Consolidated financial statements

Consolidated income statement

in millions of EUR		2017	Share in %	2016	Share in %	Change in %
Sales	[1]	12,721.9	100.0	11,836.2	100.0	7.5
Changes in inventories		18.6	0.1	2.1	0.0	> 100
Own work capitalized		8.8	0.1	13.3	0.1	– 33.8
Cost of materials	[2]	6,252.1	49.1	5,813.2	49.1	7.6
Cost of financial services	[3]	27.9	0.2	33.0	0.3	– 15.5
		6,469.3	**50.9**	**6,005.4**	**50.7**	**7.7**
Other operating income	[4]	132.1	1.0	134.0	1.1	– 1.4
Personnel expenses	[5]	3,468.4	27.3	3,281.2	27.7	5.7
Amortization and depreciation		426.2	3.4	344.6	2.9	23.7
Other operating expenses	[6]	1,938.4	15.2	1,870.2	15.8	3.6
Finance revenue	[7]	33.8	0.3	44.9	0.4	– 24.7
Finance costs	[7]	96.0	0.7	91.4	0.8	5.0
Earnings before taxes	[8]	**706.2**	**5.6**	**596.9**	**5.0**	**18.3**
Income taxes	[9]	175.1	1.4	134.6	1.1	30.1
Net income for the year		**531.1**	**4.2**	**462.3**	**3.9**	**14.9**
Attributable to:						
Owners of parent companies in the Group		506.2	4.0	451.4	3.8	12.1
Non-controlling interests		24.9	0.2	10.9	0.1	> 100
		531.1	**4.2**	**462.3**	**3.9**	**14.9**

Consolidated statement of comprehensive income

in millions of EUR		2017	Share in %	2016	Share in %	Change in %
Net income for the year		531.1	100.0	462.3	100.0	14.9
Items that are not reclassified to profit or loss						
Remeasurement of defined benefit plans	[26]	– 9.8	– 1.8	– 6.4	– 1.4	53.1
Net profit (+) / loss (–) from cash flow hedges		– 1.9	– 0.4	0.0	0.0	100.0
Taxes attributable to other comprehensive income		1.7	0.4	1.8	0.4	– 5.6
Items that may be reclassified to profit or loss in certain circumstances						
Foreign currency translation		– 91.0	– 17.1	30.0	6.5	< 100
Other comprehensive income		**– 101.0**	**– 19.0**	**25.4**	**5.5**	< 100
Total comprehensive income		**430.1**	**81.0**	**487.7**	**105.5**	**– 11.8**
Attributable to:						
Owners of parent companies in the Group		405.8	76.4	476.6	103.1	– 14.9
Non-controlling interests		24.3	4.6	11.1	2.4	> 100
		430.1	**81.0**	**487.7**	**105.5**	**– 11.8**

Consolidated statement of financial position

Assets in millions of EUR		**2017**	Share in %	**2016**	Share in %	Change in %
Non-current assets						
Intangible assets including goodwill	[10]	480.1	4.7	583.7	6.0	– 17.7
Property, plant and equipment	[11]	3,052.4	29.7	2,909.5	30.0	4.9
Financial assets	[12]	62.6	0.6	49.3	0.5	27.0
Receivables from financial services	[13]	861.1	8.4	770.5	7.9	11.8
Other financial assets	[18]	7.1	0.1	10.6	0.1	– 33.0
Other assets	[19]	33.7	0.3	31.0	0.3	8.7
Deferred taxes	[14]	140.2	1.4	152.2	1.6	– 7.9
		4,637.2	**45.2**	**4,506.8**	**46.4**	**2.9**
Current assets						
Inventories	[15]	1,955.6	19.1	1,698.5	17.5	15.1
Trade receivables	[16]	1,719.0	16.7	1,575.5	16.2	9.1
Receivables from financial services	[13]	745.2	7.3	568.5	5.9	31.1
Income tax assets	[17]	35.3	0.3	34.3	0.4	2.9
Other financial assets	[18]	162.0	1.6	141.1	1.5	14.8
Other assets	[19]	173.9	1.7	153.0	1.6	13.7
Securities	[20]	151.7	1.5	137.1	1.3	10.6
Cash and cash equivalents	[21]	670.9	6.5	873.9	9.0	– 23.2
		5,613.6	**54.7**	**5,181.9**	**53.4**	**8.3**
Assets classified as held for sale	[22]	16.5	0.1	22.2	0.2	– 25.7
		5,630.1	**54.8**	**5,204.1**	**53.6**	**8.2**
		10,267.3	**100.0**	**9,710.9**	**100.0**	**5.7**

Equity and liabilities in millions of EUR		2017	Share in %	2016	Share in %	Change in %
Equity						
Equity attributable to parent companies in the Group	[23]					
Share capital		408.4	4.0	408.4	4.2	0.0
Reserves		1,935.3	18.8	1,860.0	19.2	4.0
Retained earnings		2,324.3	22.6	2,093.9	21.6	11.0
		4,668.0	45.4	4,362.3	45.0	7.0
Non-controlling interests		110.6	1.1	107.2	1.1	3.2
		4,778.6	**46.5**	**4,469.5**	**46.1**	**6.9**
Non-current liabilities						
Liabilities from financial services	[24]	424.8	4.1	308.8	3.2	37.6
Financial liabilities	[25]	1,171.8	11.4	1,715.6	17.7	– 31.7
Obligations from post-employment benefits	[26]	277.8	2.7	267.2	2.8	4.0
Provisions	[27]	96.0	0.9	95.5	1.0	0.5
Other financial liabilities	[28]	37.7	0.5	68.4	0.7	– 44.9
Other liabilities	[29]	2.4	0.0	2.9	0.0	– 17.2
Deferred taxes	[14]	126.6	1.2	130.5	1.3	– 3.0
		2,137.1	**20.8**	**2,588.9**	**26.7**	**– 17.5**
Current liabilities						
Trade payables		741.7	7.2	634.0	6.5	17.0
Liabilities from financial services	[24]	925.7	9.0	885.1	9.1	4.6
Financial liabilities	[25]	605.6	5.9	108.4	1.1	> 100
Income tax liabilities		58.5	0.6	44.3	0.5	32.1
Provisions	[27]	182.5	1.8	176.7	1.8	3.3
Other financial liabilities	[28]	392.7	3.8	373.4	3.8	5.2
Other liabilities	[29]	437.9	4.3	410.1	4.2	6.8
		3,344.6	**32.6**	**2,632.0**	**27.0**	**27.1**
Liabilities in a group of assets classified as held for sale	[22]	7.0	0.1	20.5	0.2	– 65.9
		3,351.6	**32.7**	**2,652.5**	**27.2**	**26.4**
		10,267.3	**100.0**	**9,710.9**	**100.0**	**5.7**

Consolidated statement of cash flows*

Cash flow from operating activities in millions of EUR	**2017**	**2016**
Earnings before taxes	**706.2**	**596.9**
Income taxes paid	– 151.7	– 123.0
Finance costs	96.0	91.4
Finance revenue	– 33.8	– 44.9
Interest income from operating activities	9.5	11.9
Interest payments from operating activities	– 13.8	– 13.2
Changes in obligations from post-employment benefits	3.2	5.6
Amortization, depreciation and impairment losses / reversals of impairment	425.7	343.1
Losses on the disposal of non-current assets	4.5	4.6
Gains on the disposal of non-current assets	– 5.7	– 8.7
Other non-cash income and expenses	8.1	35.9
Gross cash flow	**1,048.2**	**899.6**
Changes in inventories	– 293.4	– 11.6
Changes in trade receivables	– 207.8	– 153.9
Changes in receivables from financial services	– 272.6	95.2
Changes in trade payables	111.9	53.5
Changes in liabilities from financial services	158.4	– 23.0
Changes in short-term securities	– 12.9	0.4
Changes in other net working capital	52.2	43.6
Cash flow from operating activities	**584.0**	**903.8**
Investments in intangible assets	– 35.9	– 40.3
Investments in property, plant and equipment	– 451.0	– 439.8
Investments in financial assets	– 29.4	– 1.3
Investments in newly acquired subsidiaries less cash**	– 52.2	– 64.8
Cash inflow from the disposal of subsidiaries	1.8	0.0
Cash received from the disposal of assets	28.1	27.2
Cash flow from investing activities	**– 538.6**	**– 519.0**

Cash flows in millions of EUR	**2017**	**2016**
Distributions	– 274.2	– 253.3
Changes in receivables from / liabilities to Family Trusts and the Würth family including interest income	– 35.5	21.8
Capital contribution	173.5	154.0
Increase in financial liabilities	11.5	33.7
Decrease in financial liabilities	– 44.5	– 54.1
Interest payments / income from financing activities	– 39.2	– 34.7
Increase in majority shareholdings	– 22.4	– 1.6
Cash flow from financing activities	**– 230.8**	**– 134.2**
Changes due to consolidation	– 17.6	7.4
Changes in cash and cash equivalents	**– 203.0**	**258.0**

Composition of cash and cash equivalents in millions of EUR	**2017**	**2016**	Change in millions of EUR
Short-term investments	0.5	0.2	0.3
Other cash equivalents	5.0	4.3	0.7
Cash on hand	2.3	2.3	0.0
Bank balances	663.1	867.1	– 204.0
Cash and cash equivalents	**670.9**	**873.9**	**– 203.0**

* Reference to "J. Notes on the consolidated statement of cash flows"
** Reference to "C. Consolidated group"

Consolidated statement of changes in equity

	Equity attributable to parent companies in the Group							
in millions of EUR	Share capital	Differences from currency translation	Other capital and revenue reserves	Reserves for cash flow hedges	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2016	**408.4**	**– 57.1**	**1,735.2**	**0.0**	**1,889.2**	**3,975.7**	**107.0**	**4,082.7**
Net income for the year	0.0	0.0	0.0	0.0	451.4	451.4	10.9	462.3
Other comprehensive income	0.0	30.0	– 4.8	0.0	0.0	25.2	0.2	25.4
Total comprehensive income	0.0	30.0	– 4.8	0.0	451.4	476.6	11.1	487.7
Capital increase / reduction	0.0	0.0	150.6	0.0	0.0	150.6	3.4	154.0
Transfer to / drawings from reserves	0.0	0.0	7.0	0.0	– 7.0	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	0.0	– 239.7	– 239.7	– 13.6	– 253.3
Increase in majority shareholdings	0.0	0.0	– 0.9	0.0	0.0	– 0.9	– 0.7	– 1.6
31 December 2016	**408.4**	**– 27.1**	**1,887.1**	**0.0**	**2,093.9**	**4,362.3**	**107.2**	**4,469.5**
Net income for the year	0.0	0.0	0.0	0.0	506.2	506.2	24.9	531.1
Other comprehensive income	0.0	– 90.6	– 7.9	– 1.9	0.0	– 100.4	– 0.6	– 101.0
Total comprehensive income	0.0	– 90.6	– 7.9	– 1.9	506.2	405.8	24.3	430.1
Capital increase / reduction	0.0	0.0	173.2	0.0	0.0	173.2	0.3	173.5
Transfer to / drawings from reserves	0.0	0.0	12.4	0.0	– 12.4	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	0.0	– 263.8	– 263.8	– 10.4	– 274.2
Increase in majority shareholdings	0.0	0.5	– 10.2	0.0	0.0	– 9.7	– 12.7	– 22.4
Changes in the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.7
Other income and expense recognized in equity	0.0	– 0.4	0.2	0.0	0.4	0.2	0.2	0.4
31 December 2017	**408.4**	**– 117.6**	**2,054.8**	**– 1.9**	**2,324.3**	**4,668.0**	**110.6**	**4,778.6**

Consolidated value added statement*

Origin of value added in millions of EUR	2017	2016	Change in %
Sales	12,721.9	11,836.2	7.5
Changes in inventories and own work capitalized for capital expenditure	27.4	15.4	77.9
Other operating income	132.1	134.0	– 1.4
Finance revenue	33.8	44.9	– 24.7
	12,915.2	**12,030.5**	**7.4**
Less advance payments			
Cost of materials and cost of financial services	6,280.0	5,846.2	7.4
Other operating expenses	1,938.4	1,870.2	3.6
Amortization and depreciation	426.2	344.6	23.7
	8,644.6	**8,061.0**	**7.2**
Value added	**4,270.6**	**3,969.5**	**7.6**

Purpose in millions of EUR	2017	2016	Change in %
Employees (personnel expenses)	3,468.4	3,281.2	5.7
Public sector (tax expenses)	175.1	134.6	30.1
Company	430.4	363.0	18.6
Equity holders**	100.7	99.3	1.4
Lenders	96.0	91.4	5.0
Value added	**4,270.6**	**3,969.5**	**7.6**

* Not part of the consolidated financial statements in accordance with IFRS
** Distributions net of contribution to capital

Notes on the consolidated financial statements

A. General information

The headquarters of the Würth Group are located in 74653 Künzelsau, Germany.

The core business of the Würth Group involves trade in fastening and assembly materials worldwide. The companies that make up the Würth Group's active sales operations are divided into two operational units: Würth Line and Allied Companies.

Würth Line operations focus on fastening and assembly materials, supplying customers in the trades, the construction sector, and industry. The sales portfolio of the Würth Line comprises products sold under its own brand name and by its own sales organization. Its main business activity includes the sale of screws, screw accessories, DIN and standard parts, chemical-technical products, furniture and iron fittings, dowels, insulation, hand tools, power tools, cutting and pneumatic tools, service and care products, connecting and fastening materials, stocking and picking systems as well as the direct shipment of workwear.

The Allied Companies, which either operate in business areas associated with the core business or in diversified business areas, round off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are sales companies operating in related areas. The Diversification unit within the Allied Companies comprises service companies, such as hotels, restaurants and logistics operators.

B. Adoption of International Financial Reporting Standards

Statement of compliance
The consolidated financial statements of the Würth Group were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code], and full IFRS. The consolidated financial statements consist of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and notes on the consolidated financial statements. The Group management report was prepared in accordance with Sec. 315 HGB.

Basis of preparation
All IFRS whose adoption is mandatory as of 31 December 2017 have been applied. This also includes the International Accounting Standards (IAS) as well as the interpretations issued by the IFRS Interpretations Committee (formerly: IFRIC) and the Standing Interpretations Committee (SIC).

The financial statements have been prepared on the basis of historical costs, with the exception of financial assets at fair value through profit or loss and financial assets that are measured at fair value without affecting profit or loss. The carrying amounts of the assets and liabilities recognized in the statement of financial position, which represent underlying transactions in connection with fair value hedges and are otherwise stated at amortized cost, are adjusted to reflect the changes in the fair value that can be attributed to the hedged risks in effective hedge relationships.

The consolidated financial statements were prepared in euro. All figures are reported in millions of euro (EUR) unless otherwise indicated.

The items in the statement of financial position have been classified into current and non-current assets and liabilities in accordance with IFRS. Items not due within a year are disclosed as non-current assets or non-current liabilities. In addition, deferred taxes are disclosed as non-current assets or liabilities.

The consolidated income statement was prepared using the nature of expense method.

The consolidated financial statements were approved by the Central Managing Board of the Würth Group on 9 March 2018 for submission to the audit committee of the Würth Group's Advisory Board.

Use of estimates and judgments

The preparation of the consolidated financial statements pursuant to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and other financial obligations as of the reporting date, and the reported amounts of income and expenses during the reporting period. The assumptions and estimates are based primarily on Group-wide regulations governing useful lives, accounting policies for capitalized development costs and provisions, the probability of future tax relief being realized from deferred tax assets and on the assumptions regarding the future earnings power of cash-generating units. Actual amounts in future periods may differ from the estimates. Changes are recognized in income as better information becomes available.

The main assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date that entail a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following fiscal year are discussed below.

a) Impairment of goodwill

The Würth Group tests goodwill for impairment at least once a year. This involves an estimate of the net selling price of the cash-generating units to which the goodwill is attributed. The cash-generating units are determined on the basis of the lowest level used to monitor goodwill for internal purposes by management when making decisions on business combinations. In the Würth Group, this is the legal entity. As of 31 December 2017, the carrying amount of goodwill totaled EUR 159.8 million (2016: EUR 276.8 million). Further details are presented in the notes on the consolidated statement of financial position under [10] "Intangible assets including goodwill".

b) Impairment of intangible assets and property, plant and equipment

The Würth Group tests intangible assets and property, plant and equipment for impairment if events or changes in circumstances suggest that it may not be possible to recover the carrying amount of an asset. The intrinsic value is calculated by comparing the carrying amount of the individual assets with their recoverable amount. The recoverable amount is either the value in use or the fair value, whichever is higher, less the cost of sale. The value in use is the amount calculated by discounting the estimated future cash flows. If an asset does not generate any cash inflows that are largely independent of the cash inflows generated by other asset groups, the impairment test is not carried out at the level of an individual asset, but at the level of the cash-generating unit. Further details are presented in the notes on the consolidated statement of financial position under [10] "Intangible assets including goodwill" and [11] "Property, plant and equipment".

c) Unused tax losses and temporary differences
Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies. Unused tax losses and temporary differences are considered recoverable only if they are likely to be used within the next five years. Deferred tax assets recognized on unused tax losses amount to EUR 19.7 million as of 31 December 2017 (2016: EUR 25.3 million).

d) Obligations from post-employment benefits
The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include determining the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. When determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currencies with at least an AA rating or above, and the extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Moreover, the quality of the underlying bonds is assessed. Those having excessive credit spreads are excluded from the analysis of bonds from which the discount rate is derived, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. The net carrying amounts of the obligations from post-employment benefits amount to EUR 277.8 million as of 31 December 2017 (2016: EUR 267.2 million). Further details are presented in the notes on the consolidated statement of financial position under [26] "Obligations from post-employment benefits". All parameters are reviewed annually.

e) Securities
Financial assets for which there is no active market were measured on the basis of the expected cash flows discounted at a rate that reflects the terms and risks involved. This measurement is subject to estimation uncertainty because it is most sensitive to the discount rates used in the discounted cash flow method as well as the expected future cash inflows. The fair value of these financial assets totaled EUR 100.0 million as of 31 December 2017 (2016: EUR 75.5 million).

f) Development costs
Development costs are capitalized in accordance with the accounting policies presented in section F. Initial recognition of development costs is based on an assessment by management that the development is both technically and economically feasible. Generally, this is the case if a product development project has reached a certain milestone within an existing project management model. When determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. As of 31 December 2017, the carrying amount of capitalized development costs was EUR 12.4 million (2016: EUR 16.5 million).

g) Receivables
To determine specific allowances, receivables that could potentially be impaired are assessed for impairment and valuation allowances are applied where appropriate. The calculation of valuation allowances on receivables is based primarily on assessments and analyses performed by the local management. In addition to the creditworthiness of, and default on payment by, the customer in question, historical default rates are also taken into account. Further details are presented in the notes on the consolidated statement of financial position under [13] "Receivables from financial services" and [16] "Trade receivables".

h) Purchase price liabilities for subsidiaries / business operations acquired
Some business combinations involve conditional purchase price components, or the seller is granted put options for non-controlling interests. The resulting purchase price liabilities are subject to estimates in the form of the objectives that can be achieved in the future and with respect to the present value assumptions for the future purchase prices.

i) Purchase price receivables for sold subsidiaries
Company disposals are sometimes associated with conditional purchase price components. The resulting purchase price receivables are subject to estimates regarding the present value assumptions for the future purchase price payments.

Effects of new accounting standards
The accounting policies adopted are consistent with those of the prior fiscal year, except that the Group has adopted the new / revised IFRS and IFRIC interpretations set out below, which are mandatory for fiscal years beginning on or after 1 January 2017. The changes in accounting policies and in the disclosures in the notes are due primarily to the adoption of:

- **Amendments to IAS 7 "Statement of Cash Flows: Disclosure Initiative"**
- **Amendments to IAS 12 "Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses"**
- **Improvements to IFRS 2014–2016**
  Amendments to IFRS 12 "Disclosure of Interests in Other Entities: Clarification of the scope of the disclosure requirements in IFRS 12"

The adoption of these standards or interpretations is described below:
In connection with its "Disclosure Initiative", the IASB published amendments to **IAS 7 "Statement of Cash Flows: Disclosure Initiative"** in January 2016. The amendments essentially relate to requirements for additional disclosures in the notes, the aim being to allow users of an entity's financial statements to evaluate changes in the entity's liabilities arising from financing activities, including both cash and non-cash changes (for example, profit or loss from foreign currency translation). The amendments are mandatory, for the first time, for fiscal years beginning on or after 1 January 2017. Entities need not provide comparative information on previous periods when they first apply the amendments. The Würth Group has made the necessary disclosures for the reporting period in Note [25] Financial liabilities.

In January 2016, the IASB published amendments to **IAS 12 "Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses"**. This amendment clarifies that, with regard to the deductibility of a deductible difference that will be reversed in the future arising from unrealized losses, an entity must consider whether tax laws restrict the sources for future taxable income from which this deductible temporary difference could be deducted. The amendment also contains guidelines as to how an entity is to calculate to future taxable income, and to what extent the realization of assets can be taken into account beyond their carrying amount. The Würth Group has applied this amendment retroactively. Its application does not, however, have any impact on the net assets, financial position and earnings situation of the Würth Group, as the latter has no deductible temporary differences or tax assets that fall within this scope.

Improvements to IFRS 2014–2016
The improvements to IFRS 2014–2016 constitute an omnibus of amendments that was published in December 2016. The amendment to IFRS 12 "Disclosure of Interests in Other Entities: Clarification of the scope of the disclosure requirements in IFRS 12" is mandatory for fiscal years beginning on or after 1 January 2017. This amendment clarifies that the disclosure requirements in IFRS 12, with the exception of IFRS 12.B10–B16, apply to shares of an entity in a subsidiary, joint venture or associate (or parts of its shares in a joint venture or associate) that are classified as held for sale (or belong to a disposal group that is classified as held for sale). The amendment will not have any material impact on the consolidated financial statements of the Würth Group.

Published standards endorsed by the EU in the comitology procedure that are not yet effective

Standards issued but not yet effective by the date of issuance of the consolidated financial statements of the Würth Group are listed below. This listing of standards and interpretations issued includes those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position, and results of operations when applied at a future date. The Würth Group intends to adopt those standards as soon as they become mandatory.

In July 2014, the International Accounting Standards Board (IASB) published the finalized version of **IFRS 9 "Financial Instruments"**, which incorporates the results of all phases in the IFRS 9 project and replaces both IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9 "Financial Instruments". IFRS 9 applies for the first time to fiscal years beginning on or after 1 January 2018. Earlier application of the final version of IFRS 9 (2014) is permitted at any time. Although the standard is to be applied with retroactive effect, no comparative information has to be provided. With only a few exceptions, the provisions governing hedge accounting are generally to be applied prospectively. The standard contains new provisions on classification and measurement, impairment and hedge accounting phases. The Würth Group will adopt the new standard on the prescribed date of entry into force and will not be adjusting any prior-year figures. In the 2017 fiscal year, the Würth Group performed an evaluation of all three aspects of IFRS 9.

a) Classification and measurement
The Würth Group does not expect the application of the classification and measurement provisions set out in IFRS 9 to have any material impact on its statement of financial position or equity. It assumes that all financial assets held at fair value can still be measured at fair value. The Würth Group plans to hold the shares in non-listed companies for the foreseeable future. In previous reporting periods, no impairment losses were recognized directly in equity for these investments. The Würth Group will make use of the option for equity instruments not held for trading purposes and will recognize the changes in fair value in other comprehensive income. As a result, the adoption of IFRS 9 will not have any material impact on the consolidated financial statements of the Würth Group. Loans and trade receivables are held to collect the contractual cash flows, which exclusively consist of principal and interest payments on the outstanding nominal amount. In addition, the Würth Group analyzed the contractual cash flows and came to the conclusion that the cash flow conditions have been met and that no reclassification is necessary.

b) Impairment losses
The Würth Group will apply the simplified procedure and will recognize risk provisions based on the expected losses over the total duration directly as of the time of origination. The Würth Group does not expect the impairment losses on loans and trade receivables to have any material impact on its statement of financial position or equity. As far as receivables from financial services are concerned, the Würth Group expects the risk provisions that have to be set up to be higher, which will have an impact on equity.

c) Hedge accounting
The Würth Group is of the opinion that all hedging relationships will continue to meet the proposed criteria for hedge accounting under IFRS 9. As a result, it does not expect any significant effect on the financial statements of the Würth Group.

Applying IFRS 9 "Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4", the amendments counteract the concerns with regard to the different dates of entry into force of IFRS 9 and IFRS 17 if IFRS 9 is applied before IFRS 17 "Insurance Contracts", which will supersede IFRS 4. It gives entities that issue insurance contracts two options: the option to temporarily defer the application of IFRS 9 and an overlay approach. The deferral approach is to apply to reporting periods beginning on or after 1 January 2018. Entities can apply the overlay approach retroactively to qualifying financial assets as soon as they apply IFRS 9 for the first time.

For the insurance business, which is allocated to the Diversification unit, the Group only has to provide comparative information regarding the application of the overlay approach if comparative information is provided in connection with the application of IFRS 9. The Würth Group is currently examining which of the two options it will use.

IFRS 15 "Revenue from Contracts with Customers" introduces a new five-step revenue recognition model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognize revenue at the time of the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 provide a structured approach for the measurement and reporting of revenue. The standard's scope of application covers all types of sectors and companies and thus replaces all existing provisions relating to revenue recognition (IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services"). The standard must be applied to reporting periods starting on or after 1 January 2018. Earlier adoption is permitted. The standard is to be applied either on a fully retrospective basis or on a modified retrospective basis.

The Würth Group intends to adopt the new standard on the prescribed date of entry into force using the modified retrospective approach. In the 2017 fiscal year, the Würth Group performed a detailed evaluation of IFRS 15, concluding that it is unlikely to have any material impact on the consolidated financial statements. In addition, the Würth Group has taken into account the clarifications published by the IASB in April 2016 and will monitor any further developments regarding the interpretation of IFRS 15.

a) Sale of goods
In cases involving contracts with customers in which it is generally assumed that the sale of goods is the only performance obligation, the adoption of IFRS 15 is not expected to have any impact on revenue or the consolidated income statement. The Würth Group expects the time of revenue realization to be the time at which control over the assets passes to the customer. This is generally the case at the time the goods are delivered. Customer-specific contract manufacturing in the Production and Electronics units is one exception to this rule. In the future, revenue in such cases will be realized over a specific period in line with the percentage of completion method in individual cases. Due to the fact that production in these areas is largely "just-in-time" production, however, the Würth Group does not expect to see any significant deviations compared with the realization of revenue upon delivery to the customer, which has applied to date.

b) Variable consideration
The contracts with customers partly grant a right of return, trade discounts or volume discounts. The Würth Group recognizes revenue from the sale of goods at the fair value of the consideration received less income and discounts, trade discounts and volume discounts.

IFRS 15 states that the estimated variable consideration must be limited in order to prevent the overstatement of revenue.

- Right of return
  If a contract with a customer provides for a right to return the goods within a certain period, the Würth Group recognizes a right to return goods using a probability-weighted average income value that corresponds to the expected value method in accordance with IFRS 15. In accordance with IFRS 15, the initial carrying amount of the goods that are expected to be returned has to be recognized under inventories and not, as in the past, as a trade payable. The Würth Group does not, however, expect this amendment resulting from IFRS 15 to have any material impact on the consolidated statement of financial position, since no significant return rights are granted.
- Volume discount
  According to IFRS 15, retroactive volume discounts are recognized as variable consideration. The Würth Group does not, however, expect this amendment resulting from IFRS 15 to have any significant impact, since no significant volume-based discounts are granted.

c) Warranty obligations
In accordance with IFRS 15, extended warranties are treated in the same way as service-type warranties, meaning that they are to be recognized as a separate performance obligation to which part of the transaction price must be allocated.
The Würth Group generally provides warranties for general repairs, but does not grant any extended warranties in its contracts with customers, with a few minor exceptions. As a result, the Würth Group does not expect this amendment to have any material impact on the consolidated financial statements.

d) Provision of services
These services are sold either on a stand-alone basis in contracts with customers or in conjunction with the sale of goods to a customer. As the services are performed over a certain period and the customer benefits from the service, service contracts / contracts comprising both services and the supply of goods must be recognized over the period in question. The Würth Group expects, however, that the customer's entitlement to consideration is of an amount that corresponds directly to the value of the service already provided by the Würth Group, meaning that there is no material impact on the consolidated financial statements of the Würth Group.

e) Payments received from customers
In general, the Würth Group only receives short-term advances from its customers. In accordance with IFRS 15, the Würth Group needs to consider whether the contract includes a significant financing arrangement. The Würth Group has decided to apply the simplified procedure provided for in IFRS 15, i.e. it will opt not to adjust the amount of the consideration promised to reflect the impact of a significant financing arrangement contained in the contracts if it is to be expected, at the beginning of the contract, that the time span between the transfer of promised goods or a promised service to the customer and the payment for the goods or this service will amount to a maximum of one year. As a result, the Würth Group will continue to not recognize any financing arrangements for short-term advance payments.

f) Presentation and disclosure requirements
The presentation and disclosure requirements under IFRS 15 are more detailed than under the current IFRS. The disclosure requirements represent a significant change compared with the current practice and considerably increase the amount of information that has to be provided in the consolidated financial statements. In 2017, the Würth Group performed further tests on suitable systems, internal controls, policies, and procedures that are required in order to record and disclose the required information.

Based on the analyses carried out in the 2017 fiscal year, the Würth Group expects that, in the future, distribution over several performance obligations / revenue realization over the period will be required for part of its revenue, in particular in the case of customer-specific production orders. Due to the short contract periods, however, the impact on the period allocation of revenues will be significantly less than one percent of revenues.

IFRS 16 "Leases" was published on 13 January 2016 and is mandatory, for the first time, for fiscal years beginning on or after 1 January 2019. Earlier adoption is permitted, but only if the entity is also applying IFRS 15. IFRS 16 replaces IAS 17 "Leases" and all interpretations relating to lease accounting. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure requirements regarding leases and requires lessees to recognize all leases based on a single model, similar to the accounting for finance leases in accordance with IAS 17. For the lessor, IFRS 16 will not, in the main, result in any changes in terms of accounting compared with the current IAS 17. The standard is to be applied either on a fully retrospective basis or on a modified retrospective basis. The transitional provisions of IFRS 16 provide certain forms of transitional relief. The Würth Group intends to adopt the new standard on the prescribed date of entry into force. Based on an initial analysis, the effects set out below have been identified. The analysis has not yet been completed, however, and is updated by the Würth Group on an ongoing basis. In 2018, the Würth Group will continue to analyze the potential impact of IFRS 16 on its financial statements.

a) Würth Group as the lessee
To date, the Würth Group has largely concluded operating leases relating to movable assets and real estate. At the moment, the payment obligations for operating leases are only to be disclosed in the notes on the consolidated financial statements. In the future, however, the rights and obligations resulting from these leases will have to be reported in the statement of financial position as a mandatory requirement, as an asset (right of use to the leased asset) and as a liability (lease liability). The Würth Group expects this to increase its total assets significantly at the time of initial application. In the consolidated income statement, the expenses associated with operating leases have been reported under "miscellaneous operating expenses" to date. In the future, amortization on the right of use and interest expenses for the lease liabilities will be reported instead. The plan is to apply the modified retrospective approach at the time of initial application. In the statement of cash flows, payments for operating leases are currently reported under cash flow from operating activities. In the future, they will be split into interest and principal payments, and the principal payments will be allocated to the cash flow from financing activities. For information on the main operating leases affected by the standard, please refer to [5] Leases in section I. "Other notes".

b) Würth Group as the lessor
The Würth Group expects the redefinition of a lease to have an impact on the number of scenarios to be recognized as a lease. Existing leases, however, will not be reassessed due to the use of the transitional relief.

Published standards not yet endorsed by the EU in the comitology procedure

The IASB has published the following standards and interpretations whose adoption was not yet mandatory in the 2017 fiscal year. These standards and interpretations have not yet been recognized by the EU and will be applied by the Würth Group as soon as they come into force. This listing of standards and interpretations issued includes only those that the Würth Group reasonably expects to have an effect on disclosures in the notes, net assets, financial position, and results of operations.

IFRS 17 "Insurance Contracts" was published in May 2017 and contains a comprehensive new accounting standard setting out principles for recognition, measurement, presentation, and disclosure requirements with regard to insurance contracts. When it comes into force, IFRS 17 will replace IFRS 4 "Insurance Contracts", which was published in 2005. IFRS 17 is to be applied, irrespective of the type of issuing entity, to all types of insurance contracts (i.e. life insurance, property insurance, direct insurance and reinsurance) and to certain guarantees and financial instruments with discretionary participation features. Individual exemptions apply in terms of the scope of application. The overall objective of IFRS 17 is to create a more useful and more uniform accounting model for insurers. Unlike the provisions of IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the General (building block) Model, supplemented by:
- a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and
- a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 is to apply to fiscal years beginning on or after 1 January 2021. Comparative figures must be provided. The Würth Group does not intend to adopt IFRS 17 earlier. The Würth Group is currently assessing the effect on the consolidated financial statements.

IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration": The Interpretation clarifies that, for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) at the time of the derecognition of a non-monetary asset or non-monetary liability arising from advance consideration, the time of the transaction corresponds to the date of the initial recognition of the non-monetary asset or non-monetary liability arising from the consideration.

If there are multiple payments or receipts in advance, the entity must establish the date of transaction for each payment or receipt with advance consideration. Entities can apply the amendments in full retroactively. Alternatively, an entity can apply the interpretation prospectively to all assets, expenses and income within the scope of the interpretation initially recognized on or after the following dates:
i) the beginning of the reporting period in which the entity applies the interpretation for the first time, or
(ii) the beginning of a previous reporting period that presents, in the financial statements, comparative information for the reporting period in which the entity applies the interpretation for the first time.

The interpretation is to apply for fiscal years beginning on or after 1 January 2018. Earlier adoption is permitted and must be specified in the notes. Since its current procedure is consistent with the interpretation, the Würth Group does not expect this to impact its financial statements.

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments " is to be applied when there is uncertainty over income tax treatments. It does not apply to taxes or levies that do not fall within the scope of IAS 12, and does not contain any provisions on interest and late payment fines in conjunction with uncertain tax treatments. The interpretation addresses the following topics in particular:
- Decision as to whether an entity should consider uncertain tax treatments independently
- Assumptions made by an entity regarding the examination of tax treatments by the tax authorities
- Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates
- Effect of changes to facts and circumstances

An entity is required to decide whether each uncertain tax treatment should be considered independently or together with one or several other uncertain tax treatments. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The interpretation will enter into force for reporting periods beginning on or after 1 January 2019. The Würth Group will apply IFRIC 23 as of the time of entry into force. As the Würth Group operates in an international environment with complex fiscal frameworks, the application of the interpretation could impact the consolidated financial statements and the necessary disclosures. In addition, the Würth Group will have to establish processes and procedures for the timely provision of information required for the application of the interpretation.

The amendments to **IFRS 9 "Prepayment Features with Negative Compensation"** were published in October 2017. They address the classification provisions set out in IFRS 9 for financial asset features with negative compensation in the event of premature repayment. It is clarified that such assets meet the cash flow criterion. The amendments are mandatory for fiscal years beginning on or after 1 January 2019. Earlier adoption is permitted. The amendments are to be applied retroactively. The transitional provisions provide a certain degree of transitional relief. The Würth Group intends to adopt this amendment on the prescribed date of entry into force. Due to the narrow scope of application, this amendment is not expected to have any impact on the consolidated financial statements of the Würth Group.

Improvements to IFRS 2015–2017

The improvements to IFRS 2015–2017 constitute an omnibus of amendments that was published in December 2017 and includes changes to various IFRS that are to apply to fiscal years beginning on or after 1 January 2019. The improvements to the IFRS contain the following amendments:
IFRS 3: Clarification that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
IFRS 11: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
IAS 12: Clarification that the income tax consequences of dividends are more closely related to the original events that generated distributable profits. This means that entities have to recognize income tax consequences of dividend payments relating to the underlying transaction either in profit or loss, in other comprehensive income or in equity.
IAS 23: Clarification that an entity has to include outstanding debt taken out specifically to acquire an asset in the calculation of the weighted average of all borrowing costs as of the time at which, by and large, all of the activities necessary to prepare this asset for its intended use or sale are complete.
The Würth Group intends to adopt the improvements on the prescribed date of entry into force. The current accounting methods are consistent with the clarifications. As a result, the Würth Group does not expect any impact on the consolidated financial statements.

C. Consolidated group

The consolidated financial statements of the Würth Group include parent companies at the same organizational level as well as all domestic and foreign entities in which the parent companies at the same organizational level hold a majority of the voting rights, either directly or indirectly, and thus have the possibility to exercise control over said entities. The parent companies – and hence the entire Würth Group – are subject to common control by the Central Managing Board. The consolidated group is therefore based on the Würth Group's uniform ownership, organizational and management structure, as only this presentation represents an accurate view of the Würth Group. Determining the consolidated group in accordance with IAS 27 / IFRS 10 would not produce an accurate value of the net assets, financial position and results of operations because transactions between the subgroups thereby created would not be presented correctly. In this case, the subgroups would provide an incomplete and misleading presentation of the economic and financial conditions of the Würth Group regarding practically every item in the consolidated financial statements.

Subsidiaries are fully consolidated as of the date of their acquisition, being the date on which the Würth Group obtains control, and continue to be consolidated until the date on which such control by the parent ceases.

The cost of subsidiaries and business operations acquired comprises the consideration transferred plus any non-controlling interests.

The major changes to the consolidated group in comparison to the prior year on account of acquisitions are as follows:

On 1 November 2017, the Würth Group acquired 100 % of the shares and voting rights in Dakota Premium Hardwoods LLC, Waco, USA. The company operates in the hardwood and timber industry for closet and construction materials in the Würth Line operational unit.
The purchase price was allocated on a provisional basis on the balance sheet date as not all aspects had been assessed with definitive effect.

The purchase price allocation is as follows:

in millions of EUR	Fair value at acquisition date	Previous carrying amount
Assets		
Customer base	15.0	0.0
Other property, plant and equipment	1.0	1.0
Inventories	8.6	8.6
Trade receivables	5.7	5.7
Other assets	1.9	1.9
Cash and cash equivalents	0.5	0.5
	32.7	**17.7**
Liabilities		
Financial liabilities	7.9	7.9
Trade payables	4.2	4.2
Other liabilities	8.4	8.4
	20.5	**20.5**
Total identifiable net assets	**12.2**	**– 2.8**
Goodwill arising from the business combination	7.4	
Consideration transferred	**19.6**	
Transaction costs	0.4	
Net cash outflow	**19.5**	

The goodwill largely includes synergy effects relating to sales and procurement. The intangible assets acquired were valued using income-based approaches.

Since the acquisition date, the company has contributed EUR 11.6 million to sales. The net loss for the year came in at EUR 0.1 million. If the company had been acquired at the beginning of the year, then the sales for 2017 would have amounted to EUR 67.7 million and the net income for the year to EUR 0.1 million.

The following acquisitions were also made
On 28 April 2017, the Würth Group acquired 100 % of the shares and voting rights in Walter Martínez S. A., Zaragoza, Spain, Walter Martínez Madrid S. L., Zaragoza, Spain, Global Bulon S. L., Zaragoza, Spain and Tuhewi S. L., Zaragoza, Spain. The Walter Martínez Group specializes in the distribution of fastening materials for industrial customers, predominantly for the automotive industry, and has been incorporated into the RECA Group unit.

On 1 November 2017, the Würth Group acquired the business operations of Weinstock Bros. Corp., New York, USA, which were incorporated into the newly established company Weinstock Bros., Inc., Delaware, USA. The company operates in the area of high-strength screws, tools and equipment for steel buildings and bridge structures in the Würth Line business unit.

On 27 November 2017, the Würth Group acquired 100 % of the shares and voting rights in IQD Holdings Limited, Crewkerne, UK, including its subsidiaries IQD Group Limited, Crewkerne, UK, IQD Frequency Products Limited, Crewkerne, UK, and IQD Frequency Products Inc., Palm Springs, USA. The IQD Group is a supplier of quartz crystals and oscillators. The acquisition expands the product portfolio of the Electronics unit.

in millions of EUR	Walter Martínez Group	Weinstock Bros. Corp.	IQD Group	Other	Total
Assets					
Franchises, industrial rights, licenses and similar rights	0.3	0.0	0.0	0.1	0.4
Goodwill	0.0	4.7	0.0	0.0	4.7
Customer relationships and similar assets	14.5	7.3	5.2	0.9	27.9
Other non-current assets	0.3	0.2	0.2	2.6	3.3
Inventories	6.3	1.0	0.4	0.6	8.3
Receivables and other assets	5.6	2.1	2.2	0.8	10.7
Cash and cash equivalents	1.4	0.0	0.0	0.1	1.5
	28.4	**15.3**	**8.0**	**5.1**	**56.8**
Equity and liabilities					
Deferred tax liabilities	3.6	0.0	0.9	0.0	4.5
Non-current liabilities	0.0	0.0	0.1	0.0	0.1
Current liabilities	3.8	1.3	3.1	0.2	8.4
	7.4	**1.3**	**4.1**	**0.2**	**13.0**
Basic purchase price	21.0	11.9	3.9	2.4	39.2
Conditional purchase price payment	0.0	2.1	0.0	0.0	2.1
Negative difference	0.0	0.0	0.0	2.5	2.5
Consideration transferred	**21.0**	**14.0**	**3.9**	**2.4**	**41.3**
Pro rata sales	11.1	2.2	0.4	0.7	14.4
Share of profit / loss	- 0.6	- 0.3	- 0.1	- 0.5	- 1.5
Pro forma sales in 2017	17.1	13.3	8.1	1.2	39.7
Pro forma profit / loss in 2017	0.4	- 0.9	- 0.3	- 1.4	- 2.2

The goodwill largely includes synergy effects relating to sales and procurement. The carrying amount of the receivables and other assets corresponds to the fair value. In the 2017 fiscal year, expenses amounting to EUR 118.6 million (2016: EUR 44.9 million), resulting from the amortization, depreciation and impairment of assets identified in the course of purchase price allocation, were recognized in connection with business combinations from prior years.

In January 2017, the purchase price allocation of Erwin Büchele GmbH & Co. KG, Esslingen, Germany, was completed. The fair value of the customer base of EUR 12.1 million at the time of acquisition, as well as the assumed purchase price payment of EUR 16.8 million, remained unchanged. Only the goodwill decreased by EUR 3.6 million and now amounts to EUR 4.5 million.

In the 2017 fiscal year, the following company disposals were processed by the Würth Group.
On 1 August 2017, the Würth Group sold 100 % of its shares in Hetal-Werke Franz Hettich GmbH & Co. KG, Alpirsbach, Germany. The sale resulted in a cash inflow of EUR 1.8 million.

D. Consolidation principles

The consolidated financial statements are based on the financial statements of the parent companies and subsidiaries included in the Group as of 31 December 2017, which have been prepared according to uniform standards.

Acquisition accounting is performed using the acquisition method in accordance with IFRS 3 (revised). Accordingly, the consideration transferred to the seller plus any non-controlling interests and the fair value of the previously held equity interests in the acquiree are offset against the fair value of the acquired assets and liabilities as of the acquisition date. Any remaining credit differences are accounted for as goodwill. Any remaining debit differences are posted to profit or loss. Any contingent consideration is recognized at acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Business combinations achieved in stages where the Group already has control or disposals of shares without a loss of control are recognized directly in equity from the 2010 fiscal year onwards.

In the case of business combinations achieved in stages that give rise to control over an entity, or in the case of disposals of shares that result in a loss of control, the previously held or remaining equity interests are remeasured at fair value through profit or loss. Transactions under common control are recognized using the pooling-of-interest method. Under this method, any gains or losses on disposal lacking commercial substance are offset directly in equity in the reserves. The same accounting policies are used to determine the Group’s share in equity of all companies accounted for using the equity method. Receivables and liabilities between the consolidated entities are netted. Intercompany profits in inventories and non-current assets are eliminated in the consolidated income statement. Intercompany sales and other intercompany income are netted against the corresponding expense. Deferred tax is recognized for consolidation transactions that are recognized in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the parent companies in the Group. Non-controlling interests are presented separately in the consolidated income statement and the consolidated statement of financial position. In the consolidated statement of financial position, non-controlling interests are disclosed in equity, separately from the equity attributable to the parent companies in the Group.

E. Foreign currency translation

In the separate financial statements of the entities, non-monetary and monetary items denominated in foreign currency are recognized at the rate prevailing when they were first recorded. Monetary items are translated at the exchange rate as of the reporting date. Any exchange rate gains generated and losses incurred as of the reporting date from the measurement of monetary assets and monetary liabilities denominated in foreign currency are recognized through profit or loss in finance revenue and finance costs, respectively.

The functional currency method is used to translate the financial statements of foreign entities. In the consolidated financial statements, except for equity, the items in the statement of financial position of all foreign entities are translated into euro at closing rates, as the majority of Group entities included in the consolidated financial statements conduct their business independently in their local currency, which is the functional currency. Differences compared to the translation from the previous year are offset against reserves directly in equity (other comprehensive income). Goodwill is translated at the closing rate as an asset of foreign entities.

Income and expense items are translated using average rates. Differences compared to the closing rate are also recognized directly in equity.

The financial statements of the major subsidiaries in countries outside the European Monetary Union were translated to the euro using the following exchange rates:

	Average exchange rates for the fiscal year		Closing rates on the reporting date	
	2017	**2016**	**2017**	**2016**
1 US dollar	0.88801	0.90381	0.83382	0.94769
1 pound sterling	1.14120	1.22465	1.12689	1.16482
1 Canadian dollar	0.68207	0.68299	0.66481	0.70309
1 Australian dollar	0.67882	0.67250	0.65155	0.68428
1 Brazilian real	0.27830	0.25983	0.25164	0.29119
1 Chinese renminbi yuan	0.13105	0.13600	0.12813	0.13648
1 Danish krone	0.13443	0.13431	0.13432	0.13451
1 Norwegian krone	0.10736	0.10772	0.10163	0.11004
1 Polish zloty	0.23526	0.22928	0.23939	0.22602
1 Russian rouble	0.01516	0.01367	0.01441	0.01547
1 Swedish krona	0.10374	0.10561	0.10159	0.10442
1 Swiss franc	0.90070	0.91729	0.85463	0.92997
1 Czech koruna	0.03802	0.03699	0.03913	0.03701
1 Hungarian forint	0.00323	0.00321	0.00322	0.00323

F. Accounting policies

The Würth Group uses transaction date accounting. The financial statements of all consolidated companies have been prepared in line with uniform accounting policies for the Group (IFRS).

Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

In accordance with IFRS 3.19, non-controlling interests are measured either based on the proportionate share of identifiable net assets of the acquiree (partial goodwill) or at fair value (full goodwill). This decision can be made on a transaction-by-transaction basis for each business combination and is not an accounting policy choice that determines the accounting treatment for all business combinations to be carried out by the Würth Group.

Recognized goodwill is tested for impairment on an annual basis and when there is any indication that it may be impaired. The impairment test for goodwill is carried out at the level of the cash-generating unit. The cash-generating unit is defined as the legal entity, with the exception of Diffutherm and Dinol.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill relates. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded.

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its acquisition-date fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate. If this is not the case, the assessment is prospectively changed from an indefinite to a finite useful life.

Intangible assets with finite lives are amortized over their useful life using the straight-line method and tested for impairment whenever there is any indication that the intangible asset may be impaired. The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at the latest at the end of each fiscal year. The necessary changes in the amortization method and the useful life are treated as changes to estimates. Amortization of intangible assets with a finite useful life is reported in the consolidated income statement under amortization and depreciation. Capitalized customer relationships, software, franchises and other licenses are amortized over a useful life of three to fifteen years.

Intangible assets with an indefinite useful life and intangible assets that are not ready for use are tested for impairment at least once a year. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be legitimate.

If all prerequisites of IAS 38.57 are met, internally generated intangible assets are reported at the amount of the directly attributable development costs incurred. Borrowing costs are capitalized. Capitalization ceases when the asset is finished and released. Pursuant to IAS 38.57, development costs may only be capitalized if an entity can demonstrate that all of the following six prerequisites have been satisfied:

1. The technical feasibility of completing the asset so that it will be available for use or sale
2. The intention to complete the intangible asset and use or sell it
3. The ability to use or to sell the intangible asset
4. The verification that the intangible asset will generate probable future economic benefits
5. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
6. The ability to measure reliably the expenditure attributable to the intangible asset during its development

The Würth Group estimated the customary useful life of the recognized internally generated intangible assets to be three to seven years.

Costs of research and general development are immediately recorded as an expense in accordance with IAS 38.54.

Property, plant and equipment are stated at amortized cost. Repair costs are expensed immediately. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and production overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization. Borrowing costs are capitalized, provided the requirements for a qualifying asset are met. Except for land and land rights, property, plant and equipment are generally depreciated using the straight-line method, unless a different depreciation method better reflects the pattern of consumption.

Depreciation is computed according to the following uniform group useful lives:

Buildings	25 – 40 years
Furniture and fixtures	3 – 10 years
Technical equipment and machines	5 – 15 years

An item of property, plant and equipment leased under a finance lease is recognized at fair value or the lower present value of the minimum lease payments and depreciated over the expected useful life or the contractual term, whichever is shorter. Payment obligations resulting from the lease payments are recorded as a liability at their present value.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

An item of property, plant and equipment or an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

An impairment test is performed at the end of the fiscal year for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount or if an annual impairment test is required. If the recoverable amount of the asset falls short of the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs necessary to make the sale. Value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually or, if that is not possible, for the cash-generating unit.

Impairment losses recognized for an asset in profit or loss in prior years are reversed when there is any indication that the impairment no longer exists or has decreased. Any reversal is posted to profit or loss. A reinstatement or reversal of the impairment loss recorded on an asset cannot, however, exceed the amortized cost that would have been recognized without the impairment. Impairment losses recognized on goodwill are not reversed.

Financial assets are divided into the following categories: (a) held-to-maturity financial assets, (b) financial assets at fair value through profit or loss, (c) available-for-sale financial assets, and (d) loans and receivables originated by the entity.

Financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity, other than loans and receivables originated by the entity, are classified as held-to-maturity investments. Financial assets classified as "at fair value through profit or loss" are (i) financial assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or exchange rates or (ii) financial assets designated upon initial recognition as at fair value through profit or loss. All other financial assets apart from loans and receivables originated by the entity are classified as available-for-sale financial assets.

Held-to-maturity investments are disclosed under non-current assets unless they are due within twelve months of the reporting date. Financial assets held for trading are disclosed under current assets. This does not apply to derivatives that lead to payments in more than twelve months after the reporting date. They are disclosed under non-current financial assets or liabilities. Financial assets designated upon initial recognition as at fair value through profit or loss and available-for-sale financial assets are disclosed as current assets if management intends to sell them within twelve months of the end of the reporting period. They are recognized at the date on which the Würth Group enters into a contract.

The initial recognition of a financial asset is at cost, which corresponds to the fair value of the consideration given. Transaction costs are included, except for financial assets designated upon initial recognition as at fair value through profit or loss or classified as held for trading.

Held-to-maturity investments are measured at amortized cost using the effective interest method. If it is likely that financial assets measured at amortized cost are impaired, the impairment loss is recognized in profit or loss. An impairment loss recorded previously as an expense is adjusted in profit or loss if the subsequent reversal of the impairment loss (or reduction in the impairment loss) can be objectively attributed to circumstances that arose after the original impairment loss. A reversal of the impairment loss is, however, only recognized to the extent that it does not exceed the amortized cost that would have been recognized without the impairment.

Available-for-sale financial assets, financial assets that are classified as held for trading, and financial assets at fair value through profit or loss are subsequently measured at fair value on the basis of market prices as of the reporting date without deducting any transaction costs. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, discounted cash flow analyses or other valuation models.

Gains and losses from measurement of an available-for-sale financial asset at fair value are recognized directly in equity. Changes in the fair value of financial assets held for trading and financial assets at fair value through profit or loss are recognized in the net income or loss for the period.

Loans and receivables originated by the entity and not held for trading are recognized at amortized cost.
Any necessary impairment losses are recognized by deducting the amounts directly from the underlying receivables.

Derivative financial instruments are classified as held-for-trading financial assets / financial liabilities, unless they are included in hedge accounting as hedging instruments. The change in the fair value of the derivative financial instruments is recognized in the consolidated income statement. The fair value of open derivative financial instruments is disclosed under other assets / liabilities.

For hedge accounting purposes, hedging instruments are classified as follows:
a) as fair value hedges if they hedge the risk of fluctuations in the fair value of a recognized asset or liability, or a firm commitment not recognized in the balance sheet,
b) as cash flow hedges if they hedge the risk of fluctuations in cash flows that can be allocated to the risk associated with a recognized asset, a recognized liability or a highly probable future transaction, or the foreign currency risk associated with an unrecognized firm commitment.

At the start of the hedge, both the hedging relationship and the risk management objectives and strategies of the Würth Group are formally defined and documented with regard to the hedge. The documentation stipulates the hedging instrument, the underlying transaction or the hedged transaction and the nature of the hedged risk, while describing how the Würth Group determines the effectiveness of changes in the fair value of the hedging instrument in offsetting the risks from changes in the fair values or cash flows of the underlying transaction that can be traced back to the hedged risk. Such hedge relationships are deemed to be highly effective in terms of achieving compensation for the risks of changes in fair value or cash flows. They are assessed on an ongoing basis to check that they are, in fact, highly effective during the entire reporting period for which the hedging relationship was designated.

Hedging transactions that meet the stringent criteria for hedge accounting are recognized as follows:

Fair value hedges
The change in the fair value of the hedging instrument is recognized as a financial expense in the consolidated income statement. The change in the fair value of the underlying transaction that can be attributed to the hedged risk is recognized as part of the carrying amount of the hedged underlying transaction and is also recognized in the financial result in the consolidated income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to the carrying amount is amortized through profit or loss over the remaining term to maturity of the hedge using the effective interest rate method. Effective interest rate amortization can begin as soon as an adjustment exists, but no later than when the underlying transaction ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the underlying transaction is derecognized, then the fair value that has not yet been amortized is recognized in the consolidated income statement with immediate effect.

When an unrecognized firm commitment is designated as the underlying transaction, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated income statement.

Cash flow hedges
The effective part of the profit or loss resulting from a hedging instrument is posted to other comprehensive income in the reserve for cash flow hedges, while the ineffective part is recognized in the income statement with immediate effect. The Würth Group has an interest rate swap that is used to hedge the risk of fluctuations in the fair value of future financing.

Amounts recognized in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss for the period, such as when hedged financial income or financial expense is recognized or when an expected sale occurs. Where the hedge results in the recognition of a non-financial asset or non-financial liability, the amounts recognized in other comprehensive income become part of the cost at the time of initial recognition of the non-financial asset or liability. If the hedging instrument expires or is disposed of, is terminated or exercised, without being replaced by, or rolled over into, another hedging instrument (as part of the hedging strategy), or if the designation as a hedge is revoked or the criteria for hedge accounting are no longer met, then the accumulated gains / losses recognized under other comprehensive income to date remain in equity as a separate item until the expected transaction occurs or the firm commitment in the foreign currency is fulfilled.

Receivables and liabilities from financial services include all receivables and liabilities arising from the financial services business. Bank receivables and loans, as well as receivables or loans due from customers, are financial investments with fixed or determinable payments and fixed maturity that are not quoted in an active market. After initial recognition, receivables and liabilities from financial services are carried at amortized cost using the effective interest method less any allowance for impairment. Loans in the banking business are tested for impairment. The Würth Group sells receivables from financial services to factors in asset-backed commercial paper (ABCP) transactions. Notwithstanding the transfer of title to the receivables from financial services, these must continue to be recognized by the Würth Group where Group entities retain significant risks and rewards on a contractual basis.

Interest-free and low-interest **loans** are stated at present value.

Actual **income taxes** are calculated based on the taxable income in the fiscal year and in accordance with national tax legislation. Additional tax payments / refunds that are expected, or have actually been made, for previous years are also included.

Deferred taxes result from temporary differences between the IFRS carrying amounts and the tax accounts of the individual entities (except for differences from goodwill arising upon acquisition of shares) and from consolidation entries. Deferred tax assets also include tax credits that result from the expected utilization of existing loss carryforwards in subsequent years. Deferred tax assets for recognition and measurement differences, and for unused tax losses, are only taken into account if they are expected to be realized. Deferred taxes are measured on the basis of the respective local income tax rates. Deferred tax assets and deferred tax liabilities are offset if a Group entity has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred taxes relating to items recognized directly in equity are also posted directly to other comprehensive income. Other deferred taxes are posted to the consolidated income statement.

Inventories are stated at cost of purchase or cost of conversion. Costs of conversion contain directly allocable costs (such as direct materials and labor) and fixed and variable production overheads (such as materials and manufacturing overheads) including appropriate depreciation of the production plant based on ordinary capacity utilization and, in the case of qualifying assets, borrowing costs.

The carrying amounts are calculated using the weighted average cost method.

Risks inherent in inventories from reduced saleability are accounted for by recognizing appropriate write-downs to the lower of cost or net realizable value.

Payments on account received from customers are recorded as liabilities.

Receivables and **other assets** are measured at amortized cost. Allowances are made for impairment based on individual risk estimates and past experience of recoverability. To determine specific allowances, financial assets that could potentially be impaired are grouped together by similar credit risk characteristics and collectively assessed for impairment. Impairment losses on trade receivables are recognized via a provision for impairment in some cases. The decision of whether to account for a credit risk by using a provision for impairment or by recognizing a loss directly on the receivable depends on the ability to accurately assess the risk involved. On account of the different business fields and regional conditions, this assessment is at the discretion of the individuals in charge of the respective portfolios.

As a lessor, the Würth Group recognizes **finance lease assets** as receivables in the statement of financial position equal to the unsold net investment in the lease. Financial income is recognized to reflect a constant periodic rate of return on the lessor's net investment outstanding. Initial direct costs are immediately expensed. Income on unsold contracts is recognized over the term of the lease. Leases that do not essentially transfer all of the risks and rewards associated with ownership from the Würth Group to the lessee are classified as operating leases. Initial direct costs incurred during the negotiation and conclusion of an operating lease are added to the carrying amount of the leased asset and recorded as an expense during the term of the lease in the same way as leasing income. Conditional rental payments are recognized as income during the period in which they are generated.

Securities are classified as financial assets held for trading or designated upon acquisition as financial assets at fair value through profit or loss and marked to market on the reporting date. Highly liquid securities classified as current assets are securities due within three months of the date of acquisition. They are reported as short-term investments under cash and cash equivalents.

Cash and cash equivalents include cash, demand deposits and short-term investments (e.g., money market funds).

Assets classified as held for sale and liabilities in a group of assets classified as held for sale are measured at the lower of the carrying amount or the fair value less cost to sell. Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Non-controlling interests include non-controlling interests in share capital, in reserves and in retained earnings unless they qualify as liabilities as defined by IAS 32. If the latter is the case, they are disclosed under financial liabilities and changes in the fair value are recognized within the financial result.

Post-employment benefit obligations for defined benefit plans are calculated using the projected unit credit method. Future obligations are measured using actuarial methods. Taking account of dynamic components, the future benefit obligations are spread over the entire period of service. Actuarial calculations and estimates must be obtained for all benefit plans. Actuarial gains and losses for the defined benefit plan are recognized in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognized in revenue reserves and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high-quality fixed-rate corporate bonds) and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either as required by law or on a voluntary basis. No further payment obligations arise for the company from the payment of contributions. The amounts are recognized in profit or loss in full.

Provisions are created for all legal or constructive obligations to third parties as of the reporting date that relate to past events, will probably lead to an outflow of resources in the future, and whose amount can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of the money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. In the discounting process, the increase in the provision reflecting the passage of time is recognized as finance costs. Reversals of provisions are posted against the expense items for which the provisions were set up.

When measuring **financial liabilities**, a distinction is made between
a) financial liabilities held for trading, and
b) other financial liabilities.

Derivative financial instruments are classified as held-for-trading financial liabilities and measured at fair value. However, an exception is made for derivatives related to non-listed equity instruments whose fair value cannot be reliably determined and that can only be settled through their delivery. These are measured at cost.

Other financial liabilities are measured at amortized cost using the effective interest rate method. This usually corresponds to the repayment or settlement value or, in the case of obligations similar to pension obligations, to the present value. If non-controlling interests are classified as liabilities as defined by IAS 32, they are measured at fair value.

The Würth Group measures financial instruments and non-financial assets at **fair value** on every reporting date. The fair value is the price that would be paid, in the event of a due and proper transaction, between market participants on the calculation cut-off date for the sale of an asset / transfer of a liability. All assets and liabilities for which the fair value is calculated or is reported in the financial statements are allocated to the fair value hierarchy described below.

Level 1 – Prices listed on active markets for identical assets and liabilities
Level 2 – Valuation procedures in which the lowest level input parameter that is relevant to valuation at fair value as a whole can be directly or indirectly observed on the market
Level 3 – Valuation procedures in which the lowest level input parameter that is relevant to valuation at fair value as a whole cannot be observed on the market

Financial guarantee contracts issued by the Würth Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. These financial guarantee contracts are treated as insurance contracts as defined by IFRS 4, i.e. the financial guarantee contracts are presented as contingent liabilities until utilization becomes probable. When this is the case, the corresponding obligation is recognized.

Sales are recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the level of sales can be measured reliably. Sales are recorded net of general VAT and any price reductions and quantity discounts when delivery has taken place and the risks and rewards incidental to ownership have been transferred in full.

Revenue from financial services is recognized when it is realized or realizable and earned. Interest from interest-bearing assets and liabilities is recognized proportionately over the term of the assets or liabilities concerned using the effective interest method and taking into account any deferred charges and fees as well as premiums or discounts. Commission is recognized when there is sufficient evidence that an agreement exists, the performance has been rendered, the fee or commission has been fixed, and collectability is sufficiently certain.

Lease payments under an operating lease are recognized as an expense in the consolidated income statement on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the benefit for the Würth Group as lessee. A lease is classified as an operating lease if the lease does not transfer substantially all risks and rewards incidental to ownership to the Würth Group.

Finance leases with the Würth Group as lessee, which essentially transfer all the risks and rewards incidental to ownership of the leased asset to the Würth Group, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability during the term of the lease. Finance costs are recognized in the income statement. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Würth Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement on the date of inception and an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional provisions of IFRIC 4.

Government grants are not recognized until there is reasonable assurance that the Würth Group will comply with the conditions attached to the grant and that the Würth Group will in fact receive it. Government grants are recognized in profit or loss as scheduled in line with the related expenses that are subsidized by the grants. If grants are issued for the purchase of property, plant or equipment, the grants are treated as a reduction of the cost of those assets.

Contingent liabilities are potential or present obligations arising from past events that are not likely to result in an outflow of resources and are thus not recorded in the statement of financial position. The amounts stated correspond to the potential liability as of the reporting date.

Subsequent events that provide additional information about the situation before the reporting date are reflected in the statement of financial position. Subsequent events that do not result in any adjustments are reported in the notes where material.

G. Notes on the consolidated income statement

[1] Sales

in millions of EUR	2017	2016
Revenue from the sale of goods and services	12,617.4	11,734.2
Revenue from financial services	104.5	102.0
Total	**12,721.9**	**11,836.2**

Revenue from financial services primarily contains interest income of EUR 34.9 million (2016: EUR 33.5 million), similar income of EUR 11.9 million (2016: EUR 11.1 million) and commission income of EUR 11.1 million (2016: EUR 10.7 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. It also includes income from the leasing and insurance business.

Revenue from the sale of goods and services contains revenue from services of EUR 84.9 million (2016: EUR 84.8 million).

[2] Cost of materials

in millions of EUR	2017	2016
Cost of materials and supplies and of purchased merchandise	6,023.8	5,588.8
Cost of purchased services	228.3	224.4
Total	**6,252.1**	**5,813.2**

[3] Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 5.6 million (2016: EUR 7.8 million) and commission of EUR 5.9 million (2016: EUR 4.9 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. This item also contains EUR 0.8 million (2016: EUR 0.5 million) from the external business of the companies specializing in leases and EUR 15.4 million (2016: EUR 19.6 million) from the insurance business.

[4] Other operating income

Other operating income principally includes income from the sale of other goods and services as well as income from the disposal of assets. In addition, the item includes income from the adjustment of purchase price liabilities from acquisitions in the amount of EUR 31.9 million. This item also includes income from the derecognition of negative differences from initial consolidation in the amount of EUR 2.5 million (2016: EUR 19.5 million).

[5] Personnel expenses and number of employees

Personnel expenses

in millions of EUR	2017	2016
Wages and salaries	2,838.8	2,676.8
Social security	370.4	355.5
Pension and other benefit costs	259.2	248.9
Total	**3,468.4**	**3,281.2**

Number of employees as of the reporting date

	2017	2016
Würth Line Germany	8,240	7,890
Allied Companies Germany	14,380	13,807
Würth Group Germany	22,620	21,697
Würth Group International	51,539	49,694
Würth Group total	**74,159**	**71,391**
Thereof		
Sales staff	32,295	31,498
In-house staff	41,864	39,893

The average headcount of the Würth Group totaled 73,182 in the reporting period (2016: 70,553).

[6] Other operating expenses

Other operating expenses mainly include selling, administration and operating expenses, bad debts and other taxes.

Other operating expenses also include impairment of receivables from the banking business of EUR 5.2 million (2016: EUR 3.5 million).

[7] Finance revenue / finance costs

in millions of EUR	2017	2016
Other interest and similar income	33.8	44.9
Interest and similar expenses	91.8	86.4
Net interest cost from pension plans	4.2	5.0
Total financial result	**62.2**	**46.5**
Thereof from financial instruments under the IAS 39 measurement categories:		
Financial assets held for trading (FAHfT)	23.7	32.3
Financial assets (designated as) at fair value through profit or loss (FAFVtpl)	1.0	1.2
Loans and receivables (LaR)	9.1	11.3
Financial liabilities held for trading (FLHfT)	– 13.7	– 27.1
Financial liabilities at amortized cost (FLAC)	– 78.1	– 59.3

Expenses from the translation of foreign currency items amounted to EUR 20.9 million in 2017. In the previous year, the translation of foreign currency items resulted in income of EUR 8.5 million.

The net gains or losses from financial assets / liabilities held for trading include the net gains or losses from changes in fair value as well as interest income and expenses from these financial instruments. The net gains or losses from loans and receivables chiefly include the effects of impairments and reversals of impairment losses.

[8] Earnings before taxes – reconciliation with the operating result of the Würth Group*

in millions of EUR	2017	2016
Earnings before taxes	**706.2**	**596.9**
Impairment losses for goodwill and brands	102.0	31.0
Measurement of the interests as defined by IAS 32	4.3	5.1
Elimination and charging to the income statement of negative difference from initial consolidation	– 2.5	– 19.5
Adjustment of purchase price liability from acquisition through profit or loss	– 31.9	0.0
Other	2.0	1.8
Operating result	**780.1**	**615.3**

*Not part of the consolidated financial statements in accordance with IFRS

[9] Income taxes

in millions of EUR	2017	2016
Income taxes	166.9	158.6
Deferred tax income		
Deferred tax income from unused tax losses	60.8	55.3
Other deferred tax income	63.3	75.0
Deferred tax expense		
Deferred tax expense from unused tax losses	66.6	53.5
Other deferred tax expenses	65.7	52.8
Total	**175.1**	**134.6**

Income taxes include corporate income tax (including solidarity surcharge) and trade tax of German entities and comparable income taxes of foreign entities.

A reconciliation between the theoretical and the current tax rate for the Würth Group is shown below:

in millions of EUR	2017	2016
Earnings before taxes	706.2	596.9
Theoretical tax rate as a %	18.1	16.9
Theoretical tax expense	**127.8**	**100.9**
Changes in theoretical tax expense due to:		
Unrecognized tax losses from the current fiscal year	15.4	20.1
Recognition of unused tax losses from prior periods	– 8.4	– 10.9
Use of unused tax losses written down in prior years	– 6.5	– 9.9
Write-down on recognized unused tax losses from prior years	2.8	9.4
Write-down + / write-up – on temporary differences	– 3.6	1.5
Different tax rates	7.0	– 0.7
Tax reductions due to tax-free items	– 17.5	– 2.2
Tax increases due to non-deductible expenses	6.7	7.1
Income tax expense that cannot be derived from earnings before taxes	0.5	2.3
Non-tax-deductible amortization of goodwill and other intangible assets	38.9	6.2
Taxes relating to other periods	4.6	10.0
Other	7.4	0.8
Income taxes	**175.1**	**134.6**
Effective tax rate as a %	**24.8**	**22.5**

The theoretical tax rate is based on the weighted average tax rate of all consolidated entities. Changes in income taxes resulted primarily from impairment losses on goodwill, which served to increase taxes. By contrast, purchase price liabilities were adjusted with the resulting income being taken into account free of tax. Tax losses from the current fiscal year, where it was not reasonably certain that they could be used in subsequent periods, also had an impact. Deferred tax assets were not recognized in such cases. In addition, there was a contrary effect resulting from changes in the assessment of the usability of tax losses brought forward.

H. Notes on the consolidated statement of financial position

[10] Intangible assets including goodwill

in millions of EUR	Franchises, industrial rights, licenses and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
1 January 2017	396.0	87.7	299.9	495.9	9.2	1,288.7
Exchange differences	– 8.9	– 1.0	– 11.7	– 31.4	0.0	– 53.0
Changes in the consolidated group	0.4	0.0	42.9	8.5	0.0	51.8
Additions	26.9	1.5	1.8	0.0	5.7	35.9
Disposals	8.2	7.5	0.0	0.0	0.1	15.8
Reclassifications	4.5	0.0	0.0	0.0	– 1.3	3.2
31 December 2017	**410.7**	**80.7**	**332.9**	**473.0**	**13.5**	**1,310.8**
Accumulated depreciation and impairment						
1 January 2017	251.5	71.2	163.2	219.1	0.0	705.0
Exchange differences	– 4.5	– 0.7	– 2.2	– 7.9	0.0	– 15.3
Amortization and depreciation	34.0	5.3	14.6	0.0	0.0	53.9
Impairment losses	0.0	0.0	0.0	102.0	0.0	102.0
Disposals	7.8	7.5	0.0	0.0	0.0	15.3
Reclassifications	0.4	0.0	0.0	0.0	0.0	0.4
31 December 2017	**273.6**	**68.3**	**175.6**	**313.2**	**0.0**	**830.7**
Net carrying amount						
31 December 2017	**137.1**	**12.4**	**157.3**	**159.8**	**13.5**	**480.1**

in millions of EUR	Franchises, industrial rights, licenses and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
1 January 2016	366.6	84.5	281.7	490.2	9.0	1,232.0
Exchange differences	2.4	0.1	3.3	10.3	0.0	16.1
Changes in the consolidated group	– 6.7	0.0	15.9	– 4.1	0.0	5.1
Additions	30.3	2.6	0.5	0.0	6.9	40.3
Disposals	6.3	0.6	0.9	0.5	0.3	8.6
Reclassifications to "Assets classified as held for sale"	– 1.3	0.0	– 1.5	0.0	– 0.1	– 2.9
Reclassifications	11.0	1.1	0.9	0.0	– 6.3	6.7
31 December 2016	**396.0**	**87.7**	**299.9**	**495.9**	**9.2**	**1,288.7**
Accumulated depreciation and impairment						
1 January 2016	220.8	64.3	147.2	191.2	0.1	623.6
Exchange differences	1.0	0.1	0.4	3.4	0.0	4.9
Amortization and depreciation	30.5	7.2	14.4	0.0	0.0	52.1
Impairment losses	6.0	0.0	3.6	25.0	0.0	34.6
Disposals	5.4	0.4	0.9	0.5	0.0	7.2
Reclassifications to "Assets classified as held for sale"	– 1.3	0.0	– 1.5	0.0	– 0.1	– 2.9
Reclassifications	– 0.1	0.0	0.0	0.0	0.0	– 0.1
31 December 2016	**251.5**	**71.2**	**163.2**	**219.1**	**0.0**	**705.0**
Net carrying amount						
31 December 2016	**144.5**	**16.5**	**136.7**	**276.8**	**9.2**	**583.7**

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 7.7 million (2016: EUR 7.2 million).

Goodwill contains amounts from asset deals as well as from share deals.

Goodwill is tested for impairment annually. The test is based on estimated future cash flows derived from the business plan.

The impairment losses in the 2017 fiscal year relate to franchises, industrial rights, licenses and similar rights in the amount of EUR 0.0 million (2016: EUR 6.0 million), to customer relationships and similar assets in the amount of EUR 0.0 million (2016: EUR 3.6 million) and to goodwill in the amount of EUR 102.0 million (2016: EUR 25.0 million). These were largely required at companies whose previous plans for the reporting year were adjusted to reflect changes in expectations regarding future demand development. Goodwill was regularly tested for impairment in accordance with IAS 36 in the 2017 fiscal year. These impairment tests were based on net selling price and conducted at the level of the smallest cash-generating unit.

The impairment losses were recognized under amortization and depreciation.

The table below provides a summary of the tested goodwill and the assumptions underlying the impairment tests:

2017 in millions of EUR	Northern Safety Company, Inc.	PARAVAN GmbH	Tunap	HSR / Indunorm	Chemofast Anchoring GmbH	Wurth Hot	Dakota Premium Hardwoods LLC	Lichtzentrale Thurner GmbH	Wurth Des Moines Bolt Inc.	Other	Total
Goodwill before impairment test	165.9	22.9	9.2	9.1	8.7	9.9	7.4	6.8	6.6	38.8	285.3
Exchange difference	– 19.9	0.0	0.0	0.0	0.0	– 1.2	0.0	0.0	– 0.8	– 1.6	– 23.5
Impairment losses	102.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	102.0
Goodwill	44.0	22.9	9.2	9.1	8.7	8.7	7.4	6.8	5.8	37.2	159.8
Average sales growth in the planning period (%)	7.1	28.7	12.0	6.5	6.2	12.2	8.7	5.4	9.4	2.9-17.8	
EBIT margin in the planning period (%)	1.0–4.9	7.8–18.2	5.9–8.9	5.7–6.0	6.6–7.7	3.8–4.6	4.0–5.0	2.8–3.0	9.1–10.9	2.0–23.2	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p. a. after the end of the planning period (%)	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (%)	7.2	22.9	8.9	5.7	8.9	5.5	5.0	3.0	14.1	2.9–23.2	
Discount rate	12.6	11.7	7.2	9.9	7.3	12.6	13.9	12.3	13.3	7.3–13.9	
Additional impairment losses											
Assuming a 10% lower cash flow	10.6	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	4.5	
Assuming a 1% higher discount rate	12.8	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	7.2	

2016 in millions of EUR	Northern Safety Company, Inc.	PARAVAN GmbH	MEF S.r.l.	Tunap	HSR / Indunorm	Chemofast Anchoring GmbH	Lichtzentrale Thurner GmbH	Wurth Des Moines Bolt Inc.	Diffutherm / Dinol	Other	Total
Goodwill before impairment test	159.7	22.9	17.6	9.2	9.1	8.7	6.8	6.4	6.2	48.3	294.9
Exchange difference	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.5	6.9
Impairment losses	0.0	0.0	17.6	0.0	0.0	0.0	0.0	0.0	6.2	1.2	25.0
Goodwill	165.9	22.9	0.0	9.2	9.1	8.7	6.8	6.6	0.0	47.6	276.8
Average sales growth in the planning period (%)	11.2	29.4	4.6	7.9	5.8	5.7	5.5	10.0	7.3	3.0–16.7	
EBIT margin in the planning period (%)	5.8–9.3	5.5–33.0	2.1–2.3	7.5–9.4	5.2–5.7	5.0–6.2	2.7–3.1	8.2–17.3	2.7–3.8	0.9–18.2	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p. a. after the end of the planning period (%)	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (%)	9.9	34.3	2.5	9.4	5.2	8.6	3.1	13.7	6.0	2.6–18.2	
Discount rate	11.1	9.4	13.8	8.1	8.2	8.1	9.8	11.7	7.9	7.6–12.4	
Additional impairment losses											
Assuming a 10 % lower cash flow	21.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	
Assuming a 1 % higher discount rate	37.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	

The assumptions underlying the calculation of the net selling price are most sensitive to estimation uncertainties regarding sales growth, EBIT margins and the discount rates used.

The assumptions concerning sales growth and EBIT margins used for the impairment tests in the planning period are based on internal records of past experience and assumptions by management used in the business plans valid as of the reporting date.

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessments of any risks specific to the cash-generating units for which future estimates of cash flows have not been adjusted.

With regard to the assessment of value in use of the cash-generating units, management believes that – with the exception of those cash-generating units where impairment losses were recognized – no reasonably possible change in any of the above key assumptions made to determine the net selling price would cause the carrying amount of the cash-generating unit to materially exceed its recoverable amount.

[11] Property, plant and equipment

in millions of EUR	Land, land rights and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Cost					
1 January 2017	2,512.6	995.8	1,840.4	166.3	5,515.1
Exchange differences	– 32.8	– 14.1	– 29.2	– 1.0	– 77.1
Changes in the consolidated group	0.2	0.5	3.5	0.1	4.3
Additions	76.2	74.8	171.2	136.1	458.3
Disposals	15.1	43.3	86.5	0.7	145.6
Reclassifications	65.4	30.7	20.2	– 115.1	1.2
31 December 2017	**2,606.5**	**1,044.4**	**1,919.6**	**185.7**	**5,756.2**
Accumulated depreciation and impairment					
1 January 2017	944.7	631.7	1,029.1	0.1	2,605.6
Exchange differences	– 10.2	– 9.9	– 20.4	0.0	– 40.5
Amortization and depreciation	72.1	66.7	130.8	0.0	269.6
Impairment losses	0.0	0.0	0.7	0.0	0.7
Disposals	9.9	40.0	81.7	0.0	131.6
Reclassifications	– 3.9	4.9	– 0.6	0.0	0.4
Reversal of impairment losses	0.0	0.0	0.4	0.0	0.4
31 December 2017	**992.8**	**653.4**	**1,057.5**	**0.1**	**2,703.8**
Net carrying amount					
31 December 2017	**1,613.7**	**391.0**	**862.1**	**185.6**	**3,052.4**

in millions of EUR	Land, land rights and buildings incl. buildings on third-party land	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Cost					
1 January 2016	2,365.2	912.4	1,751.7	172.0	5,201.3
Exchange differences	8.5	3.6	4.8	2.0	18.9
Changes in the consolidated group	6.9	1.3	1.5	0.8	10.5
Additions	63.6	59.4	156.2	160.6	439.8
Disposals	10.8	31.1	76.2	1.3	119.4
Reclassifications to "Assets classified as held for sale"	- 4.0	- 14.1	- 10.7	- 0.4	- 29.2
Reclassifications	83.2	64.3	13.1	- 167.4	- 6.8
31 December 2016	**2,512.6**	**995.8**	**1,840.4**	**166.3**	**5,515.1**
Accumulated depreciation and impairment					
1 January 2016	883.5	608.6	975.7	0.1	2,467.9
Exchange differences	0.7	2.5	2.5	0.0	5.7
Amortization and depreciation	68.5	62.2	127.2	0.0	257.9
Impairment losses	0.0	0.0	0.0	0.0	0.0
Disposals	4.3	28.6	65.2	0.0	98.1
Reclassifications to "Assets classified as held for sale"	- 4.0	- 13.1	- 9.4	0.0	- 26.5
Reclassifications	0.3	0.1	- 0.3	0.0	0.1
Reversal of impairment losses	0.0	0.0	1.4	0.0	1.4
31 December 2016	**944.7**	**631.7**	**1,029.1**	**0.1**	**2,605.6**
Net carrying amount					
31 December 2016	**1,567.9**	**364.1**	**811.3**	**166.2**	**2,909.5**

There are restrictions on the rights of disposal of property, plant and equipment and assets assigned as collateral, which can be broken down as follows:

in millions of EUR	**2017**	**2016**
Land charges	4.1	14.8
Collateral assignment	11.9	10.9
Total	**16.0**	**25.7**

There are payment obligations for investment in fixed assets of EUR 18.7 million (2016: EUR 42.0 million).

Payments on account and assets under construction contain assets under construction of EUR 145.5 million (2016: EUR 118.3 million), which relate to technical equipment and machines as well as buildings.

[12] Financial assets

The investments disclosed under financial assets belong to the available-for-sale category. They are generally measured at fair value without any effect on profit or loss. There were no adjustments to fair value in the 2017 fiscal year that would require unrealized gains and losses to be recognized in equity. Where fair value could not be determined because there was no active market or suitable valuation technique, the investment was measured at amortized cost. This item also includes held-to-maturity investments, which are accounted for at amortized cost. Fair values that could not be determined on the basis of observable market data of EUR 11.8 million (2016: EUR 16.2 million) relate to long-term interests in non-listed corporations and partnerships.

Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, provided securities with a carrying amount of EUR 36.0 million (2016: EUR 0.0 million) as collateral for loans granted by L-Bank, Karlsruhe, Germany. The maximum credit risk is the amount carried in the statement of financial position.

[13] Receivables from financial services

in millions of EUR	**2017**	Thereof due within one year	**2016**	Thereof due within one year
Receivables from the leasing business	431.3	164.2	343.1	108.2
Receivables from the insurance business	1.6	1.6	1.5	1.5
Receivables from the banking business				
Receivables from customers	1,080.7	486.7	967.0	431.4
Receivables from banks	90.5	90.5	22.0	22.0
Other asset items	2.2	2.2	5.4	5.4
Total	**1,606.3**	**745.2**	**1,339.0**	**568.5**

Receivables from financial services include receivables from related parties of EUR 14.2 million (2016: EUR 16.9 million).

The Würth Group regularly sells receivables from financial services arising from the external leasing business in the form of ABCP transactions. As of 31 December 2017, factored receivables from financial services of EUR 110.3 million (2016: EUR 88.2 million) were not derecognized from the consolidated statement of financial position because all the risks and rewards incidental to ownership were essentially retained by the Würth Group. The corresponding liability is disclosed under [24] "Liabilities from financial services".

The following table provides information on the extent of the credit risk included in receivables from financial services.

in millions of EUR	2017	2016
Receivables from financial services that are neither past due nor impaired	1,580.0	1,296.2
Receivables not impaired but past due by		
less than 120 days	12.7	28.2
between 120 and 179 days	0.1	0.8
between 180 and 359 days	1.0	0.4
more than 360 days	0.2	1.0
Total receivables not impaired	**1,594.0**	**1,326.6**
Impaired receivables from financial services (gross)	32.0	36.7
Impairment loss recognized on receivables from financial services	19.7	24.3
Net carrying amount	**1,606.3**	**1,339.0**

With respect to the receivables from financial services that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.

Most of the receivables that are past due but not impaired are secured.

Movements in the provision for impairment of receivables from financial services were as follows:

in millions of EUR	2017	2016
Provision for impairment as of January 1	**24.3**	**23.0**
Amounts recognized as income (–) or expense (+) in the reporting period	4.7	6.0
Derecognition of receivables	– 9.0	– 4.7
Payments received and recoveries of amounts previously written off	– 0.1	0.0
Currency translation effects	– 0.2	0.0
Provision for impairment as of December 31	**19.7**	**24.3**

The income or expense from impairment losses and the derecognition of receivables from financial services is disclosed under other operating expenses.

[14] Deferred taxes

Deferred tax assets and liabilities can be allocated as follows:

in millions of EUR	Deferred tax assets 2017	Deferred tax liabilities 2017	Deferred tax assets 2016	Deferred tax liabilities 2016	Change 2017	Change 2016
Non-current assets	81.5	76.6	73.9	88.5	19.5	20.9
Inventories	49.2	37.0	54.1	36.8	– 5.1	2.0
Receivables	17.3	14.5	17.0	2.8	– 11.4	2.6
Other assets	7.7	34.2	15.9	45.9	3.5	– 3.0
Provisions	69.0	24.6	70.7	20.9	– 5.4	11.7
Liabilities	11.3	4.8	13.5	6.4	– 0.6	– 1.1
Other liabilities	4.5	54.9	10.4	57.8	– 3.0	– 7.9
	240.5	**246.6**	**255.5**	**259.1**	**– 2.5**	**25.2**
Unused tax losses	19.7		25.3		– 5.6	0.9
Netting	– 120.0	– 120.0	– 128.6	– 128.6		
Total	**140.2**	**126.6**	**152.2**	**130.5**	**– 8.1**	**26.1**

The development of timing differences is fully reflected in income taxes. One exception relates to foreign exchange differences of EUR – 2.8 million (2016: EUR 0.9 million), which were recognized directly in equity, and additions of deferred taxes of EUR 4.5 million (2016: EUR 0.9 million) arising from new acquisitions, as well as deferred taxes on items recorded in equity that were also recognized directly in other comprehensive income in the amount of EUR 1.7 million (2016: EUR 1.8 million).

There are deferred tax assets totaling EUR 12.1 million (2016: EUR 19.6 million) for entities that have a history of losses.

Deferred tax assets of EUR 8.4 million (2016: EUR 10.9 million) were recorded subsequently in the 2017 fiscal year on unused tax losses of EUR 60.0 million (2016: EUR 40.3 million), as management considers it possible that they will be used by the Würth Group in the future.
Deferred tax assets of EUR 111.8 million in total (2016: EUR 128.6 million) were recognized on unused tax losses.

No deferred tax assets were recognized for unused tax losses of EUR 524.2 million (2016: EUR 599.1 million) as it is not sufficiently probable that they will be realized.

These unused tax losses are classified by expiration period as follows:

in millions of EUR	2017	2016
Expiration of unused tax losses		
Non-forfeitable	292.9	345.1
Expiration within the next five to ten years	67.9	50.9
Expiration within the next one to five years	133.1	131.0
Expiration within the next year	30.3	72.1
Total unused tax losses net of deferred tax assets recognized	**524.2**	**599.1**

The unused tax losses include unused tax losses of EUR 1.5 million (2016: EUR 1.5 million) that originated prior to creation of the consolidated tax group and that cannot be used until the existing profit and loss transfer agreements have been terminated.

No deferred taxes were recognized for accumulated profits and losses of foreign subsidiaries of EUR 581.4 million (2016: EUR 605.8 million). If deferred taxes had been recognized for these timing differences, they would have had to be calculated exclusively using the withholding tax rate applicable in each case, possibly including the German tax rate of 5 % on distributed dividends. The calculation of these unrecognized deferred tax liabilities would have been unreasonably time-consuming.

Future distributions to the owners do not have any other income tax implications for the Würth Group.

[15] Inventories

in millions of EUR	2017	2016
Materials and supplies	112.4	92.3
Work in process and finished goods	190.3	169.0
Merchandise	1,638.3	1,427.3
Payments on account	14.6	9.9
Total	**1,955.6**	**1,698.5**

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 3.8 million (2016: EUR 26.3 million).

[16] Trade receivables

This item exclusively comprises receivables from third parties.

in millions of EUR	2017	2016
Trade receivables that are neither past due nor impaired	832.2	765.7
Receivables not impaired but past due by		
less than 120 days	277.2	252.4
between 120 and 179 days	2.5	2.0
between 180 and 359 days	0.7	0.8
more than 360 days	0.1	0.1
Total receivables not impaired	**1,112.7**	**1,021.0**
Impaired trade receivables (gross)	753.9	711.2
Provision for impairment of trade receivables	147.6	156.7
Net carrying amount	**1,719.0**	**1,575.5**

With respect to the trade receivables that were neither impaired nor past due, there was no indication as of the reporting date that the debtors would not meet their payment obligations.
Where possible and feasible, we take out credit insurance.

Movements in the provision for impairment of trade receivables were as follows:

in millions of EUR	2017	2016
Provision for impairment as of January 1	**156.7**	**152.5**
Changes in the consolidated group	1.3	2.7
Amounts recognized as income (–) or expense (+) in the reporting period	31.4	30.6
Derecognition of receivables	– 34.5	– 28.2
Payments received and recoveries of amounts previously written off	– 2.9	– 1.5
Currency translation effects	– 4.4	0.9
Less impairment losses recognized on assets classified as held for sale	0.0	0.3
Provision for impairment as of December 31	**147.6**	**156.7**

The following table presents the expenses from the derecognition of trade receivables and income from recoveries of amounts previously written off:

in millions of EUR	2017	2016
Expenses from the derecognition of receivables	38.2	38.2
Income from recoveries of amounts previously written off	2.7	2.7

The income or expense from impairment losses and the derecognition of trade receivables is disclosed under other operating expenses.

[17] Income tax receivables

This item records income tax receivables from tax authorities.

[18] Other financial assets

in millions of EUR	2017	Thereof due within one year	2016	Thereof due within one year
Receivables from related parties	40.7	33.6	20.6	10.1
Derivative financial assets	7.7	7.7	13.1	13.1
Sundry financial assets	120.7	120.7	118.0	117.9
Total	**169.1**	**162.0**	**151.7**	**141.1**

Sundry financial assets mainly include supplier discounts and bonuses.

All other past due financial assets are directly written off against the underlying other financial assets.

The receivables from related parties include the purchase price receivable of EUR 10.6 million (2016: EUR 14.0 million). The receivable is subject to customary market interest rates.

[19] Other assets

in millions of EUR	2017	Thereof due within one year	2016	Thereof due within one year
Sundry assets	146.4	112.7	128.6	97.6
Prepaid expenses	61.2	61.2	55.4	55.4
Total	**207.6**	**173.9**	**184.0**	**153.0**

Sundry assets mainly include VAT receivables. Prepaid expenses mainly relate to prepaid insurance premiums and prepaid lease and rent payments.

Impairment losses were recognized on all other assets that were past due.

[20] Securities

On the one hand, the securities are investments in shares and bonds that are not actively traded, but are stated at fair value on account of internal management and performance evaluations as well as in accordance with a documented risk management and investment strategy. Changes in value are determined by reference to comparable market values (level 2). Income from changes in value amounted to EUR 1.8 million in the fiscal year (2016: EUR 1.3 million). A total amount of EUR 12.4 million (2016: EUR 10.6 million) has been recognized in profit or loss since the instruments were designated as financial assets at fair value through profit or loss. On the other hand, securities include actively traded shares and bonds that are grouped as available-for-sale financial assets. There were no changes in value in the 2017 fiscal year. Out of the securities from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, EUR 51.0 million (2016: EUR 61.6 million) was pledged as collateral for the credit line granted for refinancing purposes by Deutsche Bundesbank, Frankfurt am Main, Germany, and as collateral for a global loan at L-Bank, Karlsruhe, Germany. The maximum credit risk corresponds to the fair value.

[21] Cash and cash equivalents

Balances denominated in foreign currency are measured at the closing rate. The composition and development of cash and cash equivalents are presented in the consolidated statement of cash flows. The money market funds were valued at the current money market rate.

[22] Assets classified as held for sale and liabilities in a group of assets classified as held for sale

Assets in millions of EUR	2017	2016
Non-current assets		
Property, plant and equipment	2.6	2.8
Deferred taxes	0.0	1.2
Current assets		
Inventories	7.4	10.4
Trade receivables	4.8	4.4
Other financial assets	0.8	2.5
Other assets	0.8	0.8
Cash and cash equivalents	0.1	0.1
Assets classified as held for sale	**16.5**	**22.2**

Liabilities in millions of EUR	2017	2016
Non-current liabilities		
Obligations from post-employment benefits	0.5	0.7
Provisions	0.0	4.3
Current liabilities		
Trade payables	5.0	5.0
Provisions	0.0	3.0
Other financial liabilities	1.5	7.4
Other liabilities	0.0	0.1
Liabilities in a group of assets classified as held for sale	**7.0**	**20.5**
Net assets directly related to the disposal group	**9.5**	**1.7**

The statement of financial position of the Würth Group, as of 31 December 2017, includes assets classified as held for sale and liabilities in a group of assets classified as held for sale, as the Würth Group was planning to sell a defined regional part of the Tools unit on the balance sheet date. The transaction is scheduled to be completed in the 2018 fiscal year.

[23] Equity

Share capital comprises the share capital of the following parent companies within the Group:

Parent companies within the Group	Registered office	Share capital in millions of EUR	Shareholders
Adolf Würth GmbH & Co. KG	Germany	300.8	Würth Family Trusts
Würth Finanz-Beteiligungs-GmbH	Germany	67.0	Würth Family Trusts
Waldenburger Beteiligungen GmbH & Co. KG	Germany	20.0	Würth Family Trusts
Würth Elektrogroßhandel GmbH & Co. KG	Germany	19.6	Würth Family Trusts
Würth Promotion Ges.m.b.H.	Austria	0.07	Würth Private Trust
Würth Beteiligungen GmbH	Germany	0.03	Würth Family Trusts
Other (incl. 35 general partner companies)	Germany	0.93	Adolf Würth Trust
Total		**408.4**	

The limited partners' capital in the partnerships corresponds to the share capital.

Other reserves include the profits earned in prior years and not yet distributed as well as capital contributions at the parent companies in the Group and consolidated subsidiaries. Differences from foreign currency translation and from the remeasurement of defined benefit plans are also disclosed here.

The individual equity components and their development in 2017 and 2016 are shown in the consolidated statement of changes in equity.

Non-controlling interests mainly relate to shares held by third parties in subsidiaries as well as direct shareholdings of members of the Würth family.

The reserves for cash flow hedges relate to the effective part of the loss from a hedging instrument to hedge the risk of fluctuations in the fair value of future financing.

Distributions of EUR 150 million are planned for 2018.

[24] Liabilities from financial services

2017 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	195.5	41.1	153.5	0.9
Liabilities from the insurance business	2.3	2.3	0.0	0.0
Liabilities from the banking business	1,152.7	882.3	204.7	65.7
Total	**1,350.5**	**925.7**	**358.2**	**66.6**

2016 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	155.7	62.0	87.7	6.0
Liabilities from the insurance business	3.2	3.2	0.0	0.0
Liabilities from the banking business	1,035.0	819.9	155.4	59.7
Total	**1,193.9**	**885.1**	**243.1**	**65.7**

Liabilities from financial services include liabilities from related parties of EUR 2.5 million (2016: EUR 2.9 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 110.3 million (2016: EUR 88.2 million). The nominal amount of this ABCP transaction comes to EUR 116.3 million (2016: EUR 93.3 million). Any risk items relating to it are hedged by interest swaps of the same amount and term as soon as they become apparent. As of the end of the reporting period, the contrasting changes in value and cash flows from hedged transactions and hedging instruments had balanced each other out.

The table below shows the contractually agreed remaining terms to maturity:

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2017**	< 1 year	1–5 years	> 5 years
Liabilities from the leasing business	195.5	45.8	158.7	0.9
Liabilities from the insurance business	2.3	2.3	0.0	0.0
Liabilities from the banking business	1,152.7	884.6	222.0	66.1

[25] Financial liabilities

in millions of EUR	2017	Thereof due within one year	2016	Thereof due within one year
Bonds	1,662.4	499.7	1,683.8	0.0
Liabilities to banks	65.2	59.6	87.7	60.6
Liabilities to non-controlling interests	44.9	44.9	43.2	43.2
Liabilities from leases	4.9	1.4	9.3	4.6
Total	**1,777.4**	**605.6**	**1,824.0**	**108.4**

The Group has financial liabilities due in more than five years of EUR 1.2 million (2016: EUR 504.7 million).

The maturities and terms of the bonds repayable and their fair values are as follows:

Type	Amount	Interest	Effective interest	Maturity	Treasury stock in millions of EUR	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	3.75 %	3.86 %	5/25/2018	0.0	499.7	507.7
Bond	EUR 500 million	1.75 %	1.76 %	5/21/2020	0.0	497.7	522.3
US private placement	USD 200 million	4.48 %	4.53 %	9/29/2021	0.0	166.8	182.7
Bond	EUR 500 million	1.00 %	1.04 %	5/19/2022	1.5	498.2	515.2
31 December 2017					**1.5**	**1,662.4**	**1,727.9**

Type	Amount	Interest	Effective interest	Maturity	Treasury stock in millions of EUR	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	3.75 %	3.86 %	5/25/2018	0.0	499.0	525.3
Bond	EUR 500 million	1.75 %	1.76 %	5/21/2020	0.0	499.0	529.5
US private placement	USD 200 million	4.48 %	4.53 %	9/22/2021	0.0	189.5	214.0
Bond	EUR 500 million	1.00 %	1.04 %	5/19/2022	1.5	496.3	498.5
31 December 2016					**1.5**	**1,683.8**	**1,767.3**

Treasury stock of EUR 1.5 million (2016: EUR 1.5 million), which was treated as a corporate repurchase, was offset against the bonds that were issued with an original value of EUR 1,663.9 million (2016: EUR 1,685.3 million).

The capital borrowed though the US private placement of USD 200 million is contingent on certain covenants being met. The Würth Group is required to meet certain debt service ratios, such as the ratio of net financial debt to EBITDA and senior liabilities to equity. They also include restrictions on the disposal of assets. All financial covenants were complied with as of 31 December 2017, as in the previous year.

The maturities and conditions of liabilities due to banks are as follows:

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	> 5 years	Carrying amount
EUR	floating / fixed	< 1 year	0.01 % – 10.00 %	47.2	4.2	0.1	51.5
USD	floating / fixed	< 1 year	0.01 % – 6.47 %	0.3	0.0	0.0	0.3
Other	floating / fixed	< 1 year	1.00 % – 12.00 %	12.1	0.5	0.0	12.6
EUR	fixed	1–5 years	2.00 % – 5.00 %	0.0	0.8	0.0	0.8
31 December 2017				**59.6**	**5.5**	**0.1**	**65.2**

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	> 5 years	Carrying amount
EUR	floating / fixed	< 1 year	0.01 % – 10.00 %	44.2	0.2	0.0	44.4
USD	floating / fixed	< 1 year	0.01 % – 6.00 %	0.5	0.0	0.0	0.5
Other	floating / fixed	< 1 year	0.01 % – 20.00 %	15.9	0.7	0.0	16.6
EUR	fixed	1–5 years	0.59 % – 7.00 %	0.0	19.2	0.0	19.2
EUR	fixed	> 5 years	0.85 % – 5.00 %	0.0	0.0	7.0	7.0
31 December 2016				**60.6**	**20.1**	**7.0**	**87.7**

The carrying amounts of liabilities to banks reported in the statement of financial position approximate fair value. Non-current liabilities from leases are subject to customary market interest rates.

The table below shows the contractually agreed remaining terms to maturity:

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2017**	< 1 year	1–5 years	> 5 years
Financial liabilities				
Bonds, liabilities to banks	1,727.6	599.6	1,228.5	0.1
Liabilities from leases	4.9	1.8	3.7	1.4
Trade payables	741.7	741.7	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	291.8	0.0	0.0
Outflows from currency derivatives	0.7	295.5	0.0	0.0
Outflows from interest rate derivatives	7.9	3.4	7.1	0.0
Inflows from interest rate derivatives	–	0.0	0.0	1.7

Change in liabilities from financing activities:

in millions of EUR	**1 January 2017**	Additions due to changes in the consolidated group	Cash flows	Exchange rate changes	Change in fair value	New leases	Other	**31 December 2017**
Short-term bonds	0.0				0.7		499.0	499.7
Current liabilities to banks	60.6	8.2	– 29.5	– 1.0			21.3	59.6
Current liabilities from leases	4.6		– 4.2	– 0.3		0.2	1.1	1.4
Long-term bonds	1,683.8			– 22.8	0.7		– 499.0	1,162.7
Non-current liabilities to banks	27.1		0.7				– 22.2	5.6
Non-current liabilities from leases	4.7	0.1		– 0.1		0.2	– 1.4	3.5
Receivables from / liabilities to family trusts and the Würth family	– 14.3		– 35.5					– 49.8
Total liabilities from financing activities	**1,766.5**	**8.3**	**– 68.5**	**– 24.2**	**1.4**	**0.4**	**– 1.2**	**1,682.7**

[26] Obligations from post-employment benefits

A pension plan is in place for employees of the Würth Group for the period after they retire. The benefits vary according to local legal, tax and economic conditions. The obligations include vested future pension benefits as well as current pensions paid. The company pension scheme includes defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the respective entity pays contributions to state or private pension companies either on a voluntary basis or based on legal provisions. The contributions are recognized as a personnel expense when they fall due. No further payment obligations arise for the Würth Group from the payment of contributions. Current contributions (excluding contributions to the statutory pension insurance) totaled EUR 16.5 million (2016: EUR 16.7 million). Payments of EUR 190.3 million were made to the statutory pension insurance in the fiscal year (2016: EUR 174.9 million).

The largest defined benefit plans are in Germany, Austria, Italy, and Switzerland. The defined benefit plans in Germany, Austria and Italy constitute direct obligations, whereas the Swiss plans are indirect benefit obligations. The amount of the entitlements depends on the length of service, frequently on the salary development and, for indirect benefit obligations, also on the employee contributions paid in.

The Würth Group's benefit obligations in Germany guarantee the beneficiaries a life-long monthly old-age pension, provided that a vesting period of ten years of service can be demonstrated. The amount of the benefit is usually determined by arranged fixed amounts. Employees receive such voluntary pensions in addition to the statutory pension once they reach the statutory retirement age. Employees are also offered another defined benefit plan in the form of a deferred compensation arrangement under which gross cash compensation is converted into a company pension plan based on individual contracts. This voluntary conversion of monthly compensation is generally limited to the higher of either 10 % of one twelfth of the yearly income in the year before commencement of the conversion or 4 % of the respective maximum monthly contribution to the German pension system (western German states). In total, obligations in Germany amount to EUR 162.4 million (2016: EUR 155.5 million).

In Austria, a severance payment is guaranteed by law, subject to the provisions of the BMVG ["Betriebliche Mitarbeiterversorgungsgesetz": Austrian Act Governing Company Pensions]. This is paid out when the employment relationship ends. For employment relationships that began before the end of 2002, the employee has a right to such payment from the employer. The amount depends on the length of service and salary development. If the employment relationship is terminated by the employee, the right to a severance payment from the employer is forfeited. For employment relationships started as of the beginning of 2003, the employer pays 1.53 % of the gross monthly salary into a selected company pension scheme, which then pays out any severance payment entitlement when the employment ends. The entitlement is now retained even if the employee terminates the employment relationship. For employment relationships that began before the end of 2002, total obligations were recognized in the amount of EUR 29.0 million in Austria (2016: EUR 27.7 million).

In Italy, employees are entitled by law to a severance payment when the employment relationship ends (trattamento di fine rapporto, TFR). The amount of the TFR is determined by the number of years of service and is capped at one month's salary per year of service. Since 2007, the legislature provides for a capital option, i.e. the employees can choose whether provision should continue to be made for their future entitlements in the company or be paid into a pension fund instead. Obligations of EUR 27.1 million were recognized in the statement of financial position of the Würth Group in Italy (2016: EUR 26.0 million).

In the Würth Group in Switzerland, retirement benefits are handled via external insurance companies. They are subject to regulatory supervision and are governed by the BVG ["Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans]. The top management body of these insurance companies, the trust board, is composed of an equal number of employee and employer representatives. The various benefits are set forth in regulations, with minimum benefits stipulated by the BVG. The contributions to the insurance company are settled by employers and employees. In the event of a deficit, measures can be agreed, such as adjusting the benefit obligation by changing conversion rates or increasing current contributions. In the case of almost all Swiss entities in the Würth Group in Switzerland, the insurance company is a separate pension trust. The benefits comprise not only old-age pensions, but also disability and surviving dependents' pension benefits. The trust's statutes define the pension scope and benefit amounts, minimum payment obligations and the investment strategy. All insurance-related risks are borne by the trust. The trust board reviews the investment strategy annually by means of an ALM (asset liability management) analysis as part of its responsibility for the investment of the assets. In total, obligations in Switzerland amounted to EUR 206.4 million (2016: EUR 196.9 million). Plan assets came to EUR 173.8 million (2016: EUR 161.4 million). The associated net liability amounts to EUR 32.6 million (2016: EUR 35.5 million).

The obligations from post-employment benefits were determined based on the following assumptions:

	Discount rate		Future salary increases		Future pension increases	
in %	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Germany	1.75	1.75	3.0	3.00	1.75	1.75
Austria	1.50 – 1.75	1.75 – 2.00	2.00 – 3.00	2.00 – 3.00	–	–
Italy	1.30	1.80	3.00	3.00	1.50	1.50
Switzerland	0.60	0.70	0.50	0.50	–	–
Other countries	0.50-2.50	0.75-2.60	2.00-2.25	2.00-2.25	1.00	1.00

The 2005 G mortality tables from Dr. Klaus Heubeck are applied in Germany. The method for determining the discount rate is unchanged compared to the prior year.

The benefit obligations are derived as follows:

in millions of EUR	**2017**	**2016**	**2015**	**2014**	**2013**
Present value of funded benefit obligations	257.7	246.5	270.5	293.5	238.6
Fair value of plan assets	– 199.7	– 188.2	– 204.7	– 242.3	– 205.9
Adjustments to plan assets in accordance with IAS 19.64 b	0.0	0.0	0.0	3.3	1.6
Net carrying amount on funded benefit obligations	**58.0**	**58.3**	**65.8**	**54.5**	**34.3**
Present value of unfunded benefit obligations	**219.8**	**208.9**	**182.9**	**190.3**	**151.8**
Net benefit liability recognized in the statement of financial position	**277.8**	**267.2**	**248.7**	**244.8**	**186.1**
Experience adjustments					
Present value of the obligations	10.0	– 10.4	– 1.9	0.7	10.2

The average term to maturity of the obligations from post-employment benefits is 18 years.

The net benefit expense from defined benefit plans breaks down as follows:

in millions of EUR	**2017**	**2016**
Service cost		
Current service cost	17.4	22.3
Expense / income from plan settlements	– 1.0	0.1
Net interest cost	4.2	5.0
Total expense recognized in the income statement	**20.6**	**27.4**

The service cost is recognized under personnel expenses, while the net interest cost is recorded in the financial result.

The remeasurement of defined benefit plans breaks down as follows:

in millions of EUR	2017	2016
Actuarial gains (–) and losses (+) recognized		
on changes in actuarial assumptions	4.3	22.3
on changes in demographic assumptions	13.2	– 10.4
Return on plan assets (less interest income)	– 9.6	– 5.5
Remeasurement of defined benefit plans	**7.9**	**6.4**

The present value of the defined benefit obligations changed as follows:

in millions of EUR	2017	2016
Defined benefit obligation at the beginning of the year	455.4	453.4
Disposal to assets classified as held for sale and liabilities in a group of assets classified as held for sale	0.0	– 27.8
Increase due to deferred compensation	0.4	0.5
Service cost	16.4	22.4
Interest cost	6.0	7.8
Employee contributions	5.9	6.3
Benefits paid	– 10.0	– 11.6
Actuarial gains (–) and losses (+) recognized	17.5	11.9
Transfer of benefits	– 1.5	– 5.7
Exchange difference on foreign plans	– 12.6	– 1.8
Defined benefit obligation at the end of the year	**477.5**	**455.4**

Future adjustments in pensions are taken into account in accordance with legal provisions (e.g., in Germany Sec. 16 BetrAVG ["Gesetz zur Verbesserung der betrieblichen Altersversorge": German Company Pensions Act]).

The fair value of the plan assets has developed as follows:

in millions of EUR	2017	2016
Fair value of plan assets at the beginning of the year	188.2	204.7
Disposal to assets classified as held for sale	0.0	– 28.6
Interest income	1.8	2.8
Return on plan assets (less interest income)	9.6	5.5
Employer contributions	9.2	10.0
Employee contributions	5.9	6.3
Benefits paid	– 3.6	– 4.9
Transfer of assets	– 1.5	– 5.1
Exchange difference on foreign plans	– 9.9	– 2.5
Fair value of plan assets at the end of the year	**199.7**	**188.2**

The actual return came in at 6.07 % (2016: 3.96 %). The amount of employer contributions to external funds is expected to be similar in the following year.

Breakdown of fair value of plan assets by asset category:

in millions of EUR	2017	2016	2015	2014	2013
Fixed-income investment funds	55.8	63.0	67.9	116.4	79.6
Share-based investment funds	47.0	45.4	43.2	45.7	39.5
Real estate investment funds	37.5	38.0	35.8	30.4	32.1
Other funds	11.7	10.5	2.5	20.8	26.9
Fixed-interest securities	21.0	16.8	25.2	15.1	16.0
Shares	5.7	2.0	13.2	1.7	1.9
Real estate	5.6	2.7	3.5	2.4	2.6
Other	15.4	9.8	13.4	9.8	7.3
Total	**199.7**	**188.2**	**204.7**	**242.3**	**205.9**

As a rule, quoted prices are available on an active market for the equity and debt instruments. The ratings for funds and fixed-interest securities are usually not below A. The item "Other" primarily relates to cash and cash equivalents invested at banks with an A rating or higher.

With regard to sensitivities, the key actuarial assumptions determined for the Würth Group in Germany are the discount rate, the pension trend and life expectancy. For the Würth Group in Switzerland, the discount rate, the rate of future salary increases and life expectancy have been determined.

At the Würth Group in Germany, a 0.25 % increase / decrease in the discount rate would lead to a decrease / increase in the DBO (Defined Benefit Obligation) of –4.8 % / 5.2 %. A 0.25 % increase / decrease in the pension trend would lead to an increase / decrease in the DBO of 1.8 % / –2.3 %. An increase in life expectancy of one year would increase the DBO by 3.6 %.

At the Würth Group in Switzerland, a 0.25 % increase / decrease in the discount rate would lead to a decrease / increase in the DBO of –3.3 % / 3.6 %. A 0.5 % increase / decrease in the rate of future salary increases would lead to an increase / decrease in the DBO of 1.2 % / –1.2 %. An increase in life expectancy of one year would increase the DBO by 1.7 %.

[27] Provisions

in millions of EUR	1 January 2017	Exchange difference	Additions due to changes in the consolidated group	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	31 December 2017
Credit notes	75.2	– 0.6	0.0	54.6	5.5	64.2	0.0	78.7
Long-service bonuses	82.1	– 0.3	0.0	1.1	6.5	0.1	4.3	78.6
Warranty obligations	22.7	– 0.2	0.0	4.0	2.5	5.0	0.1	21.1
Litigation and lawyers' fees	33.5	– 1.3	0.0	3.3	1.4	8.1	0.2	35.8
Phased retirement scheme	8.9	0.0	0.0	0.3	1.8	2.0	0.5	9.3
Product liability	2.8	– 0.1	0.0	0.4	0.2	1.2	0.0	3.3
Sundry	47.0	– 0.3	0.1	7.5	9.8	22.1	0.1	51.7
Total	**272.2**	**– 2.8**	**0.1**	**71.2**	**27.7**	**102.7**	**5.2**	**278.5**
Thereof: current	176.7							182.5
non-current	95.5							96.0

in millions of EUR	1 January 2016	Exchange difference	Additions due to changes in the consolidated group	Reclassifications to liabilities in a group of assets classified as held for sale	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	31 December 2016
Credit notes	68.6	– 0.1	0.1	0.0	48.6	4.7	59.9	0.0	75.2
Long-service bonuses	74.0	0.1	0.0	0.0	0.5	1.8	6.5	3.8	82.1
Warranty obligations	24.1	0.1	0.1	0.1	4.1	2.2	4.6	0.2	22.7
Litigation and lawyers' fees	19.2	0.2	0.0	1.3	2.4	2.0	19.6	0.2	33.5
Phased retirement scheme	9.0	0.0	0.1	0.5	0.4	1.3	1.6	0.4	8.9
Product liability	7.4	0.0	0.0	4.4	0.3	1.6	1.4	0.3	2.8
Sundry	38.7	0.0	0.3	1.0	11.2	3.9	24.0	0.1	47.0
Total	**241.0**	**0.3**	**0.6**	**7.3**	**67.5**	**17.5**	**117.6**	**5.0**	**272.2**
Thereof: current	147.7								176.7
non-current	93.3								95.5

The provision for credit notes is primarily attributable to obligations relating to discounts, bonuses, etc. granted that are allocable to the period after the reporting date, but caused by sales prior to the reporting date. The provision for long-service bonuses contains bonuses awarded to employees who have been with the company for many years. The provision for warranty obligations accounts for risks from legal or constructive obligations from trade with fastening and assembly materials involving trade customers, the building industry and industrial customers, as well as from the manufacture of screws and fittings. Other provisions relate to numerous identifiable specific risks and uncertain liabilities which were accounted for at the amount at which they are likely to be incurred.

The cash outflow for provisions for long-service bonuses and the German phased retirement scheme ("Altersteilzeit") is mainly of a medium (two to four years) to long-term (five to 50 years) nature. In most cases, other provisions are expected to lead to a cash outflow in the next fiscal year.

[28] Other financial liabilities

in millions of EUR	2017	Thereof due within one year	2016	Thereof due within one year
Liabilities to related parties	13.0	11.9	11.1	9.9
Derivative liabilities	8.6	8.6	13.4	13.4
Liabilities from business combinations	35.1	5.7	64.2	4.4
Sundry financial liabilities	373.7	366.5	353.1	345.7
Total	**430.4**	**392.7**	**441.8**	**373.4**

Sundry financial liabilities essentially include liabilities to employees, outstanding purchase invoices and customers with credit balances.

[29] Other liabilities

in millions of EUR	2017	Thereof due within one year	2016	Thereof due within one year
Deferred income	13.9	13.9	11.6	11.6
Other liabilities	426.4	424.0	401.4	398.5
Total	**440.3**	**437.9**	**413.0**	**410.1**

Liabilities relating to social security amount to EUR 68.9 million (2016: EUR 64.3 million). In addition, sundry liabilities include liabilities from other taxes of EUR 113.5 million (2016: EUR 103.9 million).

[30] Additional disclosures on financial instruments – carrying amounts, amounts recognized and fair values by measurement category

in millions of EUR Assets	Measurement category under IAS 39	Carrying amount 31 Dec. 2017	Amount recognized in the statement of financial position Amortized cost	Fair value (recognized directly in equity)	Fair value (recognized in profit or loss)	IAS 17	Fair value 31 Dec. 2017
Financial assets	AfS / HtM	62.6	62.6				48.9
Receivables from financial services	LaR / n. a.	1,606.3	1,175.0			431.3	1,606.3
Trade receivables	LaR	1,719.0	1,719.0				1,719.0
Other financial assets							
Receivables from related parties	LaR	40.7	40.7				40.7
Derivative financial assets	FAHfT / LaR	7.7	– 26.6		34.3		7.7
Sundry financial assets	LaR	120.7	120.7				120.7
Securities	AfS / FAHfT / FAFVtpl	151.7		51.7	100.0		151.7
Cash and cash equivalents	FAFVtpl / LaR	670.9	670.4		0.5		670.9
Equity and liabilities							
Liabilities from financial services	FLAC	1,350.5	1,350.5				1,350.5
Trade payables	FLAC	741.7	741.7				741.7
Financial liabilities	FLAC / n. a.	1,777.4	1,772.5			4.9	1,842.9
Other financial liabilities							
Liabilities to related parties	FLAC	13.0	13.0				13.0
Derivative liabilities	FLHfT	8.6			8.6		8.6
Liabilities from business combinations	FLAC	35.1	35.1				35.1
Sundry financial liabilities	FLAC	373.7	373.7				373.7
Thereof combined by measurement category in accordance with IAS 39:							
1 Held-to-maturity investments	(HtM)	48.9	48.9				48.9
2 Financial assets held for trading	(FAHfT)	34.3			34.3		34.3
3 Financial assets (designated as) at fair value through profit or loss	(FAFVtpl)	100.5			100.5		100.5
4 Available-for-sale financial assets	(AfS)	65.4	13.7	51.7			51.7
5 Loans and receivables	(LaR)	3,699.2	3,699.2				3,699.2
6 Receivables from the leasing business	(n. a.)	431.3				431.3	431.3
7 Financial liabilities held for trading	(FLHfT)	8.6			8.6		8.6
8 Financial liabilities at amortized cost	(FLAC)	4,286.5	4,286.5				4,352.0
9 Lease obligations	(n. a.)	4.9				4.9	4.9

in millions of EUR			Amount recognized in the statement of financial position				
Assets	Measurement category under IAS 39	Carrying amount **31 Dec. 2016**	Amortized cost	Fair value (recognized directly in equity)	Fair value (recognized in profit or loss)	IAS 17	Fair value **31 Dec. 2016**
Financial assets	AfS / HtM	49.3	49.3				33.1
Receivables from financial services	LaR / n. a.	1,339.0	995.9			343.1	1,339.0
Trade receivables	LaR	1,575.5	1,575.5				1,575.5
Other financial assets							
Receivables from related parties	LaR	20.6	20.6				20.6
Derivative financial assets	FAHfT / LaR	13.1	– 6.4		19.5		13.1
Sundry financial assets	LaR	118.0	118.0				118.0
Securities	AfS / FAHfT / FAFVtpl	137.1		61.6	75.5		137.1
Cash and cash equivalents	FAFVtpl / LaR	873.9	873.7		0.2		873.9
Equity and liabilities							
Liabilities from financial services	FLAC	1,193.9	1,193.9				1,193.9
Trade payables	FLAC	634.0	634.0				634.0
Financial liabilities	FLAC / n. a.	1,824.0	1,814.7			9.3	1,907.5
Other financial liabilities							
Liabilities to related parties	FLAC	11.1	11.1				11.1
Derivative liabilities	FLAC / FLHfT	13.4	– 9.2		22.6		13.4
Liabilities from business combinations	FLAC	64.2	64.2				64.2
Sundry financial liabilities	FLAC	353.1	353.1				353.1
Thereof combined by measurement category in accordance with IAS 39:							
1 Held-to-maturity investments	(HtM)	33.1	33.1				33.1
2 Financial assets held for trading	(FAHfT)	19.5			19.5		19.5
3 Financial assets (designated as) at fair value through profit or loss	(FAFVtpl)	75.7			75.7		75.7
4 Available-for-sale financial assets	(AfS)	77.8	16.2	61.6			61.6
5 Loans and receivables	(LaR)	3,577.3	3,577.3				3,577.3
6 Receivables from the leasing business	(n. a.)	343.1				343.1	343.1
7 Financial liabilities held for trading	(FLHfT)	22.6			22.6		22.6
8 Financial liabilities at amortized cost	(FLAC)	4,061.8	4,061.8				4,145.3
9 Lease obligations	(n. a.)	9.3				9.3	9.3

The following tables show the measurement of the fair value of the Würth Group's assets and liabilities by hierarchical level.

Assets and liabilities at fair value:

in millions of EUR	Total 31 Dec. 2017	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Derivative assets			
Currency instruments	10.5	0.0	10.5
Interest instruments	23.8	0.0	23.8
Securities	151.7	51.7	100.0
Cash and cash equivalents	0.5	0.5	0.0
Financial assets at fair value	**186.5**	**52.2**	**134.3**
Derivative liabilities			
Currency instruments	0.7	0.0	0.7
Interest instruments	7.9	0.0	7.9
Financial liabilities at fair value	**8.6**	**0.0**	**8.6**

in millions of EUR	Total 31 Dec. 2016	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Derivative assets			
Currency instruments	3.7	0.0	3.7
Interest instruments	15.8	0.0	15.8
Securities	137.1	61.6	75.5
Cash and cash equivalents	0.2	0.2	0.0
Financial assets at fair value	**156.8**	**61.8**	**95.0**
Derivative liabilities			
Currency instruments	4.2	0.0	4.2
Interest instruments	18.4	0.0	18.4
Financial liabilities at fair value	**22.6**	**0.0**	**22.6**

Notes on the fair values of those financial assets and liabilities that were not stated at fair value in the consolidated statement of financial position:

in millions of EUR	Total 31 Dec. 2017	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	48.9	0.0	48.9
Receivables from financial services	1,606.3	0.0	1,606.3
Trade receivables	1,719.0	0.0	1,719.0
Receivables from related parties	40.7	0.0	40.7
Sundry financial assets	120.7	0.0	120.7
Cash and cash equivalents	670.4	670.4	0.0
Financial assets not stated at fair value	**4,206.0**	**670.4**	**3,535.6**
Liabilities from financial services	1,350.5	0.0	1,350.5
Trade payables	741.7	0.0	741.7
Financial liabilities	1,842.9	0.0	1,842.9
Liabilities to related parties	13.0	0.0	13.0
Liabilities from business combinations	35.1	0.0	35.1
Sundry financial liabilities	373.7	0.0	373.7
Financial liabilities not stated at fair value	**4,356.9**	**0.0**	**4,356.9**

in millions of EUR	Total 31 Dec. 2016	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	33.1	0.0	33.1
Receivables from financial services	1,339.0	0.0	1,339.0
Trade receivables	1,575.5	0.0	1,575.5
Receivables from related parties	20.6	0.0	20.6
Sundry financial assets	118.0	0.0	118.0
Cash and cash equivalents	873.7	873.7	0.0
Financial assets not stated at fair value	**3,959.9**	**873.7**	**3,086.2**
Liabilities from financial services	1,140.1	0.0	1,140.1
Trade payables	634.0	0.0	634.0
Financial liabilities	1,961.3	0.0	1,961.3
Liabilities to related parties	11.1	0.0	11.1
Liabilities from business combinations	64.2	0.0	64.2
Sundry financial liabilities	353.1	0.0	353.1
Financial liabilities not stated at fair value	**4,163.8**	**0.0**	**4,163.8**

I. Other notes

[1] Commitments and contingencies

in millions of EUR	2017	2016
Guarantees, warranties and collateral for third-party liabilities	35.5	26.8

Guarantees, warranties and collateral are due immediately upon request.

[2] Other financial obligations

in millions of EUR	2017	2016
Obligations from operating leases		
due within 12 months	263.9	256.5
due in 13 to 60 months	480.5	469.1
due in more than 60 months	71.5	94.1
	815.9	**819.7**
Purchase obligations		
due within 12 months	534.0	462.4
due in 13 to 60 months	0.3	0.0
	534.3	**462.4**
Sundry financial obligations		
due within 12 months	133.0	95.5
due in 13 to 60 months	163.9	69.7
due in more than 60 months	1.5	0.0
	298.4	**165.2**
Total	**1,648.6**	**1,447.3**

The operating leases mainly relate to rented buildings and leased vehicles. The interest rates stipulated in the lease agreements are customary market rates. There are no purchase options upon expiry of the lease either for the rented buildings or the leased vehicles.

The sundry financial obligations contain irrevocable lending commitments of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 181.1 million (2016: EUR 144.5 million).

On 20 December 2017, Adolf Würth GmbH & Co. KG, Künzelsau, Germany, acquired a minority interest of 33.3 % in LIQUI MOLY GmbH, Ulm, Germany. The acquisition is subject to the approval of the antitrust authorities. The purchase price payment for the minority interest expected for the second quarter of 2018 was reported under sundry financial obligations and amounts to an estimated EUR 100 million.

The table below shows the payments from operating leases recognized in profit or loss:

in millions of EUR	2017	2016
Real estate	153.9	151.2
Machines, equipment, furniture and fixtures	16.1	14.4
Vehicle fleet	125.5	129.4
Other	3.4	2.9
Total	**298.9**	**297.9**

[3] Contingent liabilities

As an international group with various areas of business, the Würth Group is exposed to many legal risks. This is especially true of risks for warranties, tax law and other legal disputes. However, according to the assessment by the Central Managing Board, no decisions are expected that would have a significant influence on the net assets of the Group. Tax field audits at group entities have not been completed yet and the related audit findings have not been reported yet.

[4] Financial instruments

Financial risk management

Through its financial activities, the Würth Group is subject to various risks that are assessed, managed and monitored by a systematic risk management system.

Details of the Group's management of market risks (exchange rates, interest rates and securities risks), credit risks and liquidity exposures are presented below.

Exchange rate risks

The Würth Group is exposed to currency risks from financing and operating activities. By exchange rate risks, the Würth Group means the exposure of the assets and income disclosed resulting from exchange rate fluctuations between the transaction currency and the functional currency in each case.

As far as operations are concerned, the individual group entities mainly carry out their activities in their own functional currency. The currency risk for the Würth Group from current operating activities is therefore classified as low. Exchange rate risks are countered by forward exchange contracts and currency options. Derivative financial instruments are used to hedge future sales and goods purchases against exchange rate risks. These are not, however, designated as hedges and are measured at fair value through profit or loss.

Regarding the presentation of market risks, IFRS 7 requires sensitivity analyses showing how profit or loss and equity would be affected by hypothetical changes in the relevant risk variables.

If the euro had depreciated (appreciated) against the US dollar, the Swiss franc and the pound sterling by 10 % as of 31 December 2017, the hypothetical effect on profit or loss would have been as follows:

in millions of EUR	Hypothetical effect on profit or loss **2017**		Hypothetical effect on profit or loss **2016**	
Currency	Depreciation	Appreciation	Depreciation	Appreciation
US dollar	0.8	- 0.8	- 4.2	4.2
Swiss franc	19.5	- 19.5	25.1	- 25.1
Pound sterling	- 0.1	0.1	0.1	- 0.1

There were no changes affecting other comprehensive income.

Interest rate risks
By interest rate risk, the Würth Group refers to the negative effects on the net assets and results of operations resulting from changes in interest rates. One of the methods used to counter this risk is to ensure that a large portion of external financing is in fixed-interest rate bonds. In addition, derivatives are used for risk management purposes (e.g., interest rate swaps).

The interest rate risk is mainly limited to the liabilities to banks with floating interest rates listed under [25] "Financial liabilities" and the items presented under [13] "Receivables from financial services" and under [24] "Liabilities from financial services".

Under IFRS 7, interest rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other components of profit or loss and, if applicable, on equity.

If the market interest level had been 100 base points higher (lower) as of 31 December 2017, profit or loss would have been EUR 6.4 million lower (higher) (2016: EUR 7.4 million). The hypothetical effect on profit or loss is mainly attributable to overdraft facilities as well as receivables and liabilities from financial services. Equity would change accordingly.
There were no changes affecting other comprehensive income.

Securities risks
The Würth Group is exposed to securities risks because of its investments. Specifically, there is a risk of financial loss due to changes in prices of (publicly traded) securities. One way of countering this risk is through diversification of the investment portfolio. When selecting bonds, a minimum rating of BBB (Standard & Poor's) is generally required. The rating development is monitored on a daily basis. If the bonds are downgraded by the rating agency, they are sold immediately. In addition, derivatives are used for risk management purposes to hedge security price risks.

Credit risks
Credit risks are countered by limiting business relationships to first-class banks with a minimum rating of BBB (Standard & Poor's). Default risks from receivables are minimized by continuously monitoring of the creditworthiness of the counterparty and by limiting the aggregated individual risks from the counterparty. Standardized master agreements from the International Swaps and Derivatives Association (ISDA master agreements), including the Credit Support Annex (CSA), are in place with those external counterparties of the Würth Group with whom it enters into transactions as part of its financial risk management.

The maximum credit risk is the carrying amount of the financial assets recognized in the statement of financial position. The credit risk from operating activities is accounted for by recognizing a portfolio-based specific allowance on trade receivables.

Liquidity risks
The Würth Group needs liquidity to meet its financial obligations. Group entities are obliged by the Group's guidelines to deposit any excess cash not needed to meet current obligations with Würth Finance International B.V., 's-Hertogenbosch, Netherlands, or Adolf Würth GmbH & Co. KG, Künzelsau, Germany, to make it available to the Würth Group. The high international credit rating received by the Würth Group (Standard & Poor's issued an A rating on the Würth Group's non-current liabilities) means that the Group can obtain favorable terms for procuring funds on international capital markets. In order to be in a position to meet its payment obligations at any time, even in extraordinary circumstances, the Würth Group also maintains lines of credit with various banks to cover potential liquidity bottlenecks.

Capital management
The primary objective of the Würth Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio. The Group manages its capital structure based on changes in economic conditions. In addition, the financial service providers within the Group comply with the applicable regulatory capital requirements. No changes were made to the objectives, policies and processes as of 31 December 2017 and 31 December 2016. The equity ratio, calculated as equity in accordance with IFRS divided by total assets, is 46.5 % (2016: 46.1 %). This means that the equity ratio is higher than the industry average and ensures the Würth Group an investment grade A rating at present. Regarding a US private placement, the Würth Group is also required to comply with a certain ratio of senior liabilities to equity.

Fair value of financial instruments
The fair value of financial instruments that are included in the portfolio of available-for-sale financial assets and financial assets held for trading is estimated by comparing it with the market price on the reporting date.

The fair value of financial instruments designated as at fair value through profit or loss is determined using the valuation techniques presented under [20] "Securities".
The result of adjusting the fair value of financial assets at fair value through profit or loss amounted to EUR 1.6 million in the 2017 fiscal year (2016: EUR 0.7 million) and was recorded in full in profit or loss for the period.

The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. Interest rate swaps are measured at fair value on the basis of the present value of estimated future cash flows. The fair value of options is measured using option-pricing models. The Würth Group has a policy of obtaining confirmation of the fair value of all the above instruments from the banks that arranged the respective contracts for the Würth Group.

The financial instruments not recognized at fair value within the Würth Group primarily comprise certain cash equivalents, trade receivables, other current assets, other non-current assets, trade payables, and other liabilities, overdraft facilities, non-current loans and held-to-maturity investments.

The carrying amount of cash equivalents and overdraft facilities approximates fair value due to the high liquidity of the financial instruments.

The historical cost carrying amount of receivables and payables subject to normal trade credit terms also approximates fair value.

The fair value of non-current liabilities is based on the market price for these liabilities or similar financial instruments or on the current interest rates for borrowing at similar terms and conditions. The amounts reported in the statement of financial position approximate fair value and are presented separately in note [30] "Additional disclosures on financial instruments".

Hedges and derivative financial instruments

As of the reporting date, the fair value of derivative financial instruments not classified as hedging instruments was as follows:

in millions of EUR	Contract value or nominal value		Positive replacement value		Negative replacement value	
Type	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Currency instruments						
Foreign exchange forward contracts	896.6	897.2	10.4	3.7	0.7	4.2
Currency options (OTC)	1.6	0.0	0.1	0.0	0.0	0.0
Total currency instruments	**898.2**	**897.2**	**10.5**	**3.7**	**0.7**	**4.2**
Interest instruments						
Interest rate swaps	821.4	603.1	7.7	13.4	7.2	9.0
Cross-currency swaps	198.1	169.1	16.1	2.4	0.7	9.4
Interest rate futures	41.1	0.0	0.0	0.0	0.0	0.0
Total interest instruments	**1,060.6**	**772.2**	**23.8**	**15.8**	**7.9**	**18.4**
Reduction due to CSA			**26.6**	**6.4**	**0.0**	**9.2**
Net replacement value			– 0.9	– 0.3		

As part of financial risk management, a credit support annex (CSA) was entered into. For this reason, the positive and negative replacement values of the interest instruments were all presented as a net value in the statement of financial position, i.e. after taking into account the cash settlement under the CSA.

Derivative financial instruments not designated as hedging instruments show the change in the fair value of the foreign exchange forward contracts that are not designated as hedging instruments in hedges, but are nevertheless designed to reduce the currency / interest rate risk of the Würth Group.

[5] Leases

Lessee

The net carrying amount of assets leased under finance leases breaks down as follows:

in millions of EUR	2017	2016
Real estate	4.1	6.7
Machines, equipment, furniture and fixtures	1.6	2.4
Vehicle fleet	0.8	1.0
Other	1.0	1.0
Total	**7.5**	**11.1**

The vast majority of finance leases relate to real estate. These agreements are generally designed to include a purchase option and a renewal option. Furthermore, some contain price escalation clauses based on the Euribor. There are no significant restrictions imposed by lease agreements.

Minimum lease installments over the remaining terms of the finance lease agreements and their present value are as follows:

in millions of EUR	2017	2016
due within 12 months	1.8	4.6
due in 13 to 60 months	3.7	4.3
due in more than 60 months	1.3	1.6
Minimum lease payments from finance leases less expected future interest payments	6.8	10.5
due within 12 months	0.4	0.3
due in 13 to 60 months	1.3	1.2
due in more than 60 months	0.2	0.2
Present value of minimum lease payments	**4.9**	**8.8**
Thereof		
due within 12 months	1.4	4.3
due in 13 to 60 months	2.4	3.1
due in more than 60 months	1.1	1.4

Lessor
The consolidated group also contains several entities that specialize in leases. These entities also have finance and operating leases with external third parties, primarily for machines, equipment, furniture and fixtures, and vehicles.

Reconciliation of the total gross investment with the present value of finance leases – lessor:

	December 31		Due within 12 months		Due in 13 to 60 months		Due in more than 60 months	
in millions of EUR	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Total lease installments (gross total investments in the lease)	914.0	842.5						
Lease installments already received	337.8	340.3						
Lease installments (future minimum lease payments)	576.2	502.2	174.5	161.9	371.0	318.5	30.7	21.8
Thereof: lease payments already sold	324.2	298.5	93.3	90.8	207.6	192.7	23.3	15.0
Unearned finance income	53.1	48.6	18.4	18.9	32.9	27.7	1.8	2.0
Present value of the outstanding minimum lease payments	**198.9**	**155.1**	**62.8**	**52.2**	**130.5**	**98.1**	**5.6**	**4.8**

The finance leases are mainly hire-purchase arrangements or full payout lease agreements with a maximum term of over 90 % of the leased assets' estimated useful life. The contracts can only be terminated for due cause for which the counterparty is responsible.

Valuation allowances of EUR 1.7 million (2016: EUR 0.8 million) were recognized in the fiscal year for uncollectable outstanding minimum lease payments.

Cash flow from operating leases – lessor:

in millions of EUR	2017	2016
Due within 12 months	4.1	3.2
Due in 13 to 60 months	10.7	10.9
Due in more than 60 months	3.8	5.5
Total	**18.6**	**19.6**

[6] Related parties

Basically, related parties are members of the Würth family and entities controlled by them, as well as key management personnel (members of the Würth Group's Central Managing Board and the Executive Board), members of the Advisory Board of the Würth Group, the Management Board of the Würth Group's Family Trusts, the Supervisory Board of the Würth Group's Family Trusts, and close family members of the aforementioned groups of persons. Related parties also include the family trusts. Related party transactions were all conducted at arm's length.

Payments of EUR 263.8 million (2016: EUR 239.7 million) were made to members of the Würth family and the family trusts for distributions and usufructuary rights. Of the payments made, an amount of EUR 173.2 million (2016: EUR 150.6 million) was paid back as a capital contribution.

The transactions and interest income and expenses listed below were effected between the Würth Group and the Würth family, members of the Central Managing Board, the Executive Board and the Advisory Board, as well as the Management Board and the Supervisory Board of the Würth Group's Family Trusts.

in millions of EUR	2017	2016
Purchased services	2.8	2.4
Services rendered	0.2	0.3
Interest cost	0.5	0.7
Interest income	0.1	0.1
Lease / rental expense	6.0	6.2
Lease / rental income	0.3	0.2
Remuneration of the Management Board and Supervisory Board of the Würth Group's Family Trusts, the Advisory Board, members of the Würth family	7.6	7.5

The following receivables and liabilities arose from these transactions:

in millions of EUR	2017	2016
Receivables from financial services	14.2	16.9
Loan receivables	10.6	14.0
Liabilities from financial services	2.5	2.9
Loan liabilities	9.6	7.9

In addition, close family members of key management personnel received wage and salary payments of EUR 0.1 million (2016: EUR 0.1 million). In addition, there are liabilities from financial services amounting to EUR 0.1 million (2016: EUR 0.1 million).

The interest income and expenses listed below were transacted between the Würth Group and the Family Trusts:

in millions of EUR	2017	2016
Lease / rental expense	1.0	1.0
Interest cost	3.4	3.5
Interest income	0.0	0.2

These transactions gave rise to loan receivables of EUR 30.1 million (2016: EUR 6.5 million) due from this group of persons and loan liabilities of EUR 0.0 million (2016: EUR 0.4 million).

The receivables due from and liabilities due to related parties for financial services are subject to market interest rates. All other purchased services are also rendered at market terms and conditions.

In addition, the Würth Group acquired the minority interest of 0.56 % in Würth International AG, Chur, Switzerland, from the Reinhold Würth Foundation, Chur, Switzerland, on 23 January 2017 at a purchase price of EUR 22.4 million.

[7] Compensation of key management personnel

in millions of EUR	2017	2016
Short-term employee benefits	25.7	23.7
Post-employment benefits	0.1	0.5
Benefits due to the end of the employment relationship	0.3	0.1
Total	**26.1**	**24.3**

Individual members of the Central Managing Board and the Executive Board have a right to pension benefits with a total present value of EUR 16.1 million (2016: EUR 12.4 million). Former members and their surviving dependents are also entitled to benefit payments. The present value of the resulting benefit obligations totals EUR 26.7 million (2016: EUR 26.5 million).

[8] Government grants

The Würth Group received government grants of EUR 1.5 million in the form of investment subsidies for infrastructure projects (2016: EUR 0.8 million). EUR 0.5 million thereof (2016: EUR 0.0 million) was deducted from the assets' carrying amounts and EUR 1.0 million (2016: EUR 0.8 million) was immediately recognized in profit or loss.

[9] Auditor's fees

The following table shows, on aggregate, the fees incurred for the services provided by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, in the 2017 fiscal year.

in millions of EUR	2017	2016
Audit	2.0	2.1
Assurance services	0.1	0.0
Tax services	0.0	0.1
Other fees	0.1	0.2
Total	**2.2**	**2.4**

[10] Exemption from the duty of partnerships and stock corporations to prepare, audit and disclose financial statements

The following German group entities organized as partnerships made use of the exemption clause according to Sec. 264b HGB for the 2017 fiscal year:

Entity	Registered office
Abraham Diederichs GmbH & Co. oHG	Wuppertal
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg
Adolf Würth GmbH & Co. KG	Künzelsau
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg
Baier & Michels GmbH & Co. KG	Ober-Ramstadt
Conpac GmbH & Co. KG	Celle
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar
Glessdox GmbH & Co. KG	Untermünkheim-Kupfer
Grass GmbH & Co. KG	Reinheim
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr
Marbet Marion & Bettina Würth GmbH & Co. KG	Künzelsau
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach
PIRUS Grundstücksgesellschaft mbH & Co. oHG	Albershausen
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen
Schössmetall GmbH & Co. KG	Freilassing
Siller & Laar Schrauben- Werkzeug- und Beschläge-Handel GmbH & Co. KG	Augsburg
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten
Synfiber AS & Co. Beschränkt haftende KG	Worms
Teudeloff GmbH & Co. KG	Waldenburg
TOGE Dübel GmbH & Co. KG	Nuremberg
TUNAP Deutschland Vertriebs- GmbH & Co. Betriebs-KG	Wolfratshausen
TUNAP GmbH & Co. KG	Wolfratshausen
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn
Waldenburger Beteiligungen GmbH & Co. KG	Künzelsau
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten
WLC Würth-Logistik GmbH & Co. KG	Künzelsau
Würth - Elektronik GmbH & Co KG	Niedernhall
Würth Elektrogroßhandel GmbH & Co. KG	Künzelsau
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg
Würth Elektronik ICS GmbH & Co. KG	Niedernhall
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau
Würth Immobilien-Leasing GmbH & Co.KG	Albershausen
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim
Würth IT International GmbH & Co. KG	Bad Mergentheim
Würth Leasing GmbH & Co. KG	Albershausen
Würth Modyf GmbH & Co. KG	Künzelsau
Würth TeleServices GmbH & Co. KG	Künzelsau
Würth Versicherungsdienst GmbH & Co. KG	Künzelsau

The following German group entities organized as corporations made use of the exemption clause according to Sec. 264 (3) HGB for the 2017 fiscal year:

Entity	Registered office
AMBER wireless GmbH	Trier
BB Stanz- und Umformtechnik GmbH	Berga
Conmetall Meister GmbH	Celle
Dinol GmbH	Lügde
Dringenberg GmbH Betriebseinrichtungen	Obersulm
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach
FELO-Werkzeugfabrik Holland-Letz GmbH	Neustadt
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall
HAHN+KOLB Werkzeuge GmbH	Ludwigsburg
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn
KERONA GmbH	Öhringen
Lichtzentrale Lichtgroßhandel GmbH	Ansbach
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal
Normfest GmbH	Velbert
Panorama Hotel- und Service GmbH	Waldenburg
Pronto-Werkzeuge GmbH	Wuppertal
Reca Norm GmbH	Kupferzell
Reinhold Würth Holding GmbH	Künzelsau
REISSER Schraubentechnik GmbH	Ingelfingen
Schmitt Elektrogroßhandel GmbH	Fulda
SCREXS GmbH	Waldenburg
SVH Handels-GmbH	Dortmund
SWG Schraubenwerk Gaisbach GmbH	Waldenburg
WASI GmbH	Wuppertal
WASI International GmbH	Wuppertal
WOW ! Würth Online World GmbH	Künzelsau
WSS Würth Shared Services GmbH	Künzelsau
WUCATO Marketplace GmbH	Stuttgart
Würth Elektronik iBE GmbH	Thyrnau
Würth IT GmbH	Bad Mergentheim

J. Notes on the consolidated statement of cash flows

In accordance with IAS 7, the consolidated statement of cash flows shows how the Würth Group's cash has changed over the fiscal year as a result of cash received and paid. It is classified by cash flows from operating, investing or financing activities.

The cash flow from operating activities is derived indirectly from the earnings before taxes. Specifically, the figure for earnings before taxes is adjusted for income tax payments, finance costs and finance revenue, interest income and expenses from operating activities, changes in obligations from post-employment benefits, non-cash amortization, depreciation, impairment and reversals of impairment, as well as losses and gains on the disposal of non-current assets, and other non-cash expenses and income.

The effects of acquisitions and other changes in the consolidated group have been eliminated. When purchased subsidiaries are included for the first time, only the actual cash flows are shown in the consolidated statement of cash flows. Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand and bank balances as well as highly liquid short-term investments and other cash equivalents.

The effects of acquisitions and other changes in the consolidated group on the consolidated statement of cash flows have been considered separately. Please refer to "C. Consolidated group".

K. List of shareholdings

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Albania		
Würth Albania Ltd.	Tirana	100
Argentina		
Wumet Argentina S.A.	Canuelas	100
Würth Argentina S.A.	Canuelas	100
Armenia		
Würth LLC	Yerevan	100
Australia		
Würth Australia Pty Ltd	Dandenong South	100
Austria		
Würth Handelsgesellschaft m.b.H.	Böheimkirchen	100
Azerbaijan		
Wurth Azerbaijan LLC	Baku	100
Belarus		
FLLC "WurthBel"	Minsk	100
Belgium		
Würth België N.V.	Turnhout	100
Bolivia		
Wurth Bolivia S.r.l.	Santa Cruz de la Sierra	100
Bosnia and Herzegovina		
WURTH BH d.o.o.	Sarajevo	100
Brazil		
Wurth do Brasil Peças de Fixação Ltda.	Cotia	100
Bulgaria		
Würth Bulgarien EOOD	Sofia	100
Cambodia		
Wuerth (Cambodia) Ltd.	Phnom Penh	100
Canada		
McFadden's Hardwood & Hardware Inc.	Oakville	100
Würth Canada Ltd., Ltée	Guelph	100
Chile		
Würth Chile Ltda.	Santiago de Chile	100
China		
Wuerth (China) Co., Ltd.	Shanghai	100
Wuerth (Shenyang) Hardware & Tools Co., Ltd.	Shenyang	100
China		
Wuerth (Tianjin) International Trade Co., Ltd.	Tianjin	100
Würth (Chongqing) Hardware & Tools Co., Ltd.	Chongqing	100
Würth (Guangzhou) International Trading Co., Ltd.	Guangzhou	100
Wurth Hong Kong Co., Ltd.	Hong Kong	100
Colombia		
Würth Colombia SA	Bogotá	100
Costa Rica		
Würth Costa Rica, S.A.	La Uruca, San José	100
Croatia		
Würth-Hrvatska d.o.o.	Zagreb	100
Czech Republic		
Würth MASTERSERVICE CZ, spol. s r.o.	Prague	100
Würth, spol. s r.o.	Neprevázka	100
Denmark		
Würth Danmark A/S	Kolding	100
Dominican Republic		
Würth Dominicana S.A.	Santo Domingo	100
Ecuador		
WURTH ECUADOR S.A.	Quito	100
Estonia		
Aktsiaselts Würth	Tallinn	100
Finland		
Würth Oy	Riihimäki	100
France		
Würth France SAS	Erstein	95
Würth Modyf France S.A.R.L.	Erstein	100
Georgia		
Würth Georgia Ltd.	Tiflis	100
Germany		
Würth Modyf GmbH & Co. KG	Künzelsau	100
Greece		
Wurth Hellas S.A.	Kryoneri, Attiki	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Hungary		
Würth Szereléstechnika KFT	Budaörs	100
Iceland		
Würth á Íslandi ehf.	Reykjavik	100
India		
Wuerth India Pvt. Ltd.	Mumbai	100
Indonesia		
Wuerth Indonesia P.T.	Jakarta	99
Iran		
Würth Teheran Ltd.	Teheran	100
Ireland		
Würth (Ireland) Limited	Limerick	100
Israel		
Würth Israel Ltd.	Caesarea	100
Italy		
Modyf S.r.l.	Tramin	100
Würth S.r.l.	Neumarkt	100
Japan		
Würth Japan Co., Ltd.	Yokohama	100
Jordan		
Wurth - Jordan Co. Ltd.	Amman	100
Kazakhstan		
Wuerth Kazakhstan Ltd.	Almaty	100
Kenya		
Wuerth Kenya Ltd.	Nairobi	100
Kosovo		
Würth-Kosova Sh.p.k.	Gračanica	100
Kyrgyzstan		
Würth Foreign Swiss Company Ltd.	Bishkek	100
Latvia		
SIA Wurth	Riga	100
Lebanon		
Wurth Lebanon SAL	Beirut	100
Lithuania		
Wurth Lietuva UAB	Ukmerge	100
Macedonia		
Wurth Makedonija DOOEL	Skopje	100

Entity	Registered office	Würth Group share in %
Malaysia		
Wuerth (Malaysia) Sdn. Bhd.	Johor Bahru	100
Malta		
Würth Limited	Zebbug	99
Martinique		
Würth Caraïbes SARL	Ducos	100
Mexico		
Würth México S.A. de C.V.	Morelos	100
Moldova		
Wurth S.R.L.	Chisinau	100
Mongolia		
Wuerth Mongolia LLC	Ulan Bator	100
Montenegro		
Wurth d.o.o. Podgorica	Podgorica	100
Namibia		
Wurth Namibia (Pty) Ltd	Windhoek	100
Netherlands		
Würth Nederland B.V.	's-Hertogenbosch	100
New Zealand		
Wurth New Zealand Ltd.	Auckland	100
Norway		
Würth Norge AS	Hagan	100
Panama		
Würth Centroamérica S.A.	Panama City	100
Peru		
Würth Perú S.A.C.	Lima	100
Philippines		
Wuerth Philippines, Inc.	Laguna	100
Poland		
Würth Polska Sp. z o.o.	Warsaw	100
Portugal		
Würth Modyf Lda.	Sintra	100
Würth (Portugal) Técnica de Montagem Lda.	Sintra	100
Romania		
Würth Romania S.R.L	Otopeni	100

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Russia		
"Würth Eurasien" Aktiengesellschaft	Yekaterinburg	100
Wuerth North-West JSC	St. Petersburg	100
"Würth-Rus" Aktiengesellschaft	Moscow	100
Saudi Arabia		
Wurth Saudi Arabia LLC	Riyadh	75
Serbia		
Wurth d.o.o.	Belgrade	100
Slovakia		
Hommel Hercules France, s.r.o.	Bratislava	100
Würth spol. s r.o.	Bratislava	100
Slovenia		
Würth d.o.o.	Trzin	100
South Africa		
Wuerth South Africa (Pty.) Ltd.	Gauteng	100
Spain		
WÜRTH CANARIAS, S.L.	Las Palmas	100
Würth España, S.A.	Palau-solità i Plegamans	100
Würth Modyf S.A.	Palau-solità i Plegamans	100
Sri Lanka		
Wurth Lanka (Private) Limited	Nugegoda	100
Sweden		
Würth Svenska AB	Örebro	100
Switzerland		
Würth AG	Arlesheim	100
Taiwan		
Würth Taiwan Co. Ltd.	Miaoli	100
Thailand		
Wuerth (Thailand) Company, Limited	Bangkok	100
Turkey		
Würth Sanayi Ürünleri Tic. Ltd. Sti.	Mimarsinan	100
Ukraine		
Würth Ukraine Ltd.	Kiev	100

Entity	Registered office	Würth Group share in %
United Arab Emirates		
Würth Gulf FZE	Dubai	100
Wurth Gulf (L.L.C.)	Dubai	49
United Kingdom		
Wurth (Northern Ireland) Ltd.	Belfast	100
Würth U.K. Ltd.	Erith	100
Uruguay		
Wurth del Uruguay S.A.	Barros Blancos	100
USA		
Dakota Premium Hardwoods LLC	Waco, Texas	100
Oliver H. Van Horn Co., LLC	New Orleans, Louisiana	100
Wurth Action Bolt & Tool Co.	Riviera Beach, Florida	100
Wurth Baer Supply Co.	Vernon Hills, Illinois	100
Wurth Louis and Company	Brea, California	100
Wurth USA Inc.	Ramsey, New Jersey	100
Wurth Wood Group Inc.	Charlotte, North Carolina	100
Vietnam		
Wurth Vietnam Company Limited	Ho Chi Minh City	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
Australia		
Thomas Warburton Pty. Ltd.	Dandenong South	100
Belgium		
Würth Industry Belgium N.V.	Grâce-Hollogne	100
Würth Industry Belux S.A.	Grâce-Hollogne	100
Brazil		
Würth SW Industry Pecas de Fixacão Ltda.	São Bernardo do Campo	100
Canada		
Wurth Industry of Canada Ltd.	Indianapolis	100
China		
Arvid Nilsson Logistics & Trade (Shanghai) Co., Ltd.	Shanghai	100
WASI Tianjin Fastener Co., Ltd.	Tianjin	100
Wuerth Baier & Michels (Shanghai) Automotive Fastener Co., Ltd.	Shanghai	100
Denmark		
Würth Industri Danmark A/S	Kolding	100
France		
Würth Industrie France S.A.S.	Erstein	100
Germany		
Baier & Michels GmbH & Co. KG	Ober-Ramstadt	100
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim	100
India		
Wuerth Industrial Services India Pvt. Ltd.	Pune	100
Italy		
Baier & Michels S.r.l.	Padua	100
Malaysia		
Wuerth Industrial Services Malaysia Sdn. Bhd.	Subang Jaya	100
Mexico		
Wuerth Baier & Michels México S.A.de C.V.	Querétaro	100
Würth Industry de Mexico S de RL de CV	Reynosa	100
Würth McAllen Maquila Services S de RL de CV	Reynosa	100
Würth Service Supply de Mexico	Indianapolis	100

Entity	Registered office	Würth Group share in %
New Zealand		
EDL Fasteners Ltd.	East Tamaki	100
Norway		
Würth Industri Norge A/S	Dokka	100
Romania		
S.C. Wurth Industrie S.r.l.	Otopeni	100
Sweden		
Würth Industri Sverige AB	Askim	100
South Africa		
Action Bolt (Pty.) Ltd.	Durban	100
South Korea		
Wuerth Korea Co., Ltd.	Gyeonggi-Do	100
Spain		
Wuerth Baier & Michels España, S.A.	Sat Quirze del Vallès	100
Würth Industria España, S.A.	Barcelona	100
Turkey		
Würth Baier & Michels Otomotiv Türkiye Ltd. Şti.	Bursa	100
Würth Industrie Service Endüstriyel Hizmetler Pazarlama Limited Sirketi	Silivri	100
USA		
Baier & Michels USA Inc.	Greenville	100
Marine Fasteners Inc.	Sanford, Florida	100
Northern Safety Company, Inc.	Frankfort, New York	100
Weinstock Bros., Inc.	Valley Stream, New York	100
Würth Adams Nut & Bolt Company	Brooklyn Park, Minnesota	100
Wurth Des Moines Bolt Inc.	Des Moines, Iowa	100
Wurth House of Threads Inc.	Wilmington, Delaware	100
Wurth RevCar Fasteners, Inc.	Roanoke, Virginia	100
Wurth Snider Bolt and Screw, Inc.	Louisville, Kentucky	100
Wurth Timberline Fasteners Inc.	Commerce City, Colorado	100
Wurth / Service Supply Inc.	Indianapolis, Indiana	100

ELECTRICAL WHOLESALE

Entity	Registered office	Würth Group share in %
Czech Republic		
Elfetex spol. s r.o.	Pilsen	100
Estonia		
W.EG Eesti OÜ	Tallinn	100
Germany		
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach	100
Lichtzentrale Lichtgroßhandel GmbH	Ansbach	100
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn	100
Walter Kluxen GmbH	Hamburg	100

Entity	Registered office	Würth Group share in %
Italy		
MEF S.r.l.	Florence	65
Latvia		
SIA Baltjas Elektro Sabiedriba	Riga	100
Lithuania		
UAB ELEKTROBALT	Vilnius	100
Poland		
Elektroskandia Polska Sp. z o. o.	Poznan	100
Fega Poland Sp. z o.o.	Wrocław	100
W.EG Polska Sp. z o. o.	Wrocław	100
Slovakia		
HAGARD: HAL, spol. s r.o.	Nitra	100

TRADE

Entity	Registered office	Würth Group share in %
Belgium		
CONMETALL N.V.	Sint-Katelijne-Waver	100
Duvimex Belgium BvbA	Edegem	100
China		
DIY Products Asia Ltd.	Hong Kong	100
Meister Tools Trading (Shanghai) Co., Ltd.	Shanghai	100
Czech Republic		
CONMETALL spol. s r.o.	Opava	100
France		
Meister France S.A.S.	Strasbourg	100
SWG France SARL	Forbach	100
Germany		
Conmetall Meister GmbH	Celle	100
Conpac GmbH & Co. KG	Celle	100
Glessdox GmbH & Co. KG	Untermünkheim	100
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein	100
IVT Installations- und Verbindungs-technik GmbH & Co. KG	Rohr	100

Entity	Registered office	Würth Group share in %
Germany		
KERONA GmbH	Öhringen	100
Schössmetall GmbH & Co. KG	Freilassing	100
Teudeloff GmbH & Co. KG	Waldenburg	100
Hungary		
REISSER Csavar Kft	Szár	100
Van Roij Fasteners Hungaria Kft.	Dunaharaszti	100
Italy		
Masidef S.r.l.	Caronno Pertusella	100
Unifix SWG S.r.l.	Terlano	100
Netherlands		
Van Roij Fasteners Europe B.V.	Deurne	100
Norway		
Arvid Nilsson Norge AS	Oslo	100
Synfiber AS	Oslo	100
Poland		
REISSER - POL Sp. z o.o.	Poznan	100
Romania		
REISSER TEHNIC S.R.L. Filiala Romania	Cluj Napoca	100

TRADE

Entity	Registered office	Würth Group share in %
Russia		
IVT Ural, O.O.O.	Bolshoj Istok	100
Spain		
Reisser Tornillería SLU	Barcelona	100
RUC Holding Conmetall S.A.	Barcelona	100
SWG Schraubenwerk Gaisbach Espana, S.L.U.	Barcelona	100
Sweden		
Arvid Nilsson Sverige AB	Kungälv	100
Switzerland		
Reinhold Handels AG	Chur	100

PRODUCTION

Entity	Registered office	Würth Group share in %
Australia		
Grass Australia/New Zealand Pty Ltd.	Coburg	100
Austria		
Grass GmbH	Höchst	100
Schmid Schrauben Hainfeld GmbH	Hainfeld	100
Canada		
Grass Canada Inc.	Toronto	100
China		
Arnold Fasteners (Shenyang) Co., Ltd.	Shenyang	100
Grass (Shanghai) International Trading Co., Ltd.	Shanghai	100
Czech Republic		
GRASS CZECH s.r.o.	Cesky Krumlov	100
Denmark		
Dokka Fasteners A/S	Brande	100
France		
Arnold Technique France SA	Anneyron	100
Germany		
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg	100
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg	100
BB Stanz- und Umformtechnik GmbH	Berga	100
Chemofast Anchoring GmbH	Willich-Münchheide	100
Dringenberg GmbH Betriebseinrichtungen	Obersulm	100
FELO-Werkzeugfabrik Holland-Letz GmbH	Neustadt	100
Grass GmbH & Co. KG	Reinheim	100
Grass Vertriebs GmbH Deutschland	Ofterdingen	100
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach	100
REISSER Schraubentechnik GmbH (1)	Ingelfingen	100
SWG Schraubenwerk Gaisbach GmbH (1)	Waldenburg	100
TOGE Dübel GmbH & Co. KG	Nuremberg	100
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten	100
Hungary		
Felo Szerszámgyár Kft.	Eger	100
Italy		
Grass Italia SRL	Pordenone	100
Norway		
Dokka Fasteners AS	Dokka	100
Poland		
Dringenberg Polska Sp. z o.o.	Zagan	100
South Africa		
Grass ZA (Pty.) Ltd.	Montague Gardens	100

On (1): These entities also operate in the Trade segment.

PRODUCTION

Entity	Registered office	Würth Group share in %
Spain		
Grass Iberia, S.A.	Iurreta	100
Sweden		
Grass Nordiska AB	Jönköping	100
Switzerland		
InovaChem Engineering AG	Wetzikon	100
KMT Kunststoff- und Metallteile AG	Hinwil	100
Turkey		
Grass TR Mobilya Aksesuarlari Ticaret Limited Sirketi	Istanbul	100

Entity	Registered office	Würth Group share in %
United Kingdom		
Grass Movement Systems Ltd	West Bromwich	100
Tooling International Ltd.	Solihull	100
USA		
Arnold Fastening Systems, Inc	Auburn Hills, Michigan	100
Dokka Fasteners Inc.	Auburn Hills, Michigan	100
Grass America, Inc.	Kernersville, North Carolina	100
MKT Fastening L.L.C.	Lonoke, Arkansas	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Australia		
Wurth Electronics Australia Pty. Ltd.	Footscray	100
Austria		
Würth Elektronik Österreich GmbH	Schwechat	100
Bulgaria		
Würth Elektronik iBE BG EOOD	Belozem	100
China		
Stelvio Kontek Limited	Hong Kong	100
Wuerth Electronic Tianjin Co., Ltd.	Tianjin	100
Wurth Electronics (Chongqing) Co., Ltd.	Chongqing	100
Wurth Electronics (HK) Limited	Hong Kong	100
Wurth Electronics (Shenyang) Co., Ltd.	Shenyang	100
Wurth Electronics (Shenzhen) Co., Ltd	Shenzhen	100
Czech Republic		
Würth Elektronik eiSos Czech s.r.o.	Brünn	100
Würth Elektronik IBE CZ s.r.o.	Budweis	100
Finland		
Würth Elektronik Oy	Nurmijärvi	100
France		
Würth Elektronik France SAS	Jonage	100
Germany		
AMBER wireless GmbH	Trier	100

Entity	Registered office	Würth Group share in %
Germany		
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar	100
PARAVAN GmbH	Pfronstetten-Aichelau	51
Würth - Elektronik GmbH & Co KG	Niedernhall	94
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg	100
Würth Elektronik iBE GmbH	Thyrnau	100
Würth Elektronik ICS GmbH & Co. KG	Niedernhall	100
Hungary		
Würth Elektronik Hungary Kft.	Budapest	100
SIME Elektronikai Gyártó és Forgalmazó Kft.	Tab	75
India		
Wuerth Elektronik CBT India Private Limited	Bangalore	100
Wuerth Elektronik India Pvt Ltd	Bangalore	100
Wurth Electronics Services India Private Limited	Bangalore	100
Israel		
Würth Elektronik Israel LTD	Caesarea	100
Italy		
Wuerth Elektronik Stelvio Kontek S.p.A.	Oggiono	100
Würth Elektronik Italia s.r.l.	Vimercate	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Mexico		
Wemsa S.A. de C.V.	Irapuato	100
Würth Elektronik Mexico S.A. de C.V.	Irapuato	100
Netherlands		
Würth Elektronik Nederland B.V.	's-Hertogenbosch	100
Poland		
Würth Elektronik Polska sp. z o. O	Wrocław	100
Romania		
sc STM Elettromeccanica S.r.l.	Blaj	100
Singapore		
Wurth Electronics Singapore Pte. Ltd.	Singapore	100
Spain		
Würth Elektronik España, S.L.	Barcelona	100
Sweden		
Würth Elektronik Sweden AB	Enköping	100
Switzerland		
Würth Elektronik (Schweiz) AG	Volketswil	100

Entity	Registered office	Würth Group share in %
Taiwan		
Würth Elektronik eiSos GmbH&Co KG Taiwan Branch	Taipeh	100
Wurth Electronics Co., Ltd.	Taipeh	100
Turkey		
Würth Elektronik Ithalat Ihracat ve Ticaret Ltd. Sti.	Ümraniye	100
United Kingdom		
IQD Frequency Products Limited	Crewkerne	100
Würth Electronics UK Ltd.	Manchester	100
USA		
IQD Frequency Products Inc	Palm Springs, California	100
Wurth Electronics ICS, Inc.	Dayton, Ohio	100
Wurth Electronics Midcom Inc.	Watertown, South Dakota	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Austria		
Kellner & Kunz AG	Wels	100
Belgium		
Reca Belux S.A./N.V.	Ternat	100
Bosnia and Herzegovina		
RECA d.o.o. Sarajevo	Sarajevo	100
Bulgaria		
Reca Bulgaria EOOD	Sofia	100
China		
reca (Shanghai) Intern. Trading Co., Ltd.	Shanghai	100
Croatia		
reca d.o.o.	Varazdin	100
Czech Republic		
Normfest s.r.o.	Prague	90
reca spol. s r.o.	Brünn	100

Entity	Registered office	Würth Group share in %
France		
Reca Union France Assemblage SARL	Mundolsheim	75
Germany		
Normfest GmbH	Velbert	100
Reca Norm GmbH	Kupferzell	100
Siller & Laar Schrauben- Werkzeug- und Beschläge- Handel GmbH & Co. KG	Augsburg	100
Hungary		
Reca KFT	Budapest	100
Italy		
FIME S.r.l.	Belfiore	100
Reca Italia S.r.l.	Gazzolo d'Arcole	100
SCAR S.r.l.	Bussolengo	100
Netherlands		
A.J. Steenkist-Rooijmans B.V.	Eindhoven	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Poland		
Normfest Polska Sp. z o.o.	Poznan	100
reca Polska Sp. z o.o.	Krakau	100
Romania		
Reca Bucuresti S.R.L.	Bucharest	100
Serbia		
reca d.o.o. Beograd	Belgrade	100
Slovakia		
reca Slovensko s.r.o.	Bratislava	100
Slovenia		
Reca D.O.O.	Pesnica pri Mariboru	100
Spain		
Global Bulon S.L.	Zaragoza	100

Entity	Registered office	Würth Group share in %
Spain		
reca Hispania S.A.U.	Paterna	100
Tuhewi S.L.	Zaragoza	100
Walter Martínez Madrid S. L.	Zaragoza	100
Walter Martínez S. A.	Zaragoza	100
Switzerland		
Airproduct AG	Oberwil-Lieli	100
Reca AG	Samstagern	100
Turkey		
Reca Vida Alet ve Makine Parc. Tic. Ltd. Sti.	Izmir	100
United Kingdom		
reca-uk ltd	West Bromwich	100

TOOLS

Entity	Registered office	Würth Group share in %
Austria		
Hommel & Seitz GmbH	Vienna	100
Metzler GmbH & Co. KG	Röthis	100
Bulgaria		
Hahn i Kolb Instrumenti EOOD	Sofia	100
China		
HAHN + KOLB (Tianjin) International Trade Co., Ltd.	Tianjin	100
HAHN+KOLB (Chongqing) Tools Co., Ltd.	Chongqing	100
HAHN+KOLB (Guangzhou) Tools Co., Ltd.	Guangzhou	100
Czech Republic		
HHW-Hommel Hercules Werkzeughandel CZ/SK s.r.o.	Prague	100
Germany		
HAHN+KOLB Werkzeuge GmbH	Ludwigsburg	100
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim	100
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen	100

Entity	Registered office	Würth Group share in %
Germany		
SVH Handels-GmbH	Dortmund	100
Hungary		
HAHN + KOLB Hungaria Kft.	Budapest	100
India		
HAHN+KOLB Tools Pvt. Ltd.	Pune	100
Mexico		
HAHN+KOLB Mexico S. de R.L. de C.V.	Puebla	100
Poland		
HAHN + KOLB POLSKA Sp. z o.o.	Poznan	100
HHW Hommel Hercules PL Sp. z o.o.	Katowice	100
Romania		
HAHN+KOLB ROMANIA SRL	Otopeni	100
Russia		
OOO Hahn+Kolb	Moscow	100
Serbia		
Hahn + Kolb d.o.o. Beograd	Belgrade	100
Turkey		
HAHN KOLB Endüstri Ürünleri Tic. Ltd. Sti	Istanbul	100

CHEMICALS

Entity	Registered office	Würth Group share in %
Austria		
TUNAP Cosmetics GmbH	Kematen in Tyrol	51
TUNAP Cosmetics Liegenschaften GmbH	Kematen in Tyrol	51
TUNAP chemisch-technische Produkte Produktions- und Handelsgesellschaft m.b.H.	Vienna	67
Belgium		
Tunap Benelux nv	Lokeren	100
Brazil		
AP Winner Indústria e Comércio de Produtos Químicos Ltda.	Ponta Grossa	100
TUNAP do Brasil Comércio de Produtos Químicos Ltda.	São Paulo	67
China		
AP Winner (Changzhou) Chemical Technology Co., Ltd.	Changzhou	100
Tunap (Shanghai) International Trading Co., Ltd.	Shanghai	67
France		
Tunap France SAS	Dachstein	67
Germany		
Dinol GmbH	Lügde	100
Kisling (Deutschland) GmbH	Bad Mergentheim	100
Liqui - Moly Gesellschaft mit beschränkter Haftung	Ulm	67
Meguin GmbH & Co. KG Mineraloelwerke	Saarlouis	100
Momper Auto-Chemie GmbH	Vöhringen	100
TUNAP Deutschland Vertriebs-GmbH & Co. Betriebs-KG	Wolfratshausen	51
TUNAP GmbH & Co. KG	Wolfratshausen	100
TUNAP Sports GmbH	Munich	100
Indonesia		
PT. TUNAP INDONESIA	Jakarta	67
Italy		
Tunap Italia S.r.l.	Terlano	67
Your Own Brand S.R.L	Milan	100

Entity	Registered office	Würth Group share in %
Netherlands		
Diffutherm B.V.	Hapert	100
Norway		
Tunap Norge AS	Hagan	67
Poland		
TUNAP Polska Sp. Z o.o.	Warsaw	67
Portugal		
LIQUI-MOLY IBÉRIA, UNIPESSOAL, LDA	Sintra	100
Russia		
TUNAP Russia OOO	Moscow	67
Singapore		
TUNAP Asia-Pacific Pte. Ltd.	Singapore	67
South Africa		
LIQUI MOLY SOUTH AFRICA (PTY) LTD	Randburg	100
Spain		
Tunap Productos Quimicos S.A.	Barcelona	67
Sweden		
Tunap Sverige AB	Sollentuna	67
Switzerland		
Kisling AG	Wetzikon	100
TUNAP AG	Märstetten	51
Turkey		
Tunap Kimyasal Ürünler Pazarlama Ltd. Sti.	Istanbul	67
United Kingdom		
Tunap (UK) Limited	Tonbridge	67
YOUR OWN BRAND UK Ltd.	North Somerset	100
USA		
Dinol U.S. Inc.	Wilmington, Delaware	100
Liqui Moly USA, Inc.	Hauppauge, New York	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Australia		
James Glen Pty Ltd	Lidcombe	100
Belgium		
HSR Belgium S.A./N.V.	Antwerp	100
Bulgaria		
Wasi Bulgarien EOOD	Sofia	100
China		
WASI (SHANGHAI) FASTENER TRADING CO., LTD.	Shanghai	100
Croatia		
WASI d.o.o.	Zagreb	100
Estonia		
Ferrometal Baltic OÜ	Tallinn	100
Finland		
Ferrometal Oy	Nurmijärvi	100
France		
INTER-INOX Sarl	Meyzieu	100
Germany		
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn	100

Entity	Registered office	Würth Group share in %
Germany		
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn	100
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten	100
WASI GmbH	Wuppertal	100
WASI International GmbH	Wuppertal	100
Greece		
Inox Mare Hellas SA	Thessaloniki	100
Italy		
HSR Italia S.r.l.	Verona	100
Inox Mare S.r.l.	Rimini	100
Inox Tirrenica S.r.l.	Fiumicino	100
Spinelli s.r.l	Terlano	100
Switzerland		
Modal Inox AG	Arlesheim	100
Serbia		
WASI d.o.o.	Belgrade	100
Turkey		
Inox Ege Metal Ürünleri Dis Ticaret Limited Sirketi	Beylikdüzü	100

FINANCIAL SERVICES

Entity	Registered office	Würth Group share in %
Austria		
Würth Leasing GmbH	Böheimkirchen	100
Denmark		
Würth Leasing Danmark A/S	Kolding	100
Germany		
Internationales Bankhaus Bodensee AG	Friedrichshafen	94
Waldenburger Versicherung AG	Künzelsau	100
Würth Immobilien-Leasing GmbH & Co.KG	Albershausen	100
Würth Leasing GmbH & Co. KG	Albershausen	100
Würth Versicherungsdienst GmbH & Co. KG	Künzelsau	100

Entity	Registered office	Würth Group share in %
Italy		
Würth Leasing Italia S.r.l.	Neumarkt	100
Luxembourg		
Würth Reinsurance Company, S.A.	Luxembourg	100
Netherlands		
Würth Finance International B.V.	's-Hertogenbosch	100
Switzerland		
Würth Financial Services AG	Rorschach	100
Würth Invest AG	Chur	100
Würth Leasing AG	Dietikon	100

IT SERVICE AND HOLDING COMPANIES

Entity	Registered office	Würth Group share in %
Austria		
Würth Leasing International Holding GmbH	Böheimkirchen	100
RuC Holding GmbH	Böheimkirchen	100
China		
Wuerth (China) Holding Co., Ltd.	Shanghai	100
Wuerth Information Technology (Shanghai) Co., Ltd.	Shanghai	100
Germany		
Reinhold Würth Holding GmbH	Künzelsau	100
UNI ELEKTRO Handels- und Beteiligungs-GmbH	Eschborn	100
WABCOWÜRTH Workshop Services GmbH	Künzelsau	50
WOW ! Würth Online World GmbH	Künzelsau	100
Würth IT GmbH	Bad Mergentheim	100
Würth IT International GmbH & Co. KG	Bad Mergentheim	100
India		
Wurth Information Technology India Private Limited	Pune	100
Italy		
W.EG Italia S.r.l.	Tramin	100
Würth Phoenix S.r.l.	Bolzano	100

Entity	Registered office	Würth Group share in %
Mauritius		
Wurth Electronics Midcom International Holdings (Mauritius) LTD	Port Louis	100
Sweden		
Autocom Diagnostic Partner AB	Trollhättan	100
Switzerland		
Würth Elektronik International AG	Chur	100
Würth International AG	Chur	100
Würth ITensis AG	Chur	100
Würth Management AG	Rorschach	100
United Kingdom		
IQD Group Limited	Crewkerne	100
IQD Holdings Limited	Crewkerne	100
Wurth Holding UK Ltd	Kent	100
USA		
Wurth Electronics Inc.	Ramsey, New Jersey	100
Wurth Group of North America Inc.	Ramsey, New Jersey	100
Wurth Industry North America LLC	Ramsey, New Jersey	100
Wurth IT USA Inc.	Ramsey, New Jersey	100
Würth Wood-Division Holding LLC	Ramsey, New Jersey	100

DIVERSIFICATION

Entity	Registered office	Würth Group share in %
Austria		
marbet GmbH	Vienna	100
China		
Wuerth International Trading (Shanghai) Co., Ltd.	Shanghai	100
Germany		
EOS KSI Forderungsmanagement GmbH & Co. KG	Künzelsau	50
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall	98
Marbet Marion & Bettina Würth GmbH & Co. KG	Künzelsau	100
Panorama Hotel- und Service GmbH	Waldenburg	100
Reinhold Würth Musikstiftung gemeinnützige GmbH	Künzelsau	100
WLC Würth-Logistik GmbH & Co. KG	Künzelsau	100
WSS Würth Shared Services GmbH	Künzelsau	100
WUCATO Marketplace GmbH	Stuttgart	100
Würth Aviation GmbH	Künzelsau	100
Würth Logistics Deutschland GmbH	Bremen	100
Würth TeleServices GmbH & Co. KG	Künzelsau	100

Entity	Registered office	Würth Group share in %
Malaysia		
Wurth Logistics Asia-pacific Sdn. Bhd.	Subang Jaya	100
Singapore		
Wurth International Trading (Singapore) Pte. Ltd.	Singapore	100
Slovakia		
Würth International Trading s. r. o.	Bratislava	100
Spain		
FINCA INTERMINABLE, S.L.	Maspalomas	100
marbet Viajes Espana S. A.	Barcelona	100
Switzerland		
Lagerhaus Landquart AG	Landquart	100
Würth Logistics AG	Rorschach	100
Würth Promotional Concepts AG in Liquidation	Chur	100
USA		
Wurth International Trading America, Inc.	Ramsey, New Jersey	100
Wurth Logistics USA Inc.	Indianapolis, Indiana	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Australia		
EDL Fasteners Pty. Ltd.	Eastern Creek	100
Austria		
Metzler GmbH	Röthis	100
Belgium		
DIN-FIX SA/NV	Eupen	100
Würth Belux N.V.	Turnhout	100
Bulgaria		
Meister Bulgaria	Sofia	100
China		
Midcom-Hong Kong Limited	Hong Kong	100
munich one live communications Co., Ltd.	Beijing	100

Entity	Registered office	Würth Group share in %
Cyprus		
Wurth Cyprus Ltd.	Nicosia	100
Germany		
Abraham Diederichs GmbH & Co. oHG	Wuppertal	100
AHD Auto-Hifi & -Design GmbH	Künzelsau	100
E 3 Energie Effizienz Experten GmbH	Künzelsau	100
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal	100
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn	100
EuroSun GmbH	Freiburg im Breisgau	45

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
Germany		
FANDUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Willich KG	Pullach im Isartal	94
Grass Verwaltungs GmbH	Reinheim	100
Grundstücksgesellschaft Berlin Chemnitz Erfurt GbR	Künzelsau	49
Grundstücksgesellschaft Cottbus Magdeburg GbR	Künzelsau	49
Hetalco GmbH	Alpirsbach	100
KOSY Gesellschaft zur Förderung des holzverarbeitenden Handwerks mbH	Künzelsau	100
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal	100
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal	100
MKT Metall-Kunststoff-Technik Beteilungsgesellschaft mbH	Weilerbach	100
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn	100
PIRUS Grundstücksgesellschaft mbH & Co. oHG	Albershausen	100
Pronto-Werkzeuge GmbH	Wuppertal	100
Schmitt Elektrogroßhandel GmbH	Fulda	100
SCREXS GmbH	Waldenburg	100
Sonderschrauben Hamburg GmbH Eiben & Co.	Künzelsau	100
SYNFIBER AS & Co. beschränkt haftende KG	Worms	100
TUNAP Deutschland Vertriebs-GmbH	Wolfratshausen	51
TUNAP Industrie Chemie GmbH	Wolfratshausen	100
WPS Beteiligungen GmbH	Künzelsau	100
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau	100
Würth Logistic Center Europe GmbH	Künzelsau	100
Würth Montagetechnik GmbH	Dresden	100

Entity	Registered office	Würth Group share in %
India		
HAHN+KOLB TOOLS Chennai Pvt Ltd	Chennai	100
Indonesia		
P.T. Wuerth Indah	Jakarta	100
Italy		
Würth Solar Italia s.r.l.	Campodarsego	100
Morocco		
Würth Maroc SARL	Casablanca	100
Netherlands		
Normfest Nederland B.V.	Well	100
Pakistan		
Würth Pakistan (Private) Limited	Karachi	100
Spain		
ISA EOLICAS S.L.	Madrid	100
marbet Servicios Creativos S.A.	Barcelona	100
WS Murcia Anbesol PM S.L.	Madrid	100
United Kingdom		
Anchorfast Limited	Wednesbury	100
Monks & Crane Industrial Group Limited	Wednesbury	100
Winzer Würth Industrial Ltd.	Erith	100
USA		
Cardinal Fastener Inc.	Bedford Heights, Ohio	100
Lubro Moly of America, Inc.	Los Angeles, California	100
R. W. Ramsey Realty Corporation	Ramsey, New Jersey	100
Session Solar USA, Inc.	Ramsey, New Jersey	100

L. The boards

Advisory Board
The Advisory Board is the supreme supervisory and controlling body of the Würth Group. It advises on strategy and approves corporate planning as well as the use of funds. It appoints the members of the Central Managing Board, the Executive Vice Presidents and the managing directors of the companies that generate the most sales.

(As of: 31 December 2017)

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

Dr. Frank Heinricht
Deputy Chairman of the Advisory Board of the Würth Group
Chairman of the Management Board of Schott AG, Mainz

Peter Edelmann
Managing Partner of Edelmann & Company, Ulm

Dr. Ralph Heck
Director emeritus at McKinsey & Company, Düsseldorf

Wolfgang Kirsch
Chief Executive Officer of DZ BANK AG, Frankfurt / Main

Jürg Michel
Former Member of the Central Managing Board of the Würth Group

Ina Schlie
SAP SE, Walldorf
Member of the Supervisory Board and Chair of the Audit Committee at QSC AG, Cologne
Member of the Supervisory Board of Theo Müller S.e.c.s., Luxembourg

Hans-Otto Schrader
Chairman of the Supervisory Board of Otto AG für Beteiligungen, Hamburg
(since 29 March 2017)

Dr. Martin H. Sorg
Certified Public Accountant and Partner of the law firm Binz & Partner, Stuttgart

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of the Würth Group's Family Trusts

Honorary members of the Advisory Board

Rolf Bauer
Former Member of the Central Managing Board of the Würth Group

Dr. Bernd Thiemann
Former Chairman of the Management Board of Deutsche Genossenschaftsbank AG, Frankfurt / Main

Central Managing Board
The Central Managing Board is the most senior decision-making board of the Würth Group. It has four members and is comparable to the management board of a group holding company. Its most important duties include corporate strategy planning, the selection of executives, and the management of strategic business units and functions.

Robert Friedmann
Chairman of the
Central Managing Board
of the Würth Group

Peter Zürn
Deputy Chairman of the
Central Managing Board
of the Würth Group

Bernd Herrmann
Member of the
Central Managing Board
of the Würth Group

Joachim Kaltmaier
Member of the
Central Managing Board
of the Würth Group

Executive Vice Presidents

The Executive Vice Presidents constitute the operational management of the Würth Group. Each of the members is in charge of one strategic business unit or responsible for one functional area.

Joachim Breitfeld
Chemicals Group
(excl. Liqui-Moly Group)

Rainer Bürkert
Würth Line Industry (excl. USA)

João Cravina
Würth Line South America
and Portugal

Dr. Steffen Greubel
Würth Line Italy and Spain,
Corporate Development

Norbert Heckmann
Würth Line Germany,
Chairman of
Adolf Würth GmbH & Co. KG

Thomas Klenk
Purchasing and Product,
Anchor Production

Jürgen Klohe / Jörg Murawski
Würth Elektronik Group

Andreas Kräutle
Tools Companies

Ralf Lagerbauer
Würth Line Asia and Oceania
(since 1 May 2017)

Svein Oftedal
Würth Line Scandinavia
(excl. Finland) and Africa

Thomas O'Neill
Würth Line Wood USA and Canada
(since 1 May 2017)

Pentti Rantanen
Würth Group Finland
and the Baltic States

Uwe Schaffitzel / Ulrich Liedtke
Electrical Wholesale

Dr. Reiner Specht
Würth Line Russia, Sub-Regions
of Western Europe and Asia,
Trade Unit, Deputy Member
of the Central Managing Board
of the Würth Group

Ulrich Steiner
DIN / Standard Stainless Steel Parts

Marc Strandquist
Würth Line Industry America

C. Sylvia Weber
Art and Culture in the Würth Group,
Director of Museum Würth / Kunsthalle
Würth, Curator of the Würth Collection

Mario Weiss
Würth Line UK, Ireland, Eastern
Europe, Balkans and the Middle East,
Würth Line Auto USA and Canada

Ernst Wiesinger
RECA Group

Alois Wimmer
Production of Screws
and Anchors

Markus Würth
Fittings Manufacturers

Audit opinion of the independent auditor

To the Würth Group

Opinion on the audit of the consolidated financial statements and the Group management report

Audit opinions
We have audited the consolidated financial statements prepared by the Würth Group, Künzelsau (the "Group") – comprising the consolidated statement of financial position as of 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from 1 January to 31 December 2017, as well as the notes on the consolidated financial statements, including a summary of the key accounting policies. In addition, we audited the Group management report of the Würth Group for the fiscal year from 1 January to 31 December 2017. Furthermore, we have been instructed to express an opinion as to whether the consolidated financial statements fully comply with IFRS.

In our opinion, based on our audit findings:

- The attached consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the supplementary requirements of German commercial law pursuant to Sec. 315e (1) of the German Commercial Code (HGB) and the IFRS as a whole, and give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2017, as well as its earnings situation for the fiscal year from 1 January to 31 December 2017
- The attached Group management report provides a suitable view of the Group's position overall. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with the German statutory provisions, and suitably presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the accuracy of the consolidated financial statements and the Group management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and the Group management report in accordance with Sec. 317 HGB and Germany's generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibility in accordance with these provisions and principles is set out in the section entitled "Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report" of our audit opinion. We are independent of the Group companies in accordance with the German commercial law and professional regulations and have met our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the Group management report.

Other information
The Advisory Board is responsible for the report of the Advisory Board. Otherwise, the statutory representatives are responsible for any other information. The other information comprises the following components intended for the Annual Report, of which we received a version before preparing this audit opinion: the information set out in the sections "Essay", "Bulletin" and "The boards".

Our audit opinion on the consolidated financial statements and the Group management report does not extend to the other information, meaning that we do not provide an audit opinion or draw any other kind of audit conclusion in this regard.

In connection with our audit, we are responsible for reading the other information and evaluating whether the other information

- includes substantial discrepancies in respect of the consolidated financial statements, Group management report or the knowledge obtained during our audit, or
- appears to be significantly misrepresented otherwise.

Responsibility of the statutory representatives and the members of the supervisory body for the consolidated financial statements and the Group management report

The statutory representatives are responsible for the preparation of the consolidated financial statements, which comply in all material respects with the IFRS as adopted by the EU and the supplementary requirements of German law pursuant to Sec. 315e (1) HGB, and for ensuring that the consolidated financial statements give a true and fair view of the assets and liabilities, financial position and earnings situation of the Group in accordance with these requirements. In addition, the statutory representatives are responsible for the internal controls that they deem necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the statutory representatives are responsible for ensuring the ability of the Group to continue as a going concern. They are also responsible for stating facts in connection with the continuation of the Group's business activities, where applicable. In addition, they are responsible for accounting based on the going concern assumption, unless the intention is either to liquidate the entity or to cease trading, or if there is no realistic alternative but to do so.

In addition, the statutory representatives are responsible for preparing the Group management report, which provides a suitable view of the Group's position as a whole and is consistent, in all material respects, with the consolidated financial statements, complies with Germany's statutory provisions and suitably presents the opportunities and risks of future development. In addition, the statutory representatives are responsible for taking the precautions and measures (systems) which they deem necessary in order to enable the preparation of a Group management report in accordance with the German statutory provisions, and in order to be able to furnish sufficient appropriate evidence for the statements made in the Group management report.

The supervisory body is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides a suitable view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the findings identified during the audit, complies with the German statutory provisions, and suitably presents the opportunities and risks of future development, as well as to give an audit opinion that includes our opinion on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB, in line with the German generally accepted standards for the audit of financial statements promulgated by the IDW, will always discover a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement in the consolidated financial statements and in the Group management report – whether due to fraud or error – plan and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures that are relevant to the audit of the Group management report in order to plan audit procedures that are appropriate given the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of the accounting methods used by the statutory representatives and the reasonableness of the accounting estimates and related disclosures made by the statutory representatives.
- draw conclusions on the appropriateness of the statutory representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether there is material uncertainty in respect of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or conditions may, however, result in the Group no longer being able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in such a manner that the consolidated financial statements, in accordance with the IFRS as adopted by the EU, and in accordance with the IFRS as a whole and the supplementary German statutory provisions pursuant to Sec. 315e (1) HGB, give a true and fair view of the assets and liabilities, financial position and earnings situation of the Group.
- obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to provide an audit opinion on the consolidated financial statements and the Group management report. We are responsible for instructing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our opinion.
- evaluate whether the Group management report is consistent with the consolidated financial statements, the law and the view of the Group's position that it presents.
- conduct audit activities on the forward-looking statements made by the statutory representatives in the Group management report. On the basis of sufficient and suitable audit evidence, we verify, in particular, the assumptions on which the forward-looking statements made by the statutory representatives are based and assess whether the forward-looking statements have been appropriately derived from these assumptions. We do not provide any independent audit opinion on the forward-looking statements or the underlying assumptions. There is a considerable and unavoidable risk that future events may differ considerably from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, 9 March 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Blesch
German Public Auditor	German Public Auditor

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The editorial team would like to thank the many people who helped prepare this Annual Report.

In order to improve legibility, male pronouns have often been used in this Annual Report as opposed to making consistent use of both female and male pronouns at the same time. Such pronouns are always, however, intended to refer to both genders.

This Group Annual Report is also published in German. The German version shall prevail.

The German and English versions of this Annual Report, along with further information about the Würth Group, can be found online at:
www.wuerth.com

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Bulletin, The boards
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