wholly-owned subsidiary of L. Possehl & Co. mbH since 2004. With Harburger Eisenwerke AG founded more than 160 years ago, the group with its business units HF Mixing Group, HF TireTech Group and HF Press+Lipid-Tech can look back on a longer history than most other mechanical engineering companies in the market.

By continuously investing in R & D activities promoting the development of innovative machines and software solutions, Harburg-Freudenberger is constantly expanding its comprehensive know-

how, which has made the company a worldwide leading developer and manufacturer of special machines for the rubber-, tyre- and cooking oil industries as well as – in the case of Farrel in the US – the polymer-processing industry.

Both internal growth and various strategic acquisitions ensured that the HF Group developed into the leading global key player in the tyre industry. Through the most recent acquisition of the US-based company Mesabi Controll Engineering Ltd. in 2017, another step forward was made in the field of future-oriented digitisation and machine control. At its business location in Hamburg-Harburg, the group is investing in additional growth until 2020. On a total area of 20,000m², a 7,700m² office build-

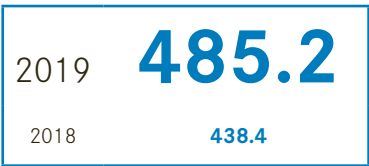
ing with an adjacent assembly and technology centre of 5,500m² are under construction. In Freudenberg, several tens of millions of euros will be invested in modernising and extending the HF Mixing Group's headquarters in the coming years. These two major investments follow the new building and expansion projects we completed at our sites in the US, in Croatia and Slovakia in the past years.

www.hf-group.com

Cleaning Technology

Hako is a pioneer in European cleaning technology. The integration into the Possehl Group took place in the years between 2004 and 2007. Currently employing more than 2,200 people worldwide, Hako supplies excellent cleaning products and green-area-maintenance equipment to cities and municipalities around the globe.

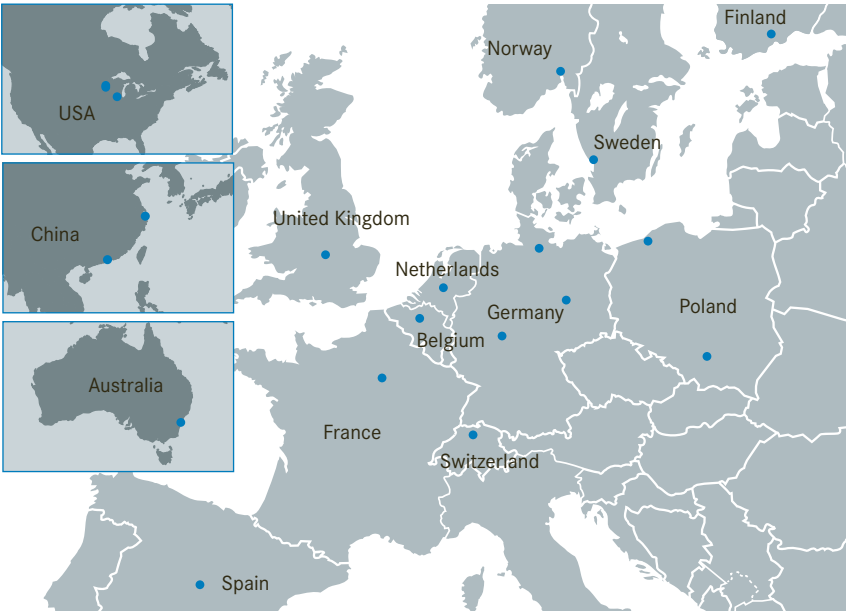
Sales in € million



Scope of activities/products

- Cleaning Technology
- Municipal Technology

Locations



Number of employees (annual average)



Customer groups

- Professional contract cleaners
- Trading companies
- Public authorities
- General industry



Providing innovative cleaning machines, multi-functional implement carriers and transporters as well as a wide range of product-related services, the company based in Bad Oldesloe near Hamburg sees itself as a system and service provider. As a leading global manufacturer of high-performance technology for both professional in- and outdoor cleaning and grounds maintenance, the Hako Group serves a broad range of target groups with its brands Hako, Minuteman and PowerBoss. The company runs production sites in Germany, Poland and the US. The “Cleaning Technology” product range comprises sweepers and vacuum sweepers, scrubber-driers, small devices used to clean buildings and cleaning detergents as well as floor care products.

The “Municipal Technology” segment manufactures outdoor cleaning machines as well as compact multi-functional implement carriers with articulated steering and commercial vehicles. Thanks to ground-breaking innovations providing superior efficiency, eco-friendliness and ease-of-use, Hako is the leading supplier in this market segment for compact implement carriers and transporters.

At the end of 2018, Hako acquired the mid-sized company von Oertzen, adding high-pressure cleaners and high pressure extinguishing technology to its existing product portfolio.

In addition to providing tailor-made solutions for a wide range of applications and diversified requirements, Hako offers comprehensive global after-sales services for increased efficiency and optimal cleaning results. Hako’s close-knit global sales and service network is one of the key factors that contribute to the company’s success. Currently employing more than 2,200 people worldwide, the company generates annual sales of more than €480 million.

www.hako.com
www.oertzen-gmbh.de

Printing Machines

The product portfolio comprises highly efficient customised solutions for the industrial web offset printing of newspapers, magazines and advertising matter. In digital printing, it offers post press processing systems. In addition, the division is present on the market with its own packaging-printing presses and also operates as a manufacturing partner for various industries. The Augsburg site also operates an industrial park.

Sales in € million



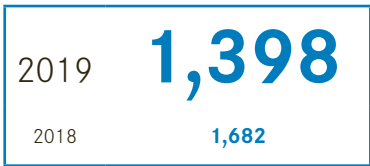
Scope of activities/products

- Web-fed offset commercial printing
- Web-fed offset newspaper printing
- Digital printing, post press processing
- Package printing
- Production services
- Rental and facility management services
- Commercial leasing

Locations

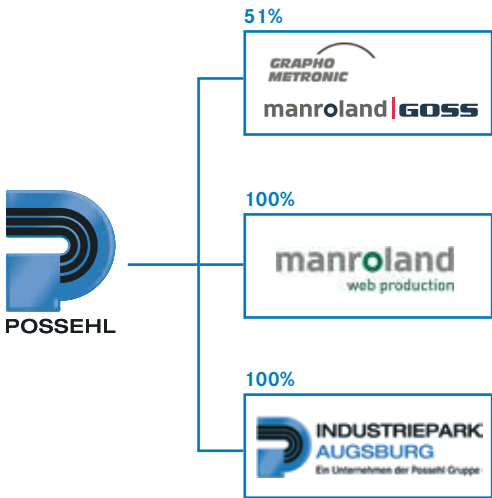


Number of employees (annual average)



Customer groups

- Newspaper and magazine publishers
- Printing industry
- Packaging industry



In August 2018, manroland web systems and Goss International, the two leading manufacturers of web-fed offset printing machines, merged into the joint venture manroland Goss web systems. In addition to its headquarters in Augsburg, manroland Goss web systems is represented by subsidiaries on all five continents. Possehl holds 51% of the shares in the business while America Industrial Partners holds a 49% interest. manroland Goss web systems GmbH is the globally leading supplier of web offset printing solutions for the newspaper-, publications- and commercial printing sector. By acquiring the company GWS Printing Systems at the end of 2018, the joint venture has extended its business in the field of second-hand systems including related customer services even further.

The two companies manroland web produktions-gesellschaft mbH and Industriepark Augsburg GmbH, which are both 100% Possehl-owned,

are also part of this division. The Industriepark company with an area of 150,000 m² a major provider of office-, production- and warehouse space located in Augsburg, whereas the production company offers a wide range of production services for various branches of industry, including rotary and prismatic part production, surface treatment, as well as measuring technology and electrical assemblies.

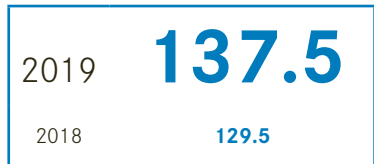
Of the almost 1,400 people employed as an annual average by this division, 1,104 are allocated to the joint venture, 271 to the production company and 23 to the rental and services business.

- www.manrolandgoss.com
- www.manroland-wp.com
- www.grapho-metronic.com
- www.gws.nl
- www.industriepark-augsburg.de

Intralogistics

The division provides advanced hardware and software solutions to mailrooms around the world. Their key customers include banks, insurance companies, telecommunication businesses, bulk mailing service providers and public authorities. In addition, our divisional companies manufacture parcel sorting and conveyor systems for the logistics, parcel and postal services.

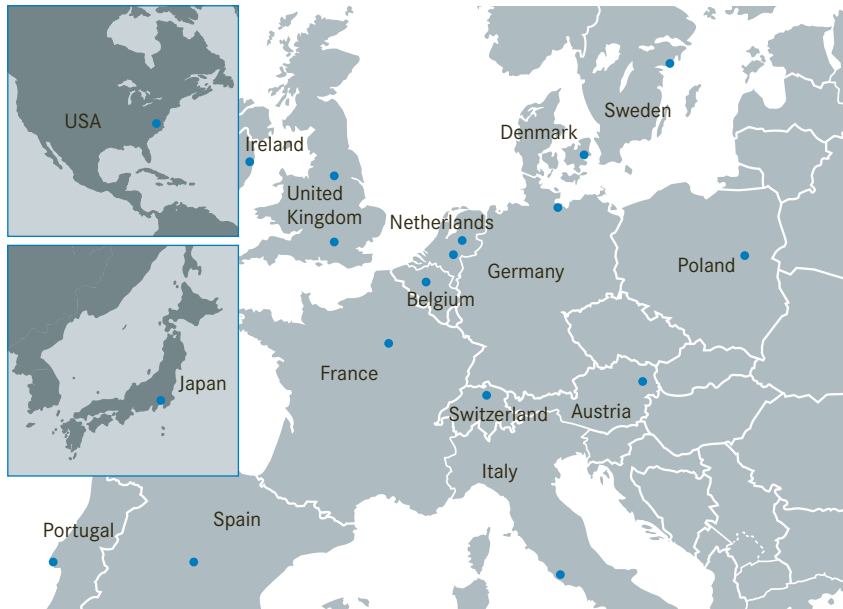
Sales in € million



Scope of activities/products

- Enveloping machines
- Card mailing systems
- Personalisation systems
- Letter and parcel sorting systems with logistics applications

Locations



Number of employees (annual average)



Customer groups

- Banks/insurance companies
- Public authorities
- Logistics companies
- Bulk mailing service providers
- Telecommunication businesses



Böwe Systec, part of the Possehl Group since 2010, has been in business for more than 65 years. Founded by Max Böhrer and Ferdinand Weber after the end of the Second World War, the company has developed into a globally leading full-range supplier for highly automated mailrooms and, with their main product inserting machines, is the market leader in Europe. The company's product portfolio also includes mailing systems for plastic cards, efficient software for controlling and monitoring document management systems and processes as well as providing the entire range of product-related services.

By acquiring a 70% majority share in Optimus Sorter Holding B.V., a Dutch-based company specialising in sorting and conveyor systems for the logistics and postal industry, e-commerce providers as well as retailers and wholesalers, Böwe Systec successfully expanded its scope of activities to participate in a booming global market. With the acquisition of a majority stake in the Swedish Conveyor System Specialists SGA Conveyor System AB, this business area was further expanded and today forms the supporting pillar of the division.

Another majority-share acquisition was successfully completed by Red Ledge – a software specialist whose automation solutions are used, for

example, in letter and parcel sorting centres as well as in warehouse and production plants – joining Possehl in early 2019.

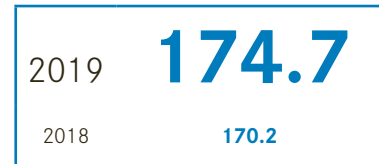
Around 380 of the company's 900 permanent employees work at the company's Augsburg-based head office while the remaining employees work at one of the numerous sales and service companies based in Europe, Japan and the US as well as the production companies in the Netherlands and in Sweden.

www.boewe-systec.com
www.optimussorters.com
www.sga-conveyor.se
www.redledge.co.uk

Precious Metals Processing

The Heimerle + Meule Group is an internationally operating group of companies specialising in precious metals. The diversified portfolio of products and services relating to precious metals requires broad knowledge in various different markets and covers a wide range of applications – from the jewellery and watchmaking industry to automotive suppliers in the electrical engineering industry as well as dental companies and many more.

Sales in € million
(without precious metals)



Scope of activities/products

- Precious metals recycling
- Semi-finished precious metal products/jewellery
- Chemical industry/electroplating
- Precious metals trading/investment products
- Industrial recycling

Locations



Number of employees (annual average)



Customer groups

- Jewellery industry
- Electrical engineering industry
- Dental laboratories
- End consumers



Heimerle + Meule, one of the oldest gold and silver refineries in Germany, stands for reliability, trust and competence in the precious metals business – these principles are the company's basis for long-term successful customer relationships. Founded in Pforzheim in 1845, the company has developed into a leading European full-range supplier in the precious metals processing sector. Equipped with sufficient leeway for its own economic initiative, Heimerle + Meule GmbH has been part of the Possehl Group since 1951. With the acquisition of the Cookson Precious Metals Group in 2013, the enterprise expanded and was transformed into the Heimerle + Meule Group.

In the process of expanding the supplier business for the jewellery industry, the British-based family business Weston Beamor was acquired in early 2018, which contributed to the fact that the company is now perfectly lined up for a bright future in the international precious metals market. In addition to the Pforzheim-based parent company and a branch in Austria, the company currently operates six subsidiaries in the United Kingdom, France, Netherlands, Spain and Portugal.

All of the companies enjoy leading positions in their regional markets. The Heimerle + Meule Group is a reliable partner in the precious

metals recycling sector for both national and international jewellery enterprises and industrial companies as well as dental laboratories and runs four production sites including two modern precious metals refineries recovering fine metals (gold, silver, platinum and palladium) to the highest levels of purity. From its offices in Birmingham, the company conducts online trading of precious metal products in many European countries.

www.heimerle-meule.com

www.cookson-clal.com

www.cooksongold.de

www.sempsajp.com

www.westonbeamor.com

Electronics

Developing and manufacturing highly complex electromechanical components for the automotive supply and semiconductor industries requires absolute precision. A major supplier in the two segments “Automotive” and “Semicon”, the division comprises nine international subsidiaries in addition to its two German-based production sites.

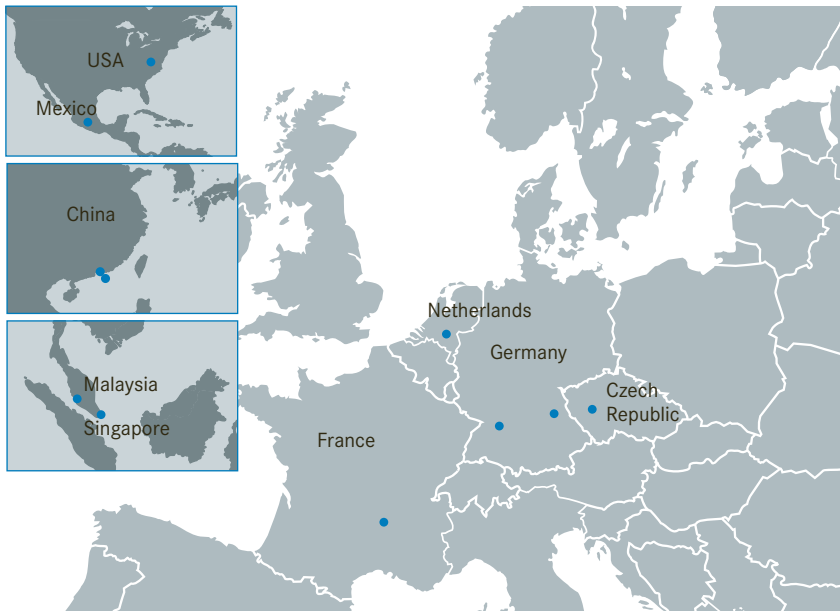
Sales in € million

2019	259.5
2018	301.9

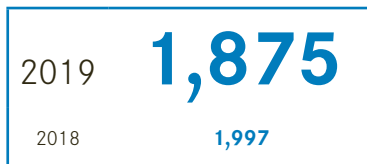
Scope of activities/products

- Leadframes
- Electromechanical components
- Connectors

Locations



Number of employees (annual average)



Customer groups

- Automotive suppliers
- Semiconductor industry/electrical industry
- LED manufacturers



For more than two decades, Possehl Electronics has been developing highly complex precision components for both the microelectronics and automotive industry. Focussing on their customers' high demands, the division's experts develop and industrialise smart production concepts meeting the highest technological standards. Possehl Electronics employs some 1,900 people at eleven business sites located around the globe.

As a major supplier in the automotive electronics industry, the company's product range in the "Automotive" segment comprises technologically advanced punched and bent components

produced in large batches as well as highly complex mechanical and mechatronic assemblies. The products find their use, for example, in the production of navigation-, braking- and exhaust systems as well as in electronic control systems for automatic transmissions.

The business segment "Semicon" comprises the production – mainly at the Asian sites and in the Netherlands – of lead frames used for manufacturing semiconductor chips and other electronic components, which are used in the semiconductor-, LED- and automotive industries as well as in the field of industrial automation and for safety and control systems.

www.possehlelectronics.de

Special Purpose Construction

The companies in this division mainly operate in selected niches in four different business segments focussing on surface treatment, construction and civil engineering, the restoration of buildings as well as construction chemicals. Their customer groups include both the public and private sector, the construction industry and airports. Over recent years, this division has grown significantly through numerous acquisitions and expanded its portfolio.

Sales in € million

2019	386.3
2018	367.4

Scope of activities/products

- Roads and other surfaces
- Construction and civil engineering
- Building restoration
- Construction chemicals

Roads and other surfaces



Possehl Spezialbau: The business has been part of the Possehl Group ever since its inception in 1956, providing special construction services focussing on the high-quality repair of roads, industrial floors and surfaces in airports.

www.possehl-spezialbau.de



Thiendorfer Fräsdienst/P+S Pflaster- und Straßenbau GmbH: The business joined the Possehl Group in 2015. Specialising in the reconstruction of asphalt surfaces, the company uses state-of-the-art milling technology to rework surfaces and builds complete road pavements to the latest standards in road engineering.

www.thiendorfer.de

www.punds-bau.de



Construction and civil engineering

Mickan General-Bau-Gesellschaft: As one of the largest general constructors in Bavaria's mid-tier market, Mickan provides the entire range of construction services – construction & civil engineering both above and below ground, turn-key construction – for both public and private clients. The company joined the Possehl Group in 2011.

www.mickanbau.de



Deutsche
Flächen-Technik

DFT: The wholly-owned subsidiary of Possehl Spezialbau specialises in manufacturing seamless industrial floor systems and works in close cooperation with general contractors and architects. Every year, the company's employees lay around 1 million m² of industrial floors all across Europe.

www.dft-bremen.de



VSI Sanierungs- und Baugesellschaft/Innobit: Both companies joined Possehl in 2019 to strengthen the Group's product segment in the field of rehabilitation and maintenance of surfaces with thin-layer asphalt techniques.

www.vsi-gmbh.de

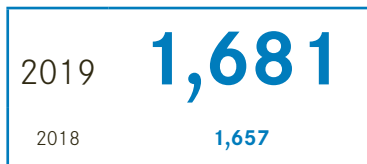
www.innophalt.de



The product portfolio of the construction company primarily comprises turn-key and shell construction. The company, which is located in the Rhine-Main region, has been part of the Possehl Group since 2018.

www.joest-bau.de

Number of employees (annual average)



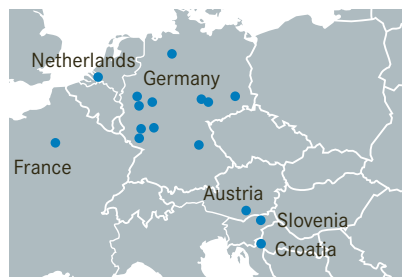
Customer groups

- Public authorities
- Airports
- Logistics companies
- Trading companies
- Construction industry
- General industry



Possehl Spezialbau GmbH

Locations



Building restoration



Bennert: The specialist company providing preservation and maintenance of historical buildings is one of the largest and most efficient enterprises specialised in monument preservation and building restoration in Europe. The business has been part of Possehl's portfolio since 2008.
www.bennert.de



Nüthen: Acquired by Possehl in 2014, the company specialising in the preservation of historical monuments provides a wide range of services, from classical conservation and restoration work to efficient solutions in the fields of brick work, plastering and paint work as well as various services involving special technologies.
www.nuethen.de

Construction chemicals



cds Polymere: The company develops and manufactures PC mortar and epoxy resin coatings used for maintenance and repair work in both industrial and road construction. The products are used, for example, to create and build outdoor surfaces, bicycle paths, machine foundations and aviation areas.
www.cds-polymere.de



Euroquarz: The Euroquarz Group, acquired in 2009, specialises in extracting silica sands and quartz gravels from their own raw material deposits for subsequent processing and refining for a variety of applications. In addition, their subsidiary PK Rohstoffe operates in the field of reprocessing, reutilisation and recycling of waste material from the steel and iron industry.
www.euroquarz.de www.pk-rohstoffe.de



Pagel Spezial-Beton: For more than four decades, Pagel has been developing and manufacturing mortar casting and concrete repair systems, selling its products around the world. The company also joined the Possehl Group in 2009.
www.pagel.com

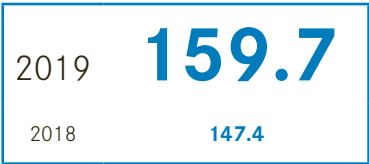


Gremmler Bauchemie as a joint venture: The company founded in 1986 offers a wide range of reactive resin systems and liquid plastics. The products are used, for example, for hard-wearing coatings and sealing of industrial floors or ballast bonding in railway tracks.
www.gremmler.de

Identification Solutions

Possehl’s youngest division was established as a spin-off in 2017 and pools our corporate activities in the fields of print & apply and labelling systems. The division’s product portfolio comprises logistically integrated labelling systems as well as comprehensive software solutions and consumables. In particular through an expansion of the company portfolio, the division has grown steadily since its foundation.

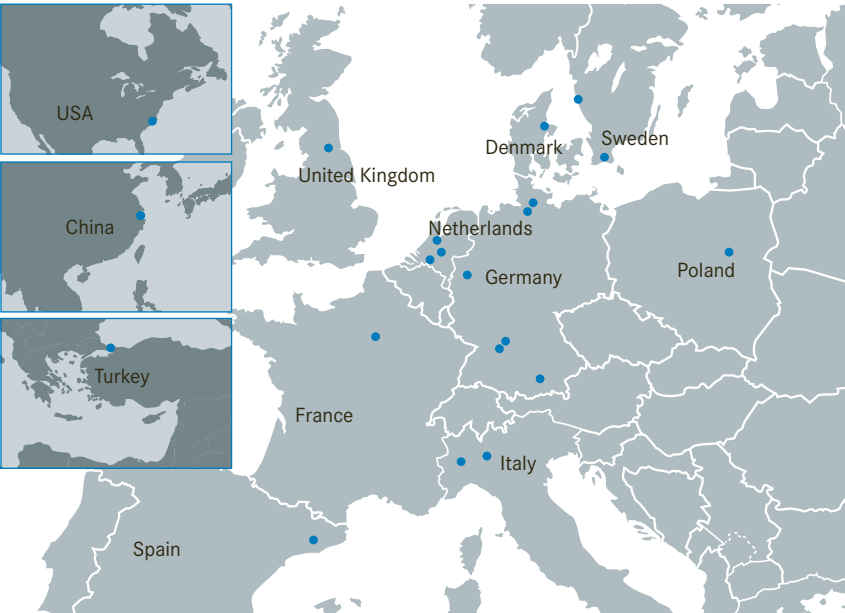
Sales in € million



Scope of activities/products

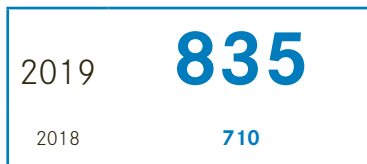
- Labelling systems
- Consumables
- Software solutions

Locations



Nordvalls Etikett AB

Number of employees (annual average)



Customer groups

- Food industry
- Pharmaceutical industry
- Chemical industry
- Logistics companies



Nordvalls Etikett AB



LSS Etikettering A/S



Identification, labelling and traceability of products and subsequently ensuring complete tracking of movements of goods is of high relevance for many branches of industry, such as the food-, automotive- and pharmaceutical industries, and will continue to gain in importance over the coming years. In establishing the new division "Identification Solutions", Possehl, applying the buy-and-build principle, succeeded in positioning itself competitively in this global growth market through systematic acquisition.

Together with the two corporate groups Logopak Systeme and Novexx Solutions, the two companies Eidos and Nordvalls, which had been acquired in 2017, form the ninth division within the Possehl Group. In 2019, Etipack, another well-known manufacturer of industrial identification solutions based in Italy, joined this division. Providing up-to-date products, highly diversified expertise and extensive software competencies, the group offers a wide range of individual solutions in the areas of development, production and sales of logistically integrated labelling systems serving as an interface between production and logistics, digital thermal-transfer printers, self-adhesive labels and thermal-transfer films.

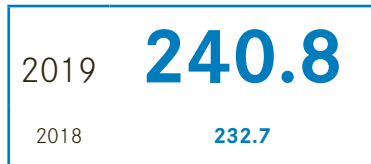
The division has outstanding competence in the field of software solutions. In addition to its own firmware, it develops software packages for label designing and database connection. Most recently, through acquiring a majority share in datakamp System GmbH, the division further strengthened its competencies in this business field. Operating with some 840 employees in 13 countries, this division achieves annual sales of more than €160 million.

www.logopak.de
www.lss-dk.com
www.novexx.com
www.eidos.eu
www.nordvalls.se
www.etipack.it

SME Investments

The division offers mid-tier companies that have their focus in the German industry the reliable prospect of long-term development under the umbrella of the Possehl Group. In addition, the division SME Investments describes itself as a platform facilitating the development of new and independently operating divisions.

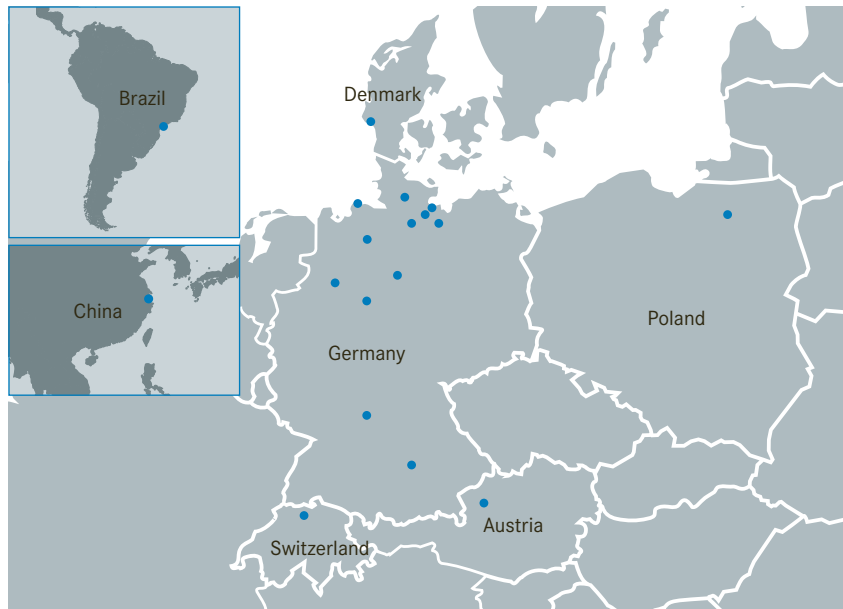
Sales in € million



Scope of activities/products

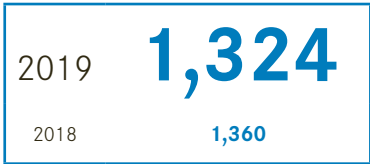
- Mechanical and plant engineering
- Technical products
- Services

Locations



SME companies are one of the most important pillars of the German economy. With their innovative energy and high degree of flexibility, they make an important contribution to the country's economic dynamics. Being able to develop long-term perspectives is a decisive success factor for German SME companies, which are often owner-managed businesses generating annual sales of €10–80 million in niche markets. This, however, requires the right mix of visionary planning and flexible acting. Within the Possehl Group, the division SME Investments offers suitable companies safe conditions for stable growth. We target companies already operating in a stable market environment, which have both a good market position and reputation and conduct business in a sustainably profitable manner.

Number of employees (annual average)



Customer groups

- Food industry
- General industry
- Municipalities
- End consumers



Schwarte Group GmbH



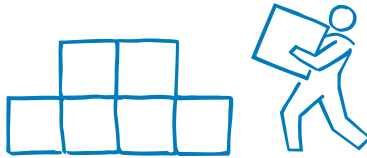
Hard candy production system Sucroliner® of Hänsel Processing GmbH

It is very important to us that the companies preserve their identity as mid-tier businesses and that the sole responsibility for operational decisions remains with the companies' managements after being incorporated into the Group's portfolio. At

the same time, they profit from being a member of the financially sound Possehl Alliance. The Possehl Alliance pursues the philosophy of long-term investments in their portfolio companies and developing new independently operating divisions

for the Possehl Group through applying the buy-and-build strategy. Our SME portfolio currently comprises the following ten companies or groups.

 Schwarte Group GmbH www.schwarte-group.com	 SAVO TECHNIK ROTATIONSGUSS GmbH www.rotationsguss.com	 Gabler Maschinenbau GmbH www.gabler-naval.com	 GABLER Thermoform GmbH & Co. KG www.gabler-thermoform.com	 Düring Schweißtechnik GmbH www.duering-schweisstechnik.de
 MGG Micro-Glühlampen Gesellschaft Menzel GmbH www.mgg-lamps.de	 Kleine Wolke Textil- gesellschaft mbH & Co. KG www.klenewolke.de	 DMA Maschinen- und Anlagen- bau GmbH & Co. KG www.dma.de	 Possehl Umweltschutz GmbH/ nordrohr GmbH www.possehl-umweltschutz.de www.nordrohr.de	 Hänsel Processing GmbH www.haensel-processing.de



Entrepreneurs ...

- ...pull up their sleeves – vigorously.
- ...understand their business – in every detail.
- ...take care of their business – always.
- ...are agile and active – but with a down-to-earth approach.
- ...know that innovation requires both courage and creative leeway.
- ...take advantage of opportunities and create something new.

Business Development in 2019

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Business development in 2019*

Overall development

Adjusted sales meet expectations, earnings before taxes on a slightly lower level than expected

Against the background of an economic downturn that was already looming at the end of 2018, we expected the Possehl Group to achieve slightly increased consolidated sales and steady earnings before taxes and exceptionals in 2019.

With consolidated sales of €4.14 billion, we were able to top last year's Group sales by 10.0%. The largest share of this sales growth, however, was attributable to significantly increasing precious metal prices around midyear, which we had not anticipated in this magnitude. When adjusted for this particular effect, our original revenue forecast was correct.

At €152.6 million, Group earnings before taxes did not match the previous year's record result of €162.2 million. However, most of our divisions met our expectations and the slowing economy did not have a particularly strong effect on earnings, albeit with one exception: In our Electronics segment, we recorded considerably declined sales and earnings at individual Asian sites. Moreover, the

subsequent expenditure that arose from relocating the business in Hong Kong was significantly higher than anticipated. On the other hand, the expected improvement in the printing press business has materialised.

Equity grew by €69.3 million to €1,071.5 million. With a slightly increased net working capital, net financial assets dropped to €244.4 million, which was primarily due to the high outflow from investment activities.

Diversification: One of the key strengths in an increasingly difficult economic environment

After the global economy had already started to lose momentum during the course of 2018, this downward trend continued in 2019. This applied particularly to the advanced economies, which saw a decline in industrial production due to the weak world trade and ongoing trade policy conflicts. The global gross domestic product grew by only 3.0%, which is the lowest growth rate since the global economic crisis in 2009.

The domestic economy was unable to insulate itself from the global economic trend and almost stagnated in 2019. The key factor for this weak economic development in Germany is the noticeable

Key financial data

in € million

	2019	2018	Change in %
Sales	4,140	3,764	10.0
Adjusted sales ¹⁾	2,603	2,498	4.2
Consolidated result before taxes (EBT)	153	162	-5.6
Consolidated earnings before taxes and interest (EBIT)	173	181	-4.4
Net financial assets	244	268	-8.9
Equity	1,071	1,002	6.9
Equity ratio (in %)	57.8	56.0	3.2

¹⁾ Consolidated sales adjusted for precious metals contained in the output

* Adapted extract from the certified Group management report of L. Possehl & Co. mbH

decline in industrial production resulting from the currently high level of economic uncertainty and the particularly detrimental effect this has on the German economy, which specialises in the production of capital goods.

The companies of the Possehl Group are active in different branches of industry and offer their products and services on various regional markets, partly on a domestic level and partly worldwide. Moreover, our companies are, in part, subjected to different economic cycles. The precious metal recycling business, for example, is typically anti-cyclical, while the construction business greatly depends on public spending behaviour. All in all, this means that the Possehl Group is less severely affected by economic fluctuations than specialised corporations.

Portfolio further expanded

Through subsidiaries and shareholdings, the Possehl Group is present in more than 30 countries. L. Possehl comprises 211 (201 in the previous year) affiliated companies, 21 of which are not consolidated due to their minor role within the Group. Furthermore, three companies are accounted for using the equity method. The year under review saw the following major portfolio changes, in chronological order:

At the beginning of the year, Possehl Spezialbau GmbH acquired all of the shares in the companies [VSI Sanierungs- und Baugesellschaft mbH](#) (VSI) and [Innobit GmbH](#). VSI is a highly proficient partner in the field of rehabilitation and maintenance of road surfaces, and a leading German supplier of thin-layer bituminous surfaces, specialising in cold asphalt techniques (DSK). Innobit GmbH develops and produces innovative bituminous emulsions and road construction materials.

Also at the beginning of the year, Böwe Systec GmbH acquired a majority share in the UK-based software company [Red Ledge Ltd.](#) with particular expertise in the field of warehouse management systems. The company specialises in auto ID solutions whose barcode-, RFID-, speech- and sensor technologies are used in letter and parcel sorting centres as well as in warehouse and production facilities.

In the summer, we expanded our Identification Solutions division by acquiring the company [Etipack S.p.A.](#) based in Northern Italy. In addition to the principle company in Italy with production sites in Cinisello and Soncino, Etipack operates five subsidiaries and associated companies in Europe and the US.

In November, we further expanded our Intralogistics business by Böwe Systec GmbH acquiring a majority share in the Swedish conveyor systems specialist [SGA Conveyor Systems AB \(SGA\)](#). The company is a well-established solution supplier for logistics centres – in particular for the E-commerce market.

At the end of the 2019 financial year, the acquisition of [Jacbo Pfahlgründungen GmbH](#) (Jacbo) enabled Possehl to broaden the Group's product range even further. Together with two subsidiaries, Jacbo is active in the German market for specialist civil engineering. The company's core competency lies in a time-saving partial-displacement technology which allows vibration-free working.

The aforementioned company transactions have both strengthened and expanded our existing business activities in the divisions Special Purpose Construction, Intralogistics and Identification Solutions.

Holding provides innovation impulses: First digitisation conference held in Germany

Even though L. Possehl as a Management Holding does not carry out own research and development projects, the Holding supports the operational Group companies in their further development and promotes their innovation activities. For example, the Holding rewarded the "Possehl Innovation Award", a highly lucrative Group-wide competition for the most promising innovation, as an additional incentive to develop new ideas.

The first Group-wide digitisation conference took place in Lübeck in the spring of 2019 to underline our focus on this up-to-date and challenging topic of the future. At the same time we launched a central department based in Lübeck, whose experienced employees provide advice to the Group companies in terms of product development and processes, and support them throughout the implementation phase. In addition, the Holding promotes and coordinates exchange between individual divisions.

Possehl's profitable growth and long-term corporate success largely depends on the degree of innovation found in our products, services and production processes. The Group is therefore making substantial efforts and continues to invest huge sums in the development of innovative products and processes.

Innovations within the divisions: Numerous projects and good progress

Research and development is mostly conducted in a market- and customer-oriented way. Technical innovations as well as new products and application options are generally developed in close cooperation with our customers. Our activities focus on developing more efficient and environmentally friendly products and processes and improving their quality. The topic of “Digital transformation of the industry” is increasingly becoming a key focus of our Group companies’ innovation activities. Depending on their respective business models, markets and market dynamics, the research and development activities carried out by our individual divisions vary in intensity.

The HF TireTech business within our [Tyre Technology](#) division extended its modular product system for the lorry tyre heating press the company had successfully launched onto the market the previous year; this heating press is significantly more energy-efficient and compact than previous systems. In terms of digitisation, the company commenced projects in the field of software modularisation and development of a digital twin, which will make a significant contribution to shortening the time required for developing and commissioning new products. Furthermore, HF TireTech, in cooperation with partner companies, started a development programme for identifying material overlaps. In the future, this innovative system will help to reduce the use of material, improve the tyre quality and allow customers to retrieve production data directly at the tyre. This sustainably supports environmental protection efforts and meets the traceability requirements for individual tyres.

In 2019, the HF Mixing Group significantly increased its expenses for research and development activities in order to both secure and further expand the company’s technological leadership, with a particular focus on expediting projects in the fields of process technology and digitisation.

As far as external digitisation efforts are concerned, the company achieved major success with the development and subsequent market launch of the new generation of its automation solution “ADVISE 4.0”. The main benefits for customers are extended functionalities for the automation of entire mixing rooms including third-party products, open databases (Open Source), standardised interfaces (ISA 88), as well as a modular and flexible software architecture.

Another key activity is “intelligent process management” for elastomer mixing processes. In cooperation with universities in Aachen

and Groningen, the Group developed initial process optimisation approaches by applying the methods of artificial intelligence. The project phases under review showed mixing-time savings in the double-digit-percentage range. This important contribution to increasing efficiency will significantly reduce the consumption of energy used in the process.

Our [Cleaning Technology](#) division has been characterised by a high level of innovation activities for years, which is the basis for Hako’s economic success in both the Cleaning Technology and Municipal Technology sector. Hako’s innovation activities focus mainly on environmental protection, autonomous driving and digitisation.

Hako successfully advanced the functions of their Cleaning Technology products in terms of emissions, environmental protection and sustainability. This includes the digitisation of cleaning processes; initial development stages in the field of autonomous cleaning could be successfully completed. Both future projects and the company’s current series production focus on improving the product’s recycling capability as well as eliminating germs and bacteria and avoiding microplastics.

Hako’s innovation activities in the Municipal Technology sector focus on implementing electric drives for both the driving- and working functions of their machines as well as developing suitable energy-storage and charging systems.

The company’s main goal is to develop market-ready autonomous cleaning machines within the next two years. In addition, Hako’s digitisation strategy focusses on the continuous further development of cleaning robots. This includes, inter alia, practical tests with innovative sensor systems for environmental perception. As part of the process of electrifying its Municipal Technology machines, Hako is currently implementing features developed as a result of its software- and on-board-power-system R & D activities in a Citymaster model. Moreover, additional digital features such as electronic brush wear indicators and new, camera-based environmental perception systems are integrated in various models.

In the area of operating-data logging, Hako is working on extending the functions of its new fleet management system “View.X.live”, which was implemented in December 2019. New features such as visualising the machines’ operating states as well as geo-fencing and remote maintenance access systems are currently in the planning phase. In addition, as part of the company’s digitisation process,

Hako is carrying out test analysis on operating- and service data with the aid of AI algorithms and other tools in order to optimise the quality and maintenance (predictive maintenance) of its products and services.

The global market for offset **Printing Machines** has been on the decline for years. Innovation activities in this division therefore focus on further developing and optimising the existing product portfolio. This includes both economic improvements and reducing the consumption of resources on the customer's part. By expanding its predictive-maintenance platform "Maintellisense", manrolandGoss offers its customers intelligent and predictive maintenance services. In practice, this means early, sensor-based detection of menacing machine failure or errors, as well as optimising systems performances. manrolandGoss's new control platform "2020" increases the flexibility of their systems and enables the company to supply system concepts that meet a wide range of individual customer requirements. In addition to increasing the benefits for customers, implementing this platform reduces both commissioning times and engineering efforts.

Development activities within Possehl's **Intralogistics** division are carried out at our Augsburg site, and, for the parcel sorting segment, at Optimus Sorter in the Netherlands. Software is also developed by our UK-based company Red Ledge. In previous years, Böwe Systec had focussed its research and development activities mainly on high-performance enveloping systems and systematically advanced its sales mainstay "Fusion", which enabled the company to expand its technological leadership in this segment even further. In the year under review, the system's performance capability could be increased to 30,000 insertions per hour. The growing importance of parcel sorting systems is also reflected in the focal alignment of the division's research and development activities. In addition to developing a mixed-mail sorting system offering a wide range of processing options, Böwe Systec's innovation activities focus on the development of a new hybrid sorting system for letters and parcels.

In our **Precious Metals Processing** division, research and development is a continuous and integral process that is both market- and production-oriented. In the reporting year, digitisation of processes – from order processing to production processes in the field of industrial production of small parts – saw a boost across the entire Group. This includes, inter alia, the implementation of an automated trade module enabling digital management of precious metal transactions at Heimerle + Meule. Furthermore, measures such as expanding

E-commerce activities ("cooksongold") into other European countries and building up B2B and B2C web shops, as well as streamlining and automating production processes, were driven forward. For some time now, another key focus of the division's R & D activities has been the continuous further development of a Direct Metal Laser Sintering process (DMLS) – 3D printing – for precious metals. In this context, the Group most recently succeeded in further advancing the powder production for platinum alloys.

Innovations for the automotive business of our **Electronics** division are carried out at our production site in Niefern-Öschelbronn, mainly in close cooperation with our customers. The division's R & D activities continue to focus on consistently expanding its insertion zone portfolio. Used as a standard in electrical contacting, they have become essential parts of modern mechatronic components. With two new geometry variants from the proprietary pretPin® family now available, insertion zone contacts are now offered in all standard sizes. In addition, two new technical surfaces have been developed and realised in the company-owned electroplating shop in order to be able to meet individual customer requirements. In the course of internationalisation and following the release of production capacities in the field of punching- and electroplating technology in the NAFTA area, a first technology rollout as well as initial series productions were realised. As a result, Possehl Electronics has sustainably strengthened its position as a competent, internationally operating supplier of mechatronic components with a full own vertical range of manufacture.

Building up internal know-how in the production processes of hybrid components as well as the company's approach of increasingly integrating development tools has contributed to winning new demanding projects from extended product segments. With this approach, we consider the current trends in terms of electrification and autonomous driving. Development activities in cooperative partnerships with customers range from theoretical manufacturing feasibility studies with regard to alternative materials and processes, to samplings for practical tests. In addition, own concept ideas for future housing solutions took on a more concrete shape with respect to technology demonstrators, which are meant to identify possibilities for saving raw materials, miniaturising products and increasing their functionality, and which constitute the basis for "Simultaneous Engineering" projects with customers.

Development of Earnings

TOTAL GROUP

Group sales increase by 10% to €4.14 billion

In the reporting year, Group sales rose by 10.0% to €4.14 billion. This growth was mainly attributable to increased precious metal prices, which – to a large part – only represent a transitory item. Adjusted for increased precious metal prices, Group sales rose by 4.2% to €2.60 billion.

The Printing Machines and Cleaning Technology divisions were the main growth drivers. While the increase in revenue in the Printing Machines division was mainly due to the full-year impact from both the acquisition of Goss transacted in the previous year and acquiring GWS, sales growth in our Cleaning Technology division was generated predominantly through operative business.

The regional sales breakdown shows no significant changes when compared with last year: At 29%, the domestic market is still the most important single market for us. Around half of our proceeds we generate in other European markets. Due to the weakening economic state of both the semiconductor and automobile industries, we were not able to continue the strong growth we saw in the Asian market in previous years.

The development of adjusted sales shows that, over recent years, the Possehl Group has achieved a steady average growth rate of 3.3%. Both fluctuations and shifts between individual divisions were largely balanced against each other.

Earnings before taxes of €152.6 million

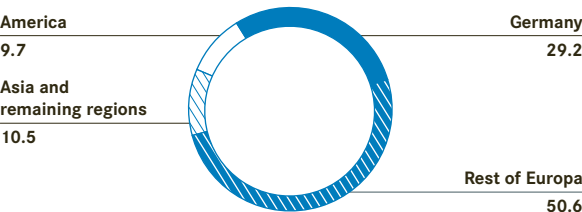
In the reporting year, earnings before taxes (EBT) amounted to €152.6 million, which means a year-on-year decline of €9.6 million or 5.9%. Increases in earnings were achieved particularly in the Printing Machines and Cleaning Technology divisions. The Electronics division reported a distinct drop in earnings due to a weaker demand for semiconductors and automobiles – in particular in Asia – and one-off expenses in Hong Kong. We also increasingly felt the economic headwind in our SME segment, while the precious metals business profited from higher precious metal prices. The results in our other divisions were on a par with the previous year.

In a year-on-year comparison, EBIT dropped by €8.0 million to €173.0 million. The adjusted return on sales also slightly decreased to 6.6%.

Consolidated results were again widely distributed and well-balanced across our different divisions in the reporting year. As in the previous year, no single division had a profit share higher than one third of the Group's consolidated earnings.

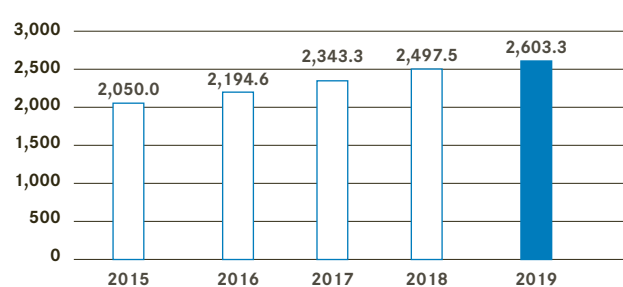
Adjusted distribution of sales by regions

in %



Development of adjusted net sales 2015–2019

in € million



Divisions

TYRE TECHNOLOGY

Sales in € million

2019	457.3
2018	459.5

Employees (annual average)

2019	2,134
2018	2,184

Harburg-Freudenberger, together with its subsidiaries, is the worldwide leading supplier of machines and systems for the tyre and rubber processing industries. This division brings together a range of machinery for all major production stages, from the preparation of raw materials to rubber processing and vulcanisation. In addition, this division is active in the field of manufacturing systems for the polymer processing and cooking oil industries. The division comprises the following three business segments:

- TireTech
- Mixing
- Press+Lipid Tech

Transformation within the automobile industry hampers the demand for machines

The automobile industry is subjected to a fundamental transformation, which also has a significant impact on the supply industry. Neither the tyre industry nor its suppliers, a business segment in which Harburg-Freudenberger – together with its subsidiaries – holds a leading position worldwide, is as yet directly affected by this development. In fact, electromobility is likely to lead to even higher tyre-quality requirements as well as increased wear and tear. In the reporting year, however, both the general economic downturn and increased uncertainties nevertheless had a negative impact on investments and therefore the demand for machines. In particular growth projects on our customers' part were either not realised at all or postponed. Even though the decline in demand did not yet have a significant impact on our business figures in the reporting period, it was reflected in the number of incoming orders in individual product segments.

According to preliminary figures, the number of new cars registered worldwide dropped by approximately 5% in the year under review. Both the Chinese and Indian markets saw a particularly significant decline. However, the number of new registration also dropped slightly in many other regions such as Europe and North America. The global demand for spare tyres either stagnated or recorded only low growth rates. Overall, the framework conditions for the companies of our Tyre Technology division were less favourable throughout the year than they had been in the years before.

Sales almost match the previous year's level

At €457.3 million, sales remained largely stable in a year-on-year comparison. However, the growth we saw in previous years could not be continued. While the Mixing Group achieved a small plus, TireTech reported a slight decline in sales. However, we have to take into account the fact that we sold the extrusion line business by means of an asset deal at the beginning of the year, so that, on a comparable basis, sales remained more or less stable. At €450.8 million, the overall performance was lower than the turnover and went down by 3.6% year-on-year. Overall, this meant a fall in inventories, which essentially affected the segment of tyre heating presses, while all other product segments saw no noticeable changes. Incoming orders across all product segments amounted to €415 million, which was below the reported turnover and meant a drop of more than 10% compared to the previous year. The order backlog decreased at a similar rate to €350 million. The order cushion remains high for the coming years, however, this does not equally apply to all product areas. In the year under review, the lower demand for tyre heating presses already led to workforce adjustments at our production site in Croatia. The lower level of incoming orders we saw last year will presumably be reflected in next year's financial figures.

Investment activities are continued on a high level

During recent years, we have invested tens of millions of euros in the new construction, expansion and modernisation of our sites in Slovakia, Croatia and the US. Last year we continued, and will continue in the years to come, our expansion and modernisation strategy with further significant investments in the future of our two German sites in Hamburg-Harburg and Freudenberg. For example, a completely new production site including a modern administrative building is currently being built on a 20,000m² plot directly adjacent to our existing factory in Hamburg-Harburg, which is scheduled for completion by the end of 2020. Furthermore, we are investing another double-digit million euro amount to expand and modernise the headquarters of the HF Mixing Group in Freudenberg. For this

reason, we repurchased the existing property from a sale-and-lease-back scheme to create the most modern working conditions at both locations and form the basis for a continued successful development of this division in the long term.

CLEANING TECHNOLOGY

Sales in € million



Employees (annual average)



Hako is a globally leading manufacturer of high-quality machines and vehicles in the field of Cleaning and Municipal Technology. With its products and services, the company serves a broad range of target groups worldwide.

The product range comprises:

- Scrubmaster (scrubber-driers)
- Sweepmaster (sweepers and vacuum sweepers)
- Citymaster (city cleaning machines)
- Multicar (multifunctional implement carriers and transporters)
- High-pressure water jet systems
- Used machines
- Services and spare parts

In addition to Hako, the brands Minuteman, PowerBoss, Multiclean and von Oertzen are encompassed by this division.

Sales rise by 10.7% to reach a new record high

In the 2019 financial year, the Cleaning Technology division reported a significant growth in sales. With annual sales of €485.2 million, the Hako Group achieved a growth rate of 10.7%, which is a new record high. Although approximately €10 million were attributable to the first-time consolidation of von Oertzen GmbH acquired at the end of the previous year, operational sales still rose by more than 8% and outperformed the general market trend.

Order backlog remains on a high level

It is important to note that this favourable development was not accompanied by a reduction of the order backlog, which in fact increased even further. As a result, the overall performance grew by 10.9% to €490.4 million. Revenue recognition of this high order backlog provides a corresponding sales and earnings potential for 2020, even though, at the end of the reporting year, indicators increasingly pointed to a market downturn in the field of industry-oriented cleaning services as a result of reduced industrial production.

This jump in sales was recorded in various regional markets. While domestic growth amounted to approximately 6%, overall international sales even reported double-digit growth rates. The highest growth rates were achieved by both our US-based company Minuteman and our subsidiary in France. However, we continue to see the most important growth markets in Asia and Eastern Europe, whereas the developed markets in Western Europe and North America are becoming increasingly saturated.

Europe remains main sales market

The Cleaning Technology segment remains heavily focussed on both the domestic and other European markets, whereas the Asian market still plays a secondary role. In the reporting year, which saw such a significant growth in sales, approximately 82% of the total turnover was again generated in Europe. This positive development is equally attributable to many different countries. Sales on the American continent also rose noticeably due to the still favourable economic trend. With a sales volume of €153 million, the domestic market remains the largest single market for Hako.

When reviewing individual product areas, the highest growth rate could be seen in both the scrubber-drier and Multicar vehicle segments as well as in the spare parts business, whereas proceeds in the field of sweepers and vacuum sweepers declined due to a weaker industrial climate. The used-machines business was restrained due to the low availability of vehicles.

Profitability remains on a high level. The general increase in costs could be absorbed by continuously optimised production processes. In addition, the successful launch of both new and further developed machines also had a positive impact, and the component- and platform-based designs applied in production led to significantly reduced production costs.

PRINTING MACHINES

Sales in € million



Employees (annual average)



manroland Goss web systems is the world’s leading manufacturer of web-fed offset printing machines for newspaper and commercial printing. Possehl holds a 51% interest in this joint venture. The company’s product range comprises newspaper printing systems for all runs as well as commercial printing machines for high-quality printing matters and the folding of brochures, supplements, catalogues, magazines and books. Through the Group company graphometronic, this division is also a system supplier of measuring and control systems for the entire printing industry. In addition to the joint venture, the two companies manroland web produktionsgesellschaft and Industriepark Augsburg, which are 100% Possehl-owned, are part of this division.

Further market consolidation successfully utilised

While the previous year was mainly characterised by the merger between manroland web systems and Goss, the reporting year was primarily determined by operational topics. However, one-off expenses and synergy projects still had a negative effect on earnings in the first half of the year.

The 2019 financial figures are comparable with the previous-year figures only to a limited extent on two counts. Firstly, last year the Goss companies were included in the balance sheet only from September onwards, which means four months. And secondly, GWS International, a company specialising in servicing and retrofitting newspaper and commercial printing machines, was consolidated for the first time at the beginning of the year. In addition, some strategic decisions made in 2018 were still felt in 2019, e.g. the decision to shut down the production of new machines in the US and streamline the machine portfolio. All new machines are now exclusively manufactured at the company’s headquarters in Augsburg.

Adjusted sales reach the previous year’s level

At €298.6 million, sales were higher by €51.8 million or 21.0% than last year. Adjusted for consolidation effects, sales were on a par with the previous year’s figures. Machine sales and sales generated from the service and spare parts business accounted for around 50% of the total turnover each. The latter includes print services (repairs, revisions, maintenance and spare part supplies) as well as press updates (upgrades, retrofits and machine relocations).

The market share for new machines, which had already been continuously expanded to well above 50% in recent years, increased even further by the merger.

In addition to the achieved turnover, the overall performance of a business is an important factor for evaluating its economic success. The distinct increase in inventory we saw in 2018 was largely reduced and turned into sales revenues in the year under review, which means that the order backlog for next year has declined.

Decline in incoming orders for new machines

At approximately €230 million, incoming orders for new machines and services dropped, as expected, below the level of the previous year, which benefited from both the favourable economic climate and state subsidy programmes. Incoming orders for new machines declined noticeably, whereas the spare part and service business saw a slightly positive trend. In addition to the volume effect, the improved price quality contributed to this positive development. In the future, the decline in incoming orders will particularly affect employment at the production site in Augsburg.

We see future growth potential for retrofits and in the service and spare part business, in particular for markets with a high base of installed machines, especially the US market. The service and spare part business achieved considerable success in the reporting year by addressing customers systematically. The e-commerce platform MARKET-X significantly contributed to this development.

INTRALOGISTICS

Sales in € million

2019		137.5
2018		129.5

Employees (annual average)

2019		901
2018		893

Böwe Systec is a globally leading supplier of intelligent automation solutions. The product portfolio of this division comprises enveloping-, cutting- and mail sorting systems and other systems for automated shipping of letters, parcels and plastic cards. In addition to the lead- and production company based in Augsburg, the division consists of numerous sales and service companies worldwide. With Optimus Sorter and – since the end of the reporting year – SGA Conveyor Systems, Possehl holds majority shares in two of the leading solution providers operating in the growth market Intralogistics, which means the flow of goods, material and information. Furthermore, at the beginning of the year, Possehl acquired a majority share in the software company Red Ledge specialising in warehouse management systems.

Mailroom market remains difficult

When assessing the general conditions and prospects of the companies, one has to differentiate between the two segments in which they are active. While both the E-commerce and parcel shipping business have grown significantly over the past years and are expected to continue to grow in the future, the market for letters has been retrograde for years due to the fact that non-confidential information is usually mailed in digital rather than in printed form. Consequently, the mailroom market remains characterised by investment restraints on the part of customers.

In this segment, competitors aim to push one another out of a market that is in persistent decline. In the midst of such a difficult market environment, the company succeeded in constantly gaining market shares thanks to the innovations developed in recent years, first and foremost the high-speed enveloping machine “Fusion”.

Tailwind for parcel sorting systems

In contrast, the market for parcel sorting systems is constantly growing due to increasing online sales. Böwe Systec, in cooperation with its subsidiaries Optimus Sorter and SGA Conveyor Systems AB, offers a wide range of sorting-, commissioning- and transport systems that can process all mailed items including large and small parcels and large-format letters. The combination of excellent software competence and years of experience in the field of mechanical and system engineering generated a substantial surge in growth in the reporting year. This market segment achieved organic sales growth of more than 20%. In addition, the book-to-bill ratio was above 1, so that the order backlog has increased despite the high growth rates.

Sales increase by 6.2%

Overall sales in this division increased by 6.2% to €137.5 million, after reporting a decline in revenue in the previous year. While the service and spare part business remained largely stable, this growth is mainly attributable to the new machines business in the parcel sorting segment.

Investments and international orientation are a good basis for growth

Over the past years, in particular through company acquisitions, we invested a double-digit million amount in building up and expanding the intralogistics business as well as existing control- and software competencies. We expect these investments to have a long-lasting positive effect on both future sustainability and growth rates across the entire division. The international orientation of this segment as well as its high level of competence in the field of software solutions will contribute to this positive development.

PRECIOUS METALS PROCESSING

Sales in € million



Employees (annual average)



The Heimerle + Meule Group is one of the leading precious metal companies in Europe. At the Group’s production sites in Pforzheim, Madrid and Birmingham, precious metals are extracted from residues and processed into high-quality products. In addition to recycling activities, the Group is a major European supplier for the jewellery and dental industries and also operates a mail order service and an online shop. Through a subsidiary based in England, the division is also an important supplier for the jewellery industry in the UK.

Gross proceeds increase by 19.2%

The significant increase in precious metal prices we saw in the second half of the 2019 financial year led to slightly improved market conditions. Gross proceeds – i.e. precious metal sales including precious metals contained in the materials input – increased by 19.2%. The main reasons for this development were the higher annual average prices for precious metals. The price for gold in euros, for example, was approximately 16%

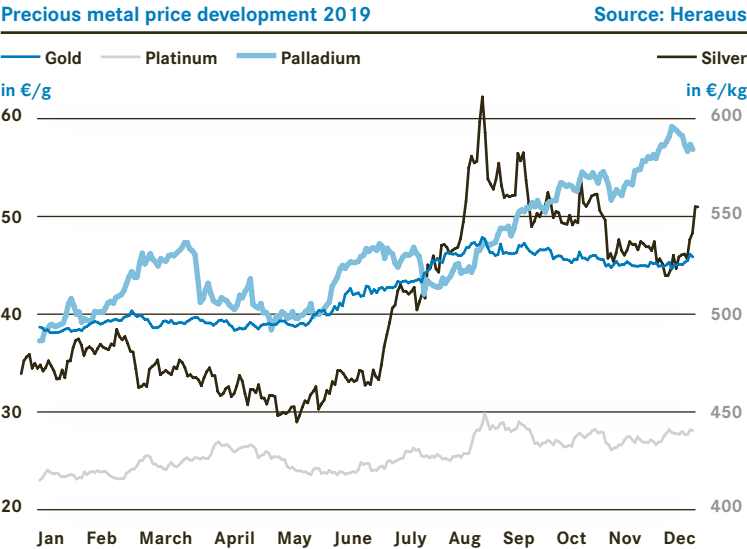
above the previous year’s figure, with prices for silver and platinum even exceeding this growth rate, and, during the course of the year, the price for palladium again increased by almost 50% which means that, at the end of the year, palladium was more expensive than gold had ever been before. Due to the US dollar’s appreciation against the euro, the price increases in US dollar were slightly lower. Without this price effect, the division reported a relatively moderate growth rate of 2.6%.

The diagram below shows the development of the most important precious metal prices.

The predominant part of the precious metals processed are on loan, which means that lending fees are major cost factors. The lending costs for most metals remained largely stable throughout the year. Loan interest rates for palladium slightly fell at first before going through the roof again at the beginning of this year. Overall, the expenses for precious metal loans – also due to increased loan volumes – have increased noticeably compared with the previous year, which had a negative impact on the result.

Both overcapacities and stiff competition remain

Sales adjusted for precious metals contained in the materials input, and therefore the division’s performance, increased only moderately. The growth rate was largely attributable to slightly increased recycling volumes we saw at all production sites. Due to higher precious metal prices, the quantity of recycling material on offer increased and, at the same time, led to slightly improved margins without,



however, causing any significant changes to the general framework conditions, which are still characterised by existing overcapacities and stiff competition. In addition, expenses incurred in connection with higher compliance requirements also increased further.

As a result of the weaker industrial climate, Heimerle + Meule's business with semi-finished industrial products saw no further growth. The competition for alloys with a high content of precious metals continues to be very intense. Irrespective of this, we aim to further expand our industrial business from Pforzheim to our other sites in order to achieve greater overall stability. By renovating and expanding our Pforzheim site in the previous year, we already created the required preconditions.

Investment business stagnates, online business becomes a significant foothold

We continuously expanded our investment products business over the past years. In particular, we invested in modernising and expanding the capacities of our coin production, and thus broadened both our customer base and product range. However, due to the high prices for precious metals, the demand for investment products did not continue to expand. In addition, the demand for coin blanks declined, which generated negative effects for the production site in Spain. In contrast, the trade business and the revenues resulting thereof saw a market-related favourable development.

Under the trade name "cooksongold", we successfully expanded our online business both in the UK and in other countries. We aim to continue this growth strategy in the future in order to develop the online business more and more into a significant foothold.

In the field of precious metals recycling, we have gained comprehensive certifications. We attach particular importance to our LBMA certification, a major quality label for gold. All companies of our Precious Metals Processing division are at least certified according to the RJC-CoP standard of the Responsible Jewellery Council.

ELECTRONICS

Sales in € million



Employees (annual average)



Our Electronics division is divided into the business segments "Automotive" and "Semicon". Both segments largely depend on the global development in automobile production, while the Semicon business additionally depends on the general semiconductor industry. As the components we produce are used for both electric and combustion engine vehicles, the division, although not directly affected by the structural change we see in automobile production, depends on the general demand for new cars.

Overall sales decline significantly by 14%

In the reporting year, the electronics business was affected by both the declining demand for automobiles and the weakening semiconductor market we saw primarily in Asia. After achieving a significant sales plus in the previous year, revenues dropped by €42.4 million or 14.0% in the year under review.

Automotive: Division still performs well in a difficult market environment

In this business segment, customised electromechanical components for automotive suppliers are produced by applying the process technologies punching, plastic injection molding, plating, and automated assembly. Production is shared between the two German sites and our production plants in the Czech Republic and Mexico. At present, we are in the process of building up another production site in China.

Last year, automobile production noticeably decreased on a global scale, most significantly in India and China. As a result, both the requirements and challenges for suppliers to the automotive industry have increased even further. In addition to the negative effect resulting from the weak demand, the pressure to innovate – caused, inter alia, by new drive technologies and autonomous driving – grew further as well. Given this extremely difficult market environment,

the Automotive segment still performed comparatively well, even though production at our two German sites decreased. In contrast, due to the ramp-up of new products, our production plants in the Czech Republic and Mexico reported slightly increased sales. The division's overall turnover dropped by 10.9%.

Semicon: Segment is affected by a weak demand for semiconductors

The Semicon business, which is primarily endemic to Asia, was affected much more severely by the weak global demand and the structural changes in the automobile industry. In addition to these general factors, our business site in Hong Kong was hit hard by both the ongoing political turmoil in this area and one-off expenses resulting from relocating our production facilities. The total of these burdens amounted to a slump in sales in Hong Kong of approximately 50%.

The global semiconductor market is highly fragmented and characterised by a strong volatility with short product life cycles and high fluctuations in product supply and demand. Overall, the global market for semiconductors, just as the market for automobile semiconductors, shrank significantly in the 2019 calendar year. As a large part of the products manufactured by Possehl Electronics are supplied to the automotive industry or are used in the production of other electronic devices, the division was affected by the economic downturn twice over. The Semicon business dropped accordingly by approximately 20%.

SPECIAL PURPOSE CONSTRUCTION

Sales in € million

2019	386.3
2018	367.4

Employees (annual average)

2019	1,681
2018	1,656

The Special Purpose Construction division provides a wide range of services, which has consistently been added to during the past years, most recently by acquiring the companies VSI and Innobit as well as Jacbo Pfahlgründungen. Dominated by small and medium-sized

businesses, the division is active mainly in niche markets and structured as follows:

- Traffic areas and surfaces (Possehl Spezialbau, Thiendorfer Fräsdienst, P+S Pflaster- und Straßenbau as well as VSI and Innobit as of 2019)
- Building construction and civil engineering (Mickan, DFT and Jöst as well as Jacbo as of 2020)
- Building restoration (Bennert, Nüthen)
- Construction chemicals (Pagel, Euroquarz, cds Polymere, Gremmler – as a joint venture)

The Special Purpose Construction division within the Possehl Group depends largely on the development in the German construction industry, as 90% of all orders are domestic. The remaining portion is almost exclusively placed by European customers, particularly in the neighbouring countries Austria and the Netherlands, where the division is active on the market with independent companies.

Construction industry is still booming

After the good results of previous years, the 2019 financial year was again characterised by a brisk demand and a favourable economic environment. According to preliminary figures, sales in the mainstream construction industry in Germany were more than 9% higher in nominal terms and over 3% in real terms in a year-on-year comparison, and thus achieved growth rates almost as high as in the year before. Ever since 2011, the German construction industry has been on a steady expansion course. This outstanding development can be seen across all three segments of our construction business, with public-sector and commercial construction being of primary importance for us. Although the latter still profits from a continuously high level of capacity utilisation in the German industry and associated corporate investments, building permissions for factory buildings and workshops saw a slight decline in the year under review. In public-sector construction, the positive effects of subsidy programmes for the construction and rehabilitation of traffic routes are increasingly filtering through.

Sales increase by 5.1%, order backlog slightly declines

Given the still favourable economic framework conditions, sales in this division increased by €18.9 million or 5.1%, whereas the previous saw a slight decline due to billing factors. Adjusted for the first-time inclusion of the companies VSI and Innobit, which strengthen the portfolio in the field of maintenance and rehabilitation of traffic surfaces, sales grew by approximately 3%.

Structural engineering, a sector which saw more settled accounts in the reporting year than in the year before, was the main growth driver. Due to a large number of incoming orders, order backlogs in this segment remained particularly high. All other segments remained essentially stable in a year-on-year comparison. The division's pan-European business in the field of rehabilitation and surface coating of airport runways saw a positive development due to an increased number of tenders.

In the reporting year, the annual construction output – i.e. sales revenue plus changes in inventory –, which is a relevant indicator for the economic assessment of a company's performance, again exceeded the previous year's figure. Taking into consideration both incoming orders and order backlogs confirms the positive impression. At €389 million, incoming orders were slightly higher than in the previous year, whereas order backlogs taken into the new year slightly declined.

Prospects remain positive

Even though the overall economic outlook has become somewhat cloudy, prospects for the German construction industry remain favourable due to an invariably low level of interest, the catch-up effects in many sectors as well as high public spending. In this context, we presume that the output in the construction industry will remain on a high level in the coming year. However, we will only be able to achieve significant growth by undertaking further company acquisitions. By acquiring Jacobo Pfahlgründungen GmbH at the end of the 2019 financial year, we succeeded in generating further growth in a particularly attractive market segment.

IDENTIFICATION SOLUTIONS

Sales in € million



Employees (annual average)



The Identification Solutions division was established in early 2017 as a spin-off from the SME segment. In addition to the encouraging development we had seen in this segment over previous years, the

high potential for further growth and development played a key role in this decision. The division is divided into:

- Logopak Systeme
- Novexx Solutions including Eidos
- Etipack
- Nordvalls (label printing)

This division encompasses the development, production and sales of logistically integrated labelling systems as an interface between production and logistics, as well as digital thermal transfer printers, self-adhesive labels and thermal transfer films. After acquiring Eidos the year before, the acquisition of Etipack – another production company based in Italy – in the reporting year enabled us to complement this division both in terms of product portfolio and regional footprint, and thus to continue our precipitous growth course of recent years.

Operative positioning further improved

The identification, labelling and traceability of products and the associated complete traceability of goods movements already are of high relevance in many industries, e.g. food, automotive and pharmaceutical industries, and will gain even more importance in the years to come. As an integrated and globally operating Group of companies, backed by both our up-to-date product portfolio and broadly based know-how as well as excellent software competencies, we are able to offer versatile, custom-made solutions.

The 2019 financial year was characterised by our aim of further developing the operative business, improving production processes and developing new products. In addition, we expedited the cooperation between individual Group companies. However, synergy potential will be analysed and leveraged only in so far as it provides obvious operational benefits, which applies, for example, to software development activities and digitisation projects. To complement this strategy, we acquired a majority share in datakamp GmbH & Co. KG, a medium-sized manufacturer of electronic system components. Furthermore, we pooled our label production at Nordvalls in Sweden in the reporting year.

Sales increase by 8.3%

Sales in this division grew by €12.3 million or 8.3% in the year under review. This growth rate, however, is exclusively attributable to the first-time consolidation effect from Etipack; hence, the operative business did not expand any further. We saw the same development in all business segments of this division.

New sales company to promote further growth

In addition to growth achieved through company acquisitions, the division is going to foster organic growth in the future. In order to do so, we have founded a new sales and service company in India, which will start operations in the current year 2020.

SME INVESTMENTS

Sales in € million



Employees (annual average)



The business model of Possehl SME Investments comprises the acquisition as well as the management and development of companies primarily from among German SMEs with annual sales of between €10 million and €50 million. One focus is on production companies, in particular from the mechanical engineering segment. Since its establishment in 2009, the division has developed into a main foothold within the Possehl Group. Our objective is to continue to expand the portfolio in the years to come.

A year characterised by consolidation and realignment

For some individual companies of this division, the 2019 financial year was a year of consolidation and realignment. This applies in particular to both the Schwarte Group and the two Gabler companies as well as the company DMA. At Düring, starting up operations at the new factory in China, while concomitantly having to deal with a declining demand for robot welding tongs in the automobile industry, was a major task. The development in all other companies of the SME Investments division was essentially stable.

Including the Hänsel Group, sales rise by 3.5%

Compared with the previous year, sales rose by €8.1 million or 3.5%. However, adjusted for both the full-year effect from the intra-year first-time consolidation of the Hänsel Group companies and the intra-Group transfer of a SAVO subsidiary, sales stagnated. Some companies of this division, in particular those operating in the field of mechanical engineering as well as suppliers for the automotive industry, already felt the headwind of the economic downturn. In addition, the worldwide debate on plastic packaging for foodstuffs has had a negative effect on sales at Gabler Thermoform.

Companies of Possehl's SME Investments division

Field of business	Company/Head company
Plants and systems for the confectionary industry, mixing and homogenisation technology	Hänsel Processing GmbH; Candy Recycling GmbH; Hebold Systems GmbH
Oil spill clean-up, tank and pipeline cleaning	Possehl Umweltschutz GmbH; nordrohr GmbH
Bathroom rugs, bed linen, accessories	Kleine Wolke Textilgesellschaft mbH & Co. KG
Conveyor systems	DMA Maschinen- und Anlagenbau GmbH & Co. KG
Miniature light bulbs	MGG Micro-Glühlampen Gesellschaft Menzel GmbH
Hoistable masts	Gabler Maschinenbau GmbH
Thermoforming machines	Gabler Thermoform GmbH & Co. KG
Robot welding tongs	Düring Schweißtechnik GmbH
Technical hollow bodies	SAVO-TECHNIK ROTATIONSGUSS GmbH
Equipment for milk logistics	Schwarte Group GmbH

Assets and financial position

ANALYSIS OF THE BALANCE SHEET STRUCTURE

Balance sheet total rises by 3.7%

The Group's total assets rose by €65.4 million or 3.7% to €1,853.8 million. On the assets side, this increase was exclusively attributable to non-current assets financed by higher Group equity.

Intangible assets and property, plant and equipment rose by €53.2 million as a result of higher goodwill from acquisitions, which amounted to €97.6 million at the end of the year. Property, plant and equipment also grew further, particularly in the construction business, where plant and equipment rose to €54.7 million.

Financial assets also increased significantly year-on-year to €73.5 million. The reason for this development was the acquisition of the two companies Jacbo Pfahlgründungen and SGA Conveyor Systems, which will only be fully consolidated at the beginning of this year, as well as the countering effects of including Oertzen GmbH.

Net current assets rise only slightly

The net working capital or net current assets (inventories + trade receivables – trade payables) amounted to €714.0 million at the end of the year, in comparison to €705.5 million the previous year. The increase of recent years therefore continued only on a moderate scale in the year under review.

Liquidity remains on a high level

Cash and cash equivalents, including current securities, dropped by €12.6 million to €291.0 million in a year-on-year comparison. Liquid funds are, to a large extent, attributable to the Group Holding L. Possehl, with most domestic and international Group companies being integrated in the Group's cash pool. The decrease in cash and cash equivalents primarily results from high investments including payments for company acquisitions. Liabilities to banks, some of which are long-term, increased to €46.5 million in the reporting year. Net financial assets as a balance figure therefore decreased to €244.4 million.

Equity ratio of 57.8%

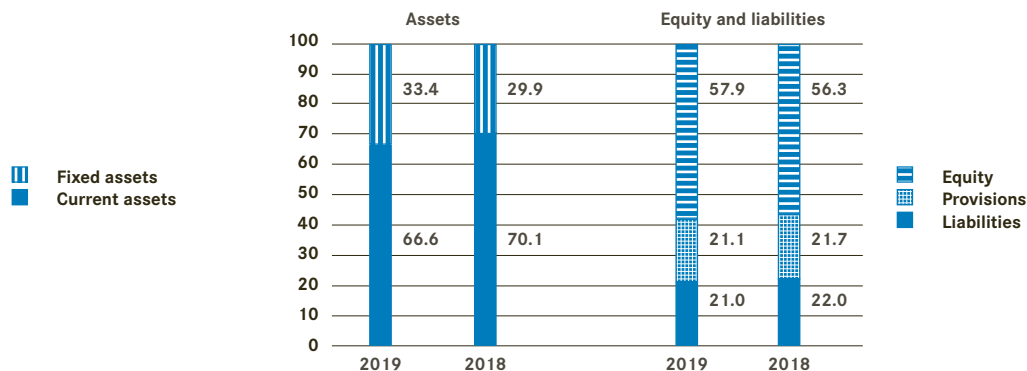
On the liabilities side, the Group equity grew by €69.3 million to €1,071.5 million. Taking into account the difference from capital consolidation, which is exclusively of equity nature at the end of the year, and after deduction of goodwill from capital consolidation, the Group's adjusted equity amounted to €976.0 million. This higher equity is essentially attributable to the Group net income of €93.2 million as well as positive currency effects in the reporting year. This was offset mainly by dividend payments of €19.0 million to the Possehl Foundation. The balance sheet Group equity at the end of the financial year amounted to 57.8%. Non-current assets remain fully covered by equity.

Finance strategy remains conservative

The overall financial management of the Possehl Group is the responsibility of the Group's holding company L. Possehl. The main objective

Analysis of the balance sheet structure

in %



of the central financial management is to ensure the Group's liquidity and creditworthiness at all times. A reduction of capital costs as well as the optimisation of the capital structure and effective risk management are further elements of the centralised financial and liquidity management of the Possehl Group. We also ensure that we remain independent of individual banks or financial institutions. Overall, we regard financing as a support function for our operational business and a means of ensuring sustainable growth of the Group.

We decide on a case-to-case basis whether funds are obtained from a central source and distributed internally within the Group or sourced locally by our individual companies. Different factors such as the credit rating of the respective Group company, the credit terms and the currency of the borrowed funds play a role in the decision. Domestic companies are, for the most part, integrated into the Group's financial transfers via physical cash pooling. Foreign companies largely arrange their finances locally, whenever possible on a stand-alone basis.

The debt policy followed by the Group is conservative; its aim is flexibility. In addition to a few long-term loans, we also take out short-term bank loans in individual divisions on an as-needed basis to finance the working capital. In addition to ensuring sufficient credit lines, we attach great importance to the high availability of overnight loans and time deposits as a key part of our financial strategy in order to be able to respond quickly, reliably and fairly independent of banks.

The below figures regarding the development of cash flow correspond to the definition in DRS 21. Cash and cash equivalents comprise demand deposits, liquid financial assets and bank liabilities repayable at any time.

At €184.2 million, cash flow from operating activities more than doubled year-on-year, even though the Group net income slightly dropped. The reason for this development is on the one hand the fact that the build-up of working capital we saw in the past years did not continue. On the other hand, depreciations resulting from high investment activities both in the current and in previous years have increased significantly.

Cash flow from investment activities amounted to €-166.5 million and therefore increased again in comparison to the previous year. In addition to the high outflow for investments in both intangible assets and property, plant and equipment, the outflow for company acquisitions also increased again.

Cash flow from financing activities is negative in the reporting year with €-46.7 million and remained largely unchanged year-on-year. Profit distributions were slightly higher than the year before. Moreover, we continued to repay long-term liabilities to banks, partly through reciprocal financing by means of current financial liabilities included in cash and cash equivalents.

Cash flow development

in € million

	2019	2018
Cash flow from operating activities	184.2	90.8
Cash flow from investing activities	-166.5	-152.9
Cash flow from financing activities	-46.7	-45.6
Net changes in cash and cash equivalents	-29.0	-107.7
Cash and cash equivalents on 31 December	266.8	291.5

Net financial assets drop to €244.4 million

The Possehl Group posts net financial assets of €244.4 million at the end of the reporting year, which represents a year-on-year decline of €23.5 million. Cash and cash equivalents dropped accordingly to €266.8 million. Hence, the high cash flow from operating activities was almost sufficient to finance the record investments including company acquisitions and dividend payments.

Non-financial performance indicators

EMPLOYEES

Development in a culture of medium-sized-company values

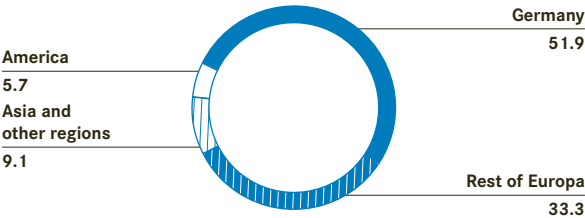
Our employees are the most important contributors to the success of Possehl. This is why we aim to recruit committed, performance-oriented staff around the world and retain them within our company in the long term. We put great emphasis on creating the kind of framework conditions that attract top performers. In our Group companies, we ensure that people who share our values can make decisions and are encouraged to perform to the best of their abilities without being thwarted by stiff process guidelines. At the same time, it is our objective to increasingly offer our employees development prospects across our individual divisions in order to tap their full potential and utilise the strength of the Group.

Number of employees slightly below the level of the previous year

At the end of the year 2019, Possehl employed 13,194 people worldwide, which is 66 less than the year before. The workforce mainly decreased at the two production sites of our Tyre Technology division in Slovakia and Croatia as well as at the Asian production sites of our Electronics division. Furthermore, necessary headcount adjustments took place in our Printing Machines division as planned.

Employees in 2019 by region

in %



On annual average, the Possehl Group had 13,331 employees including trainees. Hence, the average staff reduction was lower due to the fact that a large portion of the personnel measures only came into effect in the second half of the year. Due to acquisitions, the number of Group employees rose by 250.

The reduced headcount is equally distributed across both domestic and foreign Group companies. Consequently, the percentage of people employed in Germany remained almost unchanged at 51.9%.

With regard to the Group’s nine divisions, the number of people employed increased year-on year – as a result of acquisitions – mainly in the divisions Special Purpose Construction, Cleaning Technology and Identification Solutions, both in absolute terms and proportionally.

Staff and management development programmes

In 2019, many qualification measures reflected the broad-based initiatives in the field of digitisation we launched both Group-wide and in each individual division: Qualification and staff development programmes range from programming skills and agile management to the development of digital business models. In addition, we continued our obligatory executive development programmes.

Vocational training

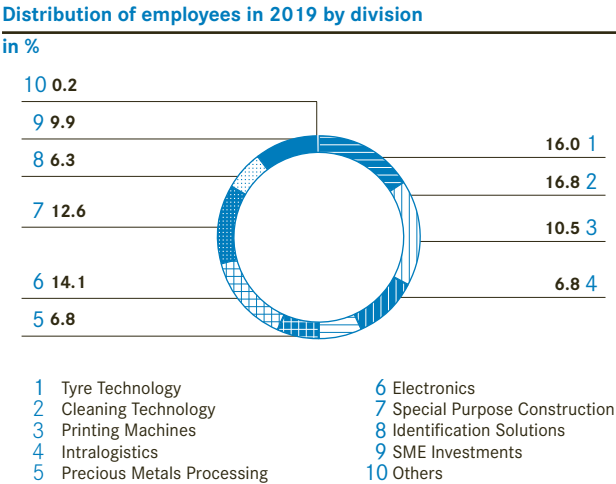
As an attractive employer, we continue to invest heavily in training professions (apprenticeships) and currently train 458 young people in various professions, primarily in Germany. The number of apprentices therefore remained constant in a year-on-year comparison.

With regard to the number of people employed in Germany, the apprenticeship quota is approximately 6%. We consider this an important contribution to counteracting the increasing demand for qualified employees in a highly competitive job market environment.

Expansion of talent management programmes and recruitment activities for qualified staff and junior management personnel

Possehl’s interdivisional trainee programme “Management and Operations”, which is addressed primarily to graduates holding a master’s degree in engineering disciplines, has become an integral part of our talent management programme. Due to the increasing demand we have had from our individual divisions, we took more trainees on board in 2019 than ever before.

This 15-month trainee programme, which includes 4 months of working abroad, is intended to prepare suitable trainees for future management responsibilities. So far, we have been able to offer all graduates high-quality employment in one of our Group companies. Now, three years into the programme, we can say that the large versatility of our businesses is one of the key factors in successfully training our future executives. Both our trainees’ commitment and impressive results are proof that the trainee programme is an excellent investment in the future of our companies.



ENVIRONMENTAL PROTECTION

Environmental protection is an important innovation driver

In many of our divisions, environmental protection is closely linked to innovations. This holds true, for example, for the reduction of emission values in the Cleaning Technology segment or promoting resource and energy efficiency in our mechanical engineering companies. In this context, we also refer to the R & D section of this report.

Clear environmental policy

All companies of the Possehl Group are required to limit their emissions and consumptions and to continuously improve their production processes by reducing energy-, material- and resource requirements. As a leading precious metals recycler, we generally attach great importance to the recycling of consumer goods. We have therefore recently begun to further expand our industrial recycling business. In general, recycling precious metals is much more beneficial than primary extraction in terms of reducing our carbon footprint. In addition, three of our companies are active directly in the field of environmental protection and recycling of resources.

Numerous certifications

Many of our production sites are certified in accordance with current energy and environmental management standards. Numerous recommendations resulting from the environmental audits we have performed – e.g. replacing fluorescent tubes with energy-saving light bulbs or LEDs – have already been implemented, enabling us to reduce our energy consumption and therefore our carbon footprint rapidly. Other recommendations and suggestions for improvement are being assessed within each company and gradually implemented where deemed advisable.

HF TireTech reduces CO₂ emissions significantly

At HF Tire Tech, moving production into the company's new-built facilities in Hamburg-Harburg in 2020 will save considerable amounts of energy. Here, annual energy consumption will be reduced from now 9,000 MWh to approximately 2,000 MWh, which means that CO₂ emissions will drop by more than three thirds. On the consumer side, we put great emphasis on promoting state-of-the-art resource-saving technologies, for example the complete conversion to LEDs, or infrared-controlled taps. The new production site impressively combines the strategic elements of competitive advantage, attractive working conditions and environmental protection.

Energy efficiency reduces costs

Energy consumption is becoming more and more a key determining factor when it comes to the total costs of ownership over the life cycle of a machine or a system. Especially in our mechanical engineering activities, we undertake substantial efforts and invest considerable sums in research and development in order to exploit potential for energy efficiency. For example, in our Tyre Technology division, we have successfully developed a distinctly more energy-efficient lorry-tyre heating press in cooperation with technical colleges, which is now being delivered to customers. In the reporting year, the HF Mixing Group developed solutions, now patent pending, for the reduction of fine particles in the extract air flow of mixing rooms. This is another example of combining competitive advantage with environmental protection.

Environmental protection and the associated demands on sustainable business and operations are subject to extremely strict requirements applicable in the Precious Metals Processing (recycling) and Electronics divisions. In recent years, we have therefore invested sizeable amounts of money in environmental protection at the different production sites, for example in waste water treatment and exhaust air purification.

Outlook

Corporate strategy remains long-term and security-oriented

The core elements of our Group strategy – in particular the focus on long-term growth- and profitability targets as well as securing the future viability of both our Group companies and their business models, and avoiding unnecessary risks – remain unchanged. In the future, Possehl will remain a diversified and broadly based Group applying efficient internal risk-balancing measures. We invest mainly in promising, future-oriented technologies and products without shying away from investments in mature industries if both the product and the company's market position are strong.

Our companies' diversity will continue to provide stability to the Possehl Group

Possehl's corporate portfolio consists of companies that are subjected to different market- or economic cycles; however, the focus is on capital goods. It comprises companies that already react to changes in investment behaviour at an early stage, and others that feel changes in incoming orders more towards the end of a cycle. Changing framework conditions therefore affect the various segments within our portfolio differently, and sometimes even show countervailing effects. Our precious metal business, for example, largely reacts anti-cyclically. Both the more consumer-related segments and the construction business profit from the healthy domestic demand and increased public sector investments in infrastructure projects. These are offset, however, by more export-oriented and volatile mechanical engineering activities as well as both the semiconductor and automobile businesses. When global economic uncertainties and crises have a negative impact on investment propensity, these activities suffer in particular.

Consequently, both the opportunity- and risk profiles of our divisions differ as well. Against the background of the high geopolitical risks and uncertainties we see with regard to both the market growth and development of major user industries, we predict sales levels for the coming year that remain stable at most.

Precious metal prices have a major impact on Group sales. Over one third of Group sales are generated in the Precious Metals Processing division. Rising or falling precious metal prices, in particular the price of gold, have correspondingly positive or negative effects on Group sales. Our planning for 2020 is based on the assumption that precious metal prices will remain essentially stable. For most of our

divisions we expect a stable development of revenues, but a decline in incoming orders.

Last year, we already significantly increased our budget for future-oriented investments and intend to keep it on the same high level in the years to come. In addition to expanding and modernising our production sites, more funds will be invested in innovation and digitisation. Investments will continue to be funded from assets and current cash flow. Despite unalteredly low interest rates, we have no intention of extending our external financing.

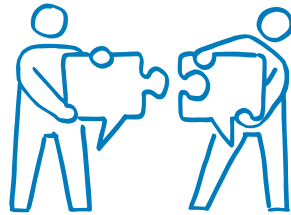
Earnings will presumably see a slight decline

Accompanied by an essentially stable development in sales, our forecast for 2020 assumes stable operating results or – in case of a persistent economic downturn or negative effect on supply chains as a result of the coronavirus – a decrease in consolidated earnings without one-off effects. The profitability of the Group as a whole, gauged by the adjusted EBIT return on sales, should be in the range of between 5% and 7% and the EBT return on sales slightly below that at between 4% and 6% in 2020.

As in the financial year ended, earnings will also be affected by the amortisation of goodwill and the release of negative consolidation differences from acquisitions in previous years. These figures are expected to be slightly higher than last year. As regards interest expense from the discounting of pension provisions, we anticipate that expenditure will remain essentially unchanged in the coming year.

Acquisition activities focus on mid-sized companies with good prospects

In our forecast, we have not taken into account further external growth from new acquisitions. With a view to the worldwide weak economic climate, we assume that the prices for companies have reached their peak. At present, we are increasingly focussing our acquisition activities on SMEs for which the determining factors are not only the purchase price but also qualitative aspects such as reliability and long-term, stable prospects for the respective individual company. Last year, this strategy proved to be very successful and we were able to conclude five company acquisitions. We will continue to determinedly pursue this chosen – and successfully implemented – strategy in the future.



Entrepreneurs make forward-looking decisions and plan for the long term

“With our decisions and actions we always strive to ensure our Group’s long-term success.”

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Consolidated statement of financial position

from 1 January to 31 December

in € '000

ASSETS

	2019	2018
A. Current assets		
I. Intangible assets	120,401	108,924
II. Property, plant and equipment	424,716	383,039
III. Financial assets	73,502	42,644
	618,619	534,607
B. Current assets		
I. Inventories	405,722	417,232
II. Receivables and other assets		
1. Trade receivables	460,849	462,096
2. Other receivables and other assets	60,886	55,293
	521,735	517,389
III. Other securities	365	215
IV. Cash and cash equivalents	290,602	303,386
	1,218,424	1,238,222
C. Prepaid expenses	11,341	10,792
D. Deferred tax assets	5,388	4,736
Total assets	1,853,772	1,788,357

in € '000	2019	2018
EQUITY & LIABILITIES		
A. Equity		
I. Subscribed capital	30,678	30,678
II. Other reserves	554,691	485,471
III. Changes in equity due to currency translation	-1,026	-4,512
IV. Retained earnings	489,910	489,733
V. Non-controlling interests	-2,779	838
	1,071,474	1,002,208
B. Difference from the consolidation of equity	2,073	4,959
C. Provisions		
1. Pension provisions	132,833	127,130
2. Miscellaneous provisions	258,233	259,759
	391,066	386,889
D. Liabilities		
1. Liabilities to banks	46,522	35,636
2. Trade payables	152,587	173,819
3. Miscellaneous liabilities	174,233	168,626
	373,342	378,081
E. Deferred income	15,817	16,220
Total equity and liabilities	1,853,772	1,788,357

Consolidated income statement

from 1 January to 31 December

in € '000

	2019	2018
Net sales	4,140,493	3,763,788
Changes in finished goods, work in progress and capitalised own work	22,291	41,784
Other operating income	61,442	64,974
Cost of materials	2,815,528	2,549,346
Gross profit	1,408,698	1,321,200
Personnel expenses	798,471	717,692
Depreciation and amortisation	88,807	78,708
Other operating expenses	349,640	346,675
Net investment result	1,199	920
Net interest result	-20,371	-18,793
Other financial result	14	1,954
Earnings before taxes	152,622	162,206
Income taxes	53,510	50,913
Earnings after income taxes	99,112	111,293
Other taxes	5,890	4,752
Consolidated net profit for the period	93,222	106,541
of which attributable to non-controlling interests	5,046	-4,208

List of shareholdings

as of 31 December 2019

Name	Registered in	Share of capital (in %)
I. Consolidated Group companies		
Tyre Technology		
Harburg-Freudenberger Maschinenbau GmbH	Hamburg/Germany	100.00
Harburg-Freudenberger (France) S.A.R.L.	Houilles/France	100.00
Harburg-Freudenberger Belišće d.o.o.	Belišće/Croatia	100.00
Pomini Rubber & Plastics S.r.l.	Rescaldina/Italy	100.00
Harburg-Freudenberger Machinery (China) Co., Ltd.	Qingdao/China	100.00
HF Rubber Machinery, Inc.	Topeka/USA	100.00
Farrel Corporation	Ansonia/USA	100.00
Farrel Limited	Rochdale/United Kingdom	100.00
Farrel Asia Limited	Hong Kong/China	100.00
HF NaJUS, a.s.	Dubnica nad Váhom/Slovakia	100.00
INDUS UTH HF Mixing Systems Pvt. Ltd.	Bangalore/India	66.66
HF Mixing Group Services (S.E.A.) Sdn. Bhd.	Kuala Lumpur/Malaysia	60.00
HF Mixing Group Service (Thailand) Ltd.	Bangkok/Thailand	100.00
Mesabi Control Engineering, Ltd.	Saint Paul/USA	100.00
Possehl Inc.	Park Ridge/USA	100.00
Cleaning Technology		
Hako GmbH	Bad Oldesloe/Germany	100.00
Hako Service GmbH	Bad Oldesloe/Germany	100.00
von Oertzen GmbH	Ammersbek/Germany	100.00
PlasTec Technology GmbH	Trappenkamp/Germany	100.00
Hako Benelux Holding B.V.	Andelst/Netherlands	100.00
Hako B.V.	Andelst/Netherlands	100.00
Hilco Chemie B.V.	Andelst/Netherlands	100.00
N.V. Hako Belgium S.A.	Erpe-Mere/Belgium	100.00
Labor Hako S.A.S.	Plaisir/France	100.00
Solvert S.A.S.	Plaisir/France	99.00
Hako Espana S.A.	San Fernando de Henares/Spain	100.00
Hako Polska Sp. z o.o.	Krakau/Poland	100.00
Hako Technology Sp. z o.o.	Świeszyn/Poland	100.00
Hako Machines Ltd.	Crick/United Kingdom	100.00
Hako Ground & Garden AB	Halmstad/Sweden	100.00
Hako Ground & Garden A/S	Oslo/Norway	100.00
OY Hako Ground & Garden AB	Vantaa/Finland	100.00
Hako Schweiz AG	Sursee/Switzerland	100.00
Minuteman International, Inc.	Pingree Grove/USA	100.00
Minuteman PowerBoss Corporation	Pingree Grove/USA	100.00
Multiclean, Inc.	Shoreview/USA	100.00
I & B Cleaning Equipment Ltd.	Hong Kong/China	100.00
Hako (Macau) Company Ltd.	Macau/China	96.00
Hako Cleaning System (Shanghai) Co., Ltd.	Shanghai/China	100.00
Hako Australia Pty. Ltd.	Silverwater/Australien	100.00

Name	Registered in	Share of capital (in %)
Printing Machines		
manroland web systems Holding GmbH	Lübeck/Germany	100.00
manroland Goss web systems GmbH	Augsburg/Germany	51.00
grapho metronic Mess- und Regeltechnik GmbH	München/Germany	100.00
manroland Goss web systems UK Ltd.	Maidenhead/United Kingdom	100.00
manroland Goss web systems (India) Pvt. Ltd.	New Delhi/India	100.00
manroland Goss web systems Australasia Pty. Ltd.	Regents Park/Australia	100.00
manroland Goss web systems France S.A.S.	Creil/France	100.00
manroland Web Printing Equipment (Beijing) Co. Ltd.	Peking/China	100.00
manroland Goss web systems Americas LLC	Durham/USA	100.00
manroland Goss web systems Loudon LLC	Effingham/USA	100.00
manroland Goss web systems UK Solutions Ltd.	Preston/United Kingdom	100.00
manroland Goss web systems Singapore Pte. Ltd.	Singapur	100.00
manroland Goss web systems Japan Corp.	Sayama/Japan	100.00
manroland web systems Inc.	Lisle/USA	100.00
manroland web systems Canada Inc.	Mississauga/Canada	100.00
Goss International Trading (Shanghai) Co., Ltd.	Shanghai/China	100.00
GWS International B.V.	Waalwijk/Netherlands	100.00
GWS Printing Systems Holding B.V.	Waalwijk/Netherlands	100.00
GWS Printing Systems B.V.	Waalwijk/Netherlands	100.00
Print Invest & Consult B.V.	Waalwijk/Netherlands	100.00
DOVAK Industrial Services B.V.	Waalwijk/Netherlands	100.00
Industriepark Augsburg GmbH	Augsburg/Germany	100.00
manroland web Industriepark Betriebsgesellschaft mbH	Augsburg/Germany	100.00
mrws Grundstücksgesellschaft mbH	Augsburg/Germany	100.00
manroland web produktionsgesellschaft mbH	Augsburg/Germany	100.00
Intralogistics		
BÖWE SYSTEC GmbH	Lübeck/Germany	100.00
BÖWE SYSTEC (Schweiz) AG	Volketswil/Switzerland	100.00
BÖWE SYSTEC Polska Sp. z o.o. i.L.	Warschau/Poland	100.00
BÖWE SYSTEC AB	Nyköping/Sweden	100.00
BÖWE SYSTEC AS	Brøndby/Denmark	100.00
BÖWE SYSTEC S.A.S.	Noisy-le-Sec/France	100.00
BÖWE SYSTEC S.A.	Madrid/Spain	100.00
BÖWE SYSTEC Comércio de Equipamentos Para Escritório S.A.	Sintra/Portugal	100.00
BÖWE SYSTEC S.p.A.	Rom/Italy	100.00
BÖWE SYSTEC BENELUX B.V.	Apeldoorn/Netherlands	100.00
BÖWE SYSTEC NEDERLAND B.V.	Apeldoorn/Netherlands	100.00
N.V. BÖWE SYSTEC S.A.	Vilvoorde/Belgium	100.00
BÖWE SYSTEC JAPAN Ltd.	Tokio/Japan	100.00
BÖWE SYSTEC AUSTRIA GmbH	Wien/Austria	100.00
BÖWE SYSTEC Ltd.	Maidenhead/United Kingdom	100.00

Name	Registered in	Share of capital (in %)
BÖWE SYSTEC (IR) Ltd.	Dublin/Ireland	100.00
BOWE SYSTEC North-America Inc.	Raleigh/USA	100.00
Optimus Sorter Holding B.V.	Beuningen/Netherlands	70.00
Optimus Sorter Technology B.V.	Beuningen/Netherlands	100.00
Optimus Sorter Projects B.V.	Beuningen/Netherlands	100.00
Red Ledge Ltd.	Holmfirth/United Kingdom	51.00
Precious Metals Processing		
Heimerle + Meule GmbH	Pforzheim/Germany	100.00
Cookson Precious Metals Limited	Birmingham/United Kingdom	100.00
Cookson Drijfhout B.V.	Amsterdam/Netherlands	100.00
Cookson Métaux Précieux S.A.	Paris/France	100.00
Sempsa Joyería Platería, S.A.	Madrid/Spain	100.00
Koutadly - Consultadoria Económica e Participações, S.A.	Porto/Portugal	100.00
Weston Beamor Holdings Limited	Birmingham/United Kingdom	100.00
WB The Creative Jewellery Group Limited	Birmingham/United Kingdom	100.00
Gecko Trading Limited	Witham/United Kingdom	100.00
Electronics		
Possehl Electronics N.V.	's-Hertogenbosch/Netherlands	100.00
Possehl Electronics Nederland B.V.	's-Hertogenbosch/Netherlands	100.00
Possehl Electronics France S.A.S.	Roche la Molière/France	100.00
Possehl Electronics Hong Kong Ltd.	Hong Kong/China	100.00
Possehl Laminates Ltd.	Hong Kong/China	100.00
Dongguan Possehl Electronics Co. Ltd.	Dongguan/China	100.00
Possehl Electronics (Malaysia) Sdn. Bhd.	Malakka/Malaysia	100.00
Possehl (Malaysia) Sdn. Bhd.	Malakka/Malaysia	100.00
Possehl Electronics Singapore Pte. Ltd.	Singapur	100.00
Possehl Connector Services SC, Inc.	Rock Hill/USA	100.00
Possehl Electronics Deutschland GmbH	Niefern-Öschelbronn/Germany	100.00
Possehl Electronics Wackersdorf GmbH	Wackersdorf/Germany	100.00
Possehl Electronics Czech Republic s.r.o	Dýšina/Czech Republic	100.00
Possehl Electronics Puebla S. de R.L. de C.V.	Puebla/Mexico	100.00
Possehl Electronics Puebla Servicios, S. de R.L. de C.V.	Puebla/Mexico	100.00
Special Purpose Construction		
Possehl Spezialbau GmbH	Sprendlingen/Germany	100.00
cds Polymere GmbH & Co. KG	Sprendlingen/Germany	100.00
cds Polymere Verwaltungs GmbH	Sprendlingen/Germany	100.00
Possehl Aannemingsmaatschappij B.V.	Oosterhout/Netherlands	100.00
Possehl Spezialbau Ges.m.b.H.	Griffen/Austria	100.00
Possehl Posebne Gradnje d.o.o.	Maribor/Slovenia	100.00
Possehl Posebne Gradnje d.o.o.	Jastrebarsko/Croatia	100.00
Thiendorfer Fräsdienst GmbH & Co. KG	Thiendorf/Germany	100.00
Thiendorfer Fräsdienst Verwaltungs GmbH	Thiendorf/Germany	100.00

Name	Registered in	Share of capital (in %)
P+S Pflaster- und Straßenbau GmbH	Wülknitz/Germany	100.00
VSI Sanierungs- und Baugesellschaft mbH	Kaiserslautern/Germany	100.00
Innobit GmbH	Kaiserslautern/Germany	100.00
DFT Deutsche Flächen-Technik Industrieboden GmbH	Bremen/Germany	100.00
Jöst Bauunternehmen GmbH	Frankfurt a.M./Germany	100.00
Bennert GmbH Betrieb für Bauwerksicherung	Klettbach/Germany	100.00
Nüthen Restaurierungen GmbH + Co. KG	Erfurt/Germany	100.00
Nüthen Verwaltungs GmbH	Erfurt/Germany	100.00
EUROQUARZ GmbH	Dorsten/Germany	100.00
EUROQUARZ GmbH	Laußnitz/Germany	100.00
PAGEL Spezial-Beton GmbH & Co. KG	Essen/Germany	74.00
PAGEL Spezial-Beton Beteiligungs-GmbH	Essen/Germany	74.00
PAGEL Technische Mörtel GmbH & Co. KG	Essen/Germany	100.00
PAGEL S.A.S.	Poissy/Frankreich	70.00
PK Rohstoffe GmbH	Duisburg/Germany	100.00
Mickan Generalbaugesellschaft Amberg mbH & Co. KG	Amberg/Germany	100.00
Mickan Generalbaugesellschaft Amberg Verwaltungs-mbH	Amberg/Germany	100.00

Identification Solutions

LOGOPAK Systeme GmbH & Co. KG	Hartenholm/Germany	100.00
LOGOPAK Systeme Verwaltungs GmbH	Hartenholm/Germany	100.00
LOGOPAK Vertriebsgesellschaft West mbH	Düsseldorf/Germany	100.00
LOGOPAK Vertriebsgesellschaft Süd mbH	Auenwald/Germany	100.00
LOGOPAK International Ltd.	York/United Kingdom	60.00
LOGOPAK Corporation	Wilmington/USA	100.00
LOGOPAK Systems AB	Göteborg/Sweden	100.00
LOGOPAK B.V.	Lijnden/Netherlands	100.00
LOGOPAK East Sp. z o.o.	Warschau/Poland	50.00
LOGOPAK SISTEMAS S.L.	Castellar del Vallès/Spain	60.00
LSS Etikettering A/S	Randers/Denmark	100.00
RK Danmark ApS	Randers/Denmark	100.00
Nordvalls Etikett AB	Sjöbo/Sweden	100.00
Novexx Solutions GmbH	Eching/Germany	100.00
Novexx Solutions B.V.	Utrecht/Netherlands	100.00
Novexx Solutions S.A.S.	Rungis/France	100.00
Novexx ETIKETLEME SISTEMLERI T.A.S.	Istanbul/Turkey	100.00
Novexx Solutions (Shanghai) Co., Ltd.	Shanghai/China	100.00
Eidos S.r.l.	Chieri/Italy	100.00
Etipack S.p.A.	Cinisello Balsamo/Italy	100.00
bema Etikettiertechnik GmbH	Ostfildern/Germany	100.00
Etipack B.V.	Breda/Netherlands	90.00
datakamp System GmbH & Co. KG	Buxtehude/Germany	62.21
datakamp Verwaltungs GmbH	Buxtehude/Germany	100.00

Name	Registered in	Share of capital (in %)
SME Investments		
Possehl Mittelstandsbeteiligungen GmbH	Lübeck/Germany	100.00
Possehl Umweltschutz GmbH	Lübeck/Germany	100.00
nordrohr GmbH	Reinfeld/Germany	100.00
Kleine Wolke Textilgesellschaft mbH & Co. KG	Bremen/Germany	100.00
KWV GmbH	Bremen/Germany	100.00
Kleine Wolke AG	Mägenwil/Switzerland	100.00
DMA Maschinen und Anlagenbau GmbH & Co. KG	Höxter/Germany	100.00
DMA Maschinen und Anlagenbau Verwaltungs GmbH	Höxter/Germany	100.00
MGG Micro-Glühlampen-Gesellschaft Menzel GmbH	Wentorf/Germany	100.00
Düring Schweißtechnik GmbH	Königsbrunn/Germany	100.00
Düring do Brasil Ltda.	Itatiba/Brasil	100.00
Düring (Shanghai) Welding Equipment Co., Ltd.	Shanghai/China	100.00
Düring (Taicang) Welding Equipment Co., Ltd.	Taicang/China	100.00
Gabler Maschinenbau GmbH	Lübeck/Germany	100.00
GABLER Thermoform GmbH & Co. KG	Lübeck/Germany	100.00
Thermoform GABLER GmbH	Lübeck/Germany	100.00
SAVO-TECHNIK ROTATIONSGUSS GmbH	Valluhn/Germany	60.00
PMB Prozesstechnologie GmbH	Lübeck/Germany	100.00
Schwarte Group GmbH	Emsdetten/Germany	100.00
Schwarte Group GmbH	Pinsdorf/Austria	100.00
Schwarte Group Sp. z o.o.	Olsztyn/Poland	100.00
Schwarte Group A/S	Esbjerg/Denmark	100.00
Hänsel Group GmbH	Hannover/Germany	70.00
Hänsel Processing GmbH	Hannover/Germany	100.00
Candy Recycling GmbH	Hannover/Germany	100.00
hebold systems gmbH	Cuxhaven/Germany	100.00
Investments		
Deutscher Eisenhandel AG	Lübeck/Germany	100.00
Lubeca Versicherungskontor GmbH	Lübeck/Germany	100.00
Hako Holding Verwaltungs-GmbH	Bad Oldesloe/Germany	100.00

Name	Registered in	Share of capital (in %)
II. Non consolidated Group companies		
Jacbo Pfahlgründungen GmbH	Schüttorf/Germany	100.00
EFG Services B.V.	Malden/Netherlands	100.00
EFG Equipment B.V.	Nijmegen/Netherlands	100.00
SGA Conveyor System AB	Kinna/Sweden	75.00
Etipack America, Industria, Comércio e Representacoes Ltda.	Sao Paolo/Brazil	60.00
NOVEXX SOLUTIONS INDIA Pvt. Ltd.	Bangalore/India	100.00
Hako Group East Asia Ltd.	Bangkok/Thailand	100.00
Hako (Hong Kong) Co. Ltd. i.L.	Hong Kong/China	100.00
Düring MX S.A.	Puebla/Mexico	100.00
Possehl Connector Services, Inc.	Rock Hill/USA	100.00
manroland web systems Southern Africa Pty., Ltd.	Kapstadt/South Africa	100.00
manroland Goss web systems International LLC	Durham/USA	100.00
manroland Goss web systems Asia-Pacific LLC	Durham/USA	100.00
Shanghai Electric Finance Americas LLC i.L.	Durham/USA	100.00
Goss Holding UK Ltd.	Preston/United Kingdom	100.00
Goss International France S.A.S. i.L.	Montataire/France	100.00
Goss International Europe B.V. i.L.	Boxmeer/Netherlands	100.00
Goss International Sistemas de Impressao Ltda. i.L.	Barueri/Brazil	100.00
Nordvalls Etikett GmbH	Lübeck/Germany	100.00
Advalorem Limited	Birmingham/United Kingdom	100.00
Aristo Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Halle KG	Mainz/Germany	95.65
III. Associated companies		
Gremmler Bauchemie GmbH	Essen/Germany	50.00
WST Quarz GmbH	Hünxe/Germany	50.00
Roots Multiclean Ltd.	Coimbatore/India	26.00

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