

# ANNUAL REPORT 2014





**Hydratec Industries NV**

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**Disclaimer:**

This international annual report 2014 serves as an indicative and shortened version of the official Dutch annual report 2014, which is published on the company's website [www.hydratec.nl](http://www.hydratec.nl). In case of contradictions, the Dutch version shall prevail.

# CONTENTS

<b>Foreword from the CEO</b>	2	<b>Report of the Management Board</b>	
<b>Profile and organisation</b>	4	Business progress during 2014	21
<b>Agri &amp; Food Equipment</b>		Financial developments	21
Pas Reform Hatchery Technologies	5	Dividend proposal	22
LAN Handling Systems	6	Developments per activity	
<b>Plastics</b>		• Agri & Food Equipment	23
Timmerije	7	• Plastics	23
Euro Mouldings	8	Health, safety, environment and sustainability	25
		Personnel and organisation	25
<b>Key figures 2014</b>	10	Risk management	25
<b>Major events in 2014</b>	12	Corporate Governance statement	27
<b>Strategy and financial targets</b>	14	In control statement	28
<b>Information for shareholders</b>	15	Outlook and expectations for 2015	28
<b>Supervisory Board</b>	16	A word of thanks	28
<b>Report of the Supervisory Board</b>	17	<b>Summarised annual accounts 2014</b>	
<b>Management Board</b>	20	Consolidated profit and loss account	30
		Consolidated summary of comprehensive income	31
		Consolidated balance sheet as at 31 December before profit appropriation	32
		Consolidated statement of changes in Group equity	33
		Consolidated cash flow statement	34
		Five year summary	36
		Contact details	38



## FOREWORD FROM THE CEO

### CRISIS? WHAT CRISIS?

It goes without saying that as the Hydratec Management Board we too are often asked how much our company's activities have been affected by 'the crisis'. To be honest: we don't know. Doing business is, by nature, a dynamic and continuous process that is influenced by many factors. Of course, during the past year, our companies once again had clients who ordered less than we – and often they – had anticipated. The revenue of our 'supply' companies (Euro Mouldings and Timmerije) is directly dependent on the volumes their clients sell in their own markets. If their existing clients don't achieve growth Euro Mouldings and Timmerije can only achieve revenue growth by acquiring 'new work' from new or existing clients.

The crisis has also affected our Agri & Food Equipment companies, but in a totally different way. They supply their systems worldwide to end-users for whom these systems are generally a component of large-scale investment projects. This means that the local investment climate and currency translation effects play a major role.

Fighting the crisis is a hopeless task and senseless, as is blaming disappointing results on 'the crisis'. What is essential is that we improve every aspect of our operations that we can influence within our companies. By using just a little less material, by producing just a few more products in the same amount of time and by using just a little less

energy. But also, first and foremost, by focusing on the client's needs, such as even better delivery reliability or extra flexibility. And by having the courage to adhere to price agreements and, therefore, to terminate relationships that structurally generate too little return! It is in times like these in particular that all these factors are vital for bottom-line results and the Company's position in its market. In fact, we firmly believe that the crisis also creates opportunities. Competitors that do not perform as well or that have financial problems will fall by the wayside and, as a result, will create space for others to grow. More than ever we are noticing that, to limit their operating risks, large clients are opting for reliable suppliers.

The fact that in 2014 both Plastics companies achieved growth of 4% shows they have strengthened their competitive position. The improvement of the result was, therefore, an important derivative.

As far as our Agri & Food Equipment companies were concerned, the political developments in Russia and the Ukraine were the primary reason why investments in new projects came to a standstill in those countries. During 2014 we did, however, continue to profit from projects in these regions that were agreed upon some time ago. And the timely setting-up of sales canals in other regions meant alternative market potential could be developed, especially in the USA and Brazil.

The sale of the MMI activities illustrates the extent to which Hydratec's decisions are based on the longer-term potential of its companies. There was no doubt that, thanks to stringent measures, Danielson would be able to improve its results this year. But it was also clear that the technological changes in its industry would, in the longer-term pose a serious threat, which Danielson would not, on its own, have had sufficient strength to resist.

The economic and political outlooks remain extremely uncertain. So, in fact, no change there. Last year all the Hydratec companies invested in new technologies, product adaptations and production improvements. And most definitely also in client relations and additional sales canals. We have not lost a single client to the competition. That forms a strong base position from which to once again face the challenges of the coming year with confidence.

**Roland Zoomers,**  
CEO





## PROFILE AND ORGANISATION



Hydratec Industries NV (Hydratec) is an industrial holding company of companies that supply high-quality products and systems and occupy strong positions in the following market segments:

- The global agri and food markets;
- The Benelux and German plastic products and packaging industries.

### Agri & Food Equipment



Pas Reform  
Hatchery Technologies



### Plastics

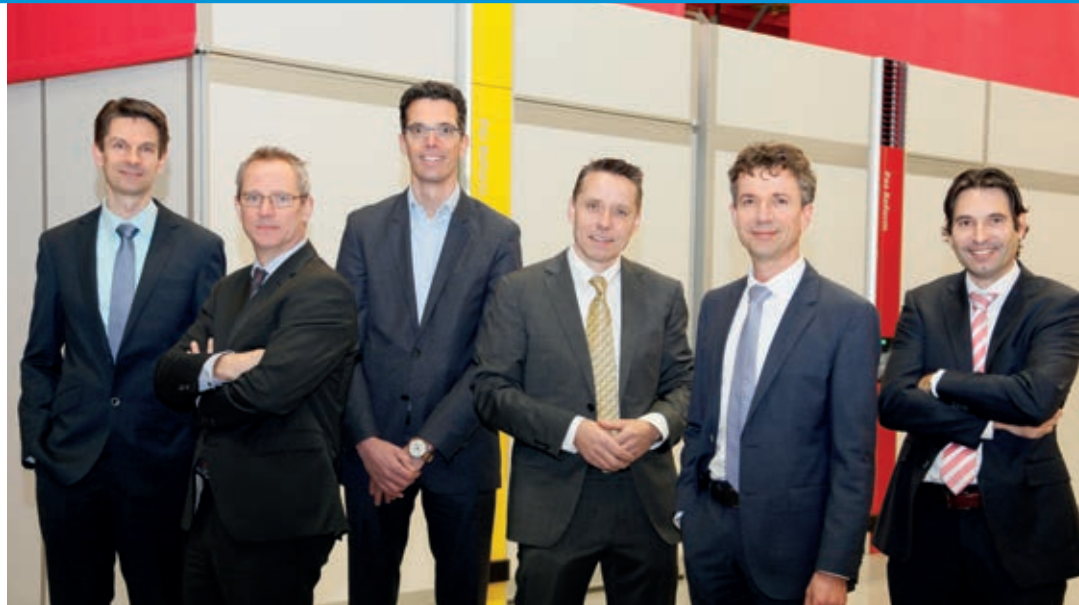


## AGRI & FOOD EQUIPMENT Pas Reform Hatchery Technologies



**Pas Reform**  
**Hatchery Technologies**

*From left to right:  
Wouter Heideman, Bart Aangenendt,  
Harm Langen, Bouke Hamminga,  
Henry Arts, Rui da Silva*



**Pas Reform has extensive experience in providing advice regarding the design and installation and operation of hatchery systems.**

Pas Reform ranks among the world's leading hatchery equipment manufacturers, with a presence in over 100 countries.

Since its founding in 1919 the Company has expanded into an international company offering total solutions to the hatchery industry. Pas Reform is active in the following product groups:

- Industrial incubators for the production of uniform, robust day-old chicks.
- Hatchery automation systems for the efficient processing of hatching eggs and day-old chicks.
- Climate control equipment for sustainable and hygienic air and water treatment.

Pas Reform has extensive experience in providing advice regarding these systems and in their design, installation and operation.

At the heart of the Company is the Pas Reform Academy which, in close co-operation with clients and universities, carries out research into the influence of the incubation process on the embryo development of the chicks. This specialist expertise is used to develop new, innovative products and services for the hatchery industry and to train and coach hatchery managers.

Pas Reform exports to more than 100 countries. Sales and service activities are carried out by the head office in Zeddum and joint ventures in the USA and Brazil. Pas Reform also has its own sales offices in Asia and an extensive network of local partners and agents in other areas. The products are distributed all over the world from the logistics centre in Doetinchem.

Pas Reform's around 85 employees focus primarily on the development, sale, final assembly and service of the hatchery systems.

[www.pasreform.com](http://www.pasreform.com)



## AGRI & FOOD EQUIPMENT LAN Handling Systems



*From left to right:  
Berry Geerts, Gerard Sprangers,  
Harm Langen, Kees van de Wiel,  
Petra Verbeek, Peter Mermans*



**LAN's systems are client-specific and form the connection between filling machines, sterilisation boilers and packing machines in a production line.**

LAN has been the specialist in the handling of packaged food and pharmaceutical products since 1970.

LAN's systems are client-specific and form the connection between filling machines, sterilisation boilers and packing machines in a production line. They are used to position, pick up and move products of various sizes and shapes and made from a variety of materials. This enables the most complex packaging to be processed in every required quantity.

In addition to its handling systems LAN offers a standard product range of automation systems that enable the efficient processing of hatching eggs and day-old chicks.

LAN's strength is its project-based approach to the execution of large and complex systems in which inventive robot technologies and mechanical solutions are combined with advanced control technologies. The result is a production line that works perfectly and is fully tuned to the client's wishes.

This demands intensive co-operation within the project teams and with the client. Which is why LAN's organisation and operations revolve around teamwork and partnerships with clients.

Most of LAN's revenue is generated outside the Netherlands. Its loyal clients include multinationals such as Mars, Nestlé Purina, Campbell's and Kraft.

LAN employs 65 people. Due to the client-specific character of the projects, the heart of the Company is formed by the engineering department in which specialists design the systems' mechanical, electrical and control technologies. Manufacture of the components is contracted-out. LAN's own specialists then assemble, test and install the system.

[www.lan-hs.com](http://www.lan-hs.com)



**Timmerije**  
NEXT LEVEL IN PLASTICS

*From left to right:  
René Wennink, Wim Simons, Maarten  
Haagsma, Geert van Leeuwen*



Open co-operation in multidisciplinary teams guarantees a high degree of service, efficiency and reliable delivery.

Timmerije is a leading designer and manufacturer of high-quality plastic products in the Benelux.

Timmerije BV is located in rural Noordijk and has been a true specialist in plastic injection moulding for its clients for over 50 years. Timmerije's over 140 employees guarantee Responsibility, Ambition and Quality. On the basis of a professional approach and intensive co-operation between product and process development, Timmerije deploys its extensive expertise and experience to achieve smart and sustainable solutions. Timmerije's modern machine park manufactures series of components for central heating boilers, bicycles, chairs, household

equipment, electrical engineering installations, internal transport systems and the automotive industry.

In 2014 clients voted Timmerije the 'second best knowledge supplier' in the Netherlands. They deemed Timmerije to be an innovative partner that thinks along with them, accepts responsibility and offers added-value to make them successful.

[www.timmerije.com](http://www.timmerije.com)

## PLASTICS Euro Mouldings



*From left to right:  
Gerbrand Makkinga, Martin Essink, Jeroen  
Brummelhuis, Robert Weustink, Gerrit Smienk*

**The wide product range  
means many different  
markets can be served.**

Euro Mouldings is a specialised supplier of plastic packaging.

All the packaging is manufactured in-house with the help of 40 blow moulding machines. The major added-value for Euro Moulding's clients is in the field of logistics service. The Company stores considerable stocks, in fact 90% of the turnover is supplied from stock. To achieve this Euro Mouldings keeps nearly 10,000 pallets of finished products in stock. Closely following clients' turnover development and the forecasting process are among the Company's core activities. Euro Mouldings also strives to supply the client's full package. This means that, whenever possible, complete consignments can be achieved and, as a result, short delivery times.

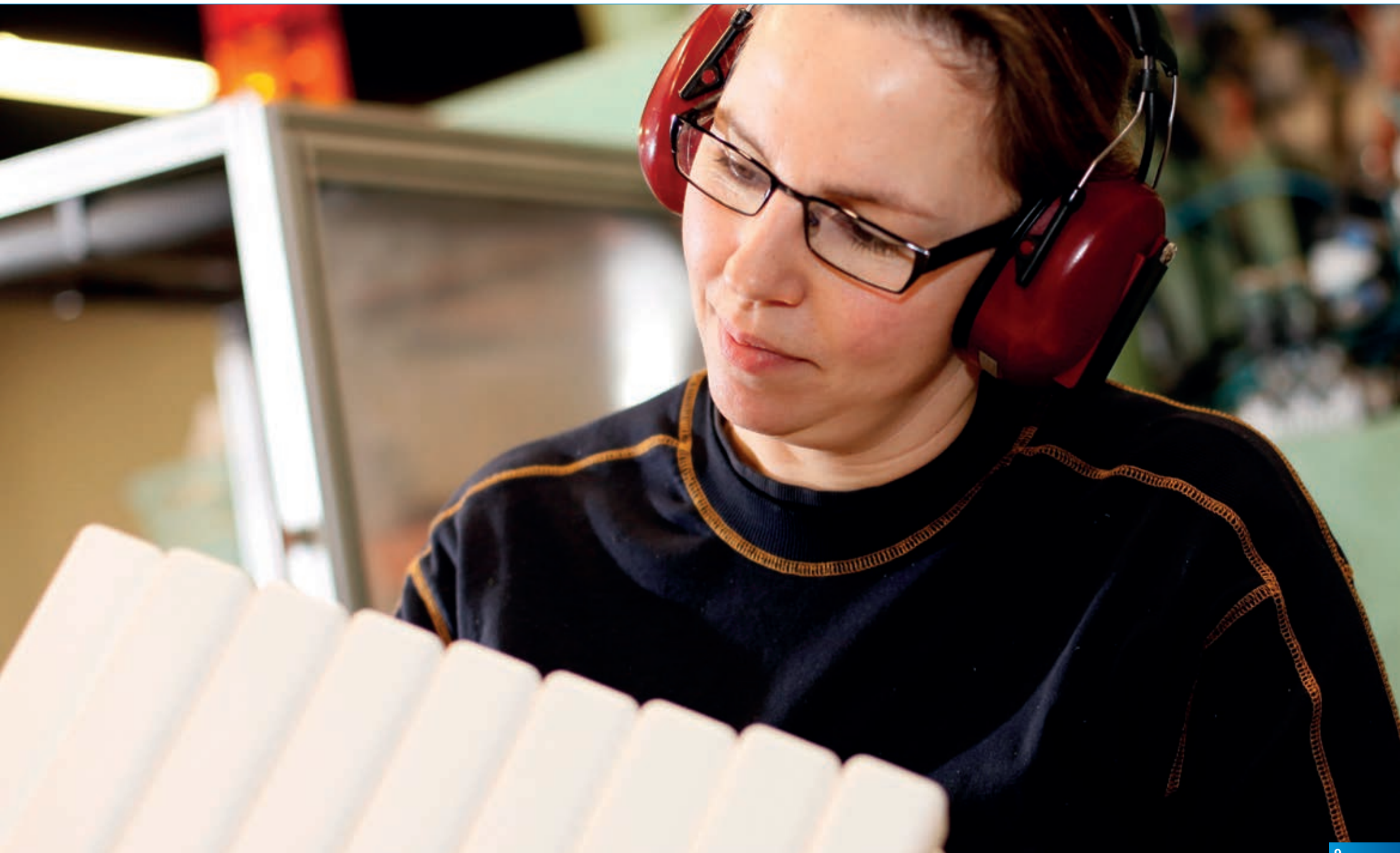
The wide product range enables many different markets to be served including the automotive, chemicals, food, cosmetics and agricultural sectors. Most deliveries are to clients in the Netherlands, Germany and Belgium.

Many of the products are manufactured using Euro Moulding's own moulds. In addition to these 'standard' products Euro Mouldings also produces client-specific packaging. New products are continuously being developed (either independently or to fulfil an order from a client). The focus here is on improved functionality, logistics advantages, weight-savings, the re-use of raw materials and image.

The combination of development capacity for new packaging and logistics added-value is summarised in Euro Mouldings' mission: 'We stock your design'.

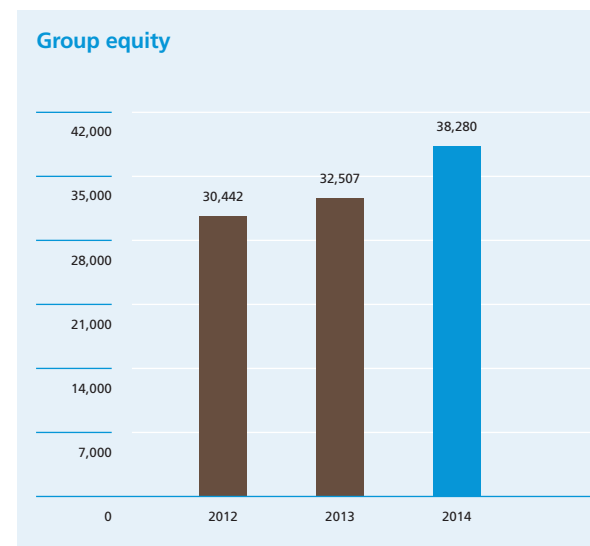
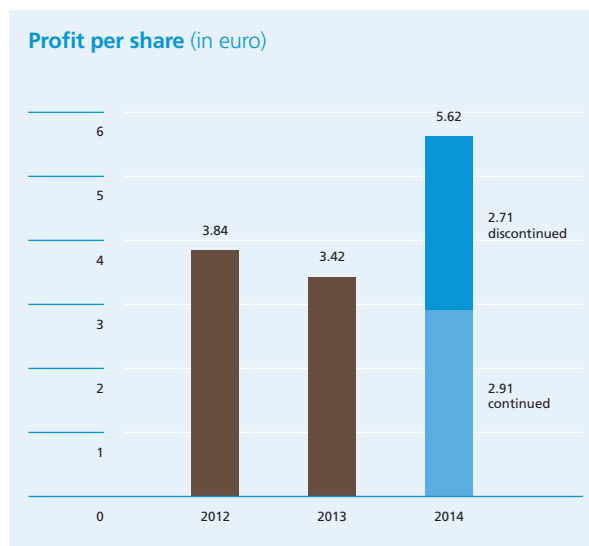
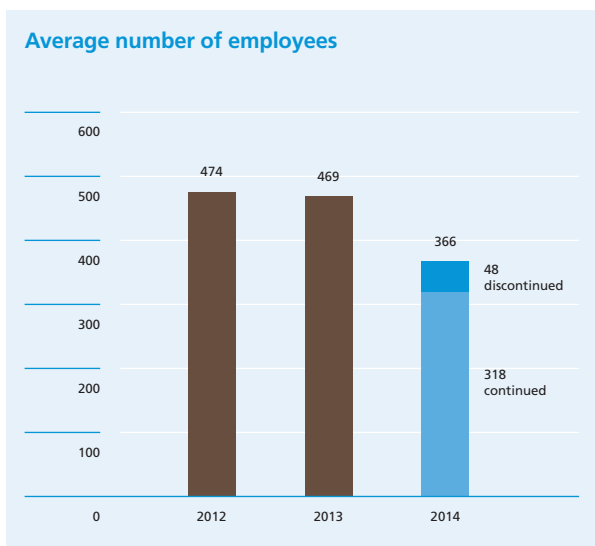
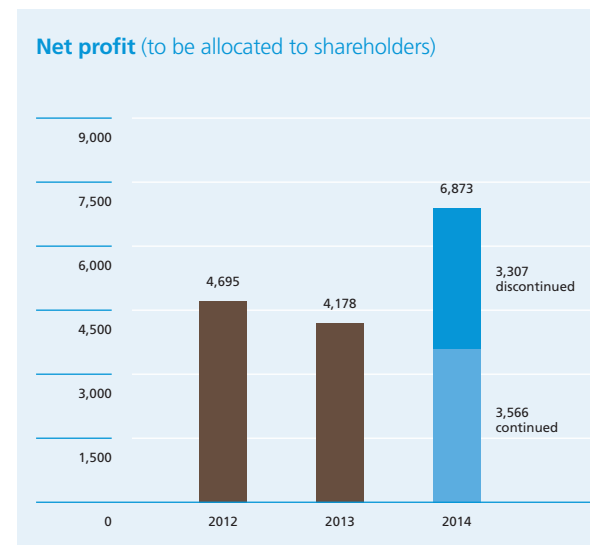
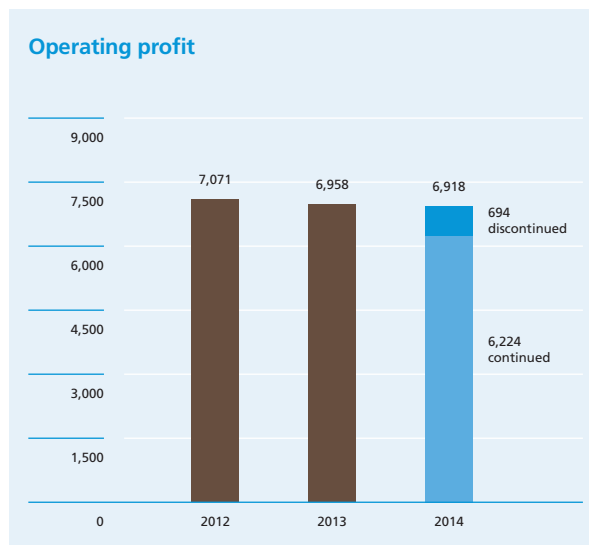
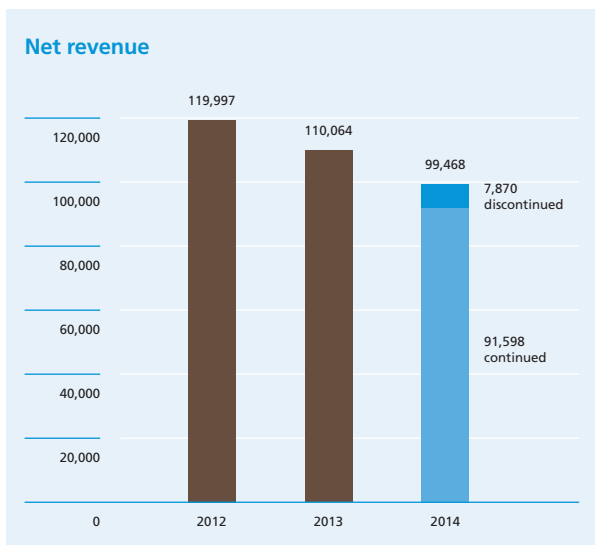
With around 75 employees Euro Mouldings is a reliable, flexible and client-oriented supplier of plastic packaging.

[www.euromouldings.com](http://www.euromouldings.com)



# KEY FIGURES 2014

Amounts in thousands of euro unless stated otherwise



<b>Profit and loss account</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>continued</b>	<b>discontinued</b>	<b>total</b>	<b>total</b>
Net revenue	91,598	7,870	99,468	110,064
Operating profit	6,224	694	6,918	6,958
Net profit	4,574	3,307	7,881	5,193
Net profit to be allocated to shareholders	3,566	3,307	6,873	4,178
<b>Cash flow</b>				
From operating activities	8,701	682	9,383	4,207
From investing activities	- 3,572	11,440	7,868	- 5,489
From financing activities	- 3,718	0	- 3,718	- 2,255
<b>Net cash flow</b>	<b>1,411</b>	<b>12,122</b>	<b>13,533</b>	<b>- 3,537</b>
<b>Balance sheet</b>				
Shareholders' equity			35,828	30,420
Group equity			38,280	32,507
Balance sheet total			77,725	83,995

<b>Key ratios</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>continued</b>	<b>discontinued</b>	<b>total</b>	<b>total</b>
Operating profit as a % of revenue	6.8%	8.8%	7.2%	6.3%
Return on invested capital <sup>1</sup>			11.9%	9.9%
Return on shareholders' equity <sup>2</sup>			12.3%	14.2%
Solvency <sup>3</sup>			49.3%	38.7%
Number of issued shares			1,222,143	1,222,143
Profit per share (in euro)	2.91	2.71	5.62	3.42
Number of employees <sup>4</sup>	329		329	465

<sup>1</sup> Net profit excluding one-time income + interest charges as a % of the average invested capital (total assets minus cash and cash equivalents minus current, non-interest-bearing liabilities).

<sup>2</sup> Net profit excluding one-time income as a % of the average shareholders' equity.

<sup>3</sup> Group equity as a % of the balance sheet total.

<sup>4</sup> FTEs at year end.



## MAJOR EVENTS IN 2014

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In May the interest in Danielson Europe was sold, which generated one-time income of € 2.8 million. In January a 50% interest in NatureForm Hatchery Technologies was acquired. In December an agreement was reached regarding the acquisition of the remaining 50% interest in Pas Reform do Brasil.

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At € 92 million total revenue (from the continued activities) was virtually the same as for the previous year.

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The gross margin (of the continued activities) improved from 43.2% to 46.3%, primarily due to Agri & Food Equipment's more favourable product mix. The increased gross margin offset the higher operating costs. As a consequence, operating profit was at virtually the same level as for 2013 and amounted to € 6.2 million.

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Higher expenditure on sales campaigns and new product developments were the main causes of the increased costs.

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Despite the weak economic conditions structural investments continued. Most of the investments were related to new machines for the plastics companies. These machines will enable more complex products to be manufactured at a lower cost.

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Net profit rose from € 5.2 million to € 7.9 million of which € 2.8 million was the one-time income from the sale of the MMI activity, Danielson.

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Profit per share amounted to € 5.62 (2014: € 3.42).

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Solvency rose from 38.7% to 49.3%.

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It is proposed that the dividend paid out to shareholders remains the same at € 1.37 per share (47% of the net profit from the continued activities).



## STRATEGY AND FINANCIAL TARGETS

### STRATEGY

Hydratec is an industrial holding company with majority interests in a number of different business activities. The strategy is aimed at achieving consistent, long-term growth of revenue and profit from every Group company that as a minimum is of a market-conforming level. The strategic market positions and market options of each business activity are evaluated annually, partly in the light of the achieved results. These evaluations form the basis for decisions regarding long-term investments and priorities in respect of product-market developments. This must offer our shareholders the prospect of a consistent and good return. We strive pro-actively for the expansion of existing activities and the possible broadening of our industrial activities through acquisitions and collaborations. All the current activities provide a basis for a so-called 'buy and build' acquisition strategy. At the same time activities can be divested if we are convinced they will achieve better structural development within other business organisations and, therefore, offer insufficient longer-term potential for Hydratec.

### MOTIVATED MANAGEMENT AND EMPLOYEE ORGANISATIONS

It is very important that every one of the companies has a good and motivated management team. These management teams must be able to identify structural market opportunities, develop innovative products and steer their own organisations in a practical and realistic manner. This includes the continuous stimulation of the employees' personal development on the basis of ambitious, but realistic, targets derived from scenarios that form a guideline for everyone involved.

The Management Boards of Hydratec's companies are responsible for carrying out their own operating activities within a clear framework of decisions that require the approval of the Hydratec Management Board. These decisions relate primarily to budgeted investments, major organisational changes and fundamental amendments to business operations. All business aspects, including the development of the results, are discussed during the regular consultation meetings between Hydratec's Management Board and the Management Boards of the operating companies. These discussions are based on a clear framework of regular reports, including assessments of the most important performance indicators. Many additional informal consultations and discussions also take place.

### ACTIVE ENTREPRENEURSHIP

Because the activities of the different groups are very varied there is no basis for central staff departments, which means overhead costs are limited to the minimum. Business operations are based on the high degree of target-oriented, no-nonsense management within which active entrepreneurship and stimulating leadership can flourish best. This enables the local Management Boards to respond quickly and effectively to opportunities and threats.

### FINANCIAL TARGETS

Hydratec strives to achieve a stable operating profit of at least 10% of revenue from its activities. This profit target can, however, temporarily fail to be achieved primarily as a consequence of economic conditions or of adjustments within the organisation that are deemed necessary. Together with the envisaged growth and a solvency of at least 35%, Hydratec strives for a dividend distribution amounting to at least 40% of the profit after taxes (excluding any one-time income).

# INFORMATION FOR SHAREHOLDERS

## STOCK MARKET LISTING

Hydratec's shares are listed on NYSE Euronext Amsterdam (ISIN NL 000 939 1242). The total number of issued shares amounts to 1,222,143.

## DISCLOSURE OF MAJOR HOLDINGS ACT

The following interests governed by the Disclosure of Major Holdings Act are known:

Shareholder	Interest	Date of disclosure
Mr. E. ten Cate	73.4%	23 March 2010
P. Chr. van Leeuwen Beheer B.V.	6.0%	9 May 2014
Zoomers Beheer BV	3.2%	8 May 2014
B.F. Aangenendt	3.2%	1 January 2012
M. Spriensma	3.2%	2 December 2014

## FINANCIAL CALENDAR 2015

Announcement of annual figures	25 March
Trading update first quarter	7 May
General Meeting of Shareholders	21 May
Publication of half-year figures	23 July
Trading update third quarter	5 November

## FINANCIAL DATA PER ORDINARY SHARE

Amounts in euro unless stated otherwise

	2014 continued	2014 discontinued	2014 total	2013 continued	2013 discontinued	2013 total
Number of issued shares			1,222,143			1,222,143
Operating profit	5.09	0.57	5.66	5.26	0.43	5.69
Profit per share	2.91	2.71	5.62	3.10	0.32	3.42
Shareholders' equity			29.08			24.89
Available cash flow <sup>1</sup>	4.19	9.92	14.11	- 1.16	0.11	- 1.05
Dividend			1.37			1.37
Price at year end			31.65			22.73
Lowest price			24.30			21.00
Highest price			34.95			26.00

<sup>1</sup> Sum of operating and investment cash flows.



## SUPERVISORY BOARD

### **E. ten Cate (1945)**

#### *Chairman*

First appointed: 2000

Current term ends: 2016

Current position: Director Bank ten Cate & Cie N.V.

Shareholding in Hydratec: 73.4%

#### **Supervisory Board memberships/other positions held**

Director Bank Ten Cate & Cie N.V.

Member of the Supervisory Board, Koninklijke Ten Cate N.V.

Chairman of the Supervisory Board, Rijksmuseum Twente

Member of the Supervisory Board, Medisch Spectrum Twente

### **H.A.A. Kienhuis (1945)**

#### *Vice-chairman*

First appointed: 2011

Current term ends: 2015

Last position held: lawyer and attorney

#### **Supervisory Board memberships/other positions held**

Vice-chairman, Stichting Edwina van Heek

Member of the Board, Stichting Continuïteit Reesink N.V.

### **J.E. Vaandrager (1943)**

First appointed: 2011

Current term ends: 2015

Last position held: member of the Board and CFO, TKH Group NV

#### **Supervisory Board memberships/other positions held**

Member of the Supervisory Board, Todlin N.V.

Member of the Supervisory Board, B.E. Semiconductor Industries N.V.

All the Supervisory Board members are Dutch nationals.

*From left to right: E. ten Cate, J.E. Vaandrager, H.A.A. Kienhuis*





# REPORT OF THE SUPERVISORY BOARD

Last year was an eventful year because of the uncertain economic conditions in all the markets. In the light of the prevailing market conditions we are satisfied with the achieved revenue increase and with the fact that, partly thanks to the sale of the MMI activities, the net result for shareholders amounted to € 6.9 million compared with € 4.2 million over the previous year.

## Annual report

We hereby submit to the shareholders the 2014 annual report of Hydratec Industries NV prepared by the Management Board, which includes the annual accounts. These annual accounts have been audited by PwC accountants and were discussed by us and the Management Board on 24 March in the presence of the Auditor. The Auditor's report is included on pages 72 to 77 of the official Dutch 2014 annual report, which can be found on [www.hydratec.nl](http://www.hydratec.nl). On these grounds we are of the opinion that the annual report meets the specifications for transparency and forms a good basis for the Supervisory Board's accountability in respect of its supervision. We recommend that you adopt the annual accounts, approve the dividend proposal and discharge the Management Board for its management and the Supervisory Board for its supervision during 2014.

## Composition of the Supervisory Board

The members of the Supervisory Board are listed on page 16. The profile sketch of the Supervisory Board is published on the Company's website. The background and experience of the Supervisory Board members is diverse. One Supervisory Board member is an experienced lawyer with considerable experience in the business world. Another has spent his entire career working in a variety of functions in different companies and ended his active

career as a member of the Board and the CFO of a stock exchange listed company. The third Supervisory Board member is an experienced entrepreneur who for many years has also been closely involved with Hydratec's development into the company it is today. The Supervisory Board is of the opinion that this variety of experience and background provides a good diversity.

## Supervision

Hydratec's targets for 2014 were ambitious, but due to the disappointing business climate were not achieved. The slight increase in revenue compared to the previous year was less than the target. This development gave no cause to change the strategy. The Supervisory Board endorses the Management Board's policy of, even under these disappointing conditions, continuing to invest in product development, strengthening technical know how, improving production capacity and reinforcing the market position. The investments in non-current assets in 2014 remained well above the depreciation. A circumspect approach was taken in respect of the workforce. The report of the Management Board looks at this topic in great detail. All the companies were very careful in respect of costs and strived to increase margins. They succeeded.

In the opinion of the Supervisory Board, despite the sale of the MMI activities Hydratec's risk profile has not changed significantly. No exceptional or unexpected risks arose in 2014. It is encouraging that, even in an adverse business climate, the different business activities managed to achieve satisfactory results. The internal risk management system functioned well. This warrants a compliment for the Group Management Board and the Management Boards of the operating companies for their

timely anticipation of more difficult times. In 2014 the Supervisory Board met three times with the Auditor.

In addition, during one meeting the Supervisory Board evaluated the functioning of the Management Board and its own Board in the absence of the Management Board. During this discussion nothing of a special nature came to light.

## Remuneration policy

The Supervisory Board of Hydratec Industries NV applies a remuneration policy for the Company's Management Board that is based on the following principles:

- The Management Board remuneration policy must enable good managers to be recruited and retained.
- The remuneration policy must be in accordance with the Company's Corporate Governance policy.
- The remuneration must be compatible with the strategic and financial targets and be performance-oriented, whereby there should be a good balance between short-term and long-term results and/or targets.
- The remuneration may not include any incentives that are aimed at the recipients own interests and conflict with the interests of the Company.

The possible outcomes of the remuneration policy are evaluated annually.

The remuneration of the members of the Management Board and the bonuses awarded in respect of 2014 are specified in Note 1.25.2 on page 49 of the official Dutch 2014 annual report.

An agreement covering all the Company's obligations in respect of fixed salary and pension agreements was signed with the CEO, Mr. R. Zoomers. This agreement will expire on 1 September 2015. Should the Company terminate this agreement before the agreed date this will be recompensed by the payment of one year's salary.

Mr. B. Aangenendt is a member of the Company's Management Board and combines this function with that of CEO of Pas Reform BV. For practical reasons he has an employment agreement with Pas Reform BV that conforms to the market.

The Supervisory Board has decided to award the members of the Management Board a bonus in respect of the 2014 financial year that is partly based on the achieved operating profit.

### Non compliance with the Management and Supervision Act

Currently there are no women on Hydratec's Management Board or Supervisory Board. The Supervisory Board recognises the advantages of diversity, including gender diversity. The Board is, however, of the opinion that gender is only one aspect of diversity. Members of the Management Board and Supervisory Board will, in the future, continue to be selected on the basis of their experience, background, skills, knowledge and insight and with particular consideration being given to the importance of a balanced composition.

The Supervisory Board has evaluated its functioning. Of the three members of the Supervisory Board two are independent. This is not the case for one member of the Supervisory Board due to his substantial shareholding in Hydratec. This factor has not played any role in the

consultation between the members of the Supervisory Board and during the year no instances of conflicting interest arose. The current term of two of the Supervisory Board members – Messrs. Kienhuis and Vaandrager – ends in 2015. The Supervisory Board proposes that they be reappointed for a term of four years.

### Composition of the Management Board

There have been no changes compared with the previous financial year.

On 1 September Mr. Zoomers will retire as CEO of Hydratec due to his having reached pensionable age. He will be succeeded by Mr. Aangenendt who is already a member of the Management Board. In addition, in the near future the Supervisory Board intends appointing Mr. Van den Burg as a Statutory Director. The Supervisory Board is very grateful to Mr. Zoomers for everything he has done for Hydratec as CEO during the past years. Under his stimulating leadership much has changed at Hydratec and this has led to a considerable increase in revenue and profitability.

### Supervision and meetings

During 2014 five scheduled meetings were held with the Management Board. Prior to the General Meeting of Shareholders on 27 May 2014 the Supervisory Board, in the absence of the Management Board, evaluated the functioning of the Management Board and its own Board.

During its meetings the Supervisory Board discussed the strategy, acquisition policy, risk management, quarterly and half-yearly results, the 2013 annual figures and the 2015 budget.

The effects of the economic crisis on the markets in which the Hydratec-companies operate were, of course, also discussed as were the measures needed to maintain the profit level if revenue continues to be disappointing.

### Corporate Governance

The Supervisory Board endorses the objectives of the guidelines contained in the Dutch Corporate Governance Code for stock exchange listed companies. Currently Mr. E. ten Cate is the only member of the Board who does not meet the independence criteria as laid-down in paragraph III. 2.2, clause e of the Code. Hydratec also deviates from the Code in the following ways:

- Hydratec has no formal written code of conduct. We expect our managers and employees to act with integrity and employee assessments are, in part, based on their conduct in this respect (§ II.1.1);
- Due to the size of the Company and the related size of the Supervisory Board no specific committees have been formed within the Supervisory Board (§ III.5.1);
- We believe that the openness of relations and communication within our relatively small company is such that any irregularities can be discussed or reported without endangering the legal position of the people involved. For this reason there is no Whistle-blower's regulation (§ II.1.7);
- Hydratec does not offer Webcasts of presentations to investors and analysts (§ IV.3.1);
- Hydratec believes that experience with and knowledge of the Company forms an important basis for the functioning of the Supervisory Board and should be a determining factor in respect of the length of a Supervisory Board member's term. For this reason no maximum term has been set for Supervisory Board

members. At the end of every term a Supervisory Board member may, after careful consideration, be reappointed for a new term (§ III.3.5);

- In view of the Company's size no internal auditor has been appointed (§V.3.3).

#### **In conclusion**

The Supervisory Board is grateful to the Management Board, the management teams and all the employees for their efforts, dedication and ambition during 2014 and the results they achieved in another difficult year.

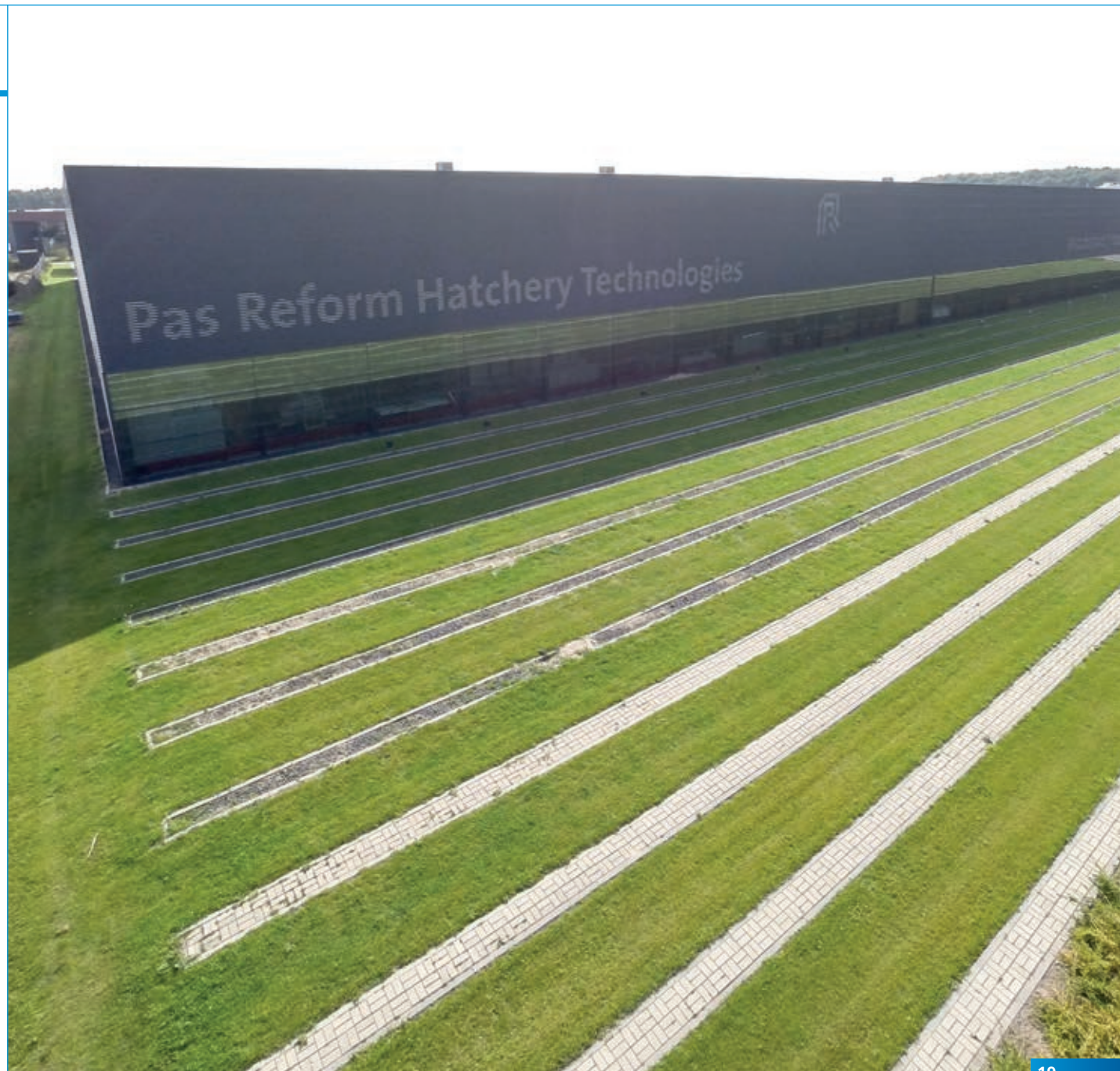
Amersfoort, 3 April 2015

#### **Supervisory Board**

**Mr. E. ten Cate** Chairman

**Mr. H.A.A. Kienhuis** Vice--chairman

**Drs. J.E. Vaandrager**





## MANAGEMENT BOARD

### **R. (Roland) Zoomers (1950)**

*Statutory Director*

*CEO*

First appointed: 2002

Current term ends: 2015

Shareholding in Hydratec: 3.2%

### **B. (Bart) F. Aangenendt (1964)**

*Statutory Director*

*Director*

First appointed: 2012

Current term ends: 2016

Shareholding in Hydratec: 3.2%

### **M. (Mark) C. van den Burg RC (1969)**

*Financial Director*

First (honorary) appointment: 2012

All the members of the Management Board are Dutch nationals.



From left to right: M.C. van den Burg RC, R. Zoomers, B.F. Aangenendt

## REPORT OF THE MANAGEMENT BOARD

### **BUSINESS DEVELOPMENT DURING 2014**

In 2014 the continued activities achieved revenue and gross margin of € 91.6 million and € 42.4 million respectively. Although revenue only increased marginally compared with the previous year, the gross margin rose by over 8%. In 2014 the MMI activities of Danielson Europe BV were sold. The results achieved by Danielson until the sale in May are accounted for separately and are not included in the continued activities' results.

The Agri & Food Equipment activities' revenue amounted to € 52.2 million (56% of Hydratec's total revenue) compared with € 53.1 million in 2013. The Plastics activities achieved revenue growth of 4% which, in view of the adverse market conditions, was reasonable. Hydratec's gross margin rose from 43.2% in 2013 to 46.3% in 2014. This was due on the one hand to a range of measures implemented by all the companies and, on the other hand, to a more favourable mix of sales, especially by Pas Reform.

### **Sale of the MMI activities (Danielson Europe BV)**

This concerned Hydratec's 100% interest in Danielson Europe BV, manufacturer of so-called Man Machine Interfaces. In recent years Danielson had successfully developed into a designer and manufacturer of innovative control panels, primarily touch-screens. This did, however, mean that to a great extent the product development was based on electronic applications and that Danielson's longer-term position could be better guaranteed as part of a group of companies active in the industrial electronics field. At the end of May Danielson was sold to the Swiss Schurter Group for € 8.5 million. This sale generated a book profit of € 2.8 million. Danielson's bank overdraft of € 3.3 million was also transferred to the purchaser.

Danielson's net profit up to the end of May 2014 amounted to € 0.5 million, which is recognised as discontinued activity. The effects of this sale on Hydratec's financial position are explained in more detail on page 47 of this annual report. The proceeds from the sale have been used to settle bank debts (of € 4.7) at a holding company level.

### **FINANCIAL DEVELOPMENTS**

The operating profit for 2014 amounted to € 6.2 million, which was 6.8% of revenue (2013: 6.3% of revenue). Agri & Food Equipment was responsible for € 4.4 million of the operating profit. The Plastics companies achieved operating profit of € 2.6 million.

### **Financial income and expenses**

In 2014 net interest charges amounted to € 483,000 compared with € 550,000 in 2013, and were, therefore, slightly lower. At the end of 2014 Hydratec's bank balance was € 11.5 million (2013: € 4.4 million). Due to the low interest rates, in 2014 interest income amounted to only € 63,000. Interest-bearing loans decreased from € 16.5 million to € 8.2 million, partly as a result of the repayment of the holding company's credit facilities. Hydratec has no cash pool facilities for its operating companies.

### **Fiscal effects**

The effective tax rate for the continued activities in 2014 was 21.3% compared with 19.8% in 2013. This resulted in a tax payable of € 1.2 million (2013: € 1.2 million) in the profit and loss account. Corporation tax is not payable on the income from the sale of Danielson.



### **Martin Essink,**

Director Euro Mouldings

#### ***What makes Euro Mouldings unique?***

"We deliver our products on time. That seems logical, but we have taken it much further. We estimate what clients will need and when and hold around 90% of their requirement in stock. We take over that responsibility."

#### ***How important is teamwork?***

"It's what really makes the difference. That's true for the management team, but definitely also for the middle management. They get the best out of the employees; they ensure and actively stimulate dedication. The result is inspired employees who enjoy their work."

#### ***What is the outlook for the future?***

"There will still be a place for us. To maintain profitability we must continue investing, both in people and in equipment. We try to extend the product life-cycle and don't just manage on the basis of working capital. Our clients are increasingly exporting outside of Europe, so we must respond to this."





## Harm Langen,

Director LAN Handling Systems

### *What makes LAN unique?*

"Besides the high quality of our machines it is primarily the people who make LAN unique. The way we handle projects in co-operation with our clients and our commitment to supplying a machine that works perfectly make us special."

### *How important is teamwork?*

"Teamwork is the essence of our company culture. To a great extent it is what makes us successful. Our people are enthusiastic and closely involved with the company. The working atmosphere is open and good."

### *What is the outlook for the future?*

"Rosy! In addition to the food industry we are working in new (for us) growth markets, such as pharmaceuticals. In co-operation with our associate company, Pas Reform, we also supply products for automation within hatcheries."

In 2014 the utilisation of the innovation box regulation once again reduced the tax payable, this year by € 337,000 (2013: € 309,000).

### **Net profit**

Net profit for 2014 amounted to € 7.9 million compared with € 5.2 million in 2013. Net profit for shareholders was € 6.9 million (2013: € 4.2 million). These increases were due to the sale of Danielson. At € 4.6 million (€ 3.6 million for shareholders) the results of the continued activities are virtually the same as for the previous year.

### **Cash flow**

In 2014 the operational cash flow of the continued activities amounted to € 8.7 million (2013: € 3.3 million). Cash flow from investing activities amounted to € 3.6 million negative. The cash flow resulting from the sale of the MMI activities (Danielson) amounted to € 8.5 million. In addition, bank debts amounting to € 3.4 million were transferred to the new owner. Against that were investments in (in)tangible non-current assets of € 4.4 million. Cash flow from financing activities amounted to € 3.7 million negative, due to the dividend pay-out totalling € 2.0 million and a reduction of the long-term liabilities amounting to € 1.7 million.

The cash and cash equivalents received as a result of the sale were used to settle Hydratec NV's bank obligations (loans of € 2.5 million and current account overdraft of € 2.2 million, in total € 4.7 million).

### **Balance sheet**

The balance sheet ratio improved compared to 2013. Solvency rose from 38.7% in 2013 to 49.3% in 2014. This was due to the income from the sale of Danielson, which resulted in an increase in shareholders' equity combined with a lower consolidated balance sheet due to the deconsolidation of Danielson. In addition, since the end of December 2014 Pas Reform do Brasil has been included in the consolidation. The balance sheet total fell from € 84 million to € 78 million, while shareholders' equity rose from € 32.5 to € 38.3 million. Interest-bearing liabilities were lower, on the one hand due to the deconsolidation of Danielson, and on the other hand due to the repayments in the holding company. This did not, however, lead to a lower balance sheet because the cash position of the companies rose by a comparable amount.

### **DIVIDEND PROPOSAL**

It will be proposed to the General Meeting of Shareholders that a dividend of € 1.37 per share be paid out for the 2014 financial year (2013: € 1.37). This sum will be paid in cash. The net profit for 2014 will be added to the other reserves. This dividend distribution is in line with the policy of paying out at least 40% of the profit after taxes (excluding one-time income).

**DEVELOPMENTS PER ACTIVITY**

**Agri & Food Equipment: Pas Reform Hatchery Technologies and LAN Handling Systems**

Agri & Food Equipment's revenue remained stable in 2014 despite a cautious investment climate. On average sales prices rose, in part thanks to a more favourable market and product distribution, and targeted value engineering led to a further reduction of the costs per project. This had a positive effect on the gross margin. Operating profit was lower than in 2013 due to higher expenditure on market and product developments aimed at strengthening market positions. In 2014 a joint venture with NatureForm Hatchery Technologies was established in the United States and agreement was reached regarding the remaining 50% interest in Pas Reform do Brasil. This has reinforced Pas Reform's presence in two important sales markets.

Pas Reform and LAN set great store by the training and coaching of their clients. The Pas Reform Academy's success as a knowledge provider for the hatchery industry is bringing more and more poultry experts to Pas Reform. This direct client contact increases the added-value Pas Reform can offer its clients and is a key source of inspiration for innovations. The client companies are getting larger, which is making support through training, and the automation of operating processes, increasingly important. Pas Reform and LAN are responding to this trend with their products and services.

Although the willingness to invest improved in the second half of 2014 thanks to feed prices developing positively and a favourable dollar-euro exchange rate, the political situation in Russia and the Ukraine meant that few projects were forthcoming in this previously important region.

This was offset by a substantial inflow of orders from the Middle East and the United States, where Pas Reform was able to increase its market share. LAN received several large orders from existing, attractive, clients in the pet food industry in particular and also succeeded in further strengthening its position in the pharmaceutical industry.

€ x 1.000	2014	2013
Revenue	52,208	53,079
Gross margin	23,237	21,094
Depreciation and amortisation	624	552
Investments	793	2,876
Operating profit	4,378	4,920
Number of FTEs at year end	146	138

**Plastics: Euro Mouldings and Timmerije**

The Plastics companies achieved a reasonable 4% revenue growth. The volume growth was, however, even higher because throughout the year raw materials prices fell and, therefore, so did the price per kilogram. Demand for Euro Mouldings' packaging remained stable throughout the year. Timmerije profited from the acquisition of large new orders and, as a result, increased its revenue, which led to a higher operating profit. New machines went into service at both Euro Mouldings and Timmerije,

some of them as replacements for old machines. At the end of the year Euro Mouldings utilised the option to acquire a neighbouring building and land at favourable conditions. The storage of client-specific stock is an important component of the logistics service Euro Mouldings offers its clients. Acquiring these additional premises means that Euro Mouldings will be able to continue expanding at its current location in Nijverdal for a number of years. Timmerije's new machines are enabling it to carry out extremely advanced injection moulding processes for complex products. Possibilities for reusing plastic are sought continuously. Most of the so-called manufacturing waste is immediately reused in the on-going manufacturing process. In addition, continuous research is carried out and possibilities for using recycled plastic in new products are found. This not only generates potential cost advantages it also leads to a more sustainable use of raw materials.

€ x 1.000	2014	2013
Revenue	40,544	39,026
Gross margin	19,191	18,120
Depreciation and amortisation	1,755	1,890
Investments	3,638	1,967
Operating profit	2,645	2,387
Number of FTEs at year end	174	172

**'Pas Reform and LAN set great store by the training and coaching of clients.'**



### HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY

A focus on good, and above all safe, working conditions is vital for maintaining a consistently controlled and high-quality manufacturing process. Paying constant attention to employees, and in particular their working conditions, is especially important for industrial companies. Not only to minimise absenteeism through sickness but also to guarantee maximum safety within the manufacturing processes. Programmes aimed at introducing continuous improvement are in place at and implemented by the employees of every Hydratec company. Virtually every industrial process involves environmental risks. Limiting these risks is an extremely important area of attention for the management teams. Environmental risk assessments are, therefore, carried out at the manufacturing facilities on a regular basis and, if necessary, lead to the immediate implementation of measures and procedures to reduce the risks still further. Increasingly the processes are also checked for possibilities to improve the sustainability of our products and/or manufacturing processes. This aspect will become more and more important. Not only to offset the ever higher energy prices, but also because we expect increasingly stringent requirements in this field will be specified by our clients.

### PERSONNEL AND ORGANISATION

As at the end of 2014 the workforce had decreased from 465 to 329 FTEs. Most of this reduction was due to the sale of Danielson. The workforce of the remaining activities at the end of 2014 was 322 FTEs compared with 312 at the start of the year. As a principle we strive for strong local organisations with a high degree of entrepreneurship and a sense of responsibility for all business processes. The personnel policy is implemented at the operating company

level. At this level attention is paid to safety, accident prevention and absenteeism through sickness and, above all, to the creation and maintenance of a loyal organisation with sufficient flexibility and ambition. Within every company there is regular and constructive consultation with the local Works Council. The central Management Board participates in this consultation at least once a year in the absence of the local Manager.

### RISK MANAGEMENT

#### Risk and risk management

Hydratec's annual accounts are drawn-up in accordance with IFRS regulations. Several of the financial risk factors to which Hydratec is exposed are explained in the Notes related to the consolidated annual accounts on page 37 of the official Dutch 2014 annual report. These include market, credit, currency and interest rate risks. A sensitivity analysis regarding these factors is also included. These risks are not, however, exceptional and, in our opinion, are inextricably linked to the nature of the Company's activities.

#### Hydratec Industries NV's growth, acquisition and new activities

The steady growth of its revenue and results is at the core of Hydratec's strategy. We endeavour to achieve this primarily through the organic growth of every one of the companies by expanding market positions and by broadening the product offering. We believe that continuous growth is necessary for healthy business development and we stimulate our companies to improve their competitive positions by achieving product improvements and innovations. These product developments are based primarily on identified concrete requirements of clients and potential clients.



### Wim Simons,

Director Timmerije

#### What makes Timmerije unique?

"Our slogan is 'the next level in plastics'. That means we help our clients to rise to a higher level and also that we constantly strive to improve ourselves. If it's going to be difficult you have to go to Timmerije. That's how our clients see us and every day we work with commitment and passion to fulfil this expectation."

#### How important is teamwork?

"It's the most important prerequisite for our success. Inventive solutions can only be found through close co-operation. Between client and supplier and internally. That is embedded in the DNA of our employees at every level."

#### What is the outlook for the future?

"Good! In 2014 we acquired a record amount of new work. In most cases the receipt of an order is the start of a long-term involvement from development to commissioning. We don't only invest heavily in our modern machine park, but also in our people. We train our new, young employees and we continuously (re)train our existing employees."





**Bart Aangenendt,**

Director Pas Reform

**What makes Pas Reform unique?**

"Without a doubt, the Pas Reform Academy. Here we train clients to get the best results from our machines and systems. We share knowledge, and in the process gain important market information. That enables us to respond successfully to needs in the over 100 countries to which we export."

**How important is teamwork?**

"Pas Reform is a horizontal, open-minded organisation. We work together, through and across all the layers and disciplines and respect each other's expertise. We also learn a lot from our intensive contacts with our suppliers."

**What is the outlook for the future?**

"Very good. We work in an interesting market. Poultry consumption is increasing worldwide and our market share can still increase. Food security, sustainability and animal welfare are priorities all over the world and Pas Reform can make a significant contribution in these areas."

At the same time Hydratec endeavours to strengthen its companies' market positions, gain synergy advantages and gradually expand its revenue and geographical area of operations through acquisitions. Hydratec also remains alert for opportunities in sectors in which it is not yet active. This can mean that Hydratec acquires activities in new markets in which it does not have a proven track record of experience and/or expertise. This growth strategy may require investments that cannot always be financed from our own resources and available credit facilities and may necessitate calling on the capital market and/or shareholders. Maintaining a strong solvency ratio is, therefore, an important basis for Hydratec's continuity.

**Risks resulting from client and project size and sanction regulations**

Although the Plastics companies' top-10 clients account for around 46% of the total revenue, the largest client accounts for less than 10%. If a large client terminates its relationship with the company the loss of revenue cannot be offset immediately. But in view of the fact that such client relationships involve a wide range of products, should a client relationship be discontinued the actual loss of revenue would also be gradual. As far as the Agri & Food Equipment companies are concerned, the top-10 countries are responsible for 69% of the total revenue. In 2014 Russia accounted for the largest share of the revenue with around 18%. Large project orders can create major fluctuations in the Agri & Food Equipment companies' revenue and profit. Even after a contract for a project has been signed the client can postpone the actual deliveries for a considerable length of time. Because the major portion of the production of the components for the machines is

contracted-out to sub-contractors, this risk is, to a degree, shifted to these sub-contractors.

The Agri & Food Equipment companies are active worldwide and recognise the risks that can be coupled with sanctioned countries, people and products. Changes to the relevant regulations are followed very closely and form a component of the sales process.

**Product liability and manufacturing risks**

Within the Hydratec companies many different manufacturing processes are carried out on a relatively small scale and often involving a low level of automation. The resulting increased risk of human error and incidental manufacturing faults can lead to a loss of product quality and the disruption of the manufacturing process. In addition the Hydratec companies carry out a considerable amount of product development, which increases the risk of design faults. This can lead to relatively high costs for clients, who will endeavour to be recompensed by their supplier. All the companies implement strict quality standards and carry out Risk Inventories and Evaluations (RIE). All the companies are ISO certificated or comply with an ISO-based quality system. Although all the companies are insured against product liability, this does not guarantee cover in every case. At all the companies product manufacture involves many different machines, which reduces the risk of the breakdown of one machine constituting a major manufacturing risk.

## 'Hydratec strives to achieve manufacturing efficiency and logistical advantages.'

### Suppliers

The Plastics companies purchase raw materials that are used on a global scale by all plastics companies. Although only a relatively few extremely large global suppliers operate in these raw materials production markets, the (lack of) availability of these raw materials does not constitute a real risk.

The Agri & Food companies use a large mix of suppliers: Eastern European companies for the more mass-produced products and companies in the region for specific components and smaller quantities. The largest supplier (< 10% of the purchase volume) is based in the Czech Republic.

### Real estate

The companies are increasingly being confronted with more stringent requirements regarding possible soil contamination in the event of new construction or renovation. These stipulations could lead to higher costs when expanding, or lower proceeds from the sale of real estate.

### Environmental risks

The manufacturing and processing of plastic products goes hand-in-hand with environmental risks. Limiting these risks is a key issue for the Hydratec companies which must, at all times, focus on the environmental aspects relevant to their

operations and the prevention of calamities. The current situation and related (financial) risks at the manufacturing facilities are evaluated and recorded on a regular basis. The aim of the evaluation is not only to ensure compliance with environmental legislation, but also to assess what preventative measures can be implemented. The recognised environmental risks are, when necessary, converted into concrete action plans. The effectiveness of the implemented measures is checked continuously in order to limit the risks as far as possible. In addition to the preventative measures, Hydratec's policy is also aimed at reducing the total environmental burden. The waste streams of all the companies have been optimised with the objective of generating less waste. Developments that can lead to improved environmental care will continue to be closely monitored in the future.

### Automation

Hydratec strives to achieve manufacturing efficiency and logistics advantages, for example through far-reaching automation. Its success is increasingly dependent on the timely and correct implementation and extension and/or good functioning of automation systems. This makes the organisation very dependent on the proper functioning of these systems.

ICT systems that do not function properly, or do not function at all, could threaten the continuity of business

operations within a relatively short space of time. All the companies follow stringent procedures that ensure that, in the case of a system fault or failure, they have back-up systems and can access the most recent data.

### Foreign currency

Hydratec invoices virtually all its revenue in euro, with the exception of Pas Reform do Brasil which invoices its revenue in Brazilian Reals. In this respect Hydratec faces a currency risk related to the translation of the financial results and balance sheet position into the Company annual accounts and any dividend distribution. This risk is partially hedged via local financing of the working capital. Pas Reform do Brasil purchases around 60% of its total purchases from local suppliers who also invoice in Brazilian Reals.

### CORPORATE GOVERNANCE STATEMENT

The Supervisory Board and Management Board endorse the principles of Corporate Governance and Hydratec Industries NV complies with the main provisions laid down in the Dutch Corporate Governance Code. Key concepts such as transparency and accountability to and the participation of the shareholders form the basis for our policy. We do, however, deem some of the guidelines to be irrelevant for a SmallCap company.

For example, in view of the Company's size and the fact that its Supervisory Board has less than four members, no committees have been formed. The points on which Hydratec deviates from the Code and the reasons why are listed per section of the Code on the Corporate Governance page of the Company's website.

The reporting systems used within our companies and the regular reports to the Management Board are of major importance. Revenue and order in-flow are reported weekly. Monthly reports include the most important financial and operational components, such as revenue, gross margin, operating costs, operating profit, orders received, working capital components, personnel summaries, investments, delivery/supply reliability and efficiency. These reports form the basis for monthly meetings between the Management Board and the operating company managements as well as for the consolidated summaries that are also sent to the Supervisory Board. The local managements also prepare quarterly reports which include an explanation of business development within their companies.

At least once a year a General Meeting of Shareholders is organised during which all the resolutions are approved on the basis of the 'one share, one vote' principle. Shareholders, individually or with a joint interest of at least 3% of the issued shares, are entitled to ask the Management Board or Supervisory Board to add particular topics to the agenda. Important Board resolutions which could result in a change to the Company's identity or character must be approved by the General Meeting of Shareholders. The Company's Articles of Association are published on the Company's website as are the main tasks and authorities of the General Meeting of Shareholders and the Supervisory Board.

### IN CONTROL STATEMENT

Hydratec's Management Board is of the opinion that the risk management and control systems provide a reasonable level of assurance that the financial reporting does not contain any material misstatements. These risk management and control systems functioned properly

during the year under review and there are no indications that they will not function properly during the current year. The process of refining the management and control systems has been, and will continue to be, evaluated on a continuous basis.

Hydratec's Management Board declares that, to the best of its knowledge, the annual accounts provide a fair and accurate picture of the assets, liabilities, financial position and profits of the Company and the companies jointly included in the consolidated annual accounts. The annual report provides a fair and accurate picture of the situation as at the balance sheet date and the business development during the financial year of the Company and the affiliated companies for which the data is included in the annual accounts. The annual report describes the actual risks with which the Company is confronted.

### OUTLOOK AND EXPECTATIONS FOR 2015

During 2014 we noticed that the still unfavourable macro-economic conditions had the greatest effect on the demand for the products of our companies that supply the industrial market. Even so these companies proved themselves capable of acquiring new orders from both existing and new clients and achieving revenue and profit growth with these orders. Although the Agri & Food Equipment companies have well-filled order books, a significant portion of these orders cannot be delivered until the second half of 2015. We deem it too early to make a definite statement regarding the expected results for 2015.

### A WORD OF THANKS

The positions in their markets of each of our companies make the achievement of revenue and profit growth possible, even in adverse economic conditions.

It is at such times that the entire organisation, and therefore all its employees, have a very good reason to do just that little bit extra to retain clients and achieve new revenue. And doing it while, at the same time, having to comply with increasingly stringent quality demands and more flexible deliveries. This demands not only a considerable effort from all our employees but also the willingness to pro-actively anticipate clients wishes, fluctuations in revenue and increasingly stringent quality demands. We thank our employees for their efforts and their loyalty which give us a solid foundation for strengthening our competitive strength and expanding our market positions.

Amersfoort, 3 April 2015

### Management Board

**R. Zoomers** CEO

**B.F. Aangenendt** Director

## SUMMARISED ANNUAL ACCOUNTS

Consolidated profit and loss account	30
Consolidated summary of comprehensive income	31
Consolidated balance sheet as at 31 December before profit appropriation	32
Consolidated statement of changes in Group equity	33
Consolidated cash flow statement	34





## CONSOLIDATED PROFIT AND LOSS ACCOUNT

x € 1,000

	2014		2013 adjusted*	
<b>Net revenue</b>		91,598		90,834
Material usage		49,170		51,620
Gross margin		42,428		39,214
Wages and salaries	14,796		14,365	
Social security premiums and pensions	3,767		3,262	
Depreciation and amortisation of non-current assets	2,607		2,690	
Other operating costs	15,034		12,471	
		36,204		32,788
<b>Operating profit</b>		6,224		6,426
Interest income	63		106	
Interest expenses	483		550	
Financial income and expenses		- 420		- 444
<b>Profit before taxes</b>		5,804		5,982
Taxes		1,234		1,182
Profit from minority interests		4		-
<b>Net profit from continued activities</b>		4,574		4,800
<b>Net profit from discontinued activities</b>		3,307		393
<b>Net profit</b>		7,881		5,193
<b>Net profit attributable to:</b>				
Shareholders from continued activities		3,566		3,785
Shareholders from discontinued activities		3,307		393
Minority interest		1,008		1,015
		7,881		5,193

\* Adjusted in connection with sale of Danielson (MMI)

	2014		2013	
	Continued activities	Discontinued activities	Continued activities	Discontinued activities
<b>Weighted average number of shares</b>		1,222,143		1,222,143
Profit per ordinary share (in euro)	2.91	2.71	3.10	0.32
<b>Diluted profit per ordinary share (in euro)</b>	2.91	2.71	3.10	0.32

## CONSOLIDATED SUMMARY OF COMPREHENSIVE INCOME

x € 1,000	2014	2013 adjusted
Net profit	7,881	5,193
<b>Components that may be recognised in future profit</b>		
Hedge result on financial derivatives	37	79
<b>Components that will not be recognised in future profit</b>		
Change in value of put-option minority shareholders Lias/LAN	- 214	- 303
Total unrealised profit	- 177	- 224
Total profit after taxes	<u>7,704</u>	<u>4,969</u>
Total profit from continued activities after taxes	4,397	4,576
Total profit from discontinued activities after taxes	<u>3,307</u>	<u>393</u>
<b>Related corporate tax amounts:</b>		
Hedge result on financial derivatives	- 9	- 20
<b>Total profit attributable to:</b>		
Shareholders	6,696	3,954
Minority interest	<u>1,008</u>	<u>1,015</u>
	<u>7,704</u>	<u>4,969</u>

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER before profit appropriation

x € 1,000	2014	2013	2014	2013
<b>ASSETS</b>			<b>LIABILITIES</b>	
Intangible non-current assets	19,715	19,030	<b>Shareholders' equity</b>	35,828
Tangible non-current assets	22,633	24,427	Minority interests	2,452
Financial non-current assets	94	90	<b>Group equity</b>	<u>38,280</u>
Deferred tax assets	143	137		<u>32,507</u>
<b>Total non-current assets</b>	<u>42,585</u>	<u>43,684</u>	Personnel-related provisions	471
			Other provisions	0
Stocks	10,838	14,615	Deferred tax liabilities	2,274
Trade debtors	11,043	16,867	Non-current liabilities	6,075
Corporation tax	51	265	Other financial instruments	101
Other taxes and social security premiums	421	1,018	<b>Total provisions and non-current liabilities</b>	<u>8,921</u>
Other receivables	1,157	2,573		9,971
Accrued assets	123	347	Trade creditors	4,554
Cash and cash equivalents	11,507	4,626	Corporation tax	111
<b>Total current assets</b>	<u>35,140</u>	<u>40,311</u>	Other taxes and social security premiums	357
			Owed to banks	2,095
			Put-option minority shareholders Lias/LAN	4,100
			Other debts and accrued liabilities	19,307
			<b>Total current liabilities</b>	<u>30,524</u>
				41,517
<b>Total assets</b>	<u>77,725</u>	<u>83,995</u>	<b>Total liabilities</b>	<u>77,725</u>
				<u>83,995</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

x € 1,000	Issued capital	Agio	Translation reserve	Hedge reserve	Other reserves	Un- distributed profit	Total	Minority interest	Total Group equity
<b>Book value as at 1 January 2013</b>	550	3,418	- 343	- 173	20,256	4,695	28,403	2,039	30,442
Shareholder related changes:									
• Dividend distribution 2012					- 1,894		- 1,894		- 1,894
• Dividend minority shareholders								- 752	- 752
Other changes:									
• Profit appropriation 2012					4,695	- 4,695	0		0
<b>Unrealised profit</b>									
• Currency translation differences foreign participations			- 43				- 43		- 43
• Value differences interest rate swaps				79			79	15	94
• Put-option minority shareholders Lias					- 303		- 303	- 230	- 533
<i>Subtotal unrealised profit</i>			- 43	79	- 303		- 267	- 215	- 482
<b>Realised profit</b>									
• Profit 2013						4,178	4,178	1,015	5,193
<b>Book value as at 31 December 2013</b>	550	3,418	- 386	- 94	22,754	4,178	30,420	2,087	32,507
Shareholder related changes:									
• Dividend distribution 2013					- 1,674		- 1,674		- 1,674
• Dividend minority shareholders								- 349	- 349
Other changes:									
• Profit appropriation 2013					4,178	- 4,178	0		0
<b>Unrealised profit</b>									
• Value differences interest rate swaps				37			37	- 2	35
• Put-option minority shareholders Lias / LAN					- 214		- 214	- 292	- 506
<i>Subtotal unrealised profit</i>				37	- 214		- 177	- 294	- 471
<b>Realised profit</b>									
• Profit 2014 continued activities						3,566	3,566	1,008	4,574
• Result 2014 discontinued activities						3,307	3,307		3,307
• Currency translation differences foreign participations			386				386		386
<i>Subtotal realised profit</i>			386			6,873	7,259	1,008	8,267
<b>Book value as at 31 December 2014</b>	550	3,418	0	- 57	25,044	6,873	35,828	2,452	38,280



## CONSOLIDATED CASH FLOW STATEMENT

x € 1,000	2014 Continued activities	2014 Discontinued activities	2014	2013 Continued activities	2013 Discontinued activities	2013
<b>Result from normal business operations before taxes</b>	5,804	3,763	9,567	5,982	455	6,437
Adjusted for:						
• Depreciation and amortisation	2,607	284	2,891	2,690	737	3,427
• Book profit/loss on sale of non-current assets	7	- 2,794	- 2,787	- 9	0	- 9
Financial income and expenses	420	28	448	442	79	521
Changes in provisions	- 308	0	- 308	- 246	34	- 212
Changes in working capital:						
• Stocks	750	67	817	303	- 237	66
• Current receivables	5,959	- 477	5,482	- 2,047	30	- 2,017
• Current liabilities	- 4,222	- 28	- 4,250	- 2,950	242	- 2,708
	<u>2,487</u>	<u>- 438</u>	<u>2,049</u>	<u>- 4,694</u>	<u>35</u>	<u>- 4,659</u>
Interest income	52	0	52	129	0	129
Interest expense	- 545	- 28	- 573	- 589	- 78	- 667
Profit tax paid	- 1,823	- 133	- 1,955	- 365	- 395	- 760
<b>Cash flow from operating activities</b>	<u>8,701</u>	<u>682</u>	<u>9,383</u>	<u>3,340</u>	<u>867</u>	<u>4,207</u>
Investments in intangible non-current assets	- 32	- 16	- 48	- 83	- 56	- 139
Disposal of intangible non-current assets	0	0	0	2	0	2
Investments in tangible non-current assets	- 4,400	- 133	- 4,533	- 4,760	- 676	- 5,436
Disposal of tangible non-current assets	24	0	24	9	1	10
Investments in financial non-current assets	4	0	4	0	0	0
Disposal of financial non-current assets	0	0	0	74	0	74
Sale of interest in Danielson	0	8,500	8,500	0	0	0
Chargeable sale costs	0	- 303	- 303	0	0	0
Cash and cash equivalents in discontinued activities		3,392	3,392			
Cash and cash equivalents Pas Reform do Brasil	832		832			
<b>Cash flow from investment activities</b>	<u>- 3,572</u>	<u>11,440</u>	<u>7,868</u>	<u>- 4,758</u>	<u>- 731</u>	<u>- 5,489</u>

x € 1,000	2014 Continued activities	2014 Discontinued activities	2014	2013 Continued activities	2013 Discontinued activities	2013
Dividend paid to shareholders	- 1,674	0	- 1,674	- 1,894	0	- 1,894
Third party dividends (Plastics / Agri & Food Equipment)	- 349	0	- 349	- 752	0	- 752
Repayment of non-current liabilities	- 3,771	0	- 3,771	- 1,407	0	- 1,407
Non-current borrowings	2,076	0	2,076	1,798	0	1,798
<b>Cash flow from financing activities</b>	<b>- 3,718</b>	<b>0</b>	<b>- 3,718</b>	<b>- 2,255</b>	<b>0</b>	<b>- 2,255</b>
<b>Net cash flow</b>	<b>1,411</b>	<b>12,122</b>	<b>13,533</b>	<b>- 3,673</b>	<b>136</b>	<b>- 3,537</b>
Currency translation differences			- 2			- 15
Change in cash and cash equivalents			13,531			- 3,552
Cash and cash equivalents as at 1 January			- 3,515			37
<b>Cash and cash equivalents as at 31 December</b>			<b>10,016</b>			<b>- 3,515</b>
Cash and cash equivalents						
Cash and at bank			4,626			9,986
Current account bank			- 8,141			- 9,949
<b>Total 1 January</b>			<b>- 3,515</b>			<b>37</b>
Cash and at bank			11,507			4,626
Current account bank			- 1,491			- 8,141
<b>Total 31 December</b>			<b>10,016</b>			<b>- 3,515</b>

## FIVE YEAR SUMMARY

Amounts in thousands of euro unless stated otherwise

	2014	2013	2012	2011	2010 <sup>1</sup>
<b>Profit and loss account</b>					
Net revenue	91,598 <sup>3</sup>	110,064	119,997	84,190	55,137
Operating profit	6,224 <sup>3</sup>	6,958	7,071	5,523	3,073
Net profit	3,566 <sup>3</sup>	4,178	4,695	3,631	1,765
Net profit to be allocated to shareholders	6,873	4,178	4,695	3,631	1,765
<b>Cash flow</b>					
Cash flow from operating activities	9,383	4,207	9,814	10,888	1,661
Cash flow from investing activities	7,868	- 5,489	- 4,451	- 18,304	- 10,295
Cash flow from financing activities	- 3,718	- 2,255	- 1,687	733	- 1,869
Net cash flow	13,533	- 3,537	3,676	- 6,683	- 10,503
<b>Balance sheet</b>					
Shareholders' equity	35,828	30,420	28,403	24,640 <sup>2</sup>	21,165
Group equity	38,280	32,507	30,442	26,589 <sup>2</sup>	22,875
Balance sheet total	77,725	83,995	85,572	76,889 <sup>2</sup>	36,992

<sup>1</sup> 2010 cash flow adjusted on the basis of changes to cash and cash equivalents and bank current account.

<sup>2</sup> Revised in 2012 annual accounts.

<sup>3</sup> Continued activities.

Amounts in thousands of euro unless stated otherwise

	2014	2013	2012	2011	2010
<b>Key ratios</b>					
Operating profit as a % of revenue <sup>1</sup>	6.8%	6.3%	5.9%	6.6%	5.6%
Return on invested capital <sup>1</sup>	11.9%	9.9%	11.7%	8.2%	8.2%
Return on shareholders' equity <sup>1</sup>	12.3%	14.2%	17.7%	15.9%	8.5%
Solvency	49.3%	38.7%	35.6%	34.6%	61.8%
<b>Information per ordinary share (in euro)</b>					
Operating profit	5.09	5.26	5.79	4.52	2.60
Shareholders' equity	29.32	24.89	23.24	20.16	17.89
Profit per share continued activities	2.91	3.42	3.84	3.07	1.49
Profit per share including discontinued activities	5.62	3.42	3.84	3.07	1.49
Dividend	1.37	1.37	1.55	1.20	1.00
Price at year end	31.65	22.73	21.00	18.05	15.00
Lowest price	24.30	21.00	17.00	14.70	12.40
Highest price	34.95	26.00	25.80	19.98	16.25
<b>Other information</b>					
Average number of employees	318	469	474	381	330
Net revenue per employee	288.0	234.7	253.2	221.0	167.1
Salary costs per employee	58.4	51.7	49.1	47.7	43.6

<sup>1</sup> Excluding one-time income.



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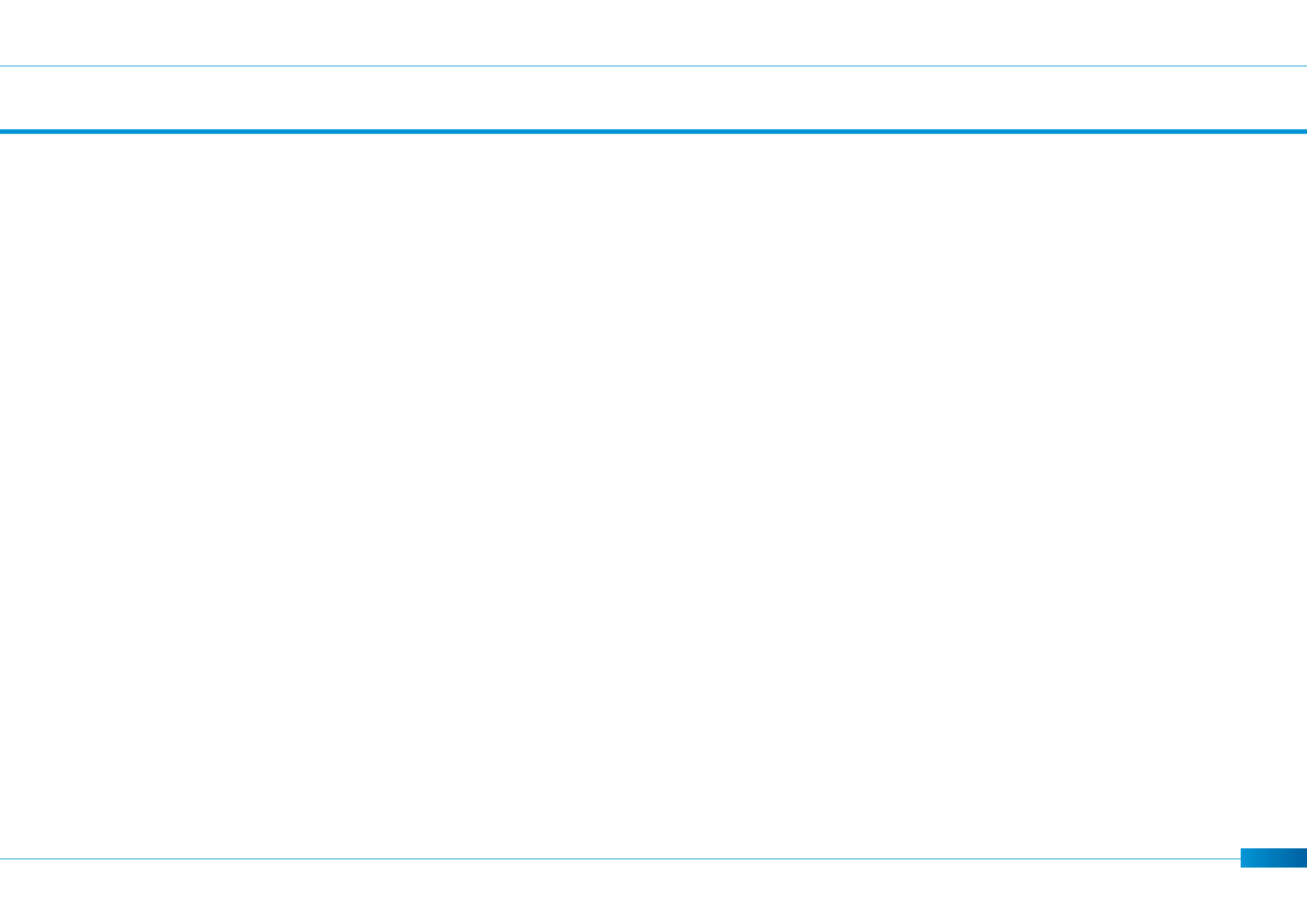
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