

GROWING — TOGETHER

Annual Report 2016

# MELITTA GROUP 2016

Financial figures at a glance

## KEY FIGURES OF THE MELITTA GROUP

	2016	2015*
Sales / in € thous.	1,452,062	1,344,209
Capital expenditures / in € thous.	34,382	27,497
Employees / full-time employees, annual average	4,213	4,079
Tangible assets / in € thous.	207,585	199,109
Financial assets / in € thous.	27,403	27,160
Equity / in € thous.	284,102	218,428
Total assets / in € thous.	870,484	784,136
Equity ratio / in %	38	32

\* Adjustments for German Accounting Directive Implementation Act (BilRUG)

## KEY FIGURES OF THE OPERATING DIVISIONS AND OF THE SERVICE UNIT

	Sales in € thous. 2016	Capital expenditures in € thous. 2016	Employees full-time employees, annual average 2016
Melitta Europe – Coffee Divison	345,618	3,313	206
Melitta Europe – Coffee Preparation Division	172,039	3,934	723
Melitta Europe – Sales Europe Division	11,757	749	428
Melitta South America	294,748	4,640	706
Melitta North America	112,189	5,478	119
Cofresco	244,948	5,842	787
Melitta Professional Coffee Solutions	159,197	3,016	686
Wolf PVC	59,826	2,966	176
Neu Kaliss / Neukölln Spezialpapier	43,513	1,644	208
ACW-Film	7,372	512	41
Melitta Single Portions		217	5
Melitta Business Service Center	469	677	50
Shareholdings	386	1,394	78
<b>TOTAL</b>	<b>1,452,062</b>	<b>34,382</b>	<b>4,213</b>

# COMMUNITY IS THE BASIS FOR OUR VALUE CREATION

Great things can only be achieved together. With shared values in cooperation. By pooling expertise to achieve expansion. Through a common understanding of corporate responsibility. And with the will of everyone to succeed.

With its strategic program Melitta 2020, the Melitta Group has not only laid the foundation for its future economic growth, but also for the ongoing development of its corporate culture. Our success is always a joint success.

GROWING — TOGETHER

LOOKING FORWARD — TOGETHER

GROWING — TOGETHER

1,452,062  
SALES IN € THOUS.

34,382  
CAPITAL EXPENDITURES  
IN € THOUS.

38%  
EQUITY RATIO

284,102  
EQUITY IN € THOUS.

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4,213  
EMPLOYEES  
FULL-TIME EMPLOYEES, ANNUAL AVERAGE

207,585  
TANGIBLE ASSETS IN € THOUS.

WORKING — TOGETHER

RESPONSIBLE — TOGETHER

MELITTA GROUP 2016  
Financial figures at a glance

#### THE FIBONACCI PRINCIPLE

The Fibonacci sequence describes the characteristics of growth processes often observed in nature. The Fibonacci principle is clearly visible in many flowers, such as sunflowers. The Fibonacci sequence begins with the number 1 twice, and the subsequent numbers are the sum of the two previous numbers. If the Fibonacci numbers are divided one after the other, the result is always 1,618 ("phi").



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GROWING — TOGETHER



*April 2017*

*Ladies and gentlemen,*

The Melitta Group can look back on a very successful fiscal year 2016. Compared to the previous year, we raised revenue by eight percent to €1,452 million (prior year: €1,344 million). As a result, we achieved growth in real terms of 6 % and even exceeded our own revenue targets for the past fiscal year in some cases.

Equally encouraging is the fact that each of our operating divisions contributed toward this growth. In certain segments, we achieved significant market share gains.

The positive business trend of the past two years is confirmation that the measures we initiated as part of our Melitta 2020 growth program have laid the right foundations.

In our coffee business, we set a new record in sales volume – as we did in the preceding years. Our top-quality and comprehensive range of products – combined with product innovations in Europe, as well as North & South America – is enabling us to reach ever larger population groups and steadily expand our market shares.

In addition to our coffee business, we were also exceptionally successful with our portfolio of filter coffeemakers and our product range for the system and non-system catering segments. In our filter coffeemaker business, our high-end range in particular achieved disproportionately strong growth in a highly competitive market. This growth was also helped by the fact that consumers are increasingly using filter papers to prepare their coffee and the trend toward fully automatic coffee machines is continuing. In the system and non-system catering segments, we have been enjoying a strongly upward trend for several years now and once again posted double-digit revenue growth – thanks in particular to our cooperation with major clients.



The fact that those operating divisions at the heart of our Melitta 2020 growth program are making such successful progress convinces us that we took the right decisions and measures. The past fiscal year was dominated by numerous changes to the structures and processes of our Group, which had to be implemented on top of our day-to-day business. We have already established the Melitta Business Service Center and the sales unit Melitta Sales Europe as independent operating divisions and both are already operational. In addition, we successfully set up the new operating divisions Melitta Single Portions and Melitta Asia Pacific, founded a national subsidiary in Australia, launched a Group-wide innovation management system, further developed our sustainability strategy and implemented numerous initiatives which had been adopted as part of our Melitta 2020 program.

We are also optimistic for the fiscal year 2017 and expect further strong growth. To this end, we plan to drive our international expansion and make significant investments in the USA, Brazil and Germany. We are pleased to see that a growing number of people are interested in learning more about the products they buy – they want to know more about their properties, ingredients, supply chain and production. As a result, there is a renewed focus on top-quality products. With our premium products, our strong brands and our product lines tailored to individual preferences, we expect to benefit from this trend.

The success of the past fiscal year owes much to the dedication of our employees. Despite the additional burdens resulting from our strategy program and numerous individual projects, we succeeded in reaching – or in some cases even exceeding – our targets in all areas. We would therefore like to express our sincere gratitude to all employees. With what we have achieved so far, we have every reason to be optimistic about the future – and continue growing together.



Dr. Stephan Bentz



Jero Bentz



Volker Stühmeier



# GROWING — TOGETHER

Annual Report 2016

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*growing* —





*together*

*and pooling  
our strengths*

Jero Bentz, Volker Stühmeier and Dr. Stephan Bentz  
discuss togetherness and common success





JERO BENTZ

With our strategic program Melitta 2020, we have laid the foundation for the Melitta Group's continued success. Over the past two years, we have optimized our portfolio, improved our organizational structures and aligned ourselves with fast-growing markets. Obviously, there's still a long way to go, but we're very satisfied with what we've achieved so far.

DR. STEPHAN BENTZ

The results of the past two fiscal years show very clearly that we're on the right track. The forecasts we made at the beginning of each year were exceeded.

The fact that the measures developed by our Melitta 2020 strategy have had such an immediate positive impact is a fantastic success.

VOLKER STÜHMEIER

*It's all the more important now to use the momentum from this success to implement the remaining changes we've planned. We're currently going through a transformation process, which we need to keep on*

*driving and quickly bring to a successful conclusion. Most of the new structures are in place, but there's still plenty of room for improvement in the processes.*

*"It's crucial that we empower both our executives and our employees to support and actively implement the planned changes."*

JERO BENTZ

These processes, and above all our employees, will be the main focus of the coming Melitta 2020 activities. It's crucial that we empower both our executives and our employees to support and actively implement the planned

changes. By this I mean, above all, more cross-departmental thinking and acting, more intensive cooperation across divisional boundaries, and more mutual support – but also demanding more of each other.

VOLKER STÜHMEIER

*However, this kind of behavior doesn't just evolve overnight. Employees have to be encouraged to adopt it step by step. Many employees find this difficult, as such*

*cross-divisional cooperation and the pooling of resources and competencies was rarely expected in the past.*



DR. STEPHAN BENTZ

It's definitely a big change for many employees. But I'm convinced that this change will also bring a great deal of pleasure for most employees when they realize the potential for closer cooperation between our various operating divisions.

It opens up new possibilities and the chance for new contacts, new horizons, new opportunities, new areas of influence, new ideas, and new fields of activity. All this will enrich both their work and their working environment.

JERO BENTZ

That's precisely what we're already seeing in many areas: the new central Innovation Management department is supplying our operating divisions with concrete proposals; the Melitta Business Service Center has raised the professionalism of

our purchasing and administration processes; and the pan-European marketing of our B2C products has vastly expanded our sales possibilities. This not only benefits our bottom line, but also everyone who works for Melitta.

*"The development of our corporate culture is necessitated by changes in technology and society."*

VOLKER STÜHMEIER

By the way, the development of our corporate culture is not just a consequence of our strategic program. It's also been necessitated by changes in technology and society: the possibilities for communication have changed dramatically over the last few years and will continue to change in

the future. Markets have become much faster and digitalization is radically changing existing structures, processes and business models. As a result, we all need to constantly develop our behavior and adapt it to changing circumstances.



*"Developing our company culture will not change our values."*

DR. STEPHAN BENTZ

What's important to me is that we don't confuse developing our company culture with changing our values. The values stay the same. For example, the importance of cooperation in an atmosphere of mutual trust hasn't changed. However, digitalization is changing the proportion of face-to-face communication.

The key question is therefore: how can we continue to treat each other with the same high level of respect, despite the growing lack of face-to-face communication? Our clearly defined values help provide the answers to exactly these questions.

WORKING TOGETHER

FACE TO FACE

# Markus Zeyen

“Success has got a lot to do with how we treat each other,” maintains Markus Zeyen. “How we treat employees and how we treat those outside the company. This is why the values a company upholds and fills with life are so essential.”

*Managing Director  
Corporate Legal Affairs and HR Policy*



FACE TO FACE

# Günther Klatt

*"Values are probably the most undervalued assets of a company."*

**MARKUS ZEYEN** (Transformation Management Office)  
and Group Strategy

WORKING TOGETHER

*"The more we live by the  
same values, the stronger  
and more flexible our  
organization will be."*

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WORKING TOGETHER

FACE TO FACE

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Managing Director  
Corporate Legal Affairs and HR Policy

*"The more we live by the  
same values, the stronger  
and more flexible our  
organization will be."*

FACE TO FACE —————

# Günther Klatt

“Corporate culture and values help carry a company through transformation and change,” asserts Günther Klatt. “In such situations, values offer orientation and a reference point for our own behavior.”

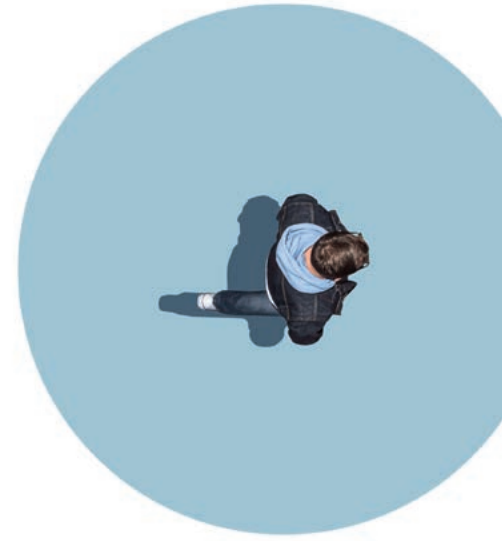
*Head of TMO (Transformation Management Office)  
and Group Strategy*

WORKING TOGETHER



FACE TO FACE —————

# Success based on culture



MARKUS ZEYEN —————

All cooperation is based on values. And the more pronounced these are, the more successful I feel the cooperation can be. That's why values are so important to me.

They reflect how we treat each other, the degree of respect we show each other, and which things are really important to us.

WORKING TOGETHER —————

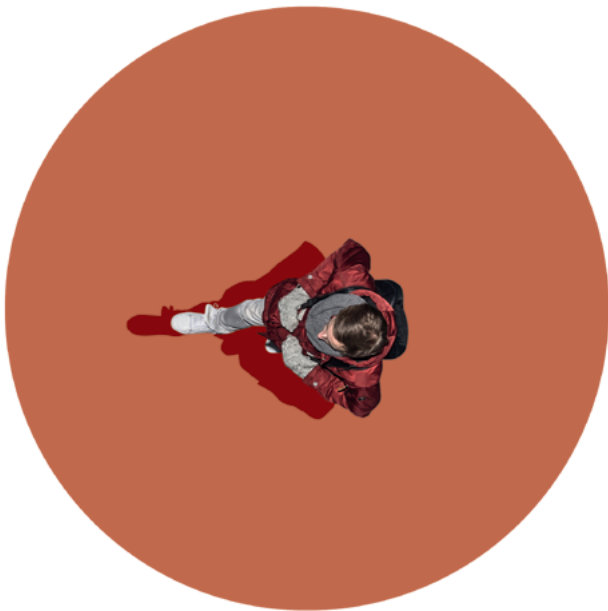
GÜNTHER KLATT —————

I think we have a very good value culture at Melitta. It's remarkable how these values are lived at all sites and at all operating divisions – even though the external

conditions are completely different. When I visit other operating divisions, I immediately feel this Melitta spirit – whether it's in Brazil, the USA or Germany.

*"Corporate culture is a  
never-ending process."*





*"All cooperation  
is based on values."*

## WORKING TOGETHER

MARKUS ZEYEN

That's certainly true. The cultures are often different and local behavior is obviously shaped in part by different mentalities and habits, but the values

within the Melitta Group are fundamentally identical. This is the result of a very long-term concept, which you generally only find in family-owned companies.

GÜNTHER KLATT

But it's also a never-ending process. And I think we need to keep working on this aspect. We need to make our values even more tangible and a topic of our daily

discussions. We should give each other even more open feedback, especially with regard to how much we're observing and implementing our values.

MARKUS ZEYEN

What's more, our environment is becoming increasingly complex, and our markets are evolving and changing ever faster. This also affects our corporate culture, which we need to steer more strongly these days than in the past. However, this doesn't change our values.

On the contrary, they give us the necessary orientation and enable us to make bold decisions. But certain aspects of behavior, such as flexibility, communication and our innovative spirit have become more prominent. ▶

► GÜNTHER KLATT —————

This can be seen very clearly from the implementation of our strategic program Melitta 2020: we've set ourselves very ambitious growth targets, realigned many divisions, and implemented numerous restructuring measures. This led to new working relationships and processes, new focus areas in our everyday work, and in many cases new demands placed on our

employees. With this in mind: if we want to be successful, we need to attach great importance to developing personnel. Their way of thinking and their perspectives have to be in line with our strategic objectives. To put it bluntly: to achieve big goals, you have to be able to think big. And we often find this quite difficult.

*"To achieve big goals,  
you have to be able to think big."*



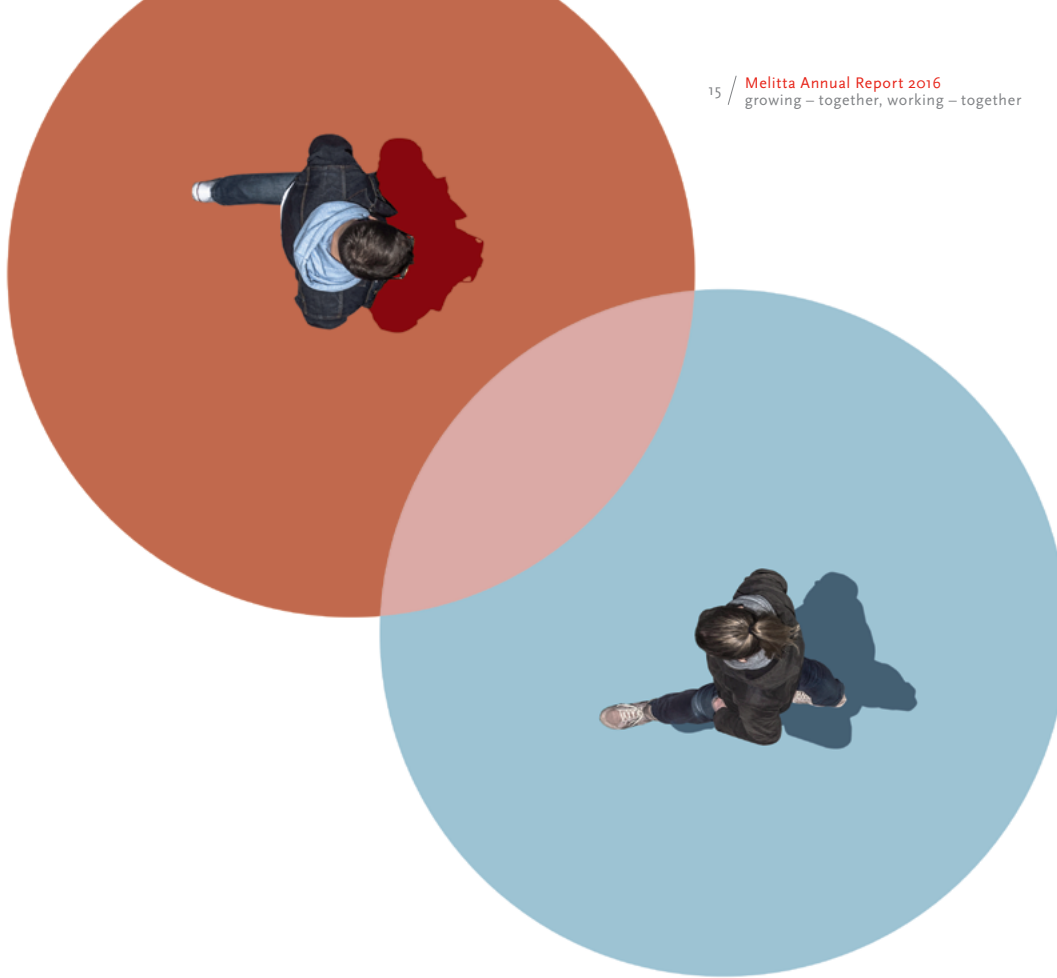
WORKING TOGETHER —————

MARKUS ZEYEN —————

You're right. I also see a need for improvement in this area and we've already laid the foundations with our transformation program. Communication is a very important aspect here. We mustn't give the impression that the way we cooperated in the past was wrong. It wasn't. But to be successful in the future, we need to develop and in particular to work on our own skills. In my opinion, our managers have a particular responsibility here.

GÜNTHER KLATT —————

Definitely! We need to set an example of how cross-departmental collaboration can be even better, how we can be faster, and how we should focus on what's really important.



## WORKING TOGETHER

*"But to be successful in the future,  
we need to develop and in  
particular to work on our own skills."*

MARKUS ZEYEN —————

And it's their responsibility to sometimes take team members out of their comfort zone. Obviously, this is often exhausting, time-consuming and not always pleasant for managers and their staff. But that's

the direction we need to be heading in. We don't want to do the things we've always done, but to do the things that are right.

GÜNTHER KLATT —————

There's still a long way to go in that regard. But at the same time I'm convinced we've already achieved a great deal and made more progress than we originally anticipated. The past two financial years were a clear indication that we're on the right track. With that in mind, we can and should be proud of what we've achieved

so far. This is also an important part of our corporate culture that needs to be encouraged: being proud of what you've achieved, remaining curious about new things, and maintaining our hunger for success. —

PROJECT REPORTS

# *working together*





01 LEARNING FROM EACH OTHER

## Our trainees – the managers of tomorrow



**“We prefer to recruit our managers from within the company – people who know Melitta from the ground up,” says Julia Bolz, Head of Management Development.**

“Our trainee program differs very clearly from similar offerings in at least one point: we prepare each trainee for a specific position on completion of the program. And we therefore tailor the program individually for each trainee according to the precise requirements of this position.” Julia Bolz is happy to accept that this makes designing the program much more complex: “We regard our trainees as the managers of tomorrow. What we invest today will pay rich dividends in the future.”

Melitta has been pursuing this trainee concept since 2015. The first trainees completed their 18-month program in the past fiscal year. A key aspect of the trainee program is to promote network-

ing, to show trainees the interfaces between different operating divisions, and to give them an insight into the inner workings of the Group. All trainees therefore pass through five different stations of three months each. In accordance with the Group’s international alignment, one of these stations involves a stay abroad.

“The trainee program was set up at the express request of Chief Corporate Management. It therefore enjoys a correspondingly high level of attention,” says Julia Bolz. “The medium- to long-term goal is to develop executives who know the Group inside out, as well as the various challenges and market situations of several operating divisions. ▶



- The better someone understands what the others are doing, the better they can coordinate, drive ideas forward, tap potential, and leverage synergy effects. These are exactly the kind of people we need.”

The trainees are therefore expected to promote networking, transfer best practices, and help the company “grow together”. At the same time, the trainee program helps raise the proportion of managers recruited from within the company.

“Our trainees are supported from the start by a mentor and the HR team of the division in which the trainees will later work,” explains Julia Bolz. The mentor serves as a contact person and consultant, defines goals and training

steps, and provides support for the trainee’s professional and personal development. The trainee is given an introductory talk and a feedback session for each station and must write a report on completion of the station.

“We place high demands on our trainees,” says Julia Bolz. “We’re interested in employees whose personal characteristics fit with our own: they must be highly motivated and committed, display spirit and energy, and show a desire to effect change. They must also share our values and – most importantly – be willing to work on improving themselves.

—

*“Our trainees must be highly motivated and committed, display spirit and energy, and show a desire to effect change.”*



02 DEVELOPING TOGETHER

# Achieving more together



*"It's all about pursuing  
common objectives and  
implementing the best ideas."*

**"Different experiences, skills and mentalities are extremely enriching in our efforts to achieve the best possible result," says Martin Rogall, Head of Technology and Sustainability at Cofresco.**

The last financial year was anything but boring for Cofresco. "The takeover and current integration of Wrap Film Systems is extremely exciting for us all here at Cofresco: the fact that Wrap Film Systems is rooted in the catering business and Cofresco has so far focused on the food retail trade has been highly beneficial for us all," says Rogall.

The cooperation has already led to new offerings in the Wrap Film Systems product range: after proving highly successful in Continental Europe, zipper bags have now also been launched in England. In turn, Cofresco is expanding its business on the continent with the

film and foil dispenser Wrapmaster. Further product roll-outs and the pooling of competencies, such as in the field of sales, are also being lined up. "The differences in product development are actually quite large," explains Rogall. "Our colleagues in England had previously focused predominantly on developing products based on specific customer wishes, whereas Cofresco's product development process takes a more holistic approach. Wrap Film Systems can benefit from our experience in this field. Conversely, we're currently adapting a software tool from Wrap Film Systems which will help us steer and coordinate projects even better." ▶



Martin Rogall, Head of Technology  
and Sustainability at Cofresco

*"Carefully managing activities  
is important - whether production is on  
the other side of the road  
or in another country."*





*"Personal relationships are  
a prerequisite for good cooperation."*

- Rogall believes that such differences are what make the project so enticing. "The same applies to the relocation of production from Minden to Brodnica. With the aid of the Minden team, our Polish colleagues have laid the foundation for a seamless transition. In future, all possibilities to improve processes, product characteristics and packaging design will be jointly developed and implemented. Above all, we want to meet the special requirements of our markets. This is why permanent coordination across national borders and different departments is so important."

Working across borders is nothing new for Cofresco. Since its foundation, Cofresco has always had an international approach. "The top management team used to be based in Paris, and English has long been our main language for business. For decades now, we've been regularly dealing with different cultures and have learned how to deal with

them. Naturally, this means we've always recruited staff with the corresponding skills – in addition to language skills, they must also display a curiosity for and interest in foreign markets as well as a willingness to travel."

Despite all the modern communication tools, Rogall still regards face-to-face discussion as the key to success. "I've often experienced situations where we spent ages debating something in videoconferences without coming to any result. If you then meet in person, the issue is often resolved in 15 minutes. This is why personal contact and a continuous dialogue between colleagues is one of most important activities. Maybe this is also one of the reasons why we don't have a silo mentality. We think in terms of responsibilities rather than locations – and certainly not in terms of nationality. It's all about pursuing common objectives and implementing the best ideas." —

LOOKING FORWARD TOGETHER

FACE TO FACE

# Harald Johanning-Meiners

“In order to become and remain the market leader, it’s important to have innovation along the entire value chain,” stresses Harald Johanning-Meiners. “Innovation is mostly associated with improved product features. However, the more important innovations these days are more likely to be found in the business models and processes.”

*Managing Director of  
Melitta Professional Coffee Solutions*

FACE TO FACE

# Dr. Marc Schmidt

*"If we can pool our expertise across all divisions more effectively, this will dramatically enhance our market strength."*

HARALD JOHANNING-MEINERS

LOOKING FORWARD TOGETHER

*"Curiosity, imagination and an innovative spirit are essential for the further development of our business."*

DR. MARC SCHMIDT



"If we can pool our expertise across all divisions more effectively, this will dramatically enhance our market strength."

HARALD JOHANNING-MEINERS

LOOKING FORWARD TOGETHER

FACE TO FACE

# Harald Johanning-Meiners

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DR. MARC SCHMIDT

Managing Director of  
Melitta Professional Coffee Solutions



FACE TO FACE —————

# Dr. Marc Schmidt

“Innovations are one of the key drivers of our business,” says Dr. Marc Schmidt. “We only achieved our current market position because of our pioneering achievements and courageous ideas in numerous areas.”

*Managing Director of Wolf PVG*

LOOKING FORWARD TOGETHER



FACE TO FACE —————

# Innovations require freedom and radical thinking

*"Employees need to be given the space to experiment and develop new ideas."*



LOOKING FORWARD TOGETHER —————

DR. MARC SCHMIDT —————

Innovations are one of the key drivers of our business. We only achieved our current market position because of our pioneering achievements and courageous ideas in numerous areas. And I'm not only talking about product innovations, like the modern plastic dust filter bag we developed, but also our process innovations.

HARALD JOHANNING-MEINERS —————

That's a very important point: in order to become and remain the market leader, it's important to have innovation along the entire value chain. For us, this means: from product development to customer service. Although innovation is mostly associated with improved product features, the more important innovations are often to be found in the processes. It's always important to understand the needs and requirements of your customers, the markets they move in, and the implications of their behavior – or that of their customers – for our products and services.





*"We are now  
more dynamic, flexible  
and agile."*

## LOOKING FORWARD TOGETHER

### DR. MARC SCHMIDT

Absolutely. By maintaining a constant dialogue with our customers, we receive a wealth of information on the direction we should be taking in our product development, our production, and our procurement activities. We talk about new technologies and product modifications just as much as we discuss improvements in the process chain. That's why joint development projects are so important to me.

### HARALD JOHANNING-MEINERS

The same goes for us. At Melitta Professional, we've established some very long-term partnerships with our customers. This fosters relationships with a high level of mutual trust as well as joint projects that can last two or three years in some cases. Whether these projects succeed or not depends to a large extent on our willingness and ability to innovate. That's why we're focusing our efforts on strengthening this aspect, for example by recruiting the right employees, systematically researching new developments and trends, and constantly questioning existing processes. ►



*"As I see it, innovation  
is all about teamwork."*

## LOOKING FORWARD TOGETHER

### ► DR. MARC SCHMIDT

I think that curiosity, imagination and an innovative spirit are all vital. We place great emphasis on employees who think outside the box and we reward this commitment if what they develop results in a successful patent. By the way, innovation is not something that's restricted to our R&D department: our innovation projects are always interdisciplinary, in other words they involve colleagues from Marketing, Procurement, Production, R&D and other departments right from the start. As far as I see it, innovation is definitely the result of teamwork.

### HARALD JOHANNING-MEINERS

Without doubt. R&D may be the ones who provide the impetus, and often steer or drive the project. But to be a highly innovative company, staff in other departments also need a good nose for new trends and developments. Marketing and Product Management played a major role when we were defining the requirements for our new coffee machine generation. We regularly receive important input from Sales, Customer Service and our staff in the field, working at trade fairs or in foreign markets. I therefore warmly welcome the setting up of an innovation team at corporate HQ. It enables us to deal with topics which are more difficult for the operating divisions to handle, such as monitoring and analyzing trends and developments in society.





DR. MARC SCHMIDT —————

Melitta 2020 clearly illustrates that we have the confidence to tread new ground. Much of what we've set out to achieve goes well beyond simply expanding our existing business model. We want to penetrate new markets and capture new target groups. In some ways, this is similar to the approach taken by start-ups. This is why we're closely monitoring the development of those markets in which start-ups evolve, as well as the processes and products being driven there. I'm sure we can still learn a thing or two in this field.

HARALD JOHANNING-MEINERS —————

That's for sure! As I see it, we've already changed a lot in recent years and are now more dynamic, flexible and agile than we used to be. We abandoned the classic hierarchical concept and are now focusing more on our own competencies. Pooling these strengths across all divisions in order to benefit from each other's expertise will be a very important step for us in the future.

*"Our central innovation team provides us with a wealth of new ideas."*

LOOKING FORWARD TOGETHER



DR. MARC SCHMIDT —————

I'm absolutely convinced of that. I'm currently trying to get across the idea that it's OK for staff to make mistakes. Dealing with mistakes in a frank and open manner is an important part of developing new ideas and radically challenging the existing paradigm. We need to act much faster on the market today. A culture that thinks within fixed structures will not help us. And we also need to celebrate our successes more consciously. Very few good ideas are immediate sales successes.

HARALD JOHANNING-MEINERS —————

It's up to us to create and foster such a culture. I'm sure this will generate a momentum that not only improves our bottom line but also makes us more attractive as an employer. It's not our job to simply send staff on courses and tell them how to develop their skills. We have to create the right conditions and an atmosphere which is conducive to making staff want to seek education and self-development of their own volition – this too is a sustainable innovation achievement of the Melitta Group. —

PROJECT REPORTS

# looking forward together





## 01 MONITORING TRENDS

# Ideas and stimuli for product development

*Creative, open and versatile:  
Helen Möhle, Christian Busse,  
René Korte and Joshua Wlotzka  
develop new business models*



**“Identifying trends is not the problem. The challenge is to recognize which trends are most relevant for our business fields and how we can harness them,” says Helen Möhle, member of Melitta’s Innovation Team.**

Helen Möhle does not regard herself as a purely creative person: “We’re probably less creative than many people think. Our job is to monitor and document trends and developments regarding consumer needs and to assess their impact on Melitta’s product range. First and foremost, this is a purely analytical job. There’s also little creativity involved in identifying trends. After all, we have access to a wide range of databases, insights and publications from academic institutions and futurologists which describe the most important trends. It gets trickier when you have to examine how these trends will specifically affect our business fields.”

Her work mainly involves observing and analyzing consumer trends – currently focusing on the food and beverage sector. “Obviously, there are the mega-trends like globalization and sustainability. But such mega-trends are often not that helpful when you’re looking for specific results. We need to break these trends down and ask ourselves very carefully what these trends mean for Melitta and its various operating divisions. Our great strength is that we’re an interdisciplinary team. We keep our eyes open, let ourselves be inspired, look at successful business models, and monitor start-ups and –of course – the competition,” points out Möhle. ▶

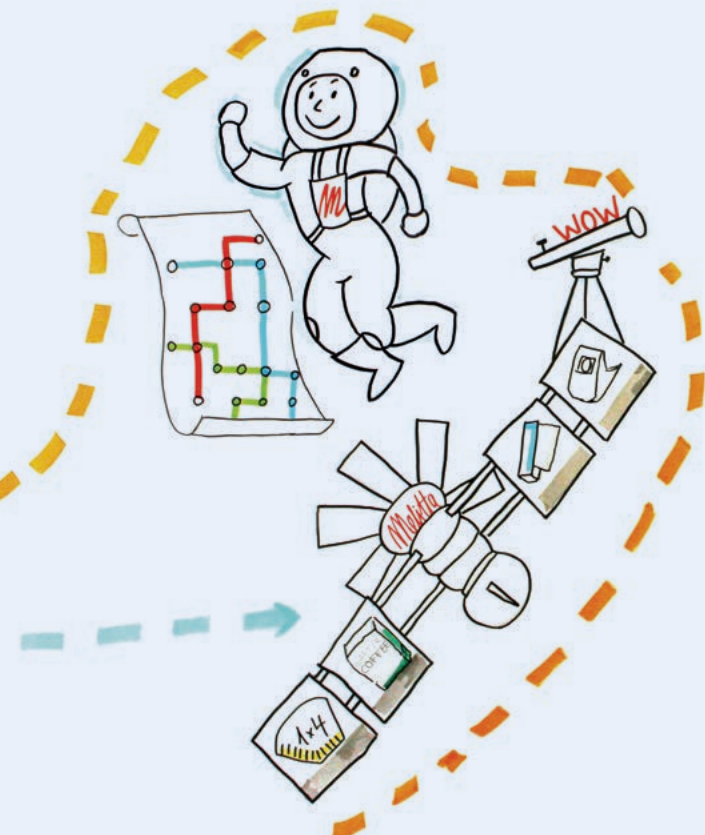


*"One of the most important consumer trends is the desire for experience. Products are no longer merely used or consumed, but increasingly regarded as a way to convey a world of experience."*

- The innovation team summarizes the most important results from monitoring and analyzing trends in a so-called trendbook. This trendbook is updated annually and always available to every employee. "In the first section, Consumer Trends, we present seven trends that directly affect us at Melitta. These trends are described on a double-page spread and then broken down into the three main pillars: Coffee, Coffee Preparation and Household Products. Three stand-out examples, which we call 'Inspiration', are intended to convey the impact these trends can have on our products and how other suppliers are reacting to these trends," explains Möhle.

In addition to these Consumer Trends, the trendbook also highlights longer-term developments ("Wild Cards") which currently have no direct impact on Melitta but which might have in the future. These include smart data, future working methods and the future of money. "The third section is particularly exciting and has a definite added value for us," says Möhle. "These are the Design Trends. We give the operating divisions an insight into which colors, materials and surfaces will be modern in the coming years and how they can align their product development with these trends."

"In the future, we also want to add technology trends to the trendbook. There are numerous new technologies being developed around the world which will only find their way into new products in a few years or so. We need to keep our eyes on these and assess their value for us," adds Möhle. "But this will be a major challenge, which we need to approach step by step." —





*"Part of our job is to inspire a sense of fun and enthusiasm for innovation among our colleagues - as well as informing them about innovative work techniques, such as design thinking, agile working and lean start-up."*



02 AT HOME AROUND THE WORLD

## The balance between individuality and synergy

**“You need to know the preferences, mentalities and structures of individual markets intimately if you want to be successful – even if some markets look very similar at first glance,” says Fred Lueck, CFO of Melitta North America.**

Despite the many similarities, the differences between US Americans and Canadians should not be overlooked, states Fred Lueck: “There’s a tendency to regard the USA and Canada as a single market. However, this is a mistake as each market has its own peculiarities – and you need to know them intimately. Especially as a company operating in the premium sector.”

The differences are already evident in the respective market structures: Canada’s retail sector is dominated by

just a few major players. “Our ten largest retail customers in Canada account for 90 percent of our sales, while in the USA the figure is 75 percent,” explains Lueck. “But more importantly, consumer tastes are different: a lot more whole bean coffee is sold in Canada, while people in the US love single portions. This is already a sign that coffee enjoyment means something different to most Canadians than it does to most Americans.”

*“Even though we share a common border and language, you never stop learning about the small differences between two similar cultures.”*

*"Closer cooperation between  
the USA and Canada has led to  
a wealth of new insights  
and ideas for both subsidiaries."*



"This doesn't mean that our product offerings differ, but the importance of the products and degree of distribution are different: whereas Melitta coffee can be bought throughout the whole of Canada, our distribution in the USA focuses on just a few important regions. We pursue a premium strategy in both countries, and therefore have similar marketing concepts. In Canada, Melitta is positioned as the premium brand for brewing coffee at home. Our claim is: 'Melitta – Join The Relentless Pursuit For Better Coffee'. In the USA, however, we sell coffee with the claim 'Melitta – The Flavor Of Europe In Every Cup'. Naturally, we also thought about harmonizing these two claims, but we soon realized that neither one would work in both countries," points out Fred Lueck.

"It's precisely these differences that make serving both markets so exciting," says Lueck. "When we merged to form Melitta North America, there were obviously plenty of synergies to tap – such as streamlining duplicate functions, har-

monizing business processes, and standardizing reporting systems. We now use the same KPIs, which significantly simplifies the company's reporting and management processes – from liquidity planning to production and marketing."

"But you should never forget that Americans and Canadians have different mentalities," emphasizes Lueck. "They may see things similarly and be close in many ways, but each group is special. Canadians are very proud of their country and absolutely do not want to be regarded as the 51st state of the USA. We share the same values, but often give them different weightings. We therefore carefully consider the extent to which our product design, our service offerings and, of course, our advertising can be identical. In most cases, we come to the conclusion that market-specific adjustments need to be made. I find this really fascinating." —



FACE TO FACE —————

# Katharina Roehrig

“The Group-wide sustainability strategy provides a more targeted framework for the numerous sustainability activities of our different operating divisions,” says Katharina Roehrig. “This cross-divisional approach enables us to tap considerable additional potential.”

*Head of Corporate Staff Public Relations*

RESPONSIBLE TOGETHER —————





*"Sustainability is not just an obligation for us - it also offers additional market opportunities."*

KATHARINA ROEHRIG

RESPONSIBLE TOGETHER

*"The true potential of sustainability only becomes visible when we take*

*into consideration economic*

FACE TO FACE

*factors as well as ecological*  
**Bernardo Wolfson**

*"We've observed that sustainability is having a growing impact on our business success," says Bernardo Wolfson. "The extent to which consumers are rewarding our sustainability efforts is clearly visible in their appreciation of our brands and the loyalty they display."*

Managing Director of Melitta South America



FACE TO FACE

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*"The true potential of sustainability only becomes visible when we take into consideration economic factors as well as ecological and social data."*

KATHARINA ROEHRIG

RESPONSIBLE TOGETHER

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BERNARDO WOLFSON

RESPONSIBLE TOGETHER

FACE TO FACE

# Bernardo Wolfson

“We’ve observed that sustainability is having a growing impact on our business success,” says Bernardo Wolfson. “The extent to which consumers are rewarding our sustainability efforts is clearly visible in their appreciation of our brands and the loyalty they display.”

*Managing Director of Melitta South America*



FACE TO FACE —————

# Doing business means taking responsibility



RESPONSIBLE TOGETHER —————

KATHARINA ROEHRIG —————

The fact that consumers are increasingly interested in learning about the properties and origins of the products they purchase is a very positive development for Melitta. As a family business with over 100 years of tradition and a strong focus on brands and quality, we benefit from the fact that more and more people are

choosing to live more consciously and more sustainably. Sustainability is therefore not just an ethical obligation for us, but also offers many business opportunities.

BERNARDO WOLFSON —————

I'm convinced that sustainability has been part of our corporate DNA for decades – even if we called it something different in the past. In all its decisions, Melitta has always considered what impact it will

have on environmental and social aspects. Especially in Brazil, we are continually discussing the responsibility we bear as a manufacturer and employer.

*"We need a culture based on employee initiative which also supports sustainable action."*

*"Transparency is an integral part of a successful corporate strategy."*

KATHARINA ROEHRIG

We have to admit, however, that we did little to draw attention to our sustainability efforts in the past. Acting responsibly is one thing, providing all stake-

holders with transparent information about these efforts is another. We are now closing this gap.

## RESPONSIBLE TOGETHER

BERNARDO WOLFSON

That's right. In Brazil, we began systematically measuring our sustainability activities about ten years ago. We analyze our energy consumption, our CO<sub>2</sub> emissions and our waste, use increasingly sustainable commodities and materials, have our packaging certified, and conduct regular supplier audits. For our employees, we've launched various training programs and invited our personnel to participate in sustainability initiatives throughout the company as well as to support many

charitable initiatives. But in the past, we rarely spoke or published anything about these activities. I guess we had to learn that transparency itself is also a key aspect of sustainability.

KATHARINA ROEHRIG

This aspect shouldn't be underestimated, especially with regard to our own employees. My aim is to awake even more enthusiasm for sustainability issues among our staff. This is generally quite easy to achieve, as their motivation to address such topics is extremely high. Wherever we've initiated projects

recently, there have always been plenty of employees willing to get involved. If these efforts also lead to significant economic improvements – as was the case with our analysis of the Melitta Group's waste streams – the pride this generates only strengthens their commitment. ▶





► BERNARDO WOLFSON —————

I've noticed exactly the same thing in Brazil. It doesn't have to be a big project: most employees can be made aware of sustainability opportunities in our everyday lives quite easily. This starts with switching off lights, a more conscious approach to printing documents, and using water more sparingly. Many of the ideas

come from our employees themselves. That's why I find it so important to create a culture which supports sustainable action and is based on employees taking the initiative themselves.

*"Many of the best ideas come from our employees."*

KATHARINA ROEHRIG —————

This was precisely the starting point for our considerations about a Group-wide sustainability strategy. It should be an integral part of our corporate strategy and thus also influence the Melitta Group's corporate culture. When we were developing the strategy, we took an international approach right from the start. We want it to permeate all our activities and to always know exactly what impact our business decisions will have. In terms of strategy, we've only laid the foundations so far and still see plenty of potential to improve our sustainability – for this,

however, we need facts, data and figures about our actions. Although this initially requires additional effort, we feel it's a very worthwhile investment.

BERNARDO WOLFSON —————

And that not only applies to environmental aspects: in the past fourteen years I've spent at Melitta, personnel development has always been very important to me. We've given our employees in Brazil a wide range of opportunities to develop their skills and take their careers into their own hands. We've made the boundaries between departments more permeable so that employees could easily switch to different departments, different regions or different areas of responsibility. This approach has paid off over the years: we have an extremely low turnover rate, high employee satisfaction, and we're able to recruit most of our managers from within the company.

RESPONSIBLE TOGETHER —————







## RESPONSIBLE TOGETHER

*"We want to awake even more enthusiasm for sustainability issues among our staff."*

**KATHARINA ROEHRIG** —————

These are exactly the aspects we want to communicate more strongly in the future. We've already begun doing this via the Intranet and our company newsletter, but will step up our communication efforts in the current year – with roadshows and regular news, a sustainability report, campaigns and competitions.

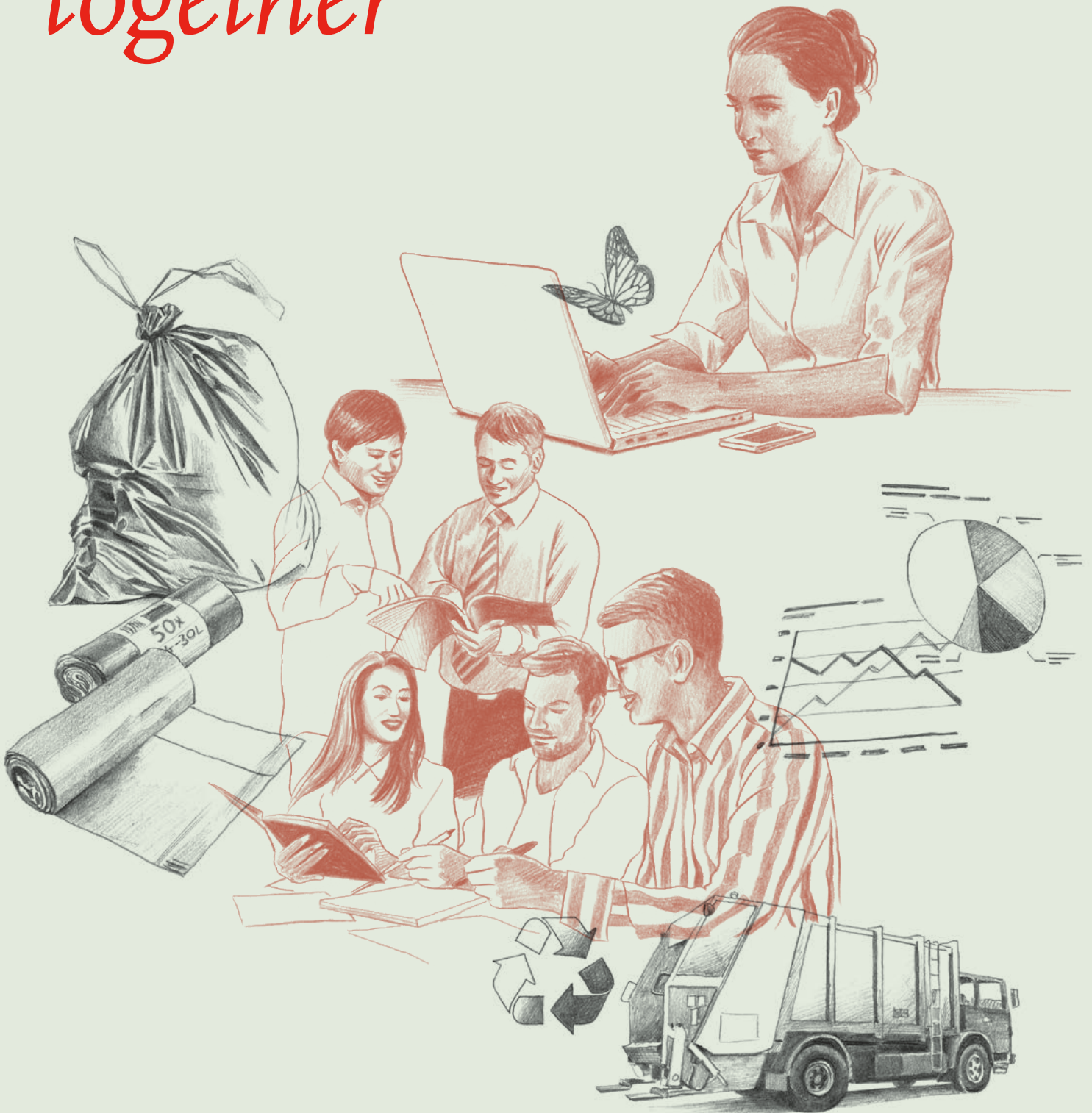
We also have plans for the joint development of corporate social responsibility concepts and the implementation of incentive systems.

**BERNARDO WOLFSON** —————

More than ever before, it is vital that we maintain a constant dialogue with all company stakeholders in order to achieve several objectives: it's not just a question of transparency and providing information, but also about being open to the needs, ideas and criticism of all stakeholders. We can only stay successful if we manage to constantly develop. —

PROJECT REPORTS

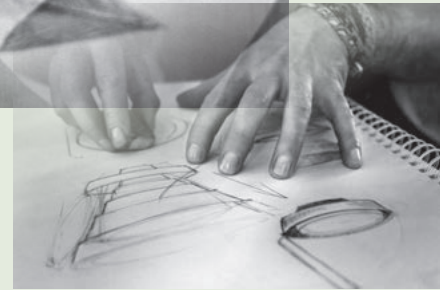
# responsible together





01 PROMOTING YOUNG TALENT

# Insight into business and orientation for the next generation



*"Our offerings for pupils and students  
are generally highly sought after."*

**"I joined Melitta via an internship – so I know just how important such opportunities are for pupils, students and graduates," says Jana Dobrunz.**

The head of the Melitta Group's HR Marketing regards promoting young talent as one of the key tasks of her department: "Melitta has naturally noticed the lack of skilled staff in certain areas and we need to do a lot more to attract young people to the company than in the past. We want to be proactive and take steps to avoid shortages before they occur. What's important for me is that young people are made aware of Melitta, so that sooner or later they might say: 'I'd like to work for Melitta one day!'"

Jana Dobrunz therefore takes a medium-to long-term approach with her activities. "Short-term HR marketing measures to fill current vacancies doesn't work anyway. Our aim is to position ourselves via the numerous benefits which Melitta offers its employees. As a result, our success can't be measured precisely in the short term, but only indirectly and over the long term." ▶



- There are strong contacts with several schools and universities, especially in the region. With its various internships, student jobs, supervision of academic projects, and lectures at universities, Melitta offers interested young people an insight into its everyday business and the opportunity to apply their theoretical knowledge in a business environment.

Amongst the most interesting projects, according to Jana Dobrunz, are the joint research and product development activities: "There are always some topics we haven't been able to devote enough time to. Cooperating with a university can help enormously in such cases. But we've also had extremely positive experience with work on specific innovation or product ideas."

Jana Dobrunz does not believe in cooperating with just a limited number of universities: "We tried this at first, but then soon realized we should be focusing more on good ideas. If a university proposes an interesting project, we will listen – regardless of whether it's a university we already cooperate with or not. Although it's true that we regularly

cooperate with certain universities in the vicinity, e.g. by participating in university recruitment fairs or forwarding vacancies, we also work closely with institutes far away if their specialization is of particular interest to us."

In addition to universities, however, schools are increasingly being targeted for activities. "To some extent, we've taken on the role of a careers advisor: many jobs have supposedly lost their appeal and are no longer attractive for young people. In order to educate schoolchildren about these jobs and combat any unjustified prejudice, we take part in vocational orientation evenings, inform pupils about the actual content of many apprenticeships and give a flavor of what to expect." —

*"It's important to convey an authentic picture."*



Jana Dobrunz,  
Head of HR Marketing



## 02 USING RESOURCES RESPONSIBLY

# Valuable ideas for waste

**“Once you make the path taken by waste more transparent, the ideas for reducing and recycling waste come automatically,” says Sarah Krisl, the Melitta Group’s Project Manager for Sustainability.**

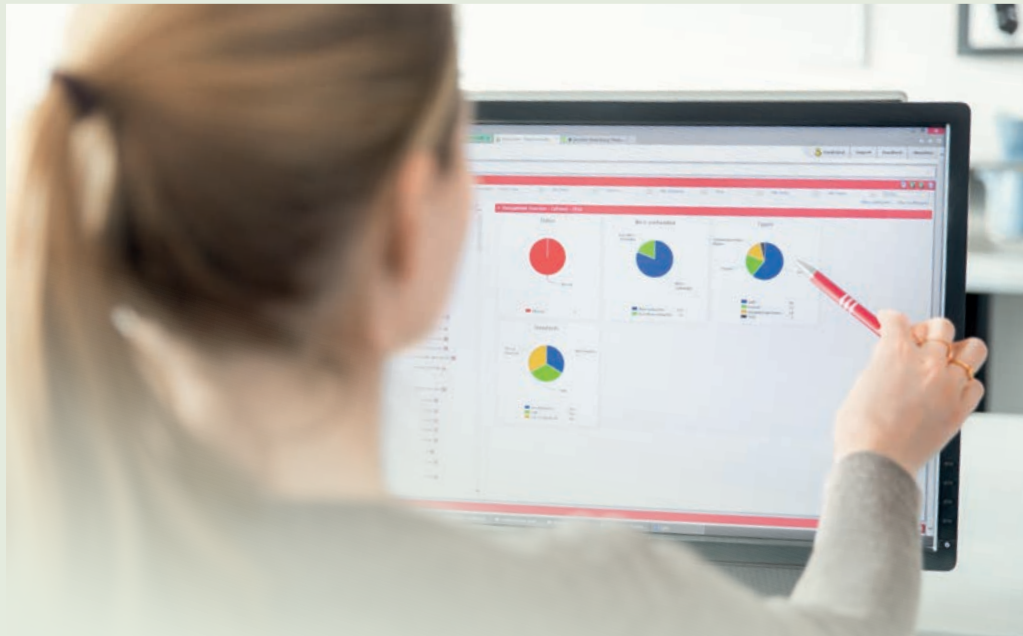
With the aid of the waste management agency GlobalFlow, she has been analyzing the Melitta Group’s waste disposal structures since fall 2015. “The first step is a Group-wide analysis which enables us to make comparisons and benefit from best practices, as well as to optimize processes across all divisions. For example, we found that waste from industrial film production can be used as raw material for the production of garbage bags,” explains Sarah Krisl.

In order to optimize waste management, the project team goes through the value-adding processes of each operating division step by step, then analyzes all waste paths on site, and records which waste is generated by which production stage. The analysis always focuses on the question: How can we return secondary raw materials to the production process? And if it cannot be returned: How can we raise the proportion of recyclable waste? ▶

*"The annual savings are  
well in excess of the project costs."*







*"Analyzing processes from the perspective of the resulting waste streams led to many new findings."*

- The analysis inevitably leads to the question of why waste is generated at all. It is therefore extended to the production process itself, the materials used, and the various transport paths. "When we present our analysis, it often leads to a passionate discussion, and can be a true eye-opener for many of the participants. This quickly results in numerous ideas and suggestions for improvement," states Sarah Krisl.

Together with the operating divisions, measures are then elaborated, savings calculated, and the necessary restructuring plans drafted. Due to the abundance of possible improvements, the projects are usually prioritized. Prior to final implementation, test runs are first held to get a better idea of what impact the measures will have.

The analysis phase of the Group's waste management project is now almost complete. Most units have already decided on which measures to take and are now in the implementation phase. "I'm really thrilled about the level of interest for the project among team members," says Sarah Krisl. "In almost all cases, staff are highly motivated when it comes to uncovering potential and making improvements. It's also very apparent that these studies have provoked a lot of thought and discussion, as well as raising awareness among Melitta staff for responsible waste management."

The project is due to finish in mid-2017. But there's no rest in sight for Sarah Krisl: a similar project – on the topic of energy – is already being lined up. —



# GROWING — TOGETHER

Annual Report 2016

## 02 *Company*

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# Highlights 2016 – our best moments

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## 02.01.

*Spicy character with  
Altura Mexicana beans  
for delicate hints of cocoa*

The Chiapas region, in the southern highlands of Mexico, offers ideal climatic conditions for very special coffee beans: the Altura Mexicana beans. They produce a coffee with a strong, spicy character which is distinguished above by its delicate hints of cocoa. The perfect starting point for an exclusive and limited edition coffee composition under our “Melitta® BellaCrema® – Selection of the Year” label.





## 13.01.

*Nonwoven wallpaper for  
Guido Maria Kretschmer*

NeuKaliss / Neukölln Spezialpapier wins a bid to supply nonwoven wallpaper for the collections of star designer Guido Maria Kretschmer. The well-known presenter of German TV shows “Shopping Queen” and “Geschickt eingefädelt” unveiled his latest wallpaper collection at the “Heimtextil” trade show. Also represented: the operating division NeuKaliss / Neukölln Spezialpapier, which will be producing nonwoven wallpaper for the collection.

## 02.02.

*Melitta voted top employer once again*

According to surveys conducted by FOCUS magazine and employer-rating platform kununu, the Melitta Group is once again one of Germany's leading employers in 2016. The Group came first in the “Food & Beverage” sector and third in the “Finished and Durable Goods” sector – both in the mid-size company category. In the overall ranking of Germany's best employers, the Melitta Group came 28<sup>th</sup>.







# 02.05.

*Melitta Coffee Bike on the road  
in Germany and Austria*

In early May, Melitta begins using its specially adapted delivery bicycle to advertise pour-over coffee preparation. The Melitta® Coffee Bike visits mainly universities and takes part in street food festivals throughout Germany where it invites targeted consumers – mainly young people – to taste pour-over coffee or a trendy cold brew. In 2016, the Coffee Bike could be experienced at around 50 event locations in 36 German and Austrian cities.



## 03.05.

*Coffee filter for  
cold brew enjoyment at home*

Cold brew is the ideal refreshing beverage for hot summer days. With the new Melitta® Cold Brew filter papers, which are specially designed for the cold extraction of coffee, the Cold Brew Porcelain Filter and Cold Brew Jug, Melitta makes it possible to enjoy this new taste experience at home. Cold brew can be enjoyed as it comes, on ice or as an ingredient for delicious cocktails and long drinks – with or without alcohol.

## 16.05.

*Plus X Award for  
Melitta Cremio*

The quality, modern design, functionality and outstanding ease-of-use of the new Melitta® Cremio® generation make it a true winner: at the award ceremony for the PlusX Award, the world's largest innovation award for technology, sport and lifestyle, the Melitta® Cremio® receives the PlusX special award as "Best Product 2016/2017" – even before its official launch. The jury was particularly impressed by the fact that both warm milk, as well as warm and cold froth, can be prepared.







## 23.06. *Three top scores for Swirl dust filter bags*

Consumer test magazine "Stiftung Warentest" puts Swirl® dust filter bags ahead of all other brands. In a test of 22 different dust filter bags, the three Swirl® bags in the survey came top. But not only in comparison with other replacement bags: Swirl® also ranks alongside the original bags of vacuum cleaner manufacturers. The verdict states: "In many cases, the Swirl® bags filter dust slightly better than the original bags."



# 01.07.

*Melitta BellaCrema  
is a champion range*

According to trade journal "Lebensmittel Zeitung", Melitta® BellaCrema® is one of the Top Brands 2016 in the roasted coffee/caffè crema category. The ranking is based on market data of German research agency GfK, which included market share gains, sales revenues, buyer figures and reach. These are all areas in which Melitta® BellaCrema® scored highly and can now feel like a champion brand.

# 01.08.

*Cocoa from  
sustainable plantations*

The cocoa used for Cioccolata Style Milk Chocolate, the top-selling blend in Melitta Professional's cocoa range, is sourced exclusively from sustainable plantations. As a result, the packaging now bears the "UTZ Certified" seal. The cocoa is purchased solely from producers who adhere to the program's strict code of conduct with its high social and ecological requirements.







# 17.09.

*Humidor to go*

ACW-Film demonstrates its high level of innovation with the development of a unique packaging solution for the cigar industry: with the aid of a multi-layer film composite and resealing system, a fresh pack humidor was created for a customer to prevent the drying out of cigars and ensure a constant climate inside the packaging – a kind of “humidor to go”.

# 21.09.

*Gold for Melitta  
“Coffee of the Year”*

The market launch of Melitta’s “Coffee of the Year” attracts considerable consumer and media attention. The magazine “Lebensmittel Praxis” names the “Coffee of the Year” concept its “Product of the Year 2017” and awards it the gold medal. The award is based on a representative consumer survey.







## 03.10. *Sustainably harvested coffee beans*

Melitta Professional launches three newly developed catering coffees in the UK. The Espresso Nature blend uses only beans from sustainable plantations. This is ensured by a cooperation with the Rainforest Alliance, which requires all producers featuring the seal to meet minimum social and environmental standards. These include environmental protection and animal welfare, the payment of adequate wages, and the sustainable harvesting and processing of the coffee.





# 18.10.

*Can't be beaten: Melitta's service*

For the third time in a row, Melitta is the "Service Champion" among manufacturers of fully automatic coffee machines. Based on extensive consumer surveys, the award is presented annually by German daily newspaper "Die Welt". Melitta's "Service Experience Score" has been steadily rising – from 67.9% in 2014 to 69.9% in 2016. These figures put Melitta top of the pack when it comes to service.

# 20.10.

*Melitta: the secret star of  
"The Voice of Germany"*

Melitta® is once again center stage in the latest "The Voice of Germany" season: as in 2015, the stylish Melitta® coffee bar in the music show's foyer guarantees relaxing, enjoyment-filled moments in a cozy lounge atmosphere. It serves in particular as a meeting place where the presenters can interview the talents, as well as their families and friends.





# 20.10.

*Ayrton Senna Institute:  
education for children and young people in need*



Melitta South America signs a cooperation agreement with the Ayrton Senna Institute – a philanthropic institution which promotes education projects for distressed children and young people in Brazil, thus offering them the chance of a better future. It has been granted by UNESCO a Chair in Education and Human Development. In order to support the institute's various activities, Melitta South America donates part of its revenues from filter paper sales to the institute.





## 27.10. *App for tips and tricks*

It's now even easier for owners of the CAFFEO® Solo® and CAFFEO® Passione® fully automatic coffee machines to operate their devices and at the same time benefit from tips and tricks on all aspects of delicious coffee preparation. The free Melitta® Companion App provides instructions for delicious moments of enjoyment, as well as recipes, facts about coffee, and tutorials on maintaining and operating the machines. A perfect combination of fun and enjoyment for every coffee enthusiast.

# 23.11.

*And the winner is ...  
Melitta CAFEEO Varianza CSP*

With an overall score of 1.9 (where 1 is the highest and 5 the lowest), Melitta® CAFEEO® Varianza® CSP is one of two test winners in a comparison of ten fully automatic coffee machines in 2016 conducted by "Stiftung Warentest". The jury stated that the Melitta® machine made the "best espresso tested with a much more consistent crema". Due to its excellent value for money, the testers also named the machine "Low-Price Test Winner".



# 01.12.

*"GOOD" for Melitta  
BellaCrema Espresso*

Carefully selected Arabica beans form the basis for the multi-layered aromas of the three Melitta® BellaCrema® blends. The espresso-typical roast has a strong body with an intensive, spicy flavor. And "Stiftung Warentest" shares this view: of the 18 espresso beans tested, Melitta® BellaCrema® Espresso was rated "GOOD" and among the top three with a test score of 2.2.

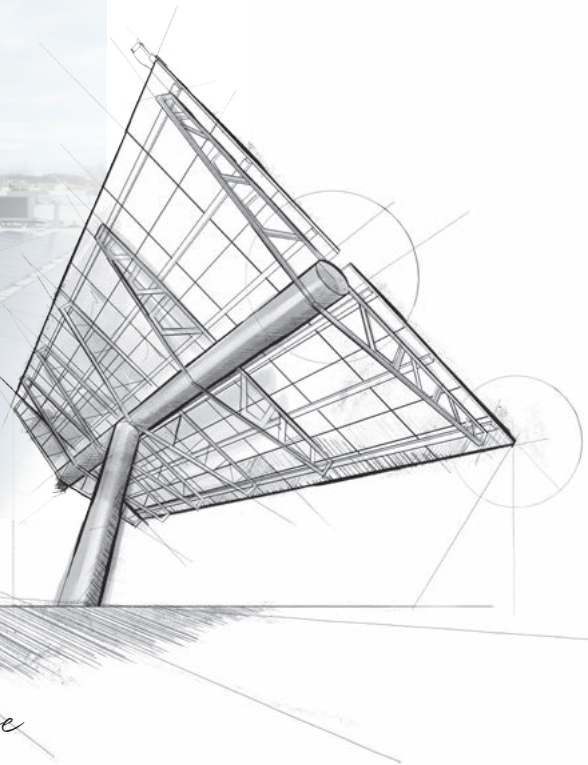




# 01.12.

*New frothed milk variety*

With its three milk systems and Melitta® TopFoam, the new Melitta® Cafina® XT7 offers a high degree of variety for the preparation of coffee with frothed milk. The newly developed separate milk frother Steam Control Plus is suitable for the manual or automatic preparation of creamy or velvety foam in the barista jug. State-of-the-art technology and sleek design make the Melitta® Cafina® XT7 a perfect helper in the HORECA sector.



# 15.12.

*Sun helps us save*

As of December 2016, the roof of Melitta North America boasts a new solar power system. When it goes into operation in 2017, it will supply a substantial portion of the energy required by Melitta North America. The new photovoltaic system reduces annual environmental pollution by the same amount as planting 50,942 trees or reducing CO<sub>2</sub> emissions by 1,017,767 pounds.



# 23.12.

*German Packaging Award  
for Easy-Cut-System*

The new Easy-Cut-System® for Toppits® cling film rolls has been honored with the German Packaging Award. The Easy-Cut-System® is a plastic saw integrated into the folding box with a radius. It makes tearing off film child's play – and in contrast to other systems offers a permanent solution.







From left to right: Volker Stühmeier, Jero Bentz and Dr. Stephan Bentz

## Chief Corporate Management

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*"The whole is more than  
the sum of its parts -  
this is what we believe  
and trust in."*

### Volker Stühmeier

Our values make us what we are. They are the motor that drives and motivates us. This is why it is so important for us to share the same values, to all pull in the same direction, and to think and act across divisional borders.



### Dr. Stephan Bentz

Melitta's economic success is inextricably linked with the ongoing development of our corporate culture. A company's culture cannot be dictated from above. We can only develop it together.



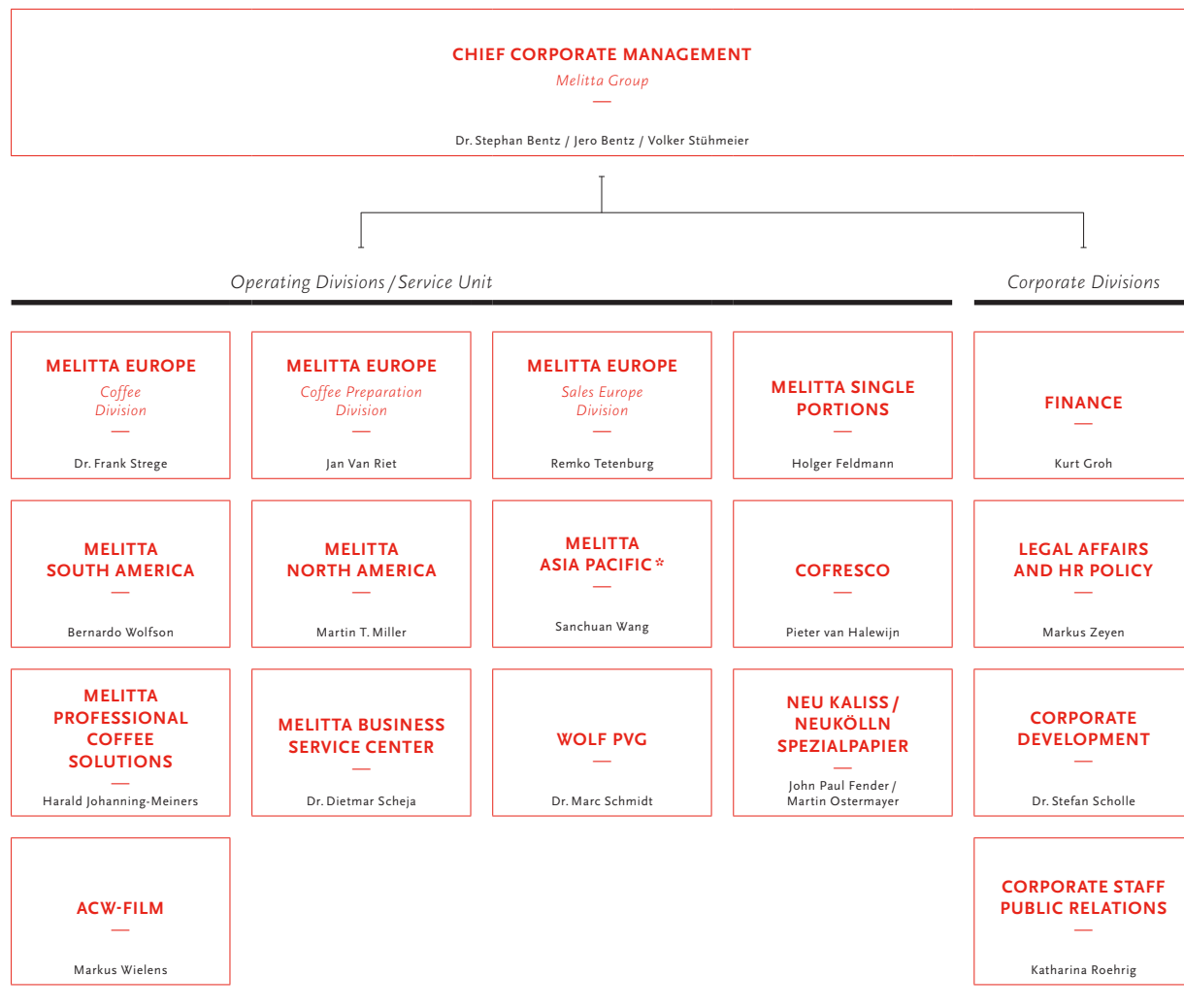
### Jero Bentz

Our power lies in our common strength. Pooling and tapping this strength in line with our targets is at least as important as a compelling strategy. It is the people who achieve our success, not the concepts.



# Group

## STRUCTURE



\* since December 2016

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

**Limited Partners**  
Claudia Bertelmann-Taufß  
Jara Bentz  
Thomas Dominik Bentz  
Dr. Thomas Bentz

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





## Melitta Asia Pacific / Tapping new market potential in the Asian region

Melitta Asia Pacific is responsible for Melitta's coffee and coffee preparation business in the Asia Pacific region. The key task of the newly founded operating division is to position the Melitta brand in those Asian markets of relevance to Melitta and to drive coffee enjoyment in the Asian region. As instant coffee in particular is drunk in many Asian countries, there is attractive market potential for Melitta as a traditional and strongly innovative brand with a wide range of filter coffees.

### Market and business trends 2016

Melitta Asia Pacific was founded in Shanghai in December 2016. The operating division's initial activities included the development and implementation of a new assortment and sales strategy for China with numerous distribution channels, including online sales. In South Korea, targeted marketing helped lift sales, while new business relationships were also forged with B2B customers.

### Outlook 2017

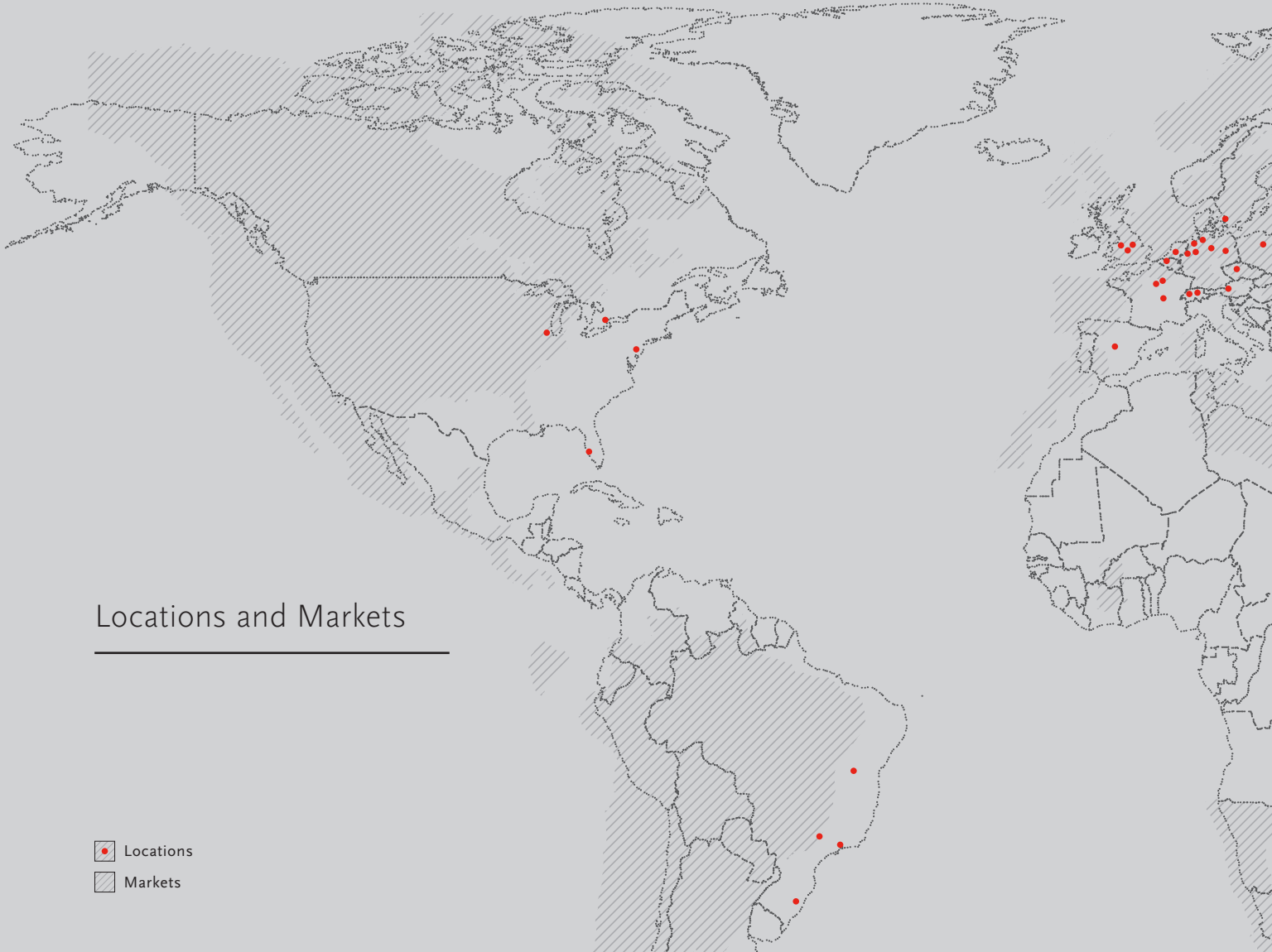
Activities in 2017 will focus on positioning the brand, as well as expanding Melitta's presence in existing markets and entering new Asian markets. In China, the operating division will attempt to convince young professionals and smaller B2B clients of the benefits of Melitta products. In South Korea, the main focus will be on expanding the current market position. At the same time, the operating division will enlist the support of distributors to enter new markets, such as the Philippines. In addition, the most important activities in 2017 will include the establishment of a suitably powerful infrastructure, in order to take a more integrated approach on the Asian market in future.

#### BRANDS



#### WEBSITE

[www.melitta.cn](http://www.melitta.cn)



## 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

##### Spence / Vlotho\*

Wolf PVG GmbH & Co. KG

##### Neu Kaliß

Neu Kaliss Spezialpapier GmbH

##### Rhede

ACW-Film GmbH & Co. KG  
Webö 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

##### Shanghai

Melitta Coffee (Shanghai) Ltd.

##### Shenzhen

Shenzhen Melitta Household Products Co. Ltd.

#### Japan

##### Tokyo

Melitta PCS Asia Pacific KK

Melitta Japan KK



# GROWING — TOGETHER

Annual Report 2016

## 03 *Operating Divisions / Service Unit*

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## Managing Directors and Corporate Staff Management

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**Holger Feldmann**  
Melitta Single Portions



**Dr. Dietmar Scheja**  
Melitta Business Service Center



**Remko Tetenburg**  
Melitta Europe,  
Sales Europe Division



**Martin Ostermayer**  
Neu Kaliss / Neukölln Spezialpapier



**Martin T. Miller**  
Melitta North America



**Markus Wielens**  
ACW-Film



**Jan Van Riet**  
Melitta Europe, Coffee Preparation Division

**Dr. Marc Schmidt**  
Wolf PVG



**Harald Johanning-Meiners**  
Melitta Professional Coffee Solutions



**John Paul Fender**  
Neu Kaliss / Neukölln Spezialpapier



**Pieter van Halewijn**  
Cofresco



**Bernardo Wolfson**  
Melitta South America



**Dr. Frank Strege**  
Melitta Europe,  
Coffee Division



**Katharina Roehrig**  
Public Relations



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

# Figures for 2016 – Key data of the Melitta Group

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## ONE GROUP – MANY AREAS OF EXPERTISE

The Melitta Group stands for coffee and tea, for freshness and flavor, for convenient cleaning and for successful B2B solutions. Over 4,000 employees around the world are dedicated to turning innovative product ideas into unique brand experiences. And have been for over 100 years now.

LOOKING FORWARD — TOGETHER

GROWING — TOGETHER

EXPORT TO

86

COUNTRIES

+10  
YEARS

AVERAGE PERIOD OF EMPLOYMENT

38  
NEW

PRODUCTS

30%

PROPORTION OF  
FEMALE EMPLOYEES

30

AWARDS RECEIVED

7  
APPRENTICES

WORKING — TOGETHER

RESPONSIBLE — TOGETHER





## Melitta Europe – Coffee Division

The operating division Melitta Europe – Coffee Division – is responsible in particular 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.

Melitta® is one of the best-known and highest-selling brands in the coffee segment. Its success is based on a balanced mix of traditional and modern features, high product quality, and above all its tailored product solutions rooted in a strong understanding of consumer needs.

### Market and business trends in 2016

Melitta Europe – Coffee Division – increased sales volume once again in 2016. As a result, the operating division once again posted record earnings. At product level, the "Selection of the Year" and "Coffee of the Year" concepts were well received in fiscal year 2016. At brand level, Melitta's involvement in the German TV show "The Voice of Germany" generated considerable awareness. In order to build on this success in future, important foundations were laid for the further development of the Melitta® brand in the past fiscal year. These included the expansion of staffing levels and the tapping of further markets abroad.

### Outlook 2017

The coffee market is expected to remain generally stable at its current high level in 2017. Consumption of ground filter coffee is likely to stagnate or decline slightly. Filter coffee will remain the largest segment by volume. Growth is expected in the volume of single portion and whole bean products sold. In 2017, the brand will receive further impetus with regard to quality, topicality and modernity. Moreover, various investments are already being made at the production facility in Bremen. A further increase in revenue is expected in fiscal year 2017.

### Sustainability – maximum quality in everything we do

Responsible action in the four key areas of "Employees", "Society", "Environment" and "Business" is one of the main objectives of the Coffee Division. True to the maxim "Maximum quality in everything we do", we passed all audits in the field of quality, work safety and energy efficiency with flying colors. In addition to numerous initiatives for the team, the production facility and organizations in Bremen, various charitable projects are supported in four coffee-producing nations: Peru, Tanzania, Mexico and Papua New Guinea.

## Key Figures Melitta Europe – Coffee Division

**SALES**  
in € thous. **2016** **345,618**

**CAPITAL EXPENDITURES**  
in € thous. **2016** **3,313**

**EMPLOYEES**  
full-time employees, annual average **2016** **206**

### LOCATION

Bremen, Germany

### COUNTRIES

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

### QUALITY MANAGEMENT

– IFS Food	– 4C (verification)
– Bio	– Kosher
– UTZ Certified	– Certification "audit berufundfamilie"
– Rainforest Alliance	– Award "ausgezeichnet familienfreundlich"
– Fair Trade	– ISO 50001

### BRANDS



### WEBSITE

[www.melitta.de](http://www.melitta.de)



## Melitta Europe – Coffee Preparation Division

The operating division Melitta Europe – Coffee Preparation Division – develops, produces and markets top-quality products under the Melitta® brand for the brewing of filter coffee, such as filter papers, pour-over cones, filter coffeemakers, coffee grinders and electric kettles, as well as fully automatic coffee machines for preparing coffee specialties at home. The range is rounded out by tea filter products under the Cilia® brand.

The overwhelming majority of the division's brands occupy leading positions in their markets. Melitta® filter papers have long stood for the ultimate in coffee enjoyment. Melitta® filter coffeemakers and fully automatic coffee machines are famed for their high quality, ease of use and modern design. The tea filter products of Cilia® are handy partners for the convenient preparation of loose teas.

### Market and business trends in 2016

In the course of the strategic program "Melitta 2020", the former operating division Melitta Household Products has been successfully transformed into the Coffee Preparation Division. The new and exclusive focus on products for the preparation of coffee and tea already produced encouraging sales growth for the respective product fields in 2016. Aided by a successively revamped, full-range product line, Melitta® filter coffeemakers achieved above-average growth in a slightly declining and highly competitive market. Melitta® filter papers were able to benefit from the consumer trend back to brands, as well as the pour-over trend, and recorded growth in both market share and sales in Europe. The Melitta® range of fully automatic coffee machines benefited from persistently strong demand for this product category and enjoyed healthy growth in line with the market trend. Sales of Cilia® tea filters as a niche product remained stable in 2016.

### Outlook 2017

For 2017, the operating division is optimistic that the growth achieved in 2016 with the focus on coffee and tea preparation can be continued on the basis of long-term market and organizational strategies in all product segments. The roll-out of attractive new products in the field of filter coffeemakers, fully automatic coffee machines and pour-over coffee preparation is expected to be a major growth driver. Whereas the fiercely competitive market for fully automatic coffee machines will continue to pose challenges for the range, there is further potential for the expansion of market shares in certain European countries for filter papers and filter coffeemakers.

### Sustainability – high praise for new exhaust system

Numerous sustainability activities were developed once again in 2016. In addition to ecological issues focusing on energy and water conservation (e.g. the installation of energy management, LED hall lighting) as well as waste reduction, these also included social issues such as noise reduction at the production facility in Minden to benefit the local neighborhood (new roof ventilation for paper production, frequency converter for Hibon pumps) or a cooperation with disabled workshops, and participation in apprenticeship fairs and blood donation campaigns. The "MISSION eco&care" rating system has been continued and expanded for new products. The highlights of the past year were the "Sustainability Award of the Environmental Foundation of the East Westphalian Economy" and the invitation to the "Environment Week of the German President" for the project "New exhaust system for paper conversion plant" and the related nationwide communication.

## Key Figures Melitta Europe – Coffee Preparation Division

SALES  
in € thous.

2016

172,039

CAPITAL EXPENDITURES  
in € thous.

2016

3,934

EMPLOYEES  
full-time employees, annual average

2016

723

### LOCATIONS

Minden, Germany  
Shenzhen, China

### COUNTRIES

- Belgium
- Denmark
- Germany
- Finland
- France
- Luxembourg
- Netherlands
- Norway
- Austria
- Russia
- Sweden
- Switzerland
- Spain
- Czech Republic
- United Kingdom

Export business  
in Europe with:

- Bosnia and Herzegovina
- Bulgaria
- Estonia
- Greece
- Ireland
- Italy
- Kazakhstan
- Kosovo
- Croatia
- Latvia
- Lithuania
- Malta
- Macedonia

- Montenegro
- Poland
- Portugal
- Romania
- Serbia
- Slovenia
- Ukraine
- Hungary
- Cyprus

Export business  
world-wide with:

- Australia
- China
- India
- Israel
- Japan
- Namibia
- New Zealand
- South Africa
- South Korea
- Taiwan
- Thailand
- Tunisia
- United Arab Emirates

### QUALITY MANAGEMENT

- 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)
- Blauer Engel, NF (France) and Nordic Swan (Scandinavia) for filterpapers

### BRANDS



### WEBSITE

[www.melitta.de](http://www.melitta.de)  
[www.cilia.de](http://www.cilia.de)





## Melitta Europe – Sales Europe Division

Melitta Sales Europe is responsible for the sale of all consumer products of the Melitta Group in the EMEA region, with the exception of the German coffee business. The brands marketed by Melitta Sales Europe include Melitta®, Cilia®, Toppits®, Albal®, Glad®, Bacofoil®, Handy Bag® and Swirl®. By pooling marketing activities in this way, the division aims to strengthen the market presence of the Melitta Group's consumer products while achieving synergy effects for the Group as a whole.

The operating division Melitta Sales Europe pools the entire sales organization and local marketing of all Melitta Group consumer products for the region EMEA (Europe, Middle East, Africa). Melitta Sales Europe was founded in 2016; outside of Germany, the new operating division is represented by the various national subsidiaries (Belgium, France, UK, Netherlands, Austria, Russia, Sweden, Switzerland, Spain and the Czech Republic) or by selected distributors.

### Market and business trends in 2016

As the year of foundation for the operating division, 2016 was dominated by the establishment of the necessary structures and processes. Over the course of the fiscal year, Melitta Sales Europe was quickly established and the interfaces to the respective operating divisions put in place. In the meantime, the operating division is fully operational. With the exception of the fully automatic coffee machine market, which boasts dynamic growth throughout the region, most markets in which Melitta Sales Europe operates are relatively stable. In almost all segments and countries, growth

outpaced the market as a whole. This resulted in overall sales growth of over four percent. In addition to fully automatic coffee machines, the development of filter coffeemakers and garbage disposal products was particularly encouraging.

### Outlook 2017

The European market environment will remain challenging in the fiscal year 2017. Markets will continue to be characterized by low growth and intense competition. The aim is to capture further market share with the aid of innovations and effective marketing. A number of innovative new products are on the verge of being rolled out, especially in the field of fully automatic coffee machines, filter coffeemakers, and products in the Freshness & Flavor segment. At the same time, online marketing is to be expanded. In 2017, sales are expected to grow by a further four to five percent.

## Key Figures Melitta Europe – Sales Europe Division

SALES in € thous.	2016		403,769*
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CAPITAL EXPENDITURES in € thous.	2016		749
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EMPLOYEES full-time employees, annual average	2016		428
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\*Sales to trade; not considered for other operating divisions

LOCATION

Minden, Germany

COUNTRIES

Sales activities in the EMEA region



## Melitta South America

Melitta South America offers a comprehensive range of coffee products, coffee filters 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 South America is the leading brand in the vacuum coffee segment and filter paper category in Brazil.

Melitta South America offers above-average quality products, compelling consumer benefits and frequent innovations. The coffee range is noted for its outstanding flavor and offers numerous coffee blends to cater to a variety of tastes. The coffee filters produced by Melitta South America allow the aroma of the coffee to unfold perfectly.

### Market and business trends in 2016

Melitta South America was once again highly successful in 2016 with double-digit growth in revenue to over 1 billion Brazilian real. These strong results were achieved despite the second year of Brazilian economic recession, higher consumer indebtedness levels and declining consumption trends in most food and household categories. The drivers for this double-digit revenue growth were both the coffee and paper filter business. The premium Melitta® brand and the Bom Jesus® coffee for everyday enjoyment gained new consumers and outpaced market growth. The coffee filter category also performed well in 2016. Increased sales volumes resulted in double-digit growth in excess of the market as a whole. The Melitta® brand continues to attract new consumers in developed and developing regions, offering high quality and the ability to extract the full coffee aroma and flavor rapidly and efficiently. The positive performance of both coffee and filter paper was the result of several measures. These include expansion into new regions, the use of new sales channels, and consistent advertising investments to communicate our product benefits to consumers via the most important media channels.

### Outlook 2017

The Brazilian economy will remain weak in 2017 with an expected modest recovery in the last quarter. This recovery will be driven by reduced inflation, higher investment in industrial sectors, and a slight improvement in consumer demand. The coffee and paper filter markets are expected to achieve further volume growth, albeit at lower levels. Despite this challenging economic backdrop, Melitta South America will continue to grow revenue and volume via additional distribution, new product offerings, and brand loyalty-building programs for its coffee and coffee preparation products. With the aid of media and consumer activities, the company aims to raise demand for its products.

### Sustainability – cooperation with Ayrton Senna Institute

Melitta South America strives to expand its sustainability activities each year – either via its own efforts or together with partners. In 2016, the operating division joined forces with the Ayrton Senna Institute, a highly popular organization recognized by the Brazilian authorities that supports education for children in over 700 Brazilian cities. As part of this partnership, a certain percentage of Melitta filter paper sales will be designated to support the educational programs managed by the Ayrton Senna Institute in several regions of Brazil.

## Key Figures Melitta South America

### SALES

in thous.

2016		294,748 €
2016		1,127,163 BRL

### CAPITAL EXPENDITURES

in thous.

2016		4,640 €
2016		15,917 BRL

### EMPLOYEES

full-time employees, annual average

2016		706
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### 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](http://www.melitta.com.br)  
[www.cafebomjesus.com.br](http://www.cafebomjesus.com.br)  
[www.celupa.com.br](http://www.celupa.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. Its core markets are the USA and Canada but its products are also marketed in Mexico, Central America and the Caribbean.

In North America, Melitta® is the leading brand of coffee filters. The brand is also one of the largest providers of premium-quality coffee in those markets in which the operating division is active. Melitta® is known in the market for its high-quality products that address the needs of discerning customers. In the B2B segment, Melitta North America has achieved recognition as one of the best coffee roasters in the North American market with highly flexible capabilities.

### Market and business trends in 2016

Melitta North America continued to grow its share of the coffee filter market in 2016. This trend is particularly encouraging in view of the growing market for single-serve coffee and its encroachment on shelf space for filter papers. However, an end to this trend appears to be in sight: the growth of single-serve items is slowing, the number of filter coffeemakers is rising, and demand in cafés for pour-over coffee continues to increase. In 2016, competition in the coffee market remained stiff. There was heavy discounting in certain categories, especially within the single-serve segment. In view of Melitta's positioning as a premium product, this trend poses a significant challenge. The operating division's B2B activities made strong progress with high utilization of coffee roasting capacities.

### Outlook 2017

Melitta North America expects high growth rates in its B2B segment in 2017. Various investments in infrastructure have therefore been made, such as a new coffee roaster. With new customers already secured, this extra capacity is expected to be almost fully utilized by year-end 2017. In the B2C segment, one major focus area will be the development of a pour-over brewing system for in-home use. The new product range is to be unveiled at the International Housewares Show and subsequently rolled out. The operating division will also focus on growing the filter coffeemaker business. Cooperation with coffeemaker manufacturers is to be expanded with new licensing agreements for coffeemakers under the Melitta® brand.

### Sustainability – focus on energy efficiency

2016 saw the continuation of sustainability activities developed over the past few years, especially in the field of packaging, electricity, waste, and product innovations. At the same time, a number of new projects were initiated. These include a new coffee roaster, the installation of a solar energy system, and the switch to LED lighting at the Cherry Hill site. In addition, a new water cooling tower was erected which uses 40 percent less power. In Canada, fully compostable coffee pods for single-serve machines were launched in 2016.

## Key Figures Melitta North America

### SALES

in thous.

2016		112,189 €
2016		124,204 USD

### CAPITAL EXPENDITURES

in thous.

2016		5,478 €
2016		5,774 USD

### EMPLOYEES

full-time employees, annual average

2016		119
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### 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” and “OK”)  
– Rainforest Alliance  
– Sharp Award  
– Fair Trade  
– FDA Inspected

### BRANDS



### WEBSITE

[www.melitta.com](http://www.melitta.com)  
[www.melitta.ca](http://www.melitta.ca)



## Cofresco

Cofresco is Europe's leading supplier of branded products in the field of household film, foil and paper for home and professional use. 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®, Swirl® and Glad®, Cofresco is the market leader in 16 European nations. Cofresco is also among the leading companies 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 2016

Cofresco can look back on a successful 2016 with growth in earnings. This is due in particular to the further increase in sales of branded household films and garbage bags; market shares were expanded in almost all countries and categories. At the same time, Cofresco expanded its distribution once again, especially in Germany, Spain and France. In the reporting period, the most significant product launches included the Devor Odeur garbage bags in France, cling film with an easy-cut system in Europe, and new food bags in England. TV commercials designed to support sales were run above all in Germany, France, Spain, Belgium, Austria and the UK. Fiscal year 2016 was also dominated by the integration of Wrap Film Systems and the start of the production relocation from Minden to Brodnica. In both cases, the corresponding structures and processes were newly defined or adapted.

### Outlook 2017

2017 also promises to be a successful year for Cofresco. Numerous product launches are planned for the retail business, including such important categories for Cofresco as aluminum foil and garbage bags. In order to raise awareness of its products, the operating division plans to expand its advertising activities once again in 2017. There are also plans to intensify distribution in the Danish market and to introduce extensive sales promotion activities aimed at significantly raising revenue. In the catering segment, Cofresco will invest strongly in the international expansion of its business with the establishment of a corresponding product range and personnel. One of the biggest challenges in 2017 will be the ongoing relocation of production from Minden to Brodnica.

### Sustainability – increased use of recycled material

Numerous sustainability activities were developed by Cofresco once again in 2016. These include its ongoing cooperation with the "Don't Throw Me Away!" initiative. As part of this project, a promotion campaign to support school gardens was launched by Cofresco in summer which attracted much attention. In its garbage bag business, Cofresco continued to drive the use of recycled instead of new materials. The challenge is to control the process and quality in such a way that only materials which meet Cofresco's high quality requirements are used. Due to the ecological benefits, Cofresco will continue to work hard on these issues in the coming years and examine the possible use of alternative materials.

## Key Figures Cofresco

SALES  
in € thous.

2016  244,948

CAPITAL EXPENDITURES  
in € thous.

2016  5,842

EMPLOYEES  
full-time employees, annual average

2016  787

### LOCATIONS

Minden, Germany  
Brodnica, Poland  
Telford, UK

### 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/IOF (Poland)
- IFSHPC (Poland)

### BRANDS



### WEBSITE

[www.cofresco.de](http://www.cofresco.de)  
[www.bacofoil.co.uk](http://www.bacofoil.co.uk)  
[www.wrapfilm.com](http://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 areas are 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 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. The product category HORECA Coffee develops and markets country-specific coffee assortments for the European HORECA segment.

### Market and business trends in 2016

2016 was a very successful year for Melitta Professional Coffee Solutions. Sales rose by around 15 percent compared to the previous year. Growth was driven in particular by cooperation with key accounts in the USA and the operating division's technical customer service. In view of the attractive potential on the Australian market, a new subsidiary was founded there on January 1, 2017. In Austria, the range of services was expanded and now comprises everything from coffee machines, to customer service, to coffee – all from a single source. The new product category HORECA Coffee got off to a promising start: in the UK, newly developed HORECA coffee blends were launched and presented at trade shows for the sector. In the past fiscal year, the most important new products were the fully automatic coffee machines Melitta® Cafina® XT5 and Melitta® Cafina® XT7, which were launched in the second half of 2016. Together with the Melitta® Cafina® XT7, the milk frothing system Melitta® TopFoam also went into production in the past year.

### Outlook 2017

Melitta Professional Coffee Solutions is confident that it can maintain its growth trajectory in 2017. With its new generation of fully automatic coffee machines, the Cafina semi-automatic range, new filter coffee machines, an extended range of coffees, and its technical customer service, Melitta Professional Coffee Solutions is well positioned for the future. Numerous new products are slated for launch in 2017. These include above all the future flagship model Melitta® Cafina® XT8, the filter coffee machine Melitta® Cafina® XT180, and the fully automatic filter coffee machine Melitta® Cafina® XTF. Further international growth is also expected in the specialty field of bespoke customer solutions. The product category HORECA Coffee will focus on the UK, Germany and Austria in 2017.

### Sustainability – ecological product design

The consideration of sustainability aspects is particularly evident in product design. For example, HORECA Coffee's UK blend "Espresso Nature" was awarded a certificate from the Rainforest Alliance in 2016. The most popular product in the hot chocolate range, Melitta® Cioccolata Style Milk Chocolate, now sources its cocoa content exclusively from sustainable plantations and is UTZ Certified. In addition, special insulation for the boilers and tubes of the new Melitta® Cafina® XT8 fully automatic coffee machine ensure high energy efficiency. And the new cleaning tablet "Multi TF Tab" to clean the milk systems and coffee systems of fully automatic coffee machines is now phosphate-free.



## Key Figures Melitta Professional Coffee Solutions

SALES  
in € thous.

2016

159,197

CAPITAL EXPENDITURES  
in € thous.

2016

3,016

EMPLOYEES

full-time employees, annual average

2016

686

### LOCATIONS

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

### COUNTRIES

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

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:  
– Argentina  
– 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

- Internal training of customer service technicians 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, K TL, EAC, S Mark certifications)
- HKI Cert registration: listing in the database of HKI Industrieverband for the publication of standardized energy consumption measurements
- UTZ Certified: Melitta® Cioccolata Style Milk Chocolate (supplier)
- Rainforest Alliance accredited: Espresso Nature, new HORECA coffee in UK (supplier)
- Inspection seal HACCP-compliant device: specialist laboratory for sensory perception examines the cleaning steps of our new fully automatic coffee machines XT5, XT7 and XT8 and grants approval to display the inspection seal according to the relevant directives (EU, standards, NSF)

### BRANDS



cafina®



### WEBSITE

www.melittaprofessional.de  
www.cafina.ch  
www.cilia.de



## Wolf PVG

Wolf PVG is a highly specialized systems supplier for all aspects of vacuum cleaning and industrial filter technology. Its products include dust filter bags, vacuum cleaner nozzles, filters, and attachment flanges for dust filter bags. These products are developed and produced for both industrial clients and the operating division's own end-user business under the Swirl® brand. Wolf PVG markets Swirl®-branded dust filter bags and accessories, ventilation filters, and cleaning products for private households.

Wolf PVG boasts a high level of innovation and a wide range of products. The extraordinary variety of products and vertical integration of the division 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.

### Market and business trends in 2016

The restructuring measures commenced in 2015 to improve profitability were completed in fiscal year 2016. The operating division's two facilities were merged at the site in Spenge and the product portfolio was streamlined. The separate, manual assembly of nozzles was discontinued and the Wolf-branded range transferred to the Swirl® brand. These measures provide a stable basis for renewed, sustainable growth which already had a positive impact in fiscal year 2016. Under the new roof of Wolf PVG, sales of Swirl® dust filter bags to the retail trade were slightly up in 2016 – following over four years of decline. This is mainly due to very good business in Germany. The outstanding event of the past fiscal year was the verdict delivered by Germany's leading product test organization "Stiftung Warentest": three of the most important Swirl® bags were rated best-in-category. In its B2B business, the operating division launched serial production of a new bag generation on two bag production lines and twelve injection molding machines. In addition, major projects for the coming years were contractually agreed with a further B2B client.

### Outlook 2017

With its solid foundations, Wolf PVG can look forward to growth in many areas in its fiscal year 2017. Newly gained customers will lead to greater utilization of production capacity and represent an important basis for further innovation and development targets. The main objectives for the current fiscal year include the ongoing stabilization of sales to the retail trade and the position of Swirl® dust filter bags in core markets, as well as the penetration of selected new markets. There are also plans to significantly expand the Swirl® ventilation filter business by intensifying platform business, rolling out the range in new countries and also aligning products with the needs of industrial customer groups. In the B2B segment, the new serial products must be further optimized and the planned new projects brought to the implementation stage.

### Sustainability – increased use of top-quality recycled materials

The activities already started to reduce energy and material consumption were continued in 2016. Energy requirements were redefined and optimized on the basis of the new location structure. An increasing proportion of high-grade recycled plastic from secure sources is being used in production. The products already meet the requirements of the second phase of the Ecodesign Directive for September 2017 and have therefore generated strong interest among clients. New product initiatives in the retail trade business are all aligned with the second phase of the Ecodesign Directive for September 2017.

## Key Figures Wolf PVG

SALES  
in € thous. 2016 59,826

CAPITAL EXPENDITURES  
in € thous. 2016 2,966

EMPLOYEES  
full-time employees, annual average 2016 176

### LOCATIONS

Minden, Germany  
Vlotho-Exter, Germany  
Spence, 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

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### 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 filter papers, 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 2016

On the whole, fiscal 2016 was an encouraging year for the operating division Neu Kaliss / Neukölln Spezialpapier. Sales rose year on year by 10.8 percent. This trend is particularly gratifying in view of lower global demand for nonwoven wallpapers, the simultaneous increase in the number of competitors, and political developments in Russia and Ukraine – two countries of particular importance for us. 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 2017

Political developments in Russia and Ukraine will continue to impact the business trend of Neu Kaliss / Neukölln Spezialpapier in 2017, 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 2017 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 2017.

#### Sustainability – measures to increase energy efficiency

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 realignment of waste management started in 2015. The corresponding measures were gradually implemented over the course of fiscal year 2016. This has enabled the operating division to achieve a number of its own targets with regard to sustainability.

## Key Figures Neu Kaliss / Neukölln Spezialpapier

SALES <small>in € thous.</small>	2016		43,513
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CAPITAL EXPENDITURES <small>in € thous.</small>	2016		1,644
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EMPLOYEES <small>full-time employees, annual average</small>	2016		208
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### 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](http://www.nkpaper.com)





Film GmbH & Co.KG

## 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 fresh meat, food, cleaning, and confectionery 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 2016

Demand for the services of ACW-Film grew steadily over the fiscal year 2016. As a result, sales rose 17 percent year on year. However, despite this strong growth, the operating division failed to reach its own revenue target. In order to further increase efficiency and reduce costs, a continuous improvement program (CIP) was launched in the past year. Capital expenditures in the past fiscal year focused on a fully automated ink mixing and dosing system, which was launched in October 2016, as well as a new roller cutter. In addition, a new laboratory was put into operation in 2016. New FMCG applications have broadened ACW-Film's product portfolio. The products were developed on the gravure printing line put into operation in 2015 and subsequently rolled out on the market. Examples include a resealable bag for the tobacco industry and microwaveable packaging for the convenience packaging market. It has been observed that customers are requesting ever smaller batch sizes with ever higher finishing. With the machinery at its disposal, ACW-Film is ideally placed to serve this trend.

### Outlook 2017

Double-digit percentage growth is planned for 2017. In particular, growth is expected to be driven by gravure- or flexo-printed multi-layer composites for FFS applications (product group EasyBag), by lidding films with barrier and peel properties for the fresh meat industry (product group EasyTop) and by hot- or cold-sealing flowpack applications (product group EasyFlow). Corresponding customer projects and samplings have already started and the response has been very positive so far. The same is true for several projects with other operating divisions of the Melitta Group. One of the main investments planned is an efficiency-enhancing modification to the ventilation system of the gravure printing line.

### Sustainability – taking account of ecological aspects in product design

Numerous investments were made once again in 2016 aimed at increasing the efficiency of manufacturing processes and optimizing the use of materials. These include, in particular, the installation of an ink mixing and dosing station which reduces the number of ink components used by 30 percent and thus significantly improves residual ink handling. The amount of scrap during print start-up was also reduced significantly. In addition, a project was launched to reduce waste even further during the reporting period. As of 2015, all film waste generated during production can be recycled.

## Key Figures ACW-Film

SALES in € thous.	2016		7,372
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CAPITAL EXPENDITURES in € thous.	2016		512
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EMPLOYEES full-time employees, annual average	2016		41
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### LOCATION

Rhede (Ems), Germany

### COUNTRIES

- Germany
- Netherlands
- Poland

### QUALITY MANAGEMENT

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

### WEBSITE

[www.acw-film.de](http://www.acw-film.de)



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## Melitta Single Portions

Within the Melitta Group, Melitta Single Portions is responsible for all products connected with the preparation of hot beverages in the form of single servings. The aim is to become one of the leading suppliers in the global market for single-serve hot beverages, thereby ensuring sustainable growth within the Group. Melitta Single Portions thus develops products and innovative solutions which meet the growing demand for hot beverages in single portions.

Like all other products of the Melitta Group, the products of Melitta Single Portions all stand for exceptionally high quality. The operating division strives to leverage its existing expertise effectively and drive innovation in both familiar and new markets. For the development of its new solutions and innovative products, Melitta Single Portions draws on its own research, while also benefiting from existing know-how within the Melitta Group. It constantly exchanges ideas, in some cases in cooperation with technical institutes and universities, in order to serve the current and upcoming trends in hot beverage preparation.

### Outlook 2017

Whereas the operating division Melitta Single Portions was mainly involved with the setting up and preparation of its activities in 2016, its first products are set to be rolled out in 2017. The highly promising projects to identify and exploit existing market potential will also be continued. The goal is to make a first contribution to the Melitta Group's sales growth in 2017.

### Market and business trends in 2016

The operating division Melitta Single Portions was founded in 2016. The past fiscal year was therefore dominated by the establishment of the necessary structures and manpower resources. Single-serve sales continue to enjoy strong international growth. In particular, there is currently a growing trend toward high-quality single portions. In order to harness this potential, the corresponding foundations were laid in fiscal year 2016 and the first major projects initiated.

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#### LOCATION

Minden, Germany

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## Melitta Business Service Center

The Melitta Business Service Center assumes all management tasks that can be handled more efficiently at group level than at the level of the operating divisions. In particular, this includes the shaping of IT systems as well as of administrative structures and processes. The aim is to simplify, standardize and effectively align the corresponding structures and processes within the Melitta Group in order to achieve an attractive cost level and a high degree of flexibility.

### Business trends in 2016

As the Melitta Business Service Center was only founded in fiscal year 2016, the first few months were dominated by the establishment and pooling of administration teams from the various operating divisions. Apart from the ongoing work, the system and procedures of the new control concept for end-user business to support Melitta Sales Europe was implemented. In the field of HR administration and accounting in particular, end-to-end business process management approaches were initiated in cooperation with IT. In procurement, the main focus was on the group-wide generation and implementation of high savings potentials as well as the initiation of more effective processes by means of electronic catalog management.

### Outlook 2017

In addition to the assumption of major parts of Melitta IT into the Melitta Business Service Center, a major focus area in 2017 will be the optimization of administration processes and the ongoing modernization of the Melitta Group's system landscape. For example, the Melitta Business Service Center will continue to drive the automation of invoice verification and its pooling at the Brodnica facility. In the field of procurement, the aim is to leverage significant savings potential together with the operating divisions and to achieve procedural benefits in the processing of purchases.

### LOCATION

Minden, Germany





# GROWING — TOGETHER

Annual Report 2016

## 04 Financial Section

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## Group Management Report

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### 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®, Handy Bag® 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®, Handy Bag® and BacoFoil® 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/** According to the International Monetary Fund (IMF), the global economy made good progress in fiscal year 2016 with growth of 3% in global gross domestic product.

Economic output in the eurozone achieved average growth of 1.7% – albeit with regional differences. Germany enjoyed solid and steady economic growth in 2016; price-adjusted gross domestic product (GDP) was up 1.9% on the previous year. This represents a continuation of the growth trend in the preceding years. In 2016, growth was driven in particular by increased consumer spending. There was above-average growth of 3.2% in Spain with a marked decline in unemployment. By contrast, economic growth in France was below average at 1.1%. In the year of the Brexit decision, GDP in the UK rose by 1.8%.

The USA enjoyed a moderate economic upturn in 2016 with growth of 1.6%, according to the IMF. This was mainly driven by consumer spending and bolstered by strongly declining unemployment figures.

In Canada and Japan, economic growth was once again around 1%.

Brazil continued to suffer from recession in the past year with a fall in GDP of 3.5%.

**Development of business /** a) Coffee – Consumer demand for good coffee remained strong in 2016; this also applies to Brazil. Whether as classic filter coffee or in the form of coffee specialties, coffee is still one of the most popular drinks for consumers in those countries of relevance to Melitta.

Sales of roasted coffee in Germany were up 1% by volume, corresponding approximately to the prior-year growth rate. Once again, the main drivers were the Whole Bean (+7.8%), Capsules (+9.2%) and Soft Pads (+3.4%) segments. Sales of filter coffee, however, fell by 2% and its share of the roasted coffee market decreased to 63% (prior year: 65%).

Our domestic market, Germany, continues to be our most important sales market for roasted coffee. In the case of filter coffee, we achieved slight year-on-year growth in market share. There was a marginal average decline over the year for the Whole Bean segment, while Pads and other coffee specialties largely held their respective market shares.

Despite the ongoing recession in Brazil, the coffee market in South America's largest country grew by 2.6%. However, this growth was mainly in the lower-priced product categories; consumers are not restricting their daily consumption of coffee, but were more price-sensitive in 2016 than in previous years.

Our annual average market share in Brazil was down slightly. Due to delivery bottlenecks in the first quarter – as a consequence of the change to a new ERP system – and two price increases of 19% in total, sales volumes fell in the first half of 2016 but were up over the year as a whole, compared to the previous year.

The market for filter coffee in the USA declined by around 2% as fierce competition forced down prices. In the challenging US market, the conditions for filter coffee continued to worsen as the coffee capsule business enjoyed further growth. Although the capsule business continues to grow in the USA, growth rates are significantly lower than in the previous years. Our share of the filter coffee market remains very low at 0.7%. In the case of coffee capsules, we have not yet been able to establish ourselves with sufficient volume in the B2C business.

The coffee market in Canada is still dominated by coffee capsules. The B2B capsule business continued to grow in Canada in 2016, albeit at a significantly reduced rate compared to the previous year. In a market also characterized by strong competitive pressure, we succeeded in maintaining our market share.

b) Filter paper and coffee machines – The market for filter papers continued to decline in our most important European countries, Germany and France. However, there was an encouraging trend for our leading market shares, which we expanded slightly year on year in both these core markets.

By contrast, the Brazilian filter paper market enjoyed further growth. We were able to defend our market share in certain regions, but lost ground slightly in other parts of Brazil due to reduced price differences with our most important competitors.

The trend in the USA was similar to Europe. The filter paper market as a whole is in decline. However, there was encouraging growth in sales of Melitta® filter papers in particular via the acquisition of new customers. In competition with private label suppliers, we were therefore able to expand our position as the leading provider of Melitta® filter papers – also in the USA.

There was growth in sales of fully automatic coffee machines in Melitta's key markets, Germany, France and Austria. This applies to both the number of units sold and total market revenue. Although our share of the German market fell slightly, there were gains in France and Austria. The importance of e-commerce for coffee machine sales continues to grow, especially in Germany. This ongoing trend, which we already mentioned in 2015, was even stronger in the past year.

By contrast, the market for filter coffeemakers in Germany and France declined and market growth was only recorded in Sweden. All in all, however, the filter coffeemaker business made good progress with significant market share gains in our core markets.

Demand for commercial coffee machines was up year on year in most markets in which we have a local presence with our own national subsidiaries. Growth was driven in particular by our successful project business with major customers in the USA and Japan. But there was also growing demand in Germany. The situation in Switzerland is still challenging, however, as demand for high-quality coffee machines for the HORECA sector remains low.

c) Dust filter bags and accessories – The ongoing trend toward bag-less vacuum cleaners and wireless devices (without dust filter bags) is dampening the demand for dust filter bags in Europe. As a result, our business with dust filter bags and vacuum cleaner accessories (Swirl® and OEM) faces increased competition and growing pressure on margins. In addition, new regulatory requirements have to be considered, such as the EU regulation for vacuum cleaners introduced in September 2014 which restricts the power consumption of vacuum cleaners to 900 watts as of September 1, 2017. This regulation also sets new requirements with regard to the quality and performance of our dust filter bags.

d) Film-based and nonwoven products – In 2016, Toppits® benefited from the positive trend in demand for film-based products for the storage and disposal of food. In the case of aluminum foil, there were market losses in Germany and France, while the Spanish market enjoyed market growth. The generally positive development of branded household products for storing and keeping food fresh confirms our portfolio strategy of focusing on branded products which are increasingly being requested by consumers. Our positive market share trend in Western Europe, and also the UK since 2015, is thus also the result of consistent brand management and innovation in new products.

There was still no significant upturn in the market for nonwoven wallpapers during 2016. The ongoing crisis in Ukraine and Russia continues to hamper our business. The market is also dominated by the surplus capacity of nonwoven wallpaper producers in Europe and China.

**Earnings /** The Melitta Group generated total sales of €1,452 million in 2016. This represents further revenue growth of 8% – resulting partly from a 6% increase in sales volumes and partly from price and currency effects with a change of –1 %-points, as well as from the initial consolidation of WRAP Film Systems Ltd. UK (+3 %-points) as of October 1, 2015.

a) Melitta Brazil – The Group's coffee business in Brazil played a major role in this positive sales trend. The volume of coffee sold, especially filter coffee, was up 9% year on year. This volume-based growth coupled with average price hikes of 19% led to an increase in sales revenue of 27% for our coffee business in Brazil. Sales of filter papers were on a par with the previous year, whereby revenue rose by 9% due to price increases. All in all, revenue in Brazilian currency was up 22%. As a result of the average devaluation of the BRL over the course of 2016, sales growth in euros is lower at 16% – but still exceptionally high.

b) Melitta USA – Melitta USA achieved overall volume growth of 40% in filter coffee, due in particular to its B2B business. Filter paper sales rose by 1%. As a result of falling prices and changes in the price/product mix, revenue in the USA was on a par with the previous year – despite increased volumes.

In Canada, there were declines in both sales volume and revenue. The development in North America reduced consolidated sales revenue by 2%.

c) Melitta Professional Coffee Solutions – Sales of fully automatic coffee machines for the HORECA sector made further encouraging progress in 2016. This trend was driven in part by the roll-out of a new coffee machine generation for a major client in the USA. Further growth momentum resulted from the acquisition of new

clients, at the expense of our competitors. In total, global revenue of Melitta Professional Coffee Solutions rose by 16%.

d) Melitta Europe – Branded filter papers, fully automatic coffee machines and filter coffeemakers – product categories of the Coffee Preparation Division – also made good progress. Filter papers achieved revenue growth of 4% in Europe. This encouraging trend is due in particular to increased sales of Melitta® filter papers. Sales of filter coffeemakers were up 10%, while fully automatic coffee machines posted revenue growth of 19%.

There was also a positive trend for Melitta Europe's coffee business with a 2% increase in sales volumes. Although changes in the price/product mix led to a 4% decline in revenue compared to the previous year, this was well short of the expected decrease.

e) Cofresco – Cofresco also succeeded in raising revenue with sales of products under the Toppits®, Albal® and Handy Bag® brands.

With its acquisition of WRAP Film Systems in 2015, Cofresco greatly expanded its business activities in the UK. In 2016, the development of the UK-based company was largely in line with expectations. However, the devaluation of the British pound following the Brexit vote affected the Group's currency-translated revenue and prevented the expected revenue growth for 2016.



f) Wolf PVG – There was a slight decline in revenue generated by the Wolf PVG product category Vacuum Cleaning Industry (OEM business), compared to the previous year. Despite an increasingly difficult market environment, Swirl®-branded dust filter bags (Vacuum Cleaning Retail) also achieved revenue growth of 8%.

g) NKS/ACW-Film – Due to increased sales volumes, Neu Kaliss posted an increase in revenue from €39 million to €44 million.

Sales of packaging films for the food industry also made good progress with revenue of €7 million (prior year: €6 million).

Liquid funds rose from €112 million to €115 million as of December 31, 2016. As in the previous year, the liquidity reserve of €42 million (prior year: €44 million) is included in liquid funds.

Pension accruals and similar obligations fell from €149 million to €148 million. Other accruals, including tax accruals, rose by €9 million to €138 million.

As of December 31, 2016, the Melitta Group had trade payables of €95 million – representing an increase of €13 million. Other liabilities rose by €6 million to €45 million.

The Group's total assets increased by €86 million, from €784 million to €870 million.

## ASSETS AND FINANCE

**a) Capital structure /** As of December 31, 2016, the Melitta Group's equity capital stood at €284 million. The increase of €66 million resulted from the net balance of shareholder contributions and withdrawals, the consolidated net profit and foreign currency changes without effect on income.

The equity ratio amounts to 38% (prior year: 32%). 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, 2016 amounted to €30 million (prior year: €41 million); including other interest-bearing liabilities, net financial debt totaled €37 million (prior year: €50 million).

Bank liabilities decreased by €8 million, from €153 million to €145 million.

Non-current assets at the end of the reporting period rose in total by €6 million, due mainly to investments in property, plant and equipment. Gross capital expenditures of €36 million were largely in line with the investment forecast of €37 million. There was an opposing effect from depreciation and amortization of €30 million.

Current assets increased by €81 million, from €510 million to €591 million. This rise is mainly due to the increase in liquidity reserves of €39 million and higher trade receivables (€15 million).

This increase is mainly due to the business-related rise in inventories (€30 million) and higher trade receivables as a result of increased revenue (€30 million).

**b) Liquidity /** The liquidity of the Melitta Group is analyzed via the cash flow statement. The Group generated positive cash flow from operating activities in 2016, which was used to finance higher net current assets caused by increased revenue and prices, as well as financing and investing activities. Financing activities mainly comprise the planned repayment of bank loans and withdrawals of the owners.

In fiscal year 2016, the Melitta Group continued to have sufficient credit lines to finance its working capital.

## OVERALL ASSESSMENT

The Melitta Group can look back on a very positive development of business on the whole in 2016. We met our expectations regarding revenue growth and earnings power. This was partly due to generally favorable economic conditions. 2016 was also dominated by the implementation of various restructuring projects in connection with the Melitta 2020 strategy.

### 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 308 to 4,281 while the number of apprentices amounted to 77 (prior year: 91).

As in the previous year, one focus of our HR activities in the reporting period was the continuous improvement of our positioning as an attractive employer for the respective target groups. A further focus area was to steer and communicate the changes in personnel and organizational structures resulting from the Melitta Group's restructuring program.

## 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 2016, we commissioned the external auditors to conduct a voluntary audit of our early recognition system according to Sec. 91 (2) of the German Stock Corporation Act (AktG). They were able to confirm that our early recognition system was appropriate and complied 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

According to the IMF, the global economy is set to grow by 3.4 % in 2017. This creates favorable conditions for a further positive development of the Melitta Group's business. In the USA, we expect an economic policy which will also stimulate consumer spending. The economic situation in Europe, especially in Germany and Spain, is generally expected to improve further in 2017. Unemployment will remain low, and we expect consumer spending to be buoyant – despite a slight increase in prices. In Brazil, the period of recession is expected to end with a slight increase in gross domestic product. Against this backdrop, we believe that the conditions for growth will remain favorable for Melitta and therefore anticipate an increase in net sales of between 6 and 10 %.

On the basis of general expectations for the development of the relevant currency pairs, and due to existing currency hedging for 2017, no significant currency risks are anticipated.

Investment in property, plant and equipment is expected to be around €50 million. An M&A project in Brazil is likely to be completed in the first half of 2017. We will also invest in the establishment of a new production and logistics site in Brazil. With a total investment of €15 million, this will lay the foundation for further strong growth over the coming years.

Cash outflows for capital expenditures and funds required for the further expansion of business will be financed internally.

Our consolidated balance sheet at the end of fiscal year 2017 will once again be strong; the same applies to our equity capital and net financial debt, which will be roughly on a par with year-end 2016.

Minden, April 2017

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

# Consolidated Balance Sheet

## Melitta Unternehmensgruppe

### Bentz KG

as at 12-31-2016 (abridged version) in € thous.

ASSETS	12-31-2016	12-31-2015
Intangible assets	44,962	47,883
Tangible assets	207,585	199,109
Financial assets		
_ Shares in affiliated companies	1,760	1,974
_ Participation interests	23,401	23,151
_ Other financial assets	2,242	2,035
<b>Non-current assets</b>	<b>279,950</b>	<b>274,152</b>
Inventories	178,577	149,000
Receivables and other current assets		
_ Trade receivables	246,981	216,509
_ Other receivables and current assets	29,318	18,043
Securities	39,959	40,543
Bank balances, checks	73,174	68,128
<b>Current assets</b>	<b>568,009</b>	<b>492,223</b>
<b>Other assets</b>	<b>22,525</b>	<b>17,761</b>
<b>TOTAL ASSETS</b>	<b>870,484</b>	<b>784,136</b>



<b>EQUITY AND LIABILITIES</b>	<b>12-31-2016</b>	<b>12-31-2015</b>
<b>Equity</b>	<b>284,102</b>	218,428
Pension accruals	148,225	148,645
Other accruals	138,358	128,963
<b>Accruals</b>	<b>286,583</b>	277,608
Debts	145,229	153,465
Trade payables	95,440	82,887
Other liabilities	49,931	43,854
<b>Liabilities</b>	<b>290,600</b>	280,206
<b>Prepaid expenses</b>	<b>9,199</b>	7,894
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>870,484</b>	784,136

## Explanatory Notes on the Consolidated Balance Sheet

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### 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 2016. 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 group comprises 63 (prior year: 59) companies, of which 30 are based in Germany and 33 abroad.

Due to their minor importance for the assets, liabilities, financial position and earnings of the Group, eight companies (prior year: eleven) were not included in the consolidated financial statements. Despite a shareholding of over 20%, three 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 2016: the companies newly founded in 2015, Melitta Business Service Center GmbH & Co. KG, Melitta Business Service Center Beteiligungs GmbH, Melitta Single Portions GmbH & Co. KG and Melitta Single Portions Beteiligungs GmbH, were initially consolidated as subsidiaries of Melitta Bentz GmbH & Co. KG as of January 1, 2016.

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, 2016. 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

In accordance with Art. 75 (1), (2) second sentence EGHGB, the companies included in the consolidated financial statements apply the provisions of the German Commercial Code (HGB), as amended by the German Accounting Directive Implementation Act (BilRUG), for the first time in fiscal year 2016 (reporting date December 31, 2016). Amongst other things, the amended definition of revenue recognition (Sec. 277 (1) HGB) results in income from products and services not typical for the operating business – and which were reported under other operating income in the previous fiscal year – now being recognized in sales revenue. Directly attributable expenses from products and services not typical for the operating business are thus recognized in the corresponding expense category, e.g. cost of materials. Moreover, other taxes directly linked to sales are deducted from sales revenue.

Since BilRUG removed the obligation to disclose extraordinary expenses and income separately, these items are now included in the

corresponding expense and income lines, mainly under other operating expenses. A further statutory amendment of the income statement structure is the inclusion of an interim “Profit after tax” result between the items “Income taxes” and “Other taxes”.

In order to aid comparability, the prior-year figures have been adjusted accordingly.

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.

With the exception of the BilRUG amendments, the accounting and valuation principles are unchanged from the annual financial statements of the previous year.

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 4.01% as at December 31, 2016 (prior year: 4.3%). 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, 2016 using the projected unit credit method with an interest rate of 4.01% 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. Any 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 2016. 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 12-31-2016	Book values 12-31-2015*	Additions	Depreciation current year	Other changes
Intangible assets	44,962	47,883	3,759	2,139	-4,541
Tangible assets					
_ Land	89,612	89,507	2,530	3,888	1,463
_ Machines and equipment	89,149	89,372	8,769	18,290	9,298
_ Other assets	28,824	20,230	18,352	6,113	-3,645
<b>Total tangible assets</b>	<b>207,585</b>	<b>199,109</b>	<b>29,651</b>	<b>28,291</b>	<b>7,116</b>
Financial assets					
_ Shares in affiliated companies	1,760	1,974	388	0	-602
_ Participation interests	23,401	23,151	250	0	0
_ Other financial assets	2,242	2,035	334	0	-127
<b>Total financial assets</b>	<b>27,403</b>	<b>27,160</b>	<b>972</b>	<b>0</b>	<b>-729</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>279,950</b>	<b>274,152</b>	<b>34,382</b>	<b>30,430</b>	<b>1,846</b>

\* 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.	12-31-2016	12-31-2015
Europe	138,921	117,108
North America	16,966	14,786
South America	14,303	8,278
Asia-Pacific	8,387	8,828
<b>TOTAL INVENTORIES</b>	<b>178,577</b>	<b>149,000</b>

#### 4. TRADE RECEIVABLES

in € thous.	12-31-2016	12-31-2015
Europe	174,144	179,467
North America	32,460	14,273
South America	34,971	18,168
Asia-Pacific	5,406	4,601
<b>TOTAL TRADE RECEIVABLES</b>	<b>246,981</b>	<b>216,509</b>

#### 5. DEBTS

in € thous.	12-31-2016	12-31-2015
Europe	142,053	148,975
North America	212	207
South America	2,964	4,283
Asia-Pacific	0	0
<b>TOTAL DEBTS</b>	<b>145,229</b>	<b>153,465</b>

There are liabilities due to banks with terms of over five years of €86,719 thousand.

#### 6. TRADE PAYABLES

in € thous.	12-31-2016	12-31-2015
Europe	76,949	69,276
North America	8,460	5,665
South America	5,510	2,462
Asia-Pacific	4,521	5,484
<b>TOTAL TRADE PAYABLES</b>	<b>95,440</b>	<b>82,887</b>

Minden, April 2017

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

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