



Das Original

The Company Magazine Of The Elbe Group

Issue No. 01.2011



Dear readers,

Recognizing the signs of the times, always keeping an eye on the global market and thereby showing utmost flexibility – this distinguishes a successful company. The ascents and descents on the market, the ups and downs on the stock exchanges, require more than just a considerable amount of farsightedness, in order to successfully take countermeasures against economic downturn and upturn phases. With this, the factor of flexibility in production output has taken on a whole new meaning.

We, the Elbe Group of companies, are focusing increasingly on defining our production volumes variably. The flexibility begins in the supply chain, with delivery plans with our suppliers and flows through flexible production control and flexible employees, as a quality product to our customers. From a current point of view, the Elbe Group is steering towards a successful year. Let us jointly continue to develop our competitive advantage of flexibility together, in order to head into the future in a crisis-proof manner.

I wish everyone who is starting their well-earned holiday a good time and relaxing holidays.

Kind regards,
Gundram Elbe

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Flexibility brings success!

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Sales partner profile:
Groneman B.V. – Netherlands



Flexibility brings success!

Do you still remember? It is the beginning of 2006 and we set ourselves an ambitious goal: In 2010, we intend to break the EUR 200 million sales limit. In view of the tense economic situation, some find this very ambitious. However, the set target is already nearly realized in 2008, there are EUR 193 million of sales posted in the annual balance sheet.

2008: A year of records

The year started off well: Longstanding customers have increased their order volume, it is booming everywhere in the economy. We post record order levels. On top of all this, there is plenty of sun this year, according to weather records, 2008 is one of the warmest years ever. In some places, the mercury climbs to more than 36 °C, truly sunny prospects. If only there were not the shadow sides to complain about: The financial crisis in the USA experiences its preliminary climax, with the collapse of the US investment bank, Lehman Brothers, in September. A shortage of materials and the resulting explosion of prices for raw materials cause further turbulences on the global market. For the entire global economy, the first autumn storms are starting. The economic downturn is looming, not even Elbe is spared from major order cancellations.

With concepts that have long been “forged”, the Group of companies responds to the changed market conditions.

2009: The Elbe Group responds quickly and flexibly

One of the longest and coldest winters lies behind us. In Saxony and Bavaria, the temperatures fall below minus 30 °C in some cases and from the USA, millions of voices shouting “yes we can” resound around the world. Barack Obama becomes the first black President of the United States.

With a “cost reduction program”, the Elbe Group starts the New Year with optimism. Self-confidently, the Management Board defines the objective: Back to the winning lane. In order to gain control over the decline in orders and sales, more orders and lower costs are necessary. Both are implemented. And again, an enormous amount of flexibility is necessary, as the price needs to be

adapted to the market and customer developments several times. Many employees at Elbe and ELSO use the year of short-time working as an opportunity for personal development. Targeted advanced training is the motto, as “both sides profit from the additional qualification, the company and the workforce”, explains Gundram Elbe.

However, 2009 is also the year of economic packages in Germany. Spectacular bankruptcies of traditional brands, such as Karstadt, Quelle and Märklin, are observed. With the scrapping premium, the federal government supports sales of the ailing automobile manufacturers.

The autumn report of the leading economic research institutes forecasts economic growth of minus five percent. Press reports about the financial crisis, government supports for banks and rescue packages heat up the negative mood even more. However, the initial forecasts at the year-end are positive. For 2010, the five members of Germany’s Council of Economics Experts forecast economic growth of 1.6 percent in Germany. Even at Elbe, the end of the most difficult phase in the company’s existence appears to be coming to an end.

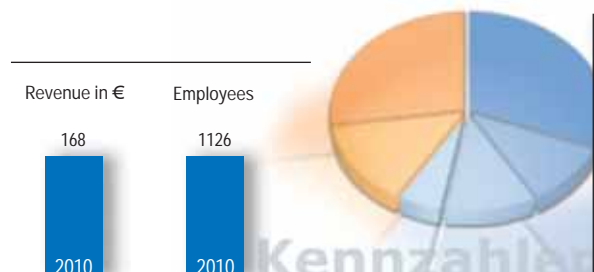
2010: The order and production volume grows

What was indicated for the German subsidiaries of the Elbe Group toward the end of the previous year now continues: The upturn, albeit hesitant, establishes itself and gains significant momentum at the end of the second half of the year. Elbe is well placed with its own economic program (see report in Original 1-2009) and starts immediately, without any rescue packages or government aid.

The forecasted economic growth of 1.6 percent has more than doubled to 3.4 percent. The order books fill up overnight. Flexibility and quality once again pay off, with growth shooting up to more than 60 percent in the Elbe Group. “During the bad times, we did not dismiss our permanent staff, but rather, continued to employ them with targeted measures, even if it was sometimes painful for the company financially”, says Gundram Elbe. We gained new customers in the crisis. They were convinced by our reliability, innovation and efficient production.



2009: Training in measuring systems analysis / MSA. An important contribution to quality assurance is to determine the ability of measuring instruments, in order to avoid false measurements.



In the program since mid-2010. The Elbe Group offers solutions for non-vibrating power transmission for diverse applications. The individual layout of the joint disk couplings and complete solutions in connection with cardan shafts guarantee a long service life.



The best prospects are indicated for the current financial year, which can be regarded as the second-best in the company's history, with sales of EUR 168 million.

2011: After the joy of a storybook winter, record-breaking sales months follow

Wonderful winter weather prevailed in German for two months. For the first time since 1981, there was a "white Christmas" throughout the country. The first weeks of January of this year are still very icy, but this does not apply to the working atmosphere. High order levels and short-term delivery deadlines provide a hot phase in production and administration during the first months of the year. The order level requires a three-shift operation in production and is therefore at the level of 2008. In May, an order level in the triple-digit millions is reached in the Elbe Group, which is equivalent to a new sales record.

In the second half of the year, we also need to work continuously on efficiency and flexibility, in order to satisfy the requirements of our customers in the future.



Since January 2010:

ELSO is a general distributor of Binotto hydraulic cylinders for Germany. The Binotto Group is a global leader in the field of hydraulics for tipping vehicles and the first European manufacturer of telescopic cylinders with a unique product range in respect of loading capacity and technical product options.



May 2011:

ELSO starts as an OEM with a large order. Effective immediately, the tipper trailers of WM Meyer Fahrzeugbau AG are equipped with Binotto cylinders. A very good start to the newly organized Hydraulic department at ELSO in Hofheim.

Elbe USA experiences strong growth

Our branch in South Haven/Michigan started the 2011 financial year with a large order.

Navistar, the manufacturer of specialist off-road vehicles will equip the MAXXPRO vehicle with Elbe Group cardan shafts in the future. The shafts from the 0.100 and 0.300 series are being installed, as well as flange shafts. The order volume amounts to several million US dollars.

And the good news continues: Strong order growth with the customer, CAT Caterpillar, the positive sales development of our US sales partner, Motion Industries and the increased order volume of John Deere provide a previously unseen order level that is clearly in the double-digit millions range.



The US all-terrain MAXXPRO will be equipped with Elbe Group cardan shafts in the future.

Always on the move

When the “agency agreement” was signed with Groneman-Hesperia on 4 June 1953 and the first cardan shafts were delivered to the Netherlands, no one suspected that this would turn into one of the longest sales partnerships. Today, the Elbe Group and Groneman B.V., the successor to Hesperia, are pleased about how well the business

Groneman B.V. is a technical trading company, which represents several foreign partners on the Dutch market. The activities are primarily concentrated on the field of drives, control technology and joining technology. Twelve employees in three departments, of whom four people are responsible for the Elbe Group products, ensure competent service from their base in Hengelo.

The Groneman B.V. customer base includes companies such as Philips, ASML, CFS, Stork and many other well-known

companies, particularly in mechanical engineering. “Technical know-how is particularly required”, says Karin Eidhof, Manager of the Marketing department.

“We can offer our customer innovative solutions for drive technology, with decades of experience and a diverse delivery program. And this is precisely where products from the Elbe Group are required”, says Mr. Ton Scholte op Reimer, Sales Manager. “Reliability is required in all fields of drive technology. Even when the machines are produced at ASML, one of the world’s largest vendors of lithographic systems for the semi-conductor industry. In these production systems, we use cardan shafts made by Elbe and supplied by ELSO in Hofheim/Lower Franconia”.

For its customers, Groneman B.V. is more than just a supplier – the company is also a contact for specialist engineering designs in drive technology and offers technical advisory for the configuration,

relationship has developed over the past 58 years.

Back then, it was ball joints, cross joints and center punches, as well as extendable cardan shafts, while today, jointly devised, innovative drive solutions in vehicle and mechanical engineering keep things on the move – true to the company slogan: “GRONEMAN BV ON THE MOVE”.

calculation and selection of drive elements. The ELSO Service division is also involved. The team surrounding Michael Koch provides active support with calculations, particularly for specialist applications, e.g. with mobile medical equipment for Handicare (previously Movingpeople International B.V.) in Helmon, Netherlands. In the scooter models, universal joint shafts are installed in specialist models.

Groneman B.V. has been present at international trade fairs in the Benelux countries for a long time. This is documented by the honor it received at last



year’s trade fair for Aandrijfttechniek in Utrecht. Groneman was awarded the Gold Membership, a prize for particularly active and loyal exhibitors. How dedicated our trading partner is to products from the Elbe Group at trade fairs is shown by two standing tables with feet made of cardan shafts, which guarantee a firm stand and are much more than just an eye-catcher at the trade fair stand.

A successful partnership for 58 years

“A good business relationship with our partners is extremely important to us”, emphasizes Mr. André Lammertink, Director at Groneman. “An almost friendship-like relationship has developed over the



decades of collaboration. We are particularly proud of the 'Pink Cardan Shaft', with which we were honored as 'Best Agent' of the year in 2008. And no less proud of the 'Successful Market Development' certificate for



The "Elbe" team at the Aandrijftechniek trade fair in Utrecht:
Ton Scholte op Reimer – Sales Manager
Karin Eidhof – Marketing / Sales Office
Henny Kuipers – Sales Office
André Lammertink – Director
(from left to right).

the Elbe Group in Belgium and the Netherlands in 2010", says Director Lammertink.

Hengelo: City with tradition

The fact that there are enthusiastic soccer and ice skating fans, hobby cyclists and professional cyclists en masse in Holland is well known. The fact that athletics is also important is documented by the FBK-Games, named after the Fanny Blankers-Koen Stadium, embedded in the Sportpark Velwijk in Hengelo's Berflo Es district, held for the first time in 1981. The absolute top athletics event in the Netherlands takes place here every year. The FBK-Games are part of the IAAF World Challenge. And the internationally well-known FC Twente Enschede also has its training grounds in Sportpark Veldwijk.

Hengelo itself is a quaint city near the German border. The City of Münster is only a stone's throw away. "With a 'good eye' and in clear weather, the Münster cathedral can be seen from our city hall tower", Ms. Eidhof tells us, winks and smiles. Hengelo, which also includes the villages of Beckum and Oele, has approx. 80,000 inhabitants. The history of the city reaches far back, with people already settling in the area around Hengelo around 10,000 years ago. The city has only grown significantly in the last 125 years. From the middle of the 19th century, industrialization also began in Hengelo. Businesses from the textile and metal industry and later also the chemical industry, established themselves.



Facts & Figures Groneman B.V.

Employees: 12
Year founded: 1908

Company head office:
Amarilstraat 11
NL-7554 TV HENGELO

Vocational training in the Elbe Group:

Our vocational trainees, always at the forefront



The vocation training is successfully completed at ELSO: Peter Fehn, Philipp Gessendorfer, Jakob Mildner, Philipp Laubender, Martin Schmolke, Sven Schuhmann, Patrik Köhler, Benedikt Stühler and Jessica Saum with Managing Director, Horst Kneuer, Training Manager, Ludwig Laubender, Works Council Chairman, Rainer Huth and Production Manager, Paul Vierneusel (from left to right).

ELSO Hofheim – Brilliant training results

Ten vocational trainees – more than ever before – were liberated by ELSO after completion of the vocational training at the annual Liberation Party. They achieved an average total result of 86 out of 100 points. Jessica Saum and Benedikt Stühler particularly stood out: Mr. Stühler reached the full number of points in the CNC training and Ms. Saum completed her practical training with the best grade of “One”. “This is not an everyday achievement”, says Ludwig Laubender, Training Manager at ELSO in Hofheim, and is pleased with both of them, as they can now

utilize the so-called gifted support. “Of course, all ten liberated vocational trainees will receive a position at ELSO”, says Horst Kneuer, Managing Director at ELSO. “Qualified, skilled workers are rare and very sought-after around here. However, vocational training places at ELSO are also very popular. We have been training in three professions since 1973. On average, more than ten young people apply for one training position”, adds Laubender.

You can find additional information about a career at ELSO at:

www.elbe-group.de/karriere/elso_karriere1_3.htm

Podium places for the vocational trainees at Elbe in Bissingen

In February 2011, another four examination candidates successfully passed their final examination as industrial mechanics. Two of them were previously trained as machine and systems operators and were able to upgrade their training to industrial mechanics on the basis of their good performance. “We were pleased to hire the junior skilled workers, they now work in various departments at Elbe in Bissingen”, says Hartmut Wölper, Training Manager at Elbe.

In April, it was time for the final examinations Part 1 (interim examinations) in the professions of “machining mechanic” and “industrial mechanic”. The regular training period in these professions is 3 ½ years. The machining mechanic’s examination took place in the vocational training workshop at Elbe for the first time. And this occurred with great success for our vocational trainees. Among the five Elbe examination candidates in the machining mechanic profession, the overall grade of “good” (theory and practical) was awarded three times. The vocational trainees at Elbe obtained “podium positions” among the total of 21 examination participants.

It was just as positive with both of the vocational trainees in the industrial mechanic profession. The Elbe vocational trainees also performed excellently with overall grades of “excellent” and “good”.

The fact that training young people has a very high priority at Elbe is shown by the willingness to also function as a Chamber of Trade and Industry examination operation, as well a vocational training operation. Therefore, vocational trainees from the Stuttgart region can take their practical examination in the profession of machining mechanic in our operation in the future. “The fact that the final examination Part 2 for the industrial mechanic was also held temporarily at Elbe, with considerable organizational effort, is intended to remain the exception for the time being”, says Mr. Wölper and goes into the educational performance of his currently still 32 charges. “From year to year, the number of commendations increases. In summer of 2008 it was still five, while the number increased to nine commendations in 2009. And 2010 was even more pleasing, as in addition to the nine commendations, the Elbe vocational trainees were able to earn another three prizes.

You can find additional information about a career at Elbe at:

www.elbe-group.de/karriere/karriere1_3.htm

Good for the body:

WorkFit – exercise at work

Out of daily work life and into the WorkFit session. Keep fit is out – “WorkFit” is the new slogan for sport and exercise at work, at Elbe in Bietigheim-Bissingen.

“Since the beginning of March 2001, a great deal of sweat has been worked up on Mondays”, reports Rebecca Knauth from the Company Medical Service from Ludwigsburg and trainer for the WorkFit session. The training takes one hour, which the 26 participants complete in twelve course units of two groups.



“The colleagues from Production and Administration are taking part with a great deal of ambition and already feel better in their own skin, after the half-time point of the course. The odd ailment in the back or on a joint was able to be relieved with targeted exercise. Condition exercises stimulate circulation with healthy blood pressure”, says Ms. Knauth.



Trainer, Rebecca Knauth, shows how it's done: Targeted back exercise can be very enjoyable and is also good for the entire body.

Elbe Group KOMPAKT

Online

Since the beginning of May 2011, our Brazil plant has been integrated into the homepage at www.elbe-group.de. EK Cardan represents the Elbe Group in the Portuguese-speaking area and offers comprehensive service, inter alia, with the online service life calculation and many service forms for our customers in Central and South America.



CCT trade fair Moscow

From 31 May until 4 June, the CCT International Exhibition for Construction Equipment and Technologies in Moscow was participated in for the second time. As previously in 2010, the trade fair team surrounding



Dietmar Götze, with colleagues, Elena Leibold and Tanja Drude, were represented at a joint stand with two cooperation partners. The sales discussions also went well this year. The importance of presence on site was shown by the interest of longstanding customers in Eastern European countries, with whom business relations were able to be expanded further.

From the trade press:

Hydraulic service at ELSO – ELSO can be relied upon

The Hofheim location of the Elbe Group has long established itself as a competent system partner for power transmission. If the cardan shaft stops rotating, the utility vehicle is also at a standstill. And when the hydraulic cylinder of a tipper leaks, the same fate is imminent. In such cases, it is good to rely on the know-how and quick service of a partner like ELSO Elbe GmbH, with its headquarters in Hofheim, Lower Franconia. The complete article by Dieter Göllner/KFZ-Anzeiger can be found at:

www.elbe-group.de/presse/download/KFZ2_S022_023.pdf



ELSO is awarded contract for tilt cylinders

Since January 2010, ELSO has had another pillar: The exclusive sales of cylinders by Binotto / Mariz for Germany. Previously, the business was limited to pure service, i.e. repair and overhauling of cylinders. Now, the first major order is signed and sealed for the newly organized Hydraulic department.



Recently, this business division was heavily promoted. WM Meyer Fahrzeugbau AG was acquired as the first major customer in May 2011. Far more than 200 tilt cylinders for trailers were placed with the first order. A very good entry!

Since 1965, WM Meyer has stood for quality and competence in vehicle engineering. A comprehensive program, the quality of its products and competent service have made the company into a Europe-wide, leading vendor of truck trailers, mobile shop vans, container trailers and container bodies for trucks/cars.

The fact that WM Meyer is now sourcing cylinders from us is not necessarily due to the close vicinity – Meyer produces in Werneck, which is just under 40 km away – but rather, mainly due to the quality of the tilt cylinders that we sell. Previously, single-level, nitrite cylinders were installed into Meyer products, but ELSO was also able to score multiple points, with a new generation of cylinders, which are equipped with a galvanized casing and hard chrome-plated steps. After all, it is obvious: Our sales concept with the integrated ELSO service for hydraulic cylinders and cardan shafts more than convinced WM Meyer.



Michael Thema, responsible for hydraulics (left) and Michael Koch Head of the Department Drive shafts-Services-Hydraulics at Elso, proudly present their new program.

Solution to prize draw from Issue 2/2010

In the last issue, the question was: What do you think, how much forged steel did the Elbe Group process in 2010? The correct answer to mark was "C", 20,000 tons. That's a lot of iron! As a comparison: The Eifel Tower in Paris, with its 324 meters, is made up of 10,000 tons.

We are pleased that two participants had the right answer, out of the many submissions. The winners of a gift certificate for a meal valued at € 35.00 are: Ellen Hofmann – Purchasing (Elbe Bissingen) and Marian Mentelis – Service (Elbe Bissingen).

The customer is king

When Gottlob Elbe became self-employed with a turning shop in 1919, quality and adherence to delivery dates had top priority in his corporate philosophy. Therefore, he already chose the right path more than 90 years ago, the company developed magnificently. In the meantime, the Elbe Group, which was created from this, has grown into an international, market leader in the production of cardan shafts for vehicle and mechanical engineering. While there were just a handful of customers during the founder's times, there are now far more. What do you think: How many customers all over the world does the Elbe Group supply from its seven locations? As always, there is something to be won: Among all staff who have sent in the correct answers by 30 November 2011, we are drawing five vouchers for a meal valued at € 35.00. As always, subject to a legal disclaimer and in the presence of a works council member. Here is a tip, if you do not want to cut the magazine: Simply copy this page, mark the answer with an "X" and forward it to the secretarial office of the Management Board. Also by fax: + 49 (0)7142 353-306. Good luck from the editorial staff.

What do you think: How many active customers did the Elbe Group have as of 1 June 2011? Is it:

[A]: 1.000 to 1.250 customers

[B]: 1.251 to 2.500 customers

[C]: 2.501 to 3.750 customers

[D]: 3.751 to 5.000 customers

Name: _____

Department: _____