

Press release

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Westfalen Group reports strong consolidated earnings Service stations and refrigerant business guarantee success

Münster. The success story of the Westfalen Group continued in the 2018 financial year. Group turnover was up 8.9 percent on the previous year at € 1.86 billion (€ 1.71 billion). At € 61.2 million, earnings before interest and tax (EBIT) in the reporting year were 69.1 percent higher than in 2017 (€ 36.2 million). "This success was driven, in particular, by record results in the Service Stations division as well as the exceptional performance of refrigerants within Gases Europe," explained Dr Thomas Perkmann, who took over the role of Chairman of the Executive Board on 1 September 2018. Following the retirement of former Chief Sales Officer Reiner Ropohl at the end of the year, Dr Perkmann also assumed responsibility for the Sales division. In addition to Dr Perkmann, the current Executive Board at the Westfalen Group comprises Dr Meike Schäffler (Production, IT and HR) and Torsten Jagdt (CFO).

At the end of 2018, the Westfalen Group had a total workforce of 1,742 employees, with 1,419 in Germany, representing an increase of 79 employees, or 4.8 percent, compared to the previous year. Investments



Quality management system
DIN EN ISO 9001 and 14001
Gases/Energy supply

Supervisory Board: Wolfgang Fritsch-Albert (Chairman)
Executive Board: Dr. Thomas Perkmann (Chairman), Dr. Meike Schäffler, Torsten Jagdt
District court Münster HRB 186
Commerzbank Münster · IBAN DE48 4004 0028 0395 4492 00 · BIC COBADEFFXXX
Sparkasse Münsterland Ost · IBAN DE54 4005 0150 0000 0071 38 · BIC WELADED1MST
Volksbank Münster · IBAN DE64 4016 0050 0001 6045 00 · BIC GENODEM1MSC
Postbank Dortmund · IBAN DE89 4401 0046 0039 2254 67 · BIC PBNKDEFFXXX
VAT ID DE126117135

at the company were also significantly higher than in the previous year. "At € 64.4 million, the investment volume was € 13 million, or 25.1 percent, above the level in 2017," explained CFO Torsten Jagdt. "€ 32.5 million of the group investment was made in the Gases Europe division, with a further € 17.9 million in Service Stations and €10.9 in Energy Supply."

Record result in Service Stations division

In the past year, the corporate group achieved the best results in its history from its service station network. Although the, at times, very low water levels in waterways led to higher logistics costs, a forward-looking management approach prevented the service stations from running dry. Both the vehicle washing and shopping businesses benefited from the prolonged summer temperatures and contributed to the record result, which was 41 percent above the already very good figure from the previous year. One highlight of 2018 was the opening of a modern food court with adjoining service station in Gelsenkirchen. This creative concept, which operates under the new umbrella brand of "Zum Glück, Genuss mit Plus", takes the form of a 400 square metre building complex with a range of different food offerings – including a bakery, doner kebabs, Asian food and ice cream – together with other services ranging from parcel services and dry cleaning to ATMs. For this innovative form of service station, Westfalen was recently awarded the "Concept Prize" by the judging panel at the "Service Station of the Year" awards.

Gases Europa: Success driven by refrigerant business

Thanks to extraordinarily good figures in the refrigerant business, the Gases Europe division recorded a result over twice as high as in the previous year. Both domestic business and the foreign subsidiaries contributed to this positive development. Due to the planned legal

measures for the incremental reduction of hydrofluorocarbons placed on the market in the EU (F-Gas Regulation), the refrigerant market is still transitioning to products with a lower environmental burden. The traditional product area of industrial gases in cylinders and tanks did, however, fail to meet expectations in the domestic market. Continued, strong price pressure led to a fall in profitability in this segment despite increased sales. The homecare business developed favourably in 2018. In the Netherlands, the supply of oxygen therapy increased by ten percent and reached over 11,000 patients for the first time. Westfalen Medical GmbH (previously Medica-Technik GmbH) in Brachbach continued to successfully restructure its traditional business of homecare, rehabilitation technology and medical care.

Energy supply: High temperatures impact on business

As a result of the extreme weather conditions in the 2018 financial year, earnings in the Energy Supply division fell below expectations. Over the course of the reporting year, temperatures in Germany were significantly higher than the long-term average. The year was also extraordinarily dry, which impacted demand for fuel gas for heating and the drying of grain. The LPG product segment also performed weaker than expected in terms of sales and margin, whereas the result in the cylinder business improved slightly, attributable in part to a continued growth in sales figures for the Grillmeister cylinder. Due to a weak second half of the year in particular, the Energy Supply division closed the 2018 year with a significant year-on-year decline in EBIT of over 30 percent. Construction of the tank depot in the port of Krefeld progressed well over the financial year. Five large liquid gas cylinders with a total capacity of 8,000 cubic metres were transported to the harbour basin by ship and heavy-goods vehicles, and subsequently placed into storage. Completion is planned for the first half of 2020. As of this date, the tank depot and a highly automated propane

filling facility will help drive a significant improvement in profitability in this division.

Sustainable approach to company management critical to business success

As a technology company in the energy sector, the Westfalen Group is committed to protecting society and the natural environment.

"Environmental sustainability is not just one of the values practised at the company, but rather a key factor in our future business success," said Executive Board member Dr Meike Schäffler. Besides its commitment to the mobility of the future, the Westfalen Group has, for many years, continued to pursue a rigorous energy and environmental management system. In the previous financial year, the effectiveness of this system was proven once again by the company's successful certification to internationally recognised standards DIN EN ISO 14001 (Environmental Management Systems) and DIN EN ISO 50001 (Energy Management Systems). "Further evidence of the company's commitment can be seen in the measures to increase energy efficiency. Over the past three years, we have managed to save over 700,000 kilowatt hours," continued Schäffler.

The Westfalen Group has an ongoing commitment to improving climate protection. By offering products such as carbon-neutral propane and fuel gas, the company is also responding to a market trend. Using climate protection certificates, the company offsets the emissions it generates by supporting low-carbon projects elsewhere. The company has intensified this approach in recent years. For example, the Conneo fuel gas cylinder for forklift trucks is now available only in a carbon-neutral version. Customer feedback has been consistently positive. Service station customers with a Westfalen Service Card also have the option of

offsetting the emissions from their fuel consumption. In 2019, the Westfalen Group intends to develop product variants for other segments. The aim is to provide more information to increase customer awareness of carbon-neutral products.

Outlook

Despite the forecast of continued economic growth in the core European markets, Westfalen expects the conditions for the refrigerant business in particular to be significantly more difficult in 2019 and 2020 than in the previous year. "Developments in the first quarter of 2019 indicate a noticeable decline in the operating result in the refrigerant segment. We must be prepared for this," explained CEO Dr Perkmann. "By drawing on our expertise, we will take a proactive approach to changes in the market."

To stabilise the operating result over the long term, the company will, in 2019, continue to expand its non-seasonal business in the Energy Supply division. This will be achieved through a customer-focused expansion of the services on offer, coupled with plans for further growth in the propellant business.

The Service Station business is undergoing radical change. Alongside the introduction of alternative energies such as LPG, charging current and hydrogen for fuel cells, the conventional fuels of petrol and diesel continue to play an important role. The addition of AdBlue, which is now available from fuel pumps at many Westfalen sites, makes modern diesel engines more environmentally friendly. Investments in new dining concepts such as "Zum Glück, Genuss mit Plus" and additional washing facilities for passenger cars and trucks will ensure that the non-fuel share of the Service Station business continues to grow in the coming years.



Westfalen Group

The Westfalen Group is an energy sector technology company operating with a total of 23 subsidiaries and associates in Germany, Belgium, France, the Netherlands, Austria, Poland, Switzerland and the Czech Republic. The family business, founded in 1923, has over 20 production sites located across Europe and is headquartered in Münster. Its business sectors are gases, energy supply and service stations. With about 1,700 employees, the Westfalen Group posted sales of around 1.9 billion euros in the 2018 financial year.

This press release and photographs are available at:

<http://www.westfalen.com/unternehmen/pressecenter/pressemitteilungen.html>

Image captions (photographs: Westfalen AG, Münster):

1) Westfalen Group reports strong group earnings. The executive team (from left): Dr Thomas Perkmann (CEO), Dr Meike Schäffler and Torsten Jagdt.

2) The modern food court in Gelsenkirchen with the name "Zum Glück, Genuss mit Plus" was recently awarded the "Concept Prize" by the judging panel at the "Service Station of the Year" awards.

3) The "Zum Glück, Genuss mit Plus" food court in Gelsenkirchen offers Alvore Caffè, Asian food, premium doner kebabs, Italian ice cream and a mini market under one roof.

4) A key future-oriented project: Construction of a state-of-the-art liquid gas tank depot at Krefeld inland port. Executive Board member Dr Meike Schäffler (center), head of production Gerhard Schlüter (right) and construction project manager Stefan Snieder caught up with construction progress as the five tanks were placed into storage. Each tank is up to 70 metres long and 280 tonnes in weight. Completion of the tank depot is scheduled for the first half of 2020.

5) Refrigerant business reports exceptionally good results once again in 2018. One use of refrigerants is to keep food fresh for longer.