



Westfalen

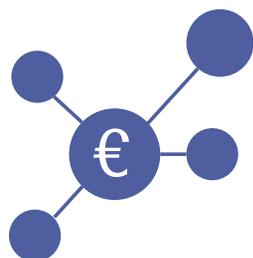
A FRESH APPROACH

ANNUAL REPORT 2017

Westfalen Group 2017 at a glance

Turnover

1.71 billion €



30%



Percentage of
women
in top committees

1,663 Employees

1,373 in Germany,
290 in other countries



Investments

51.4 million €

6 Awards



Top local supplier
Hazardous
cargo award Johnson Controls
"Club der Besten"
Leading employer
Top rating on Kununu

EBIT

36.2 million €

Our sites

Germany

Westfalen AG
Münster

Netherlands

Westfalen Gassen Nederland BV
Westfalen Medical BV
Deventer

Belgium

Westfalen BVBA-SPRL
Aalst/Alost

France

Westfalen France S.A.R.L.
Rosselange

Switzerland

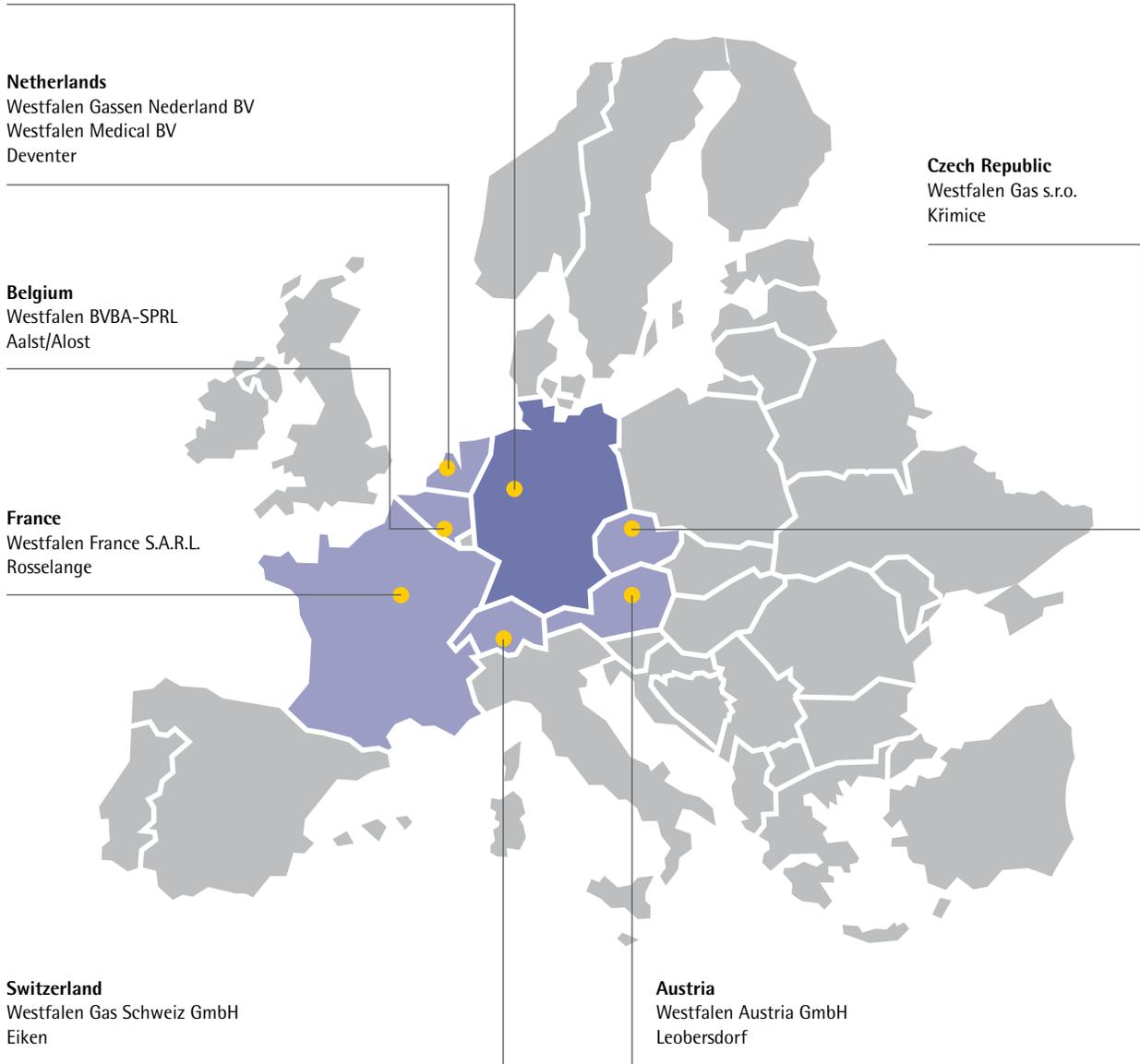
Westfalen Gas Schweiz GmbH
Eiken

Austria

Westfalen Austria GmbH
Leobersdorf

Czech Republic

Westfalen Gas s.r.o.
Křimice



7 countries in Europe

Germany, Netherlands, France, Belgium,
Austria, Switzerland, Czech Republic

Divisions

Gases



The Westfalen Group produces and distributes approximately 300 technical gases and gas mixtures for almost every application in industry and trade, food production, laboratories, pharmaceuticals and medicine. These gases include nitrogen, oxygen and argon, which are generated in three separate air separation plants, as well as acetylene and hydrogen. Refrigerants and heat transfer fluids for refrigeration and air-conditioning technology round out the diverse portfolio.

Energy Supply



With its Westfalengas brand, the Westfalen Group is one of Germany's leading liquid gas supply companies. There are more than 2,000 possible applications for Westfalengas: as off-grid thermal energy for heating factories and agricultural buildings, for thermal processes in industry and commerce as well as an environmentally friendly fuel gas for passenger cars or forklift trucks. In addition, the Energy Supply division supplies liquid natural gas and electricity to residential and business customers.

Service Stations



With around 260 stations, the Westfalen Group has the largest independent branded service station network in Germany, primarily in North-Rhine Westphalia and Lower Saxony. In addition to conventional fuels, Westfalen and Markant stations also offer the alternative energies of LPG, charging current and, since very recently, hydrogen. Westfalen also offers a number of innovative shop and restaurant concepts, including its own coffee brand Alvore Caffè, the Chopstix Noodle Bar and drive-through counters for shopping and food.

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Ladies and Gentlemen,

Financially, 2017 was a very successful year for our business. The Service Stations division generated record results, while in the Gases division, refrigerants in particular performed exceptionally well. The Energy Supply division, by contrast, was hit by the sharp decline in prices during the year. For me personally, however, 2017 will always be remembered for one very sad event: The sudden tragic death of our son Alexander affected the entire company, but was a particularly hard blow for the family. In acknowledgement of continuity and the great responsibility we bear towards our customers, business partners and employees, much has had to be rethought for the future. In light of this, we have entitled our Annual Report "A fresh approach". This fresh approach extends throughout the entire Annual Report, which you will find to have a new, more 'magazine'-like look than in previous years. We have successfully continued Alexander's legacy by the creation of a new organisation, Gases Europe, to better cater to the requirements of our European customer base. We have also forged ahead with digitisation, and taken a more customer-focused approach with new products and faster response times. Our systematic talent management programme was set up to provide you, our dear business partners and customers, with the very best service from well-trained, highly-motivated employees. We very much want you to share in our success. In the Annual Report 2017, you will discover everything we have achieved to date and what we still want to achieve.

Yours,

Wolfgang Fritsch-Albert

Supervisory Board



**Dipl.-Oec.
Anka Wittenberg**
Member

Anka Wittenberg has been a member of the Westfalen Group Supervisory Board since 2012 and is Senior Vice President and Chief Diversity & Inclusion Officer at SAP AG. She is also Honorary Chair of the Board of the World Childhood Foundation in Germany.

**Dr. rer. pol.
Wolf-Albrecht Prautzsch**
Chairman

Wolf-Albrecht Prautzsch has been a member of the Westfalen Group Supervisory Board since 1999 and its Chairman since 2008. He held a number of different positions in the banking sector and was Chairman of the Board of the Westdeutsche Landesbank Girozentrale until 2002.

Michael Brink
Employees' representative

Michael Brink has been a member of the Westfalen Group Supervisory Board in his capacity as employees' representative since 2009. He first joined the company in 1993 and is Head of Occupational Health and Safety in the Occupational Health and Safety/ Quality Management/ Environmental Management segment.



**Dr. oec. publ.
Bernhard Klofat**
Vice-Chairman

Bernhard Klofat has been a member of the Westfalen Group Supervisory Board since 2009 and its Vice-Chairman since 2012. He has a PhD in Business Administration and is Chairman of the Management Committee of the Felix Schoeller Group.

Dierk Winter

Employees' representative

In his capacity as employees' representative, Dierk Winter has been a member of the Westfalen Group Supervisory Board since 2014. A professional truck driver, Mr Winter joined the company in 1994 and has been full-time chairman of the works council since 2007.

Renate Fritsch-Albert

Chairman of the Presiding Committee

Prior to moving to the Supervisory Board in March 2017, Renate Fritsch-Albert was a member of the Management Committee of Westfalen Group. In this position, she was responsible for HR and strategic change management.

Honorary Chairman of the Supervisory Board

Consul of the Niederlande a.D.

Dr. jur. Hermann Hallermann

Executive Board



Reiner Ropohl

Reiner Ropohl has had board-level responsibility for Sales at the Westfalen Group since 2012. He became Head of the Service Stations division in 2002. Prior to that, he spent 20 years at Aral AG where he held a number of roles, most recently Sales Director for Service Stations, Germany.

Wolfgang Fritsch-Albert

Wolfgang Fritsch-Albert has been Chairman of the Board of the Westfalen Group since 1977. Under his aegis, the family company evolved from a manufacturer of technical gases, supplier of LPG and operator of service stations to the pan-European corporate group it is today.



Dr. Meike Schäffler

Holding a PhD in Mathematics, Dr. Schäffler assumed board-level responsibility for Operations, IT and HR in 2016. Prior to that, she had held a number of management positions at the Benteler group of companies.

Torsten Jagdt

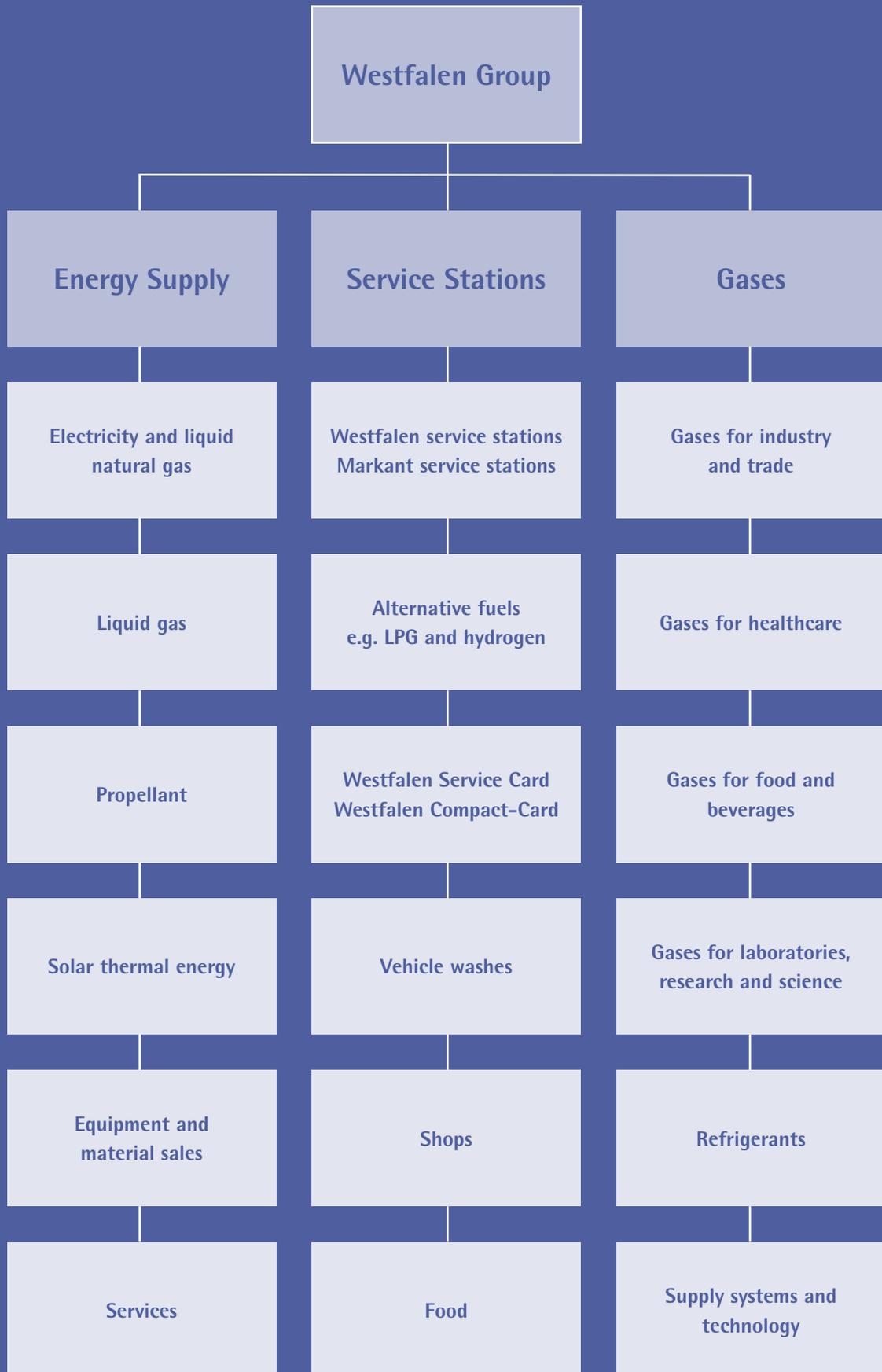
The graduate economist has been Chief Financial Officer at the Westfalen Group since 2016. He has many years of international experience in finance, accounting and controlling, and was most recently commercial director at Trox GmbH.



Alexander Fritsch-Albert

Alexander Fritsch-Albert assumed board-level responsibility for the Gases Europe division of the Westfalen Group in April 2017. Prior to that, he was Head of Sales for Gases Germany and member of the Management Committee. Alexander Fritsch-Albert died on 24 October 2017 at the age of 39.

The Westfalen Group business segments



HIGHLIGHTS



L GASES

LIN-assist nitrogen production plant at BASF Coatings, Münster.




Westfalen

STOP

Innovision: radical changes for refrigerants



Whether in supermarket chillers, vehicle air conditioning systems or industrial refrigeration systems, refrigerants are an indispensable part of the economy and trade. Once again in 2017, the Westfalen Group was Germany's leading trade partner for refrigerants, a fact that contributed to the sales growth in the Gases division.

Innovision on Tour a success

The refrigeration/air-conditioning info events hosted by the Westfalen Group in response to the F-gas Regulation attracted a lot of industry attention. Under the heading 'Innovision on Tour', the company, in cooperation with refrigerant suppliers Honeywell and Chemours, and refrigeration technology colleges from five German states, provided information about new products, environmentally-friendly refrigerant alternatives and concepts for reclamation. The background: A number of conventional refrigerants are to be banned from 2020, meaning that they can no longer be marketed. There is high demand, therefore, for advice on more climate-friendly alternatives: The offered events attracted a lot of interest with more than 500 attending. This prompted the Westfalen Group to continue "Innovision on Tour" in 2018 in both Germany and Austria.



At the Innovision campaign events, the modern refrigerants are represented by models.



There was also considerable interest in face-to-face discussions on the concrete implementation of the F-gas Regulation, as can be seen here at the Innovision in Münster.







Respadur® A is used primarily in the care of premature babies.

Saving lives!

Westfalen expands its medical gases range

Useful aids in diagnosis, treatment and medicine: The Westfalen Group is strengthening its presence within the medical products segment. In 2017, for example, it supplied a wide variety of users with the different gases that are used in the healthcare sector. These include, amongst others, liquid medical-grade oxygen (LOXMED Respadur®), nitrous oxide for anaesthesia and carbon dioxide for endoscopy and micro-invasive surgery (Corpapur® C).

Gap in the market filled by Respadur® A

In 2017, the family company established links with new customers from the hospital sector, for example at trade fairs and events, and showcased its expanded Respadur® A product range. Respadur® A is a finished drug that is used primarily in the care of premature babies. The 20-litre cylinder of Respadur® A 1000 has been on the market since 2017 and fills the gap between the previously available sizes.

Healthcare: 10,000 patients treated

The Westfalen Group's Netherlands subsidiary, Westfalen Medical BV, is also on a path of expansion in the healthcare sector. In 2017, more than 10,000 homecare patients were provided with oxygen therapy from Westfalen for the first time. Westfalen Medical also prepared the roll-out of new forms of treatment, which it has been offering customers of virtually all the Dutch health insurers since early 2018. One of these treatments is CPAP therapy, which uses a machine to help a person who has obstructive sleep apnoea (OSA) breathe more easily during sleep. The new portfolio also includes breathing training devices and nebulisers for asthma sufferers.



10,000 homecare patients in the Netherlands rely on oxygen therapy from Westfalen.



Medica
Kompetenz für Ihr Leben

EIN UNTERNEHMEN DER WESTFALEN GRUPPE

Medica-Technik is also the place to go for custom-built sport wheelchairs.

Comprehensive medical technology provision from Medica-Technik

In 2017, the Westfalen Group was also one of the leading providers of comprehensive healthcare in the region through its subsidiary Medica-Technik GmbH, which is based in Brachbach, Rhineland Palatinate. Medica-Technik provides consumables for nursing care and medical practices, helping chronically ill people, those in need of care and people with restricted mobility to feel well cared for in their homes and in care homes. In the area of rehabilitation technology, the company is in the process of changing from a B2B supplier to a B2C supplier. The goal for 2018 is to leverage the full sales potential from end customers.

Westfalen goes Dubai!



Biggest ever hardware contract

In 2017, the Westfalen Group concluded its biggest hardware contract to date; supplying four Ekonor® pipe welding systems to Dubai-based Lamprell PLC for 2.5 million euros. Lamprell is a leading provider of services to the oil, gas and renewable energies industry, and specialises in the construction of oil rigs amongst other things. The special welding systems are the key element in an end-to-end concept from software and systems developer 3R solutions GmbH from Hamm, which was the general contractor for the project. The four 18-metre-long machines were specially designed for Lamprell.

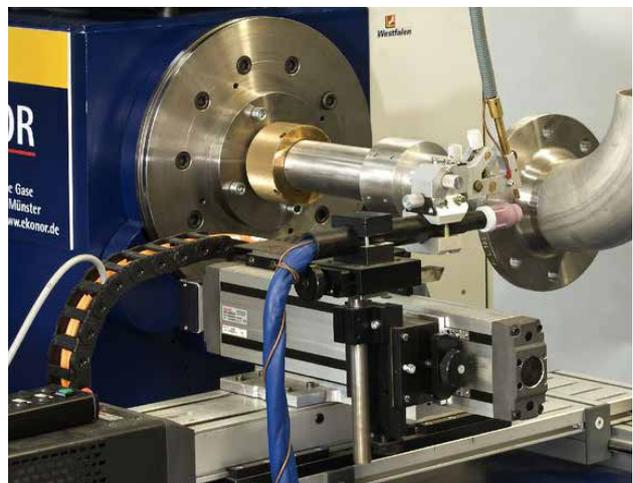
The Westfalen technology now being deployed in Dubai is used for the high-speed welding of pipes with diameters ranging from 50 to 400 millimetres and wall thicknesses from two to 20 millimetres. The machines were transported to the United Arab Emirates by sea in six containers with a combined weight of 32 tonnes, in a journey lasting four weeks. Training of the personnel in Dubai by Westfalen employees is scheduled to take place in 2018.

The top export Ekonor®

Ekonor® is increasingly becoming a top export for the Westfalen Group. Besides Dubai, new customers were also acquired in Vietnam and the United States in 2017. Ekonor® machines had previously been supplied to Singapore, China, Russia, Romania and Norway.

Ekonor®

The Extended concept for orbital welding (Ekonor)® process incorporates a number of welding units. The integrated clamping devices are a key element and permit automatic centring, which simplifies the construction of complex pipelines for oil drilling platforms, for example. Westfalen provides a comprehensive maintenance, repair and training service for the systems.



Pipe welding system for welding flange joints.



The Ekonor® process simplifies the construction of complex pipelines for oil drilling platforms.

ENERGY SUPPLY





Infralogg® central supply system in Feriendorf Obernsees, Franconian Switzerland.

Positive balance for liquid natural gas and electricity



Transparent, individual and fair – these are the core values that underlie Westfalen's offering in the area of LNG and electricity. This was reflected in the contracts, customer meetings and prices with which the Westfalen Group once again won over residential and commercial customers in various segments in 2017.

A focus on commercial customers

In the period under review, commercial customers were the primary focus of sales. Consumption metering is in high demand among SMEs in particular. In total, Westfalen achieved a 60 percent year-on-year increase in consumption volume in this segment to more than ten million kilowatt hours.

Top local supplier once again

Westfalen also continued to score highly with residential customers and was once again named the top local supplier by the energy consumer portal: for the fourth time in a row for electricity, and the second time for liquid natural gas. Consumers rated aspects such as value for money, service and much more besides.



Award logo for top local electricity and gas supplier 2017.

Upturn in Infraclog[®] sales

The Westfalen Group's Infraclog[®] infrastructure and logistics supplies heat to many residences in regions without a liquid natural gas (LNG) network. In 2017, we succeeded in further expanding this segment.

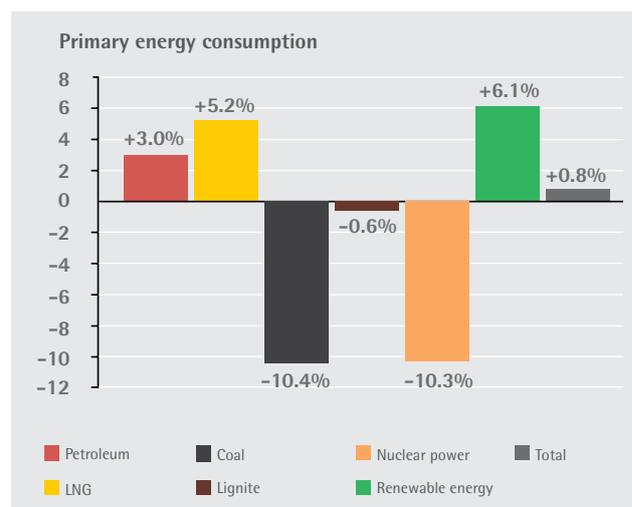
The cost of the energy revolution

The onward march of the energy revolution did result in a further deterioration of conditions in the electricity market: The Renewable Energies Act levy and network charges, for example, both reached new highs in 2017. However, the regional price adjustments resulting from this had no discernible impact on the total number of residential customer contracts for liquid natural gas and electricity. The Westfalen Group's policy of consistent price setting both for new and existing customers alike once again paid off – without temporarily distorting price perception through one-off discounts and rebates.

Planned growth

New conditions for growth were created in the commercial gas segment for 2018. Preparations were made for an additional lucrative commercial electricity tariff, as well as the listing of the commercial electricity offering on the major online platform www.eless.de.

Continued changes in the global energy mix



The Westfalen Group is equipped for the energy mix of the future. It is apparent from the development of primary energy consumption in Germany in 2017 that LNG – alongside renewable energies – is growing significantly as a result of the energy revolution. According to current forecasts, this trend looks set to accelerate over the next few decades (source: Working Group on Energy Balances (AGEB)).



New customer Deutsche Bahn



Westfalen gas to combat cold weather, ice and snow

In 2017, Westfalen Group concluded a supply contract with DB Energie GmbH for the nationwide supply of liquid gas to hundreds of tanks of Deutsche Bahn AG within Germany. The DB Netze Fahrweg division uses Westfalen gas as a versatile source of heating energy.

It is used, for example, in points heatings which are used to clear ice and snow from points on the railways, keeping the trains running smoothly even in winter. Millions of passengers and many different goods are thus able to reach their destinations reliably and with minimal environmental impact.

Energy and services from a single source

Westfalen gas is also used to heat signal boxes, social buildings and service buildings. Throughout Germany, Westfalen supplies a total of 217 tanks belonging to the company and is also responsible for inspecting the tanks regularly.

"We supply energy and services from a single source," explains Holger Laugisch, Head of the Westfalen Group Energy Supply Division. "As one of the leading suppliers of liquid gas within Germany, our nationwide infrastructure is perfectly equipped to handle orders of this nature."

DB Netze Infrastructure

The DB Netze Infrastructure division encompasses the companies DB Station&Service AG, DB Netz AG, DB Energie GmbH and Deutsche Umschlaggesellschaft Schiene-Straße mbH.

It therefore brings together the train stations, rail network, energy supply and logistics terminals of the Deutsche Bahn AG group under the one umbrella organisation.

The division is responsible for a 33,300-km rail network and 5,400 train stations, making it the biggest train station operator in Europe.





Propane point heaters – supplied with Westfalen gas – keep the tracks free of snow in winter.



At the contract signing (from left): Wolfgang Stenzel, Key Account Manager, and Holger Laugisch, Head of the Energy Supply Division.



Machwerk goes from success to success

The Machwerk initiative, a programme that was first launched in January 2016, is the Westfalen Group's response to the inertia in the heating market. The programme aims to help customers in every single region of Germany make energy savings and cut energy costs thanks to expert partners, efficient complete heating packages and optimum customer advice. It has proven to be a successful offering that is ideally suited to the German energy revolution.

Strong partners

Integral to on-site implementation at users' premises are the Machwerker, a community of experienced partners from the sanitation, heating and air-conditioning sector. By the end of 2017, the Westfalen Group had signed up a total of 76 trade firms to the programme. These partners are given the opportunity to be involved in up to six modules with the Westfalen Group, gain new customers and benefit from commission, rebates, a generous bonus system and training.



Networking event for Machwerk partners in September.



The Machwerk programme also includes solar thermal systems for residential and commercial customers.

Drive for success

The programme's success in 2017 was attributable to a number of factors: In June, a task force started a concerted drive to acquire new partners for German regions still to be covered. An extensive trade fair presence and comprehensive range of marketing activities for partners also generated a great deal of awareness for the subject across all media channels. In addition, an event that was held in September 2017 helped encourage a more intensive cooperation with existing partners. All of these activities resulted in a significant rise in sales revenues within the division compared to the previous year.



Westfalen supplies lucrative complete heating packages. For more information, see westfalen-machwerk.de.



Healthier and with perfectly delicious results every time: gas barbecues are enjoying increasing popularity.

Bestseller Grillmeister

A FRESH
APPROACH

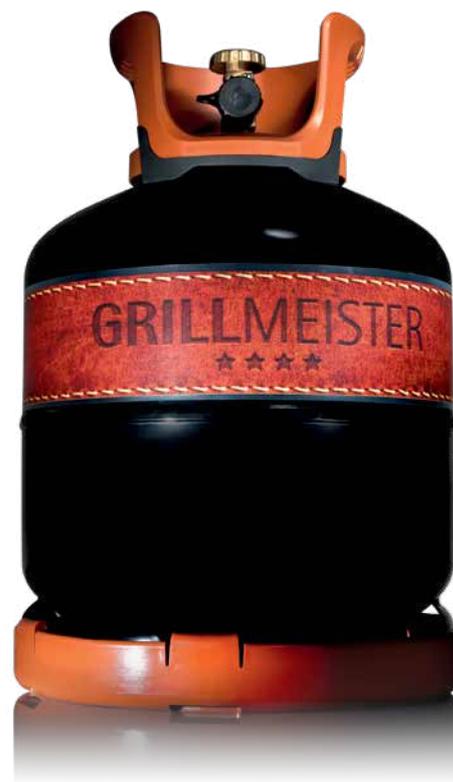
Growing barbecue gas segment

The Westfalengas Grillmeister gas barbecue cylinder was again a best seller in 2017. It's hardly surprising – the product is perfectly designed for its purpose: a very lightweight tank, compatible with all standard gas barbecues, easy to handle. In just a few years, the cylinder, which holds eight kilos of propane, has therefore become established as the perfect companion throughout the entire BBQ season.

Successful market penetration

It once again proved to be the most popular product during the peak season (April to October) in 2017. In this period, the targeted marketing mix of cinema, billboard and online advertising thus made a strong impact – with impressive results:

During the reporting period, Westfalen Group sales of barbecue gas increased by 300 percent, marking another successful market penetration drive.



In high demand:
the Grillmeister cylinder from Westfalengas.

SERVICE STATIONS





Mobility of the future



Pioneering the energy revolution

The Westfalen Group has long helped shape the future of mobility and considers itself a pioneer of the energy revolution.

In addition to offering alternative fuels, such as auto-LPG, charging current and hydrogen, Westfalen continues to invest in conventional diesel and petrol fuels. For example, we are greatly increasing the number of AdBlue pumps to reduce harmful diesel emissions. The addition of the carbamide solution reduces the nitrogen oxide (NOx) emissions of diesel engines by up to 90 percent. The new Power Super and Power Diesel high-performance fuels are also improving performance, combustion and the engine service life.



More than 30 service stations of the Westfalen Group already offer electric charging stations.



The Westfalen service station at Münster-Amelsbüren also offers a hydrogen pump.





Germany-wide infrastructure

Since the opening of the Münster-Amelsbüren hydrogen service station in December 2016, the Westfalen Group in cooperation with the Clean Energy Partnership (CEP), has been pushing ahead with the expansion of a Germany-wide hydrogen network. It has attracted considerable media interest: For example, 30 international journalists took part in a Toyota roadshow, during which they toured Germany to learn about the various possible applications of hydrogen. Regular stops were made at Amelsbüren to refuel the fuel cell vehicles.

In hydrogen-powered vehicles, the fuel cell is the drive technology that powers the vehicle using a chemical reaction between hydrogen and oxygen. The energy released from the hydrogen is supplied to an electric motor as electricity. The exhaust of a hydrogen-powered

car simply emits pure water. Thanks to the electric drive, the car is clean and runs almost silently.

Compared to purely battery-charged electric vehicles, hydrogen cars are able to travel long distances on one tank and don't require long charge times. Passenger cars take just three to four minutes to completely refuel at a pressure of 700 bar, trucks and buses require a pressure of 350 bar and refuelling takes up to ten minutes. Refuelling at an H₂pump is as straightforward as at a conventional fuel pump.

Take one for a spin

A new H₂-Hyundai is available for hire from the Münster-Amelsbüren hydrogen service station. It costs one euro per hour.



The Westfalen H₂-Hyundai is available to hire from the Münster-Amelsbüren hydrogen service station.

Premium Italian coffee direct from the service station



Since the end of 2016, the Westfalen Group has gradually been rolling out the company's own coffee brand, Alvore Caffè, at its service stations. Westfalen is the only service station operator across Germany to offer its own brand of coffee. The concept includes a coffee system, service and original Italian coffee, and was initially launched at

the around 70 service stations of the secondary brand Markant. An increasing number of Westfalen service stations now also offer Alvore Caffè: for instance, it is available at the large service station in Plaidt, close to Koblenz, which opened in 2017.



A Italian roasting company steeped in tradition

The select beans for Alvore Caffè are supplied by the Saccaria coffee roasting company based in the Ancona region of Italy.

The company is one of the oldest family-run roasting companies in Italy. The coffee is a blend of high-quality roasted Arabica and Robusta beans. The Westfalen Group imports the coffee to Germany directly, without a middleman.

The Alvore Caffè range includes all the familiar coffee specialities, such as Cappuccino, Latte Macchiato, Caffè Latte, Caffè Crema and Espresso in addition to Chocolata and Latte Vanilla (vanilla-flavoured hot frothed milk).

All-inclusive package

The Westfalen Group has put together an all-inclusive package for its partner service stations that includes quality coffee machines, original Italian coffee as well as free basic equipment (price labels, crockery, glasses and advertising media) and on-site training. Since the coffee's launch, signs have been very promising with significant sales growth reported. The partner service stations are happy as Alvore Caffè is proving increasingly popular with customers.

Positive response

Julia Kahn, manager of the new Westfalen service station in Plaidt is no exception. "Sometimes, the customers will ask questions as Alvore Caffè is still a relatively new product to them," she reports. This then requires some explaining. Other than that, the feedback from customers has been entirely positive. According to Kahn, the Cappuccino is particularly highly praised. What does she think about Alvore? "It's a quality brand from a single source!," she enthuses. "The mugs, biscuits, even the milk – everything bears the name Alvore!"



Westfalen is the only service station operator in Germany to have introduced its own coffee brand.



Westfalen meets Saccaria at the family-owned roasting house in Senigallia near Ancona.



Alvore Caffè is a hit with Julia Kahn, manager of the Westfalen Plaidt service station.

From sweet and sour to Thai curry



The latest hot British 'takeaway'

In June 2017, the first Chopstix Noodle Bar to launch in Germany welcomed its first customers at the Westfalen Steinfurter Straße service station in Münster. The British company Chopstix Noodle Bar operates more than 60 outlets in the UK and has now made the leap to continental Europe.

The Westfalen Group is holder of the Chopstix Group franchise and is its exclusive contractual partner in the service station market. At the Westfalen service station in Münster, the Chopstix Noodle Bar operates a 20 m² outlet. It offers a range of Asian dishes – from sweet and sour to Thai curry – with meat and vegetarian options, accompanied by noodles or rice. All food is prepared without flavour enhancers or preservatives. The food is served in handy takeaway boxes.

Additional bars to follow

Chopstix Noodle Bar is a young, ambitious business with a unique concept that sets it apart from other brands. The British company values the collaboration with Westfalen Group due to its reputation for quality and flexibility. After the success of the pilot project in Münster, Westfalen is planning further openings at selected service station locations.



The first Chopstix Noodle Bar in Germany opened at the Westfalen Steinfurter Straße service station in Münster in June 2017.



In 2017, Westfalen AG received its sixth award for customer service at service stations, and has therefore once again joined the club of the best.



1. LIVALE DEDE BOLL...
2. LIVALE DEDE BOLL...
3. LIVALE DEDE BOLL...
4. LIVALE DEDE BOLL...
5. VORPELSEN...
6. VORPELSEN...
7. VORPELSEN...
8. VORPELSEN...
9. VORPELSEN...
10. VORPELSEN...

Chopsticks
NOODLE BAR

Truck Wash



Bespoke truck wash

In 2016, the Westfalen Group opened its very first heavy-duty truck wash going by the name Westfalen Truck Wash at Westfalen's Türnich service station in Kerpen, Germany. The three-lane washing facility offers a range of programmes to suit the different vehicle types and degree of soiling. A thorough manual pre-clean plus state-of-the-art washing technology guarantee a sparkling clean finish – for vans, caravans, articulated lorries and buses alike. It also offers osmosis rinsing, underbody washing, as well as rim, tank and tarpaulin cleaning.

Following the success of the pilot project, additional locations are already being planned. The next truck wash is due to open in summer 2018 next to the Westfalen Münster-Amelsbüren service station.



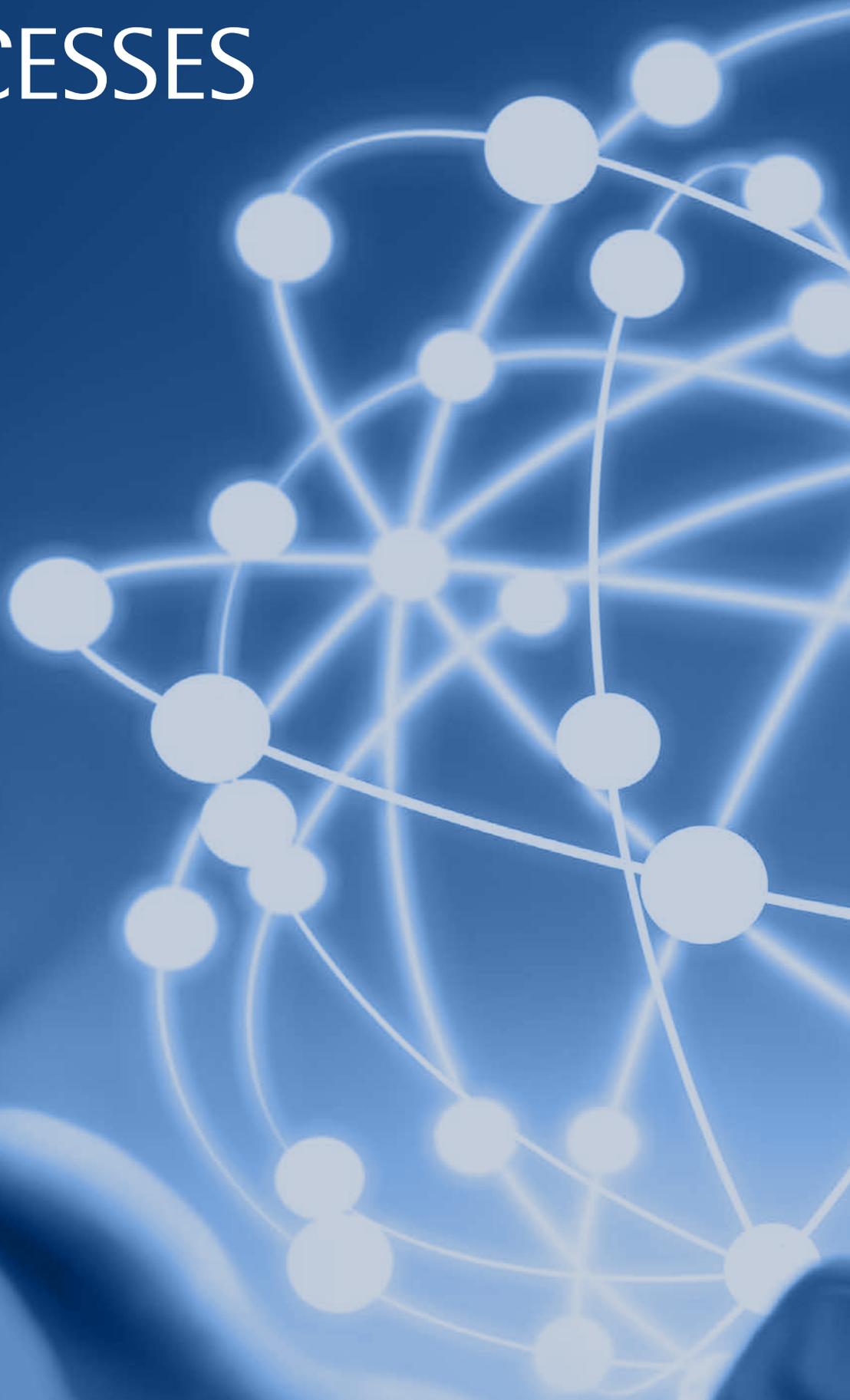
The first Westfalen Truck Wash in Kerpen.



The Westfalen Truck Wash has the right wash programme for every vehicle, however soiled.



L PROCESSES





Jump! programme delivers profitable knowledge

Analysing and optimising processes

For a modern company, it is important to keep analysing your processes and broadening your horizons. This is precisely the purpose of Jump! – the programme aimed at establishing a continuous improvement process (CIP) for the Westfalen Group.

Initial successes were seen in spring 2017 in the pilot projects. At Westfalen's Nohfelden and Wanzleben plants, for example, processes relating to propane in cylinders were analysed. In Nohfelden, equipment was optimised, distances shortened and, in the end, a second shift was cut.



With revised plant layouts, for example, the routes travelled by lift trucks can be shortened significantly.



Jump! is improving methodological expertise in all areas.



Westfalen surging ahead

For the Westfalen Group, CIP is more than just a project. With projects, there is always an end, whereas CIP is a philosophy that will become part of the company's DNA in the years to come.

An in-house CIP simulation (in the form of a game with three rounds) demonstrates how CIP is put into practice: A team comprising members from different divisions together learns how to achieve the best results. One of the key success factors is looking at the process as a whole. It is also useful to develop an understanding of the various tasks of the other team members and to work on an optimal solution together in order provide the customers with the right product in the best quality. This simulation, which maps the cylinder filling and delivery

process as well as the administrative activities from order receipt through to accounting, helps to convey the subject of CIP in a fun and engaging manner.

CIP as a process of change

Clearly defined structures, centralised management and established CIP methods are helping to roll out Jump!, get the message out to everybody and thus make the company a little bit more efficient every day.

On target for digitisation



The Westfalen Group has been pursuing a consistent digitisation and cloud strategy for a number of years. The SAP system used as the core system for processing all relevant transaction data underwent successful modernisation and standardisation in 2017.

The customer relationship management system Salesforce was rolled out to the entire group as part of this: The Salesforce Sales Cloud was introduced at all national subsidiaries to replace the paper processes in Sales departments. In addition, the Salesforce Marketing Cloud created new opportunities for digital product marketing.

The groundwork has therefore been completed for the next steps in the 'Westfalen Digital' digitisation offensive – with the course now set for e-commerce!



Westfalen Digital



men igital



The European orchestra



Europe is growing together

Westfalen AG founded its first autonomous national subsidiary in the Netherlands back in 1989. Since then, it has opened a further six in almost all the bordering states, which continue to expand the technical gas business. In 2017, the Beethoven project was implemented to improve cooperation over the long term. The project aims to bring together the European business and leverage synergies to create an orchestra (Gases Europe) from a group of soloists (national subsidiaries).

New mission statement as a guideline

1. A focus on the good of the Group: achieving earnings targets; group earnings more important than individual earnings.
2. Strong local presence: increasing sales focus; the targeted use of industry management and marketing.
3. Central supporting local: processes are to be managed centrally, taking some of the strain off local sales organisations.



The new organisation

At the start of April 2017, the Gases Germany and Foreign Markets divisions were merged into the newly formed Gases Europe. The aim behind the new organisational structure and accompanying measures was to facilitate further profitable growth within Europe. In an attempt to further improve cooperation across Europe and leverage synergies through process standardisation and associated efficiency gains, administrative tasks have been taken over from the national subsidiaries and more extensive support is being provided by central organisational units. The division is achieving a better understanding of customer requirements on the basis of Europe-wide industry management and a greater focus on sales.



Expectation-sharing workshop at the kick-off event for project Beethoven.

SUSTAINABILITY AND SOCIAL COMMITMENT





Our values. Alert, Alive, Close.

The foundation of our success

The Westfalen Group is a traditional family company with people, our employees, at its very heart.

We are proud of our shared values, which we all abide by.

These corporate values are alert, alive and close. Here at Westfalen, we remain curious about people and what matters to them, we seize opportunities and develop productive ideas. We are proactive, independent, work hard to find the best solution and achieve our goals with joy and passion. We are helpful, friendly and fair, build trusting relationships and all contribute to our mutual success.

ENVIRONMENT, ENERGY and CLIMATE PROTECTION



Promotion of environmentally-conscious production conditions



Energy demand reduction and climate protection

SOCIAL COMMITMENT



Promoting social equality



Regional commitment

EMPLOYEES



Occupational health and safety



Health management and human resources development

Our activities in the area of sustainability.



Work-life balance

As a modern family company, supporting the work-life balance of its employees is very important to the Westfalen Group. Its efforts in the area and with its project of the same name were once again recognised in 2016/2017 with the company being awarded the 'berufundfamilie' [work and family] certificate.

In addition, Westfalen helped fund the establishment of the association Working Moms - Pro Kinder Pro Karriere

Münster e.V., which was set up to help women combine work and family life and provide positive role models, such as mothers in full-time work. In 2017, author Stefanie Bilen – herself a working mum from Hamburg – gave a reading from her book "Mut zu Kindern und Karriere" at the company headquarters, in which she discussed the subject. This was followed by a lively panel discussion.



Panel discussion with experts from the world of business, education and social affairs.



Attractive employer

Cause for celebration

In 2017, the Nyckeltal Institut Deutschland presented its employer attractiveness index (EAI) for the German market in financial year 2016. Scoring 121 points out of 180, Westfalen AG secured first place, making it the most attractive employer in Germany. The EAI is the result of nine measurable factors considered important by both employees and those outside of the company, such as flexible working hours, career opportunities for women and the ratio of managers to employees.

Annual earnings Westfalen AG employer- attractiveness index 2016

Industry average:	108 points
Maximum value for all:	121 points
Median for all:	83 points
Lowest value for all:	69 points

Westfalen AG came first
out of 8!

121 points



The Westfalen Group also scored highly on kununu, Europe's biggest employer assessment portal: In December 2017, more than 80 percent of employees – which is significantly higher than the industry average – said they would recommend Westfalen as an employer.

kununu ^{ES}



Compatibility of job and family



Assistance with day-to-day life

Westfalen HR management is implementing a broad range of measures as part of its commitment to supporting the compatibility of job and family of its employees. Since January 2017, for example, a cooperation has been in place with care.com Europe GmbH, to support employees in precisely this key area. Services provided include free advice on childcare and caring for other family members as well as advice on debt and addiction. In addition to this, employees also have access to an online marketplace, [betreut.de](https://www.betreut.de), where they can find professional nannies or other service providers to provide ad-hoc or regular domestic support.

Mobile working

The onward march of digitisation is paving the way for an increase in mobile working. Greater flexibility and productivity are just two of the many benefits associated with this. An employee survey conducted in spring 2017 found that mobile working would also be attractive to many Westfalen employees. In autumn 2017, therefore, a pilot project was successfully completed, in which mobile working was successfully trialled in four divisions. The extremely positive feedback from the trial prompted the decision to roll out mobile working throughout the entire company in 2018.



Amongst other things, Care.com provides support on caring for dependent family members.

Training and beyond

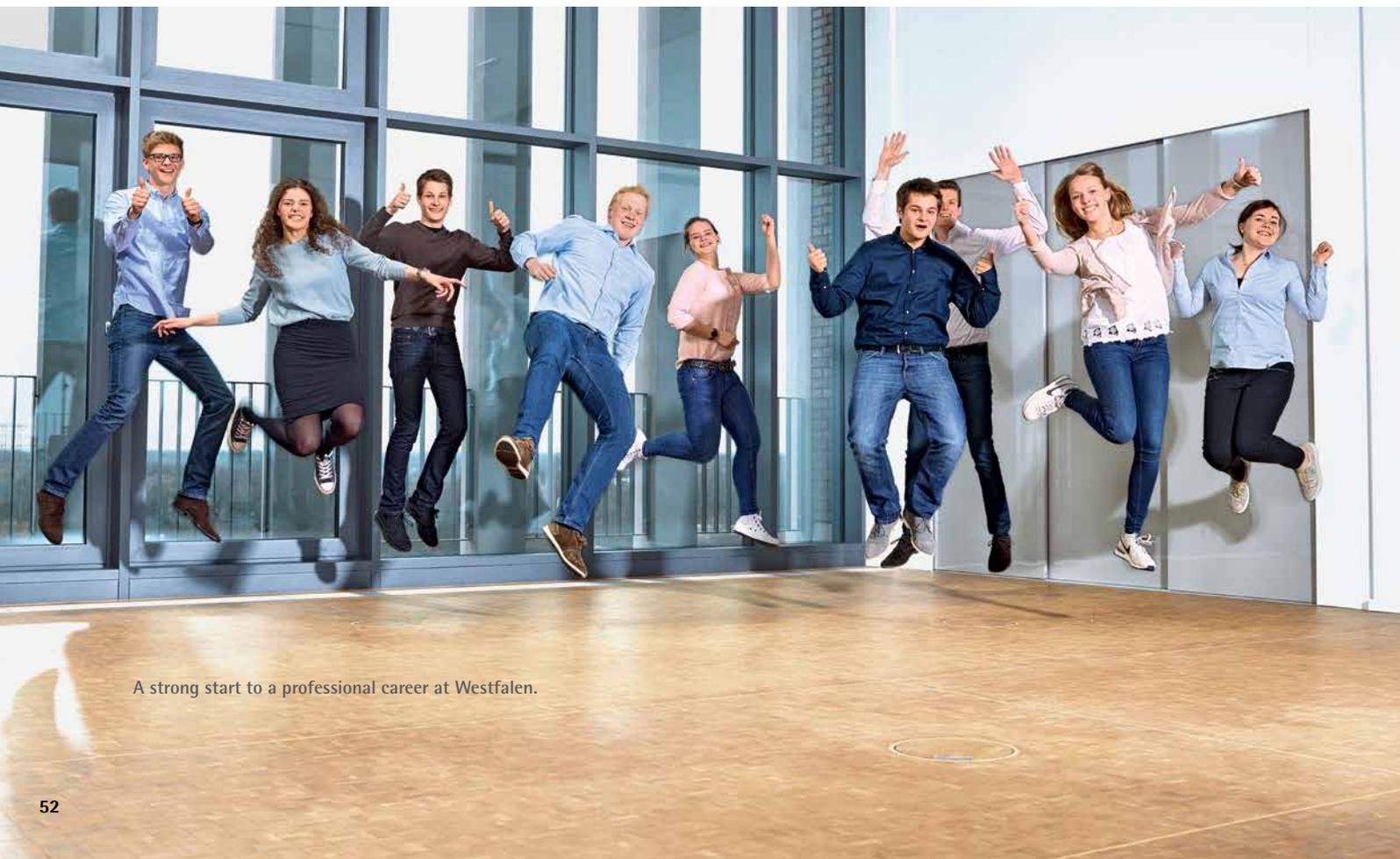
Varied apprenticeships at Westfalen

In summer 2017, 14 young apprentices joined the Westfalen Group in various commercial, IT and technical roles. This brought the number of apprentices at the company to 80 by the end of 2017.

Although the technical apprenticeships are still dominated by male candidates, an increasing number of women are opting for and making a name for themselves in the subject. Ronja Wimber, for example, who started her truck driving apprenticeship in 2016, or Sarah Gläser, who completed her training successfully in 2015 and continues to drive for Westfalen. Whether for men or women, both would recommend a career as a trucker to anyone with an interest in technology, who likes driving and would like a job with customer contact.

You've got talent

In 2018, Westfalen rolled out its talent management programme to the entire company. In the future, the focus of development goals and action items, which are discussed personally in the annual performance review, will be more 'on the job' according to the 'learning-by-doing' principle. What this means is that employee personal development will take place directly at the workplace and through involvement in tasks and projects.



A strong start to a professional career at Westfalen.



As part of the systematic nurturing of its employees, the Westfalen Group scouts for talent in all age groups.

Equality not only on paper

The Westfalen Group has taken a number of measures to promote equality among women and men. These include flexible working hours and flexitime, different working hours models, the introduction of mobile working and participation in Girls' Day, as well as social counselling, placement services, emergency childcare and private tuition, all designed to help women stay in the workplace.

2017	Male	Female	Total
Full time	1,177 (70.8%)	310 (18.6%)	1,487 (89.4%)
Part time	35 (2.1%)	141 (8.5%)	176 (10.6%)
Total	1,212 (72.9%)	451 (27.1%)	1,663 (100%)

Westfalen AG is subject to the collective wage agreement for the chemical industry. Based on their role, employees are graded into the salary groups of the federal collective wage agreement with the IG BCE. The co-determination rights of the works council are respected and there is equal pay for women and men. Non-pay-scale employees are graded into management levels.

Disclosures pursuant to Section 21(2) of the EntGTranspG for 2017.

Sport, nutrition, health checks

Health day with JobRad

Health Management at the Westfalen Group has been supporting employee health and well-being for many years with diverse offerings, such as exercise programmes, flu vaccinations and health days.

In April 2017, it hosted the fourth health day at the company headquarters. Offerings ranged from sport and nutrition through to health checks. Just under 100 employees registered as potential bone marrow donors by agreeing to tissue-type testing by the DKMS. Westfalen assumed the cost of analysing the swab samples. The JobRad stand was also besieged by visitors. To date, over ten percent of Westfalen AG, Globalgas and caratgas employees have leased a company bicycle.



The Westfalen Group's JobRad offering has been very well received.



Tasty meals in the staff restaurant

Health Management was also on hand to provide advice on the menu selection for the new staff restaurant at the company headquarters. The selection includes fresh produce from the region, often organic and always without additives. The wide range of fresh meals should help fuel a healthy lifestyle. Meat, fish and seasonal vegetables are prepared before the eyes of employees in the open kitchen. Joining these on the varied menu, we have fresh salads and tasty snacks such as muesli or crunchy fruit. Mineral water is also provided free of charge.



The staff restaurant, which opened at the company headquarters in 2015, is well frequented.



Actively shaping environment and climate protection

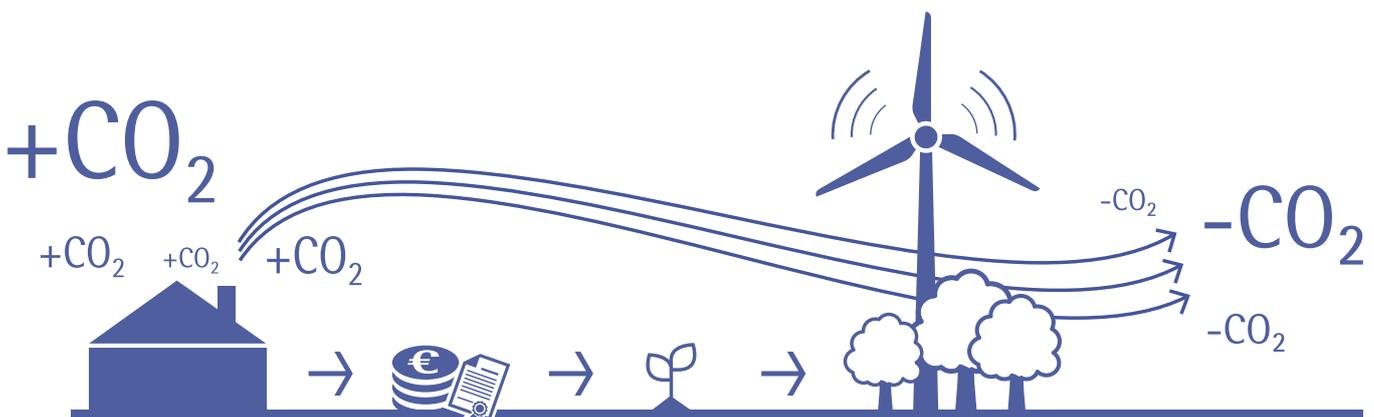
A responsibility to the environment

As a tech company in the energy sector, the Westfalen Group has a responsibility to protect society and the natural environment. Not only is environmental sustainability integral to the values we live by as a company, it is also integral to our future business success. As a family company, the Westfalen Group takes its responsibility towards the environment very seriously in a number of different areas, both for today and for future generations, and continues to develop new ideas, to improve climate protection amongst other things.

Carbon-neutral products

Since last year, customers have had access to carbon-neutral liquid gas. In the future, the Westfalen Group will also offer carbon-neutral propellant. Westfalen Service Card customers also have the option of offsetting the emissions from their fuel consumption. The principle behind this is simple and effective: Carbon dioxide is created from the combustion of liquid gas and automotive fuels (CO_2). If a customer wants to go CO_2 neutral, they buy the carbon-neutral variant of the liquid or fuel gas. The Westfalen Group uses part of the money it receives from this to fund climate protection projects. This helps to avoid CO_2 emissions elsewhere. This off-setting is monitored by independent third parties and evidenced by climate protection certificates.

The principle of CO_2 offsetting





Involvement in climate protection initiatives

The company is actively involved in a number of environmental protection initiatives, including the Münster Alliance for Climate Protection. The consortia of companies and institutions was set up by the city of Münster in order to reach the city's ambitious climate protection goal (40% reduction in CO₂ by 2020 and 20% renewable energies by 2020).

Since 2013, the Westfalen Group has also been part of the Carbon Disclosure Project (CDP). The CDP is a non-profit organisation that aims to create more transparency and promote environmentally friendly behaviour by collecting data and information on CO₂ emissions, reduction targets and strategies.

In 2017, the Westfalen Group also continued its work

with the Clean Energy Partnership (CEP). The CEP is a consortia of companies from the automotive, gases and petroleum sectors that seeks to establish hydrogen as an environmentally friendly fuel.

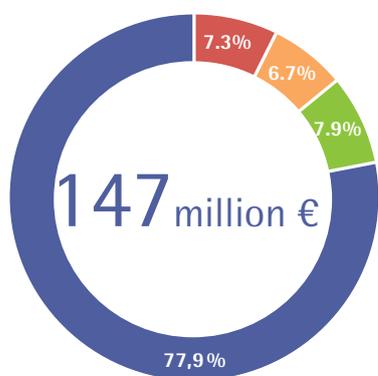
Systematic energy and environmental management

The Westfalen Group continues to pursue a rigorous energy and environmental management system in order to avoid or limit its environmental impact. In the previous financial year, the energy management system was recertified to the internationally recognised standard DIN EN ISO 50001 and the environmental management system was recertified to DIN EN ISO 14001. In the financial year under review, the Westfalen Group successfully implemented energy efficiency measures, achieving annual savings of more than 200,000 kWh of electricity.



Value added statement

The value added statement expresses the value created over the previous financial year as the company's contribution to the national product of the relevant country and how this is distributed. In the 2017 financial year, the added value of the Westfalen Group was 4.7 percent higher than in the previous year.



Distribution	million €	Share
to employees (wages/salaries/social)	114	77.9%
to the state (taxes/charges)	12	7.9%
to shareholders (dividends)	11	6.7%
to the company (retained earnings)	10	7.3%
to creditors (interest payments)*	0	0.2%
Value added	147	100%

*not presentable

- to employees (wages/salaries/social)
- to the state (taxes/charges)
- to shareholders (dividends)
- to the company (retained earnings)



Regional commitment

IN THE REGION, FOR THE REGION.



"Children and their education are very dear to my heart!"

Renate Fritsch-Albert



Our understanding

As a family company, we have an obligation to help families! There are a large number of projects in our local region that need our support. Children and the vulnerable and disadvantaged in our society are particularly dear to my heart. Broadly speaking, I see education as the key to solving many of society's problems. I truly believe that each and every one of us can do our bit to bring about change in society. We want to be a part of this. I also hope that our commitment makes others sit up and take note: Looking the other way is simply not an option – we must all do something!

*Yours,
Renate Fritsch-Albert*



Closing ceremony for DeutschSommer of the charity Mitmachkinder at the Westfalen Forum. Teaching languages was the focus of this project.

Corporate Social Responsibility within the region

The Westfalen Group takes its social commitments very seriously and has been making a voluntary contribution to the sustainable development of society for many years. Since 2011, its annual donation has gone to the charity Mitmachkinder in Münster, which works to create better opportunities for the future for children from low-income families.

Westfalen also supports a number of other social organisations, such as Verein Sternenland e.V. from Sendenhorst, which primarily looks after bereaved children, and Funky e.V., a flagship dance and inclusion project with more than 260 members, promoting dance for people with and without disabilities.



Funky e.V. enjoys free fuel thanks to the Westfalen Service Card.



In 2017, a large donation was made to Verein Sternenland e.V.

ACTIVE PLAYER FOR MÜNSTER!

The Westfalen Group is an international family company that will never forget its roots. As such, it believes in putting back into the local community. Based in Münster since 1923, the Westfalen Group regularly supports a number of local initiatives: from large-scale and sporting events through to business networks in and around its Westphalian hometown.

Increase visibility of the Münster economy

As an active member of the Industriegemeinschaft Münster (IGM), the Westfalen Group is working to increase visibility of the industry's significance as a driver of further regional development. One of the core goals of the IGM is to assume responsibility for the regional labour market. One of the high-profile campaigns of 2017 was a meeting of around 200 apprentices from member companies at Lake Aasee. Together, Westfalen and the IGM thus set the course for a future-oriented direction of the Münster community.



The apprentices from the IGM member companies represent industry in Münster. The Westfalen Group are wearing the red T-shirts.



A focus on regional sporting events

Alongside its work in the area of business cooperation, Westfalen is also a major supporter of sport in the region. In 2017, the Westfalen Group was once again the main sponsor of Münster's popular and nationally famous Montgolfiade hot air balloon festival, an event that it has sponsored since 1972, when the festival first launched.

In addition to its long-term sponsorship of FC Preußen Münster, the Westfalen Group once again donated a prize to the international Turnier der Sieger grand prix riding event in Münster.



The Westfalen Group also sponsors horse riding in Münster.

FINANCE

Finance

Consolidated balance sheet

summarised balance sheet items

	31.12.2017	31.12.2016
Consolidated balance sheet		
Assets		
Fixed assets	million €	million €
Intangible assets	18.4	19.4
Tangible assets	262.4	259.0
Financial assets	10.7	10.6
	291.5	289.0
Current assets		
Inventories	63.8	50.4
Receivables from deliveries and services	116.4	95.1
Other receivables and other assets	9.6	9.4
Cash and cash equivalents	3.2	3.0
	193.0	157.9
Accruals and deferrals	2.7	2.9
	487.2	449.8
Liabilities		
Equity		
Subscribed capital	20.0	20.0
Nominal value of own shares	-2.0	-2.0
Issued capital	18.0	18.0
Retained earnings	139.6	128.9
Balance sheet profit	9.5	9.8
	149.1	138.7
	167.1	156.7
Accruals	133.1	116.7
Liabilities		
Liabilities to credit institutions	72.6	84.0
Liabilities from deliveries and services	82.6	66.7
Other liabilities	16.8	14.0
	172.0	164.7
Accruals and deferrals	4.0	4.1
Deferred taxes	11.0	7.6
	487.2	449.8

Consolidated profit and loss account

summarised profit and loss items

	2017	2016
Consolidated profit and loss account		
	million €	million €
Sales revenues	1,710.9	1,588.3
Other capitalised work performed	4.9	5.6
Other operating income	15.2	6.2
	1,731.0	1,600.1
Cost of materials	-1,355.7	-1,245.8
Personnel costs	-114.5	-110.8
Depreciation	-47.5	-46.3
Other operating expenses	-178.7	-168.6
	-1,696.4	-1,571.6
Income from participations	1.6	1.5
Earnings before interest and taxes (EBIT)	36.2	30.0
<i>for information: Earnings before interest, taxes, depreciation and amortization (EBITDA)</i>	83.8	76.3
Profit/loss from interest	-5.0	-2.0
Earnings before tax	31.2	28.0
Tax on income	-10.7	-10.1
Annual surplus	20.5	17.9
Adjustment in retained earnings	-11.0	-8.1
Balance sheet profit	9.5	9.8

Finance

Consolidated cash flow statement

	2017	2016
	million €	million €
	20.5	17.9
Annual surplus		
+ Depreciation / appreciation of fixed assets	47.5	46.3
+ / - Increase / decrease in assets and liabilities	1.0	-23.5
- / + Change in other expenses and income	-7.3	2.2
= Operating cash flow	61.7	42.9
- Incoming / outgoing payments from additions / disposals of tangible and intangible assets	-41.0	-49.7
+ Incoming / outgoing payments from additions / disposals of financial assets	0.3	0.5
+ / - Currency and consolidation-related changes	0.6	-0.6
+ Interest and dividends received	1.3	1.2
= Cash flow from investment operations	-38.8	-48.6
Changes in equity	-0.5	-0.4
+ Incoming / outgoing payments from borrowing / repayment of credit facilities	1.5	-13.2
- Interest and dividends paid	-10.8	-3.9
= Cash flow from financing operations	-9.8	-17.5
Effective changes in cash and equivalents	13.1	-23.2
Exchange rate-related changes in cash and equivalents	0	0
Change in cash and equivalents	13.1	-23.2
Cash and equivalents at the start of the period	-34.3	-11.1
Cash and equivalents at the end of the period	-21.2	-34.3

Westfalen Group at a glance

	2017	2016	2015	2014	2013
	million €				
Turnover and earnings					
Turnover	1,710.9	1,588.3	1,645.7	1,775.5	1,863.8
EBITDA*	83.8	76.3	83.4	46.0	69.9
EBIT**	36.2	30.0	40.0	5.1	30.3
Earnings before tax	31.2	28.0	32.0	1.5	26.8
Annual surplus	20.5	17.9	21.4	0.1	19.0
Investments and financing					
Investments in tangible assets	49.2	49.3	41.7	47.9	41.1
Operating cash flow	61.7	42.9	89.7	43.1	68.5
Capital					
Equity	167.1	156.7	141.3	120.6	142.4
Equity ratio	34.3%	34.8%	32.9%	28.6%	32.2%
Balance sheet total	487.2	449.8	429.4	422.3	441.7
Employees					
Total	1,663	1,710	1,670	1,424	1,371
Germany	1,373	1,441	1,419	1,189	1,155
Other countries	290	269	251	235	216
Apprentices	80	70	72	72	72

* earnings before interest, taxes, depreciation and amortization

** earnings before interest and taxes

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Note: In the German original, the use of the grammatical male form
when referring to groups of people is for convenience only, and should
be understood to mean both males and females.





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