

HOW DO YOU MAKE
THE RIGHT DECISIONS
FOR TOMORROW?

Do we
really have to do
that now?

Can there ever be
CONSTANT — PROGRESS
PERMANENCE
without
PROGRESS?
Annual Report 2015

Melitta is tradition ...
is family ... is always!

Melitta endures.

Our aspiration:
permanent change
on a traditional
foundation.

Melitta®

And what's
next?

Success has two
letters: DO

MELITTA GROUP 2015

Financial figures at a glance

KEY FIGURES OF THE MELITTA GROUP

	2015	2014
Sales / in € thous.	1,435,843	1,325,288
Capital expenditures / in € thous.	27,497	37,083
Employees / full-time employees, annual average	4,079	3,743
Tangible assets / in € thous.	199,109	201,041
Financial assets / in € thous.	27,160	26,834
Equity / in € thous.	218,428	252,261
Total assets / in € thous.	784,136	698,813
Equity ratio / in %	32	40

KEY FIGURES OF THE OPERATING DIVISIONS

	Sales in € thous.		Capital expenditures in € thous.		Employees full-time employees, annual average	
	2015	2014	2015	2014	2015	2014
Melitta Europe						
– Coffee Division, Household Products Division	696,381	647,477	5,792	14,390	1,429	1,436
Melitta Brasil	250,221	249,937	4,179	5,518	695	631
Melitta North America	116,248	90,856	1,525	3,417	149	140
Cofresco	168,153	142,383	5,524	5,373	580	313
Melitta Professional Coffee Solutions	142,814	127,269	4,037	3,670	700	692
Wolf PVG	16,659	19,520	2,143	1,799	209	225
Neu Kaliss / Neukölln Spezialpapier	38,675	41,232	1,379	1,976	211	212
ACW-Film	6,338	6,377	1,284	428	35	35
Shareholdings	354	237	1,634	512	71	59
TOTAL	1,435,843	1,325,288	27,497	37,083	4,079	3,743

WE CONTINUE TO DEVELOP IN ORDER TO STAY WHO WE ARE.

100 years of tradition and progress.
Of the familiarity and responsibility of a family business.
Of the necessity to continually reinvent yourself to stay who you are.
Of the substance that binds us and the visions that drive us.

The “Melitta 2020” strategic program is a further milestone in the continuous development of our company as a successful, growth-oriented and trustworthy partner, employer and corporate citizen.

Because we believe in permanence. Because we need progress.
Constant — Progress.

March 2016

Ladies and gentlemen,

Sales of the Melitta Group made very good progress in the past fiscal year: revenue rose by eight percent and would have even reached double figures if not for the negative impact of currency effects. We therefore exceeded our revenue targets.

We are also satisfied with the development of earnings. Adjusted for one-off restructuring costs, the Melitta Group's earnings are now back within the targeted range. It is particularly pleasing that this economic success is being borne by several pillars and that the defined growth areas are meeting the expectations we placed in them.

The Group's most successful areas in 2015 once again included our coffee business. As in the two preceeding years, we sold more coffee than ever before. This applies to Melitta Europe, as well as to Melitta Brasil and Melitta North America. Melitta Professional Coffee Solutions also made encouraging progress: demand in the Horeca sector for our products and services for the professional preparation of hot beverages maintained its upward trajectory in 2015. Our innovative products, such as the new XT generation, are being particularly well received by the market.

In the field of coffee preparation, our offerings benefitted from the trend toward filter coffee in the past year. We aim to exploit this trend – as displayed by the growing popularity of manual filtration in Europe and other countries around the globe – with further new products and investments in the future.

The fact that such economic success was achieved during a period of restructuring for the Group is testament to the tremendous dedication of our employees. We are aware that the special projects resulting from the “Melitta 2020” strategic program need to be implemented alongside normal daily business and thus represent an additional burden. We would therefore like to take this opportunity to express our respect and gratitude to all employees.

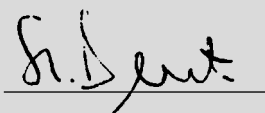
The “Melitta 2020” strategic program made great progress in 2015. The respective projects and restructuring measures are being strictly followed and are currently in the implementation phase. The first measures, such as the pooling of administrative tasks and corporate functions, are already displaying the desired positive effects.

The increased internationalization of the Group targeted by the “Melitta 2020” strategic program was already driven strongly in 2015. This is illustrated in particular by the acquisition of Wrap Film Systems, the market leader for food storage and freshkeeping products in the UK: completed in October 2015, the takeover has enabled Cofresco to strengthen its core business and occupy an excellent market position in the UK market with the Bacofoil®, Wrapmaster® and Caterwrap® brands. Both the development of business and the activities undertaken so far to integrate the company are making good progress.

The past fiscal year also saw the development of a group-wide sustainability strategy. The aim of this strategy is to pool the various sustainability activities of individual operating divisions, to strategically align them and to enhance their impact across the Group. We have set ourselves ambitious targets in this field which will require the introduction of corresponding measures in 2016. One key component of this sustainability strategy is Melitta’s employer branding. Our excellent rankings in employer surveys demonstrate how much we have already achieved in this field. In February 2016, we came first in the category mid-size companies of the “Food, Drink and Tobacco Industry” in a survey conducted by the German current affairs magazine FOCUS. In the overall ranking of Germany’s best employers, the Melitta Group came 28th.

In view of various macroeconomic and political developments, the current fiscal year poses a number of challenges for the Melitta Group. Adverse economic conditions in certain regions and currency turmoil in countries of importance for us will have an impact on our business. Moreover, the further economic development in Europe is difficult to predict. In order to secure our market position, we aim to invest more strongly in our brands in 2016.

The rapid and systematic implementation of our “Melitta 2020” strategic program makes us confident that we can once again successfully master these challenges. The past fiscal year clearly demonstrated the value of our courageous and entrepreneurial approach. We will continue to take this path in future and not only offer high-quality services in all our operating divisions but also enter new attractive growth markets with our highly competitive offerings.



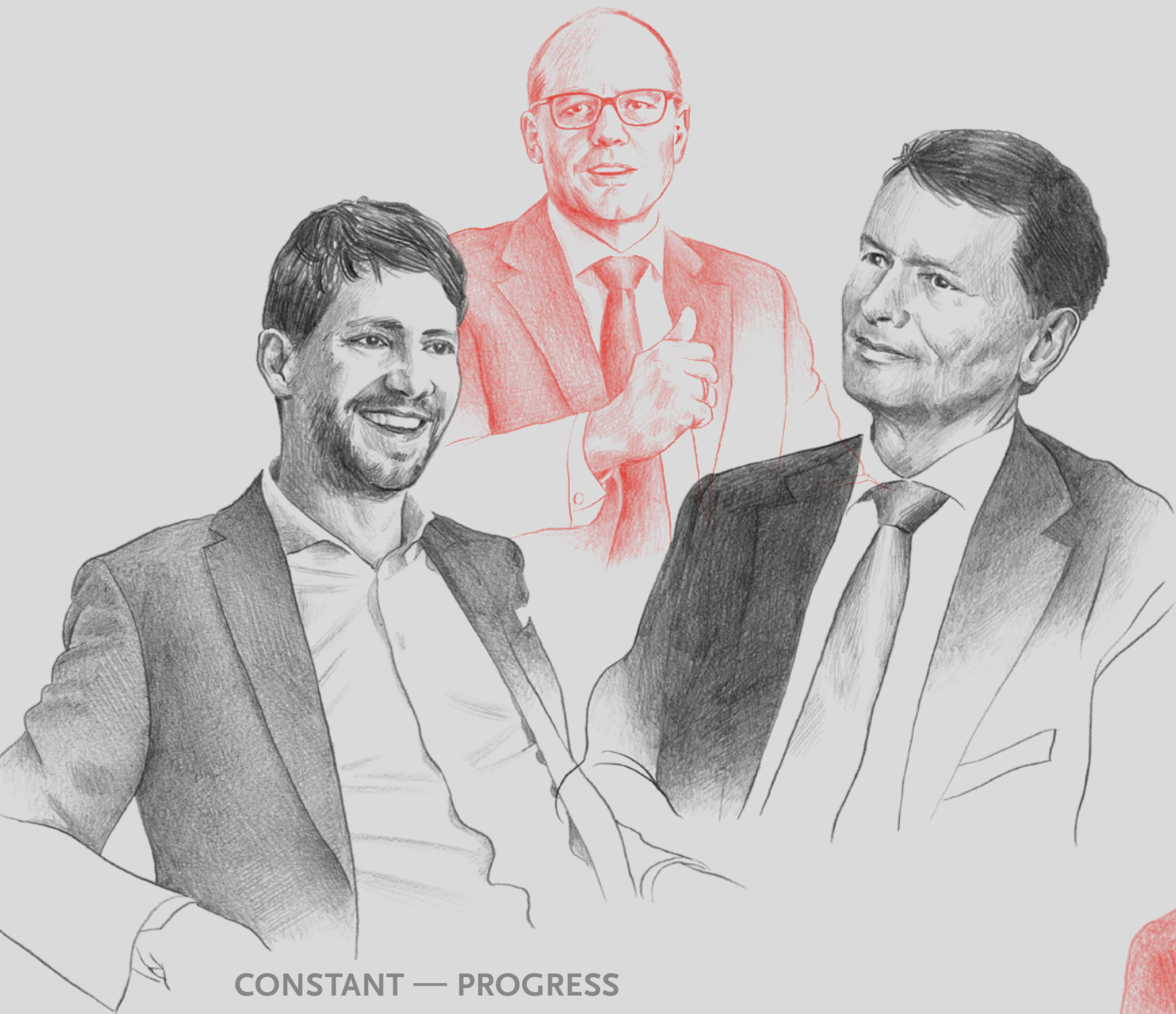
Dr. Stephan Bentz



Jero Bentz



Volker Stühmeier



CONSTANT — PROGRESS

Permanence and change
in perfect harmony.

Jero Bentz, Dr. Stephan Bentz and Volker Stühmeier in conversation
with innovation researcher Professor Dr. Nikolaus Franke



The Melitta Group has targeted a strategic realignment with its “Melitta 2020” program. Shaped by the inventive spirit of Melitta Bentz, who founded the company in 1908, the Melitta Group has constantly evolved and realigned itself over the past decades. Progress, innovation and change have always been part of Melitta’s DNA without it ever forgetting its roots. Coffee and coffee preparation were the starting point for the company and still feature heavily in the Group’s product portfolio today.

Since its foundation, the Melitta Group has always embraced the conflicting nature of tradition and progress, continuity and change, permanence and transformation. With its “Melitta 2020” agenda, the company continues to bring these diametrically opposed objectives into harmony.

Professor Dr. Nikolaus Franke is Director of the Institute for Entrepreneurship and Innovation of Vienna University of Economics and regarded as one of the world's leading academics in the field of innovation research. He has accompanied the innovation processes of numerous companies and is Scientific Director of the TOP 100 project, which for over 20 years has honored Germany's most innovative SMEs. Jero Bentz, Dr. Stephan Bentz and Volker Stühmeier invited him to discuss the "Melitta 2020" program with them.

"We are very keen to hear your views and assessment!", says Jero Bentz. "Shall we get started?" "Sure!", replies Professor Franke smiling and draws his chair a little closer to the meeting table.

*"What triggered
Melitta 2020
was not the
competition.
It was an
inner
necessity."*

DR. STEPHAN BENTZ

The Melitta Group launched its "Melitta 2020" strategic program last year. What were the objectives?

Jero Bentz / "Melitta 2020" is the kind of classic strategic planning which companies regularly undertake. The aim is to fine tune business activities in such a way that the company can continue to operate successfully in the market. One of the starting points for "Melitta 2020" was the realization that sales and earnings had been stagnating for the past few years.

Dr. Stephan Bentz / And that gave us food for thought. In order to improve earnings, we initially focused on optimizing the portfolio. We soon realized, however, that this measure alone would not be sufficient. More detailed analyses revealed that we currently have few high-growth products in our portfolio, that competition in our traditional markets was intensifying, and that our production costs were comparatively high.

Volker Stühmeier / One of the key findings was that due to its decentralized management structure, the Melitta Group was operating in a slightly piecemeal or fragmented way. Although the operating divisions enjoy a great deal of autonomy, they are largely left to fight on their own with comparatively little centralized support. We therefore decided to develop a more pronounced strategy for the entire Group and to establish more group-wide support functions.

Prof. Dr. Nikolaus Franke / What is absolutely clear is that anticipation and long-term planning are essential. Once the horse has bolted, or the company is in crisis, you often have to take very different measures than if you act prudently in advance.

Ideally, a company should permanently develop and adapt to the market environment in order to remain successful. Aren't companies therefore in a process of constant change?

Dr. Stephan Bentz / Yes, of course. The crucial question, however, is how profound these changes are and whether it is steady change or a strategic realignment. In its operating activities, for example, a company should always be flexible and react swiftly to changing needs. In terms of strategy, however, there should be a certain degree of continuity. Profound changes should only be made when you realize that your portfolio lacks balance and the situation cannot be rectified within the existing structures. Such changes can be painful, but often have a liberating effect.

Prof. Dr. Nikolaus Franke / I agree. Changes in the corporate landscape, as well as in markets, demand, technology and many other areas, basically mean that companies have to constantly fine tune their operations and ask themselves: what are our main priorities? How should responsibilities be regulated? How can functions be pooled in the most sensible way? There is never an end-state, simply because the world is not static.

"In order to be successful in the market, you must be prepared to embrace change."

VOLKER STÜHMEIER

Jero Bentz/ That's true: you should constantly be dealing with the topic of change. From time to time, however, it's also important to get a helicopter view of the big picture. Over the past few years, we've made numerous improvements in individual areas: we've redeveloped product lines, entered new markets, and even discontinued certain businesses. We now realize that our strategic framework needs to be changed if we want to remain successful in the market. "Melitta 2020" is about defining the long-term parameters within which we want to operate.

Is "Melitta 2020" also a reaction to changing competitor strategies?

Dr. Stephan Bentz/ Obviously, there have also been many changes in the competitive environment. But what triggered "Melitta 2020" was not the competition. It was an inner necessity. Decentralization and diversification have increased in the past years rather than decreased. It was therefore clear that we needed to pool resources more and focus more strongly on our core services.

Volker Stühmeier/ A very important point I'd like to add here is that our decentralized structures meant that responsibilities were not always clearly delineated, resulting in numerous overlaps. One of the most important aims of "Melitta 2020" is therefore to establish explicit responsibilities and clear-cut roles.

Prof. Dr. Nikolaus Franke/ The self-organization of larger corporations does indeed have limits. Market-optimized processes and synergies do not automatically evolve. However, this also means that corporate management must occasionally provide the impetus to identify potential, improve structures, and clarify responsibilities. In a purely decentralized organization, such processes tend to become fragmented. I'm therefore convinced that every few years the status quo needs to be challenged. Or to put it bluntly: there has to be a major cleanup every now and then.

To what extent is strategic realignment an innovation process? What role does a company's innovative strength play in all this?

Prof. Dr. Nikolaus Franke/ Of course strategic realignment is innovation. You do things differently, even if there are models or scientific findings to base it on: every case is new and different. The question now is how to deal with the new. The attitude you adopt. The great economist Joseph Schumpeter called innovation "creative destruction". This indicates an important aspect: renewal processes not only create things, they displace others. You have to let go of cherished practices and products – or maybe even power and influence. As a result, some organizations develop a strong reluctance or resistance to change. This is why innovation needs an entrepreneurial culture, in other words courage, optimism and a clear vision.

buoyed by the tailwinds.

RENÉ KORTE ON GROUP-WIDE INNOVATION MANAGEMENT

01_ 50 YEARS OF MELITTA FILTER COFFEEMAKERS

02_ INNOVATIVE B2B SOLUTIONS FOR PROFESSIONAL COFFEE PREPARATION

Constant — Progress
through product development.

Our innovation formula:
when inventiveness
and expertise are joined
by perseverance.

“We need to do systematic trend scouting and carefully monitor important changes, independent of our daily business. This is the only way to stay one step ahead of the competition.”



Pioneering innovations have made Melitta what it is today. Since its foundation, the company has always been dedicated to detecting trends and anticipating market needs faster than others. This requires a strong culture of innovation throughout the entire Group.

Strengthening this culture is the task of René Korte. The business graduate has headed the newly created Innovation Management department – set up as part of the “Melitta 2020” strategic program – since the beginning of 2016. Enhancing the innovative strength of the Group as a whole and generating growth via new business fields are the most important objectives of his team.

You can tell at first glance that he can't wait to get started with the implementation process. His team has been assembled and there are already numerous project ideas which Korte would love to tackle immediately. But first, the necessary processes need to be put in place.

The new department was not conceived to replace the decentralized R&D activities of the operating divisions. Korte's vision is to elevate innovation management to a group-wide level, to complement decentralized activities, and to provide creative space for a strong innovation culture. In contrast to the individual R&D departments, his department must be able to systematically focus on market, product and technological trends independent of the company's daily business.

Exchanging information plays a major role for Korte. Whether it's know-how transfer within the Melitta Group or regular contact with external scientific institutions and experts. He aims to strengthen the latter in future and enthuses about the 24-hour challenge with the AMD University, whose results greatly impressed him. “It's important for me that this department adds value which also translates into revenue – as quickly as possible,” says Korte.



René Korte

Head of Innovation Management



HAPPY BIRTHDAY

Happy 50th Birthday!

Electric coffeemakers have been around since the 19th century. But devices similar to those used today were only introduced in the 1950s. Although still real luxury items at the time, they quickly became an indispensable kitchen aid. The “MA 120”, which Melitta launched in cooperation with the company Widman, was a machine destined to make history.

A product perfected and nurtured for over 50 years.

Melitta is celebrating the 50th anniversary of the filter coffeemaker this year. A success story with new chapters being written every year. And one which paved the way for Melitta's successful catering range ...

What seems normal today, was a sensation 50 years ago: a machine that could prepare eight cups of coffee in just six minutes. Simply push the button – the machine does the rest.

The MA 120 was a sensation and caused quite a stir in Germany: the first automatic filter coffee machine under the Melitta® brand already incorporated most of the features of today's machines. For years, it shaped the design of all coffeemakers in Germany.

Over the past 50 years, the MA 120 continued to evolve. Removable hotplate, wall mounting, swing-out filter, drip stop, infusion filter, interval brewing system, 3-in-1 limescale protection, timer and stainless steel jug: the original machine was constantly perfected, integrated into new

model series, and adapted to the needs of varying target groups. In five decades, a multitude of successors were brought to market – some of which were even elevated to cult status.

The MA 120 was a major milestone for Melitta in a corporate history rich in innovations. It marked the company's entry into the coffee machine business – a business which still accounts for a significant share of Melitta's economic success. A bold entrepreneurial decision at the time, as five decades ago coffee was still prepared manually at home.



▲
MA 120
1965 ▶





▲
MA 8000
1983



▲
aromaboy®
1979 – 2014

AromaArt®
1984 – 1987





Look®
2009 – 2014



Look®
1998 – 2004





▲
Linea Unica®
2000 – 2014

Stage®
2008 – 2011





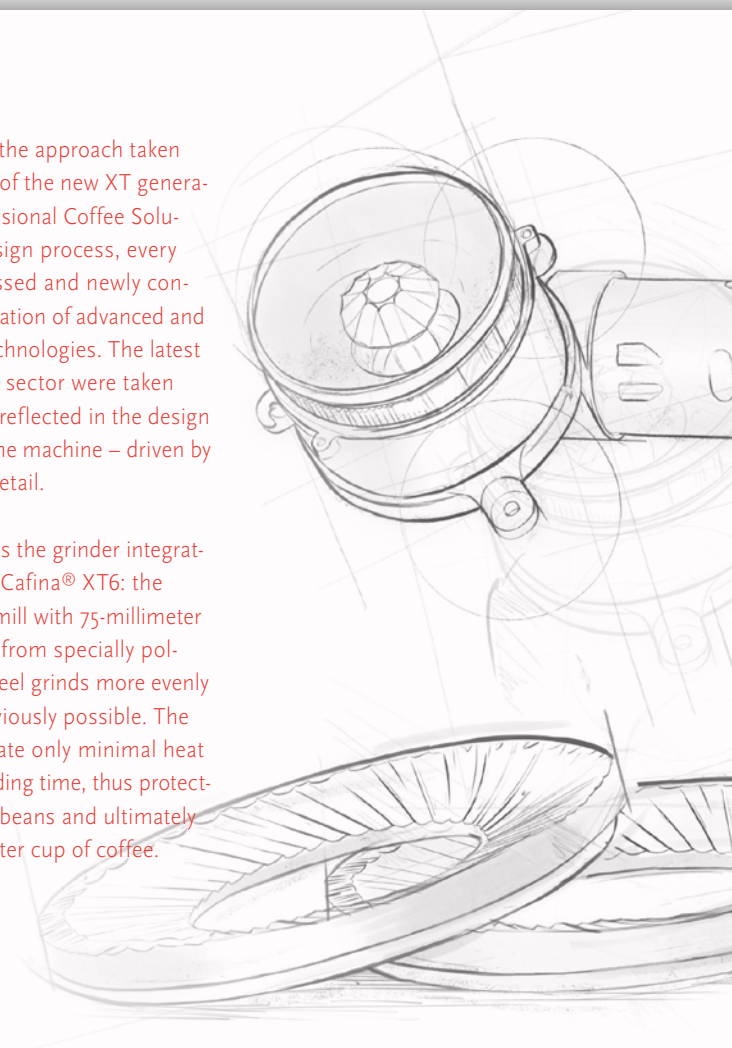
AromaSignature®
today

Setting new standards in professional coffee preparation. Melitta's technological expertise and many years of experience in producing filter coffeemakers for the home helped pave the way for its subsequent entry into the Horeca (hotel, restaurant and catering) sector. However, the demands placed on fully automatic coffee specialty machines and filter coffee machines in this sector are very different. A wide range of offerings, consistently high quality and prompt service are what make customers happy – and thus also those serving them.

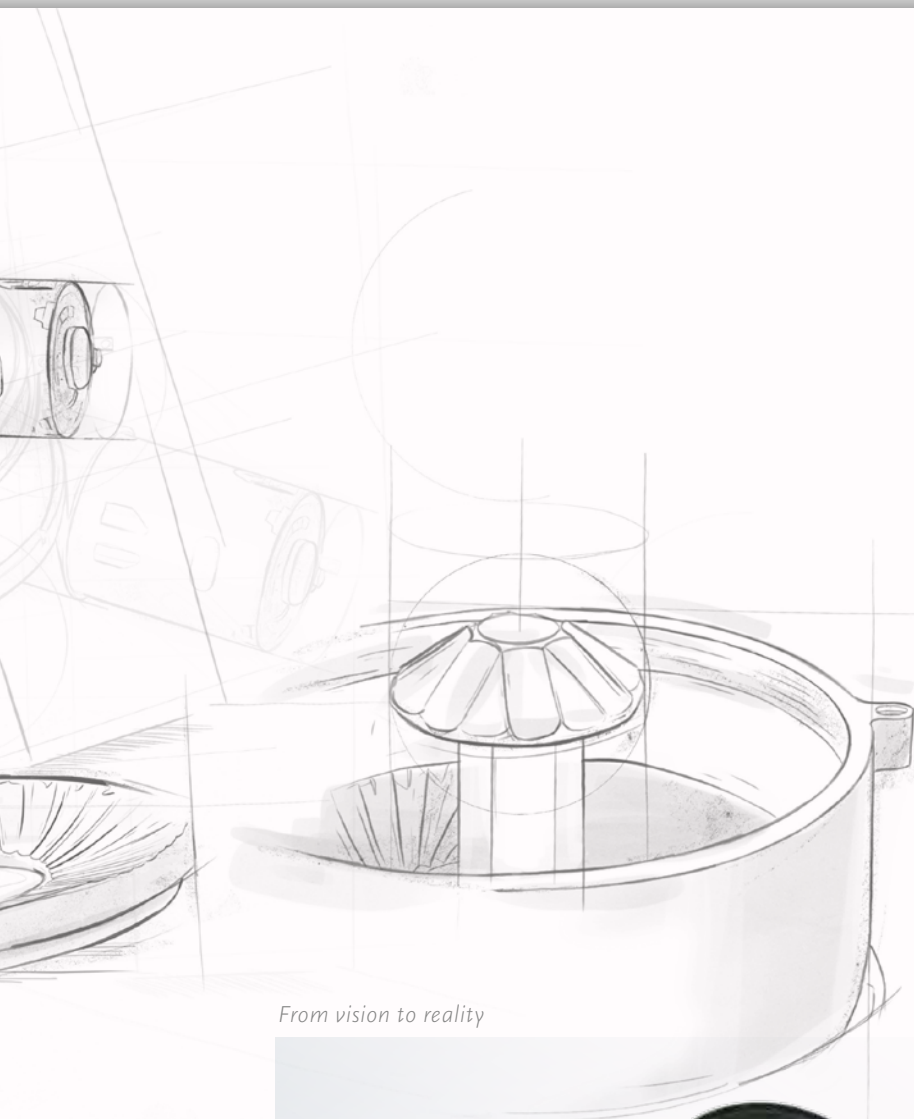
Equipment for professional coffee preparation must boast both technological excellence and a high degree of functionality. Designing the perfect machine first requires exact knowledge of the customer's requirements, a detailed analysis of the necessary features, and a systematic examination of the available materials and technologies.

And this was exactly the approach taken for the development of the new XT generation of Melitta Professional Coffee Solutions. During the design process, every function was reassessed and newly conceived with the integration of advanced and high-performance technologies. The latest trends in the Horeca sector were taken into account and are reflected in the design and functionality of the machine – driven by innovation in every detail.

One example of this is the grinder integrated into the Melitta® Cafina® XT6: the new, self-developed mill with 75-millimeter grinding disks made from specially polished, durable tool steel grinds more evenly and quickly than previously possible. The grinding disks generate only minimal heat during the short grinding time, thus protecting the aroma of the beans and ultimately ensuring an even better cup of coffee.



Assembling the components



From vision to reality



Consistently high quality is guaranteed by the Automatic Coffee Quality System (ACS). It continually monitors and regulates all relevant parameters, such as the coffee grind, dosage, brewing time and water temperature.

Together with its numerous other newly designed features, the XT generation is the most innovative range of fully automatic machines for the Horeca sector currently available on the market. Both in terms of design and the technology inside, it has absolutely nothing in common with the domestic filter coffeemakers developed by Melitta. And yet, the MA 120 launched 50 years ago was also the starting point for this development – and the foundation for where Melitta® now stands in its business with fully automatic coffee machines and filter coffeemakers.



Melitta® Cafina® XT6

Volker Stühmeier / A very important point you make there. In order to be successful in the market, you must be prepared to embrace change. And this applies to both corporate structures and to products. Over the past decades we were so successful in our markets that the need for change did not appear particularly strong. I therefore believe there is still plenty of room for improvement when it comes to Melitta's innovative strength and culture.

Dr. Stephan Bentz / That's true, and this is exactly why "Melitta 2020" has targeted various measures to promote our innovation culture. These include the establishment of a group-wide department for innovation management as well as more intensive contact with academic institutions and qualified experts. In the past, we often focused solely on our own market. In the future, we will look increasingly outside and monitor trends in other regions and markets, in order to respond even faster to developments.

Prof. Dr. Nikolaus Franke / A very important aspect. I regularly analyze the characteristics of Germany's most innovative corporations and if you compare them with average companies, you regularly find the greatest difference is in their external orientation. Innovation champions know that the best ideas are usually to be found outside their own organization. This is not surprising, as compared to the rest of the world every company is small. You just have to find and integrate these ideas intelligently. There are many new developments in this field – open innovation is one megatrend.

Are markets changing faster now than they used to?

Dr. Stephan Bentz / People often say that – although you have to remember that people also said that in the past. When I think of our established business fields, I feel some changes were indeed leaps rather than continuous developments. New needs lead to new products, and then little changes for a while. The best example is filter coffee, which dominated for 30 or 40 years and then suddenly came under attack from fully automatic coffee machines for home use. Some years later, the single-serve market emerged. And now there's a trend back to filter

coffee. So you can't really say markets constantly evolve, it's much more erratic than that. And then there are changes which are constantly in a state of flux. A good example is ecological awareness. It has grown steadily over the past decades and is now becoming increasingly relevant for sales. For a long time, environmental aspects were regarded as very important but consumers weren't prepared to pay more for the respective products. This is changing.

*"Innovation
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organization."*

PROF. DR. NIKOLAUS FRANKE

Prof. Dr. Nikolaus Franke/ A very interesting phenomenon you mention there, the so-called disruptive innovations. The displacement of kerosene lamps by electric light, of travel agency by portals, of classic cellphones by smartphones: in almost all cases, the innovations came from newcomers and outsiders. And in almost all cases, they were recognized too late by the established companies. This can be very dangerous. Where are Nokia and Blackberry today? Conversely, you might know the macabre story of boiling frogs? If you put a frog in boiling water, it will jump out. If you turn up the heat gradually, however, it will allow itself to be boiled. And it's the same sometimes with companies. Some developments occur steadily and forcefully, but so slowly that they are easily overlooked. In both cases, the skill is to detect weak signals and act with foresight.

A strategic program like "Melitta 2020" with its numerous changes also causes uncertainty among staff. What's the best way to get employees on board in such situations?

Volker Stühmeier/ We gave this a lot of thought. In the past 20 years, we've probably never had as much dialogue with our managers and employees as now. We organize regular information events, visit individual operating divisions and facilities, constantly hold conversations with employees, use the possibilities of the intranet and our staff newsletter, and offer various ways to contact us and enter into discussion with us.

Dr. Stephan Bentz/ Throughout all these activities, it has always been important to us not to give the impression that everything we did in the past was wrong. At the same time, however, we need to point out and explain where change is needed. It is especially difficult to explain that change is for the good of the whole, but happens at the expense of certain individuals. Easy to say, but difficult to accept of course for the persons concerned. Communication is therefore a very important and extremely sensitive process during the implementation of "Melitta 2020".

"We want our employees to think like entrepreneurs and to point out deficiencies."

JERO BENTZ



Volker Stühmeier/ Incidentally, we agreed from the start that employees should know that Chief Corporate Management was taking responsibility for the changes. This is why direct communication with our employees is so important. In this way, we aim to strengthen the position of our managing directors and other executives and not to leave them alone during this transformation process.

Prof. Dr. Nikolaus Franke/ Studies have repeatedly shown how important it is for top management to take responsibility during change processes. Communication is clearly a management task, and in these situations the company demonstrates which values it actually lives. A prerequisite for good communication is empathy and respect for the aims and wishes of employees. It is clear that employees identify with the company on the one hand, but also have personal goals on the other which may differ from the company's goals. This is legitimate and must be taken into consideration.

Dr. Stephan Bentz/ I completely agree: ultimately, everyone has the right to consider what change means for them specifically, for their future careers or personal situation. A good company doesn't want employees who simply agree to everything, but staff who fight passionately for their goals. Sometimes, of course, this leads to conflict. But as long as you deal with the situation objectively, you will always arrive at solutions by mutual consent.

Prof. Dr. Nikolaus Franke/ Only those things that are understood can be implemented and lived. And the better the reasons are understood, the easier it is for people to react positively to change rather than reject it.



PROF. DR. NIKOLAUS FRANKE

Volker Stühmeier/ It has to be said, however, that this is not always easy or possible. There are sometimes situations, for example, where not everything can be revealed – simply for competitive reasons.

Prof. Dr. Nikolaus Franke/ Absolutely! It's a question of finding the right balance in a responsible way. But employees will even understand this if you explain it to them. You have to remember that people instinctively react to impending change in their environment with a defensive attitude, caution and fear first of all. This is perfectly normal and is learnt from an early age. Research shows that people are generally conservative and risk-averse from a very early age. Stability is a very important element in everyone's life. The better off we are and the faster the change, the stronger this desire is – and we've never had it so good, and the world has never changed so rapidly as right now. This also means that the desire for a comfort zone, for peace and security is very strong these days. This is understandable, but also dangerous.

Is “Melitta 2020” also intended to take employees out of their comfort zone?

Volker Stühmeier / It’s certainly a good thing for yourself and for employees to occasionally take a step back from day-to-day business. It feels a little uncomfortable at first, because you’re leaving your comfort zone; but it soon leads to ideas on what to improve. Things are questioned and approached from a different angle. This can sometimes be a drag on efficiency, but will enhance overall effectiveness in the medium term.

Prof. Dr. Nikolaus Franke / That’s right, you can also do the wrong things efficiently. Many corporations that have since disappeared from the market – AEG, Olivetti, Mäklin etc. – were certainly not lazy. They worked diligently, but simply missed the big changes.



*“To simply
do nothing
is a much
greater risk.”*

JERO BENTZ

Dr. Stephan Bentz / Yes, that’s exactly what we have to avoid! We want to do the right things and this means occasionally thinking outside the box and asking ourselves: how important is the thing I’m doing actually?

Prof. Dr. Nikolaus Franke / It’s often our routines that prevent more abstract thinking. Routines are generally a good thing. A routine means having a certain template, or a set response to a challenge which worked well in the past and which I can use again. That’s good, it’s efficient and helpful. However, it also skews our view of things beyond the routines, i.e. new challenges, major leaps, change processes that need to be made.

Jero Bentz/ To have routines and do things routinely is first of all a positive thing. And it's only human to focus on the task in hand during your daily business and to do this as well as possible. Perhaps we sometimes wonder at the beginning what purpose the task actually serves and whether it could be organized differently. But after a while – and especially if you feel nothing's going to change anyway – you settle into a routine and focus on getting the job done. A strategic realignment therefore always gives us the opportunity to question such processes and point out possible improvements. Our employees should never get the impression: "This is how we've always done it and it simply can't be changed." We want our employees to think like entrepreneurs and to point out deficiencies.

The objectives of "Melitta 2020" also include a stronger international alignment. Won't this prevent you from streamlining activities and optimizing your product portfolio?

Jero Bentz/ Our aim is not simply to be represented in every country. However, we see great opportunities for us in many foreign markets. We therefore carefully analyzed which markets we want to be present in and which not. The focus is always on our core business. We will definitely not enter markets that are outside our focus.

Volker Stühmeier/ We have a certain advantage over other companies in this respect as we're already present in many foreign markets with our other products. We therefore have many years of experience and valuable contacts, as well as excellent organizational structures – especially in Europe. Moreover, we always take a long-term view and have a very healthy financial structure.

Jero Bentz/ Exactly. As a rule, incidentally, we've noticed that the willingness to enter new markets is very high among our operating divisions. In this respect, "Melitta 2020" also aims to generate a spirit of adventure: those who want to make a difference and develop compelling new ideas will be supported. Of course, we have to weigh up the financial risk and make sure there's no undue strain on the operating divisions. But to simply do nothing is a much greater risk.

Prof. Dr. Nikolaus Franke/ You also have to consider that greater internationalization is also good for innovation. Many innovations are transfers or new combinations of existing elements. We recently completed a research project on the topic and the bottom line is: those who gain intercultural experience see more business opportunities!

Will Melitta's internationalization lead to more M&A activity?

Volker Stühmeier/ Provided it strengthens our core activities, we certainly plan to make more takeovers in the future. But there has to be a healthy balance between buying companies and organic growth. Acquisitions always involve considerable integration effort and the risk of failure. It's not so much the wedding itself that's important but the subsequent living together and how to exploit the potential synergies. We're currently making very good progress with the purchase of Wrap Film Systems, but there's always the risk with M&A activities that structures and staff might be overloaded and the focus is too much on integration rather than our actual business.



When can change lead to excessive strain on staff? There are many examples of staff being frustrated by too many strategic changes.

Prof. Dr. Nikolaus Franke/ It is extremely important to strike the right balance. If employees are only thinking about the possibility of losing their jobs or getting new tasks which they don't enjoy, this is anything but productive. In such cases, highly skilled staff in particular will start looking for a new employer. It is therefore important to maintain and improve those elements which have proved successful, while at the same time communicating frequently, involving staff and listening to them, taking their concerns and fears seriously, and making the change processes transparent.

"Melitta 2020
is a clear
signal to staff
that they can
make a difference
and shape
the future."

VOLKER STÜHMEIER

Prof. Dr. Nikolaus Franke/ You also have to consider that the occasional strategic realignment offers new opportunities and possibilities – especially for highly skilled employees. There's nothing worse for a motivated employee than ossified corporate structures. Companies are interesting for young professionals when they are dynamic, pioneers in the market, and constantly offering new perspectives due to their successful business. A company must make it possible for good employees to quickly arrive at a position where they can have their maximum impact. The same applies, by the way, to capital. Capital must quickly get to where it yields the greatest returns. And of course ideas must be allowed to develop quickly. In this respect, companies have to be set up in such a way that there is always enough space for ideas, people and capital to develop and reach their full potential. If this succeeds, you have "intrapreneurship", i.e. employees and managers thinking and acting like entrepreneurs.

Volker Stühmeier/ I fully agree. As I see it, "Melitta 2020" is also a clear signal to staff that they can make a difference and shape the future, that they can advance their careers, and that they have an important responsibility. For this reason, there are currently tremendous opportunities for dedicated employees – especially in management positions.

Jero Bentz/ That's absolutely right. We therefore monitor the mood of our workforce very closely. However, there hasn't been a strategic realignment like this at Melitta for a number of years. So it's not a case of too many strategic changes. What's more, the fact that Melitta is a family business is a big advantage in such situations. We're not interested in short-term success, but in a medium- to long-term positive development. Executives who simply want to change everything are not a good fit for us. And as a family company, we feel a closer bond with our employees than is the case with many other companies.

new land in sight.

REMKO TETENBURG ON GROWTH VIA INTERNATIONALIZATION

01_ WELCOME: WRAP FILM SYSTEMS

02_ LIVING SUSTAINABILITY ON A DAILY BASIS

Constant — Progress
also on the international market.

Growth is our target.
With our core competencies.
Prudently and across borders.



Remko Tetenburg
CEO Melitta Europe, European Sales Division

Remko Tetenburg believes that:
“There is still considerable potential in our current markets. But the major opportunities are in those countries where we are not yet established.”

For Remko Tetenburg, the world consists of opportunities: he sees numerous unused possibilities to improve the Melitta Group's positions in markets in which it already operates. And he sees tremendous growth potential in those countries in which it is not yet active, or only to a limited extent. “There are so many ways to grow,” explains Tetenburg. “In Europe, but also far beyond. But we need to think and act in a more regional way and create the corresponding structures.”

Such structures have now been created with the establishment of a European sales organization. The new unit, which Tetenburg has headed since the beginning of this year, is responsible for sales of all consumer products of the Melitta Group in Europe – with the exception of coffee business in Germany. Pooling its activities gives the sales organization completely new perspectives for distributing the existing product portfolio more broadly throughout Europe.

Tetenburg stresses that it is not just about efficiency gains, cost savings, synergies and standardized, more coordinated processes. “This is important of course, without doubt! But I believe an even greater

benefit of the new unit is the increase in effectiveness.” Pooling European activities will strengthen the sales organization, enhance quality, and improve the effect of operations. Especially in its dealings with the retail sector, the new organization can add value, develop new distribution concepts and generally increase the attractiveness of Melitta as a trading partner. Targets can be coordinated and pursued more efficiently together. Tetenburg is convinced that a single face to the customer, the pooling of resources, more intensive communication between sales units, and the exchange of best practice examples will all significantly improve the overall performance of the sales organization.

The potential is particularly great in the field of category management, i.e. the cooperation between manufacturer and retailer to manage product categories, and can only be exploited by pooling sales activities. The individual sales departments of the operating divisions are simply too small for systematic category management. Only a joint approach can make the various product categories a strategically important partner for the retail trade. This applies equally to the fast-growing importance of

online marketing, whose success factors differ greatly in some cases from those of offline sales. The pooling of know-how, technologies and sales volumes can also lead to a successful market presence in this field.

Tetenburg rejects the idea that existing customer relations might be disturbed by the new structures. The sales units will work more closely together, but not be completely redefined, he explains. The existing organization provides the foundation: the same sales representatives will continue to serve their respective customers, but they will also be able to offer them a much wider range of products.

Tetenburg sees a challenge in communication with the operating divisions. "We have the same objectives, but work in different areas. As a result, there are sure to be

some disagreements, e. g. about the marketability of certain products. But I don't see this as a problem, but as a desirable and necessary exchange of ideas which will help us and move us forward." Tetenburg has therefore defined various communication routes to ensure the permanent flow of information, while so-called Business Partners will help promote the successful management of interfaces.

Once all processes and coordination structures have been implemented and learned, Tetenburg believes that the European sales unit will make a significant contribution toward raising turnover. "A major part of my job will then be to focus on those countries in which the Melitta Group is still not particularly active. And this also corresponds to our strategic alignment: 'growth through internationalization'" he says. "We now have the possibilities to achieve this."



Remko Tetenburg
CEO Melitta Europe,
European Sales Division

Welcome: Wrap Film Systems.

Bacofoil®, Caterwrap® and Wrapmaster®: three of the UK's best-known brands were added to the Melitta Group portfolio in the past fiscal year. Wrap Film Holding Ltd., the company behind the three brands, was acquired in full by Cofresco on October 1, 2015. As a result, the Melitta family also gained 300 new employees.

The takeover of the British manufacturer, previously owned by a private equity company, represents a milestone in the development of Cofresco in more ways than one: Wrap Film Systems enables the operating division to make its long-planned entry into the British market. As the market leader in storage and fresh-keeping products for home and professional use, Wrap Film Systems enjoys an excellent position on the UK market.

The company markets its retail products under the Bacofoil® brand, while its products for the Horeca sector are sold under the Caterwrap® and Wrapmaster® brands.

Cofresco and Wrap Film Systems are a perfect fit: Cofresco can help Wrap Film Systems expand its product range for consumers and transfer numerous product innovations to the UK market, while Wrap Film Systems has extensive experience and contacts in the B2B sector where Cofresco was previously only active to a limited extent.

The takeover also gives the Melitta Group a base in the UK from which to develop its business activities. In the medium to long term, the available infrastructure

Adrian Brown and Pieter van Halewijn

*The CEOs of Wrap Film Systems and
Cofresco, respectively*



is to be used to strengthen Melitta's market presence in the UK as a whole. The acquisition is therefore a key element of the Group's strategic realignment: strengthening its core business and increasing its market presence via internationalization.

Pieter van Halewijn, Cofresco's CEO, regards the acquisition as a significant step in the company's development: "With its products, as well as its relevant expertise and experience, Wrap Film Systems will enable us to expand our business activities and strengthen the Freshness and Flavour business field. We are very much looking forward to the fresh impetus which will result from this cooperation in future."

For Wrap Film Systems, the takeover offers new investment opportunities. Although its B2B products are already offered on the European market, the size of Wrap Film Systems has so far prevented it from expanding its market positions: "Despite doubling sales since 2007 and achieving a high level of profitability, we only had the resources to develop our foreign B2B markets to a very limited extent. As a member of the Melitta Group, this will now change," says Adrian Brown, CEO of Wrap Film Systems.



Bacofoil®
*The UK's leading brand
for food wrappings*

The two CEOs are upbeat about the forthcoming integration processes. “We keep noticing how similar Cofresco and Wrap Film Systems are in the way they think and act,” says Pieter van Halewijn. “At both management and team level, there’s a high degree of acceptance for each other’s business model. Moreover, we’ve drawn up a systematic program to aid the integration process. This has made coordination much easier. And also from this perspective, I have to say: you could hardly have wished for a better constellation.”



Living sustainability on a daily basis.

Hans Carl von Carlowitz traveled widely throughout Europe for four years. The Saxon visited England, France, the Netherlands, Denmark, Sweden, Italy and Malta – and observed the same phenomenon everywhere he went: uncoordinated deforestation. Cutting down trees without giving forests the chance to replenish themselves resulted in serious economic, environmental and social problems. Von Carlowitz was the first to use the term “sustainability”, which he explained in detail in his most important work “Sylvicultura Oeconomica”. That was over 300 years ago.

The Melitta Group’s sustainability strategy is based on exactly the same principle: the needs of the current generation must not be satisfied at the expense of future generations. Melitta regards sustainable management as a group-wide commitment that knows no corporate or national boundaries. Although certain measures have to be aligned with regional or even local requirements, there needs to be a group-wide concept based on an holistic approach which is valid for all operating divisions – in Germany and around the

world. Melitta’s sustainability strategy therefore reflects the international presence of its operating divisions while dovetailing perfectly with the “Melitta 2020” strategic program.

The corporate values determined at numerous workshops held by all domestic and foreign operating divisions in 2014 provide the basis for the sustainability strategy developed in 2015. With the aid of internal and external sustainability experts, Corporate Staff PR carried out benchmark studies in the past fiscal year, assessed the effectiveness of the Group’s previous sustainability activities, and measured them against the requirements of common sustainability standards. This enabled it to develop a differentiated target system for the entire Group. Each operating division is required to make a contribution toward meeting the ambitious targets.

The main areas for action are to be defined in the current fiscal year based on the pillars “Economic Responsibility”, “Environmental Responsibility”, “Social Commitment” and “Responsibility for

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Global responsibility

*The need for sustainable management
is greater than ever*

Employees". All in all, aspects such as product safety and quality, product transparency, and human rights are just as important for the Melitta Group as energy consumption, CO₂ emissions, water consumption and waste volumes. With regard to employees, topics such as employer branding, equal opportunities and occupational safety and health play a major role. All these topics need to be analyzed from the perspective of the

Group's stakeholders and with regard to its economic success. In addition, they must be evaluated in view of global trends, such as demographic change, digitization and urbanization.

There are differences in the relevance of these essential aspects from country to country and from operating division to operating division.



The current fiscal year will therefore be dominated by the development of several materiality analyses in close cooperation with the individual operating divisions/countries. In a second step, these materiality analyses will provide the basis for defining various action fields which pick up on existing activities of the operating divisions, add new elements and prioritize the key areas for action.

Melitta will provide regular information on its sustainability activities in the future. A corresponding system of key performance indicators (KPIs) is currently

being elaborated. In the past, the scope and intensity of sustainability KPIs collected throughout the Melitta Group varied widely. However, objectives can only be defined and the right measures developed when there are valid statistics on the status quo. This was also the recommendation of Hans Carl von Carlowitz by the way: his seemingly obvious suggestion of counting trees in each forest laid the foundation for modern forestry management.



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“It is therefore the greatest skill and challenge of these countries to establish such conservation and cultivation of wood that secures its constant and sustainable use, as it is an essential good without which the country cannot exist.”

1713 Sylvicultura Oeconomica

*Hans Carl von Carlowitz describes
the principle of sustainability*



There is a particular onus on managers in such situations. They have to motivate their teams, explain the changes and offer perspectives.

Jero Bentz/ Exactly! Managers play a vital role in such projects. They have to be aware of the delicate situation. They have to motivate their team and communicate a lot. This is obviously a huge task on top of their day-to-day business.

Dr. Stephan Bentz/ That's right. And I must just add here that our managers are currently doing a fantastic job. Even if they themselves are affected by massive changes, they have displayed great cooperation and commitment. We therefore have great respect for the work our managers are doing.

How long should such a restructuring process take so as not to place too large a burden on managers and staff?

Dr. Stephan Bentz/ A realignment process like this should be implemented quickly as it ties up considerable resources and distracts us from our main activities. Our aim is not to incessantly focus on our own structures. To this end, such projects should be implemented within two years. Of course, even then we will continue to ask ourselves the question of whether we're on the right track. But the structures we're currently targeting will not be changed for quite some time.

However, Melitta 2020 will also mean that a few dozen employees lose their jobs. This has led to an outcry among staff.

Volker Stühmeier/ That's right. And from the perspective of those affected, the protests are perfectly understandable. We therefore developed a number of measures to keep the number of employees hit by redundancy as low as possible. We are aware of the fact that the uncertainty as to whether your own work will be affected by restructuring or not is a significant burden.

Jero Bentz/ If I could just add something here. The fact that Melitta hasn't had a strategic realignment for several decades is partly due to the fact that we've been able to make the necessary adjustments within our operating business. Staff are therefore not used to the more sweeping changes we're now introducing. For decades, Melitta has not seen the kind of transformation more common at other companies and often with far greater consequences. Our employees are therefore also shocked by comparatively modest job losses. And this is quite understandable: for years, staff were proud of what they did and now they're being told that it has to be restructured or dropped completely in future. This is very hard to take for those affected.

*"It's important
to communicate
sustainable
actions both
internally
and externally."*

DR. STEPHAN BENTZ

Prof. Dr. Nikolaus Franke/ It shouldn't be overlooked that such restructuring also incurs considerable costs. And I don't just mean the direct costs of the process itself, but also the temporary fall in efficiency. When a new organization chart is installed, it often takes a while before structures settle into place and processes run smoothly. And this reduces efficiency. During this phase, the responsibility of employees is particularly high – they are crucial for the implementation process. Many intelligent organizational changes have failed because people have simply not accepted them.

Jero Bentz/ That's exactly the reason why we attach so much importance to communication. It is extremely important for us to get our employees on board. And another important point: we check very carefully every year whether the assumptions we made are still correct and what measures need to be derived from them. If there are any changes here, we need to take corrective action immediately. It's a rolling planning process that is constantly being optimized.

In addition to "Melitta 2020", a group-wide sustainability strategy was also developed in 2015. Is there a link between these two strategies?

Jero Bentz/ I'm convinced that sustainability has to be an integral part of our corporate strategy. Sustainability is often equated solely with environmental aspects. But it's about much more: it's about a long-term, successful business which also takes an holistic view of social and environmental issues. Sustainable corporate management is a long-term approach that permeates through all company processes. It's wrong to think of sustainability as something "on-top". Sustainability is an attitude that is reflected in the formulation of corporate strategy. To that extent, the two strategies are closely related with regard to content.

Prof. Dr. Nikolaus Franke/ Family businesses are practically made for sustainable corporate management. They are not subject to the pressure of quarterly results and can pursue long-term economic goals. Their horizon is measured more in terms of generations, rather than 5-year contracts. This creates a different foundation for anchoring social and environmental values than the hire-and-fire, hectic and often myopic approach of large enterprises.

Dr. Stephan Bentz/ Yes, that's certainly true. I also believe that we intuitively took a much more sustainable approach than many other companies in the past. But it's also important to systematize such sustainable actions, to strategically align them, to anchor them in our organizational structures, and also to communicate them both internally and externally. We had a lot of catching up to do in this field and we're still not where we want to be. But our sustainability strategy has now laid a good foundation.



thinking about tomorrow, yesterday.

DR. DIETMAR SCHEJA ON CORPORATE RESPONSIBILITY
AND THE GROUP-WIDE SERVICE CENTER

01_ DISCOVERING AND NURTURING TALENT

02_ "DON'T THROW ME AWAY!"

Constant — Progress
but responsibly.

Responsibility beyond the
boundaries of the company ...
for the future, our children
and tomorrow's world.

to

“We need to be better, more transparent and more cost-effective, otherwise our competitors will overtake us. We can only achieve this by pooling tasks and resources.”

“It might be an unusual way of looking at it, but the aim of setting up a group-wide Service Center is to strengthen the entrepreneurial responsibility of our operating divisions,” says Dr. Dietmar Scheja. “After all, what we’re doing will not only make us more competitive, but also provide faster and more valid data in order to steer the company’s activities better.” In the past, the high degree of administrative autonomy which the operating divisions enjoyed meant that many of their activities were identical. Such duplicated work and functions resulted in high costs.

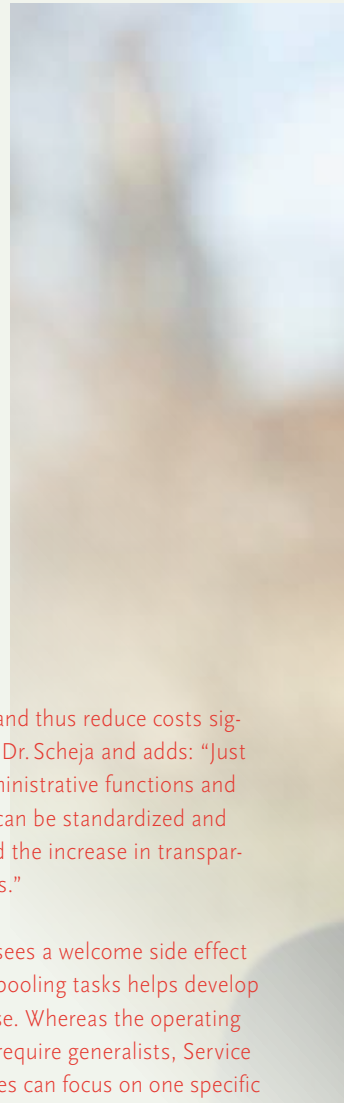
However, he rejects the idea of centralization. “The high degree of entrepreneurial freedom enjoyed by the operating divisions is essential for their market success. The companies are much too different to be centrally controlled.” He regards the Service Center as more of a support unit for the operating divisions, which should be allowed to focus on their main task: market development.

The Service Center will therefore focus on the areas financial accounting, HR administration, controlling, purchasing and, in future, IT. It will only assume those tasks that do not necessarily need to be done by the operating divisions. “Being part of a group gives us the fantastic opportunity to

pool functions and thus reduce costs significantly,” says Dr. Scheja and adds: “Just think of the administrative functions and processes that can be standardized and streamlined and the increase in transparency this creates.”

Dr. Scheja also sees a welcome side effect in the fact that pooling tasks helps develop specific expertise. Whereas the operating divisions often require generalists, Service Center employees can focus on one specific task. Dr. Scheja is convinced that this will increase the expertise and efficiency of such a unit.

His obvious enthusiasm shines through when talking of the future possibilities for the Group as a whole. “In two or three years, we’ll be able to provide intelligent reporting systems capable of providing Chief Corporate Management and the operating divisions with more detailed knowledge for their decision-making processes. As a result, the Service Center and its numerous benefits will play a significant role in ensuring the sustainability of the Melitta Group.”





to

A stylized, handwritten signature in black ink, consisting of a large, looped 'D' followed by a horizontal line and a vertical stroke.

Dr. Dietmar Scheja
Managing Director of the Melitta Business Service Center



Mutually beneficial

Fresh ideas are just one of many reasons for the cooperation with universities

Discovering and nurturing talent.

to

There was cutting, folding, gluing and shaping. As well as texting, drawing, printing and presenting. For 24 hours, 30 students thought long and hard about new products for Melitta – one whole day without sleep or major breaks. The result: highly creative ideas on the topic of coffee filters and a wealth of suggestions for developing the product portfolio.

Together with the AMD Academy of Fashion & Design in Munich, Melitta's coffee filtration task force took part in a highly unusual experiment in December 2015: 30 students, divided into eight groups had one whole day to develop new products in the field of coffee filtration – from initial product idea to market launch. A whirlwind of creativity within a single day called "The 24-Hour Creative Challenge".

Each of the eight groups developed a sophisticated and conceptually mature product idea relating to Melitta coffee

filters. Under extreme time pressure, the participants generated hundreds of ideas that were first discarded, then revisited and discussed, considered from different angles, and then carefully elaborated and developed. At the end of this long day, the groups presented their designs to a jury composed of representatives from the Academy and Melitta. The latter were delighted by the creativity, discipline and commitment of the students.

The winning concept was the "Coffee-brella". The idea: a foldable, double-gusseted "Coffeebrella" represents an inexpensive alternative to porcelain filters. While the filter paper can be placed in the upper part of the umbrella, the flexibility of the lower part means it can be adjusted to fit any container.

René Korte, Head of Innovation Management at Melitta, was deeply impressed by the results created within just 24 hours: "We now plan to discuss the ideas with

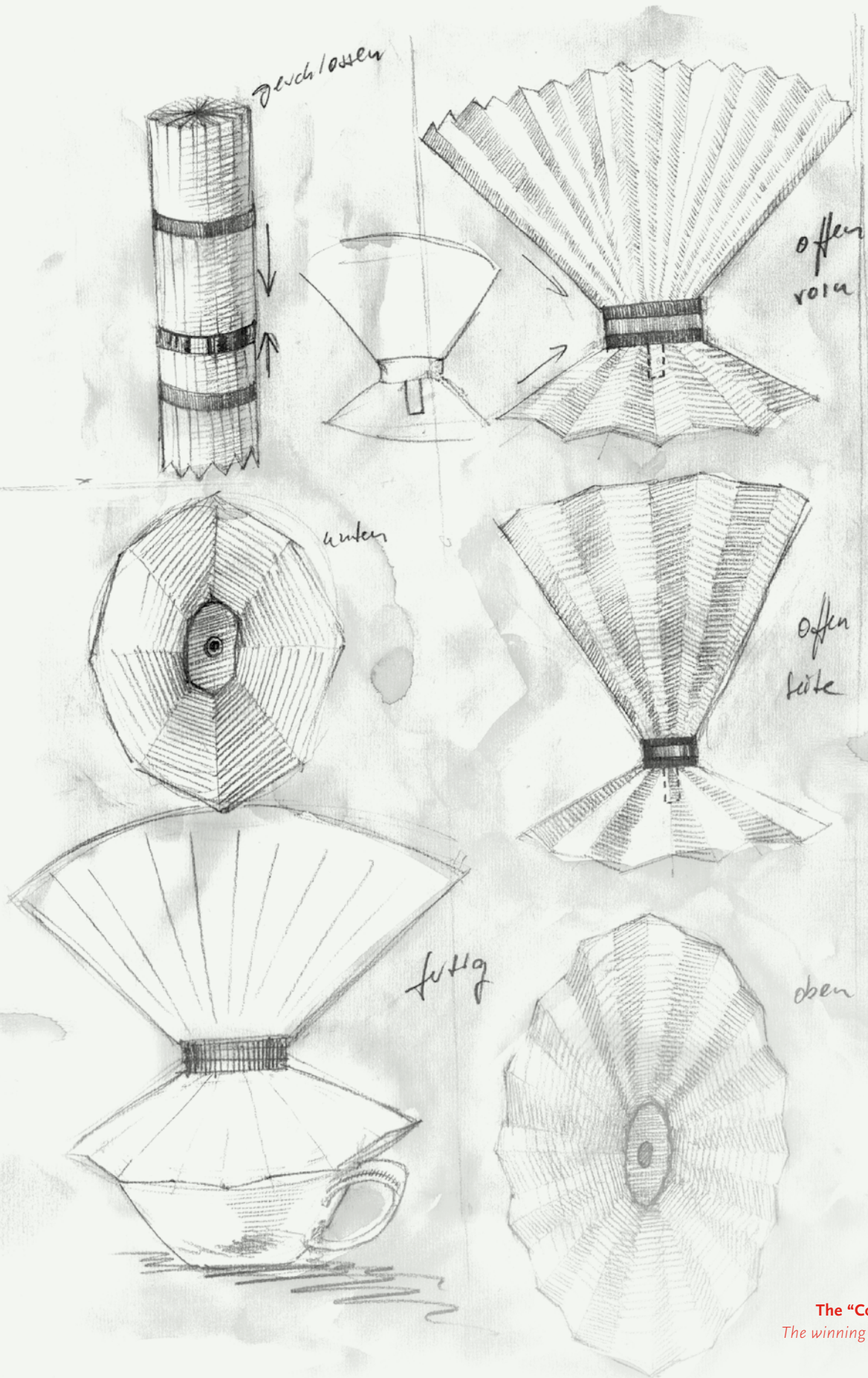
our colleagues in R&D. Many of the proposals provide an excellent basis for developing marketable products in the field of coffee filtration.”

The development of product ideas is just one of several reasons for cooperating with students. The main focus is to promote young talent and enhance theoretical input by applying it to practical problems. This is an area where Melitta sees a particular obligation: future specialists should be given the chance to make their studies more relevant to practical applications so they can prepare better for future professional challenges.

Cooperation with universities is therefore a further important aspect of Melitta’s sustainability strategy. “In the last 24 hours, I learned how important it is to keep a cool head under stress and to work as a team on finding possible solutions,” says Michaela Seibold about her participation in the Challenge. The winners Claudia Cerminara, Tanita Schneider and Isabel Winckler add: “It was great to be able to look behind the scenes at Melitta and get some real insight into everyday practice.”



The AMD students
A rush of ideas



to

The "Coffeebrella"
The winning team's idea



The winners

Aesthetic, practical, modern: the "Coffeebrella" product idea illustrates the high standards set by the AMD students and was honored by the jury with 1st place.

“Don’t throw me away!“, ...



... says the apple with just a few blemishes to eight-year-old Stefan. The latter takes a critical look at the apple, turns it round in his hands and asks: “Can I still eat you?” “Of course you can,” replies the apple, “just cut out the brown bits. Then I’m still totally delicious.”

Children at a North German primary school listen intently to the story being read by their teacher. The story is one of many classroom activities developed by the “Don’t throw me away!” initiative – a concept launched by the Hollen Environmental Center. Sponsored by Toppits® since the beginning of 2016, the initiative

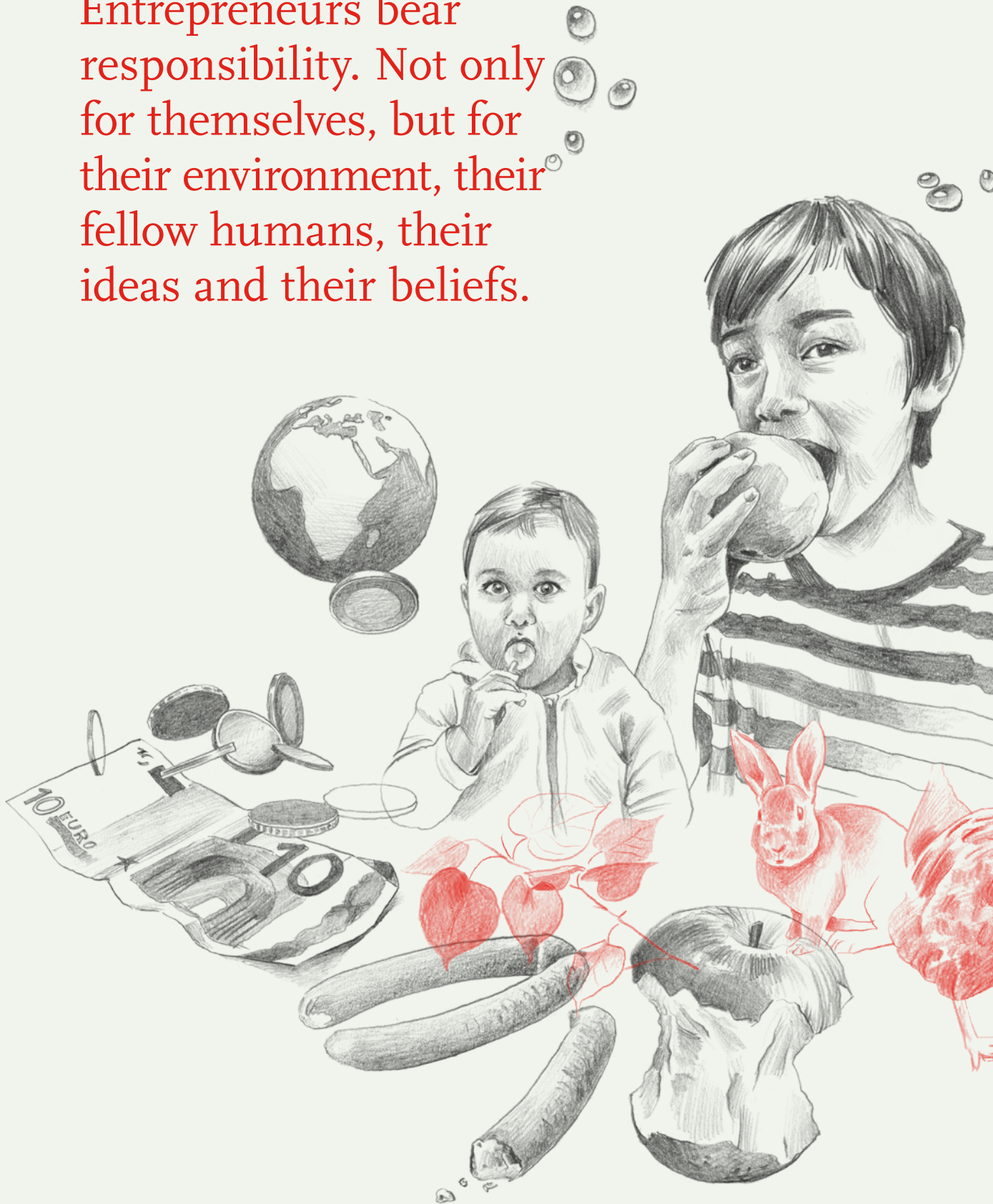
aims to raise the awareness of primary school children for the value of food and change their attitudes by providing information in a playful and child-friendly way.

Every year, 11 million tons of food are thrown away as garbage in Germany. The value of food is no longer fully appreciated. We buy too much, store food incorrectly and discard it when it reaches its best-before date – even if it’s still good.

For many years now, Cofresco has been striving to reduce the amount of food discarded in Germany. Educating people about the right way to handle food is one

to

Entrepreneurs bear
responsibility. Not only
for themselves, but for
their environment, their
fellow humans, their
ideas and their beliefs.



Sophie, 9

"I love playing 'From Farm to Fork'," says nine-year-old Sophie. "You have to think about where our food comes from. It's really fun."



of the operating division's key competencies. Cofresco not only encourages more conscious food handling with the aid of its Toppits® products, but also via its social responsibility activities and support of scientific research. "Following our Save Food campaign, becoming a main sponsor of the 'Don't throw me away!' initiative was a logical consequence for the operating division's sustainability efforts. Whereas we previously focused on raising awareness, we now want to help change behavior," says Oliver Strelecki, Chief Marketing Officer of Cofresco.

The cooperation is long-term and comprises a wide variety of measures. As well as providing teaching materials and creating an informative website, the operating division is also planning activity days and

training sessions. A booth at Europe's largest education fair "didacta" marked the beginning. It not only presented the objectives and measures of the initiative, but also the new teaching materials.

A nutritional scientist is currently visiting primary schools throughout Germany and presenting the materials to teachers who might be interested in using them. The most popular items so far are the coloring-in pictures and magnetic signs which help identify properly and improperly stored food in the kitchen and fridge. "I love playing 'From Farm to Fork'," says nine-year-old Sophie. "You have to think about where our food comes from. It's really fun."

To



**There's lots to discover
and explore ...**

*Children at a primary school
in northern Germany play a
game in which they learn about
the long journeys some of their
favorite food has been on.*

"It's often the most important long-term impulses that come from outside the company.

Looking only inwards leads to blinkered thinking and taboos."

PROF. DR. NIKOLAUS FRANKE

How does Melitta measure the return on CSR projects, such as its support for universities and various initiatives?

Jero Bentz/ It would be a mistake to want a direct return on many long-term projects – especially in the field of sustainability. The main thing here is our conviction that such efforts pay off in the long term. And our focus is not always on the economic result, in terms of new customer relationships, but on image, our attractiveness as an employer, information about new technologies, trends and developments, and much, much more.

Prof. Dr. Nikolaus Franke/ An example of this is the cultivation of contacts: in the short term, there is generally no quantifiable benefit in maintaining a dialogue with external institutions or persons. In the medium and long term, however, the benefits are more apparent – and often it is the most important long-term impulses that come from outside the company. Looking only inwards leads to blinkered thinking and taboos.

To conclude our discussion: what are the next steps for "Melitta 2020"? Will there be a stronger trend toward centralization in the years ahead?

Jero Bentz/ No. Centralization is not on the agenda. On the contrary, we want to strengthen our decentralized structures by giving units more time and resources to focus on their most important task – developing their markets. We want to support our operating divisions more in future by pooling key functions, like finance, HR, procurement, sales and IT.

Volker Stühmeier/ Yes, let me just emphasize that: we are not planning to change the independent character of our operating divisions. We believe it's important that they feel part of the Group. But in order to develop their markets as efficiently as possible, they need to be highly autonomous in their daily business.

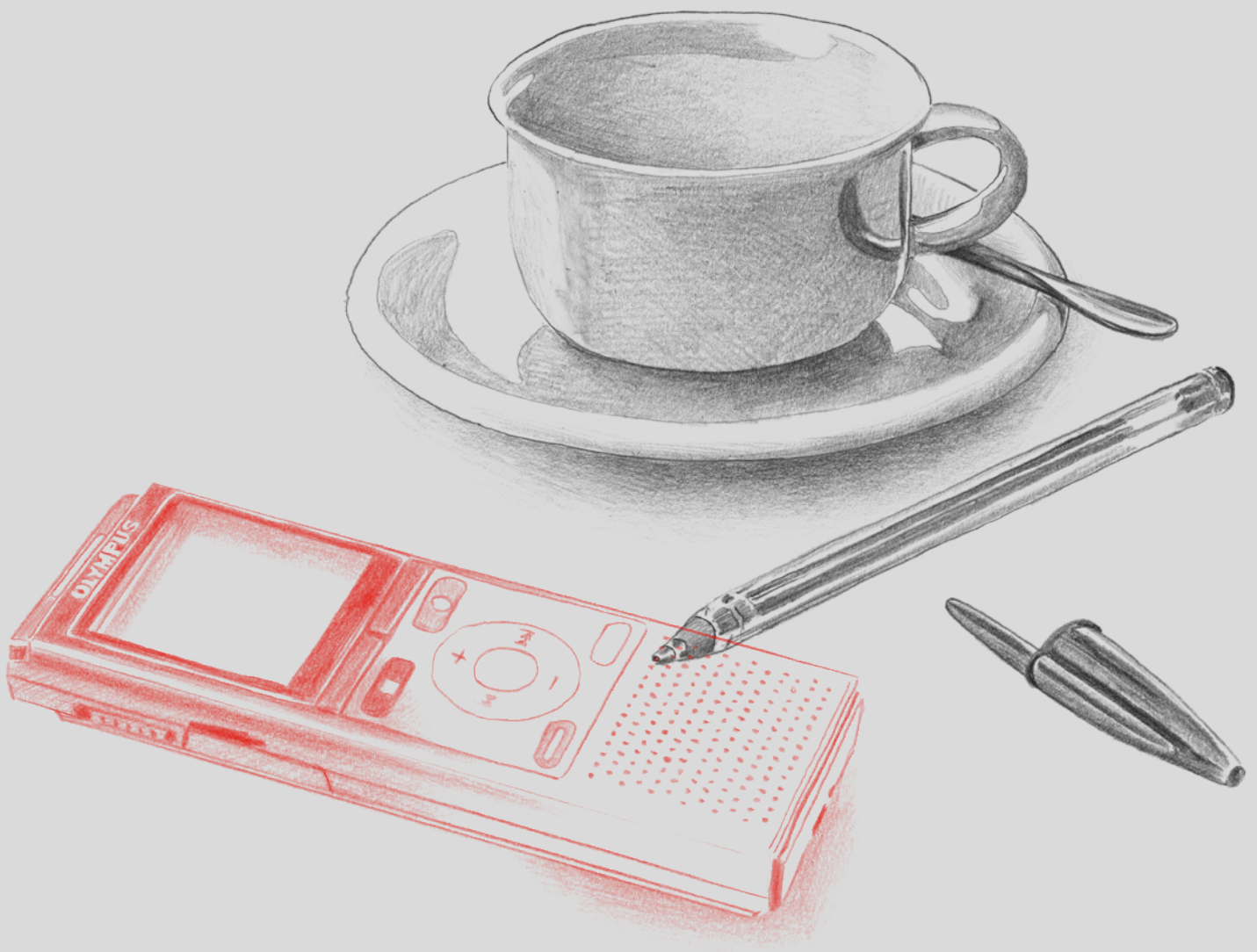
Prof. Dr. Nikolaus Franke/ An extremely important point. Centralization does not make companies entrepreneurial and innovative. On the contrary, it often makes them slow and bureaucratic. These days, companies have to be like gazelles in almost all their markets. Fast, agile and flexible. The average size of US corporations is currently just 40 % of what it was in 1990. At the same time, you have to look for synergies and operate in conjunction with others – using the strength of the herd, you could say. Increasing competitive pressure means that certain functions are simply too expensive for smaller units. If there's a chance to avoid duplication by belonging to a group, this should definitely be utilized.

Dr. Stephan Bentz/ That's exactly why we want to pool consumer sales activities in Europe and centralize many management functions at our Melitta Business Service Center. But to come back to the question of the next steps for "Melitta 2020": we aim to complete an important strategic project in 2016 / 2017. Our internal restructuring should have been largely implemented by then. We have already set up numerous new programs, at both our operating divisions and headquarters.

But there's still a lot of work with regard to our planned internationalization and the development of growth markets. Although we've laid the foundations in many areas, we still have to fill them with life. As a result, 2016 will definitely be a year of transition.


Jero Bentz/ What makes us particularly upbeat is that we're obviously on the right track. Although many of the measures have not yet fully taken hold, we're already seeing the first positive effects. This is clearly illustrated by our financial results for 2015. If this continues in the same vein, we can be very satisfied. Then the effort was really worth it.

Prof. Dr. Nikolaus Franke/ Let me finish by paying you a compliment. I've observed many restructuring processes and know that the challenges are enormous. My impression is that Melitta maintains a healthy balance between vision and single-mindedness on the one hand and reliability and prudence on the other. Or, if you like, a successful blend of permanence and change.







Dr. Stephan Bentz



Jero Bentz



Volker Stühmeier



"The coming years
will doubtless remain
challenging.

But we are building
on a strong foundation.

We have great respect
for the commitment
of our employees.

In times like these,
we all close ranks.
That makes us very proud."

Highlights 2015 – our best moments ...



02.01. *In the shade of banana plants and trees*

For their Selection of the Year 2015, the Melitta® Coffee experts chose Tanzania Nyanda coffee beans. These beans are grown in the shade of banana plants and tall trees, which helps them develop their full-bodied, sweet aromas. By carefully adapting the roasting process to the bean's characteristics, Melitta® created a rich and expressive flavor with a hint of tangerine.

26.01.

Melitta is a Top Employer

The Melitta Group is one of Germany's best-loved employers. According to German current affairs magazine FOCUS, Melitta is one of the country's top 25 employers and was ranked second in both the "Manufacturing and Consumer Goods" and "Food, Drink and Tobacco" sectors. Around 70,000 employees were surveyed with regard to their workplace, working hours, salary and career opportunities.



01.03.

*Functional elegance
for boiling water*



A real eye-catcher: the new Melitta® Prime Aqua kettle is not only fast and convenient but also adds a certain elegance to the kitchen with its stainless steel finish. For those who find the 1.7-liter version a little too large, the smaller Melitta® Prime Aqua mini is a more compact version for smaller households. Both devices offer numerous useful functions – from lid opening at the press of a button, to automatic steam prevention, and a particle filter.

02.03.

*Freshly ground aromas
in the blink of an eye*

Indispensable for true coffee lovers: the new Melitta Molino® unlocks the full flavor of coffee beans. Whether finely ground for strongly aromatic espresso or medium-fine for the preparation of filter coffee – the electric coffee mill with its professional disc grinders serves up freshly ground coffee beans for every occasion in the blink of an eye.



24.03.

Waste disposal - the right way!

Swirl® paper bin sacks for organic waste are 100 percent biodegradable – and with a capacity of 120 liters, they are a perfect fit for standard organic waste bins. Thanks to their strong special-grade paper, everything stays in the bag and the bin is protected against dirt and seepage. Even wet organic waste and garden cuttings can now be disposed of hygienically and securely.



13.03.

*Slender seduction
for professionals*

Melitta Professional Coffee Solutions rolls out its new entry-level model for professional coffee preparation with the fully automatic Melitta® Cafina® XT4 coffee machine. Ease-of-use coupled with a high degree of functionality and refined looks make it the go-to choice for full service, quick service and self-service operation – whether coffee-to-go or coffee-to-stay.



01.04.

*Exact portioning
thanks to printed markings*



The new filters of Melitta North America make coffee preparation even easier: printed markings on the filter paper indicate the ground coffee amount. Each marking corresponds to two teaspoons – ensuring accurate filling even without the traditional measuring scoop.

04.04.

*New packaging
for new customers*



Never mind the content, tastes also vary when it comes to the packaging. Melitta Brasil therefore not only offers vacuum-packed coffee but now also loose coffee bags. Many consumers are attracted by softer packages and therefore opt more frequently for Melitta® coffee.



24.06.

*Own development:
eight-color gravure printing line*

Special requirements call for special technologies: as there is no suitable printing machine on the market for many special orders received by ACW-Film, the film and packaging specialist decides to develop its own gravure printing line together with Bosch Rexroth. The GRAVEX consists of eight print stations and not only produces excellent printing results but now also meets the most demanding customer requirements.

01.07.

*Confirmed:
Melitta is family-friendly*

AUSGEZEICHNET
**FAMILIEN
FREUNDLICH**
UNTERNEHMEN IM LAND BREMEN



According to an initiative of the Minden-Lübbecke district and "Verein Initiative Impulsgeber Zukunft e.V.", the Melitta Group's facilities in East-Westphalia and Bremen are especially family-friendly. The survey praises the numerous measures introduced by Melitta's operating divisions to reconcile work with family life.



24.08.

*Breathe freely with
home ventilation system*

Breathe freely, get a good night's sleep and keep a clear head: the new Swirl® cleanAir product range ensures a constant supply of fresh air even in closed spaces. The filters can be used in almost all common devices for controlled room ventilation and are extremely energy efficient. The fine fiber structure effectively removes dirt and fine dust so that fresh air can flow through the device almost unhindered.

01.09.

*Tea enjoyment starts with
the infusion process...*

Cilia® tea filters are ideal for preparing loose teas. To make handling them even easier, Cilia® has developed a modern tea filter holder. The holder can be placed conveniently on the edge of the teapot and filled with tea leaves before safely pouring the boiling water – perfect for a relaxed cup of tea together with family and friends.





01.09.

*Coffee preparation in its
most original form*

True trendsetters are once again turning to porcelain filters. Pour-over coffee is now served at every café – or brew bar as hipsters like to call them. And manual filtration is also enjoying a renaissance in the home environment. Reason enough for Melitta to relaunch the porcelain filter it first created in 1936. The traditional functionality and timeless design have been retained – with just a few tweaks to the styling.

14.09.

*Tough guys
drink Dark Roast*

Bruce Darnell is the new testimonial star for Melitta® “My Café”. In a TV commercial with Timon, the Melitta® barista, the popular German TV star selects Dark Roast from three possible “My Café” blends. As a famous “tough guy”, Darnell likes his coffee strong...





19.09.

*Expanded
enjoyment range*



Classic Blend, Colombian, European Dark Roast and Hazelnut Creme:
Melitta North America's new assortment of single-serve coffee capsules
offers a range of new flavors and now appeals to a wide variety of coffee
lovers. It rounds out the "Café de Europa" coffee capsule assortment
launched in 2014 and is aimed at discerning connoisseurs.



01.10. *New family member - Cofresco acquires Wrap Film Systems*

With the acquisition of Wrap Film Systems, Cofresco adds the brands Bacofoil®, Wrapmaster® and Caterwrap® to its product portfolio. At the same time, the operating division immediately gains an excellent market position in the United Kingdom. All 300 employees in Telford, west of Birmingham, are retained and will help Cofresco expand its core business further in future.





15.10.

*Spotlight on Melitta during
"The Voice of Germany"*

During the popular music show "The Voice of Germany", Melitta® makes sure the budding singing stars, together with their friends and family, feel right at home. The meeting place and location for most interviews during the avidly watched TV show is the stylish Melitta® coffee bar. This is where Timon, the Melitta® barista, prepares the best coffee – using the trendy pour-over method, of course.

26.10.

Outstanding design

The fully automatic Melitta® Cafina® XT6 coffee machine receives the German Design Award 2016. The jury of the German Design Council was impressed by the machine's clean lines, ergonomic functional areas and advanced technology. In its assessment, the jury stated: "Although clearly a true professional, this newly developed coffee machine still maintains its emotional appeal."



02.11.

*Reissue: return of
a popular classic*

With the comeback of pour-over coffee, a number of design classics from Friesland Porzellan are also being reissued. The popular coffee pots and matching filters are available in ten new colors. The key question now is: white or Melitta® red? Or perhaps orange, saffron yellow, pine, jade green, azure blue, bordeaux, chocolate brown, stone gray, blue or black?



24.11.

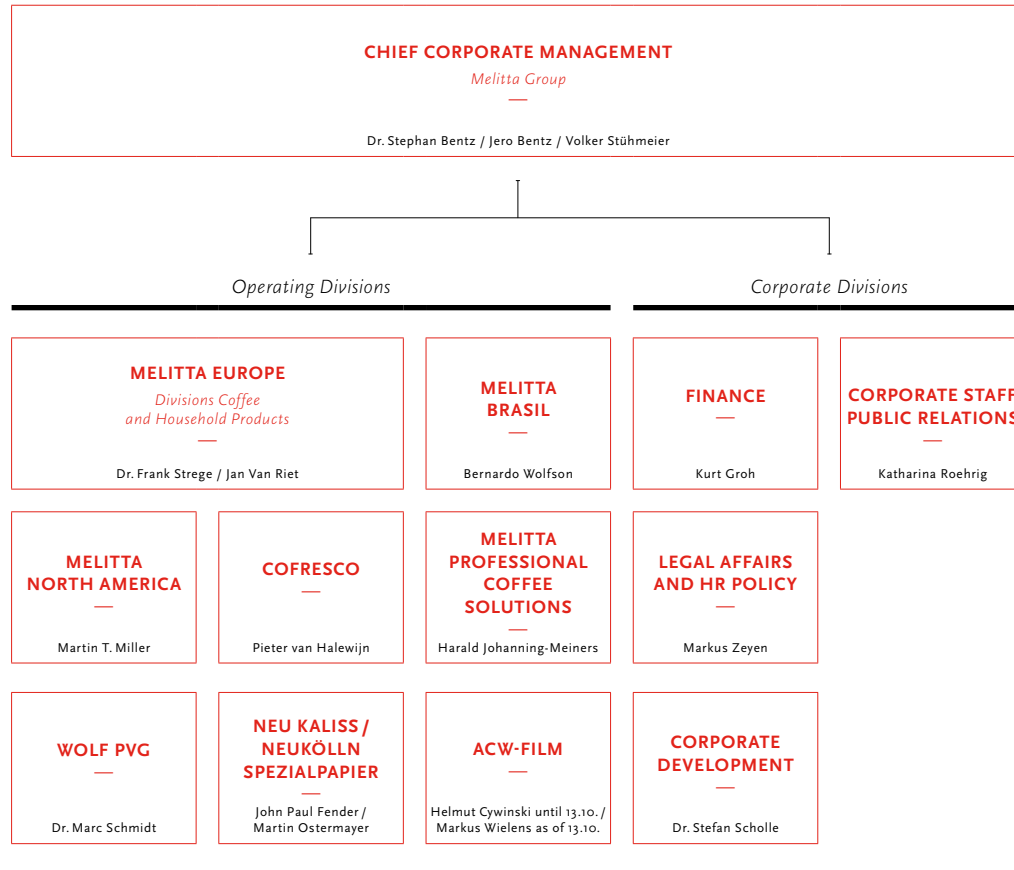
*Melitta® "My Café" voted
"Product of the Year 2016"*

The new Melitta® "My Café" product line is voted "Product of the Year 2016" by German trade journal "Lebensmittelpraxis". The surveyed consumers praised the variety of flavors and the idea of transferring the atmosphere of their favorite café into their own homes. The highly prestigious award is based on a representative survey of German consumers and bestows gold, silver and bronze medals on the winners.



Group

PRESENT STRUCTURE

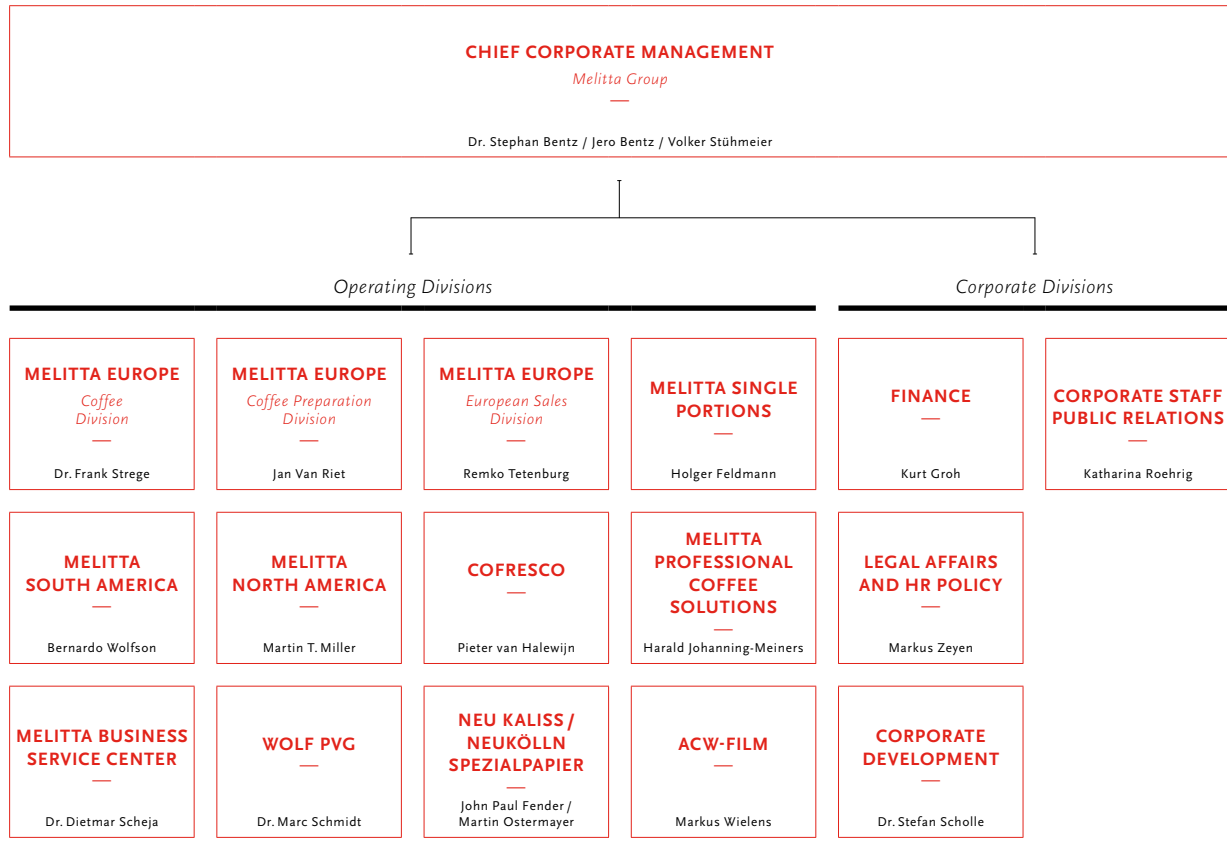


General Partners of Melitta
Unternehmensgruppe Bentz KG
Dr. Stephan Bentz
Jero Bentz

Limited Partners
Claudia Bertelmann-Tauß
Jara Bentz
Thomas Dominik Bentz
Dr. Thomas Bentz



Advisory Council
Javier González
Claus Holst-Gydesen
Dr. Uwe Tillmann
Dr. Thomas Bentz
Dr. Stephan Bentz

FUTURE STRUCTURE



As part of the “Melitta 2020” strategic program, the organizational structure of the Melitta Group is to be adapted. The most important organizational changes include splitting the Melitta Europe operating division into three commercially independent divisions. There will also be two new operating divisions with the creation of Melitta Single Portions and Melitta Business Service Center.

Locations and markets

-  Locations
-  Markets

EUROPE

Austria

Salzburg

Melitta Ges.mbh
Melitta Professional Coffee Solutions
International GmbH – Niederlassung Österreich –

Belgium

Lokeren

Melitta België N.V.

Czech Republic

Prag

Melitta ČR s.r.o.

Denmark

Roskilde

Melitta Nordic A/S

England

Corby

Melitta Professional Coffee
Solutions UK Ltd.

Peterborough

Melitta International GmbH – UK Division –

Telford

Wrap Film Systems Ltd.

France

Saint Tibault des Vignes

Melitta Professional Coffee Solutions France S.A.S.

Paris

Cofresco PM S.A.S.

Melitta France S.A.S.

Chézy

Melitta France S.A.S.

Germany

Minden

Melitta Unternehmensgruppe Bentz KG

Melitta Bentz GmbH & Co. KG

Bentz Beteiligungs GmbH & Co. KG

Melitta Zentralgesellschaft mbH & Co. KG

Melitta Europa GmbH & Co. KG

{ Coffee Preparation Division Europe } *

Cofresco Frischhalteprodukte GmbH & Co. KG

Melitta Professional Coffee Solutions
GmbH & Co. KG

Melitta Single Portions
GmbH & Co. KG *

Melitta Business Service Center
GmbH & Co. KG *

Melitta Europa GmbH & Co. KG
{ Sales Division Europe } *

Bremen

Melitta Europa GmbH & Co. KG
{ Coffee Division Europe } *

Berlin

Neukölln Spezialpapier NK
GmbH & Co. KG

Vlotho / Spenge

Wolf PVG GmbH & Co. KG

Neu Kaliß

Neu Kaliss Spezialpapier GmbH

Rhede

ACW-Film GmbH & Co. KG

Webo GmbH & Co. KG



Netherlands

Gorinchem

Melitta Nederland B.V.

Melitta Professional Coffee Solutions Benelux BV

Poland

Brodnica

Cofresco Poland Sp. z o.o Manufacturing Sp. k.

Russia

St. Petersburg

Melitta RusCom OOO

Cofresco RusCom OOO

Sweden

Helsingborg

Melitta Nordic AB

Switzerland

Egerkingen

Melitta GmbH

Hunzenschwil

Cafina AG

Spain

Alcobendas / Madrid

Cofresco Iberica S.A.

NORTH AMERICA

Canada

Toronto, Ontario

Melitta Canada Inc.

USA

Clearwater

Melitta USA Inc.

Cherry Hill

European Coffee Classics Inc.

Elgin

Melitta SystemService USA Inc.

SOUTH AMERICA

Brazil

São Paulo / Avaré / Bom Jesus

Melitta do Brasil Industria e Comércio Ltda.

Guaíba

Celupa – Indústria Celulose e Papel Guaíba Ltda.

ASIA-PACIFIC

China

Shenzhen

Shenzhen Melitta Household Products Co. Ltd.

Japan

Tokyo

Melitta PCS Asia Pacific KK

Melitta Japan KK

Managing Directors and Corporate Staff Management

Holger Feldmann
Melitta Single Portions / as of 01.01.2016



Remko Tetenburg
Melitta Europe, European Sales Division / as of 01.01.2016



Pieter van Halewijn
Cofresco



Dr. Marc Schmidt
Wolf PVG



Dr. Frank Strege
Melitta Europe, Coffee Division



Helmut Cywinski
ACW-Film / until 13.10.2015



Martin Ostermayer
Neu Kaliss / Neukölln Spezialpapier



Markus Wielens
ACW-Film / as of 13.10.2015

Jan Van Riet
Melitta Europe, Household Products Division



Dr. Dietmar Scheja
Melitta Business Service Center / as of 01.03.2016



John Paul Fender
Neu Kaliss / Neukölln Spezialpapier



Harald Johanning-Meiners
Melitta Professional Coffee Solutions



Katharina Roehrig
Public Relations



Martin T. Miller
Melitta North America



Bernardo Wolfson
Melitta Brasil



Dr. Stefan Scholle, Markus Zeyen, Kurt Groh
Corporate Development, Legal Affairs & HR Policy, Finance



Melitta Europe Coffee Division and Household Products Division

Melitta Europe consists of two business divisions: the Coffee Division is responsible for Melitta's European coffee business. The range offers perfect coffee enjoyment for every taste: from filter coffee to instant cappuccino, and from whole beans for automatic coffee machines to pad ranges for single-cup preparation. The Household Products Division offers coffee and tea filter solutions, as well as filter coffeemakers and fully automatic coffee machines under the Melitta® and Cilia® brands. The division also markets vacuum cleaner bags and accessories, cleaning products, and household waste disposal solutions under the Swirl® brand.

The overwhelming majority of Melitta Europe's brands occupy leading positions in their markets: in the coffee segment, Melitta® is one of the best-known and highest-selling brands. Its success is based on a balanced mix of traditional and modern features, high product quality, and above all its tailored product solutions based on a strong understanding of consumer needs. Melitta® filter papers have long stood for the ultimate in coffee enjoyment. Filter coffeemakers and fully automatic coffee machines under the Melitta® brand, tea filter solutions and products from Cilia®, and the products of the Swirl® brand are renown for their high quality and innovative strength.

Market and business trends in 2015

The Coffee Division performed extremely well in the past year. Sales were raised once again in Germany and abroad with double-digit revenue growth. As a result, the operating division posted the best figures in its history. Melitta's market share was expanded in every segment. This dynamic trend is also illustrated by the new product concepts: the market share of the innovative "My Café" coffee range grew strongly, while Melitta's® successful "Selection of the Year" concept was continued. In December, the unique "Coffee of the Year" concept for the filter coffee segment was launched.

In 2015, sales of the Household Products Division were once again on a par with the previous year. The main growth drivers in the past fiscal year were filter coffeemakers, fully automatic coffee machines, and waste disposal solutions. By contrast, the coffee filter and dust filter bag product categories suffered falling sales. Numerous new products were launched during the past year. In addition, extensive restructuring was prepared for implementation in 2016 as part of the strategic program "Melitta 2020".

Key Figures Melitta Europe

SALES

in € thous.

2015	* 449,805	** 246,576	696,381
2014	* 402,594	** 244,883	647,477

CAPITAL EXPENDITURES

in € thous.

2015	* 1,895	** 3,897	5,792
2014	* 2,143	** 12,247	14,390

EMPLOYEES

full-time employees, annual average

2015	* 207	** 1,222	1,429
2014	* 203	** 1,233	1,436

* Coffee Division, ** Household Products Division

LOCATIONS

Coffee Division
Bremen, Germany

Household Products Division
Minden, Germany

BRANDS



WEBSITE

www.melitta.de
www.melitta.de/shop
www.swirl.de
www.cilia.de



Outlook 2016

The Coffee Division is expected to continue its growth of the past few years. Although green bean prices are likely to fluctuate strongly again in 2016, the market as a whole will probably remain stable. The market trend, especially in the whole bean segment, coupled with investments in product quality and production efficiency will play a major role in further enhancing sales.

The Household Products Division will focus more in future on its "Coffee Preparation" products. As part of this realignment, extensive restructuring measures are to be introduced in 2016. Expectations for the current fiscal year are cautiously optimistic: while the market for filter coffeemakers continues to offer growth potential, the main challenges of the current fiscal year will be the reduced demand for filters and resulting fall in consumption of filter bags, fierce competition from private labels, strong currency fluctuations in China, and intense pressure on prices – especially in the market for fully automatic coffee machines. All in all, sales are expected to achieve slight growth.

Sustainability Activities extended

Sustainability continues to be an important topic for the Coffee Division and is being systematically pursued. In line with its responsibility for the careful use of energy and sustainable climate protection, the division implemented an energy management system in accordance with ISO 50001 in the past year. In addition, the area of corporate social responsibility was expanded. In the past fiscal year, for example, numerous charity activities were held in the coffee growing regions, while health and development programs for employees were developed, and corporate citizenship projects implemented in the division's home town of Bremen.

In the Household Products Division, a variety of sustainability activities focused on employees were held in 2015. In order to improve the work-life-balance, for example, a parent-child office was set up, and in the field of health management a new focus program was developed on the topic of "Healthy Nutrition". Workshops were held with all employees on the Melitta Group's core values, while managers received training on the topics of Customer Proximity, Customer Orientation, Leadership Quality and Change Management. In order to visualize the sustainability of Melitta® filter bags for customers, the "MISSION eco & care" rating and German "Blue Angel" eco-mark were incorporated into pack designs.

Melitta Europe

QUALITY MANAGEMENT

Coffee Division

- IFS Food
- Bio
- UTZ
- Rainforest Alliance
- Fairtrade
- 4C (verification)
- Kosher
- Certification “audit berufundfamilie”
- Award “ausgezeichnet familienfreundlich”
- ISO 50001

Household Products Division

- DIN EN ISO 9001:2008
- DIN EN ISO 14001:2009
- EMAS – Environmental Management System in accordance with Regulation (EC) No. 1221/2009 via voluntary participation in a community eco-management and audit scheme
- FSC Chain of Custody
- PEFC Chain of Custody
- IFS Household and Personal Care Products (International Feature Standard)
- BRC Consumer Products (British Retail Consortium)

COUNTRIES

Coffee Division

- | | | |
|-----------------------|----------------|------------------------|
| Germany | – Kuwait | – Thailand |
| | – Latvia | – Czech Republic |
| Export business with: | – Lebanon | – Turkey |
| – Egypt | – Libya | – Tunisia |
| – Albania | – Lithuania | – Ukraine |
| – Australia and | – Luxembourg | – Hungary |
| – Micronesia | – Macedonia | – United Arab Emirates |
| – Bahrain | – Moldova | – Belarus |
| – Belgium | – Mongolia | |
| – Botswana | – Montenegro | |
| – Bulgaria | – Namibia | |
| – China | – New Zealand | |
| – Estonia | – Netherlands | |
| – Finland | – Oman | |
| – France | – Austria | |
| – Ghana | – Poland | |
| – Greece | – Romania | |
| – Hong Kong | – Russia | |
| – Indonesia | – Saudi Arabia | |
| – Israel | – Sweden | |
| – Italy | – Singapore | |
| – Jordan | – Slovakia | |
| – Canary Islands | – Spain | |
| – Kazakhstan | – South Africa | |
| – Qatar | – South Korea | |
| – Kosovo | – Tajikistan | |
| – Croatia | – Taiwan | |

Household Products Division

- | | | |
|------------------|--------------------------|------------------------|
| – Belgium | Export business in | Export business |
| – Denmark | Europe with: | world-wide with: |
| – Germany | | |
| – Finland | – Bosnia and Herzegovina | – Australia |
| – France | – Bulgaria | – China |
| – Luxembourg | – Estonia | – India |
| – Netherlands | – Greece | – Israel |
| – Norway | – Ireland | – Japan |
| – Austria | – Italy | – Namibia |
| – Russia | – Kazakhstan | – New Zealand |
| – Sweden | – Kosovo | – South Africa |
| – Switzerland | – Croatia | – South Korea |
| – Czech Republic | – Latvia | – Taiwan |
| – United Kingdom | – Lithuania | – Thailand |
| | – Malta | – Tunisia |
| | – Macedonia | – United Arab Emirates |
| | – Montenegro | |
| | – Poland | |
| | – Portugal | |
| | – Romania | |
| | – Serbia | |
| | – Slovenia | |
| | – Spain | |
| | – Ukraine | |
| | – Hungary | |
| | – Cyprus | |



Melitta Brasil

Melitta Brasil offers a comprehensive range of coffee products, coffee filters, ready-to-drink coffee- and milk-based beverages, and coffee preparation products. The operating division has three production facilities: two coffee roasting plants, one in the south and one in the southeast of Brazil, and one paper mill. After experiencing strong growth over the past decade, Melitta Brasil is the leading brand in the vacuum segment in Brazil.

The products offered by Melitta Brasil provide above-average quality, frequent innovations and compelling consumer benefits. The coffee range is noted for its outstanding aroma and offers numerous coffee blends to cater to a variety of tastes. The coffee filters produced by Melitta Brasil allow the aroma of the coffee to unfold perfectly. With Melitta® Wake, the operating division offers ready-made mixed beverages for young people based on coffee and milk in a wide variety of flavors for enjoyment on the go.

Market and business trends in 2015

Despite the very unfavorable economic trend in Brazil, the operating division was able to continue the high sales growth of recent years. Net sales of coffee and coffee filters in local currency achieved double-digit increases and set new revenue records. These positive results can be attributed to new products being offered, expanded distribution in smaller supermarkets all over Brazil, increased TV advertising and more intensive use of digital and social media for communicating with consumers.

Outlook 2016

For the coming fiscal year, Melitta Brasil again expects to be able to generate double-digit sales growth, despite the challenging overall economic climate in Brazil. Both the coffee business and the business with coffee filters are to be the major pillars of this growth. Current planning also includes introducing the product portfolio to regions as yet not very extensively tapped, launching new products on the market and intensifying sales to smaller supermarkets further. These efforts will be supported via attention-grabbing TV, online and POS advertising.

Sustainability

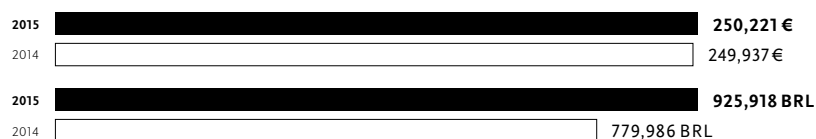
Growing proportion of sustainably cultivated coffee beans

As demand for sustainably produced goods is also increasing in Brazil, Melitta Brasil began actively promoting coffee bean cultivation in accordance with the sustainability standards of the 4C Association a number of years ago. This standard guarantees compliance with numerous minimum requirements for environmental protection, social commitment in the respective communities and working conditions for employees. In the past year, the operating division made key contributions to the development of the Group-wide sustainability strategy – among other things thanks to its many years of expertise gained from operating in a coffee-producing country.

Key Figures Melitta Brasil

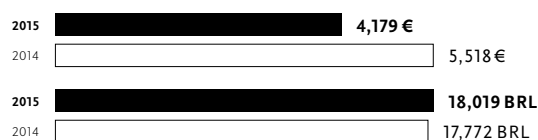
SALES

in thous.



CAPITAL EXPENDITURES

in thous.



EMPLOYEES

full-time employees, annual average



LOCATIONS

São Paulo, Brazil
Avaré, Brazil
Bom Jesus, Brazil
Guaíba, Brazil

COUNTRIES

– Brazil
– Paraguay
– Uruguay
– Argentina
– Bolivia
– Chile
– Peru
– Colombia
– Ecuador
– Venezuela

QUALITY MANAGEMENT

– ISO 9001:2008

BRANDS



WEBSITE

www.melitta.com.br
www.cafebomjesus.com.br



Melitta North America

Melitta North America produces filter papers and roasted coffee for private consumers under the Melitta® brand as well as for the B2B market. For the booming single-serve coffee segment in the US, the operating division also offers its own range of coffees and filters for use in these brewers. Melitta North America's core markets are the USA and Canada. Its products are also marketed in Mexico, Central America and the Caribbean.

In North America, Melitta® is the leading brand of coffee filters and one of the largest providers of premium-quality coffee. The brand is known in the market for its high-quality products that address the needs of discerning customers. Thanks to impressive product innovations, Melitta North America has succeeded in consistently expanding its share of those markets in which the operating division is active.

Market and business trends in 2015

Melitta North America can once again look back on a successful fiscal year. Despite stiff competition in the coffee and coffee filter sector, sales rose by seven percent in 2015. In the US, its core market, this growth in sales was due in particular to very good results in coffee, especially within the B2B segment. Currently 40 percent of total coffee sales are attributable to the coffee capsule business. In Canada, gains in sales were achieved in both the filter and the coffee business. New package sizes launched on single-serve coffee were received very positively by Canadian customers and translated to a boost in fourth quarter sales.

Outlook 2016

Melitta North America projects to continue its positive trends within all segments in which it competes. The trend to single-serve portions is projected to continue, though it is losing momentum compared to previous years. By current statistics, over 30 million single-serve machines are in operation in North America – with an ongoing upward curve. While many consumers in North America continue to seek out convenience, another portion of the coffee drinking population is moving toward the higher end of the coffee market. Melitta North America will capitalize on this trend by innovating within the pour-over brewing category and building upon our heritage within this segment.

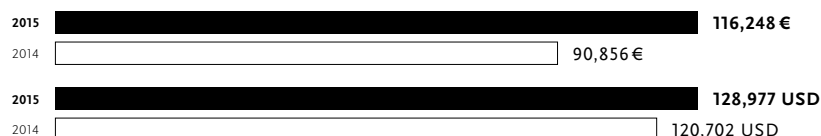
Sustainability

Increased demands placed on suppliers

Melitta North America continued to expand its sustainability-related activities over the course of the fiscal year. Measures were introduced to reduce energy consumption at its production facilities. To ensure sustainable production throughout the value creation chain, the guidelines for conduct vis-à-vis suppliers was recently amended to include additional sustainability-related aspects. Furthermore, transparency for customers with regard to current sustainability activities was enhanced. In addition, compostable coffee capsules were developed, which are scheduled to be launched into the market in 2016.

Key Figures Melitta North America

SALES in thous.



CAPITAL EXPENDITURES in thous.



EMPLOYEES full-time employees, annual average



LOCATIONS

Clearwater, Florida, USA
Cherry Hill, New Jersey, USA
Toronto, Canada

COUNTRIES

– USA
– Canada
– Guatemala
– Costa Rica
– El Salvador
– Panama
– Nicaragua
– Mexico
– Caribbean

QUALITY MANAGEMENT

– FSSC 22000
– QAI Organic
– Kosher ("OU")
– Rainforest Alliance

BRANDS



WEBSITE

www.melitta.com
www.melitta.ca



Cofresco

Cofresco is Europe's leading supplier of branded products in the field of household film, foil and paper. The operating division's brands are at home in almost all European countries. Cofresco's portfolio comprises product solutions for the wrapping, preparing and freezing of food, for the safe storage of household and garden items, and for the disposal of waste.

Throughout Europe, the Cofresco brands stand for quality – over 70 million households enjoy the benefits and added value of the various product offerings. With its brands Toppits®, Albal®, Bacofoil®, Handy Bag®, Glad® and PrimaPack®, Cofresco is the market leader in 16 European nations. Cofresco is also one of the major players in the food service sector with its Wrapmaster® and Caterwrap® brands. Cofresco conducts its own research and develops technological solutions for current and future consumer needs – with the aid of the Cofresco Forum.

Market and business trends in 2015

Although sales of branded products made good progress, Cofresco was less satisfied with revenue in other areas in the past fiscal year. As a result, the operating division posted increased revenue but fell just short of expectations as a whole on a like-for-like basis. The outstanding event of 2015 was the takeover of Wrap Film Systems in the UK, whose brands Bacofoil®, Wrapmaster® and Caterwrap® greatly expanded the operating division's portfolio. In addition to the UK, Cofresco successfully entered the Danish market; it also expanded its share of the French, Spanish and Belgian markets. A number of new products were launched (e.g. flat-bottom freezer bags) or relaunched (e.g. food bags) in 2015.

Outlook 2016

The operating division is planning a wide range of activities for 2016. These include making targeted further developments in its B2B business and achieving significant sales growth, while at the same time expanding sales of branded products. New products in the field of cling film and aluminum foil are expected to contribute to this trend, supported by further strong promotional activities in Germany, Spain and France. A new advertising campaign is planned for the UK market. There are also plans to strengthen positions on the Danish market, which was successfully entered last year. As part of the strategic program "Melitta 2020", the current fiscal year will also be dominated by the relocation of production from Minden to Brodnica and the integration of the Group's entire Swirl garbage bag business.

Sustainability

Initiative for more conscious handling of food

Based on the sustainability concept launched in 2014, numerous measures were developed in 2015 to meet Cofresco's own high standards in this field. Among the most outstanding activities was the start of a cooperation with the "Don't Throw Me Away!" initiative. The project uses games and classroom materials to raise awareness among children for the topic of conscious food handling with the aim of wasting fewer valuable resources. The materials already created are to be used at elementary schools throughout Germany.

Key Figures Cofresco

SALES

in € thous.



CAPITAL EXPENDITURES

in € thous.



EMPLOYEES

full-time employees, annual average



LOCATIONS

Minden, Germany
Brodnica, Poland
Telford, United Kingdom

COUNTRIES

– Germany
– France
– Spain
– Belgium
– Netherlands
– Sweden
– Norway
– Austria
– Switzerland
– Ireland
– Portugal
– Czech Republic
– United Kingdom
– Denmark
– Poland
– Russia

QUALITY MANAGEMENT

– EN ISO 9001 (Minden & Poland)
– EN ISO 14001 (Minden)
– EN ISO 50001 (Minden)
– FSC (Minden & Poland)
– PEFC (Minden & Poland)
– BRC/IoP (Poland)
– IFS-HPC (Poland)

BRANDS



WEBSITE

www.cofresco.de
www.bacofoil.co.uk
www.wrapfilm.com



Melitta Professional Coffee Solutions

Melitta Professional Coffee Solutions specializes in supplying equipment for professional hot beverage preparation in the system and non-system catering segments. Its core business comprises the development, production and global marketing of fully automatic machines for coffee specialties and filter coffee machines under the Melitta® and Cafina® brands, technical service for its professional customer base, and the sale of coffee, tea, hot chocolate and accessories.

All product development and manufacturing efforts are focused on ensuring outstanding quality in the cup. The aim is to actively enhance the taste experience of guests in hotels restaurants and cafés (Horeca) – and thus improve the bottom line of its food service clients. Melitta Professional Coffee Solutions offers its top-quality professional coffee machines around the world. The implementation of customer-specific requirements, e.g. regarding design, features and ease-of-use, is one of the division's USPs. Its own international team of customer service technicians ensures maximum machine availability and protects the customer's investment over many years.

Market and business trends in 2015

The past fiscal year was extremely successful for Melitta Professional Coffee Solutions. There was strong year-on-year sales growth in almost all markets. Activities in the past year focused on attracting major clients. In France, the Netherlands, Eastern Europe, the Middle East and Latin America in particular, the company successfully won and processed numerous major contracts. There was also strong growth in Germany – in machine sales, technical customer service and coffee – which led to an expansion of domestic Key Account Management. In the USA, a new target group was tapped in the cruise ship sector. The response to the new entry-level model Melitta® Cafina® XT4 launched in 2015 has been very positive and promises further revenue growth.

Outlook 2016

2016 will be dominated by the expansion of business activities: these will include the market roll-out of new fully automatic coffee machines in the new generation design and the launch of a test phase for the new top-of-the-range XT8 model. In addition, the company plans to begin international marketing of its coffee for the Horeca sector and its new range of coffees for specialist wholesalers. There are also plans to expand the international technical customer service team. As there are already signs of further major customer deals being signed in Germany, the rest of Europe, the USA, Latin America and the Asia-Pacific region, strong revenue growth is expected once again in fiscal year 2016.

Sustainability

Energy efficiency projects implemented

The sustainability activities of Melitta Professional Coffee Solutions focused on its site in Minden, Germany, where the Operating Division's Development, International Sales, Marketing and Service, IT, Logistics, HR and Finance departments are located. In order to reduce power consumption at the facility, a series of energy efficiency projects were implemented. These include construction measures as well as the increased use of energy-efficient equipment and the installation of LED technology in various buildings. An energy audit according to DIN EN 16427 was also conducted for the first time at this site.

Key Figures Melitta Professional Coffee Solutions



LOCATIONS

Minden, Germany
Hunzenschwil, Switzerland
Salzburg, Austria
Gorinchem, Netherlands
Villepinte (Paris Nord II), France
Corby (Northhamptonshire), United Kingdom
Elgin, USA
Tokyo, Japan

COUNTRIES

Own national subsidiaries in:
– Germany
– Switzerland
– Austria
– Benelux
– France
– United Kingdom
– USA
– Japan
– Asia-Pacific

Sales partners:
in Europe
– Denmark
– Estonia
– Finland
– Greece
– Lithuania
– Norway
– Poland
– Romania
– Russia
– Slovakia
– Spain
– Sweden
– Turkey
– Czech Republic
– Ukraine
– Hungary
– Cyprus

in North, Central and South America:
– Brazil
– Chile
– Ecuador
– Guatemala
– Mexico
– Uruguay

in Asia-Pacific:
– Australia
– Bahrain
– China
– Hong Kong
– India
– Israel
– Jordan
– Kuwait
– Lebanon

– Malaysia
– Maldives
– Oman
– Philippines
– Qatar
– Saudi Arabia
– Singapore
– South Korea
– Taiwan
– Thailand
– United Arab Emirates

in Africa:
– Egypt
– Morocco
– Namibia
– South Africa

QUALITY MANAGEMENT

- Hygiene management system HACCP-Hazard Analysis and Critical Control Points acc. to the requirements of EN 15593:2008
- Certified acc. to DIN ISO 29990 (Learning services for non-formal education and training – basic requirements for service providers)
- Certified and audited acc. to numerous country approvals (e.g. UL, NSF, KTL, EAC, S Mark certifications)

BRANDS



ca fina®

WEBSITE

www.melitta-professional.de
www.cafina.ch



Wolf PVG

Wolf PVG is a highly specialized systems supplier for all aspects of vacuum cleaning and industrial filter technology. Its products include vacuum cleaner nozzles, filters, vacuum cleaner bags and attachment flanges for vacuum cleaner bags. These products are developed and produced for both industrial and end-user customers.

Wolf PVG boasts a high level of innovation and a wide range of products. The extraordinary variety of products which the division offers provides a one-stop solution for its customers. From design to engineering, tool and machine construction, to serial manufacturing, Wolf PVG offers a full range of services under one roof. The operating division is renown for its high quality standards and its systematic alignment with customer needs.

Market and business trends in 2015

Fiscal 2015 continued to be dominated by restructuring measures aimed at improving the earnings of Wolf PVG. The main focus was on the pooling of both factories at the company's site in Spenge, Germany, and the discontinuation of manual assembly for nozzles. The company enjoyed initial success in its business with industrial clients and slightly exceeded its sales targets. However, the new ventilation filter business fell short of expectations. Above all, sales of branded vacuum cleaner bags in Germany were below budget. As expected, this led to a year-on-year decline in sales revenue.

Outlook 2016

The current year will still be heavily influenced by restructuring and the relocation of the company's Vlotho-Exter plant to Spenge. However, the implementation of these measures is making good progress and they are expected to be successfully completed in the course of the year. New B2B clients gained in late 2015 will lead to greater utilization of production capacity. The main objectives for the current fiscal year include stabilizing the position of Swirl® vacuum cleaner bags in core markets, and entering selected new European and non-European markets. In addition, the new Swirl® ventilation filter business is to be expanded as there are indications of strong market interest.

Sustainability

Greater use of ecological products

The activities already started to reduce energy and material consumption were continued in 2015. During the current restructuring phase, energy needs are also being redefined and optimized. An increasing proportion of high-grade recycled material from secure sources is being used in production. The new product developments of 2015 already meet the requirements of the second phase of the Ecodesign Directive for September 2017 and have therefore generated strong interest among clients.

Key Figures Wolf PVG

SALES

in € thous.



CAPITAL EXPENDITURES

in € thous.



EMPLOYEES

full-time employees, annual average



LOCATIONS

Vlotho-Exter, Germany
Spenge, Germany

COUNTRIES

- Germany
- Belgium
- Italy
- France
- Austria
- Switzerland
- Netherlands
- Poland
- Denmark
- Sweden
- Turkey
- Hungary
- United Kingdom
- Czech Republic
- Slovakia
- Portugal
- Greece
- South Korea
- Vietnam
- China
- Malaysia
- Japan
- USA

QUALITY MANAGEMENT

- DIN EN ISO 50001:2011
- DIN EN ISO 9001:2008

BRANDS



WEBSITE

www.wolf-pvg.de
www.swirl.de
www.swirl.de/shop



NEU KALISS SPEZIALPAPIER

Neu Kaliss / Neukölln Spezialpapier

Neu Kaliss / Neukölln Spezialpapier manufactures specialist papers and nonwoven materials for industrial use. Its range of nonwoven materials includes nonwoven wallpapers, conductive nonwoven fabrics and solar nonwovens. In its paper business, the operating division produces and processes coffee filters, beer glass and coffee cup drip catchers, crepe papers for dentists and large bakeries, udder papers and extractor hood filters.

In the nonwoven wallpaper market, Neu Kaliss / Neukölln Spezialpapier is one of the world's top five manufacturers. It supplies both the mass market and premium segments. The products manufactured and processed by Neu Kaliss / Neukölln Spezialpapier are often customized – and in some cases exclusive – high-quality goods using the latest technologies.

Market and business trends in 2015

On the whole, fiscal 2015 was a disappointing year for the operating division Neu Kaliss / Neukölln Spezialpapier. Sales fell year on year by 6.2 percent. The main causes were lower global demand for nonwoven wallpapers, the simultaneous increase in the number of competitors, and political developments in Russia and Ukraine. In the first three quarters, this led to downtime and the introduction of short-time work in Neu Kaliss and Berlin-Neukölln. In the fourth quarter, demand picked up strongly. New customers were gained in both the premium and standard segments. In order to reduce reliance on just a few industries, a number of new ideas and products were also developed in the field of filtration, acoustics and adhesive tapes in the past year.

Outlook 2016

Political developments in Russia and Ukraine will continue to impact the business trend of Neu Kaliss / Neukölln Spezialpapier in 2016, as this region accounts for a significant share of the operating division's sales. Due to the newly acquired customers, however, the situation is regarded as more favorable than last year. Sales are likely to be significantly higher in 2016 than in the previous year. The newly developed products (acoustics, filtration, adhesive tape) have already sparked sustained market interest and significantly improved figures are expected no later than in the second half of 2016.

Sustainability

Realignment of waste management

Against the backdrop of its energy management system according to DIN EN ISO 50001, Neu Kaliss / Neukölln Spezialpapier systematically identified energy savings potential in 2015 and introduced corresponding measures to raise its energy efficiency. A particular focus area was the analysis and realignment of waste management. These measures will be gradually implemented over the course of the current year. This will enable the operating division to achieve a number of its own targets with regard to sustainability.

Key Figures Neu Kaliss / Neukölln Spezialpapier

SALES in € thous.



CAPITAL EXPENDITURES in € thous.



EMPLOYEES full-time employees, annual average



LOCATIONS

Neu Kaliss, Germany
Berlin-Neukölln, Germany

COUNTRIES

– All EU countries
– USA
– China
– South Korea
– Japan
– Malaysia
– Russia
– Turkey
– Ukraine

QUALITY MANAGEMENT

– DIN EN ISO 9001:2008

WEBSITE

www.nkpaper.com



ACW-Film

ACW-Film develops and produces flexible packaging for the consumer goods industry in Germany and the rest of Europe. The operating division supplies – also just-in-time – films, film laminates, papers and film/paper composites for the special packaging machinery of its clients. The main focus is on the delivery of high-quality, innovative and customized packaging films for the confectionery, cleaning and fresh meat industries.

ACW-Film focuses on the supply of specialty and niche products within the packaging film segment. Its key competitive advantages include a high degree of flexibility and fast response times. In addition, ACW-Film boasts cutting-edge technologies and exceptional customer service. The high quality of products manufactured by ACW-Film – which are also available in small batches – guarantees excellent, high-performance and trouble-free processing for its clients.

Market and business trends in 2015

The operating division ACW-Film achieved a slight increase in sales year on year in 2015. However, as its sales targets were much higher, fiscal year 2015 was generally less than satisfactory. Following low capacity utilization in the first half of the year, demand for the operating division's services in the field of gravure and flexo printing rose strongly in the second half of 2015. The past fiscal year was dominated by numerous investments: these include changes in the personnel and operating structures, complex preparatory work for the modernization and installation of machinery, and the development of new products – especially in the field of gravure-printed packaging films. In October, a new eight-color gravure printing line and a thermal-regenerative air purification system were put into operation.

Outlook 2016

Sales growth in all product categories is planned for 2016. A double-digit increase in revenue has been targeted. This ambitious goal has been made possible in no small part by the expansion of capacity. In view of numerous customer projects in key product areas, such as gravure printing, flexo printing and lamination, management is upbeat about business prospects in the current year. The main investments in 2016 will include the installation and production launch of a further slitter rewinder unit.

Sustainability

Significant reduction in harmful emissions

The operating division ACW-Film strives to achieve maximum sustainability in the manufacture of its products. All scrap film from production can now be recycled. In addition, the new thermal-regenerative air purification system has made a significant contribution to reducing pollutants and efficiently recovering energy – thus lowering overall power consumption. Further energy savings were achieved by installing LED lamps in all production areas.

Key Figures ACW-Film

SALES in € thous.	2015	<div></div>	6,338
	2014	<div></div>	6,377

CAPITAL EXPENDITURES in € thous.	2015	<div></div>	1,284
	2014	<div></div>	428

EMPLOYEES full-time employees, annual average	2015	<div></div>	35
	2014	<div></div>	35

LOCATIONS

Rhede (Ems), Germany

COUNTRIES

– Germany
– Netherlands

QUALITY MANAGEMENT

– Hygiene management system EN 15593:2008
HACCP-Hazard Analysis and Critical Control Points
acc. to the requirements of EN 15593:2008

WEBSITE

www.acw-film.de

Group Management Report

BASIS OF THE GROUP

The company/ The internationally operating Melitta Group is one of Germany's best-known family companies. Our clearly differentiated branded goods boast leading positions in major high-volume B2C markets and high-margin niche segments of the B2B market.

The Group's structure enables our decentralized management to closely align operations with the needs of respective markets via our operating divisions and national subsidiaries. With the aid of central corporate divisions, Chief Corporate Management steers the Group according to strategic objectives and on the basis of our mission, shared values and fundamental corporate principles.

In their respective markets, the Group's products are marketed under international brand names, such as Melitta®, Swirl®, Toppits® and other regional brands. In our B2B business, certain product categories – such as nonwoven wallpapers – are already successfully marketed around the world, while others are currently being established.

With their clear focus on coffee and coffee preparation, the product categories marketed under the Melitta® brand account for the largest share of Group turnover. They include filter papers, coffee, filter coffeemakers and fully automatic coffee machines for private and commercial use.

The Swirl® product range includes dust filter bags, vacuum cleaner accessories, and garbage disposal products.

Our products for the storing and freshkeeping of food and the disposal of household waste are marketed under the Toppits®, Albal® and Handy Bag® brands.

The remaining product categories are marketed to industrial clients (B2B). They include specialist papers for the wallpaper industry and industrial films for food packaging.

The innovation and development activities of our companies are designed to detect or shape new consumer trends in order to turn them into new and clearly differentiated products which will secure the company's sustainable development. This also applies to our food service and B2B clients.

ECONOMIC REPORT

Business environment/ The strong decline in the price of many commodities, especially crude oil, failed to deliver the expected momentum for global economic growth in 2015. According to figures of the International Monetary Fund (IMF), global output rose by just 3% – the lowest figure since 2008/2009.

In Germany and other European countries, this trend manifested itself in modest export demand. Nevertheless, there was noticeable economic growth in Germany, driven by buoyant consumer spending and increased investment in residential property. All in all, the German economy made steady progress; gross domestic product (GDP) increased by 1.7%, while in Europe as a whole real GDP growth reached 1.5%.

In the USA, there was GDP growth of 2.4 % in 2015 on the back of strong consumer spending. Both Canada and Japan recorded economic growth of around 1 %.

The economic situation in Brazil was once again unsatisfactory in 2015. Following zero growth in 2014, economic output was down 3.8 % in 2015 as a result of the recession. The current situation is dominated by rising interest rates, high unemployment, and a sharp decline in industrial production.

Development of business/ a) Coffee – The German market for roasted coffee made further progress with growth of 1.1 % by volume. The main drivers were the Whole Bean (+11.2 %) and Capsules (+18.4 %) segments. As expected, however, filter coffee sales fell by 2.2 %. As a consequence, filter coffee's share of the roasted coffee market decreased to 66 % (prior year: 68 %). There was encouraging growth in our market share, however: compared to the previous year, we greatly expanded our annual average shares of the Filter Coffee, Whole Bean and Pads/Coffee Specialties segments. Over the course of 2015, commodity prices were generally falling.

Despite the ongoing recession in Brazil, the local roasted coffee market made good progress with volume growth of +3 %. In our key regions of Brazil, there were average price increases of 7 % to 9 % in the overall market. In our second most important market after Germany, the overall market trend was therefore positive for us. In addition, we achieved a slight increase in our market shares.

There were significant changes in the US coffee capsule market. The expansion of Dunkin' Donuts in the retail market led to market share losses for all major brands. This also applies to Melitta

capsules. The acquisition of Keurig by JAB Holding Co. will also impact the capsule market in the long term. All in all, the market structure in this segment is changing radically. In the United States and Canada, however, the coffee capsule market remains the most important coffee segment. Sales volumes of filter coffee were down slightly by 2 % in the USA and Canada.

b) Filter paper and coffee machines – The European market for filter paper continued to decline in 2015. However, we succeeded in expanding our market share marginally year on year.

There was a slight fall in sales volume in Brazil. Despite the considerable price increase implemented in 2014, there was only a minor decline in our share of the Brazilian coffee filter market during the reporting period.

Market declines were also recorded in the USA, while in Canada there was growth in filter sales following the sharp declines in previous years.

Filter coffeemakers are still the most widespread coffee preparation method in Europe with a share of around 50 %. Due to the trend toward higher-quality coffee machines, total market revenue grew by 4 % despite a 3 % decline in sales volume in Europe as a whole. Our market share was unchanged in this product category compared to the previous year.

There was further growth in sales volumes of fully automatic coffee machines in our important markets of Germany, France and Austria. This generally positive market trend is mainly due to growing on-line sales. Our share of this coffee machine market did not change significantly over the previous year.

Increased world-wide demand for commercial coffee machines in the reporting period boosted sales, especially in the fourth quarter. With the exception of Japan, this was the case in all markets where we have our own national subsidiaries. There is further market potential in both Asia and South America which we intend to exploit with further internationalization and expansion of our sales network.

c) Dust filter bags and accessories – The European dust filter bag market has been in decline in recent years. In addition, new requirements for vacuum cleaners introduced by EU regulation in September 2014 means that Swirl®-branded products in retail stores now face additional competition from OEM dust filter bags.

d) Film-based and nonwoven products – Against the backdrop of generally upbeat consumer sentiment in Europe and the ongoing trend toward higher-quality branded products, there was further encouraging growth in the markets for film-based food storage and garbage disposal products. Only the aluminum foil category suffered falling sales volumes in our key markets of Germany, France, and Spain. Our market shares remained stable year on year.

Sales of nonwoven wallpaper – a key component of our B2B business – were once again unsatisfactory in 2015. Demand is still far below expectations, especially in East European markets. The resulting excess production capacity is creating fierce competition and sustained pressure on sales prices.

Earnings/ The Melitta Group generated total sales of €1,436 million in 2015. This corresponds to growth of 8%. The increase in revenue resulted partly from an encouraging rise in volume (8%) and prices (1%) – although currency conversion reduced revenue growth by two percentage points – and partly from the initial consolidation of Wrap Film Systems Ltd., UK, as of October 1, 2015 (+ one percentage point).

The Group's coffee business in Germany, as well as in Brazil and the USA, played a major role in this positive trend.

a) Melitta Europe – Almost all product categories of the company's coffee business in Germany, both in Filter Coffee and the Whole Bean and Universal Pad ranges, contributed to overall revenue growth of 12%. This positive trend is the result of innovative coffee products and very successful brand management. For five years now, Melitta has been the only coffee brand in Germany to display clear growth in its umbrella brand figures.

Coffee preparation systems, including coffee filters, coffeemakers and fully automatic coffee machines, also made good progress in a generally declining European market. Sales of filter bags remained constant. In the case of filter coffeemakers and fully automatic coffee machines for the household, total sales growth amounted to 14%.

Sales of dust filter bags under the Swirl® brand were down slightly in 2015. The competition from bagless vacuum cleaners and an overall decline in demand for dust filter bags prevented any growth over the previous year.

By contrast, Swirl-branded garbage bags recorded year-on-year revenue growth, aided by targeted marketing activities in Germany as well as foreign markets.

b) Melitta Professional Coffee Solutions – Sales of commercial coffee machines were up 13 % over 2014. The successful product launches of the past years, the roll-out of the XT 4 product line in 2015, and the development of new customer segments all contributed toward the operating division's successful sales trend in 2015. Growth was also boosted by the addition of new international customers and the expansion of the company's distribution network.

c) Cofresco – For the operating division Cofresco, the acquisition of a 100 % equity stake in Wrap Film Systems Ltd., UK represented a major strategic step in the expansion of its European market positions. However, its traditional business with the brands Toppits®, Albal® and Handy Bag® also made good progress and generated year-on-year revenue growth of 4 % in 2015. Together with the revenue contribution of its newly acquired business in the United Kingdom, Cofresco posted an 18 % rise in revenue for the reporting period.

d) Wolf PVG – As expected, there was a decline in OEM business with dust filter bags and accessories in 2015. In its B2B business with nozzles and filters, however, the company reported a positive trend. The successful conclusion of delivery agreements with new customers and the tapping of new distribution channels already had a positive impact. All in all, revenue growth of 8 % was well above expectations for 2015.

e) Melitta Brasil – Once again, there was very encouraging revenue growth in Brazil generated by almost all product categories. In local currency, revenue rose by 19 %. However, the 18 % decline in the value of the Brazilian currency over the year offset this growth in consolidated sales. Melitta achieved sales of €250 million in Brazil (prior year: €250 million). Its share of consolidated sales fell from 19 % to 17 %.

f) Melitta North America – The sales trend in North America remains strong. The US companies raised revenue by 12 % (local currency) with their successful coffee business, including capsules for the B2B sector. Due to an average annual increase in the US dollar against the euro of 16 %, the growth in consolidated sales amounted to 32 %.

In Canada, there was an 8 % revenue decline in local currency. The development of the Canadian dollar, however, meant that the subsidiary reported a slight increase in consolidated revenue in euro. Melitta North America generated revenue of €116 million (2014: €91 million); this corresponds to 8 % of consolidated sales.

g) Neu Kaliss / Neukölln Spezialpapier / ACW-Film – Due to the ongoing adverse market situation for nonwoven wallpapers, revenue fell from €41 million to €39 million in the reporting period.

Sales of packaging films for the food industry were virtually unchanged over the previous year (€6 million).

ASSETS AND FINANCE

Capital structure/ As of December 31, 2015, the Melitta Group's equity capital stood at €218 million. The decrease of €34 million resulted from the net balance of shareholder contributions and withdrawals, the consolidated net loss and foreign currency changes without effect on income. The equity ratio amounts to 32 % (prior year: 40 %). Bank balances, marketable securities and cash equivalents contained in other assets (together "liquid funds") were deducted from the balance sheet total when calculating the equity ratio.

Net bank borrowing of the Melitta Group as of December 31, 2015 amounted to €41 million; including other interest-bearing liabilities, net financial debt totaled €50 million. In the previous year, there were net bank balances of €10 million and a net financial investment of €5 million.

Bank liabilities increased from €63 million to €153 million. With the placing of a promissory note loan, a total of €100 million was borrowed with terms of 5 years (€40 million), 7 years (€35.5 million) and 10 years (€24.5 million). The funds were mainly used to finance a company acquisition in the UK, to make scheduled repayments of bilateral loans, and to build up liquidity reserves.

Liquid funds rose from €73 million to €112 million as of December 31, 2015. This figure includes an increase in liquidity reserves from €26 million as of December 31, 2014 to €44 million. The available liquidity of €26 million at the end of 2014 was used in the first half of 2015 to cover funding needs resulting from an increase in tied-up capital.

Non-current liabilities as of December 31, 2015 consist of pension accruals and similar obligations, including other non-current accruals of €149 million (prior year: €145 million) and bank liabilities of €62 million. The change in pension accruals includes consideration of new accounting regulations on discounting (10-year average vs. 7-year average in the previous year).

As of December 31, 2015, the Melitta Group had short- and medium-term debt of €354 million (prior year: €297 million). Among other things, the rise is due to an increase in bank liabilities of €33 million. Trade payables decreased by €14 million. There was a net increase in other short- and medium-term debt of €38 million. This is mainly due to changes in other accruals.

There was an increase in total assets during the reporting period of €85 million, from €699 million to €784 million.

Non-current assets at the end of the reporting period rose in total by €31 million. This was predominantly due to goodwill for the companies acquired in the United Kingdom. Gross capital expenditures of €27 million (before the acquisition mentioned above) were in line with the investment forecast of €30 million. There was an opposing effect from depreciation and amortization of €29 million.

Current assets increased by €54 million, from €456 million to €510 million. This rise is mainly due to the increase in liquidity reserves of €39 million and higher trade receivables (€15 million).

Liquidity/ The liquidity of the Melitta Group is analyzed via the cash flow statement. The Group generated positive cash flow from operating activities in 2015, which was used for financing and investing activities. Financing activities mainly comprise new loans for investments and working capital, as well as for ensuring liquidity reserves, and opposing amounts for the planned repayment of bank loans and withdrawals of the owners.

In fiscal year 2015, the Melitta Group had sufficient credit lines to finance its working capital.

SUBSEQUENT EVENTS AND OVERALL ASSESSMENT

Against the backdrop of a generally positive market environment with stable consumer spending, we are generally satisfied with the development of our operating business in the reporting period. There were no significant deviations from our expectations for 2015. The projects defined as part of our “Melitta 2020” strategy to raise efficiency and reorganize the Group’s structure, especially in Europe, were completed. There were no events after the fiscal year which had a significant impact on the financial position and performance of the Melitta Group.

Financial and non-financial performance indicators/

Melitta’s corporate management system is geared toward long-term, value-oriented and profitable growth. To this end, we have defined specific controlling processes. Our key performance indicators are sales revenue, EBIT and return on net capital employed.

The most important non-financial performance indicators include various ecological figures collected by our energy and quality management systems, as well as employment-relevant indicators. The latter include data on staff satisfaction, fluctuation rates, personnel development, work safety, equal opportunities, and the work-life balance.

EMPLOYEES

The average number of employees worldwide increased by 236 to 3,973 while the number of apprentices rose to 91 (prior year: 71).

With its balanced internal and external communication activities, Melitta once again strengthened its position as an attractive employer in the past year. Efforts included the international expansion of the Group’s employer branding campaign and an increase in university marketing. In January 2015, Melitta was voted one of Germany’s top 25 employers in a FOCUS study. The Group was ranked second in both the “Manufacturing and Consumer Goods” and “Food, Drink and Tobacco” sectors.

OPPORTUNITY AND RISK REPORT

The Melitta Group uses a differentiated management system aimed at the structured identification and assessment of those risks to which the company is exposed. It includes all organizational regulations and measures for the early recognition, evaluation and analysis of risks.

Melitta pursues a balanced risk policy. In the course of auditing the annual financial statements 2015, our early recognition system according to Sec. 91 (2) of the German Stock Corporation Act (AktG) was voluntarily audited by the external auditors; it was found to comply with statutory requirements.

The management system comprises suitable reporting procedures. These ensure that the managers responsible are constantly and quickly informed about potential risks and opportunities. This enables both the Group and individual companies to take fast and effective corrective measures.

The main risks of the Melitta Group result from general economic developments, sector developments, and risks from general operating activities. In addition, price increases for commodities (especially green beans) and unfavorable exchange rate developments may lead to negative deviations from the Group's targets.

The monitoring and controlling of financial risks is entrusted to the Group's treasury division. Foreign exchange and interest hedging instruments (options, swaps, futures and interest derivatives) are used where necessary to hedge against specific risks from existing or foreseeable underlying transactions. Liquidity risks and risks from cash flow fluctuations are countered constantly by local and group-wide liquidity planning.

However, these general risks are also countered by opportunities. For the Melitta Group, these arise in particular from an upturn in the economy and the resulting impetus to consumer spending, as well as the rising propensity to purchase commercial coffee machines.

Melitta generally seeks to utilize additional market opportunities while taking account of the risks involved. These result from the further internationalization of our business via the targeted penetration of new markets and the tapping and expansion of fast-growing

products in all relevant coffee and coffee preparation segments of the private household and commercial markets. Financial and profit-related opportunities with positive deviations from the planned trend in revenue and earnings result from additional sales, falling commodity prices and more favorable exchange rates.

FORECAST REPORT

We do not expect any substantial change in the global economic environment in 2016. Consumer spending in Germany and other West European countries will remain a key driver of our growth. Even if the US economy should grow more slowly than expected, this is unlikely to have a major impact on our business. Brazil faces a further year of recession in 2016. Nevertheless, we expect consumer spending to be sufficiently stable for the continued growth of our Brazilian business. Inflation and interest rates will remain high in Brazil.

Commodity prices are not expected to rise significantly. No significant changes in our competitive environment can be observed at present.

With regard to currency fluctuations, a further devaluation in Brazil seems likely. According to general expectations, the US dollar is set to rise further against the euro in 2016. After conversion of the respective local currencies, these trends will impact both the consolidated income statement and equity (without affecting income).

Against this backdrop, we anticipate like-for-like growth in consolidated sales of approx. 5% to 6% in 2016.

Capital expenditures will reach approx. €37 million.

Cash outflows for capital expenditures and funds required for the further expansion of business will be financed via cash flow from operating activities. We expect positive free cash flow for the year as a whole.

Minden, March 2016

**The general partners of
Melitta Unternehmensgruppe Bentz KG**

Consolidated Balance Sheet

Melitta Unternehmensgruppe

Bentz KG

as at 12-31-2015 (abridged version) in € thous.

ASSETS	12-31-2015	12-31-2014
Intangible assets	47,883	15,145
Tangible assets	199,109	201,041
Financial assets		
_ Shares in affiliated companies	1,974	1,371
_ Participation interests	23,151	23,846
_ Other financial assets	2,035	1,617
Non-current assets	274,152	243,020
Inventories	149,000	145,102
Receivables and other current assets		
_ Trade receivables	216,509	202,197
_ Other receivables and current assets	18,043	20,601
Securities	40,543	23,465
Bank balances, checks	68,128	46,719
Current assets	492,223	438,084
Other assets	17,761	17,709
TOTAL ASSETS	784,136	698,813

EQUITY AND LIABILITIES	12-31-2015	12-31-2014
Equity	218,428	252,261
Pension accruals	148,645	144,931
Other accruals	128,963	91,078
Accruals	277,608	236,009
Debts	153,465	63,147
Trade payables	82,887	97,041
Other liabilities	43,854	42,830
Liabilities	280,206	203,018
Prepaid expenses	7,894	7,525
TOTAL EQUITY AND LIABILITIES	784,136	698,813

Explanatory Notes on the Consolidated Balance Sheet

1. GENERAL INFORMATION ON ACCOUNTING AND VALUATION

Certain items of the consolidated financial statements, drawn up in accordance with Sec. 13 German Company Disclosure Law (PublG) in conjunction with Sec. 294–314 German Commercial Code (HGB), have been combined for the publication of this annual report for fiscal 2015. The Melitta Group makes use of the exemption pursuant to Sec. 13 (3) Sentence 2 PublG regarding the publishing of income statements. The consolidated financial statements and Group management report, which were awarded an unqualified audit opinion by the independent auditors, and the disclosures pursuant to Sec. 5 (5) Sentence 3 PublG are published in the Federal Gazette.

CONSOLIDATED GROUP

The consolidated financial statements include all domestic and foreign companies under the common control of Melitta Unternehmensgruppe Bentz KG.

The consolidated group comprises 59 (prior year: 58) companies, of which 26 are based in Germany and 33 abroad.

Due to their minor importance for the assets, liabilities, financial position and earnings of the Group, eleven companies (prior year: six) were not included in the consolidated financial statements. Despite a shareholding of over 20 %, four other companies (prior year: four)

were not included as associated companies since Melitta Unternehmensgruppe Bentz KG exerts no significant influence on their business and financial policy.

In accordance with Secs. 311, 312 HGB, major participations are to be valued using the equity method if a significant influence can be exerted on their business and financial policy. This is the case with two companies (prior year: two).

The following changes to the consolidated group occurred in 2015: Airflo Finance B.V., Amsterdam, and Airflo Holding B.V., Amsterdam, were merged with Melitta Nederland B.V., Gorinchem. Following contribution of its operating activities to the newly founded Cofresco Poland Sp. z o.o Manufacturing Sp. k., Brodnica, Cofresco Polska Sp. z o.o, Brodnica, was merged across borders with Cofresco Operations GmbH, Minden. Cofresco Poland Sp. z o.o, Brodnica was newly formed and was initially consolidated as a subsidiary of Cofresco Operations GmbH, Minden, as of December 31, 2015. Cofresco Frischhalteprodukte GmbH & Co. KG acquired the Wrap Film Group, based in Telford, UK, with its companies Wrap Film Holdings Ltd., Wrap Film Systems Ltd. and Reliance Converting Ltd., as of October 1, 2015. The two first-named companies are included in the consolidated financial statements by means of full consolidation.

The companies included in the consolidation have exercised their legal option to be exempted from an audit of their annual financial statements. The auditor of the consolidated financial statements examined the summarized annual financial statements included in the consolidated financial statements and satisfied himself that

these annual financial statements complied with the accounting and measurement regulations of the German Commercial Code and generally accepted accounting principles.

CONSOLIDATION METHODS

The consolidated financial statements were prepared as at December 31, 2015. This is the balance sheet date for all companies included in the consolidated accounts.

In the capital consolidation process, the acquisition cost or balance sheet valuation of the shareholding is offset against the proportional share of shareholders' equity on the date of the initial consolidation. Goodwill is formed for any resulting differences – insofar as these cannot be directly attributed to, and depreciated with, individual asset items – and amortized in the following years with a useful life of 5–15 years with an effect on income. This consolidation method is also used for investments in associated companies. The assessment of the amortization period is based on the future use of the goodwill.

Investments in associated companies are consolidated using the book value method. Inter-group trading profits from transactions with associated companies were not eliminated.

Debt was consolidated according to Sec. 303 (1) HGB, while income and expenditure were consolidated pursuant to Sec. 305 (1) HGB and unrealized results eliminated in accordance with Sec. 304 (1) HGB.

Deferred taxes were formed for temporary differences with an effect on income from consolidation transactions using individual tax rates.

ACCOUNTING AND VALUATION PRINCIPLES

Uniform valuation of assets throughout the Group is guaranteed by the application of corporate guidelines, valid for all members of the Melitta Group – with the exception of those companies consolidated using the equity method. These corporate guidelines correspond to commercial law regulations.

Intangible assets are valued at cost, while property, plant and equipment are valued at acquisition or production cost; they are written down using the straight-line or diminishing balance method. In addition to direct costs, production costs also include a proportionate amount of overhead costs and depreciation. Investment subsidies do not reduce the cost of acquisition or production but are recognized as other operating income. Financial assets are valued no higher than at acquisition cost, or the lower fair value. In the case of permanent impairment, fixed assets are subjected to non-scheduled depreciation.

Inventories are valued at acquisition or production cost. Raw materials, supplies and merchandise are valued at the lower of average purchase prices and current values. Unfinished and finished goods are valued at production cost, which also includes a reasonable amount of necessary overhead cost and depreciation. Production costs are lowered accordingly, should this be necessary to avoid valuation losses. Suitable allowances are made to cover the risk from holding inventories.

Advanced payments, accounts receivable, other assets and cash and cash equivalents are carried at their nominal values or the lower rate for foreign currencies and the lower fair value in the case of recognizable risks. Lump-sum allowances have been made to cover general credit risks.

Pursuant to Sec. 306 HGB, deferred tax assets and liabilities are formed for consolidation entries with an effect on income. Deferred tax assets were formed for tax loss carryforwards for which it can be assumed with adequate probability that they will be used in future, as well as for temporary differences between the commercial and tax balance sheet (in the items non-current assets, current assets, accruals and liabilities), after netting with deferred tax liabilities. For the measurement of deferred taxes, the individual tax rates of the affiliated companies included in consolidation were considered (16–37%).

Accruals for pensions are calculated using the projected unit credit method. Pension accruals are measured with an interest rate of 4.3% as at December 31, 2015 (prior year: 4.53%). The period used

for calculating the average interest rate for discounting pension obligations was extended from seven to ten years (Sec. 253 (2) Sentence 1 HGB new version). Use was thus made of the option for premature application pursuant to Article 75 (7) EGHGB new version. In accordance with the simplifying provision of Sec. 253 (2) Sentence 2 HGB, a standard remaining term of 15 years was assumed for the obligations. Future pay increases were taken into account at a rate of 3.5% p.a. and pension increases at a rate of 1.5%. Standard consideration throughout the consolidated German companies was also given to the relevant biometric calculation basis (including the RT 2005 G mortality chart) and other calculation principles for the settlement amount to be used. Accruals for pensions of foreign companies were calculated as of December 31, 2015 using the projected unit credit method with an interest rate of 3.89–4.3% and individual assumptions as to pay and pension increases, as well as biometric assumptions.

Other accruals cover all recognizable risks and uncertain commitments in the amount of the respective settlement amount. Accruals with maturities of over one year were measured in accordance with Sec. 253 (2) HGB. Pursuant to Sec. 246 (2) HGB, assets (plan assets) measured at fair value were netted with accruals for pension obligations. The resulting positive balance from netting is disclosed in the balance sheet as an asset-side difference from asset allocation.

Subject to the fulfillment of the corresponding prerequisites, transactions expected with a high level of probability (hedged items) are placed together with derivative financial instruments in hedging relationships in order to balance contrasting value changes or cash

flows from the acceptance of comparable risks. Such hedging relationships are presented in the financial statements using the net hedge presentation method.

Financial instruments are measured using generally accepted valuation models and mathematical procedures based on current market data.

Liabilities are carried at their respective settlement amounts.

CURRENCY TRANSLATION

The annual financial statements of consolidated subsidiaries prepared in foreign currencies are translated using the modified closing-date method. This means that balance sheet items in foreign currencies are converted at the closing-date rate and income statement items at average rates of 2015. Shares in affiliated companies, subscribed capital and reserves are translated at historic rates and any resulting differences in values are netted in equity.

Assets and liabilities denominated in foreign currencies are translated at the spot rate as of the balance sheet date, providing there are no hedging transactions.

2. NON-CURRENT ASSETS

in € thous.	Book values 12-31-2015	Book values 12-31-2014*	Additions	Depreciation current year	Other changes
Intangible assets	47,883	15,145	38,142	5,308	– 96
Tangible assets					
– Land	89,507	88,616	3,634	5,031	2,288
– Machines and equipment	89,372	90,520	9,694	14,908	4,066
– Other assets	20,230	21,905	13,106	3,824	–10,957
Total tangible assets	199,109	201,041	26,434	23,763	–4,603
Financial assets					
– Shares in affiliated companies	1,974	1,371	603	0	0
– Participation interests	23,151	23,846	0	0	– 695
– Other financial assets	2,035	1,617	360	7	65
Total financial assets	27,160	26,834	963	7	– 630
TOTAL NON-CURRENT ASSETS	274,152	243,020	65,539	29,078	– 5,329

* Differences arising from the currency translation of fixed and other assets at current rate values are offset against shareholders' equity or the corresponding liability items without affecting earnings.

3. INVENTORIES

in € thous.	12-31-2015	12-31-2014
Europe	117,108	112,470
North America	14,786	11,760
South America	8,278	14,028
Asia-Pacific	8,828	6,844
TOTAL INVENTORIES	149,000	145,102

4. TRADE RECEIVABLES

in € thous.	12-31-2015	12-31-2014
Europe	179,467	165,297
North America	14,273	11,784
South America	18,168	21,157
Asia-Pacific	4,601	3,959
TOTAL TRADE RECEIVABLES	216,509	202,197

5. DEBTS

in € thous.	12-31-2015	12-31-2014
Europe	148,975	60,002
North America	207	338
South America	4,283	2,807
Asia-Pacific	0	0
TOTAL DEBTS	153,465	63,147

There are liabilities due to banks with terms of over five years of €62.344 thousand.

6. TRADE PAYABLES

in € thous.	12-31-2015	12-31-2014
Europe	69,276	84,964
North America	5,665	4,821
South America	2,462	3,202
Asia-Pacific	5,484	4,054
TOTAL TRADE PAYABLES	82,887	97,041

Minden, March 2016

The general partners of
Melitta Unternehmensgruppe Bentz KG

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