AND

Annual Report 2017



MELITTA GROUP 2017

Financial figures at a glance

Key figures of the Melitta Group

	2017	2016
Sales * / in € thous.	1,541,331	1,393,213
Capital expenditures / in € thous.	49,912	34,382
Employees / full-time employees, annual average	4,550	4,213
Tangible assets / in € thous.	210,145	207,585
Financial assets / in € thous.	29,074	27,403
Equity / in € thous.	278,740	284,102
Total assets / in € thous.	877,714	870,484
Equity ratio / in %	36	38

Sales 2016 adjusted for disclosure of conditions

Key figures of the operating divisions and the service unit

Sales in € thous.	2017	2016*
Melitta Europe – Coffee Division	339,906	295,360
Melitta Europe – Coffee Preparation Division	170,964	169,302
Melitta Europe – Sales Europe Division	10,860	11,757
Melitta Single Portions	33	
Melitta South America	356,310	294,748
Melitta North America	107,268	112,189
Melitta Asia Pacific	556	
Cofresco	250,155	240,801
Melitta Professional Coffee Solutions	198,384	159,197
Wolf PVG	55,681	58,119
Neu Kaliss / Neukölln Spezialpapier	43,761	43,513
ACW-Film	7,369	7,372
Melitta Business Service Center	66	469
Other companies and shareholdings	18	386
TOTAL	1,541,331	1,393,213

Sales 2016 adjusted due to changed disclosure of conditions

Capital expenditures in € thous.	2017	2016
Melitta Europe – Coffee Division	3,439	3,313
Melitta Europe – Coffee Preparation Division	3,865	3,934
Melitta Europe – Sales Europe Division	696	749
Melitta Single Portions	664	217
Melitta South America	17,543	4,640
Melitta North America	3,496	5,478
Melitta Asia Pacific		-
Cofresco	6,412	5,842
Melitta Professional Coffee Solutions	3,443	3,016
Wolf PVG	1,176	2,966
Neu Kaliss / Neukölln Spezialpapier	1,146	1,644
ACW-Film	741	512
Melitta Business Service Center	1,507	677
Other companies and shareholdings	5,784	1,394
TOTAL	49,912	34,382

Employees full-time employees, annual average	2017	2016
Melitta Europe – Coffee Division	200	206
Melitta Europe – Coffee Preparation Division	720	723
Melitta Europe – Sales Europe Division	410	428
Melitta Single Portions	7	5
Melitta South America	820	706
Melitta North America	114	119
Melitta Asia Pacific	13	
Cofresco	890	787
Melitta Professional Coffee Solutions	790	686
Wolf PVG	175	176
Neu Kaliss / Neukölln Spezialpapier	201	208
ACW-Film	39	41
Melitta Business Service Center	99	50
Other companies and shareholdings	72	78
TOTAL	4,550	4,213

Annual Report 2017 Melitta Group

Transform and Unfold Book 01/02

MAKING THE DINEW FAMILIAR

Melika



Transform and Unfold —— Book 01/02

Nature never stops evolving. ______ Neither do we.

Above the moors of the English county of Somerset, flocks of starlings regularly produce a dazzling natural spectacle: like huge waves, the birds constantly group and re-group to form breathtaking patterns in the sky. These formations are accompanied by the reverberating noise of their wings. The phenomenon is therefore referred to as a murmuration.

During the day, the starlings fly independently of each other – often up to 30 kilometers apart. But at dusk, they come together to create one of the most spectacular events found in nature: hundreds or even thousands of individual birds flying in formation. Scientists researching the phenomenon say that no collision has ever been observed.

As part of an EU research project, the physicist and bird researcher Andrea Cavagna from Rome discovered that each bird always aligns with its seven neighboring birds during the formation flights. This seems to be the largest number that birds can distinguish between. They generally maintain a distance from each other of at least one wingspan.

The flock is not necessarily led by the birds at the front. Each individual can trigger a change of direction and in so doing take over leadership of the entire flock – before subsequently passing it on to another member.



NEW WORK

Ever fiercer global competition, ever shorter product life cycles, and ever changing market needs: the environment for companies has changed considerably in recent years.

In the future, companies will only be successful if they remain highly flexible and mobile. Agility, resilience, innovative strength and strict customer orientation have become the mantra of the modern company.

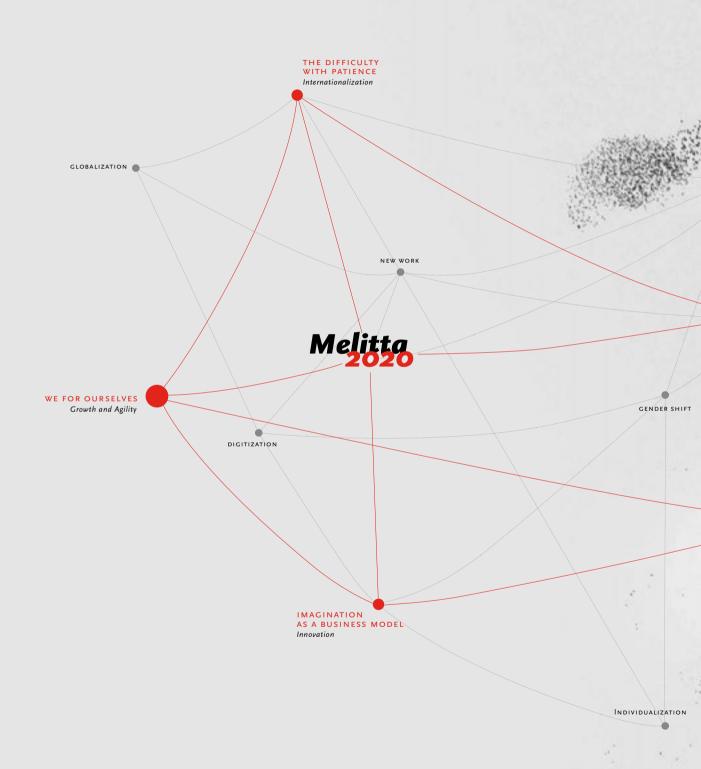
It is becoming increasingly important to pool the expertise of as many employees as possible, from as many different areas as possible. This creates changing teams with a high level of individual responsibility in which one person gives the decisive impulse for development or change one time, and another person the next time. There is no such thing as the optimum state. Each state is merely a transition.

Creating something truly great requires the participation of every single employee. However, only those who participate of their own accord will be willing to show initiative and get involved. This requires greater freedom and responsibility for each individual. It requires networking across departmental and divisional boundaries. And it requires the courage to leave well-trodden paths so that new paradigms can flourish.

This way of thinking and type of behavior must first be learned. People have to be able to handle such freedom and responsibility. A fact that applies just as much to employees as it does to executives. New forms of cooperation have to be developed, tested and experienced together. But one thing is clear: in the future, success will depend more than ever on each individual and their contribution to the whole.

Individualization









{TRANS} FORM UNFOLD

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Annual Report 2017

Melitta Group

The awareness and flexibility of each individual is crucial in ensuring that those in front, behind, and at the sides all remain in balance.

Ladies and gentlemen,

The fiscal year 2017 was a further very successful year for the Melitta Group. We generated total sales of € 1,541 million. This corresponds to year-on-year growth of almost eleven percent.

The rise in sales is attributable to strong organic growth achieved by almost all operating divisions. In the past fiscal year, we focused on exploiting our business potential and systematically developing growth opportunities for the future. The further internationalization of our business is clearly illustrated by the growing importance of our markets in the Americas and Asia.

Although the coffee markets remained fiercely competitive, we succeeded in either defending or expanding our positions. These efforts were aided by both extensive marketing activities and the roll-out of new products. We are extremely proud of the fact that our customers rate Melitta's coffee expertise so highly. This success is reflected in a further year of record sales volumes in 2017.

Despite a slight decline in the market for filter papers and filter coffeemakers, we were able to expand our market shares. This encouraging trend is due in particular to our latest product innovations and our pricing policy. Moreover, the growing trend toward pour-over preparation is boosting our sales. The market for fully automatic coffee machines remains dynamic and continues to deliver the strongest growth for our range of coffee preparation products.

We achieved the highest growth rates in terms of sales volume with our products for the system and non-system catering segments. Our range of commercial machines for the fully automatic preparation of coffee specialties is being very well received on the market and set a new record in sales revenue. Orders from our key accounts in the USA, Japan, Taiwan, China and Australia played a major role in driving this positive trend.

2017 was also a successful year for our film and foil business. Despite currency fluctuations and increased aluminum prices, there was growth in sales revenue and market share in almost all countries and categories. This success is largely attributable to the further increase in sales of branded household food wrappings and garbage bags as well as our food service business. The year was also marked by the operating division's ongoing development of various sustainability topics.

We are very proud of the fact that we were once again ranked among Germany's leading employers in 2017. These regular top rankings motivate us to keep raising our attractiveness as an employer in order to retain our employees, to recruit new talent, and to provide them with better-than-average working conditions. To this end, we already developed a number of measures that we plan to implement in the current year.

The implementation of our future agenda Melitta 2020 is progressing as planned. We have almost completed our organizational changes, identified attractive growth fields, and successfully set up the new operating divisions. In addition, our innovation unit was made an independent company in order to enhance its flexibility, performance and growth potential.

As part of the Melitta 2020 program, the planned internationalization of our business activities is also gaining momentum: in the past fiscal year, the corresponding concepts to enter new national or regional markets were developed by all operating divisions and work on their implementation has already begun. Against this backdrop, we also stepped up our M&A activities with the acquisition of further companies, such as the well-known Brazilian coffee brand Café Barão®.

We are optimistic about the current fiscal year. We see numerous interesting prospects and opportunities, we have a robust business model, and we have developed many promising activities in 2017 to expand our market share further. These also include investments in the strength of our brand, such as the high-profile partnership with Manchester United and our "Melitta® Festival Tour".

Sustainability plays an increasingly important role for us. We made great progress with the implementation of our sustainability program in the past fiscal year and further specified our commitment to sustainability along the entire value chain. In addition to reducing our environmental footprint, we want to align our products and procurement processes more closely with sustainability criteria in the years ahead.

At the end of the past fiscal year, Dr. Stephan Bentz stepped down from the Chief Corporate Management of the Melitta Group. We would like to thank him very much for his many years of successful cooperation on this committee. Mr. Pieter van Halewijn was appointed as his successor.

// Pieter van Halewijn*

O1.Making the New Familiar

Letter from the Chief Corporate Management

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MAKING
THE
NEW
FAMILIAR

Our world is not rigid, it is dynamic. It changes every day and constantly presents us with new challenges. We often perceive this as a threat, but in most cases change is actually what makes life interesting and worth living.

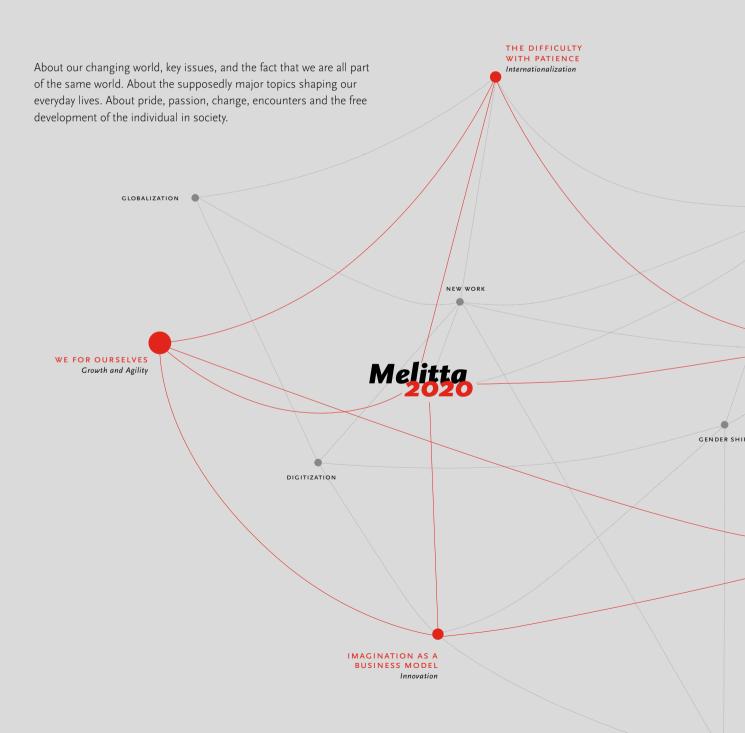
We are currently experiencing numerous upheavals. Change is happening at an unprecedented pace. Our times are anything but boring. We need to adapt, reassess and evolve: transform and unfold.

As a company, we can only react to these upheavals by allowing the new, seeing opportunities in the new, and making the new familiar. We will shape our own future and that of our markets. We will be pioneers and courageous entrepreneurs.

This attitude has always determined the philosophy of the Melitta Group – and will continue to determine it in the future.

JERO BENTZ Member of the Chief Corporate Management

YOU HAVE TO TAKE A STEP BACK to see the big picture ...



"Sometimes it helps to look out of the window while you're thinking," says Volker Stühmeier, member of the Melitta Group's Chief Corporate Management. "It can give you a more abstract perspective that helps you distinguish more easily between what's important and what isn't."

BECAUSE LESS
DEMANDS MORE
Sustainability

DESIRE FOR
THE NEW
Culture Change

Volker Stühmeier played a decisive role in developing Melitta's future agenda Melitta 2020 and helped implement many of its programs. "There's absolutely no doubt that movement and agility are more important than ever," he says. "To be successful these days, a company has to be constantly questioning itself, realigning its activities, and driving innovation. And there can be no sacred cows: everything can be, and has to be, constantly challenged. Companies need to continuously assess their performance, optimize processes, and closely monitor and anticipate market developments. That's always been the case of course – but now more than ever, it's vital for the continued success of any company."

Futurologists, scientists and economists all agree – the pace of change in society and markets is increasing. The transition to a knowledge-based society and ever-faster technological progress means that our lives are being shaped more and more by

research and development, scientific discoveries and new technologies. And this is leading to shorter product cycles: whereas it used to take several years or even decades to turn an invention into a mass-produced product, it now takes just a few months.

"This has significantly increased the need for companies to be more adaptable. These days, no company can afford to rest on its laurels and just keep on doing what they've always been doing," says Stühmeier. "Those products and services that were successful in the past are rarely the ones that will drive the company ahead in the future. Because companies tend to question them less and hold on to them longer. But in the current environment, it's essential to constantly build on the leading position you've established in a market, or to pull out early from a saturated market. And you can only do that if you're willing to break with tradition, give up comfortable habits, and challenge yourself on a daily basis." \sqsubseteq

WE FOR OURSELVES

about growth and agility





ALWAYS ONLINE Megatrends like digitization are having a profound impact on markets and society.

"Just as megatrends influence and reinforce each other, and cannot therefore be considered in isolation, the same is true for our Melitta 2020 strategy."

JERO BENTZ Chief Corporate Managemen

MELITTA 2020 The future strategy brings together all programs for the strategic alignment of the Melitta Group. Megatrends, i.e. long-term developments that shape a society, have always existed. But their impact is currently clearer than ever. From digitization to globalization, individualization, neo-ecology, gender shift or new work: they are having an increasingly strong influence on society and business — on their needs and structures, and on their goals and values.

"With its future strategy Melitta 2020, the Melitta Group is addressing many of the changes brought about by these megatrends," says Chief Corporate Management member Jero Bentz. "To regard Melitta 2020 solely as a response to these fundamental, global changes would be oversimplifying slightly, but megatrends certainly played a major role in shaping the agenda. It's important to understand that just as megatrends influence and reinforce each other, and cannot therefore be considered in isolation, the same is true for our Melitta 2020 strategy. The individual programs and measures are highly dependent on each other for success. This means that the activities shouldn't be considered in isolation and it's also not possible therefore to predict the exact outcome of the process."

Melitta 2020 was launched in 2015 and acts as the overarching corporate strategy which shapes the various goals, visions and divisional strategies within the Melitta Group.

The key questions which Melitta 2020 addresses are: What are the Group's objectives? Which competitive and corporate context influences us? How good is our current portfolio? Where do we see growth potential? What are the implications for the organizational structure of the Group and its operating divisions?

"Our studies all clearly show that conditions in our markets have become much tougher as globalization and the use of new technologies have increased," says Bentz. "This puts much more pressure on costs. Customer needs are changing faster and becoming more discerning and nuanced. This means we need to be more innovative and develop markets faster if we want to ensure our long-term market success. Constant innovation and change must become the new normal for us. And this is only possible if the prevailing culture in the company encourages and rewards such behavior in its employees and executives."

These ideas form the basis for the future strategy Melitta 2020. It brings together all the programs designed to help the Melitta Group adapt to market change and align with future requirements. The aim: to increase the Group's earning power and continue its growth of the past decades. The key components are:

- Optimization of organizational structures and product portfolios
- _Further internationalization of business activities
- __ Development and implementation of innovation and growth strategies
- _ Expansion and implementation of sustainability agenda

__ Culture change

"The first point, i.e. the optimization of organizational structures and product portfolios, has been largely completed," says Stühmeier. "We've restructured our business fields, and our activities are now based on the strategic pillars 'Coffee', 'Coffee Preparation' and 'Household Products'. This has led to a revision of our product portfolios and the creation of new operating divisions. At the same time, we've merged certain facilities, streamlined our organizational structures, and moved certain tasks to shared service units. On the one hand, these measures were aimed at increasing efficiency and tapping potential cost-savings. On the other hand – and more importantly - the restructuring measures were designed to increase the effectiveness of the individual operating divisions and the Group as a whole. What's more, faster decision-making processes and clearer responsibilities increase the Group's agility. This has already laid the foundations for each and every one of us, as well as individual groups, to become more agile and effective."

The megatrend currently having the most profound impact on business models: _____ Digitization.

Digitization has undoubtedly led to epoch-defining change. It is fundamentally transforming both society and the economy. But its disruptive power lies not so much in the technological benefits it brings, but rather in the possibilities that increasing connectivity has enabled: "always online" and the ability to control an increasing number of devices via the Internet are changing our habits, needs and values. Digitization challenges traditional business models and creates new ones.

It is becoming increasingly apparent that every aspect of our lives, and thus every business sector, is affected. Above all, it has sparked a wave of innovation. It significantly shortens product lifespans and forces companies to constantly update their offerings. Innovative strength and time-to-market have become the key success factors for companies.

Melitta has reacted to this trend by tracking, analyzing and anticipating market changes even more systematically than before. The monitoring and evaluation of consumer trends plays a particularly important role for the Melitta Group. At the same time, operating divisions receive significant support from the Innovation Team, which is part of the Corporate Development division.

"Melitta has always regarded itself as a leader and driver of innovation," René Korte, Head of Innovation Management at Melitta. "But with the advent of digitization, the need for constant product and process innovation has grown significantly. This calls for a strong innovation spirit and the respective expertise. One of the tasks of the Innovation Team is therefore to make innovation fun – in addition to conveying knowledge about innovative working techniques. We want all employees to develop a passion for new ideas, to think and act creatively, and to develop an even stronger desire for life-long learning."



Matthias Velten and Toni Baccelliere



Sir Alex Ferguson with Volker Stühmeier

DESIRE FOR THE NEW

about learning as a formula for success

Digitization is also reinforcing a megatrend that has been steadily growing for decades: _____ Globalization.

Distances appear to be getting shorter – and our differences smaller. Lifestyles are becoming more similar, well-known brands are available everywhere, goods can be sourced and sold around the world. Our daily lives are becoming more global and networked.

This trend offers huge potential for branded companies in particular. And Melitta has been tapping into this potential since it opened its first foreign subsidiary in Switzerland in the 1930s. The Group has continued to expand its activities outside Germany ever since. Today, it is represented in 86 countries around the world.

"One of the most important goals of Melitta 2020 is to drive the further internationalization of our business activities," says Dr. Stefan Scholle, Managing Director of the Corporate Development division. "In many countries, only certain Group products are available. As our brands are already wellknown abroad and enjoy a good reputation with our customers, further expansion would certainly make sense. What's more, Melitta's existing distribution structures, market know-how, and networks provide an ideal platform for expanding its presence in all regions of the world. We intend to exploit this potential much more effectively in the future."

"We intend to exploit the potential available to us abroad much more effectively in the future."

DR. STEFAN SCHOLLE Corporate Development Division

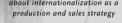
Globalization doesn't mean global conformity. On the contrary, _____ more goods and services means greater choice.

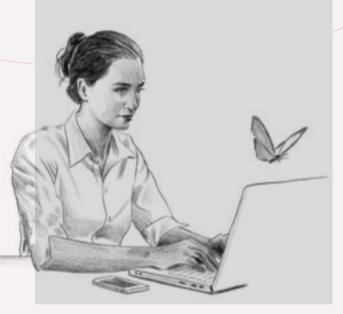
The world is becoming more individualized. The importance of the individual is steadily increasing. Life concepts, careers and needs are becoming more and more varied. Self-determination and individual freedom are growing, while the authority of normative institutions such as politics, society or the church is declining.

For companies, this means that there is an increasing demand for products tailored to specific target groups that meet as many individual customer needs as possible. Individualization is an expression of personality, lifestyle and a lust for life. It is the desire to be special, to experience the unusual, and to live and express your convictions.

A prime example of this is coffee. The way of preparing, drinking and enjoying coffee has become increasingly varied over the past few decades. Whereas classic filter coffee used to dominate in Germany, a whole spectrum of coffee specialties has evolved in recent years - from various espresso-based beverages to trendy pour-over coffee, to cold-brew creations and coffee cocktails. Filter coffeemakers, fully automatic coffee machines, single-serve machines, milk frothers, coffee grinders and various types of coffee can now all be found in cafés and private homes alike. These days, coffee is not just coffee. It is an expression of style, character and life philosophy. It expresses your personality, beliefs and group affiliations.









AT HOME AROUND THE WORLD Markets are converging more and more.



BECAUSE LESS DEMANDS MORE

about our stance on ecological and social responsibility

Paradigm shift in consumption: ______ Neo-ecology.

Even though individuality is becoming increasingly important in consumer behavior, one thing is common to all lifestyles: a growing environmental awareness and sense of responsibility among consumers. This is accompanied by the trend to gain greater control over what we consume. More and more people are interested in the ingredients of the products they buy, in the social and ecological conditions along the supply chain, and in the energy and waste involved in their production and consumption.

A paradigm shift is taking place around the globe. The consequences of consumption are being hotly debated. The aim: to achieve a healthy and exemplary life in harmony with nature. Issues such as resource conservation, renewable energy sources, reduced CO2 emissions, and climate change have all become mainstream topics.

These profound changes in values and beliefs are also shaping business models and product portfolios. Sustainability in both business processes and products is becoming a key component of responsible corporate governance.

"As a family-owned company with over 100 years of tradition, Melitta has always been inextricably linked with the idea of sustainability," says Katharina Roehrig, Head of Corporate Staff Public Relations. "An approach which also takes account of future generations has always been firmly anchored in our corporate values. Many of the products we've developed and launched in recent decades have met high sustainability criteria."

But as part of Melitta 2020, the trend to neo-ecology is being systematically addressed and reflected in the Group's processes and products. The basis for this is the sustainability concept "Living Sustainability Every Day", which consists of the pillars "Product and Supply Chain Responsibility", "Environmental Responsibility", "Social Responsibility" and "Responsibility for Employees". By 2020, the Group wants to have established sustainability as an integral part of product development, to have reduced its ecological footprint, to have increased the social contribution of its products, and to have raised its attractiveness as an employer.

Work re-defined: _____ New Work.

The shift from an industrial to a knowledge-based society is also changing the way we work. Digitization and globalization in particular are opening up new dimensions in temporal, spatial and organizational flexibility. People are increasingly deciding themselves where and when they want to work – accompanied by a blurring of the boundaries between their private and working lives. Outsourcing, co-working and collaboration will become much more important in the future.





FUTURE TECHNOLOGIES

Investments in innovative production methods are also reducing our ecological footprint.



"Firm company structures and processes used to be regarded as a guarantee of efficiency and effectiveness. (...) The pace at which today's markets are changing means that such rigid structures are no longer tenable."

> KATHARINA ROEHRIG Director Corporate Staff Public Relations



IMAGINATION AS A BUSINESS MODEL

about innovation for the familiar in everyday business





Veton Haliti

As a result, working methods, organizational principles and leadership models are also changing. Successful Internet companies and start-ups often serve as role models: they feature flat hierarchies, fast decision-making processes, highly empowered employees, a strong innovation culture, and a strict focus on customer benefit. Agile working methods – based on iterative processes and self-organized teams with an entrepreneurial mindset – are steadily gaining traction.

"However, new work is much more than just a change in methods, structures and processes - it goes hand in hand with the evolution of corporate culture and a shift in values, beliefs and priorities," says Markus Zeyen, Managing Director of Corporate Legal Affairs and HR Policy. "This is why life-long learning is so important. The halflife of knowledge is getting shorter and shorter. As a consequence, we should not only be open and appreciative to new ideas, but actively demand them. Or to put it another way: the future needs be constantly in our thoughts, and imagination is becoming an increasingly important part of our business model."

In order to prepare its employees for Work 4.0, the Melitta Group initiated a culture change as part of its Melitta 2020 agenda. The change process commenced two years ago serves as the basis for a profound and long-term development of the Group's corporate culture. The aim is to establish a working atmosphere in which – from executive to intern - everyone thinks and acts in an entrepreneurial and cross-divisional way, in which there is a strong desire for innovation and creativity, and in which everyone is encouraged to pursue and implement new ideas, and to take responsibility for their own decisions," says Roehrig. "We want to instill an attitude in which everyone pulls together, with a high degree of empathy, and an open feedback culture."

Firm company structures and processes used to be regarded as a guarantee of efficiency and effectiveness. These structures and processes would be adjusted from time to time, but the basic principle of a well-organized hierarchical structure with clearly defined responsibilities and precise job descriptions was never questioned. Companies in the digital world will need to gradually move away from this standpoint. The pace at which today's markets are changing means that such rigid structures are no longer tenable.

The key prerequisites for future success are therefore the development and promotion of employees and executives. Those employees who have only been responsible and authorized for specific areas over many years will find it difficult to suddenly work autonomously and across different departments. Such a radical change in attitudes can only be achieved in the medium to long term. And this is the key objective of Melitta 2020. "We need to keep reminding ourselves that the contribution of each individual is decisive and that it takes many individual components to create the overall picture – a picture that is constantly changing. In that respect, murmurations provide a perfect analogy for the changing structures and processes within a company," says Katharina Roehrig.

O1.Making the New Familiar

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Chézy — Melitta France S.A.S. Germany

Minden — Melitta Unternehmensgruppe Bentz KG

- Melitta Group Management GmbH & 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 Professional Coffee Solutions Benelux BV

Poland

Brodnica — Cofresco Poland Sp. z o.o

Manufacturing Sp. k.

Spain

Alcobendas / Madrid — Cofresco Iberica S.A.

Sweden

Helsingborg — Melitta Nordic AB

Switzerland

Egerkingen — Melitta GmbH

Hunzenschwil — Cafina AG

NORTH AMERICA

Canada

Toronto, Ontario — Melitta Canada Inc.

USA

Clearwater — Melitta USA Inc.

Cherry Hill — European Coffee Classics Inc.

Elgin — Melitta Professional Coffee Solutions USA Inc.



Brazil

São Paulo / Avaré / Bom Jesus / Minas Gerais

— Melitta do Brasil Industria e Comércio Ltda. Guaíba — Celupa – Indústrial Celulose e Papel Guaíba Ltda.

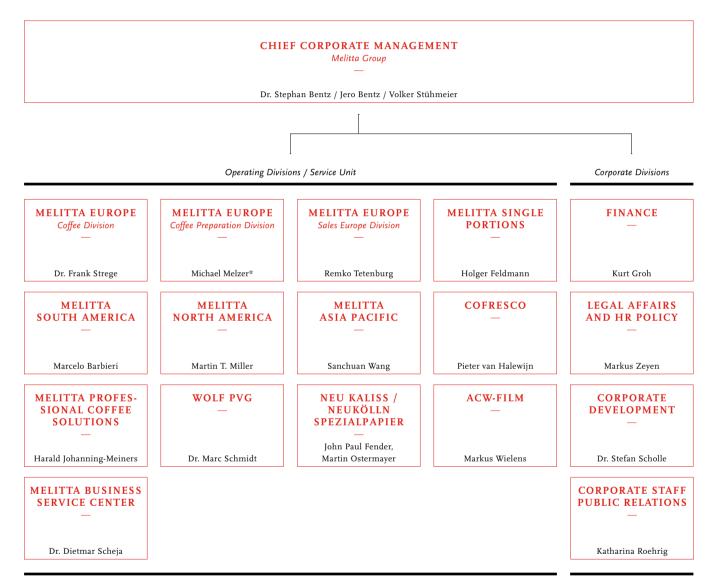
Shanghai — Melitta Coffee (Shanghai) Ltd.

Shenzhen — Shenzhen Melitta Household Products Ltd.

Tokio — Melitta PCS Asia Pacific KK

— Melitta Japan KK

STRUCTURE



^{*} since December 1, 2017

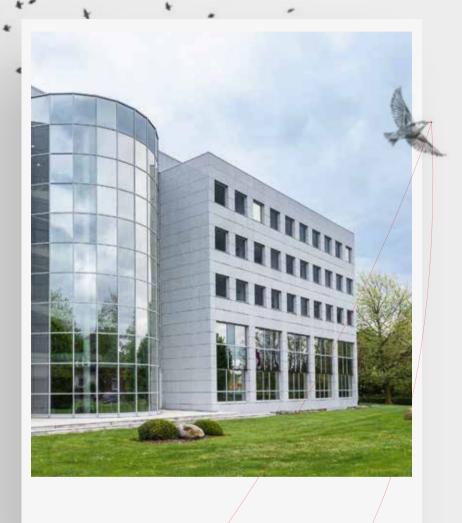
General Partners of
Melitta Unternehmensgruppe
Bentz KG
Dr. Stenham Bentz

Dr. Stephan Bentz Jero Bentz Limited Partners Claudia Bertelmann-Tauß Jara Bentz

Jara Bentz Thomas Dominik Bentz Dr. Thomas Bentz Advisory Council

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







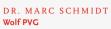
MANAGING DIRECTORS AND CORPORATE STAFF MANAGEMENT



REMKO TETENBURG Melitta Europe – Sales Europe Division



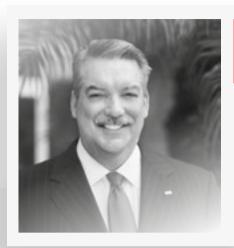
KATHARINA ROEHRIG
Public Relations







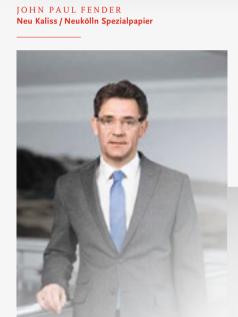
PIETER VAN HALEWIJN Cofresco



MARTIN T. MILLER Melitta North America



HARALD JOHANNING-MEINERS
Melitta Professional Coffee Solutions







MARCELO BARBIERI Melitta South America

MARTIN OSTERMAYER
Neu Kaliss / Neukölln Spezialpapier



MICHAEL MELZER

Melitta Europe –

Coffee Preparation Division
(since December 1, 2017)



HOLGER FELDMANN
Melitta Single Portions



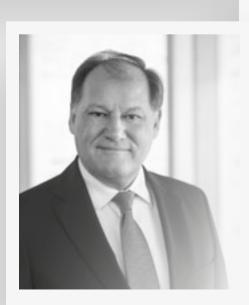
DR. STEFAN SCHOLLE Corporate Development

MARKUS ZEYEN
Legal Affairs and HR Policy

KURT GROH Finance



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ACW-Film

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O1.Making the New Familiar

Letter from the Chief Corporate Management

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GROUP MANAGEMENT REPORT

Basis of the Group

The company The internationally operating Melitta Group is one of Germany's best-known family companies. Our clearly differentiated branded goods boast leading positions in major high-volume B2C markets and high-margin 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 Against the backdrop of favorable economic conditions on the whole, consumer sentiment is generally positive in our markets. This applies to Germany as well as to other western European countries, such as France and Spain. However, there was also sustained market growth in Poland in the past year. The Asian region, and in particular China, continues to drive global growth in gross domestic product (GDP). The trend in the USA is currently benefiting from a sustained improvement in the domestic economy and persistently low unemployment. After years of recession, Brazil experienced a slight economic upswing in 2017. With falling inflation and significantly lower interest rates, Brazil was able to achieve GDP growth of 1% in line with expectations for 2017.

Development of business — *a)* COFFEE — In Germany, there was a slight 0.7% decline in sales of roasted coffee by volume, but growth of 4% in revenue due to price hikes and changes in product structure. In the individual product categories, Whole Bean sales grew by 7% and Capsules by 6.5%. Sales of Pads rose slightly by 0.4% year on year. In the filter coffee market, sales revenue fell again by 4.2% and its share of the roasted coffee market decreased from 63% to 61%.

Compared to the previous year, we expanded our share of the German filter coffee market slightly; we are the third-largest supplier in this segment with a share of 14.1%. There was a slight decrease in our share of the whole bean segment to 1.2%, but no significant change in market share for pads and other coffee specialties.

Once again, the coffee market in Brazil performed particularly well. According to market research institutes, Brazilian households consumed more coffee on average than in the previous year with an 8.4% increase in coffee consumption year on year in 2017. Against the backdrop of this positive trend, our sales volume even outperformed the market as a whole in certain key regions of the country. Our market share in Brazil increased by 0.5 percentage points to 8.1% for the total market. As in Germany, we are the third-largest supplier in the market segment for ground roasted coffee in Brazil.

By contrast, the roasted coffee market in the USA declined by 5.1% – with decreases of up to 14% in certain segments of the filter coffee market. Our expectations of a particularly challenging to adverse market trend in the USA were therefore confirmed over the course of 2017. The year was also dominated by structural changes in the retail sector and in the competitive environment of the B2B and B2C business.

In the Canadian roasted coffee market, there was slight overall growth of 1% across all segments, with above-average growth for premium filter coffee (+ 8%) and whole bean (+ 3%) but declining sales in the other categories.

As a traditional "tea-drinking nation", China has experienced a strong trend toward coffee consumption in recent years. According to statistics, the Chinese coffee market is booming with annual growth rates of up to 20%. Over the next 10 years, the People's Republic is expected to join the ranks of the world's top 10 coffee markets. Young

consumers in particular display a strong interest in different types of coffee and coffee preparation, with a trend toward individual preferences for different countries of origin and flavors. Melitta has picked up this trend in the consumer market with a proactive marketing approach led by its own national subsidiary. In addition to existing products from Europe, country-specific product concepts are promoting perception of Melitta as a global leader in coffee and coffee preparation. In its B2B business, Melitta has already been serving the major key accounts very successfully for several years now.

The growing demand for coffee as one of the most popular consumer drinks was confirmed once again in 2017. In those regions and segments of the coffee market of relevance to us, we were able to maintain and even expand our position as one of the leading providers.

b) FILTER PAPER AND COFFEE MACHINES — In the field of coffee preparation, however, there were diverging trends across all product groups. In Europe, and especially Germany (- 4%), the market for filter papers continues to decline. We were able to defend our leading position for branded filter papers and expand our market share.

By contrast, there was a 7% increase in sales volume on the Brazilian market as a whole with above-average growth in the state of São Paulo. We continue to hold our leading market position for premium branded filter papers. Due to unfavorable price positioning compared to certain competitors, there were market share declines for our B-brands.

In the USA, the trend is comparable to the European market. The US market declined in total by 4.5%, while sales of cone filters – of particular importance to us – fell by 2.2%. In the USA, our branded products continue to make us a major supplier of filter papers – also compared to private label products.

Although the market volume in Canada as a whole declined, we succeeded in greatly expanding our market position.

The market for filter coffeemakers and household fully automatic coffee machines of greatest relevance to Melitta is mainly found in Europe and Asia. China in particular is becoming increasingly important. In our most important sales markets for filter coffeemakers, Germany, France and Sweden, there was an overall decline in consumer demand. It is all the more gratifying, therefore, that we were able to significantly expand our market positions in some cases in these countries with the aid of new products and a successful pricing policy.

At the same time, however, the market for household fully automatic coffee machines in Europe continues to grow at around 9 to 10%, in terms of both sales volume and revenue. Thanks to successful marketing of our attractive product portfolio, we were able to slightly expand our position in this growing market.

There was a similarly positive trend for commercial coffee machines. In the USA and Asia in particular, but also in certain European countries such as the UK, demand in the form of project business was higher than in the previous year. The willingness of food service companies to invest in new machinery is unbroken and is generating significant growth for us in countries in which we are represented by our own companies. In Germany and Switzerland, on the other hand, there was no significant growth momentum.

c) FILM-BASED PRODUCTS — The trend toward branded products for the storage and freshkeeping of food in the home and in the food service sector continued in 2017. We benefited in particular from growing demand in Germany, France and Spain for film-based products of the Toppits® and Albal® brands. By contrast, demand for

aluminum foil in western Europe remained constant or was down in some cases. In the field of waste disposal, demand was significantly stronger in certain areas during 2017. The trend toward branded products for the responsible disposal of household waste continued and is creating growth opportunities in these markets for our products, especially under the Swirl® and Handy Bag® brands.

d) DUST FILTER BAGS AND ACCESSORIES AS WELL AS NONWOVEN PRODUCTS — There was an opposing development in the dust filter bag market. The trend toward bagless vacuum cleaners — and above all toward wireless devices (without dust filter bags) — observed over the past few years accelerated in 2017 and is steadily dampening demand for our vacuum cleaning products (Swirl®-branded products and OEM business). This trend is being accompanied by increased competition and declining prices.

There are still no positive signs in the market for nonwoven wallpaper and specialty papers. In Germany, as well as international markets, demand for nonwoven wallpaper fell strongly in some cases. Market conditions remain challenging with falling prices prompted by increasingly fierce competition.

Sales trend The Melitta Group generated total sales of € 1,541 million in 2017. A change in the disclosure of trading conditions for one of our customers in Germany led to a reduction in revenue of € 62 million. The comparable prior-year figure was € 59 million. On a comparable basis, we were thus able to generate encouraging revenue growth of 11%.

The Group's subsidiaries in Brazil made a substantial contribution to this sales growth once again in 2017. In local currency, revenue increased by 14% to BRL 1.3 billion. Calculated in euros, revenue rose by 22%. Sales of the Brazilian companies thus accounted for 23% of

consolidated sales. This encouraging trend was driven once again by the coffee business with sales growth of 18%, of which 2 %-points were attributable to the coffee business of the Barão® brand acquired in April 2017. The positive trend as a whole is due in part to a 5% increase in sales volume and revenue effects from price increases as well as, on the other, changes in the price/product mix of 13%. Filter papers and other products also made good progress with an overall increase of 2% in local currency.

Our companies in North America reported an overall decline in sales of 4%, due in particular to falling demand for coffee. By contrast, sales of filter papers were either on a par with the previous year (USA) or significantly up on the previous year (Canada). Structural and product-related changes in the North American B2C market and a sales shortfall in the B2B segment had a negative impact on business in North America during 2017.

With sales volume on a par with the previous year, revenue generated by the Group's coffee business in Germany also remained largely unchanged. Due to the above mentioned change in the disclosure of conditions, the comparable increase would have been 15%.

There was encouraging growth in sales of commercial coffee machines. Due in particular to a significant year-on-year increase in project business in the USA and Asia, sales rose by 23% on the previous year.

With regard to other coffee preparation products, sales of fully automatic coffee machines were up 11%, while filter paper sales fell by 4%, and sales of filter coffeemakers were on a par with the previous year.

Due to the significant change in market conditions, the decline in sales of dust filter bags and vacuum cleaner accessories was unavoidable. Sales revenue was down 7% on the previous year.

Cofresco posted revenue growth of 2%, with the strongest sales increases for Toppits®-branded household films and products for the disposal of household waste.

Sales of Neu Kaliss / Neukölln Spezialpapier and ACW-Film were on a par with the previous year.

Assets and finance

Capital structure As of December 31, 2017, the Melitta Group's equity capital stood at \in 279 million. The decrease of \in 5 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 36% (prior year: 38%). 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, 2017, amounted to \in 31 million (prior year: \in 30 million); including other interest-bearing liabilities, net financial debt totaled \in 46 million (prior year: \in 37 million).

Bank liabilities decreased by \in 7 million, from \in 145 million to \in 138 million.

Liquid funds fell from € 115 million to € 107 million as of December 31, 2017. As in the previous year, the liquidity reserve of € 21 million (prior year: € 42 million) is included in liquid funds.

Pension accruals and similar obligations rose from \in 148 million to \in 152 million. Other accruals, including tax accruals, fell by \in 3 million to \in 135 million.

As of December 31, 2017, the Melitta Group had trade payables of \in 95 million. Other liabilities rose by \in 23 million to \in 68 million.

The Group's total assets increased by \in 8 million, from \in 870 million to \in 878 million.

Non-current assets at the end of the reporting period rose in total by \in 10 million, due mainly to investments in property, plant and equipment. Gross capital expenditures of \in 47 million were largely in line with the investment forecast of \in 50 million issued in March 2017. There was an opposing effect from depreciation and amortization of \in 31 million.

Current assets decreased by \in 3 million, from \in 591 million to \in 588 million.

Liquidity The liquidity of the Melitta Group is analyzed via the cash flow statement. The Group generated positive cash flow from operating activities in 2017, 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 2017, the Melitta Group continued to have sufficient credit lines to finance its working capital.

Overall assessment

The Melitta Group continued its growth in the fiscal year 2017. All in all, we are very satisfied with the development of our Group's business.

Although we were unable to achieve our goals for all portfolio units, our expectations for sales and earnings at group level were all met. This was partly due to generally favorable economic conditions and the overall positive volume trend on the coffee market. In addition, we made important progress with the implementation of our Melitta 2020 strategy and the culture change introduced in the previous years.

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 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.

Our sustainability strategy is based on four pillars: "Product and Supply Chain Responsibility", "Environmental Responsibility", "Social Responsibility" and "Responsibility for Employees". We have assigned a visionary guiding principle to each of these four pillars that describes what we want to achieve by 2020. Based on these visionary guiding principles we defined strategic topic fields and derived action areas and Group targets, consisting of impact, process and management goals.

Employees

The average number of employees worldwide increased by 269 to 4,550 while the number of apprentices amounted to 81 (prior year: 77).

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. The cultural change already introduced, which focuses on a new cooperation approach and way of treating each other, plays a key role in these efforts.

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 2017, 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 Groupwide 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

The outlook for global economic growth remains favorable. According to macroeconomic forecasts, our most important economic regions can look forward to GDP growth, low unemployment, rising wages and salaries, and thus further robust consumer spending. These are favorable conditions for the continued growth of the Melitta Group.

Based on our marketing initiatives and sales targets, we therefore anticipate a further increase in net sales. After two years of significant growth in view of our market conditions, we expect comparatively weaker sales growth of 4 to 6% due to price developments in North America, Brazil and Germany.

As a result of existing – and in part long-term – currency hedging, no significant currency risks are expected.

In view of the expected sales trend, we anticipate an adjusted pre-tax result for 2018 on a par with the previous year.

However, we see a strong improvement in the quality of our results, as we will invest \in 10–12 million in innovations for the development and expansion of promising businesses in 2018 with an impact on earnings.

In 2018, we will continue to invest in the establishment of new companies in Germany and Europe, thus laying the necessary foundations for the sustainable growth of our Group. Capital expenditures of around \in 50–60 million are planned. The implementation of growth projects will necessitate additional funding in the lower double-digit million range.

Cash outflows for capital expenditures and funds required for the further expansion of business will be financed largely internally. M&A transactions will be funded from existing liquidity reserves and new bilateral bank loans. From the current perspective, we expect a rise in net financial debt to around € 100−110 million at year-end 2018.

Our consolidated balance sheet as of December 31, 2018 will once again be strong with a solid level of equity capital.

Minden, April 2018

The general partners of
Melitta Unternehmensgruppe Bentz KG

CONSOLIDATED BALANCE SHEET

Melitta Unternehmensgruppe Bentz KG

as at 12-31-2017 (abridged version), in € thous.

ASSETS	12-31-2017	12-31-2016
Intangible assets	50,357	44,962
Tangible assets	210,145	207,585
Financial assets		
_ Shares in affiliated companies	3,499	1,760
_ Participation interests	23,401	23,401
_ Other financial assets	2,174	2,242
Non-current assets	289,576	279,950
Inventories	182,559	178,577
Receivables and other current assets		
_ Trade receivables	249,524	246,981
_ Other receivables and current assets	27,743	29,318
Securities	20,000	39,959
Bank balances, checks	85,980	73,174
Current assets	565,806	568,009
Other assets	22,332	22,525
TOTAL ASSETS	877,714	870,484

EQUITY AND LIABILITIES	12-31-2017	12-31-2016
Equity	278,740	284,102
Pension accruals	151,918	148,225
Other accruals	134,840	138,358
Accruals	286,758	286,583
Debts	137,755	145,229
Trade payables	95,150	95,440
Other liabilities	69,604	49,931
Liabilities	302,509	290,600
Prepaid expenses	9,707	9,199
TOTAL EQUITY AND LIABILITIES	877,714	870,484

EXPLANATORY NOTES ON THE CONSOLIDATED BALANCE SHEET

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 2017. 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 61 (prior year: 63) companies, of which 28 are based in Germany and 33 abroad.

Due to their minor importance for the assets, liabilities, financial position and earnings of the Group, five companies (prior year: eight) were not included in the consolidated financial statements. Despite a shareholding of over 20%, three other companies (prior year: three) 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 2017: Melitta Professional Coffee Solutions Australia Pty. Ltd., Australia, and Melitta Coffee Shanghai Ltd., China, were initially included in the consolidated financial statements as of January 1, 2017. Melitta Rus-Com GmbH, St. Petersburg, Russian Federation, and Cofresco Rus-Com o.o.o., St. Petersburg, Russian Federation, were deconsolidated in the fiscal year 2017. In the course of a merger, Bentz Beteiligungs GmbH & Co. KG, Minden, Melitta Zentralgesellschaft Beteiligungs GmbH, Minden, and Melitta Zentralgesellschaft mbH & Co. KG, Minden, were dissolved.

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.

Consolidated methods

The consolidated financial statements were prepared as at December 31, 2017. This is the balance sheet date for all companies included in the consolidated accounts.

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

also used for investments in associated companies. The assessment of the amortization period is based on the future use of the goodwill. Investments in associated companies are consolidated using the book value method. Inter-group trading profits from transactions with associated companies were not eliminated.

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

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

Accounting and valuation principles

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

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

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

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

Pursuant to Sec. 306 HGB, deferred tax assets and liabilities are formed for consolidation entries with an effect on income. Deferred tax assets were formed for tax loss carryforwards for which it can be assumed with adequate probability that they will be used in future, as well as for temporary differences between the commercial and tax balance sheet (in the items non-current assets, current assets, accruals and liabilities), after netting with deferred tax liabilities. For the measurement of deferred taxes, the individual tax rates of the affiliated companies included in consolidation were considered (15-34%).

Accruals for pensions are calculated using the projected unit credit method. Pension accruals are measured with an interest rate of 3.68% as at December 31, 2017 (prior year: 4.01%). 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, 2017 using the projected unit credit method with an interest rate of 3.68% 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 2017. 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 as of 12-31-2017	Book values as of 12-31-2016*	Additions	Depreciation current year	Other changes
Intangible assets	50,357	44,962	13,017	7,226	- 396
Tangible assets					
_ Land	92,135	89,612	7,029	4,579	73
_ Machines and equipment	92,868	89,149	14,076	15,447	5,090
_ Other assets	25,142	28,824	12,842	4,155	- 12,369
Total tangible assets	210,145	207,585	33,947	24,181	- 7,206
Financial assets					
_ Shares in affiliated companies	3,499	1,760	2,785	0	- 1,046
_ Participation interests	23,401	23,401	0	0	0
_ Other financial assets	2,174	2,242	163	4	- 227
Total financial assets	29,074	27,403	2,948	4	- 1,273
TOTAL NON-CURRENT ASSETS	289,576	279,950	49,912	31,411	- 8,875

^{*} 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.	12-31-2017	12-31-2016
Europe	144,137	138,921
North America	12,675	16,966
South America	13,965	14,303
Asia-Pacific	11,782	8,387
TOTAL INVENTORIES	182,559	178,577

4. Trade receivables

in € thous.	12-31-2017	12-31-2016
Europe	177,999	174,144
North America	17,840	32,460
South America	39,915	34,971
Asia-Pacific	13,770	5,406
TOTAL TRADE RECEIVABLES	249,524	246,981

5. Debts

Europe	137,571	142,053
North America	184	212
South America	0	2,964
Asia-Pacific	0	0
TOTAL DEBTS	137,755	145,229

There are liabilities due to banks with terms of over five years of \in 50,594 thousand.

6.
Trade payables

in € thous.	12-31-2017	12-31-2016
Europe	76,226	76,949
North America	7,836	8,460
South America	6,987	5,510
Asia-Pacific	4,101	4,521
TOTAL TRADE PAYABLES	95,150	95,440

Minden, April 2018

The general partners of Melitta Unternehmensgruppe Bentz KG

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Annual Report 2017 Melitta Group

Transform and Unfold Book 01/02

MAKING THE NEW FAMILIAR



Transform
and Unfold ——
Book 02/02

Nature never stops evolving. ______ Neither do we.

Above the moors of the English county of Somerset, flocks of starlings regularly produce a dazzling natural spectacle: like huge waves, the birds constantly group and re-group to form breathtaking patterns in the sky. These formations are accompanied by the reverberating noise of their wings. The phenomenon is therefore referred to as a murmuration.

During the day, the starlings fly independently of each other – often up to 30 kilometers apart. But at dusk, they come together to create one of the most spectacular events found in nature: hundreds or even thousands of individual birds flying in formation. Scientists researching the phenomenon say that no collision has ever been observed.

As part of an EU research project, the physicist and bird researcher Andrea Cavagna from Rome discovered that each bird always aligns with its seven neighboring birds during the formation flights. This seems to be the largest number that birds can distinguish between. They generally maintain a distance from each other of at least one wingspan.

The flock is not necessarily led by the birds at the front. Each individual can trigger a change of direction and in so doing take over leadership of the entire flock – before subsequently passing it on to another member.

TRANS) FORM UNFOLD

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Annual Report

Melitta Group

The awareness and flexibility of each individual is crucial in ensuring that those in front, behind, and at the sides all remain in balance.

FINDING
NEW
IN THE
FAMILIAR

Those who stand still get left behind. We all need to adapt, develop and take on new challenges. We all have to move with the times, question what we know, and stay curious about what lies ahead. If we stop doing that, we stop being part of the future – or even the present. And this applies in exactly the same way to companies.

But challenging our attitudes doesn't mean questioning our very existence. Our world is moving, but it's still the same world. What was right yesterday is not necessarily wrong tomorrow, and we don't need to reinvent the wheel. It's about continuing to do the things that are right in the future and adapting those things which are no longer up-to-date. The familiar can remain the familiar if we can find new ideas in it.

We always stress that as a family business we tend to think in generations. And that's exactly what we should all do: think about the future and the next generation.

VOLKER STÜHMEIERMember of the
Chief Corporate Management

02.Finding New in the Familiar

02.1

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Highlights Officery of the second of the se

02.0I.

Fruity sweetness with a hint of pomegranate

A genuine taste experience: Mayuma beans from the highlands of Papua New Guinea form the basis for Melitta® BellaCrema® – Selection of the Year 2017. The beans, which are harvested by hand in remote highland areas, produce delicately fruity hints of pomegranate after careful roasting. By the way, in those countries chosen for our Selection of the Year, Melitta runs charity campaigns over a five-year period. Outstanding project in Papua New Guinea: supplying the village of Wawi and its surroundings with clean drinking water by building a dam, a water treatment plant and a pipeline.



3I.OI.

Top employer again

Melitta was once again one of Germany's leading employers in 2017. The German news magazine FOCUS surveyed 100,000 employees from all levels and age groups. The result: in the "Food & Beverage" sector, Melitta came 4th in the mid-size company category. In the overall ranking of the 1,000 best employers, Melitta came in at 149.



coffee of the year



LEBENSMITTEL

15.01.

For those special moments

Full-bodied with a nutty note — Melitta's® Coffee of the Year 2017 once again impresses with its outstanding aromatic properties. The special coffee blend is based on 100 percent Arabica beans, ripened in Brazil under perfect growing conditions. Thanks to its "on-the-dot" roasting, this exclusive edition can unfold its individual and special aroma.

17.03.

Trade show premiere for Melitta® Cafina® XT8

The XT generation of fully automatic coffee machines produced and marketed by Melitta Professional Coffee Solutions now has its top-of-the-range model: the Melitta® Cafina® XT8. The operating division unveiled the new high-performance bean-to-cup machine at the INTERNORGA trade show. It offers all the benefits of its smaller sister, the XT7, but is even more powerful and features an even larger multimedia touchscreen display.





18.03.

School competition on "food waste"

Where and why are we wasting food? And what can we do about it? From April to July 2017, third to sixth grade school-children were invited to submit drawings, photos, videos or recipes on the subject. The best ideas were awarded prizes. The competition was initiated jointly by Toppits®, the regional environmental center Hollen, and the magazine GEOlino and helped publicize the "Don't throw me away!" campaign.





06.04.

80 years of sandwich paper

Birthday of a bestseller! In 1937, Melitta launched its sandwich paper on the German market. In the meantime, Melitta has produced enough sandwich paper to wrap the world twenty times around the equator. By the way, the paper in production is made from natural pulp whose raw materials are grown in accordance with strict FSC® rules for ecologically sound, socially beneficial, and economically valuable forestry stewardship.



ONE OF THE WINNING ENTRIES "Lebensmittelzeitung"

<u>01.05.</u>

Takeover of traditional brand Café Barão®



When the inhabitants of the Brazilian state Minas Gerais want to enjoy a good cup of coffee, many of them reach for the Café Barão® brand. In this federal state – which is roughly the size of France – Café Barão® has been synonymous with quality and tradition for some 25 years now.

The product range includes both coffee and coffee filter offerings. The most popular

coffee blends are Café Barão® Tradicional, Café Barão® Extra Forte and Café Barão® Forte D+.

The brand has been a member of the Melitta family since May 2017. The take-over has greatly expanded Melitta South America's market position in Minas Gerais and will help continue its dynamic growth of the past few years.





01.05.

The pour-over coffee range

For lovers of manually filtered coffee, Melitta now offers a special range – from its own pour-over kettle and dosage spoons, to glass jugs and porcelain cups. At the heart of the range are the pour-over filters, featuring a special ribbed structure that ensures the coffee flows evenly and precisely through the coffee filter and that the flavor can fully unfold. They also have two openings along the bottom so that two cups of coffee can be prepared simultaneously.



<u>15.05.</u>

Procurement 4.0 at Melitta

Faster, more convenient, safer: the Melitta Group is revolutionizing its purchasing processes with M-CAT, the new procurement system for indirect materials. From tools to office supplies, technical literature and services: the new electronic catalog system makes placing orders child's play. And as with online mail order giant Amazon, reviews can be read, favorites bookmarked, and shopping baskets updated.

M-CAT accesses the product catalogs of manufacturers which have special agreements with Melitta. For products that are less frequently requested, the user can access a marketplace with millions of items. "The great thing is that the system is not only highly intuitive to use, but also provides complete transparency and a high level of security. Every single order can be traced and every customer can be provided with the appropriate authorizations," says Christian Bonk, Director Global Procurement.





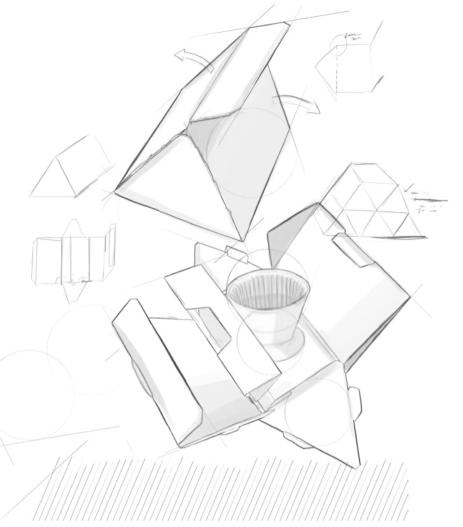


02.07.

Social media campaign for pour-over

Melitta North America launched an extensive online campaign to accompany the sales roll-out of its new pour-over range. Current and potential fans were introduced to the secrets of the pour-over preparation method on all major social media channels. The campaign included photo competitions, sweepstakes, and

surveys, as well as videos to illustrate the simplicity of pour-over brewing and give tips on the perfect coffee experience. The campaign was aimed especially at socially engaged younger women aged 18 to 34 with strong ecological and ethical values who want to enjoy top-quality coffee.



14.06.

Trends and innovations in flexible packaging

What are the latest developments in the production of flexible packaging? Which innovative printing processes will be used more in the future? And how can the way we use films be improved? These and many other questions were discussed at the Packaging Day of ACW-Film in June 2017. The in-depth discussions and positive response to the event soon confirmed that this format is set to become a regular event. There are now plans to hold the Packaging Day at regular intervals in the future.

01.09.

AntiBac System

The new AntiBac System of the Swirl® vacuum cleaner bags MicroPor® PLUS offers two-fold protection: the AntiBac System reduces the growth of bacteria on different layers of the bag — especially when the bag has been in the vacuum



cleaner for a longer period. Thanks to its anti-allergen filter, it not only keeps normal house dust safely in the bag, but also allergenic fine dust in the form of pollen, mold spores, mite faeces and much more.



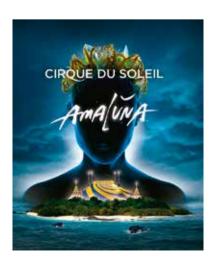


Fresh filter coffee experience

The new AromaFresh filter coffeemaker combines the benefits of freshly ground beans with those of classic filter coffee preparation. The machine has an integrated grinder and ensures an outstandingly aromatic coffee experience. In addition, the AromaFresh boasts a highly functional and appealing design. It offers several grind settings, a timer function and a descaling program - enabling classic filter coffee preparation without first having to grind the beans.



OI.IO.



Big top coffee enjoyment

A spectacular fantasy world for old and young: from October 2017 to January 2018, Cirque du Soleil staged its circus show Amaluna in São Paulo and Rio de Janeiro. Among the sponsors was Melitta. Thousands of visitors were able to enjoy freshly prepared pour-over coffee and learn about Melitta's product offerings in Brazil.

08.09.

At the German President's garden party

Appreciation of the highest kind: in honor of its outstanding corporate social responsibility, the Melitta Group was invited to the German President's reception for citizens. Among other things, Melitta presented the "Don't throw me away!"

initiative and informed the President about the Group's holistic approach to sustainability. In addition, Melitta served guests a variety of coffee specialties. The proceeds were donated to a charitable cause.











Gently touched, perfectly brewed

The new CI Touch® reacts to gentle touch. Thanks to its new touchscreen display, it offers even greater ease of use: ten pre-programmed coffee variants can be selected with just a touch. Further highlights include: a "quiet-as-awhisper" grinder, a new descaling system, and the "Bean Select" dual-chamber bean hopper.

15.II.

Waste as valuable soil

The waste from Melitta South America's coffee roasting plant in Avaré is treated with respect: biodegradable waste from the canteen and production is used as a fertilizer in the roasting plant's vegetable and herb gardens. In order to implement this recycling concept, the necessary greenhouses and mini plantations first had to be set up on the company premises. Food grown on the site is then used in the company canteen.



Luciana Carvalho

06.12.

Colorful pour-over enjoyment

The pour-over trend has long since reached China. Melitta now offers a colorful assortment of coffee filters for the perfect preparation of pour-over coffee and cold brews. The filters are also available as part of a gift box containing a pack of coffee and the necessary filter papers – the perfect starter kit for coffee lovers.





Andreas Warkentin and Ronald Fehler

<u>15.12.</u>

Made in Minden

The fully automatic coffee machines of Melitta Professional Coffee Solutions are now made in Minden. Due to high demand for the Cafina® and Melitta® brands, the previous production facilities have been merged in Minden. Production on the first line was successfully launched just before Christmas. A Melitta® Cafina® XT6 was the first fully automatic coffee machine to leave the test stand.

02.Finding New in the Familiar

02.1

Highlights 2017

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10

Melitta Corporate Divisions

The corporate divisions of the Melitta Group provide centralized services for Chief Corporate Management and the operating divisions. They comprise the divisions Finance, Legal Affairs and HR Policy, Corporate Development, and Corporate Staff Public Relations.

Finance

The corporate division Finance is responsible for all accounting, treasury, financing and liquidity assurance activities of the Melitta Group. Its main tasks include planning, managing and controlling all important cash flows. It issues guidelines on financial topics, assumes centralized functions, and provides various financial services for the operating divisions. In addition, it is responsible for internal auditing, during which it reviews, analyzes and assesses Group-wide structures and processes and develops corrective measures where necessary.

Legal Affairs and HR Policy

The corporate division Legal Affairs and HR Policy firstly has the task of identifying all risks arising from new legislation, amendments to case law, and changes within the Group. It supports Chief Corporate Management, the other corporate divisions, and the operating divisions with all legal issues. Secondly, the corporate division ensures that a single HR policy is applied throughout the Melitta Group. This policy comprises all principles and decisions relating to the mutual relationships between supervisors and employees, between the employees themselves, and between employees and their work.

Corporate Development

The main tasks of Corporate Development include driving Groupwide strategy, as well as initiating and executing strategic projects together with internal and external partners. Among other things, it is responsible for and coordinates the corporate strategy Melitta 2020, as well as the short-, medium- and long-term business planning of Corporate Planning and Corporate Controlling. Corporate Development is also responsible for the Corporate Innovation department, the 10X Incubator Team, the Corporate Marketing Brand Board, and the Competence Center Digital. The corporate division also coordinates and drives forward the Group's M&A activities.

Corporate Staff Public Relations

Corporate Staff Public Relations is responsible of the Group's internal and external communications. This includes strategic and operating measures in the field of corporate communication, public relations, sponsoring and events. Its responsibilities also comprise the development and implementation of the Group's sustainability strategy. As part of the Melitta 2020 corporate strategy, Corporate Staff Public Relations is in charge of shaping cultural change as part of organizational development. In addition, its current tasks include the strategic realignment of the Group's sports sponsoring activities.



A club of superlatives: Manchester United is the most popular and most valuable football club in the world with the highest turnover. It has around 660 million fans, 150 million social media followers and its matches reach a cumulative total of over 3.1 billion TV viewers per year in over 200 countries (source: Futures Data on the 2016/17 season). No other club attracts so much attention, no other club fascinates so many people around the world. With its rich tradition, the record English league champion stands for exceptional performance, inspiration,

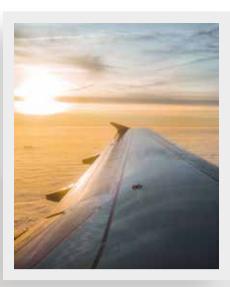
and a love of life. It stands for success, hard work and passion. And as of 2017, it also stands for outstanding coffee enjoyment throughout the stadium: the legendary Old Trafford.

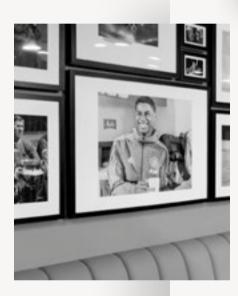
Melitta has signed a multi-year cooperation agreement with Manchester United that goes well beyond classic sponsoring. Melitta is the "Official Coffee Partner of Manchester United" and thus responsible for securing bean-to-cup provision of coffee in the stadium and on the training ground. At Old Trafford, lovingly referred to by fans as the "Theatre of Dreams",

One-two

Football – No other sport fascinates so many people. It can stir up strong emotions and produce tears – but also tears of joy. It stands for excitement, dynamism and strength.

Coffee expresses a love of life, enjoyment and intensity. It awakens the spirits and creates special moments. It is full of energy and inspiration.









CALM UNDER PRESSURE
Romelu Lukaku and Daley Blind

Melitta serves visitors via the newly created "Red Café Supported by Melitta". All VIP boxes are equipped with Melitta® Caffeo Barista® machines.

"This premium partnership enables us to raise awareness of Melitta® as an international brand for coffee enjoyment and increase its visibility in new and established markets," says Patrick Schenk, Director Global Sports Partnerships. "United offers excellent football – we offer excellent coffee. An ideal basis for turning fans into customers."

But this unique partnership goes far beyond supplying coffee. The measures include sales promotion and social media activities, mailings to fans, and a presence on the club website. Classic advertising, LED perimeter advertising in the stadium, VIP tickets, PR measures, and the involvement of players in events are also an integral part of the cooperation.

"Melitta will benefit greatly from the club's positive image, its worldwide fame, and its media presence," says Schenk.

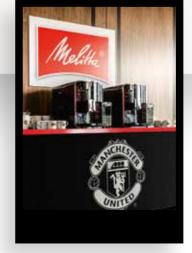


RED CAFÉ From bean to cup: Melitta coffee enjoyment at Old Trafford

TEAM PLAY Juan Mata and Marcus Rashford







CAFFEINE KICK For Jesse Lingard

"Our partnership is not even based on large cash payments, but rather on providing goods and services as well as our know-how. United can play good football – but who, if not we, knows how to make a really good cup of coffee?"



Key Figures Melitta Europe – Coffee Division

Sales in \in thous.

2017	339,906	
2016	295,360	

Capital expenditures in € thous.

2017	3,439
2016	3,313

Employees, full-time employees, annual average

2017	200
2016	206

Location

Bremen, Germany

Countries

	Carmany
=	Germany

– Egypt

– Albania

– Bahrain

– Belgium

– Bulgaria

– China

– Estonia

– Finland

– France

– Ghana

– Botswana

Export business with:

- Australia and Micronesia

– Canary Islands

– Kazakhstan

– Oatar

– Kosovo

– Kuwait

– Latvia

- Greece – Hong Kong

– Indonesia – Iraq – Israel

- Italy – Jordan

– Croatia

– Lebanon – Libya – Lithuania

– Luxembourg – Macedonia – Moldova

– Mongolia – Montenegro - Namibia

- New Zealand – Netherlands - Oman

– Austria - Poland – Romania

– Saudi Arabia – Sweden - Singapore

– Slovakia - Spain - South Africa

- South Korea – Tajikistan – Taiwan - Thailand

- Czech Republic

– Turkey – Tunisia - Ukraine - Hungary

- United Arab Emirates

– Belarus

Quality management

- IFS Food

– Bio – UTZ

- Rainforest Alliance – Fair Trade

- 4C (verification)

– Kosher

- Certification "audit berufundfamilie" - Award "ausgezeichnet familien-

freundlich" - ISO 50001

Brand



Website

www.melitta.de



Melitta Europe - Coffee Division

The operating division Melitta Europe – Coffee Division is responsible for Melitta's European coffee business. The range offers perfect coffee enjoyment for every taste: from ground filter coffee to whole beans for fully automatic coffee machines, to pad ranges for single-cup preparation and instant beverage specialties.

Melitta® is one of the best-known and highest-selling coffee brands. Its success is based on a balanced mix of traditional and modern features. The operating division stands for high quality, tailored products and a strong understanding of consumer needs.

Market and business trends in 2017

The Coffee Division once again posted record sales in 2017 – its seventh consecutive year of growth. Business was dominated above all by activities to develop the brand. During the highlight "The Melitta® Festival Tour 2017", Melitta was the official partner of the "Rock am Ring", "Hurricane" and "Lollapalooza Berlin" festivals. Numerous consumers got to know the high coffee quality, modernity and, above all, enjoyment of life associated with the Melitta® brand. In 2017, numerous projects were also driven to promote the further growth of the operating division in Germany and abroad.

Outlook 2018

In 2018, the operating division will maintain its performance-oriented growth and investment strategy. Major international projects will continue to be driven forward and the topic "brand experience" will also be intensified: there are plans to actively increase the Melitta® brand's presence at events and trade shows, as well as during leisure activities. Major investments are also scheduled for the production facility in Bremen during fiscal year 2018.

Sustainability

Melitta Europe – Coffee Division attaches great importance to its accountability. In addition to regular audits in the field of quality, work safety and energy efficiency, the operating division takes its responsibility as a corporate citizen very seriously, with support for social organizations at its location in Bremen and for various charity projects in the five coffee producing nations Peru, Tanzania, Mexico, Papua New Guinea and Honduras.



FUN IN THE SUN AND RAIN

Under the heading "Peace, Joy, Beats & Beans" Melitta delivered outstanding coffee enjoyment for the festival season 2017. Melitta® was the first and only coffee brand to appear exclusively in a fresh, new environment this year: at music festivals. Cool and simpatico, full of the joys of life. Under the heading "Peace, Joy, Beats & Beans – The Melitta® Festival Tour 2017", Melitta celebrated "coffee time" in a new and modern way, in tune with the contemporary lifestyle.

3 festivals, 220 bands, over 300,000 visitors, more than 150,000 campers, 28 million festival website visits, 1 million Facebook fans and 37,000 cups of coffee – these impressive figures sum up the success of the first Melitta® Festival Tour. "It soon became clear that more and more people were talking about Melitta as we went from festival to festival. We got noticed and made a good impression on a new, young target group," says Ebba Grebe, Head of Marketing, Coffee Division.

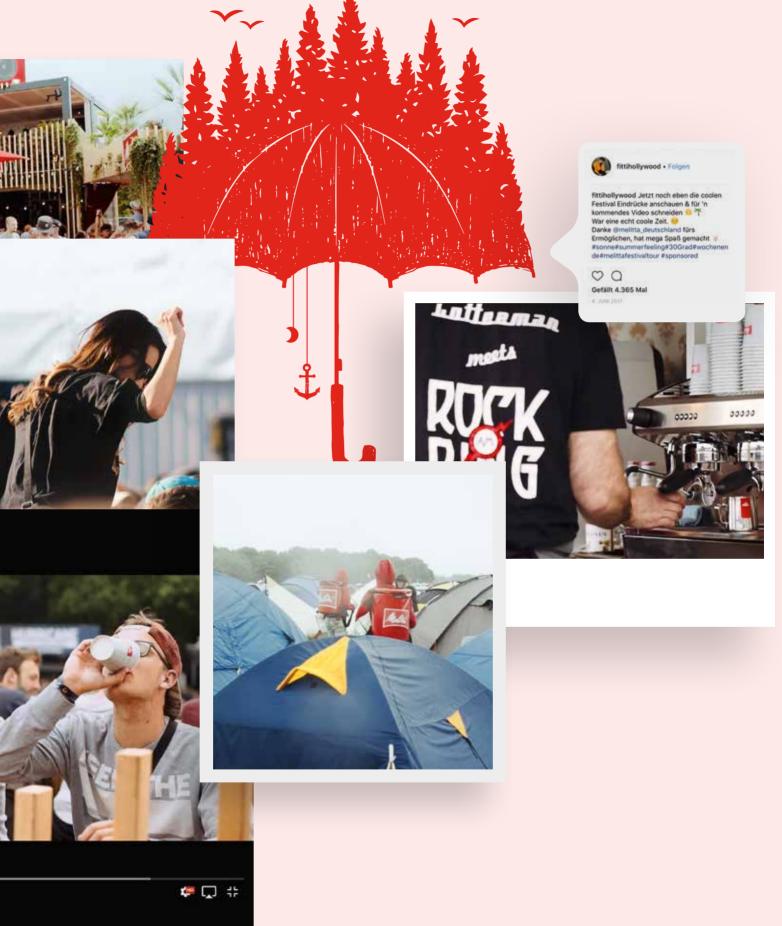
In early June, the Melitta® Festival Tour 2017 got underway with the biggest German festival of all: "Rock am Ring". Three weeks later, the second stop was the "Hurricane" festival in northern Germany. And then in early September, Melitta left a final lasting footprint at the "Lollapalooza" festival in the center of Berlin.

The place to be for those looking to chill out and socialize while enjoying a really good coffee was the 250-square meter Melitta® Festival living room in the middle of the festival grounds. Two Melitta® coffee bars close to the stage area provided a delicious energy kick between sets. They also provided charging stations for smartphones and free Wi-Fi – ideal conditions for kicking back, enjoying the music and recharging your energy reserves with delicious coffee specialties while waiting for the next act. Just like at home on the couch – but with that special festival flair.

Supported by collaborations with influencers and bloggers, digital campaigns and reports in lifestyle magazines, Melitta's® festival presence attracted considerable media attention and helped the brand reach hundreds of thousands of festivalgoers and fans.









Key Figures Melitta Europe – Coffee Preparation Division

Sales in € thous.

2017	170,964
2016	169,302

Capital expenditures in ϵ thous.

2017	3,865
2016	3,934

Employees, full-time employees, annual average

2017	720
2016	723

Locations

- Minden, Germany
- Shenzhen, China

Countries

– Bel	gium
-------	------

– 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 – India

– Israel

– Japan - Namibia

- New Zealand

– South Africa – Tunisia

– United Arab Emirates

Quality management

- DIN EN ISO 9001:2008
- DIN EN ISO 14001:2009n
- EMAS Environmental Management System in accordance with Regulation (EC) No. 1221/2009 via voluntary participation in a community ecomanagement 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 filter papers

Brands





Websites



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.

Almost all of the division's brands occupy leading positions in their markets. Melitta® filter papers have long stood for the ultimate in coffee enjoyment from AromaPor®-filtered coffee. Melitta® filter coffeemakers and fully automatic coffee machines guarantee the perfect enjoyment experience with their high quality, intuitive use concepts, and modern design. The tea filter products of the Cilia® brand comprise top-quality filters and accessories for the preparation of loose teas.

Market and business trends in 2017

In a persistently adverse business environment with falling market trends for filter papers and filter coffeemakers in Europe, Melitta Europe – Coffee Preparation Division was able to keep sales relatively stable in 2017. The operating division thus continued its successful market trend. The major growth driver was the bean-to-cup coffee machine range: although the segment continued to decline, the division achieved a slight increase in its market share. There were also market share gains in the filter paper and filter coffeemaker segments in Europe. The new Melitta® AromaFresh filter coffeemaker with integrated coffee grinder was particularly well received.

Outlook 2018

The long-term market strategies for the core segments will continue to be implemented in 2018. In the filter paper business, communication surrounding Melitta® filters will be strengthened and the pour-over trend will be supported. Growth in the filter coffee-maker segment is expected to be driven above all by new top-

quality products that will add a new quality dimension via the aspect of freshly ground beans for superior coffee enjoyment. The range of fully automatic coffee machines will continue to be developed in 2018 in order to consolidate their position in this growing market. There are also plans to exploit potential from regional expansion in order to expand market shares in selected European countries.

Sustainability

Numerous sustainability activities were developed by Melitta Europe - Coffee Preparation Division in 2017. In the field of ecology, they include energy-saving initiatives (e.g. the use of electric felt guide controls, the installation of frequency converters for Hibon pumps and refiners, and the conversion of hall lighting to LED), watersaving efforts (strict water circulation for the paper machine), and waste-reduction measures (implementation of a scrap disposal concept for the paper conversion process). The division's apprentices took part in the "Energy Scout" competition of IHK Bielefeld (local chamber of commerce) for the first time in the past year. With regard to CSR activities, the main focus areas were a cooperation with disabled workshops, participation in apprenticeship fairs, and a blood donation campaign. The "MISSION eco & care" rating system was further enhanced. It not only serves to make customers aware of the sustainability performance of products, but also acts as a benchmark in product development. The highlight of the past year was a certificate of participation in the "EMAS Awards" which was presented personally by the German Federal Minister for the Environment, Dr. Barbara Hendricks.

FORMULA FOR enjoyment

coffee

300

degrees temperature

water



Presentation of coffee preparation

Pour-over – new trend from the old days.

From Berlin to Shanghai to New York: people all over the world are rediscovering their passion for hand-filtered coffee. What's so special about pour-over coffee? The preparation is part of the enjoyment. It slows you down and helps you enjoy with all your senses – as well as delivering top-quality coffee in the cup.

"We obviously welcome this fast-growing trend with open arms," says Ilona Jordan, Head of Manual Coffee and Tea Preparation Europe, at Melitta Europe – Coffee Preparation Division. "After all, it was Melitta Bentz who invented manual filtration in its original form 110 years ago and Melitta is the company that made it famous. You could even say it's in our DNA; as the filter bag was the starting point for our company's success."

Pour-over preparation helps over 800 flavors to fully develop like no other method. "In addition to the pouring method itself, the correct ratio of ground coffee, water

and temperature is extremely important," adds Ilona Jordan. "The ideal figures are: 18/300/96 – in other words, 18 grams of coffee for 300 milliliters of water at 96 degrees."

There is an exact ceremony for this simple preparation method, which appeals to both discerning coffee lovers and cost-conscious students. "Pour-over is a sensory experience, a ritual and a way of slowing life down," says Ilona Jordan. "It's no coincidence that pour-over coffee is increasingly being called 'slow coffee' and becoming an expression of lifestyle and quality of life."

"Our aim is very clear," says Alexander Busse of the Corporate Development division. "We see enormous potential and will continue to promote the trend in order to firmly establish this preparation method on the market. After all, we are the inventors of the pour-over method and have unparalleled expertise and an excellent reputation. Filter papers are synonymous with Melitta® – that's why when it comes to pour-over, all roads lead to Melitta®."



Key Figures Melitta Europe – Sales Europe Division

Sales in € thous.

2017	10,860
2016	11,757

Capital expenditures in ϵ thous.

2017	696
2016	749

Employees, full-time employees, annual average

2017	410
2016	428

Location		
Minden, Germany		
Countries		
Sales activities in the EMEA region		



Melitta Europe – Sales Europe Division

Melitta Europe – Sales Europe Division is responsible for the sale of all Melitta Group consumer products in the region Europe, Middle East and Africa (EMEA), with the exception of the German coffee business. The best-known brands marketed by this division include Melitta[®], Cilia[®], Toppits[®], Albal[®], Bacofoil[®], Handy Bag[®] and Swirl[®].

The aim of Melitta Europe – Sales Europe Division is to jointly market the Melitta Group's consumer products in order to raise their international market presence and achieve synergy effects for the entire Group. Outside of Germany, the operating division is represented by the various national subsidiaries (Belgium, France, UK, Netherlands, Austria, Sweden, Switzerland, Spain and the Czech Republic) or by selected distributors.

Market and business trends in 2017

Melitta Europe – Sales Europe Division performed very well in its fiscal year 2017. There were particularly encouraging market share gains in almost all markets and countries. This led to new records in both sales revenue and earnings. In particular, there was dynamic growth in the bean-to-cup coffee machine and waste disposal segments in 2017. The year was also dominated by activities to expand the division's international presence.

Outlook 2018

There are already signs that 2018 will be a further very good year for Melitta Europe – Sales Europe Division. Various new product launches are planned with high sales expectations. At the same time, new markets and countries will be penetrated. A positive impact on business is also expected from the global marketing activities already commenced, such as the cooperation with Manchester United, as well as the increased digitization of marketing and sales processes.

Sustainability

The sustainability activities of Melitta Europe – Sales Europe Division will focus on optimizing the logistics network in Europe. This multi-year project will be successively implemented and help significantly reduce the CO2 emissions of our activities.



Digitization is fundamentally changing many business processes. This is especially true for sales. An interview with Simone Scharfschütze of Melitta Sales Europe, where she is responsible for Consumer Touchpoints.

THINK digital

How is digitization influencing sales at Melitta?

Simone Scharfschütze: The question is more difficult than it seems, as digitization has many facets. However, two aspects are particularly important to us. First: the digitization of business processes between the trade and ourselves, in other words the electronic exchange of data and increasing automation of business processes. This is all about standards, formats and interfaces that need to be set up and constantly enhanced. Second: digitization as an opportunity to learn more about our customers - and specifically about their needs and habits. This is very important information for us with regard to improving our products, adapting our communication, and developing targeted offers.

How important is e-commerce for Melitta and what role does its webshop play?

Simone Scharfschütze: When we talk about e-commerce, we mostly mean the digitization of our processes with the retail trade and e-retailing. However, these days the trade is no longer divided into bricks-and-mortar shops and online providers. Almost all retailers are hybrid providers who have both a physical and an online presence. The popularity of our own webshops is growing fast, but they are still a long way behind our sales to retailers. They can play a complementary role by offering products and services not found in normal stores. We also use them as a "shop window" and can showcase our entire product portfolio there. Webshop

customers get more detailed information – on product features, or operating instructions and recipes. In this respect, they provide an important service and customer loyalty function.

What trends do you see in the online business and how is Melitta reacting to them?

Simone Scharfschütze: One very clear trend is that retailers are increasingly interpreting their role as marketplace providers and transferring functions that were once their core competencies to the product manufacturers. This can be seen, for example, in the provision of content, the running of campaigns, and the generation of traffic. Manufacturers are being involved much more in the actual sales process than was previously the case. And in order to differentiate themselves, retailers are constantly developing new formats or special sales platforms. Our aim is to play an active role in these new formats and to pick up and support new ideas right from the beginning. That's why we monitor such changes and innovations in the marketplace so closely.

Are there differences in e-commerce with regard to product groups?

Simone Scharfschütze: Yes, very big differences in fact! For example, filter coffeemakers and fully automatic coffee machines are mostly bought online, while filter papers, coffee and garbage bags are more likely to be bought at the local store. At the moment, most people still

"(...) digitization has many facets. However, two aspects are particularly important to us. First: the digitization of business processes (...). Second: digitization as an opportunity to learn more about our customers — and specifically about their needs and habits."





Phillip Hus and Mario Friedebold

SIMONE SCHARFSCHÜTZE Head of Consumer Touchpoints Melitta Sales Europe

buy such consumable goods during their daily or weekly shopping tour. But this will definitely change in the coming years. Although online sales of such day-to-day products are still relatively low, they are growing fast. We are therefore convinced that purchasing behavior for these products will also change in the years ahead. And this is exactly why our products have long been available on the most important online sales platforms.



Key Figures Melitta Single Portions

Sales in € thous.

2017 33

Capital expenditures in ϵ thous.

2017 664 2016 217

Employees, full-time employees, annual average

2017 7 2016 5





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 with a range of innovative solutions.

Like all other offerings of the Melitta Group, the products of Melitta Single Portions stand for high quality. For the development of its new solutions and innovative product concepts, the operating division draws on its own research activities, while also benefiting from existing know-how within the Melitta Group. It regularly exchanges ideas with technical institutes and universities to ensure that its range is in line with the latest and future trends in hot beverage preparation.

Market and business trends in 2017

For Melitta Single Portions, the fiscal year 2017 was dominated on the one hand by the set-up of structures and resources to effectively drive initiated projects and growth measures. On the other hand, the first product ideas were specified and cooperation with other operating divisions was established. Cooperation projects with Melitta South America and Melitta Asia Pacific are at a particularly advanced stage. In 2017, market potential was identified and concrete ideas developed which will soon be launched on the market. All projects currently being pursued are based on current and future trends with the aim of setting new standards in their market segment.

Outlook 2018

The first products of Melitta Single Portions are set to be rolled out in 2018. The operating division is thus expected to make its first contribution to the Melitta Group's sales growth. Other focus areas will be the further establishment of necessary structures, investments in manpower resources, and the development of existing expertise. These measures will also include the construction of a second location.

THREE QUESTIONS ON the essence of enjoyment

Demand for coffee capsules continues to grow. Why is this and how will the market develop? What plans does Melitta have? Answers from Holger Feldmann, Managing Director of Melitta Single Portions.

1. Why has the single-serve market developed so dynamically in recent years?

Holger Feldmann: Single portions are a perfect fit for the current megatrends dominating our lives. Urbanization has led to smaller households; we need to organize our daily lives more efficiently: and at the same time our demand for quality is growing. Coffee capsules make all this possible: preparation is child's play and the result always successful. Add to that the trend toward individualization. People are defining themselves more and more through their lifestyles. They want something special. Some attach greater importance to individual preparation – hence the pour-over coffee trend. Others want the same level of variety they get at their local coffee bar: freshly brewed coffees that are quick and easy to prepare. And that's where capsules come in.

"Single portions are an expression of the trend toward individualization."

2. How is the market for single portions expected to develop? Will the trend continue?

Holger Feldmann: Single portions are now firmly established as a coffee preparation method. The market is particularly large in the USA and in many areas of western Europe. Demand for single portions is also growing in countries such as Brazil or the Asian region – even though these are generally regarded as classic filter coffee or instant coffee countries. But as elsewhere, people's daily lives here are being increasingly governed by the same megatrends as I mentioned before. This is why certain countries and regions still have some catching up to do, while in other countries there is already preda-

tory competition. This is typical when different systems meet the same consumer needs or when suppliers offer compatible systems. We therefore expect a market shake-out in the near future.

3. What impetus can Melitta bring to the market? And what expectations does Melitta itself have?

Holger Feldmann: It's very easy: only those companies whose offerings meet new consumer needs will be successful. And they have to be able to demonstrate what exactly is special about their capsule or system. This can be achieved via quality, sustainability, the preparation method, lifestyle content, or many other aspects. And Melitta aims to fill this gap. There is definitely no room left for another similar product on the market.

Melitta is ideally placed to successfully enter this market. We have decades of coffee expertise, the necessary network, an international presence, the required market know-how, and a very solid financial base. We believe there is still plenty of potential in the market for targeted and differentiated offerings if country-specific needs are taken into account. We have developed a number of ideas that will soon be ready for the market.



Key Figures Melitta South America

Sales in \in thous.

2017		356,310
2016	294,748	

 $Capital\ expenditures\ in\ \in\ thous.$

	17,543
4,640	

Employees, full-time employees, annual average

2017		820
2016	706	

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













Websites

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



Melitta South America

Melitta South America offers a comprehensive range of coffee products, coffee filters and coffee preparation products. The operating division has four production facilities: three coffee roasting plants – one in the south and two in the southeast of Brazil – and one paper mill. Melitta South America is the leading supplier in Brazil's vacuum-packed coffee segment and filter paper market.

The products offered by Melitta South America provide above-average quality, 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 2017

Melitta South America once again achieved double-digit revenue growth in 2017 – and thus set another new record. This trend was driven by both the coffee and filter business. The Melitta® brand continued to establish itself in its markets. One milestone in the company's history was the acquisition of the second-largest regional coffee brand Barão® in the past fiscal year. This not only expanded Melitta South America's portfolio, but also strengthened its presence in further regions of Brazil. Another outstanding event in the past year was the construction of a third coffee roasting plant in the Minas Gerais region, which will help Melitta® expand its market share in Brazil.

Outlook 2018

The Brazilian economy is expected to grow again in 2018. This also applies to the coffee and coffee filter market. Melitta South America therefore anticipates a further successful business year in 2018 with strong growth in both its coffee and filter business. It plans to target new customers by expanding its distribution, penetrating further regions, and launching innovative new products. Melitta South America will support the company's growth by investing in advertising and sales promotion activities. The production launch at the new coffee roasting plant Varginha in the Brazilian state Minas Gerais is also planned in 2018.

Sustainability

Melitta South America has been supporting a variety of social and educational projects in Brazil for a number of years now. These include the Ayrton Senna Institute, which helps poor and underprivileged children. In 2018, Melitta South America will expand its CSR activities. There are also a number of plans for projects aimed at reducing energy consumption and production waste.





Key Figures Melitta North America

Sales in \in thous.

2017	107,268
2016	112,189

Capital expenditures in ϵ thous.

2017	3,496	
2016		5,478

Employees, full-time employees, annual average

2017	114
2016	119

Locations

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

Countries

- USA
- Canada
- Guatemala
- Costa RicaEl Salvador
- Panama
- Nicaragua
- Mexico
- Caribbean

Quality management

- FSSC 22000 – QAI Organic
- Kosher ("OU" and "OK")
- Rainforest Alliance
- Sharp Award
- Fair Trade
- FDA Inspected

Brand



Websites

www.melitta.com

www.melitta.ca



Melitta North America

Melitta North America produces filter papers and roasted coffee for consumers and the B₂B market under the Melitta[®] brand. 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. In the B2B segment, Melitta North America is renowned throughout the North American market as a premium quality coffee roaster with highly flexible capabilities. The Melitta® brand stands for high-quality products that satisfy the needs of discerning customers.

Market and business trends 2017

Melitta North America once again successfully expanded its share of the coffee filter market in 2017. At the same time, the market for filter coffeemakers — which we sell under license — continues to be challenging. However, there were first signs of a recovery as demand for single-serve capsule machines has been satiated. A digital marketing and PR campaign is being implemented in the USA and Canada to support the trend toward pour-over coffee preparation. Online sales are becoming increasingly important: this business was expanded in the past year. The operating division's competitiveness in the B2B segment was enhanced by expanding production capacity and hiring new staff.

Outlook 2018

In 2018, there are plans to expand B2B activities and to target new customers and distribution channels. A new range of filter coffee-makers for the premium sector – which we sell under license – is also due to be rolled out in the course of the year. A digital media campaign currently being implemented is aimed at raising awareness of the current pour-over trend. Online sales will also be strengthened. For example, new staff are being hired in the field of e-commerce, and a new webshop is being opened in Canada.

Sustainability

The solar panels mounted on the roof of the Cherry Hill facility were put into operation last year. Various options for energy-saving lighting around the site were also tested. Particular emphasis was placed on raising awareness among the workforce: a number of measures were implemented to inform staff about the impact of sustainable behavior in the everyday work environment.

THINK natural

The sun's energy output is inexhaustible. Since 2017, Melitta North America has been successfully harnessing this power. A photovoltaic system installed on the roof of its modern coffee roasting plant in Cherry Hill, New Jersey, has significantly reduced annual electricity consumption – and at the same time reduced harmful CO2 emissions.



fifty households

563,385 kWh of clean energy per year



Key Figures Melitta Asia Pacific

Sales in € thous.

2017	556
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Employees, full-time employees, annual average

Locations

- Shanghai, China
- Shenzhen, China
- Beijing, China

Countries

- China
- South Korea
- Singapore / Malaysia / Indonesia
- Thailand
- Vietnam and Cambodia

Quality management

– CCC – China Compulsory Certification

Brand



Website

www.melitta.cn



Melitta Asia Pacific

Melitta Asia Pacific is responsible for Melitta's coffee and coffee preparation business in the Asia Pacific region. Despite its low brand awareness in this region, Melitta is well positioned to benefit from the growing trend toward filter coffee enjoyment in the home. Melitta Asia Pacific targets in particular the group of young professionals.

In the Asia Pacific region, Melitta is associated with a high-quality and diverse portfolio, a strong tradition and its German roots. In the coming years, the aim is to strongly expand the brand's market share in the at-home coffee segment. This market offers considerable growth opportunities, as more high-income consumers appreciate exceptional coffee enjoyment and are increasingly drinking filter coffee at home. The marketing campaign has the message "Be your own barista".

Market and business trends in 2017

According to various studies, fresh coffee consumption is growing by around 40 percent annually in China. Both domestic and international coffee chains are benefiting strongly from this trend. Moreover, coffee products are being sold via an increasing number

of convenience stores and online shops, while fresh coffee vending machines are appearing in ever more shopping malls and subway stations. The consumption of instant coffee continues to decline – especially in major cities.

Outlook 2018

Melitta Asia Pacific will launch a host of new products in 2018. These will include filter coffee (pour-over bags), filter coffeemakers (Aromaboy®) and colored filter cones. Marketing activities will be stepped up in order to raise product visibility. The main focus here will be on social media, movie / TV drama product placement, and Melitta® Coffee Corners at specialty coffee shops and high-end convenience stores.



"Building bridges, overcoming borders.

This is our way of reaching new horizons with numerous opportunities and possibilities – for each individual and for the team as a whole."



The most popular beverage in the Asia Pacific region is tea. Why does Melitta see growth opportunities here?

Susan Yang: Coffee consumption has risen strongly across the entire region in recent years - and this dynamic trend is expected to continue. According to market surveys, the Chinese coffee market will grow by more than 14 percent annually in the years up to 2021. Coffee shops are booming, and fresh coffee vending machines are popping up in more and more convenience stores and subway stations. There are now more Starbucks outlets in Shanghai than in any other city in the world. And retailers are also offering a growing range of products for coffee preparation. China plays a pioneering role in this region and we aim to tap into this very dynamic growth.

What are the main focus areas for Melitta's marketing efforts?

Susan Yang: Most people in China drink instant coffee. This is especially true for the first cup of coffee in the morning. But more and more Chinese are now discovering filter coffee. Young professionals who often drink coffee from filter coffee machines or bean-to-cup machines at the office and stop off at a coffee shop before and after work, now want to enjoy this superior coffee experience at home. And Melitta is perfectly positioned for this target group. With the Aromaboy® and our pour-over range, we have an impressive line-up of top-quality products at affordable prices which can satisfy this desire for outstanding coffee enjoyment.

How do you target these consumers?

Susan Yang: We address this target group with a campaign geared specifically to Chinese needs. Our slogan 咖啡·家 - or "coffee + at home = coffee specialist" encourages consumers to take a voyage of discovery to find the perfect cup of coffee. They should be their own barista. At the same time, we are positioning ourselves as the coffee brand famous for its beanto-cup expertise with the pour-over method and filter paper heritage. Above all, we want to play a decisive role in developing and shaping the filter coffee, pour-over and cold brew culture in China. To this end, we're also collaborating with partners, such as Starbucks, and offering not only special filter papers but also "pourover gift packs" and colorful filter cones.

How important is cold brew in China?

Susan Yang: Cold brewed coffee is becoming increasingly popular in China. But so far it is drunk almost exclusively in coffee shops. We see great opportunities here, as cold brew is relatively easy to prepare at home. Most Chinese people are unaware of this and we aim to show them how cold brew beverages can be prepared simply and safely at home, with the right equipment.



SUSAN YANG Senior Finance Manager Melitta Asia Pacific



Key Figures Cofresco

Sales in € thous.

2017	250,155
2016	240,801

 $Capital\ expenditures\ in\ \in\ thous.$

2017 6,412
2016 5,842

Employees, full-time employees, annual average

2017	890
2016	787

Locations

- Minden, Germany
- Brodnica, Poland
- Telford, UK

Countries

- Germany

– France – Spain – Belgium

– Netherlands – Sweden

– Norway

– Austria Switzerland – Ireland

- Portugal – Czech Republic – UK

– Denmark - Poland – Russia

Quality management

- EN ISO 9001
- (Minden, Brodnica, Telford) – EN ISO 14001 (Minden)
- EN ISO 50001 (Minden)
- FSC (Minden, Brodnica)
- PEFC (Minden, Brodnica)
- BRC / IoP (Brodnica, Telford)
- IFSHPC (Brodnica)

Brands

















Websites

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



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 2017

Cofresco can look back on a very successful 2017. Earnings were well above the targeted figure – despite currency fluctuations and rising aluminum prices. This success is largely due to the further increase in sales of branded household films and garbage bags through the food retail trade, as well as outstanding growth in the food service segment in Germany, France, Norway and the UK. Market shares were expanded in almost all countries and categories. Clingfilm with its Easy-Cut-System® made particularly strong progress in Europe. In order to support sales, TV commercials were run once again in Germany, France, Spain, Belgium, the Netherlands, Austria and the UK. Moreover, the fiscal year was dominated by the completion of the production relocation from Minden to Brodnica.

Outlook 2018

The operating division is very upbeat about its prospects for the fiscal year 2018. It plans to continue and accelerate its growth in the food service business. At the same time, new and innovative freezer bags will be rolled out in 2018, for which there are high revenue expectations. Significant investment in plant and machinery is planned to keep pace with the rising demand and to help shorten delivery times. The operating division's successful marketing activities will be continued and intensified in 2018.

Sustainability

The close cooperation between the "Don't throw me away!" initiative and Cofresco was successfully continued in 2017. Numerous visits to schools across Germany were made and competitions held — also in cooperation with the magazine GEOlino. The highlight of the year was the nomination for the German government's national award "Too good for the bin". The initiative was presented together with Cofresco at the German President's reception for citizens at his official residence Schlosspark Bellevue. The 11th Cofresco Forum Round Table was held in 2017. At the Leibniz Institute for Agricultural Engineering and Bioeconomy (ATB) in Potsdam, international academics discussed the topic "Use of sustainable materials".



Biopackaging: new sustainable ideas for protecting food



Sustainability in the packaging industry There are few trends affecting the packaging industry as much as sustainability. Numerous

promising concepts have been developed in recent years.

Biobased materials

There are great hopes for packaging made from renewable materials. But many questions still need to be resolved before such packaging can be fully used for protecting and preserving food.

What are the possibilities and new developments we can expect for biomaterials in the near future? What can biopackaging already deliver today? Where and when can it be used - and where not? These and many other topics were hotly discussed on the basis of the latest scientific findings at the 11th Round Table of the Cofresco Forum on November 16, 2017. Around 40 experts from science and industry accepted Cofresco's invitation to present the latest research results and discuss possible application areas. The event was hosted this year by the Leibniz Institute for Agricultural Engineering and Bioeconomy (ATB) Potsdam, Germany.

The discussion topics included packaging requirements, modern base materials, and the properties of different films, materials and substances. The presentations centered on when exactly it makes sense to manufacture and use biobased films in practice. Prof. Dr. Artur Bartkowiak from the West Pomeranian

University of Technology Szczecin (Poland) gave an overview of innovations and research areas regarding biobased packaging materials for the food industry, while Dr. Emanuel Duquesne of the Materia Nova Institute in Belgium presented the latest biobased packaging materials. Prof. Dr. Andreas Greiner of the University of Bayreuth proposed a checklist of when biobased materials could be used and Dr. Hermann Onusseit of Onusseit Consulting demonstrated the possibilities and limitations of sustainable packaging materials. The event was chaired by Prof. Dr.-Ing. Hans-Josef Endres, Institute for Bioplastics and Biocomposites (IfBB) at Hanover University, Germany.

Cofresco Frischhalteprodukte GmbH & Co. KG founded the Cofresco Forum in 2001. The Forum aims to drive research in the field of household packaging for food, offer a platform for sharing knowledge, and encourage cooperation between science and industry. In recent years, the

Cofresco Forum has promoted a variety of research projects. The topics ranged from active and smart packaging to alternative freshkeeping methods and sustainable packaging materials.

In addition, the Cofresco Forum has established a network of scientific and business experts involved with the topics of packaging, freshkeeping and preparation of food in the household. The Cofresco Forum is well-known in the corresponding circles and enjoys an excellent reputation. The Forum's activities have generated a large number of ideas and scientific approaches in the field of packaging within a comparatively short space of time.





GUIDED TOUR AT THE COFRESCO FORUM 11th Round Table









Key Figures Melitta Professional Coffee Solutions

Sales in \in thous.

2017		198,384
2016	159,197	

Capital expenditures in ϵ thous.

2017	3,443
2016	3,016

Employees, full-time employees, annual average

2017	790
2016	686

Locations

- Minden, Germany
- Hunzenschwil, Switzerland
- Salzburg, Austria
- Gorinchem, Netherlands
- Villepinte (Paris Nord II), France
- Corby (Northamptonshire), UK
- Elgin, USA
- Tokyo, Japan
- Sydney, Australia

Countries

Own national subsidiaries in:

GermanySwitzerland

– Austria – Benelux – France

– USA – Japan

– UK

– Asia-Pacific – Australia

Sales partners in Europe: – Denmark – Estonia – Finland

GreeceCroatiaLatvia

Lithuania
Norway
Poland
Romania
Russia
Slovakia
Slovenia

SpainSwedenTurkeyCzech Republic

UkraineHungaryBelarusCyprus

in North, Central and South America: – Argentina

BrazilChileEcuadorEl SalvadorGuatemalaColombia

NicaraguaUruguayin Asia-Pacific:

– Mexico

AustraliaBahrainChinaHong KongIndia

– Israel

Jordan
Kuwait
Lebanon
Malaysia
Maldives
New Zealand
Oman

- Philippines

Qatar
Samoa
Saudi Arabia
Singapore
Sri Lanka
St. Marteen
South Korea
Taiwan
Thailand

- United Arab Emirates

in Africa:

– Egypt

– Morocco

– Mauritius

– Namibia

- South Africa

Quality management

- Certified and audited acc. to numerous international 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
- Inspection seal HACCP-compliant device for fully automatic coffee machines

Brands







Websites

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



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

Market and business trends in 2017

2017 was a further very successful year for Melitta Professional Coffee Solutions with record sales revenue. The operating division grew in almost all its markets, especially in the USA and Asia. As a result, capacities for the production of professional coffee machines were fully utilized. The reasons for this development were mainly the increasing demands placed on the quality of out-of-home coffee preparation around the world, the operating division's project work over the past few years, its compelling test and service achievements, and orders from major customers in the USA, Japan, Taiwan, China and Australia. The new generation

of fully automatic coffee machines, which grew to five models in 2017, made a major contribution to this success, as did customer-specific developments, technical customer service, and a growing HORECA coffee segment in Germany, Austria and the UK.

Outlook 2018

2018 promises to be a further very successful year for Melitta Professional Coffee Solutions. This trend will be driven by the growing world-wide demand for outstanding and reliable coffee quality in the cup (and in the to-go cup), a highly competitive product portfolio, and a high level of service quality. New product innovations to be launched in 2018 – such as the fully automatic filter coffee machine Melitta® Cafina® XT8-F – are expected to provide additional momentum.

Sustainability

Melitta Professional Coffee Solutions developed a variety of sustainability initiatives in 2017. These included upgrading the lighting in its production hall in Minden, which has reduced energy consumption by around 50 percent. Moreover, structural changes made to the production building have led to savings in heating energy of up to 90 percent. The new Melitta® Cafina® XT180 filter coffee machine features a zero-watt switch which also turns off the display lighting in energy-save mode.

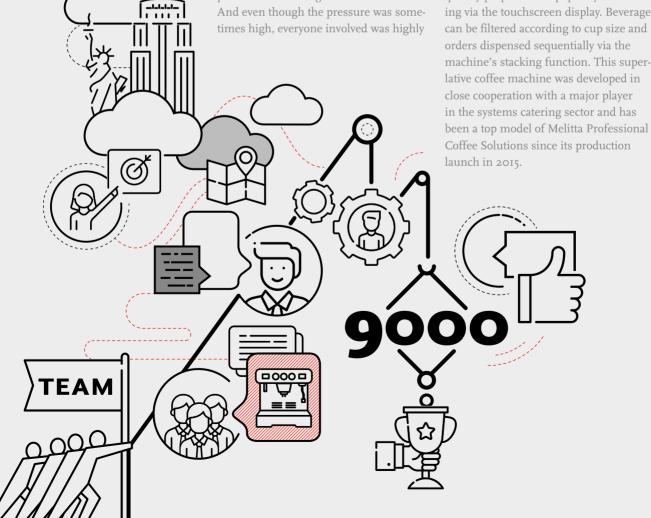
Creating something great "together"

Quite an achievement: Melitta Professional Coffee Solutions produced 9,000 Melitta® Cafina® CT8s for a key account in the USA and installed them in thousands of outlets in record time. "It was a collective effort that we can all be very proud of and that demonstrates our strong team spirit," says Harald Johanning-Meiners, Managing Director of Melitta Professional Coffee Solutions. "The project was planned down to the last detail and implemented with passion and a strong focus on results. And even though the pressure was sometimes high, everyone involved was highly

couldn't have gone better." The fully automatic Melitta® Cafina® CT8 coffee machine features cutting-edge technology and is highly popular in the HORECA sector. It is equipped for continuous operation and meets even the most discerning demands for performance and ease of use. A wide variety of coffee, milk and cocoa variations can be reliably and quickly prepared in top quality after selecting via the touchscreen display. Beverages can be filtered according to cup size and orders dispensed sequentially via the machine's stacking function. This superlative coffee machine was developed in close cooperation with a major player

motivated and displayed tremendous

creativity and entrepreneurial spirit. It





Key Figures Wolf PVG

Sales in € thous.

2017	55,681
2016	58,119

 $Capital\ expenditures\ in\ \in\ thous.$

2017	1,176	
2016		2,966

 $Employees, full-time\ employees,\ annual\ average$

2017	175
2016	176

Locations

- Minden, Germany
- Spenge, Germany

Countries

– Germany

– Belgium – Italy

– France

AustriaSwitzerland

- Netherlands

– Poland

DenmarkSweden

– Turkey

HungaryCzech Republic

– Slovakia – Portugal

– Greece

United KingdomSouth Korea

– Vietnam – China

– Malaysia

– Japan – USA

Quality management

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

Brand



Websites

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



Wolf PVG

Wolf PVG is a highly specialized systems supplier for all aspects of vacuum cleaning and industrial filter technology. Its products include vacuum cleaner bags, vacuum cleaner nozzles, filters, and attachment flanges for vacuum cleaner 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 vacuum cleaner bags and vacuum cleaner 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. The operating division is renown for its high quality standards and its systematic alignment with client and consumer needs.

Market and business trends in 2017

B2B business was expanded and preparations were made for the internationalization of the Swirl® product family in 2017. An important milestone was the roll-out of the Swirl® bag range MicroPor® PLUS AntiBac. Moreover, growth projects in the field of bags and nozzles were driven forward. In order to support sales and strengthen the brand, a greater number of TV campaigns and PR measures were implemented in Germany, Austria and Switzerland in the past year. One further key area of focus was the establishment of a new process-oriented and efficient operating structure following the merger of the Vlotho and Spenge facilities in the previous year.

Outlook 2018

Wolf PVG will develop a variety of measures to grow the operating division in 2018. Even though new customers were acquired in 2017, the main goals being pursued in the current year include the stabilization and expansion of sales to the retail trade and the position of Swirl® vacuum cleaner bags in core markets, as well as the penetration of selected new markets. In addition, there are 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 will be further optimized. In 2018, the foundation for the company's long-term growth will be laid. The penetration of selected international markets for branded product business and new business fields will play a major role, as will the implementation of innovative, digital business models.

Sustainability

The activities already started to reduce energy and material consumption were continued in 2017. 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. In addition, a number of workplace improvements have been implemented in collaboration with staff. These will improve occupational health and safety and meet the latest ergonomic requirements.

Best filtration results with supercharged





Jannik Bokermann

"The immense effort was all worthwhile.
Our supercharged meltblow process has set new standards in the industry and simultaneously created a technological USP for us."

DR. WOLFGANG CZADO Head of Research and Development Wolf PVG

High-tech for vacuum cleaner bags

"We use cutting-edge technology in the manufacturing of our vacuum cleaner bags, including the supercharged meltblow process," says Dr. Wolfgang Czado, Head of Research and Development at Wolf PVG. "This process, which we've modified and enhanced for our specific purposes, is currently only being used by a handful of manufacturers worldwide. It significantly increases the filtration performance compared to the classic meltblow process."

The meltblow process is used to produce fine fibers, such as those needed for filtering. The principle: polypropylene is melted in a special device and extruded through a wide nozzle with extremely fine holes. The melt is then defibrated by means of compressed air. The result is a fiber jet that is deposited on an air-permeable belt and then electrostatically charged under high voltage – the charge means that the filter sucks in dust and ensures it sticks to the bag.

This classic meltblow process was already developed in the 1950s and has been steadily improved over the past decades. The production parameters were constantly adapted in order to achieve the best results. In the meantime, the method is capable of producing extremely fine fibers whose pore structure is ideally suited for filtration. In addition to filter production,

the process is often used in the hygiene industry, for example to produce diapers.

"In the supercharged meltblow process, the electrostatic charge is significantly increased," explains Dr. Czado. "The principle: polypropylene is processed during the manufacturing process in such a way that finely distributed electrostatic microfields are created within the fibers. These have a much larger electrostatic charge than in the classic meltblow process. As a result, the filtration performance is significantly enhanced without increasing air resistance."

It took two-and-a-half years of development to adapt and optimize the process for the specific needs of Wolf PVG. Extensive material and process engineering tests were conducted in the first year, followed by the development and optimization of aftertreatment systems in the second year. Finally, it took a further six months for the new production line to be set up in such a way that the best possible results could be guaranteed. "This process depends heavily on finding the right settings for the numerous production parameters," says Dr. Czado. "There was quite a bit of trial and error until we discovered which settings and dosages produced which results."

The expectations associated with this new production process are high: "The immense effort was all worthwhile. Our supercharged meltblow process has set new standards in the industry and simultaneously created a technological USP for us," says Dr. Czado. "The filtration quality of our Swirl® vacuum cleaner bags has been significantly improved once again."



ONE-STOP SOLUTIONS In addition to production, Wolf PVG has



Vasilij Kaftan

POLYPROPYLENE - PLASTIC USED FOR FIBER PRODUCTION

After being heated, the polypropylene is extruded through a nozzle with 30 holes per inch. Each hole has a diameter of 0.5 mm.

The polypropylene melt is blown into fine fibers by compressed air with a temperature of 280 °C

The fibers then have a diameter of 0.5 – 2 µm.



"The process also represents a significant improvement for our B2B customers. There is nothing better on the market right now," explains Martin Hoppe, Head of Marketing and Sales. "Our customers benefit from its top filtration performance combined with very low air resistance. Against the backdrop of increasingly strict EU regulations for vacuum cleaners – such as the EU energy label – this can be a significant competitive advantage for them." Wolf PVG is currently exploring the possibility of also using its supercharged meltblow process to manufacture other filters, such as home ventilation systems.



Key Figures Neu Kaliss / Neukölln Spezialpapier

Sales in € thous.

2017	43,761
2016	43,513

 $Capital\ expenditures\ in\ \in\ thous.$

2017 1,146
2016 1,644

 $Employees, full-time\ employees,\ annual\ average$

2017	201
2016	208

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 9001:2015 Website

www.nkpaper.com



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 2017

Despite falling global demand, Neu Kaliss / Neukölln Spezialpapier succeeded in keeping sales stable in the past year. The operating division won new domestic and foreign customers in both the premium and standard segments. The factory in Neu Kaliss was operating at close to full capacity, while utilization at the Berlin-Neukölln plant was also increased. In order to reduce its reliance on the wallpaper industry, the operating division drove the development of new products in the field of filtration, wood-based materials, adhesive tapes and special nonwovens during the past fiscal year. Some of these newly developed products were already rolled out toward the end of the year.

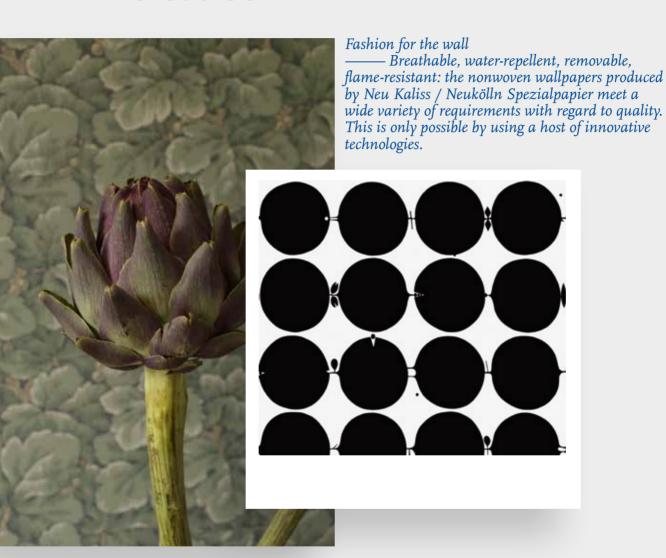
Outlook 2018

Following the acquisition of new customers in 2017, the outlook for fiscal year 2018 is upbeat. The new products — especially special nonwovens, wood-based materials and adhesive tapes — have already generated strong interest in the market. It is expected that these innovative products will contribute significantly to the operating division's sales in the second half of the year.

Sustainability

Neu Kaliss Spezialpaper has been certified according to ISO 50001:2011 since 2014. In 2017, the company successfully conducted various projects to raise its energy efficiency. In an audit for recertification, it also provided evidence that the requirements of the standard were all met. This certificate is an essential prerequisite for applying for the Special Compensation Scheme under sections 63 et seq. of the German Renewable Energy Law (EEG 2017). The application was submitted to the Federal Office for Economic Affairs and Export Control in May 2017 and confirmed with a limitation notice pursuant to section 64 (2) EEG.

THINK



Europe's most innovative paper manufacturing facility with inclined wire technology is located in Neu Kaliss. Its integrated through-air drying system gives the nonwovens their high volume. This drying process further refines the effect of the inclined wire process and produces papers with a quality standard that is unrivalled in the industry.

Quality which the traditional Swedish wallpaper manufacturer WallVision also appreciates. The high-quality wallpaper collections designed by the Scandinavian market leader are printed on nonwovens from Neu Kaliss and are hugely popular – especially in the premium segment. The result: exceptional ideas for a stylish yet durable design for your own four walls.



Key Figures ACW-Film

Sales in \in thous.

2016 7.372	2017	7,369
7,372	2016	7,372

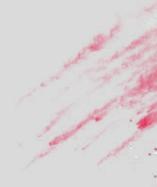
 $Capital\ expenditures\ in\ \in\ thous.$

2017	741
2016 512	

Employees, full-time employees, annual average

2017	39	
2016		41

Rhede (Ems), Germany Countries - Germany - Netherlands - Poland Quality management	
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– Hygiene management system HACCP-Hazard Analysis and Critical Control Points acc. to the requirements of EN 15593:2008	Quality management
	 Hygiene management system HACCP-Hazard Analysis and Critical Control Points acc. to the requirements of EN 15593:2008
Website	Website
www.acw-film.de	www.acw-film.de





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 2017

Despite a challenging environment, ACW-Film generated the same revenue in fiscal year 2017 as in the previous year. The fiscal year was dominated by various investments. For example, a slitter winder for the production of large rolls was installed and modifications were made to the ventilation and drying of the gravure printing line. In the course of the past fiscal year, ACW products were successfully tested by many well-known consumer goods manufacturers and initial sales of laminated films were already achieved in cooperation with Melitta Europe – Coffee Division.

Outlook 2018

Double-digit revenue growth is planned for 2018. There is particularly strong growth potential for EasyBag in the field of laminates for the food industry and EasyTop as lids for fresh meat. There is a noticeable increase in demand for small batch sizes. With its flexible infrastructure that allows the production of both large and small batch sizes, ACW-Film is well positioned to serve this trend. Moreover, the numerous successful customer projects and samplings during the past year will have a positive impact on the operating division's earnings trend.

Sustainability

Numerous investments in the technical infrastructure were made once again in 2017. These include a modification to the ventilation and drying of the gravure printing line that led to a reduction in energy costs (especially gas). In addition, a heat recovery unit for the thermal, regenerative post-combustion of waste air was put into operation.

"And once again we see that sustainability has a positive impact on cost-effectiveness."

MARKUS WIELENS

Managing Director of ACW-Film

New ink mixing system

Tobias Kruse is visibly impressed by the performance of the new ink mixing system. The employee in ACW-Film's work preparation department sets up the parameters for the dosing heads of the new mixing system with a few clicks of the mouse. "The new machine makes things much easier for us and significantly speeds up the whole ink mixing process," he says. "The color quality remains constant, the scrap rate is low and the cleaning process is shorter. The new system completely changes how we work."

ACW-Film needs special inks especially for the production of bespoke printed packaging. In the past, these needed to be

mixed manually. With the new "Colorsat Compact-System" line supplied by GSE Dispensing, the special inks can now be mixed automatically. This also leads to lower material consumption.

"The new ink mixing system is a good example of how cost-effectiveness and sustainability are not mutually exclusive," says Markus Wielens, Managing Director of ACW-Film. "The new system has not only led to quality improvements and faster processes, but also significant cost savings – especially in the proofing stage. We need considerably less fresh ink, can use residual ink for production and have less waste. What's more, the machine offers a higher level of work safety. As a result, the whole process is much more sustainable and economic than before."



Key Figures Melitta Business Service Center

Sales in \in thous.

2017 66 469

Capital expenditures in \in thous.

2017 1,507 2016 677

Employees, full-time employees, annual average

2017 99 2016 50

Locations

- Minden, Germany
- Brodnica, Poland
- Shenzhen, China



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 – thereby raising the flexibility and efficiency of the Group as a whole.

Business trends in 2017

In 2017, the Melitta Business Service Center took over the Accounting, HR Management and Standard Reporting functions of further operating divisions. The facility in Brodnica was expanded in order to enhance the administrative support it can provide in future. In addition to strengthening its sourcing activities in Shenzhen, the main focus in purchasing was on capturing high savings potential by pooling orders and digitizing processes, especially via the introduction of an electronic purchasing portal. In early 2017, responsibility for large parts of the IT department was transferred to the Melitta Business Service Center. As a result, all operating divisions are now supported by a centralized Corporate IT Department.

Outlook 2018

Plans for 2018 focus in particular on expanding Business Process Management further, driving the digitization process in Finance and HR, and strengthening Group-wide IT support. In addition, Procurement is working together with the operating divisions to leverage further significant savings potential and to achieve procedural benefits in the processing of purchases.

"Our slogan 'Make Business Smart & Clever' is both a challenge and an incentive for us," says Ute Werner, Director of Human Resources at the Melitta Business Service Center. "As a service provider for the other operating divisions, we want to make a significant contribution to the added value of the entire Melitta Group. And we can do that best if we allow the operating divisions to focus on their core business, while we handle most of their administrative work."

The Melitta Business Service Center was founded in 2016 to assume the adminis-

trative functions of all operating divisions. The aim is to pool these processes and standardize them with the aid of automation and digitization in order to raise their efficiency. "We see ourselves as pioneers and drivers and strive for outstanding quality in the completion of the tasks assigned to us. We have therefore given ourselves a Quality Code that defines our vision," says Ute Werner.

During the development of this Quality Code, it soon became apparent that a slogan would help summarize the vision - while at the same time fostering a strong team spirit. The 100 or so employees of the Melitta Business Service Center were therefore asked to suggest a slogan themselves. Out of a total of 32 proposals, one received overwhelming approval: Make Business Smart & Clever. "It was great to see how inspired our staff were during the development and selection of the slogan," states Ute Werner. "And at the same time, it demonstrated the pride they take in their work and their desire to create something which defines our identity."

Make Business
Smart & Clever
We see ourselves as

pioneers and drivers in the automation and digitization of administrative processes."

Imprint

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