

# Digital transformation

Working together towards a new future - Annual Report 2017



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This report is not the annual report of Kramp Groep B.V. within the context of Art. 2:391 of the Dutch Civil Code and does not contain the financial statements as defined in Art. 2:361 of the Dutch Civil Code.

 **KRAMP**  
It's that easy.

This is the annual report 2017 of Kramp Groep with the theme 'digital transformation'. You will be introduced to Arnoud Klerkx, who started this year as Chief Digital Officer at Kramp. Within this report you will read what digital transformation for Kramp entails and you will be extensively informed about successful existing and new collaborations. This report contains pro forma financial statements that are based on the financial statements of Kramp Groep B.V.

We hope you enjoy reading this edition.

‘WE WANT TO RESPOND  
EVEN MORE EFFECTIVELY TO  
OUR CUSTOMERS’ NEEDS’

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## The digital transformation has begun at Kramp

It might be an exaggeration to call it a revolution, but the agricultural sector is on the brink of a digital shift. The arrival of faster technology is less important in this shift than the ongoing link between people, machines and the environment. This will have an enormous impact on the behaviour of people and organisations.

“At Kramp, we believe it is important that we are always working to adapt our strategy and develop skills to make ourselves even more flexible, customer-focused, innovative and efficient—with current and future changes in mind.” In the words of CEO Eddie Perdok, that’s why Kramp set a ‘digital transformation’ in motion in 2017.

### Knowledge

Experience and knowledge are essential factors in the digital transformation process. The arrival of Arnoud Klerkx as Chief Digital Officer in the Executive Board and Frederik Nieuwenhuys as a new member of the Supervisory Board has also brought additional digitisation and E-business knowledge to the top echelons of Kramp. “We are investing in new skills on all levels of the company to be able to achieve our ambitions. We are doing this by training current staff and attracting new talent. The Kramp Hub in Utrecht is a good example of this. It’s a start-up within Kramp Groep that is working hard on the third-generation web shop. This is a team almost entirely made up of new colleagues with different skills that will help us stand out from the competition even more.”

### A bit better every day

In 2017, Kramp invested almost 50 million euro - a record amount. “That shows that we are confident about the future. We have invested in new warehouses in the Netherlands, Germany, France and Poland. The Dutch and German warehouses have a completely new automatic shuttle system, making our logistics operation one of the most modern and efficient in Europe. Our company is underpinned by strong logistics”, says Perdok, “which ensures that we can offer customers the best and most reliable service, coupled with even greater convenience.”

“We are also continuing to invest in E-business and IT. This isn’t just to maintain our position; we also want to keep leading the way. As well as investing, we also have to identify where we as a company can make operations smarter and more efficient. It cannot be avoided that this involves making difficult choices. For example, centralising departments has meant that we have had to say goodbye to some colleagues. This is not something that we are used to at Kramp. However, it is a step that we have had to take. Kramp is an essential part of the agricultural ecosystem of manufacturers, suppliers, dealers and farmers. If we want to bring all the parties in this system together and make further improvements to how we respond to customer requirements, then we have to ensure that we as an organisation are sharp, flexible and efficient. One way that we are doing this is with the ‘Continuous Improvement Programme’. This was launched in 2016 and we are still working hard to make small improvements every day.”

‘KRAMP IS AN ESSENTIAL PARTNER IN THE AGRICULTURAL ECOSYSTEM OF MANUFACTURERS, SUPPLIERS, DEALERS AND FARMERS’

Eddie Perdok CEO



Picture (v.l.r.): Wilco Hofstijzer (Hofstijzer LMB), Eddie Perdok (CEO Kramp), Emiel Koskamp (farmer)

## EXECUTIVE BOARD

On the picture (from left to right):

Tom Wolterinck	COO (Chief Operations Officer)
Carsten Thygesen	CPO (Chief Procurement Officer)
Eddie Perdok	CEO (Chief Executive Officer)
Arnoud Klerkx	CDO (Chief Digital Officer)
Mario Babic	CCO (Chief Commercial Officer)
Hans Scholten	CFO (Chief Financial Officer)



### Turnover and market developments

The figures for 2017 are clear evidence that this approach is working. Kramp has yet another successful year 'under the belt', with turnover having risen by over 50 million euro to 790 million euro. Eddie Perdok: "We are seeing autonomous growth in all the countries where Kramp operates, without exception. A clear indication that our 'It's that easy' model is a strong concept that meets the requirements of more and more customers." Generally speaking, 2017 was also the year when the agricultural sector recovered after several difficult years. Tractor manufacturer John Deere rounded off 2017 with an excellent quarter and expects the net turnover in 2018 to rise by no less than 19%. In the last quarter, AGCO saw a significant increase in tractor sales (+3%) and combine harvesters (+9%) in Western Europe. This is a clear signal that farmers have more to spend, now that prices of agricultural products are one of the strongest areas of recovery. The target turnover for 2020—1 billion

euro—remains unchanged. "We are on target to achieve this goal, mainly thanks to autonomous growth, but also because of takeovers." Kramp recently completed the takeover of Italian company Raico, which specialises in the distribution of tractor parts and accessories. "This takeover will allow us to strengthen our position and more than double our turnover on the Italian market. In the future, we will continue to actively seek out acquisitions and partnerships, so we can reinforce our position and be an essential partner for the agricultural industry."

### Partnership with John Deere

"The end of 2017 saw us look back on a successful start of our partnership with John Deere in Germany. We have formed a strategic partnership to give John Deere dealers a platform where they can order everything they need for service and repairs. This is a win-win-win situation for Kramp, John Deere and John Deere dealers", explains Perdok.

### Looking ahead

The digital transformation set in motion by Kramp in 2017 will obviously continue in 2018. "This creates opportunities for all parties in the agricultural ecosystem and we want Kramp to play an essential role in this. All kinds of new technologies have become available in recent years, such as smart farming, Internet of Things, blockchain and big data. Combining these technologies creates new business models. One example of that is how Uber has been able to shake up the taxi world in just two or three years. A digital transformation doesn't happen overnight; companies need time, insight, expertise and the ability to adapt.

We want to strengthen our collaboration with suppliers, manufacturers and dealers and to exploit opportunities to examine where we can work together to add real value for farmers. Standing together makes us stronger and that is the only way we can hold off disruptors like Amazon,

Alibaba and other newcomers. We are facing challenging times, but I am convinced that Kramp is on the right path, and that we will be properly prepared to handle the digital challenges together."

## ‘CUSTOMERS MUST BE ABLE TO PLACE ORDERS AT ALL TIMES’

Arnoud Klerkx, CDO



Arnoud Klerkx



CDO



Accenture, Gartner, Robeco, Ziggo, Sanoma



BBA Nyenrode and International Management; University of Maastricht

## Building a flexible environment

Kramp must act if it wishes to stay ahead in the sector, and the company is ready for the challenge. To help Kramp realise its ambitions, digital expertise has been added to the Executive Board in the form of Arnoud Klerkx. His mission is to prepare Kramp for the digital future.

“For many companies, digital transformation can pose a threat. Not so at Kramp; in fact, quite the opposite. This change offers us opportunities, but we will need to be the ones to seize them.” Kramp must make the transition from being a company that earns money via a web shop to a fully-fledged digital company. One that is completely customer centric (where the customer is always first) and data-driven. “This extends beyond just our IT infrastructure; data is everywhere. Including our logistics processes, to give just one example. We must use this data to the full.”

Systems and people must be appropriately geared towards making this happen. Kramp is currently working hard on new systems and the third generation web shop. “Currently we are working with a system that is old, but robust. It is a system that still functions well, and many companies respect our reliability when it comes to the web shop’s downtime. However, looking to the future, we need a new, flexible environment. We do not want our platform to be surpassed by large B2C platforms. That means we need flexible IT systems, automated processes where possible, and maximum use of data. That entails certain challenges, as what we do is unique. We’re not talking about a plug-and-play system that you simply purchase and that works straight away. What’s more, the web shop needs to remain up and running, so that customers can continue placing orders at all times. That is why we are investing in the hardware and software, as well as in expertise of our employees. With the Kramp Hub in Utrecht, for instance.”

### Fitting the Kramp culture

The entire organisation as it is today also needs to move forward. Digital transformation involves a number of factors, including being data-driven, automating processes where possible and focusing fully on customers. This requires a different way of working and new knowledge. “Our people need to invest in knowledge and technology. This applies to all areas of Kramp. We need to arrive at a more agile way of working, with greater collaboration across roles. The world around us is changing rapidly, and so is our industry. We must be a part of that change”, says Klerkx. He is confident that the company will succeed. “It fits the Kramp culture, which I would compare to start-ups: keen to modernise, focused on innovation, entrepreneurship. That’s in our DNA.”

The CDO previously stated that the digital transformation offers opportunities for Kramp. These opportunities arise due to the size of Kramp and the sector in which it operates. “The scale on which we operate is of crucial importance. In IT, everything is scalable, and the bigger the better. As European market leader, we’re a big step ahead of the competition.” Klerkx therefore isn’t worried about disruption. “No, but that doesn’t mean we can just rest on our laurels. We also have to keep our eyes open for companies such as Amazon. The same applies to our customers. They, too, need to anticipate disruption, to prevent themselves from being overtaken by fast-growing start-ups. In France, for instance, there is a web shop delivering directly to farmers that is seeing relatively swift growth. Therefore, we will continue to invest in our systems and in our people, so that we can support our customers in the best possible way now and in the future.”

## Corporate start-up offers new possibilities

The Kramp Hub is the youngest of the Kramp family. The corporate start-up is located in the heart of Utrecht, where technicians such as software developers and data scientists, among others, are working on our new web shop.

As Director Digital Technology Alexander Ketelaar is responsible for the Hub, and has been involved with it from the start. Under his leadership, the Hub has grown from nothing to the current team of around 20 people. He sees a lot of advantages in having a start-up that is 'separate' from Kramp. "Many companies become software companies. Kramp is one of them. We are a digital company; more than 95% of our revenue comes from digital channels such as our web shop. So further investment in this area is a must."

And it's not just in Varsseveld that this happens. "Kramp has a great reputation in the market. We are a reliable and solid company — it's in our DNA. However, in order to attract the right talent, sometimes you need to change your image. Hence the Hub. As a corporate start-up, we can offer a different, innovative environment. Yet we have the benefit of utilising our ties with the parent company. Kramp offers scale, something that is indispensable nowadays."

### Innovation

The decision to base the Hub in Utrecht was deliberate. It is central, and also easy to get to from the head office in Varsseveld. 'Living Aligned Together' is how Ketelaar describes it. Despite the fact that the Hub has only been active for one year and was built from the ground up, a great deal has already been achieved, even if the progress might not be immediately visible. "We are working on the new web shop but, at the same time, we're improving the current web shop where possible. Most of the work is done in the background. The technology behind the scenes is being completely revamped."

### Moving train

There won't be a 'big bang' moment. "What we're doing is akin to replacing the engine of a moving train. This poses a complex challenge. With the new web shop, we are establishing the foundation for the future. A future that is extremely customer and data-driven." Developments are happening quickly. How do you keep up? "Technology is and will remain a tool. It isn't a goal in itself. We should not innovate for the sake of innovation, and the Hub is more than an 'innovation theatre'. The key thing is to keep the customer at the heart of things. We must always keep on asking ourselves what issue we are attempting to resolve for our customers. We need to fall in love with the problem, not the solution."

### Predicting

"Data creates considerable insight, but it can't tell you everything. Vision is just as important. Where do you want to go as a business, but more importantly: what does our customer need? The smartphone or tablet is a good example. Although customers weren't actually requesting it, companies like Apple saw that people could use the product. You need to know what the customer wants. Customers are experts in their particular problem, but not always in the solution... it's our job to take the lead on the solution."

Ketelaar himself is also keen to look forward: "The world and the way we work are going to change even more. Developments are only getting faster, for instance with cloud technology, machine learning, agile working and low-code development tools. This means that, in many companies, it will soon no longer be possible for departments such as IT or E-business to exist as stand-alone components. They will become an integral part of the company, fully data-driven." And when are you totally data-driven? "If you, or a system operating on your behalf, make a decision not to do something based on insight gained from data, whereas before that time you were convinced that it was a good idea."

© 'THE WORLD AND THE WAY WE WORK ARE GOING TO CHANGE EVEN MORE'

Alexander Ketelaar, Director Digital Technology



## Heading towards 1 billion turnover

With sales growth of 7.2% and overall results up by 9%, Kramp Groep can report on yet another excellent year. The ambitious goals we set ourselves have been achieved, and the company is well on its way to reaching the revenue target of €1 billion by 2020.

"It has been a good year in the sector, and this is reflected in the results", says CFO Hans Scholten. But he is keen to point out that the strong results are not solely the result of a growing market: "More and more customers in different countries are seeing the added value that we offer. That is the greatest driving force behind our growth."

### Sharp growth

Kramp Groep has increased its revenue in all countries, in some cases quite considerably. Kramp Poland, for example, has bounced back from a less positive year in 2016. "Poland had to deal with a difficult market situation last year. In addition, the implementation of new systems had a considerable effect. Those challenges are now behind us and the economy there has also picked up, all of which has allowed us to post a great result. Poland is a 'mature' market for Kramp. The fact that we have achieved 16% growth there is testament to an excellent performance from the Polish team."

As in previous years, France was another of the company's big growth successes in 2017. The French team saw revenue increase by 14%. Double-digit growth of 16% has also been achieved in Italy once more. "Customers know us now and appreciate us more and more. The 'Kramp way' of doing business is becoming better known in various countries — and, more importantly, it is highly valued by our customers. The acquisition of Raico in March 2018 will contribute to further growth in Italy." The CFO is also expecting sharp growth in the coming years in countries in southern and eastern Europe. "There is considerable potential in these countries for even better growth rates." The growth in revenue is not limited purely to the 'growth markets'. The Netherlands, one of the company's 'mature' markets, also had a strong year. With results up 6%, some 3% above budget, the Netherlands has outperformed expectations.

© 'CUSTOMERS KNOW US NOW AND APPRECIATE US MORE AND MORE'

Hans Scholten, CFO

**Increasing availability**

Working capital increased considerably in 2017. It was up from €220 million in 2016 to €241 million in 2017. This was a conscious decision. "We increased stock in order to further improve the availability of parts for our customers." Receivables and interest-bearing debt have also increased on the balance sheet. "The increase in receivables is a direct result of our revenue growth. Interest-bearing debt has grown as a result of the increased working capital and the substantial investment of almost €50 million made in 2017."

**Continuous improvement**

The Continuous Improvement Programme implemented relatively recently at Kramp is now starting to bear fruit. Efficiency gains to the amount of €1.5 million were achieved in 2017. The gains came from internal sales, logistics and administrative processes, among other areas. Administrative processes were centralised, which has resulted in jobs moving to Poland.

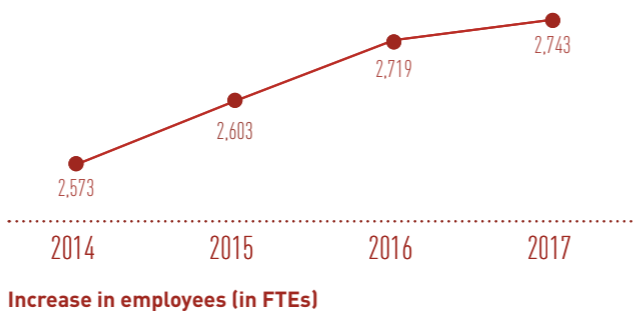
According to Hans Scholten: "We are now seeing the results of the fact that teams are fully dedicated to the improvement programme. Business processes have improved considerably." In addition, the Business Controllers are more visible within the organisation. "2017 marked the first full year of activity for them. They play a big role in driving cost awareness within the various Business Units. The Business Controllers ensure that employees can assess the processes better, and can compare them. Accordingly, the willingness and the ability to introduce change has increased. One direct result is that we did not exceed the cost budget for 2017."

**Employees**

The total number of FTEs within Kramp has increased slightly, by 24 to 2,743. "We were targeting a 0% increase, but the slight expansion is in part a direct consequence of our growth, which led to us needing to take on more people in logistics. However, the volume growth is greater than the cost growth, meaning that an efficiency improvement has actually occurred. We have also set up the Kramp Hub in Utrecht (the Netherlands) to develop the new web shop and the associated technology. This is another reason for the slight increase in FTEs."

**Expectations**

Hans Scholten expects results at Kramp in 2018 to mirror the kind of improvements seen in 2017. "Once again we are targeting revenue growth of 7%, which equates to around €50 million as a result of autonomous growth, however we will also continue to actively research acquisition opportunities."



Company profile

**500+**  
THOUSAND PARTS IN THE WEB SHOP

**790€**  
MILLION TURNOVER

**2,743**  
EMPLOYEES (FTE)

**150+**  
THOUSAND ORDER LINES PER DAY

**24** SALES OFFICES

**10** DISTRIBUTION CENTRES

**8.4** CUSTOMER SATISFACTION

**USP'S OF KRAMP**

- MOBILE SOLUTIONS
- FAST DELIVERY
- ONE-STOP-SHOP
- RETAIL CONCEPTS
- MULTI BRAND
- WEB SHOP & ONLINE SERVICE
- SHARING KNOWLEDGE
- INNOVATIVE SERVICES



## Partnership with John Deere starts well in Germany

Kramp has a long history of partnerships and working with others is part of our DNA. In this rapidly changing world, where disruption is never far away, expanding and improving collaboration between all parties in the agricultural ecosystem is essential. Kramp seeks and finds partners in suppliers, customers and manufacturers of agricultural machines. One example is the successful collaboration with AGCO and SDF, which began several years ago. In 2017, Kramp agreed a partnership with John Deere for the German market.

As leaders in their industry, Kramp and John Deere share the same values and a common goal: contributing to the success of their dealers. CEO Eddie Perdok says: "We have formed a strategic partnership to make it even easier for John Deere dealers to order, stock and sell parts and accessories. Dealers can use the John Deere/Kramp web shop to access a huge range of technical parts in the sector, including exclusive John Deere-branded items, and parts from Vaporomatic and Kramp. They can also take advantage of our in-night transport options and our product, marketing and retail knowledge to increase the turnover for John Deere shops."

"The aim of the collaboration is to make life easier for John Deere dealers, who have often had to deal with multiple suppliers of parts, a variety of systems and a range of complex conditions. That was the past, now as well as the usual John Deere shop for genuine parts, they can also visit the John Deere/Kramp web shop to order all their other parts. That makes it easier to consolidate purchase, streamline administration and reduce costs."

**Picture (v.l.t.r.):**  
Christoph Wigger  
(John Deere's Vice President Ag & Turf Sales and Marketing Region 2)  
Eddie Perdok  
(CEO Kramp Groep B.V.)

## ‘WE HAVE A COMMON GOAL HERE: PUT THE SUCCESS OF DEALERS FIRST’

Eddie Perdok, CEO Kramp

### Dealers see added value

At the end of 2017, the collaboration developed into a successful partnership, and almost all German John Deere dealers have since joined and Eddie Perdok is happy with this success. "Both parties have invested a lot of energy in this. Colleagues from John Deere and Kramp worked as one team to handle the preparations. As Kramp and John Deere, we have a common goal here: put the success of dealers first. We can see that the dealers who have joined are growing more strongly than before; that was our goal and we have achieved it. In 2018 we are focusing not only on continued growth, but also on developing and rolling out the retail concept to the dealers."

### A good start

Christoph Wigger, John Deere's Vice President Ag & Turf Sales and Marketing Region 2 (Europe, Russia, the Middle East and North Africa) is also satisfied with the results. "Our collaboration with Kramp is off to a good start. The John Deere dealers in Germany are heavily involved in our joint programme and the sales results show that they are happy with the opportunities available to them. We are more than satisfied with our relationship with Kramp. I am convinced that this collaboration improves the overall package for dealers, thanks to the range of additional products from Kramp, combined with the JD Parts portfolio that is distributed by John Deere dealers in Germany."



## Record figure of investments

**Kramp invested heavily in 2017: a record figure of more than €49 million. This demonstrates the confidence of the shareholders and executive management in the course plotted for the future.**

CFO Hans Scholten explains: "Expanding and modernising our warehouses is equipping Kramp for the years ahead. We have invested in new warehouses in the Netherlands, France, Germany and Poland. The Dutch and German warehouses have a completely new automatic shuttle system, making the company fit for the future." "We need a strong logistical position", says Scholten, "to set us apart and provide customers with even greater convenience. We are therefore continuing our strategy of investment in logistics and IT."

### Shuttle system

A new logistic shuttle system has been purchased in Germany and the Netherlands. This system complements the existing system in the warehouse. The shuttles mean that products no longer need to be collected manually by employees. They are delivered fully automatically to the workstations. The first phase of the project is creating more than 130,000 additional storage spaces in Varsseveld alone. This can subsequently be expanded to almost 300,000 storage spaces. During the first phase, the 120 shuttles work across eight workstations to collect 2,400 order lines each hour.

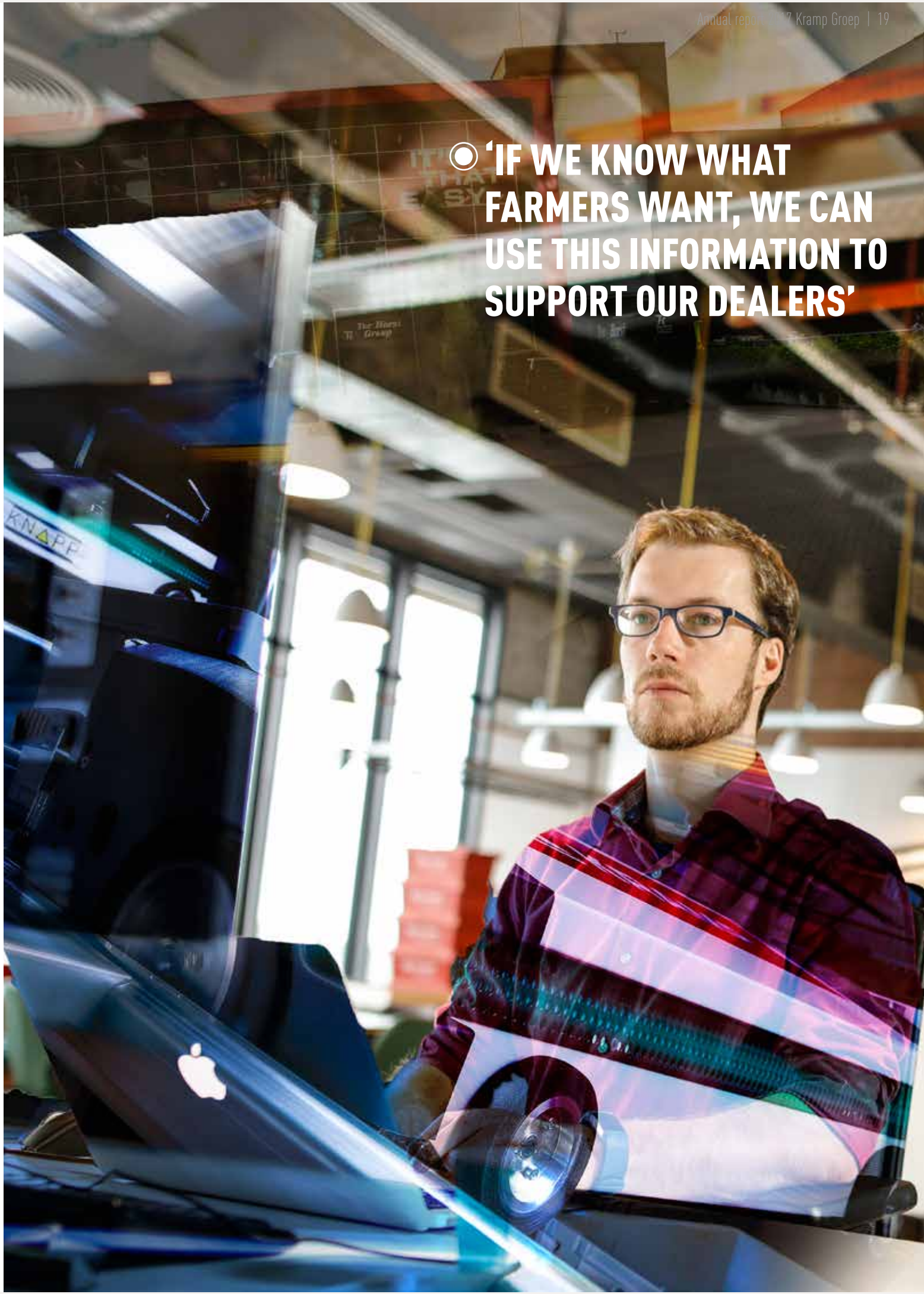
In Germany, the new warehouse is now in use. With an area of 9,000m<sup>2</sup>, there is room for 14,000 extra pallet locations. In addition, the shuttle system is also used in this warehouse. Here 81 shuttles connect more than 50,000 storage locations. At the two workstations 300 picks per hour can be done.

### Structural investment

"In addition, there is structural investment in IT and E-business. We want to respond even more effectively to our customers' needs. To do this, we need the right technology to establish what customers want. We are investing in those technology solutions and platforms." The Kramp Hub was founded in Utrecht in 2017. It is a start-up and is now home to a growing team that is working on a new platform and new web technology. According to Hans Scholten: "The new platform will help us and dealers to gather data and apply it. If we know what farmers want, we can use this information to support our dealers. This makes it possible for us to respond more effectively to what customers need, and therefore continually add value. That is why we are continuing to invest in knowledge and technology, which we believe will play a leading role in the future."

### 2018

A total of €36 million is budgeted for investments for 2018. The structural investment in the 'Digital Commerce & Technology' organisation (DC&T) has increased to €15 million on an annual basis. Beyond that, the main emphasis of the investment is on logistics processes, such as additional developments to the new systems in Germany and the Netherlands. "We are keeping abreast of new developments, and where we see opportunities we seize them with both hands", says Scholten. "We have a reputation to maintain when it comes to knowledge and new applications."



● 'IF WE KNOW WHAT FARMERS WANT, WE CAN USE THIS INFORMATION TO SUPPORT OUR DEALERS'



# KRAMP

© **'KRAMP IS WELL ON THE WAY TO BEING FULLY DATA-DRIVEN'**

Robbert van Dijk, Director Digital Commerce

## Data invaluable for optimised customer experience

Collect and interpret data, and then use it to make informed decisions. This process is part of the digital transformation Kramp has implemented. Data is increasingly being used to provide customers with optimum service. Robbert van Dijk is Director Digital Commerce. He understands that data is invaluable if you want to optimise the customer experience. "In the past, we have often implemented good ideas but without using data as a basis. Data is now paramount when it comes to making decisions, although common sense will always play a significant role."

"At Kramp, we always put the customer first. It has always been that way; it's even one of our core values. Using data in a smarter way allows us to gain a better understanding of what our customers want. We use data as a basis for improving our web shops and our service. We are moving from a segmentation approach, to personalisation. By analysing data, we are able to plot trends and establish connections. A dealer may have multiple customers with different needs. We want to provide products and information that are relevant to that specific customer, and make sure that they are not hampered by unnecessary information during the ordering process."

That is why we monitor data continuously, and even measure it. Not only online, but also through conversion specialists who go to visit customers. According to Van Dijk: "This gives us a better understanding of our customers and helps us to communicate with them in a more relevant way." Among the tools Kramp uses to measure customer satisfaction are: the Customer Effort Score (CES), the Net Promoter Score (NPS) and Customer Satisfaction (CSAT). This is an effective way to gain insight into customer satisfaction and where we can improve, not only when it comes to our web shops, but also in our logistics processes, for example. Our customers are

also becoming more critical. Customers use online stores like Amazon and Zalando for their private purchases, and this means they are used to swift delivery, a consistent customer-focused approach and a high level of service. "They also have these expectations of Kramp, and we are generally more than able to deliver. Our NPS score of 29 makes that much clear. But we are always striving to do better."

### Big data

In order to do this, we invested two years ago in an E-business team including web analysts, online marketers and data scientists. In the past period, they have been working on further optimising the current webshop and e-mailings in order to further improve the customer experience. "Together with the other Business Units within Kramp, we must now take the next step in order to be fully data-driven."

### Data as a science

Robbert van Dijk realises that a challenge lies ahead. "In the past, a great deal of decisions was made based on assumptions. We need to motivate colleagues even more to use data when making decisions. The term 'data scientist' exists for a good reason: it's a science. Kramp is well on the way to being fully 'data-driven', and we are taking even more steps towards this vision. We are doing this by structuring data better and making it more accessible. As an organisation, this will allow us to deliver even more effectively on our core value: 'customer first'. The value itself has not changed; the way in which we live up to the value is different to how it was more than 65 years ago."

The General Data Protection Regulation (GDPR) is the new European privacy legislation that will come into effect in May 2018. This legislation applies to anyone who gathers personal data from European citizens. The current Cookie Law and the obligation to provide notification of data breaches will also be part of the GDPR. The new law may have many consequences for companies, but Kramp is well prepared for the new guidelines. "We have always put the customer first. That is why we always guarantee the privacy of our customers. That's what we stand for. We only use data to make life even easier for our customers," says Robbert van Dijk.

# Kramp – a hidden international gem

Digital transformation makes heavy demands on the organisation. We are looking at various areas to see where Kramp is currently, and what next steps are needed. This also applies to the employees within our organisation. "We want to learn, understand and respond to future requirements", is how Binne Visser, Director of HR & Internal Communications, summarises the developments.

"We are experiencing what is being called the fourth industrial revolution. There is digital disruption. Robotisation and automation, all are playing an increasingly important role, and even farmers are innovating on a large scale. This is set to have an impact on our dealers, our organisation and our employees."

### Digitalisation

"Thinking specifically about our employees, the main focus area is competencies. In addition to our current knowledge and skills, we also require more digital skills, more young talent. Finding these people and getting them to commit to Kramp is a challenge. Different generations have different needs. The new generation is more self-managing, prefers to work on an assignment basis, and is less rigid when it comes to time and location. They want to have all the information they need at their fingertips at all times. At Kramp, we need to facilitate these developments."

The new integrated cloud-based HR system, 'Workday', is an example of how we are doing that. This system is increasingly being used to manage all processes, international or otherwise, involving recruitment, advancement and departure. The system supports recruitment processes, appraisals and talent development, among other things. "A key feature of a system like 'Workday' is that the end user is right at the centre of things. Managers and employees ultimately need quick and easy access to specific information, and it must be simple to complete the actions and processes needed to manage both personal portfolios and teams. Making further adjustments and developments to 'Workday' will remain on the agenda for the next few years."

### Attractive employer

Kramp is keen to enhance its position as an attractive employer. "Because, let's be clear, that's what we are. The culture, the interaction with one another and a strong international outlook. People are always surprised in a positive way when they visit us. They don't expect to find such a large, multinational company with a strong family culture in this part of the country. We're a hidden international gem. A gem with a great deal to offer, there's no doubt about that." The core values of Kramp are proven, and will also apply to the new generation of workers. "Take, for example, our core value 'Entrepreneurship'. At a time when start-ups seem to be the norm and innovation predominates, this core value is particularly relevant for our employees."

The zeitgeist and the environment we live in have also affected our employees. "Working effectively and efficiently is paramount. Internal processes are evaluated on an ongoing basis, to learn how we can work smarter and how we can use these improvements to provide our customers with the best possible service. Over the past year, among the things we have learned is that certain tasks should be centralised or organised differently. Unfortunately, that has meant consequences for a number of employees. We have had open and honest discussions about the situation, and tried to find an appropriate solution for each individual scenario. Drawing on our history, our future and our core values, we have done our utmost to handle this situation in a manner that is in keeping with the Kramp culture, with care and social responsibility."

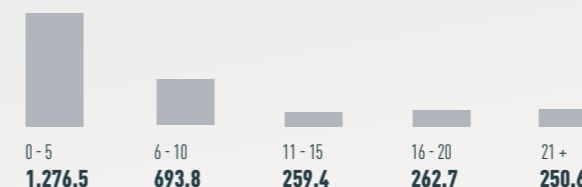
☉ 'PEOPLE ARE ALWAYS SURPRISED IN A POSITIVE WAY WHEN THEY VISIT US'

Binne Visser, Director HR & Internal Communications

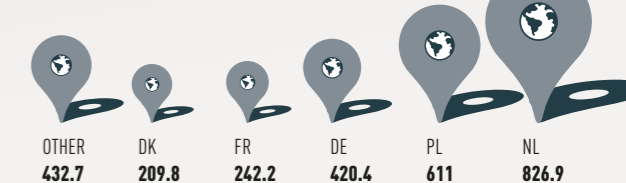


## Employee statistics (IN FTE)

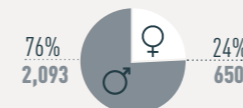
### YEARS OF SERVICE



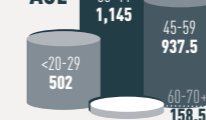
### COUNTRIES



### GENDER



### AGE



### DEPARTMENTS



### Development

Creating opportunities for personal development and team development has always been a priority at Kramp. This is not always easy within a growing international environment with multi-disciplinary project teams, and traditional learning options are increasingly falling short. Kramp wants to improve the quality of development opportunities in future by making more use of blended learning (a combination of online learning and traditional training) and better use of existing learning solutions, digital or otherwise. "Sometimes we become aware that a course or training session is not effective enough. We want to avoid a situation where employees are stepping out of their usual everyday hustle and bustle and heading unprepared into a training period, then knuckling down to study, only to go back to exactly how things were before at the end. This is unsatisfactory both for the employee and the organisation."

"We recently created a dedicated space for the Kramp Academy in Varsseveld. The Kramp Academy is not only aimed at developing employees, but also helping customers and partners to grow their knowledge. The Academy is intended to function not as a one-sided classroom, but as a breeding ground for inspirational and creative knowledge sharing and knowledge development. When employees are able to absorb online knowledge in their own environment prior to a session in the Academy, you gain much greater depth in conversations and the learning process with each other. This is a fine example of blended learning."

"In addition to the above examples, we are also active in various other areas with the aim of making our employees and our organisation fit for the future. We do not see our mission for development changing, but the way we tackle the mission will change. Issues such as digitalisation, continuous improvement, innovation and sustainability are increasingly important components of our DNA. Both for our existing employees and our new colleagues."



## ‘FILLING THE BACKPACK WITH KNOWLEDGE AND EXPERIENCE’

Ewoud van Dijk, Pricing Manager

## Keep on developing

**Implementing a digital transformation involves recruiting new staff with new knowledge, but also developing your own people. One way in which Kramp achieves the latter is by giving employees access to training courses, both internal and external.**

Ewoud van Dijk is now Pricing Manager at Kramp, but started his Kramp career ten years ago as a relationship manager. "When I was appointed in 2008, I was assured that I would be able to continue developing. Kramp has kept to its word. I have since held several positions within the organisation." Following on from his role as relationship manager, Van Dijk was a commercial trainee, which involved working across various Business Units. He was then a successful OEM Account Manager until the Pricing Manager vacancy came up two years ago. "I thought about it long and hard. I really liked the customer contact as well as selling based on added value, as we do at Kramp."

However, I studied marketing and I am keen to continue developing beyond sales. Analytics has always been a strong point for me, so I took the step." Ewoud is happy with his decision. "I always like to say that I am holding a backpack, into which I want to cram as much knowledge and experience as possible. This role definitely helps with that goal. I have learned a great deal about gathering, visualising and using data, and learning to think on a strategic level." There are still plenty of challenges for Van Dijk: "Data is extremely important for working efficiently within Kramp. Pricing has often been based on emotion in the past. Our team is focused on illustrating why we are moving towards a data-based approach for the future. And it's my job to get people on board."

After ten years, Ewoud van Dijk still feels right at home at Kramp. "Kramp wants to stay ahead when it comes to innovations in the agricultural ecosystem of producer, supplier, dealer and farmer. This framework still offers plenty of opportunities and challenges. In my current role I can offer added value for Kramp, and that's what I love."

## Blijleven successful with Kramp Online Service

Digitalisation plays a major role in all sectors and areas. This is also the case at A. Blijleven B.V., a mechanisation and construction company based in the west of the Netherlands. The company is currently in the process of networking its IT systems and making them fit for the future.

A. Blijleven B.V. started out more than 50 years ago as a blacksmith — much like many other mechanisation companies. Over the years, the focus shifted to mechanisation and later to construction too. The latter now represents the largest part of the company's operations. Blijleven has been a Kramp partner for more than two decades; the company has been successfully using Kramp Online Service (KOS) for some time now: "A substantial share of our annual revenue comes from the web shop", says Jan Blijleven. The firm is based in Pijnacker, a rural town located between The Hague and Rotterdam, and is currently occupied with digitalising additional aspects of its business. "Everything is in order on the mechanisation side, with all the right systems installed. We are now in the process of doing this for the construction side of our business, and our biggest challenge is integrating both areas into a single system. There is no ready-made system — we need a customised solution. We are now in the final stages of our work on this project." Blijleven is set to make efficiency gains as a result of this work. "Currently we still use pen and paper a great deal, and then enter the data manually onto a computer. That will soon be an automatic process, which will save us a huge amount of time. Time we can put to good use."

### Sector is changing

The son of the company's founder, and now its director, Jan understands that the sector is changing and that customers are developing different expectations. "Customers can now compare products and services more easily, and are becoming more familiar with online ordering. As a result, they have increasingly high expectations in terms of the assortment, delivery services and customer service. Kramp Online Service helps us to

rise to these challenges. Through a personal web shop delivered by Kramp, we are able to offer our customers direct access to the largest assortment of technical parts in Europe. This wealth of choice and the speed of delivery are definite plus points."

However, Blijleven is keeping a close eye on the competition: "What we are seeing is that local companies that specialise in a specific product group are able to offer a competitive price, and sometimes deliver up to three times a day. We need to present different USPs in order to compete with this. With Kramp as a partner, we can offer a diverse, comprehensive assortment, a one-stop-shop-solution. This gives us a considerable advantage that other partners are not able to provide. We can offer practically everything customers need in one place. That means fewer suppliers for our customers, fewer invoices, less paper work."

### Adding value

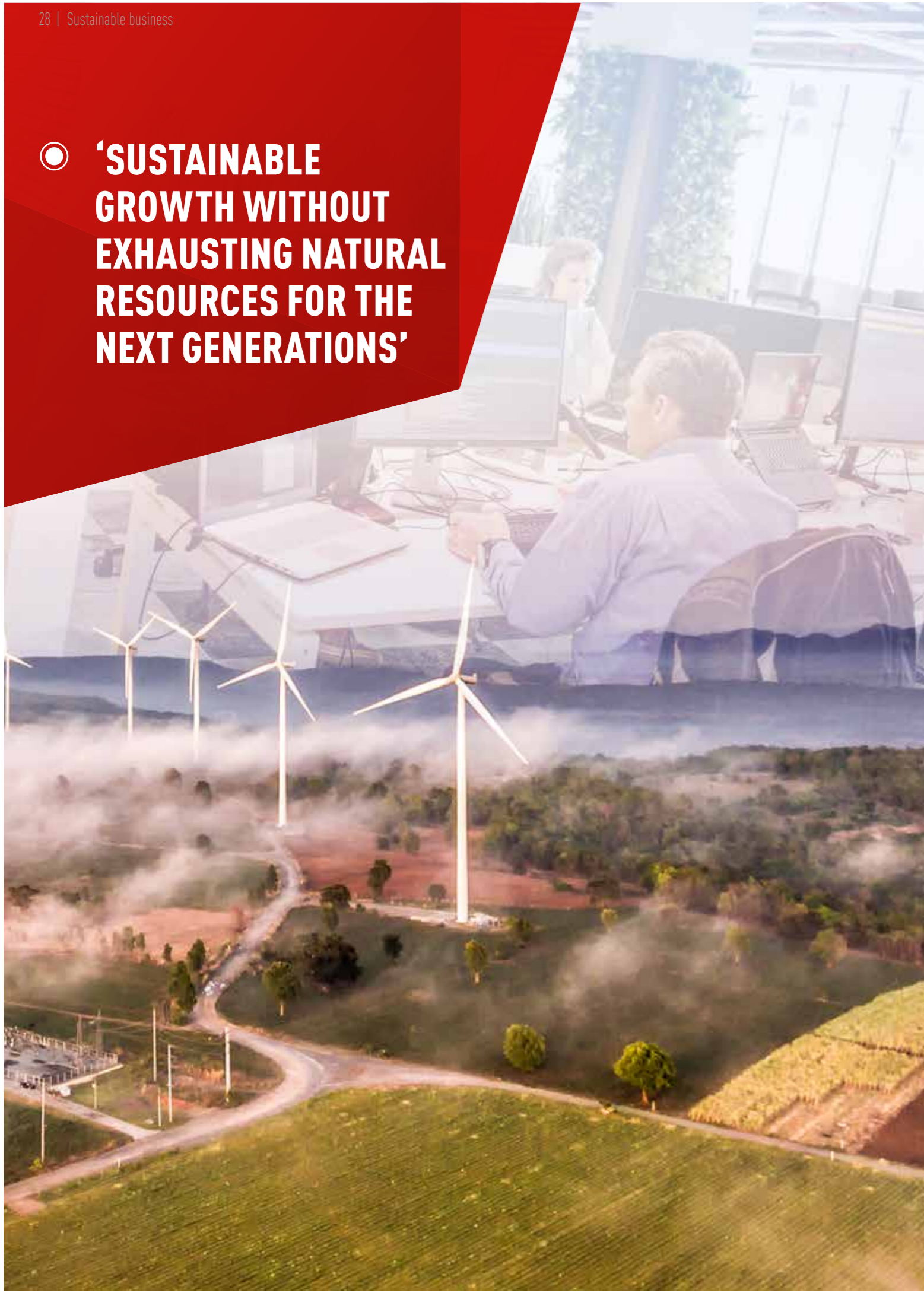
The business owner recognises he must actively go on the road in order to make KOS a success — new customers don't just automatically appear. "And therein lies the challenge of entrepreneurship. You need to be able to convince people personally, to show them the benefits and convenience of KOS. Our workshop manager has a lot of customer contact, which certainly helps in this regard. Our customers rely on our expertise and service. Kramp Online Service gives us an easy way to add more value for our customers. This is how Kramp helps us to become even more successful."



○ **'CUSTOMERS ARE BECOMING MORE FAMILIAR WITH ONLINE ORDERING'**

Jan Blijleven, owner A. Blijleven B.V.

## ‘SUSTAINABLE GROWTH WITHOUT EXHAUSTING NATURAL RESOURCES FOR THE NEXT GENERATIONS’



## Sustainable business prioritised at Kramp

Sustainable business requires constant attention from all those involved. This way of doing business is of paramount importance to Kramp. When drawing up project plans or strategies, we consider the consequences for people (within and outside Kramp), the effects on the environment and the financial health: people, planet, profit. Sustainable development is achieved when there is equilibrium between these interests.

Our objective is sustainable growth. “As a company, we want to act in such a way that Kramp will still be growing and innovating 50 years from now, but that we won’t have exhausted natural resources for the next generations”, explains Hans Scholten.

People make the company. This is why sustainability is one of the pillars of our HR policy. “We actively work towards sustainable employability by investing in the development of our existing employees, by offering training courses, for instance. However, we also seek out the skills we need in order to remain successful, now and in the future. The Kramp Hub is a good example of this approach. E-business constitutes a major part of our future, so the people we recruit must have knowledge and skills in that area. Sustainable business is an important precondition if we wish to remain successful in the near and distant future.”

Not only does the own policy need to be sustainable, but also those of suppliers. According to Scholten: “Our position also obliges us to go about our business in a sustainable way. As the market leader in our industry, we want to be a driving force and a sustainable innovator within and outside our organisation. This is why we have set up the Supplier Code of Conduct, among other initiatives. The code asks suppliers to commit to certain guidelines, such as protection of the environment, wages in line with national standards, and good working conditions for staff.”

### **Sustainable innovator**

Kramp is also forging ahead with the ‘Planet’ aspect. “The use of returnable crates has greatly reduced waste, and wherever possible we use recycled and recyclable materials/packing materials; we make our packaging as small as possible and we increasingly use renewable energy sources and methods such as heat buffering and solar energy. We are also continually working on mapping our CO<sub>2</sub> footprint. We aim to keep our CO<sub>2</sub> footprint as small as possible.” The use of new technologies plays a major role here. “We must look critically at our own role in the ecosystem in which we operate. Not only in our logistics process with the transportation of orders, but also internally. Do we need to travel to a certain meeting? Could we make more frequent use of video connections such as Skype instead? These are questions we ask ourselves.”

Earnings or financial health (Profit) is the precondition for all of this. An organisation cannot be sustainable (in the long term) if it is not healthy. “It goes without saying that Kramp will have to set priorities and/or make choices. We cannot do everything, and not all simultaneously. We are starting where there is the greatest potential to make a difference, and where the results are greatest with the least effort. We have therefore specified three themes: Innovation, Consumption & Production, and Climate Action. We are about to implement new initiatives based on these themes.”

## New expertise on the Supervisory Board



**On the picture** (from left to right):  
Hans Scholten, Johan Terpstra, Johan Lokhorst, Frederik Nieuwenhuys, Eddie Perneck, Koen Slippens

From 2017, the composition of our Supervisory Board changed. In May Mr Jan Bernard Wolters and Mr Anjo Joldersma stepped down. Mr Johan Terpstra remained a member. Mr Koen Slippens and Mr Frederik Nieuwenhuys became respectively in December 2016 and November 2017 new members and in May 2017 Mr Johan Lokhorst became the new chairman.

Since 2008, Mr Koen Slippens has been CEO of Sligro Food Group, a listed company which consists of food retail and food service companies selling directly and indirectly to the food and beverages market. Like Kramp, Sligro Food Group has a family culture with similar values to Kramp.

Mr Johan Lokhorst has held various roles at companies including Unilever and Friesland Coberco Dairy Foods. He was most recently CEO of Koninklijke Peijnenburg. Mr Lokhorst has owned an arable farm since 1976 and has been actively involved in the equine sector for a number of years.

In Frederik Nieuwenhuys, Kramp found an excellent sparring partner in the area of E-business and technology. As the founder of the online supermarket Picnic and of Fredhopper before that, Frederik has vast experience in the field of digitalisation and the use of data and information to provide an optimal service to customers. Prior to 2017, the Kramp

Supervisory Board lacked in-depth expertise in the area of E-business and digitisation. After CDO Arnoud Klerkx joined the Executive Board earlier this year, the logical step was to bring someone with digital expertise onto the Supervisory Board.

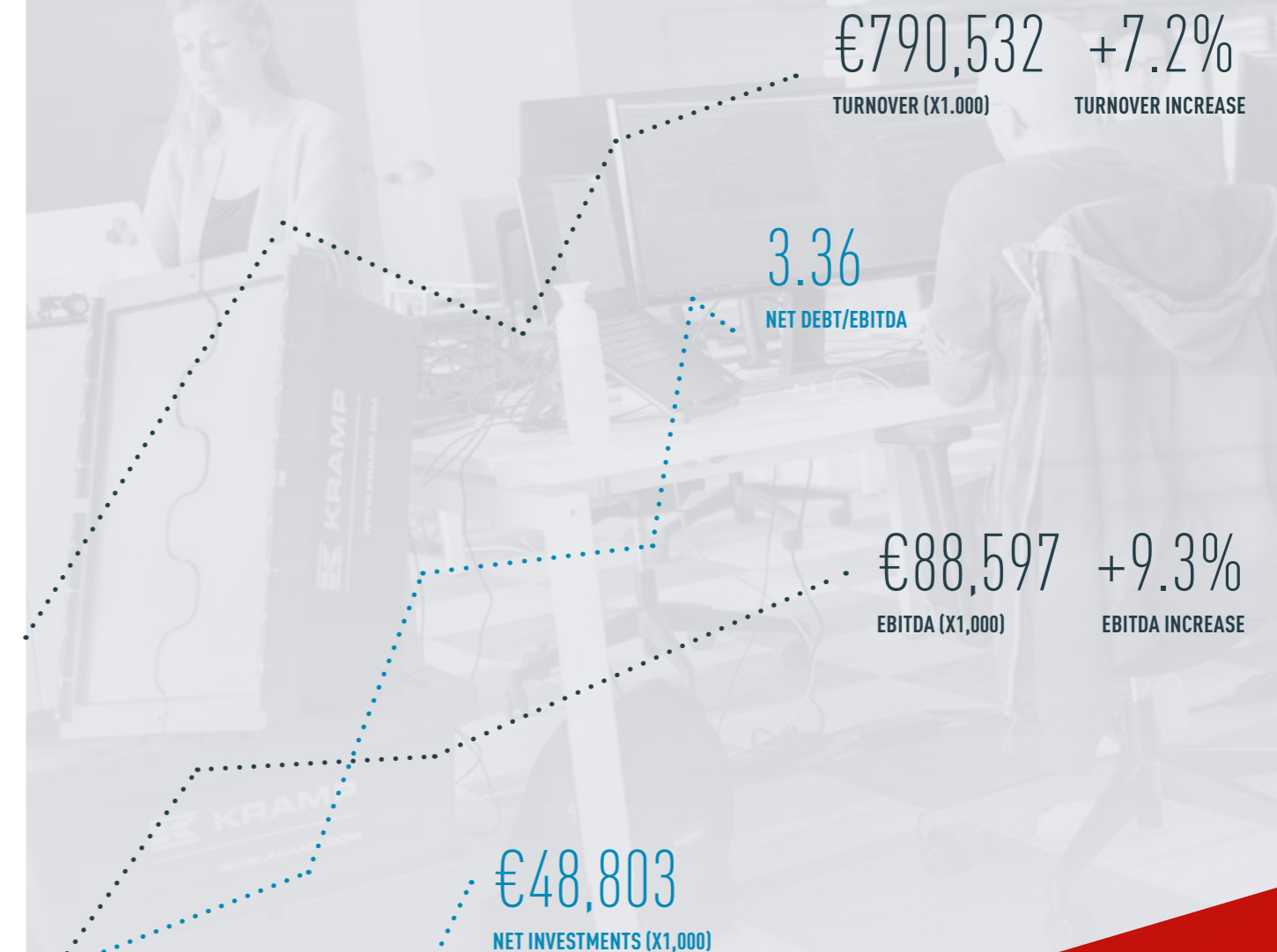
The role of the Supervisory Board is to support the strategy and business operations of Kramp while challenging the Executive Board and safeguarding the long-term continuity of Kramp.

In 2017, the Supervisory Board met five times. These meetings were held partly in Varsseveld and partly during visits to the countries in which Kramp operates, thus allowing the Board to become acquainted with the various colleagues, cultures and countries within Kramp. In addition to the regular discussion of strategy, interim results, balance sheet and cash flow, the Supervisory Board has in particular talked about human resources, cost control, risk profiles, acquisitions, joint ventures, investments, budgeting and market developments.

The Supervisory Board congratulates Kramp Group B.V. on its 2017 and expresses its appreciation to all Kramp Group employees for their hard work and commitment during the past year.

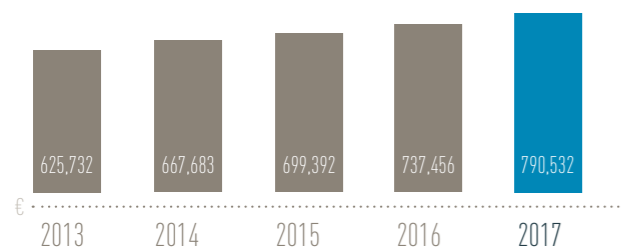
## Consolidated financial statements

Pro forma accounts 2017 - Annual report 2017

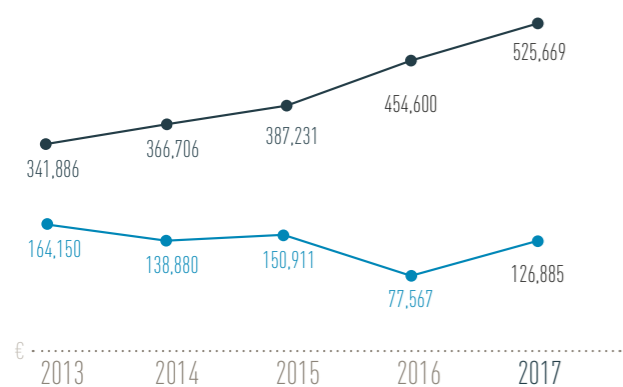




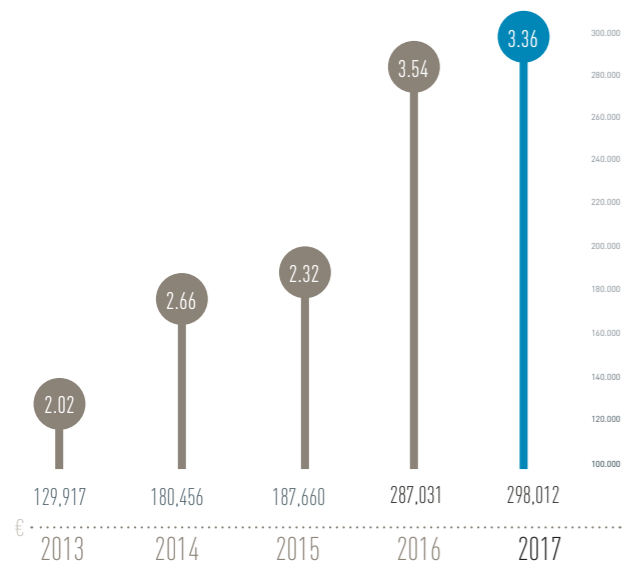
# Key figures (x 1.000)



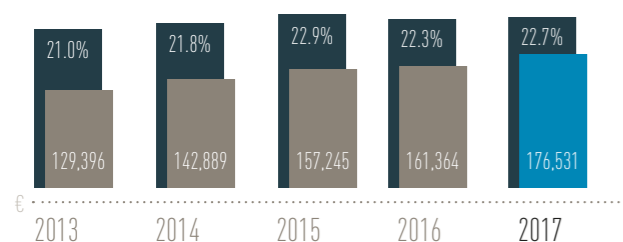
Gross turnover



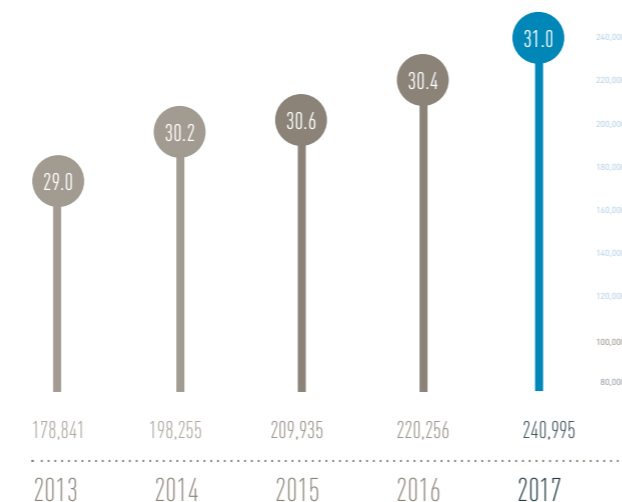
Year-end Balance sheet total Group equity



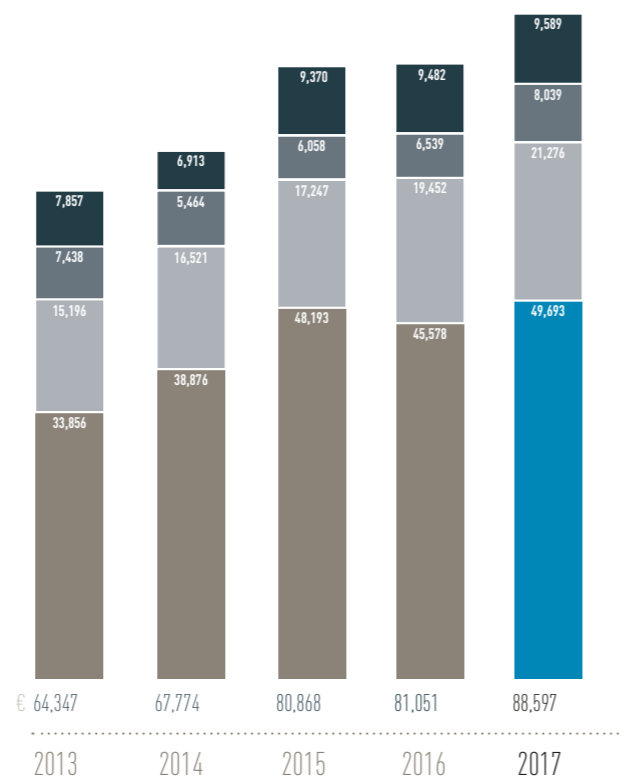
Interest-bearing debts DEBT/EBITDA



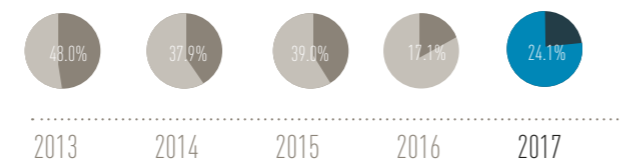
Gross margin Euro Percentage



Working capital as % of net turnover



EBITDA Tax Depreciation Finance charges Net profit after tax

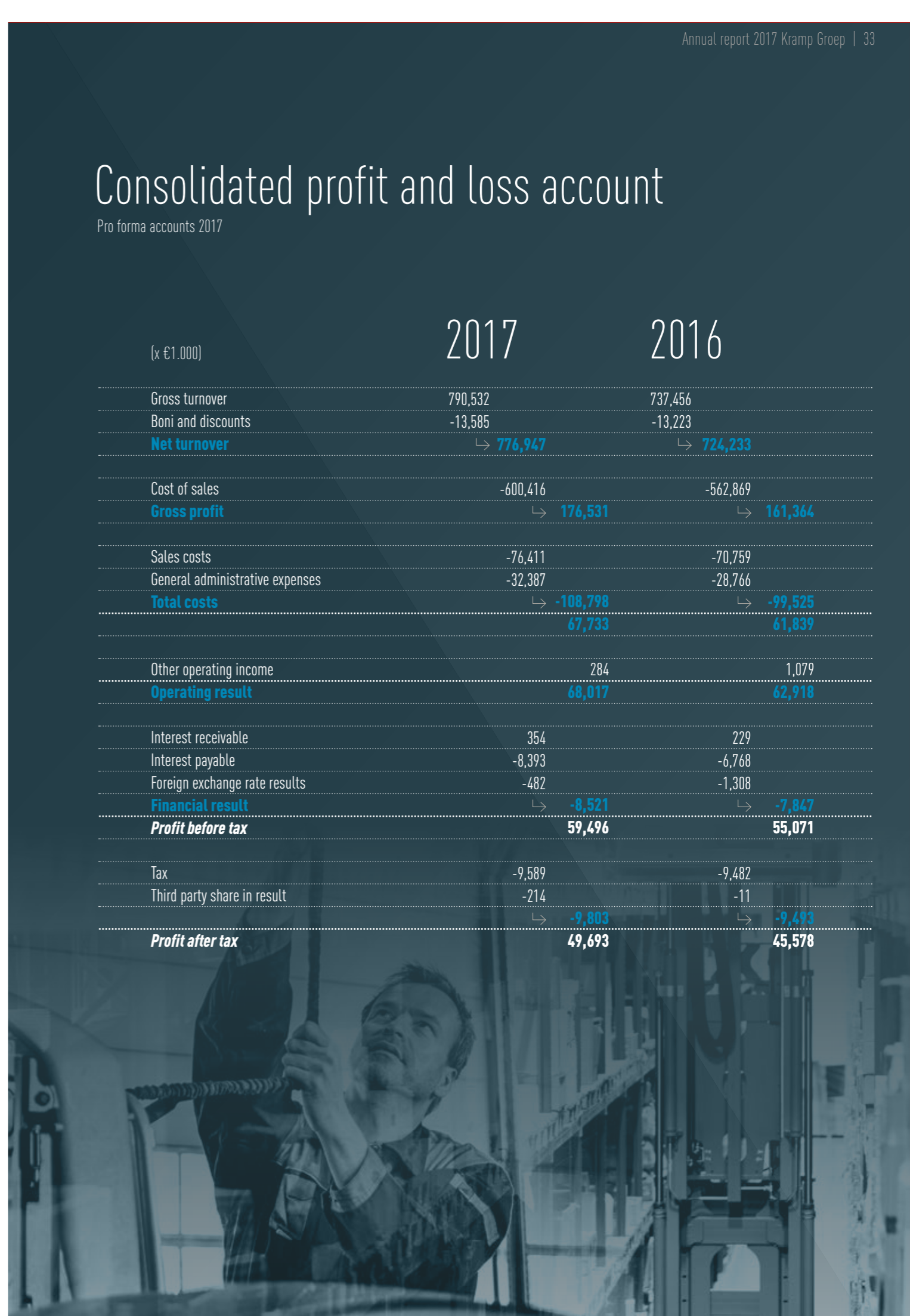


Solvency rate

# Consolidated profit and loss account

Pro forma accounts 2017

	2017	2016
Gross turnover	790,532	737,456
Boni and discounts	-13,585	-13,223
<b>Net turnover</b>	<b>776,947</b>	<b>724,233</b>
Cost of sales	-600,416	-562,869
<b>Gross profit</b>	<b>176,531</b>	<b>161,364</b>
Sales costs	-76,411	-70,759
General administrative expenses	-32,387	-28,766
<b>Total costs</b>	<b>-108,798</b>	<b>-99,525</b>
<b>Operating result</b>	<b>68,017</b>	<b>62,918</b>
Other operating income	284	1,079
Interest receivable	354	229
Interest payable	-8,393	-6,768
Foreign exchange rate results	-482	-1,308
<b>Financial result</b>	<b>-8,521</b>	<b>-7,847</b>
<b>Profit before tax</b>	<b>59,496</b>	<b>55,071</b>
Tax	-9,589	-9,482
Third party share in result	-214	-11
<b>Profit after tax</b>	<b>49,693</b>	<b>45,578</b>



# Consolidated balance sheet per 31 December 2017

Pro forma accounts 2017

Assets (x €1.000)	2017	2016
Intellectual property (software)	15,342	13,108
Goodwill	629	1,170
Prepayments on intangible fixed assets	5,567	4,465
<b>Intangible fixed assets</b>	↳ <b>21,538</b>	↳ <b>18,743</b>
Land and buildings	103,349	101,190
Warehouse equipment	18,544	20,182
Office- and IT equipment	9,090	9,131
Cars	2,169	2,012
Prepayments on tangible fixed assets and assets under construction	29,785	5,894
<b>Tangible fixed assets</b>	↳ <b>162,937</b>	↳ <b>138,409</b>
Subsidiary	-	318
Other receivables	19,408	10,765
<b>Financial fixed assets</b>	↳ <b>19,408</b>	↳ <b>11,083</b>
<b>Total fixed assets</b>	<b>203,883</b>	<b>168,235</b>
<b>Inventories</b>	<b>214,719</b>	<b>188,676</b>
Trade debtors	80,959	68,701
Receivables from participants and subsidiaries	-	5
Taxes and social premiums	8,318	8,653
Other receivables	893	1,323
Accruals and prepaid expenses	3,988	3,354
<b>Receivables</b>	↳ <b>94,158</b>	↳ <b>82,036</b>
<b>Cash</b>	<b>12,909</b>	<b>15,453</b>
<b>Total current assets</b>	<b>321,786</b>	<b>286,365</b>
<b>Total</b>	<b>525,669</b>	<b>454,600</b>

Liabilities (x €1.000)	2017	2016
<b>Equity</b>	<b>126,885</b>	<b>77,567</b>
<b>Third party share in Group companies</b>	<b>530</b>	<b>94</b>
Deferred tax liabilities	2,208	2,702
Pension provisions	713	647
Other provisions	1,226	1,026
<b>Provisions</b>	↳ <b>4,147</b>	↳ <b>4,375</b>
<b>Long-term debts</b>	<b>98,527</b>	<b>114,296</b>
Amounts falling due within one year	30,302	15,726
Credit institutions	182,092	172,835
Trade creditors	54,683	37,121
Payables to participants and subsidiaries	-	21
Corporation tax	675	1,115
Other taxes and social premiums	9,948	12,021
Other liabilities	17,880	18,997
Accruals and deferred income	-	432
<b>Short-term debts</b>	↳ <b>295,580</b>	↳ <b>258,268</b>
<b>Total</b>	<b>525,669</b>	<b>454,600</b>

# Consolidated cash flow statement

Pro forma accounts 2017

(x €1.000)	2017	2016
<b>Net result</b>	<b>49,693</b>	<b>45,578</b>
Depreciation	21,276	19,452
Net financial result	8,039	6,539
Paid corporation tax	9,589	9,482
Change in financial fixed assets	-8,730	-2,787
Foreign exchange rate results on working capital and other receivables and liabilities	-375	1,688
Third party share in result	214	11
Other	2,021	109
<b>Total adjustments</b>	<b>↳ 32,034</b>	<b>↳ 34,494</b>
Change in other receivables and accruals and prepaid expenses	136	-6,363
Change in provisions	-228	349
Change in other liabilities and accruals and deferred income	-3,487	4,761
	<b>↳ -3,579</b>	<b>↳ -1,253</b>
Change in inventories	-26,043	-19,986
Change in trade debtors	-12,258	-7,143
Change in trade creditors	17,562	16,808
<b>Change in working capital</b>	<b>↳ -20,739</b>	<b>↳ -10,321</b>
	<b>57,409</b>	<b>68,498</b>
Received interest	354	229
Paid interest	-8,557	-7,308
Paid corporation tax	-11,020	-8,762
	<b>↳ -19,223</b>	<b>↳ -15,841</b>
<b>Cash flow from operating activities (A)</b>	<b>38,186</b>	<b>52,657</b>

(x €1.000)	2017	2016
Investments in intangible fixed assets	-8,901	-11,764
Investments in tangible fixed assets	-40,555	-22,581
Disinvestments in tangible fixed assets	653	-
Acquisition subsidiary	-	-114
Disinvestment subsidiary	405	1,161
<b>Cash flow from investing activities (B)</b>	<b>↳ -48,398</b>	<b>↳ -33,298</b>
Acquisition own shares	-	-88,612
Paid dividend	-596	-31,404
	<b>↳ -596</b>	<b>↳ -120,016</b>
Repayment long-term debts	-1,703	-1,432
Borrowing long-term debts	510	123,629
Change in short-term debts	9,257	-7,735
	<b>↳ 8,064</b>	<b>↳ 114,462</b>
<b>Cash flow from financing activities (C)</b>	<b>↳ 7,468</b>	<b>↳ -5,554</b>
<b>Movement in cash position (A+B+C)</b>	<b>-2,744</b>	<b>13,805</b>
Beginning cash and cash equivalent	15,653	1,848
Closing cash and cash equivalent	12,909	15,653
<b>Movement in cash position</b>	<b>↳ -2,744</b>	<b>↳ 13,805</b>





# Showroom

## IT'S THAT EASY.

Who would have thought ten years ago that wholesale purchasing via tablet or phone would be possible? Developments happen rapidly. In order to lead the way and remain at the forefront of developments, Kramp has grown from a traditional wholesaler into a company in which E-business plays a prominent role. Our aim has remained the same throughout the years: to make the work of our customers as easy as possible.