DR. AUGUST OETKER KG

OETKER-GRUPPE

Press Release

Oetker Group on an expansion course after sale of the shipping activities

4.6 percent operating revenue growth in the 2017 financial year

<Bielefeld, 19.06.2018> The 2017 financial year was in many ways a special year for the Oetker Group. On the one hand, with the sale of Hamburg Süd, the group separated itself after 80 years of affiliation from all of its shipping activities; on the other hand, the Group Management was restructured by the age-related departure of Richard Oetker and Head of Shipping Dr. Ottmar Gast. Against this backdrop, the Group's sales revenue grew like-to-like by 4.6% compared to the previous year. However, as shipping only contributed to the growth for eleven months, and thus its sales revenues in the month of December were not included in the overall assessment, absolute sales revenues were slightly below the previous year's level.

As Dr. Albert Christmann, General Partner of Dr. August Oetker KG, explained in the annual report presentation for the 2017 financial year, the sale of shipping activities in 2018 will, on the one hand almost halved the sales revenues, on the other hand, the tied capital will show in the current consolidated balance sheet as being reduced by about 50 percent due to the sale on November 30, 2017. That will also improve liquidity and increase the agility and flexibility of the Group companies. The freedom created through this will be used by the Group to face the ever-increasing demands of the general global economic and political environment.

These, according to Dr. Christmann, have had a significant impact on the companies of the Oetker Group over the past 18 months, both in terms of the internationalization of the business as well as unpredictable exchange rate fluctuations and very volatile commodity markets. The Food Division alone had to face a cost increase for raw materials of EUR 100 million in 2017.

Global megatrends resulting from social and technological developments are already leading to new business models with digital distribution channels that are putting traditional forms of business under pressure and radically changing consumer behavior. According to Dr. Christmann, the companies of the Oetker Group have recognized this development, evaluated it, anticipated it in their corporate strategies and are now in the process of implementing the changes step by step. The aim is to be competitively positioned in terms of costs and to build on this market leadership in all traditional markets and be an active industry consolidator. Accordingly, all group companies are maintaining profitability in the core business of established markets, continuing to grow and to serve all relevant distribution channels adequately, in order to have the opportunity to develop new revenue and earnings potential.

Against that backdrop, the Prosecco brand Mionetto, part of the Sparkling Wine, Wine and Spirits Division showed successful organic growth in the 2017 financial year again achieving double-digit sales growth. In the Beer Division, the brands Ur-Krostitzer and Allgäuer Büble impressed with very satisfactory growth. In the Food Division, Coppenrath & Wiese posted very positive gains both in market share and growth; in the Dr. August Oetker Foods Division, Oetker Poland among others has achieved clear market leadership within seven years, doubling its market share thanks in part to the Pizza Guseppe.

In addition to organic growth with existing products, there is a strong focus on developing and introducing innovations to update, rejuvenate, and generate additional sales. These include, among others, the new desserts from the PurVi Range by Dr. Oetker that have no added sugar, the innovative and fast-growing cake concept Cafeteria by Coppenrath & Wiese or the new frozen pizza La Mia Grande from Dr. Oetker. In addition to these more classic categories, the Oetker Group is also addressing consumer needs, especially in the digital sector, and is offering innovative concepts with both the Swiss-based Café Gugelhupf and the Radeberger subsidiary Getränke Hoffmann and the online beverage delivery service Getränke Express.

At the same time through acquisitions, the Oetker Group will continue to grow in all strategic areas. According to Dr. Christmann, after the takeover of the stake in Freixenet by Henkell, both sparkling wine producers will join the two powerful brands in order to develop a united strength in many countries. The same applies to the Martin Braun Group, which after the acquisition of the Belgian company Diversi Foods, now plays a major role in the European market for frozen bread, rolls and cake products. After the closing of the acquisition of the "French Dr. Oetker“, the baking ingredients company Alsa will further strengthen the leading market position of Dr. Oetker in France. Last year’s acquisition of the market-leading Mexican brand of baking soda, Grupo Rexal, also strengthened Dr. Oetker in the Mexican bakery market, and with the current takeover of the Egyptian market leader in baking powder and vanilla sugar, Tag El Melouk, Dr. Oetker is taking the next step towards further internationalization in classic growth markets with a focus on baking ingredients. With the acquisition of the Dursty beverage markets, the Radeberger Group also achieved another successful consolidation in the business sector of beverage supplier markets. They thus further expanded the market-leading position of Getränke Hoffmann in Germany.

The Oetker Group is expanding into new business models on an international scale. For example, Budenheim expanded the product portfolio of the strongest Business Unit Food Ingredients by taking over the Spanish specialty chemicals company La Campana in January 2018. In addition, at the beginning of 2018, Dr. Oetker also acquired the majority stake in the South African frozen-gateaux manufacturer Château Gâteaux, which sells its products to retailers and B2B customers as well as operates a direct business with its own cafés. Through this and with the 49 percent participation in the start-up company DeineTorte.de, which specializes in the dispatching of individualized cakes, the group intends to learn how to deal with Big Data and customer-relevant wishes. The same applies to the investment in Gastrofix, a manufacturer of digital POS systems for catering establishments.

In addition, the Oetker Group intends to acquire know-how for future digital business models by investing in venture capital funds in Europe, the USA and Asia. At the same time, the newly founded group company Oetker Digital, which plays an important role as an internal service provider in the digital transformation of group companies, is to be advanced.

Also new is the future opening of group companies to partnerships, such as the planned joint venture with the Gropper dairy at Dr. Oetker Frischewerk in Moers, where in the future, competitive cost structures and innovative strength will be combined for the benefit of consumers.

FINANCIAL YEAR 2017 IN DETAIL

Sales revenues of the Oetker Group

In view of the difficult global conditions, the Oetker Group finished the 2017 financial year quite well. However, not all business divisions, especially the Food Division, were able to fully meet their expectations. The group achieved sales revenue in the amount of EUR 11,601 million, which is 0.9% below the previous year's figure (EUR 11,704 million). The development of currency exchange rates had a negative impact of 168 million euros, above all due to the devaluation of the US dollar, British pound, Mexican peso and Turkish lira against the euro. Changes in the scope of consolidation resulted in an overall loss in revenue in the amount of EUR 447 million. This is largely attributable to the sale of Hamburg Süd, which was included in the scope of consolidation in the 2017 financial year from January to November, but consolidated in the previous year throughout the year. Excluding the effects of first-time consolidation and deconsolidation, exchange-rate-adjusted sales were EUR 512 million higher than the comparable figure from last year. This corresponds to organic growth of 4.6%, which was primarily driven by companies in the Shipping and Food Divisions.

In **Germany**, 33.4% or EUR 3,874 million of total sales revenue was generated (previous year: 33.3% or EUR 3,894 million). The **international share** of total sales revenue for the Oetker Group remained almost unchanged at 66.5% or EUR 7,727 million (previous year: 66.7 % or EUR 7,810 million). Of the foreign share, the rest of the EU accounted for 24.1% or EUR 2,799 million (previous year: 22.8% or € 2,663 million) and for the rest of Europe 4.9% or € 573 million (previous year: 5.0 % or EUR 580 million). The share of sales revenues generated by the rest of the world amounted to 37.5% or EUR 4,356 million (previous year: 39.0 % or EUR 4,567 million).

Relative to the sales share of the respective business units towards the total revenue, the relations shifted only slightly compared to the previous year: Shipping still accounted for the largest share of total revenue, at 46.5% (previous year: 48,1 %). The three consumer goods-oriented business divisions accounted for a total of 48.0% of total revenue (previous year: 46,8 %). The Food Division contributed 27.0% of sales (previous year: 26.2%), Beer and Nonalcoholic Beverages 16.4% (previous year: 16.2%), Sparkling Wine, Wine and Spirits 4.5% (previous year: 4,3 %).

The Other Interests Division contributed 5.5% to total revenues (previous year: 5,2 %).

Investments

Investments in property, plant and equipment and intangible assets amounted to EUR 558 million in 2017 excluding first-time consolidations, 37.8% more than in the previous year (previous year: EUR 405 million). At 38.9%, most of the investments were made by the shipping business. At Hamburg Süd, expenditures increased by EUR 140 million over the previous year to EUR 217 million. The reasons for this were the final installments for the delivery of new ships as well as investments in containers as a result of the increased cargo volume. In addition, investments in the Beer and Nonalcoholic Beverages and Food Divisions increased significantly.

Employees

The number of employees remained almost constant with an increase of 0.4% and a total of 32,204 (previous year: 32,078). The Food Division's workforce increased by 2.4% to 15,733 employees (previous year: 15,368). This was due in particular to acquisition-related changes. In the past year Martin Braun took over the majority of the shares in the Polen Gida Group in Turkey; the employees were included for the first time for the whole year in 2017. In addition, the acquisition of Grupo Rexal in Mexico by Dr. Oetker lead to an increase in the number of employees. The Beer and Nonalcoholic Beverages Division posted a slight increase in employees. In the Radeberger Group, 6,066 people were employed last year (previous year: 5,986), an increase of 1.4%. In the area of Sparkling Wine, Wine and Spirits, the number of employees has remained stable: At Henkell & Co. Sektkellerei, 1,934 employees meant 0.6% more than in the previous year (1,922). This was offset by developments in the Shipping Division, which was only included in eleven months of 2017. The workforce at Hamburg Süd fell by 6.8% to 5,874 employees (previous year:

6,300). In Other Interests, the number of employees increased from 2,503 to 2,597. This corresponds to an increase of 3.8%.

Sales revenues of the individual divisions

Growth in the Food Division

The **Food Division** comprises the companies **Dr. Oetker**, the **Martin BraunGruppe** and **Conditorei Coppenrath & Wiese**. During reporting year 2017 it generated total revenue of EUR 3,135 million and thus grew by 2.1% in the year under review. Adjusted for acquisition and exchange rate effects, sales growth also amounted to 2.1%. Investments amounted to EUR 198 million (previous year: EUR 182 million) and accounted for the majority of the companies of Dr. Oetker. The number of employees rose in the reporting period by 2.4% to 15,733 employees, mainly due to the acquisitions by Dr. Oetker and Martin Braun.

The **Dr. Oetker national companies** were also able to increase their sales revenue by 0.8%. Sales revenue adjusted for acquisitions and currency effects increased by 1.4%. In particular, the devaluation of the Turkish lira, British pound and Mexican peso against the euro had a negative impact on foreign currency translation in the year under review. Due to the development of the retail landscape, which was characterized by the ongoing consolidation process, investments in online trading and the increase in digital competition, price rounds continued to be difficult in 2017. As a result of some of the exaggerated expectations of the trade, which Dr. Oetker could not meet, there were some de-listings which led to large volumes and consequently sales losses. In addition to the declining retail markets in some major countries, challenging competitive conditions dominated the business environment. Both private-label and brand-name competitors tried to gain market share from Dr. Oetker. The company was, however, able to compete strongly in this difficult environment, revitalizing markets, reaching out to buyers, expanding distribution and generating presentable repurchase rates with new innovative concepts. Particularly noteworthy in the pizza category is the introduction of the chocolate pizza Ristorante Dolce al Cioccolato in various countries, including Germany, as well as the introduction of the Pizza Feliciana in Poland. In the cake/dessert category, the introduction of porridge in some Eastern European countries and the further internationalization of the frozen bakery product range had a positive effect.

In terms of regions, net sales in Germany declined. In Western Europe, sales were stable, while Eastern Europe and the regions of Asia, Africa and Australia continued to grow compared to the previous year. The main growth was generated in the Americas region. This region benefited from the development in Mexico. There, Dr. Oetker acquired the umbrella brand D'Gari in 2015, which has since developed positively. With effective date of June 1, 2017, the business of Grupo Rexal – located in Mexico – was acquired. The acquisition-related revenue contributions for the second half of the year thus supported growth in the Americas. In addition, the investment stake in Dr. Oetker GIAS Export in Tunisia increased.

Investments remained at a high level of EUR 119 million in 2017 in order to lay the foundations for additional growth in the coming years. Apart from that, investments were made in the existing production sites to keep the technology up to date and ensure high-quality and efficient production. In this context, the investments also included the further expansion of pizza production and logistics capacities in Western and Eastern Europe. The new research and development center in Bielefeld was completed in early 2017.

The company also offers a broad portfolio for the target group of bulk consumers and kitchen professionals with its brand concept Dr. Oetker Professional. The sector was able to continue the good development of the past few years in the out-of-house market and further expand its market position, especially in frozen bakery products. The new frozen desserts have also developed just as positively. With this convenient solution, Dr. Oetker Professional will meet the needs of customers in the catering and gastronomy sector.

The **Martin Braun Group** achieved an increase in sales of 11.0% in the 2017 financial year. As planned, part of this growth was acquisition-related. As of October 1, 2016, Martin Braun acquired the majority stake in Polen Gida in Turkey. In the 2017 financial year, the sales contributions of Polen Gida were consolidated for the full year. In 2017, the organic sales of the Martin Braun Group also increased by 4.7% and held up well in the face of the challenges in the market. Although the number of craft bakeries in the German market is declining and thus the traditional segment of the Martin Braun Group is shrinking, the group once again exceeded the previous year’s level. Due to the adjustments to product ranges and thanks to the frozen goods strategy, Martin Braun is successfully navigating the structural change in the German core market. However, significant growth impulses are attributable to the internationalization of the business. With the exception of Switzerland, overall sales growth was achieved in all European regions as well as in the rest of the world. Investments were significantly above the level of the previous year. The focus here was on the strategic business field of frozen bakery products and, above all, concerns the plant extension of Wolf ButterBack in Fürth.

Conditorei Coppenrath & Wiese increased its sales by 3.2% in 2017. The planned increase in sales was primarily driven by the development of the strategic product groups gateaux/ cakes, breakfast and sheet cakes in the German brand business. Secondary and private-label business in Germany reached the previous year’s level. Unfortunately, in business with the UK, the impact of the British pound exchange rate could not be fully absorbed. The investment volume in 2017 was significantly higher than in the previous year. The investments were primarily related to the expansion of production capacities in the frozen bread and frozen cake segments.

Slight increase in sales revenues in the Beer and Nonalcoholic Beverages Division

As expected, the **Radeberger Group** was able to keep its beverage sales and revenue stable in a still difficult market environment. In the 2017 financial year, group-wide revenue amounted to EUR 1,908 million, an increase of 0.4%. After elimination of currency and acquisition effects, the group achieved revenue at the level of the previous year. The regional brands in the portfolio of the group developed particularly well, especially the Allgäu Büble beer and Ur-Krostitzer. Both brands posted double-digit sales growth. For the first time in 2017, Krostitzer sold more than 1 million hectoliters and thus impressively continued the growth of recent years. Especially in metropolitan regions, Allgäu Büble beer was also able to score points with its range of nonalcoholic Büble Edelweissbier, an ambassador from the Allgäu Alps.

By contrast, the national brands in the Radeberger Group's portfolio, for example Radeberger Pilsner, Jever and Schöfferhofer Weizen, were under pressure, especially in retail, given their value-oriented positioning and the generally observable trend towards regional products. Nevertheless, the segment was able to keep sales stable overall. While Radeberger was able to achieve sales at the previous year's level, Schöfferhofer Weizen, the group's national Weizen beer, suffered from the bad summer weather. Schöfferhofer Grapefruit Nonalcoholic, however, developed well. Jever was able to increase sales revenue, including encouraging growth with Jever Fun, which further strengthened its position as the second best-selling product in the growing nonalcoholic beers segment.

The international brands of the Radeberger Group, above all Guinness, Kilkenny, Stowford, Sol and Estrella Damm, also recorded a positive development and continued to increase sales revenue. Captain Morgan Mutineer added another innovative international brand to the portfolio at the beginning of the year.

While the industry suffered from generally declining exports, especially to China, the Radeberger Group benefited from its independence from the Chinese market. Thus, the decline in export sales to China was offset by an increase in deliveries to other countries. As a result, sales revenue in the export business was significantly higher than in the previous year. Sales revenue continued to expand in the strategic markets of the USA and Italy. This was mainly due to the positive development of Schöfferhofer Grapefruit in the USA, where the brand has now developed into the third-largest German import brand.

The nonalcoholic beverages segment also developed positively. The acquisition of a further concession and the expansion of the existing business boosted sales with the brand range of the cooperation partner PepsiCo significantly. Original Selters mineral water maintained the previous year's level of sales revenue, while the organic drinks Bionade and Ti were under pressure from new competitors and did not reach the previous year's level. The Bionade and Ti brands were sold to the Hassia Group effective January 1, 2018.

In 2017, investments by the Radeberger Group, at EUR 99 million, were significantly higher than in the previous year. In addition to higher investments in technical equipment, the purchase of the Neuselters site led to a significant increase in investments. Additionally, shares in the companies Gastrofix and OnlineDialog were acquired in order to accelerate the digitization projects. Furthermore, Getränke Hoffmann has acquired the home delivery service company A&O and signed a contract to acquire 180 Dursty stores from Veltins on January 1, 2018.

<u>Growth in the Sparkling Wine, Wine and Spirits Division</u>

The **Henkell & Co. Group** continued to establish itself as a global player. In accordance with the forecast from the previous year, moderate growth was achieved in 2017. Overall, the group achieved sales revenue of EUR 523 million in the year under review, an increase of 4.2% over the previous year. Adjusted for exchange rate effects, revenue grew by 5.0% to EUR 526 million. Over 70% of sales were generated in international markets. The growth drivers were the markets in Western Europe and overseas. Domestic business also developed positively in a slightly declining market. The premium brands in particular contributed to this. The group's German premium market share is over 50%. Positive developments in brand business were offset by a decline in domestic merchandise. Investments of EUR 15 million compared to EUR 14 million in the previous year related mainly to machinery and equipment. In addition, investments were made in the construction of the sparkling wine factory in the parent company in Wiesbaden as well as in vineyards and new processing plants in the Czech Republic. At the Italian site Valdobbiadene, investments have been made in the expansion of the winery.

The German market was slightly down. Nevertheless, in the brand business, both Henkell Trocken and Mionetto prosecco were able to grow. The main spirits brands Wodka Gorbatschow and Mangaroca Batida de Coco also increased.

The engine of dynamic Western European growth was the Italian prosecco Mionetto and the international wine brand i heart WINES. The two brands were the basis of the continuing positive growth of the Copestick Murray subsidiary in the United Kingdom. Mionetto also grew in its home market Italy, which achieved double-digit growth. In addition, Henkell & Co. Austria, Henkell & Co. Benelux and Cavas Hill in Spain contributed to the positive development in Western Europe, not least due to the successful repositioning of the Alfred Gratien, Gratien & Meyer and Cavas Hill brands.

The Henkell & Co. Eastern European business was dominated by the strong subsidiaries Bohemia in the Czech Republic and Törley in Hungary, which each have more than 60% market share in their countries. Henkell

& Co. Poland also developed particularly well, while Hubert in Slovakia was unable to exceed the previous year's level. In a market that remains challenging, the declines in Ukraine partially offset the positive developments in Poland and the Czech Republic.

The business outside of Europe again posted disproportionate growth. This was mainly due to the central business unit Henkell & Co. Global, which bundles the export marketing of the entire Henkell & Co. Group. Mionetto USA expanded its market position from a prosecco supplier to a specialist in European quality sparkling wines. Growth rates of champagne, crémant and cava in the US market confirmed that this was the right move to make.

The group's wine segment continued to develop positively in 2017. The international wine brand i heart WINES contributed disproportionately to this. In addition, there are the wine brands György Villa and Szent István (Hungary), Habánské Sklepy and Víno Mikulov (Czech Republic), the Vitis wines from Slovakia and the Schloss Johannisberger Rieslings from the Rhine Gorge (Germany).

The strongest brand in the spirits segment was Wodka Gorbatschow. The German vodka market leader was supplemented by Kuemmerling Kräuterlikör, Pott Rum and Fürst Bismarck Doppelkorn. On an international level, the most noteworthy product is the coconut liqueur Mangaroca Batida de Coco, acquired in 2017. The beverage is being distributed internationally after a fresh relaunch in more than 20 countries. Key spirits brands include Poland's market leader for gin, Lubuski Gin, the leading brandy in Slovakia, Karpatské Brandy, and the Romanian vermouth Angelli.

Shipping Division posts organic sales growth

In the period from January 1 to November 30, 2017, the date of deconsolidation, the **Hamburg Süd Group** generated sales revenue of

EUR 5,398 million. Adjusted for exchange rate effects, sales revenue in the past fiscal year amounted to EUR 5,520 million. On a like-for-like basis, the Shipping Division achieved organic revenue growth of 7.5% compared to the same period last year (from January to November 2016). In liner shipping, transport volumes increased by 6.3% to 4.3 million TEU in the same period, while average freight revenue per single transport increased only slightly by around 1%.

Revenue in product tankers and bulk carrier shipping increased by around 18% compared to the same period in the previous year. The sales development is attributable in particular to the slight upward trend in the bulk markets. The key factor for the positive market development was China's rising raw material imports. Driven by rising steel and energy production, China's coal and iron ore imports rose strongly in the first half of 2017, compared with the previous year. In addition, growing demand for coal in several Southeast Asian countries and buoyant grain trade had a positive impact on demand for transport space. In a longer-term comparison with historical market rates, however, the current spot market level is still comparatively low.

Increased transport volumes were offset by significantly higher bunker prices. The stronger average annual exchange rate of the Brazilian real as an important cost currency against the euro also had a negative effect on the result in the liner segment. Although the result was significantly better than in the previous year, it still could not be described as satisfactory.

Expenditure for investments amounted to EUR 217 million, which was well above the previous year's level. This was due to significantly higher investments in the ship fleet, as three newly built 3,800 TEU vessels were delivered in the year under review, meaning that the final installment was due. On the other hand, investments in containers were well above the level of the previous year. Due to a higher cargo volume, an additional need for containers has arisen, which could not be fully covered by additional leasing equipment. Added to this was increased investment in Brazil, as in addition to the three tugs ordered in 2015, another four tugs were ordered in 2017.

The number of employees decreased from 6,300 to 5,874 in the 2017 reporting period. As a result of the deconsolidation of the Shipping Division as of November 30, 2017, the employee figures for 2017 are calculated on the basis of the eleven-month average.

Positive developments in the Other Interests Division

The **Other Interests** Division combines companies of the Oetker Group that operate in different sectors. These include **Budenheim**, the **Oetker Collection**, **OEDIV Oetker Daten-und Informationsverarbeitung**, **Oetker Digital**, the **Handelsgesellschaft Sparrenberg** and **Roland Transport**. In view of the different markets, the companies of this division developed differently. Overall, the division achieved an increase in sales revenue of 5.0%, to EUR 637 million. After adjusting for price and acquisition effects, sales revenue increased by 5.7% to EUR 641 million in 2017. Investments amounted to EUR 29 million for the year under review, compared to EUR 48 million in the previous year. The number of employees grew from 2,503 to 2,597.

Among aggressively priced competition, **Budenheim** was able to record strong growth in sales volumes, especially in the Food Ingredients business unit. This was primarily a result of metered price concessions. The development of sales could not keep pace with the volume growth. Compared to the previous year, however, Budenheim still achieved a plan-conforming, significant increase in sales of 5.5% to EUR 293 million. The strength of the euro against a number of currencies had a negative impact on sales. Adjusted for foreign exchange and acquisition effects, growth was 6.9%. Sales in the highest-selling business unit, Food Ingredients, increased significantly yearon-year, with average margins slightly down due to market-driven sales price adjustments. This was based on significantly increased growth in Asian consumer markets and the addition of key technologies in a highly competitive market environment for food additives and food ingredients. The business unit Material Ingredients combines the fields of functional plastic and color additives as well as materials for fighting forest fires. Over the years, there was a stable trend of moderate growth. The Performance Materials business unit once again generated significant sales and margin growth with its diversified portfolio of specialty chemicals. In particular, special additives for the ceramics industry and high-temperature lubricants for metalworking recorded high growth rates.

Although the **Oetker Collection** achieved a total revenue increase of 2.7% to EUR 150 million in the reporting year, the group was unable to achieve the planned sales targets for 2017. Revenue at the Hotel du Cap-Eden-Roc has developed much better than expected. On the other hand, there was slightly lower revenue from the other group hotels. Compared with the previous year, the negative revenue development of the Brenners Park-Hotel & Spa was more than offset by the increase in revenue of the group-owned hotels in France – which benefited significantly from positive developments in average rates – and the Oetker Hotel Management Company (OHMC). In addition, in 2017 the OHMC opened the luxury hotel Palácio Tangará in São Paulo and a second Masterpiece Hotel in the Caribbean, on Jumby Bay Island off the main island of Antigua.

Falling overnight stays by guests from Germany and the Middle East put a strain on the Brenners Park-Hotel & Spa. As a result of the political unrest in the Middle East, the number of overnight guests from this region declined significantly. At the same time, the number of overnight stays of Russian guests after the long-standing economic problems of this region recovered only very slowly. On a positive note, the hotel market in Paris is recovering and slowly stabilizing after the onerous terrorist attacks of recent years. Thus, the Hotel Le Bristol in Paris was able to stop the trend of declining revenue of the previous years and once again recorded growth in 2017.

The sales revenue of **OEDIV Oetker Daten- und Informationsverarbeitung** developed significantly in the 2017 financial year, exceeding the previous year's forecast. As in 2016, the majority of OEDIV sales came from the core segments SAP and Microsoft, which accounted for two-thirds of total sales. A key driver of revenue growth was SAP HANA. This technology is increasingly in demand among new and existing customers. Other growth drivers included the increased demand from existing customers for additional, previously unused services from the OEDIV portfolio, as well as growthrelated expansion to existing infrastructures. The successful acquisition of new customers has also boosted sales.

The largest share of OEDIV's revenue was attributable to German customers with international locations. The revenue increases described were also generated by this customer group.

<u>Business Unit Bank</u>

Bankhaus Lampe and its subsidiaries form the **Bank** Division and are among the leading independent and general partner-managed private banks in Germany. The bank's business activities are focused on consultation and support for its three target customer groups: high net worth individuals, companies and institutional clients. It is included at equity in the consolidated financial statements. Additional information is available in the bank's separate annual report.

<u>Key financial figures</u>

The balance sheet total increased by EUR 246 million relative to December 31, 2016, to EUR 9,143 million it should be noted that the balance sheet structure at the end of 2017 has changed due to the sale of the Shipping Division. As a result, fixed assets fell significantly, while cash and cash equivalents increased from EUR 990 million to EUR 4,174 million as at December 31, 2017. As compared to the previous year, intangible assets decreased by EUR 108 million, to EUR 351 million, because depreciation and amortization clearly exceeded capital expenditures. The decline in property, plant and equipment by EUR 2,047 million to EUR 1,968 million is largely attributable to the sale of Hamburg Süd, whose balance sheet end of 2016 included ships and containers totaling EUR 1,958 million. Investments and depreciation in property, plant and equipment were roughly balanced. Total additions to property, plant and equipment and intangible assets amounted to EUR 598 million (previous year: EUR 442 million). EUR 40 million of this can be attributed to acquisitions (previous year: EUR 37 million). Current investments totaled EUR 558 million, which is EUR 153 million above last year's level of investment. In regional terms, the focus was again on investments in domestic companies, while the share of foreign companies in current investments fell from 34.8% to 26.7% in 2017. Amortization on intangible assets and depreciation on property, plant and equipment totaled EUR 673 million (previous year: EUR 694 million).

The fixed capital of Dr. August Oetker KG remained unchanged at EUR 450 million. As compared to the previous year, equity increased by EUR 101 million, to EUR 3,749 million. With a 2.8% increase in the total equity and liabilities at the same time, the equity ratio remained unchanged at 41.0%.

Notes:

In the 2017 financial year, the Shipping Division is included until November 30, 2017, the date of deconsolidation.

The percentages included in the group management report and the consolidated financial statements refer to the exact amounts, not the rounded amounts. Due to rounding it is possible that individual numbers (€, %, etc.) do not add up exactly to the specified sum.

These documents can be accessed in the press section of the Oetker Group's website from 12 noon on June 19, 2018: www.oetker-group.com

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Key Indicators 2015 – 2017

	2015	in %	2016	in %	2017	in %	Nominal Change 2016/2017 in %	Organic Change 2016/2017 in %[2]
NET SALES BY DIVISION[1] (IN EUR MILLION)	**11,949**	**100.0**	**11,704**	**100.0**	**11,601**	**100.0**	**-0.9**	**4.6**
- Food	2,990	25.0	3,071	26.2	3,135	27.0	2.1	**2.1**
- Beer and Nonalcoholic Beverages	1,878	15.7	1,901	16.2	1,908	16.4	0.4	**0.0**
- Sparkling Wine, Wine and Spirits	501	4.2	502	4.3	523	4.5	4.2	**5.0**
- Shipping	6,057	50.7	5,624	48.1	5,398	46.5	-4.0	**7.5**
- Other Interests	524	4.4	606	5.2	637	5.5	5.0	**5.7**
NET SALES BY REGION[1] (IN EUR MILLION)	**11,949**	**100.0**	**11,704**	**100.0**	**11,601**	**100.0**	**-0.9**	
Germany	3,733	31.2	3,894	33.3	3,874	33.4	-0.5	
Rest of the EU	2,764	23.1	2,663	22.8	2,799	24.1	5.1	
Rest of Europe	577	4.8	580	5.0	573	4.9	-1.2	
Rest of the world	4,875	40.8	4,567	39.0	4,356	37.5	-4.6	
INVESTMENTS[1] (IN EUR MILLION) (without first-time consolidations)	**740**	**100.0**	**405**	**100.0**	**558**	**100.0**	**37.8**	
- Food	153	20.7	182	45.1	198	35.5	8.7	
- Beer and Nonalcoholic Beverages	97	13.0	84	20.8	99	17.8	17.9	
- Sparkling Wine, Wine and Spirits	15	2.1	14	3.4	15	2.7	10.6	
- Shipping	437	59.0	77	18.9	217	38.9	183.0	
- Other Interests	38	5.2	48	11.9	29	5.1	-40.5	
EQUITY (IN EUR MILLION)	3,613		3,648		3,749		2.8	
Equity ratio (in %)	41.0		41.0		41.0			
BALANCE SHEET TOTAL (IN EUR MILLION)	8,812		8,896		9,143		2.8	
EMPLOYEES[1] (BY HEADCOUNT)	**30,787**	**100.0**	**32,078**	**100.0**	**32,204**	**100.0**	**0.4**	
- Food	14,478	47.0	15,368	47.9	15,733	48.9	2.4	
- Beer and Nonalcoholic Beverages	5,894	19.1	5,986	18.7	6,066	18.8	1.4	
- Sparkling Wine, Wine and Spirits	1,972	6.4	1,922	6.0	1,934	6.0	0.6	
- Shipping	5,960	19.4	6,300	19.6	5,874	18.2	-6.8	
- Other Interests	2,482	8.1	2,503	7.8	2,597	8.1	3.8	

[1] In the 2017 financial year, the Shipping Division is included until November 30, 2017, the date of deconsolidation.
[2] Sales revenue adjusted for scope of consolidation and exchange rate effects.

The percentages included in the group management report and the consolidated financial statements refer to the exact amounts, not the rounded amounts. Due to rounding it is possible that individual numbers (€, %, etc.) do not add up exactly to the specified sum.