
TAKKT AG


BUSINESS EQUIPMENT SOLUTIONS

3rd German Corporate Conference

Dr. Felix Zimmermann, CFO
January 19, 2004 - Kronberg

Contents

- business model

- key financial data

- our strategy - that's why invest in TAKKT

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

business model

TAKKT: business overview

business activity

- sales channel: B2B mail order
- products: durables/specialties

geographic balance

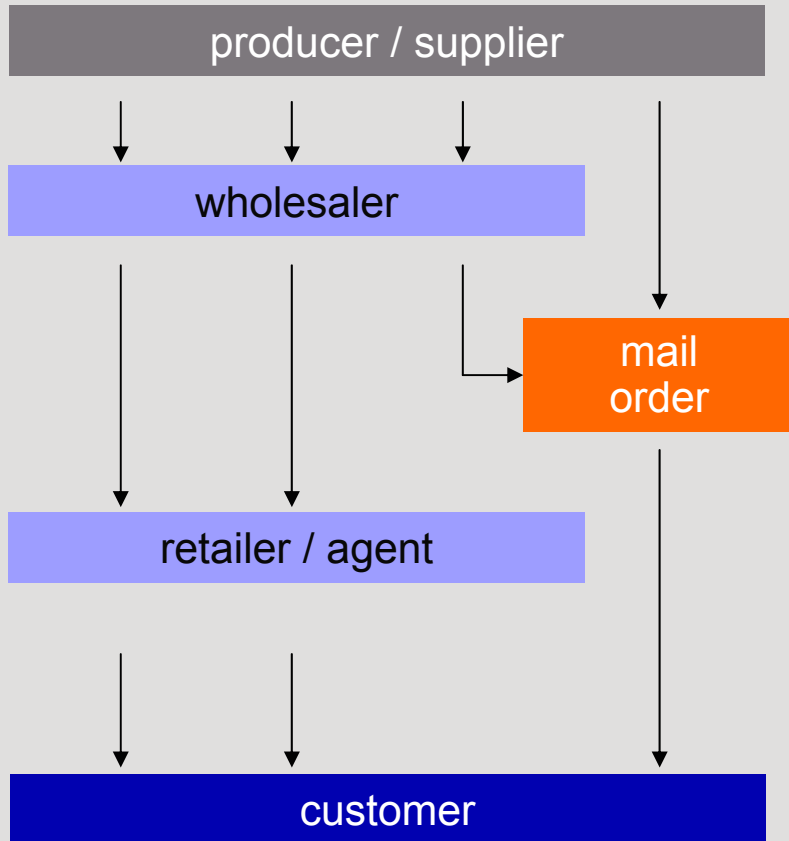
- regional diversification: more than 20 countries
- turnover by region: ~ 50% Europe/
~ 50% North America

key facts 2002

- sales: € 784m
- number of customers: 2.6m
- advertising media sent out per year: 53m
- number of employees (fte): ~ 1,950

Sales channel: B2B mail order

The most efficient way to distribute equipment

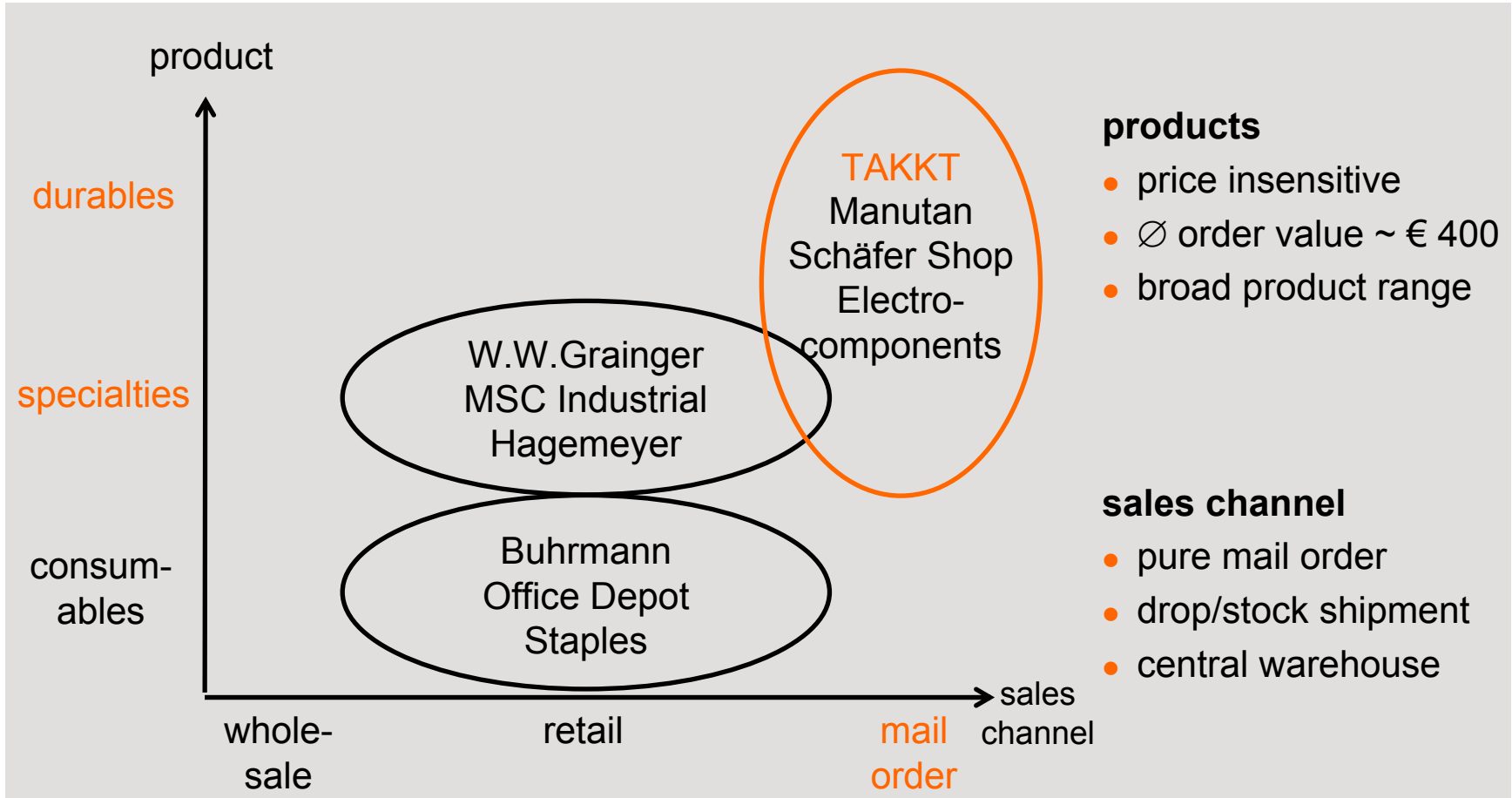


- fragmented supplier structure
 - mainly SME
 - low market entry barriers
- mail order advantages
 - direct marketing
 - less personnel cost intensive
 - no conflicts of interest
- customers
 - convenient
 - efficient
 - broad selection

→ and is therefore winning market share

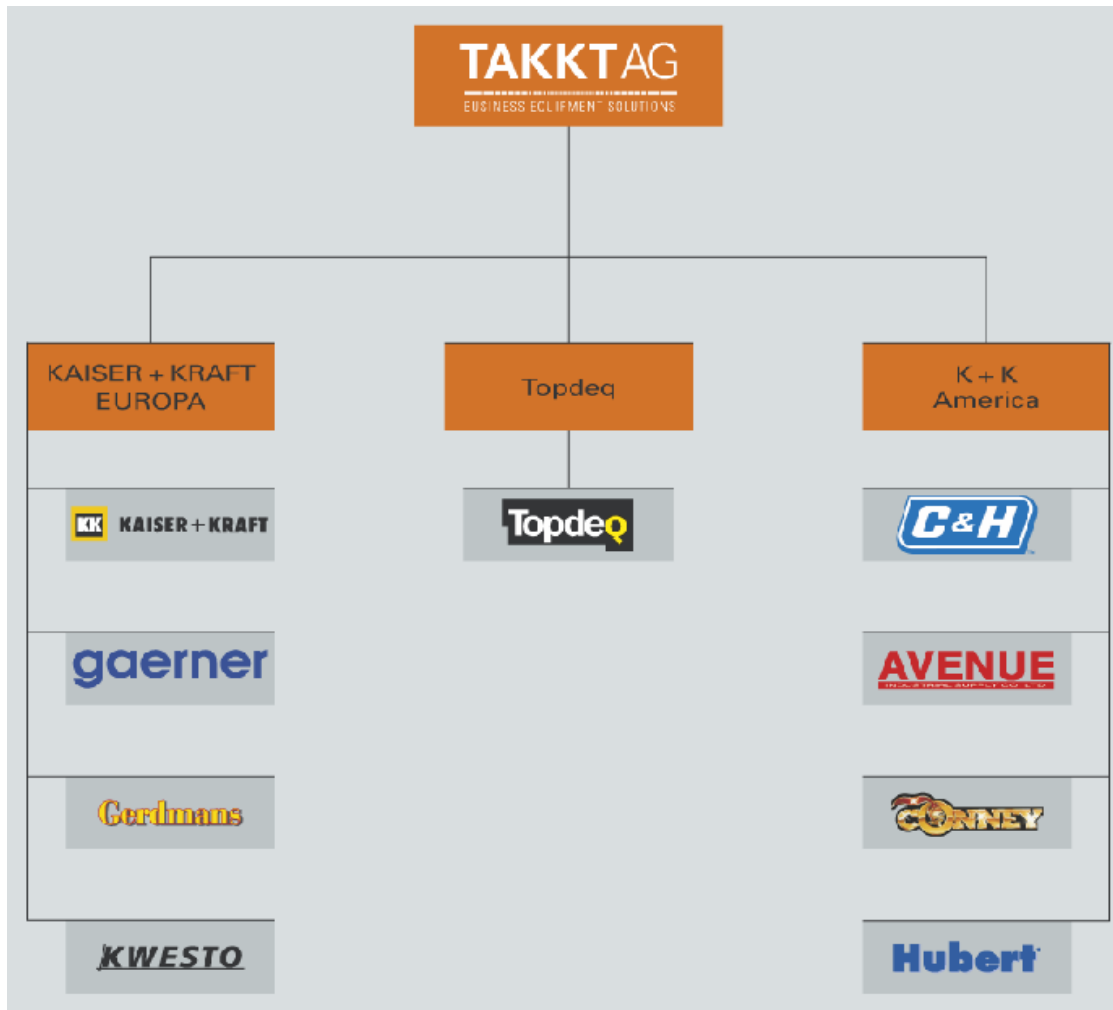
TAKKT: market overview and business model

Focus on durables and specialties via mail order



→ system business with stable gross profit margin

The TAKKT Group: centralised management and market proximity



- knowledge
- synergies / economies of scale

- procurement / advertising
- logistics
- customer database
- e-commerce

- distribution companies

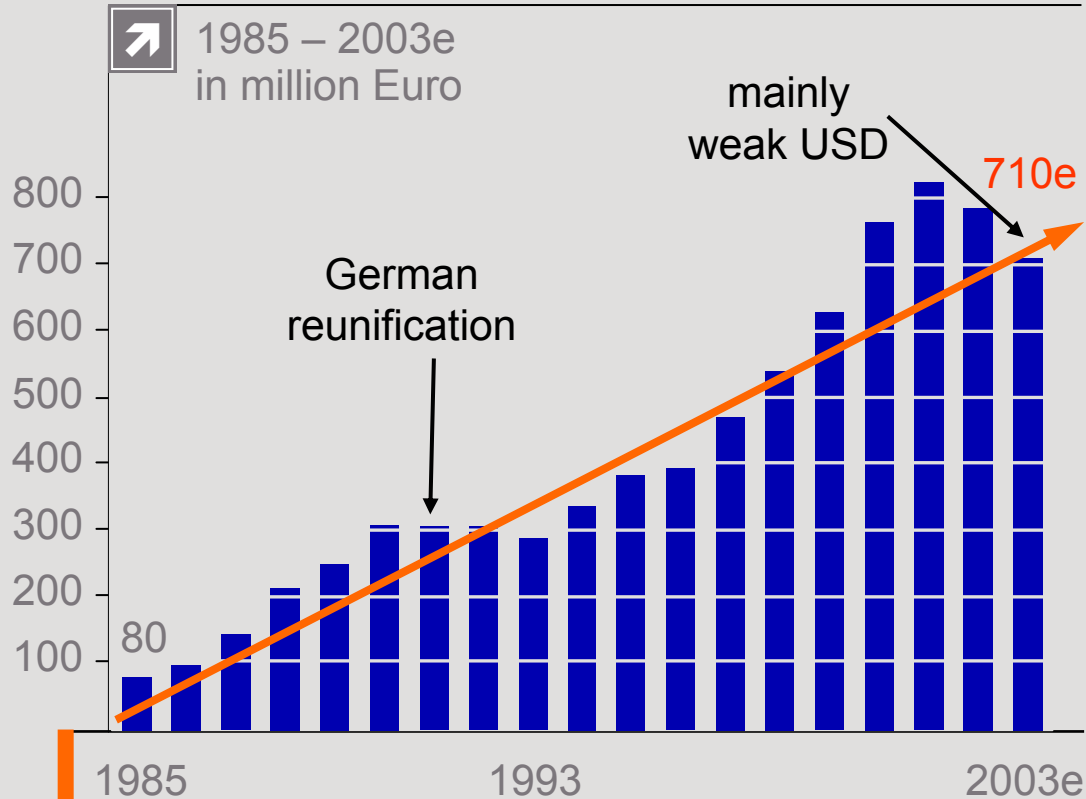
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BUSINESS EQUIPMENT SOLUTIONS

key financial data

Turnover development

TURNOVER TAKKT GROUP*



1985 – 2003e

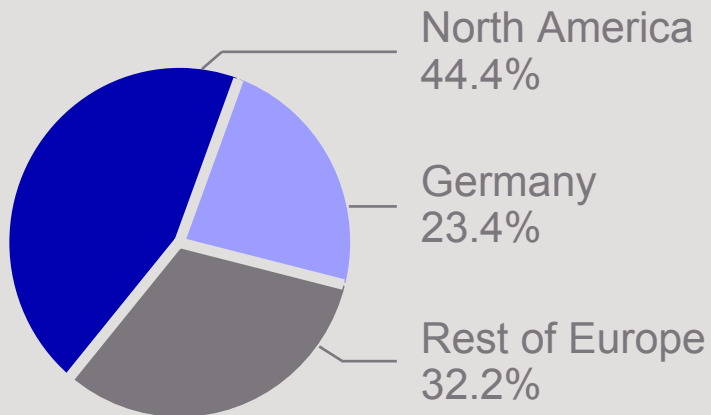
- growth: CAGR +13%
- EBITA margin: 9 - 11%

→ growth: ~ ½ organic ~ ½ due to acquisitions

Turnover: diversified portfolio

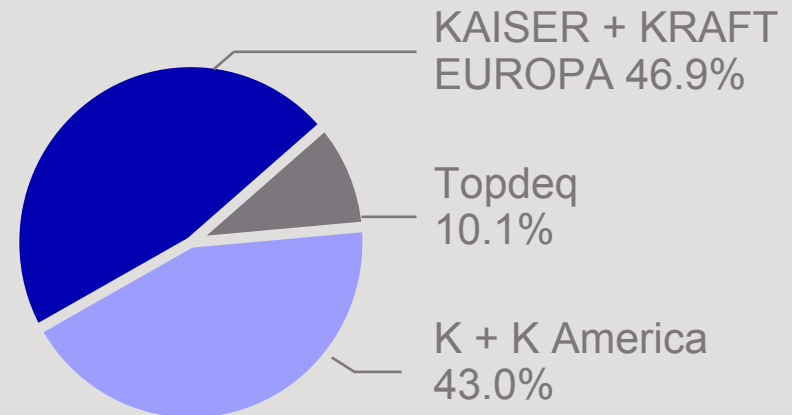
TURNOVER by regions

↗ 2002



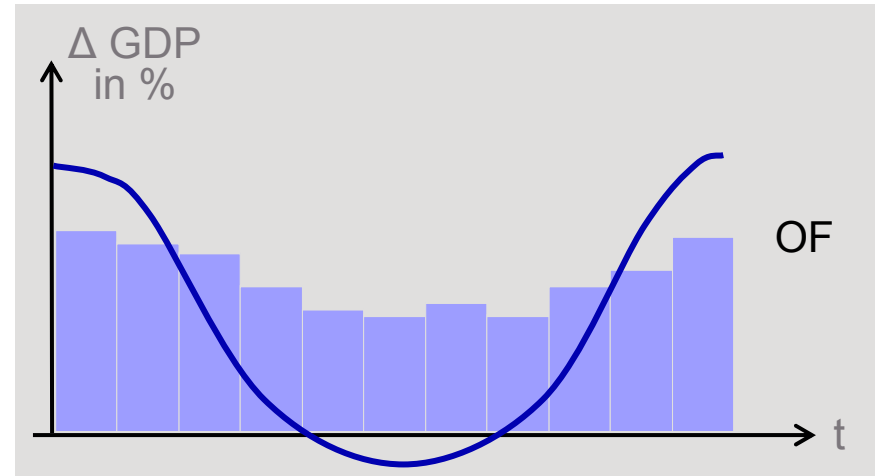
TURNOVER by divisions

↗ 2002

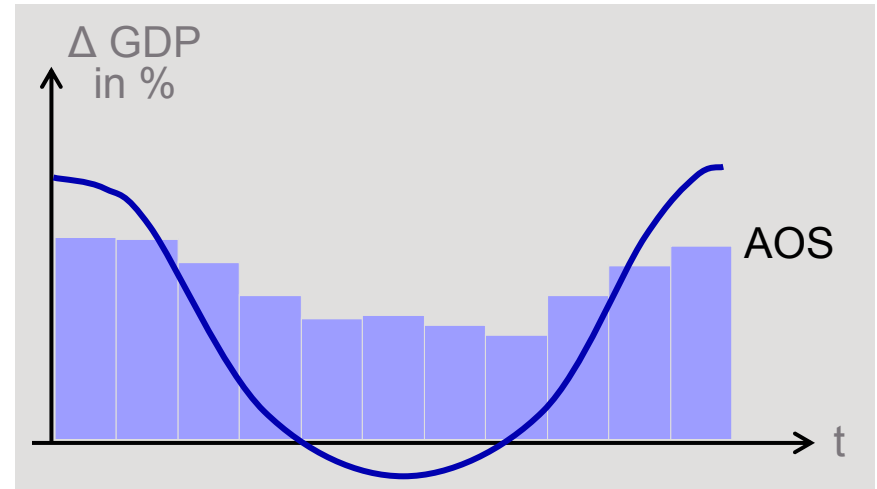


Value and growth drivers

- order frequency (OF) fluctuates with the economic trend



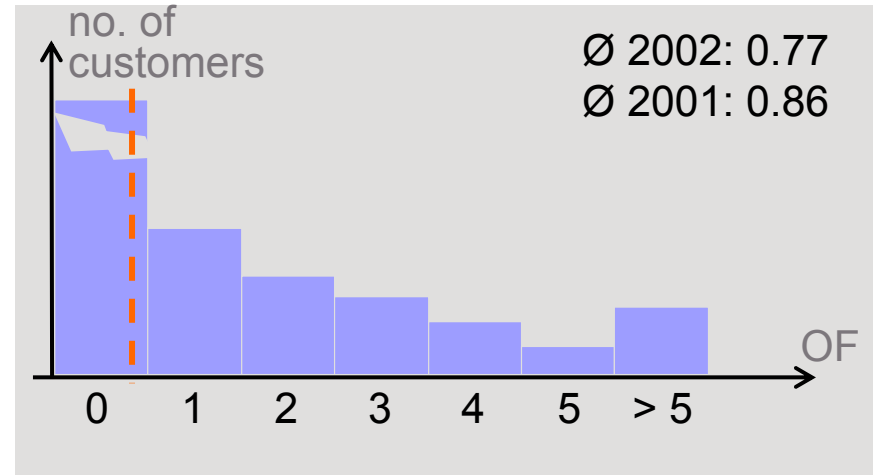
- average order size (AOS) fluctuates with the economic trend



Exploitation of existing customer relations

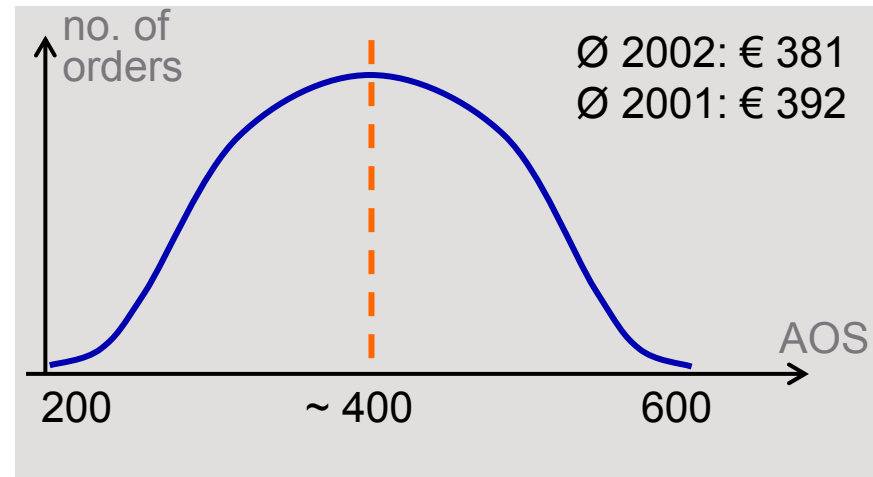
Increase order frequency (OF)

- increase customer loyalty
- increase contacts through advertising media (penetration)



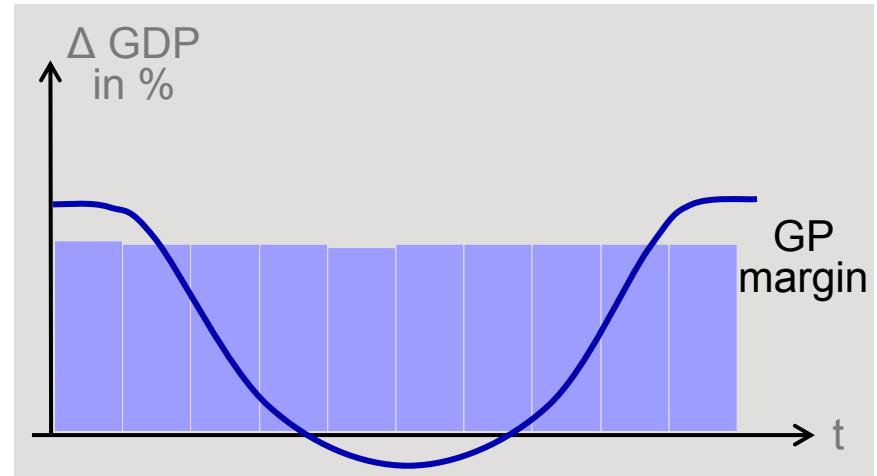
Increase average order size (AOS)

- offer higher value product range
- offer outstanding service
- more products per order (e.g. scaled prices)

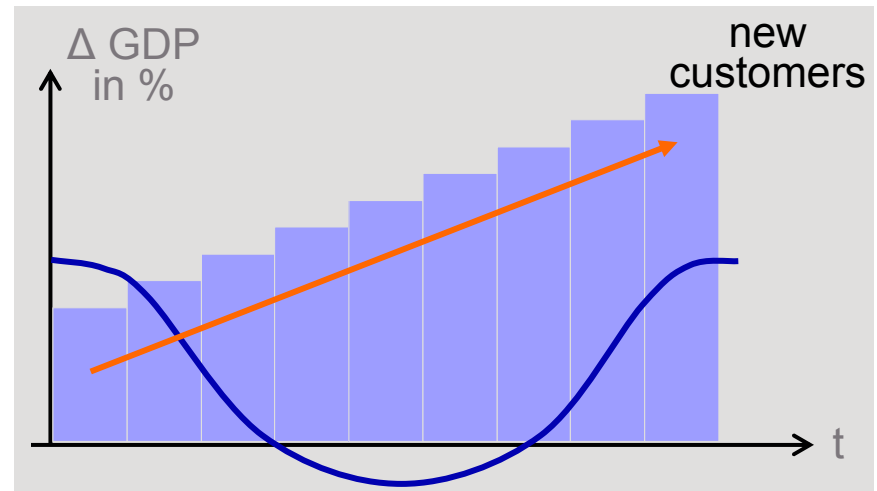


Value and growth drivers

- gross profit margin remains stable

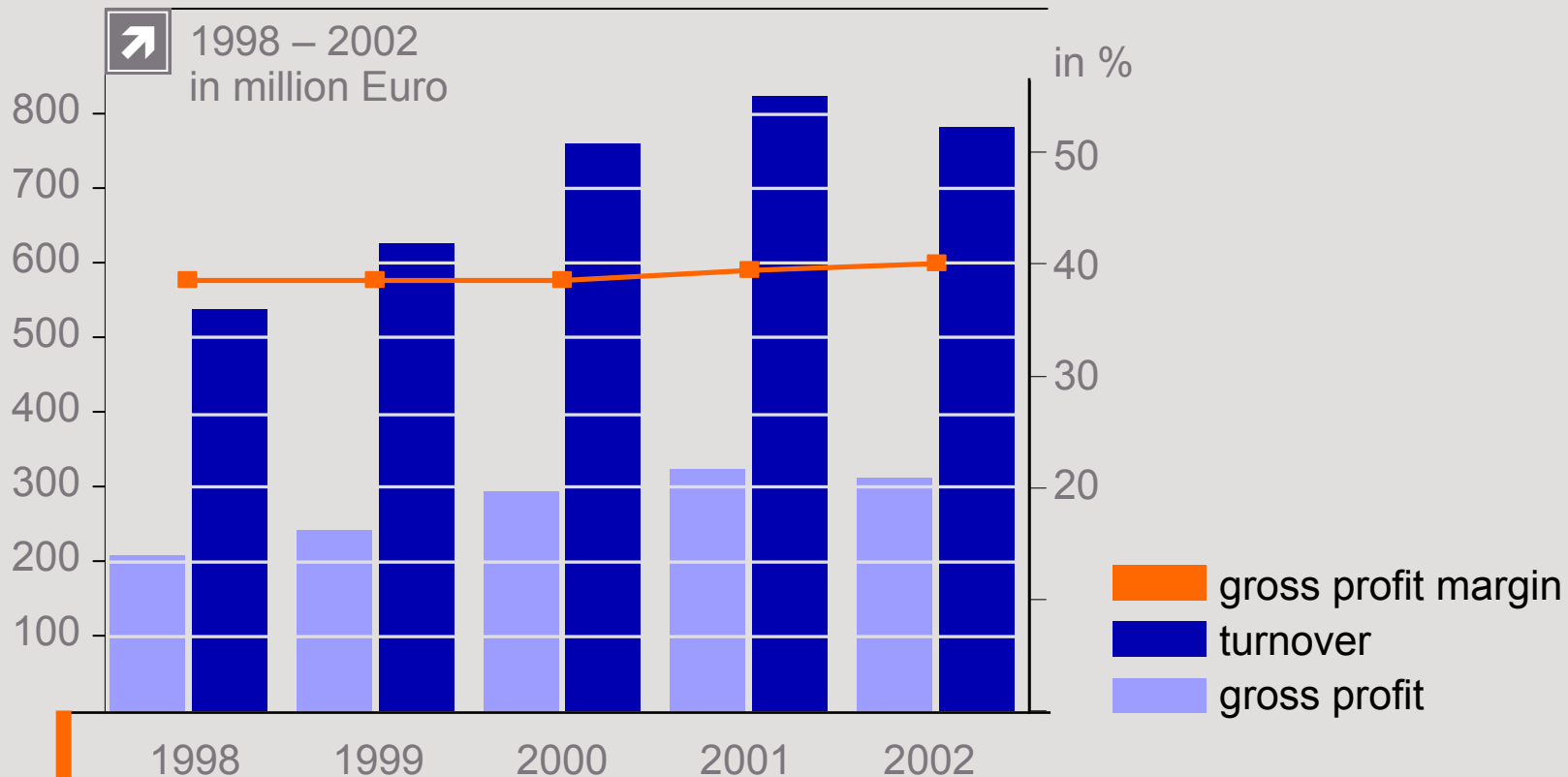


- independent of economic trends
new customers / market shares
are acquired



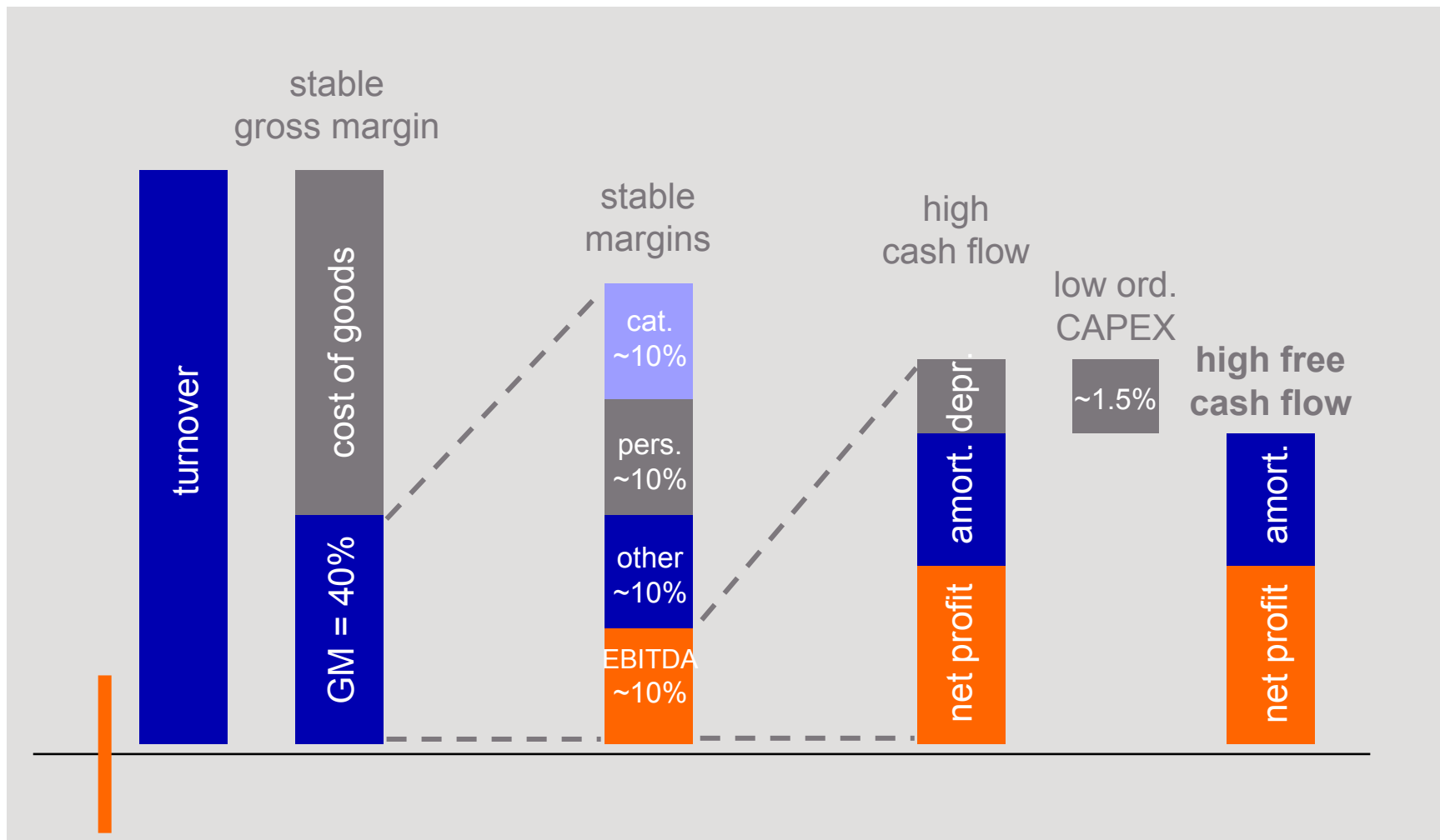
Gross profit: increase of margin due to sales structure

GROSS PROFIT MARGIN



Cost structures: stable on average

Business model generates a high free cash flow

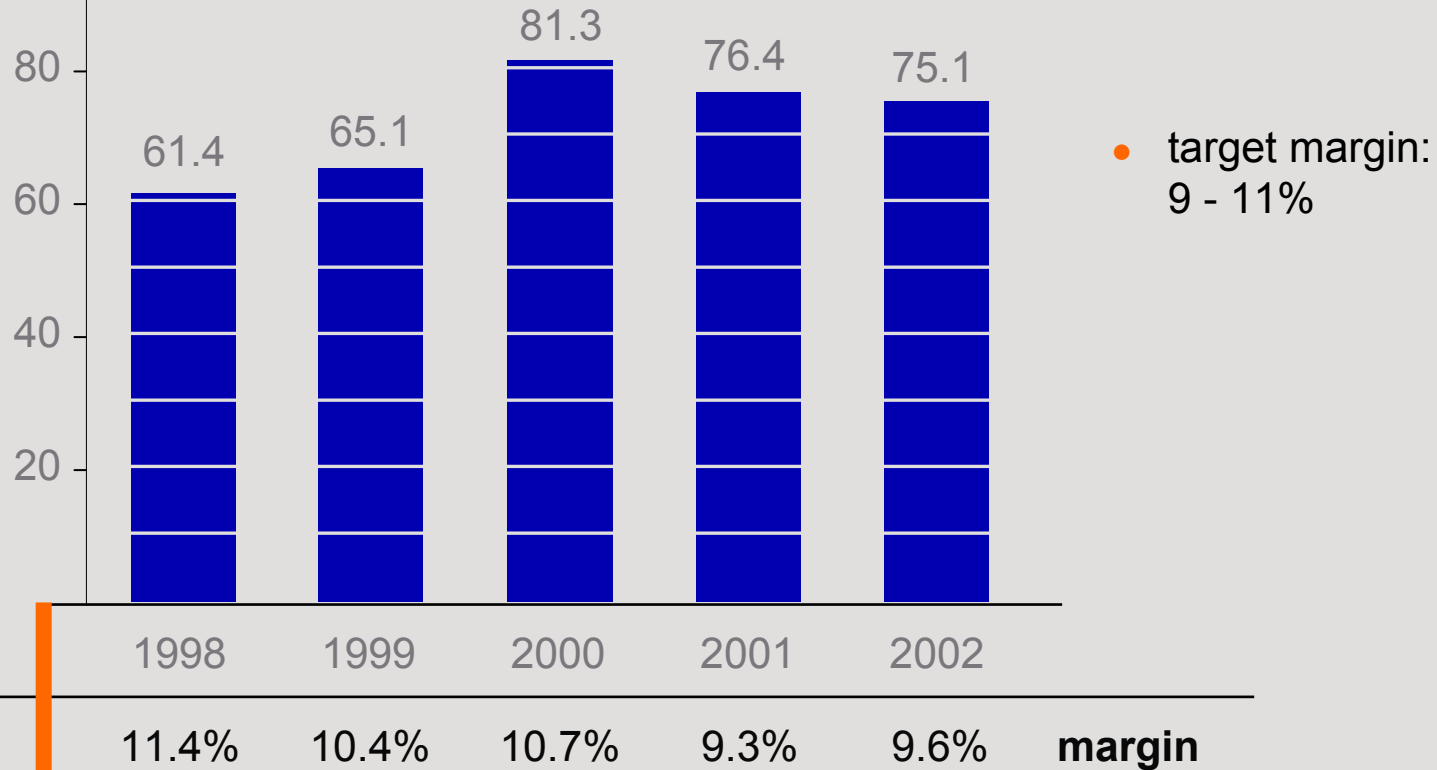


EBITA: increase in margin despite decline in turnover

EBITA



1998 – 2002
in million Euro

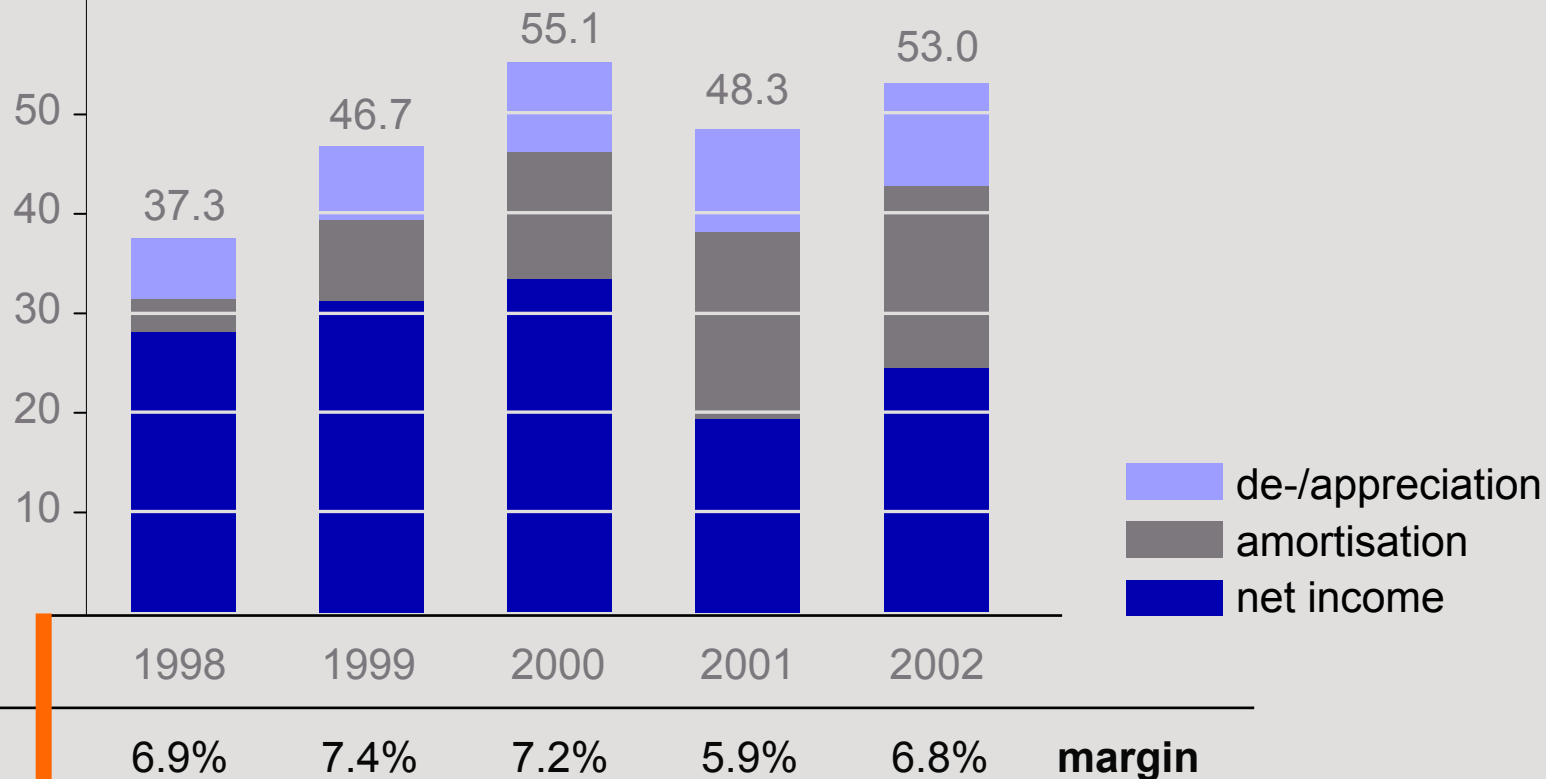


Cash flow: sustainable increase proves profitability

CASH FLOW



1998 – 2002
in million Euro

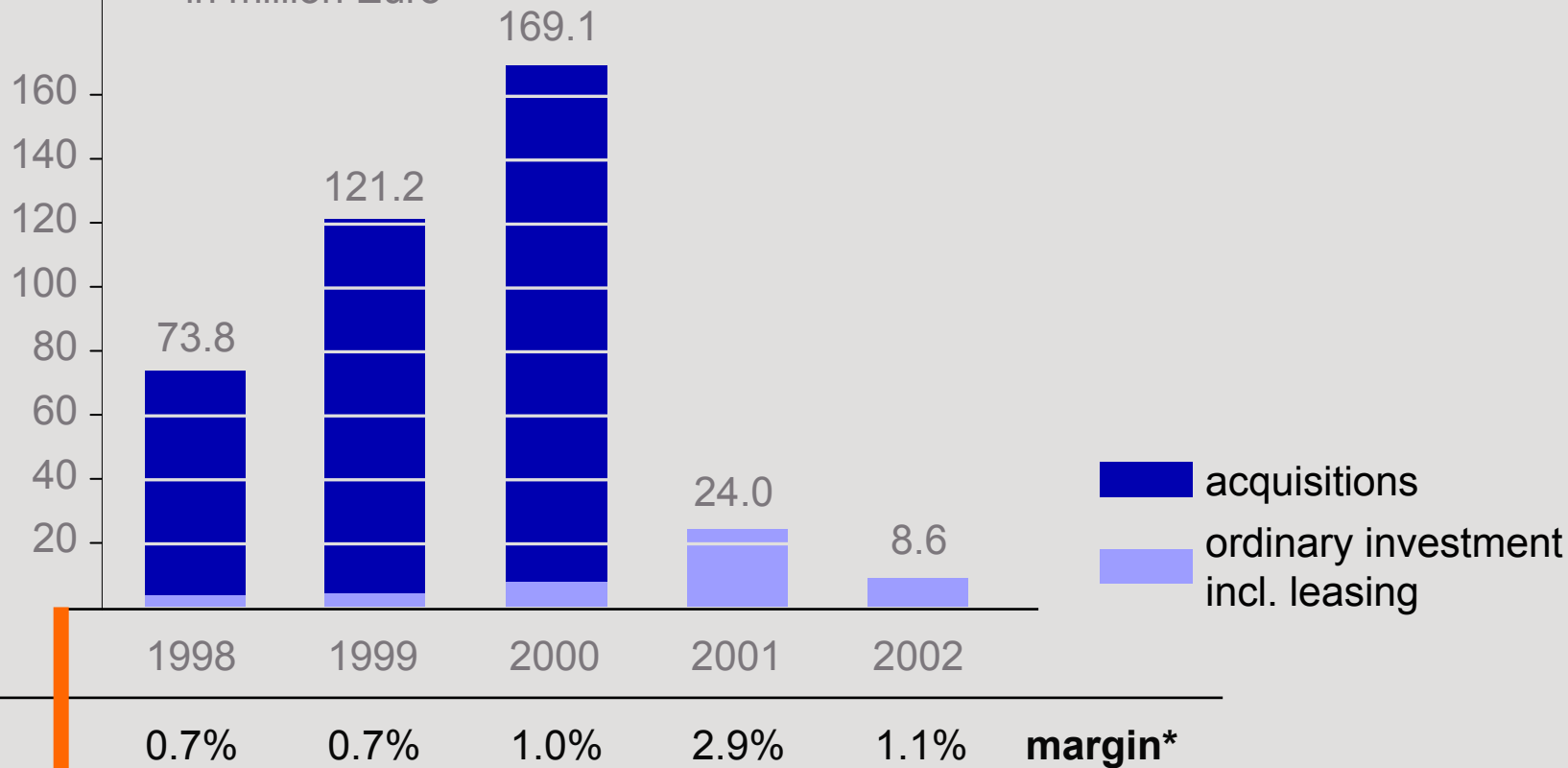


Capital investment: on a normal level

CAPITAL INVESTMENT

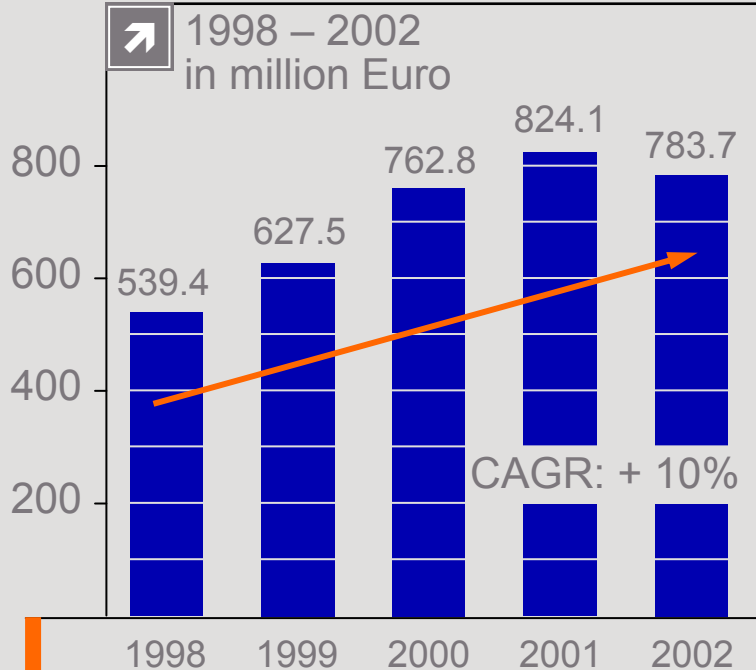


1998 – 2002
in million Euro

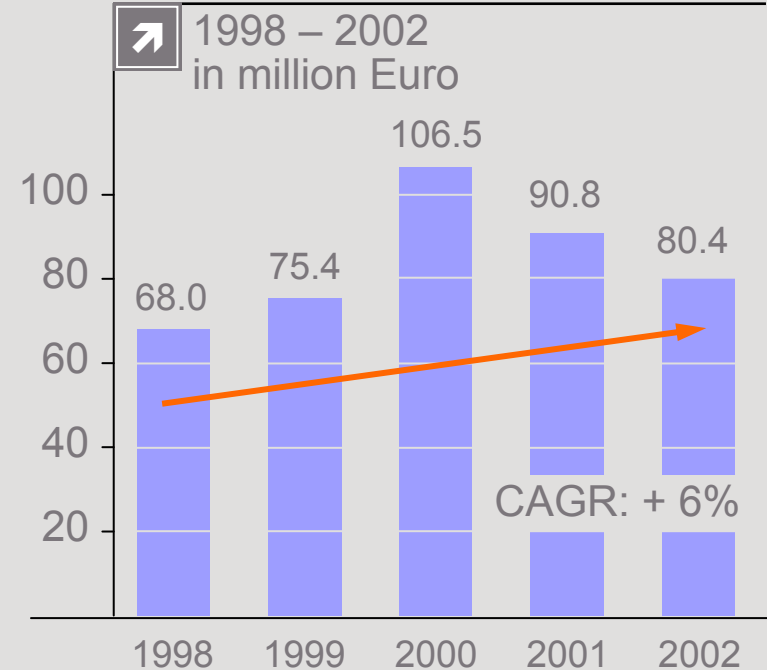


Working capital: business model and requirement

TURNOVER TAKKT GROUP




NET WORKING CAPITAL



- business model requires working capital
- expansion rate should be lower than turnover growth rate


Consolidated balance sheet: reduced total assets

ASSETS

 in million Euro	on 09/30/03	%	on 12/31/02	%
fixed assets				
goodwill	249.1	49.4	276.6	51.2
other intangible assets	5.1	1.0	6.5	1.2
tangible assets	73.6	14.7	75.4	14.0
financial assets	0.1	0.0	0.1	0.0
current assets				
stocks	56.1	11.1	60.7	11.2
trade and other debtors	90.1	17.9	88.2	16.3
cash and cash equivalents	6.2	1.2	5.5	1.0
prepaid exp. / deferred taxes	23.7	4.7	27.4	5.1
	504.0	100.0	540.4	100.0

Consolidated balance sheet: strengthened equity ratio of 30.5%

EQUITY AND LIABILITIES

 in million Euro	on 09/30/03	%	on 12/31/02	%
shareholders' equity	153.6	30.5	149.6	27.7
<i>issued capital</i>	72.9	14.5	72.9	13.5
<i>general reserves</i>	69.1	13.7	60.1	11.1
<i>other comprehensive income</i>	-4.7	-0.9	-7.2	-1.3
<i>retained earnings</i>	16.3	3.2	23.8	4.4
minority interest	3.2	0.6	3.7	0.7
provisions	31.2	6.2	29.3	5.4
short and long-term borrowings	257.4	51.1	291.3	53.9
trade and other liabilities	58.6	11.6	66.5	12.3
	504.0	100.0	540.4	100.0

Key figures: average estimate 2003

Decline mostly due to currency - but constant margins to be expected

TURNOVER

EBITA

CASH FLOW



in million Euro

824

784

~710

76

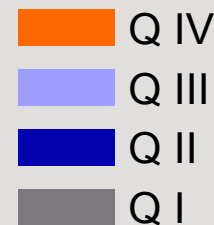
75

~68

48

53

~49



2001

2002

2003e

'01

'02

'03e

'01

'02

'03e

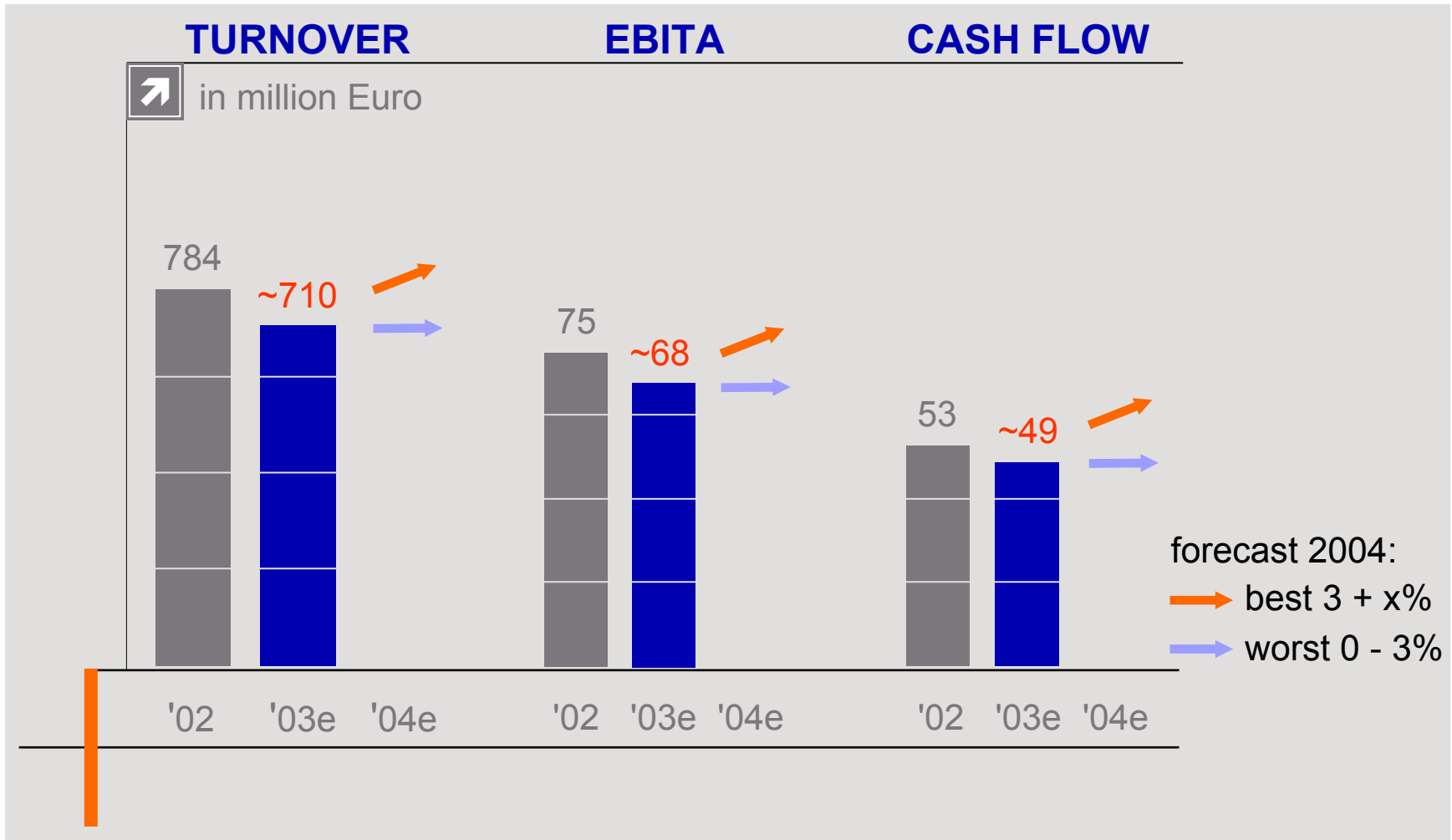
9.3

9.6

~9.6

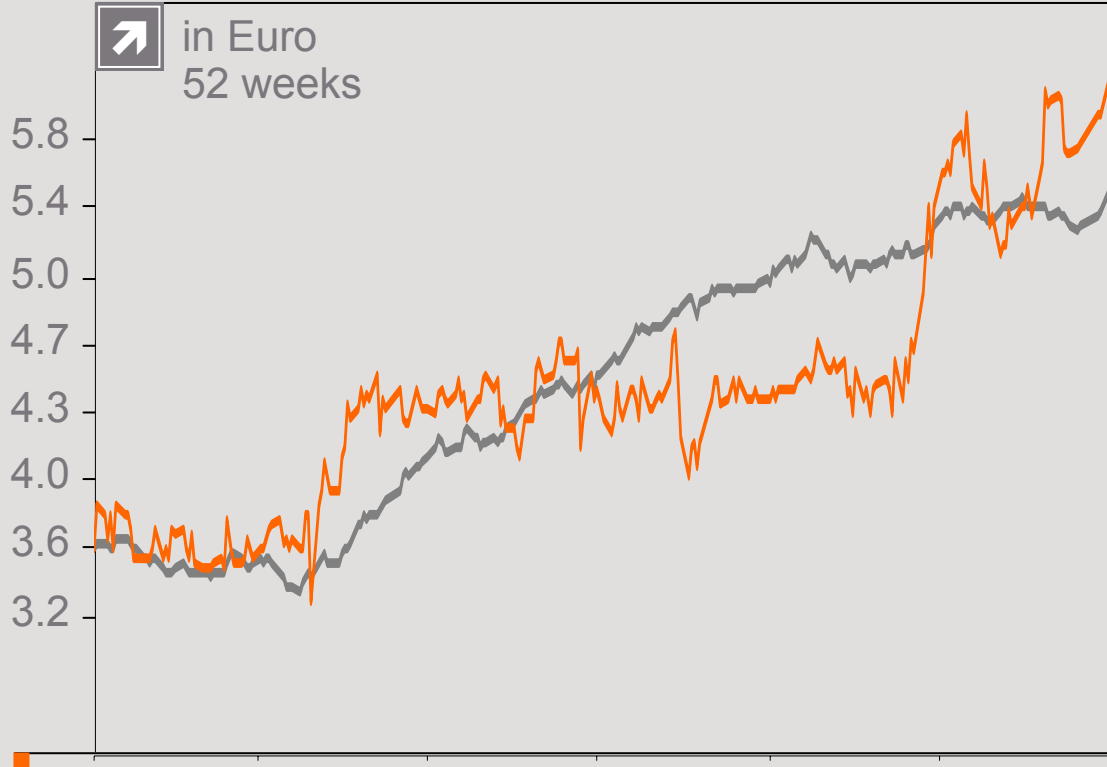
margin in %

TAKKT: forecast 2004



TAKKT share: increased free float of 31.3% since 11/12/2003

SHARE PRICE DEVELOPMENT



- Prime Standard since 01/01/2003
- market capitalisation: ~ Euro 430 million
- free float market capitalisation: ~ Euro 133 million
- 72.9 million shares

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BUSINESS EQUIPMENT SOLUTIONS

**our strategy -
that's why invest in TAKKT**

Winning new customers

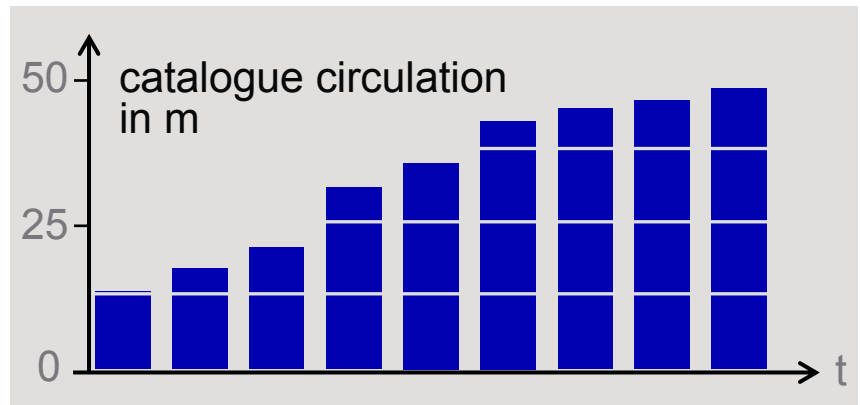
1. acquisitions (platform)

▪ Topdeq	1994
▪ Gerdmans	1998
▪ Conney	1998
▪ Hubert	2000

2. new foundations (roll out)

▪ Topdeq USA	2001
▪ KAISER + KRAFT Japan	2002
▪ KWESTO Hungary	2003

3. increase of catalogue circulation (penetration)



→ in the past 15 years: 1 foundation or acquisition per year

Acquisition criteria

- expansion only in the B2B mail order segment

- expansion of our existing business with comparable product groups in new markets

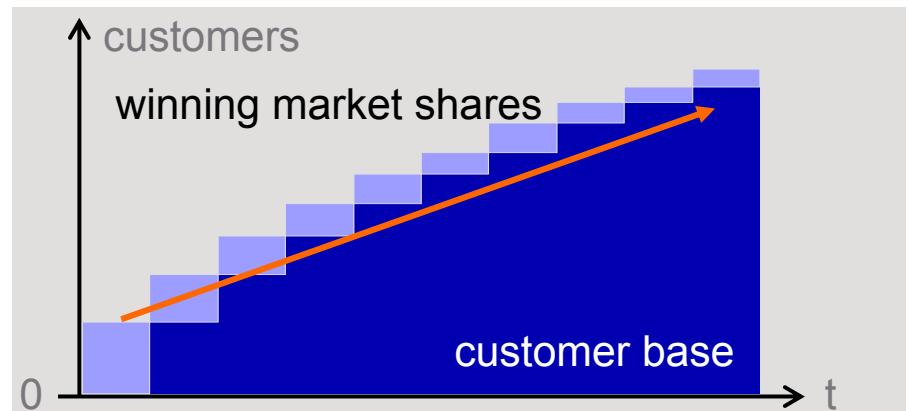
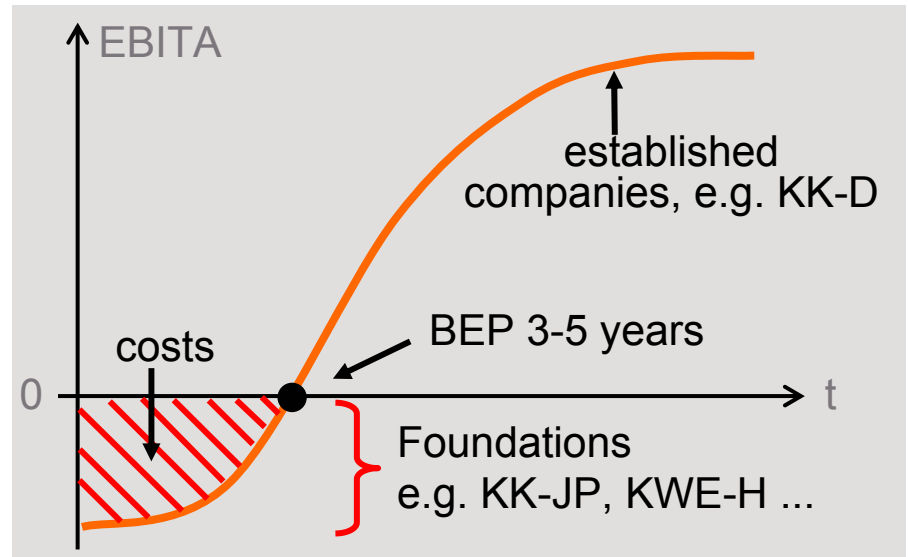
- expansion into other B2B mail order product segments

- mail order of price-insensitive durables and specialties

Winning new customers

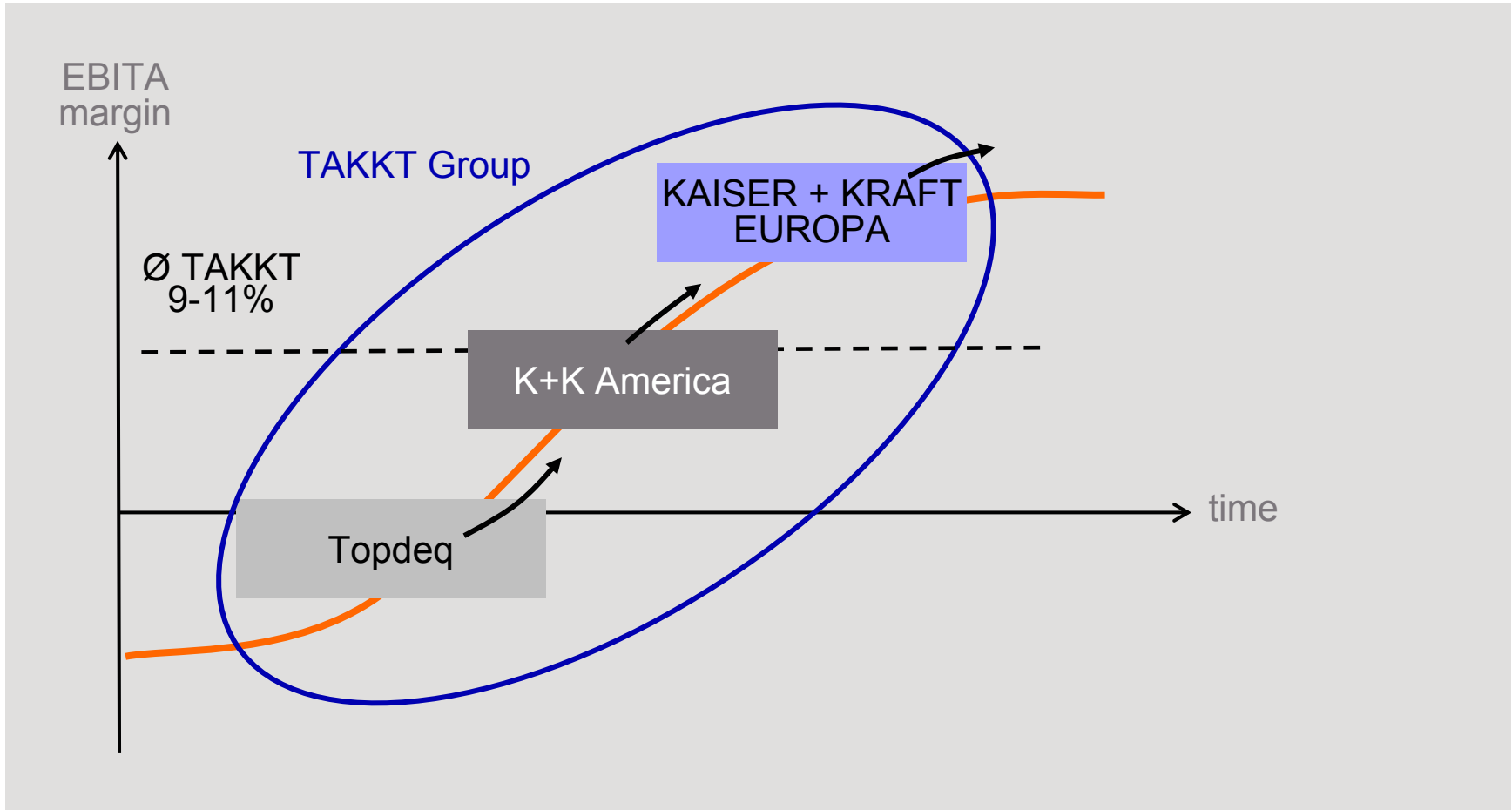
new foundations are investments . . .

. . . in winning new customers by leveraging the existing infrastructure



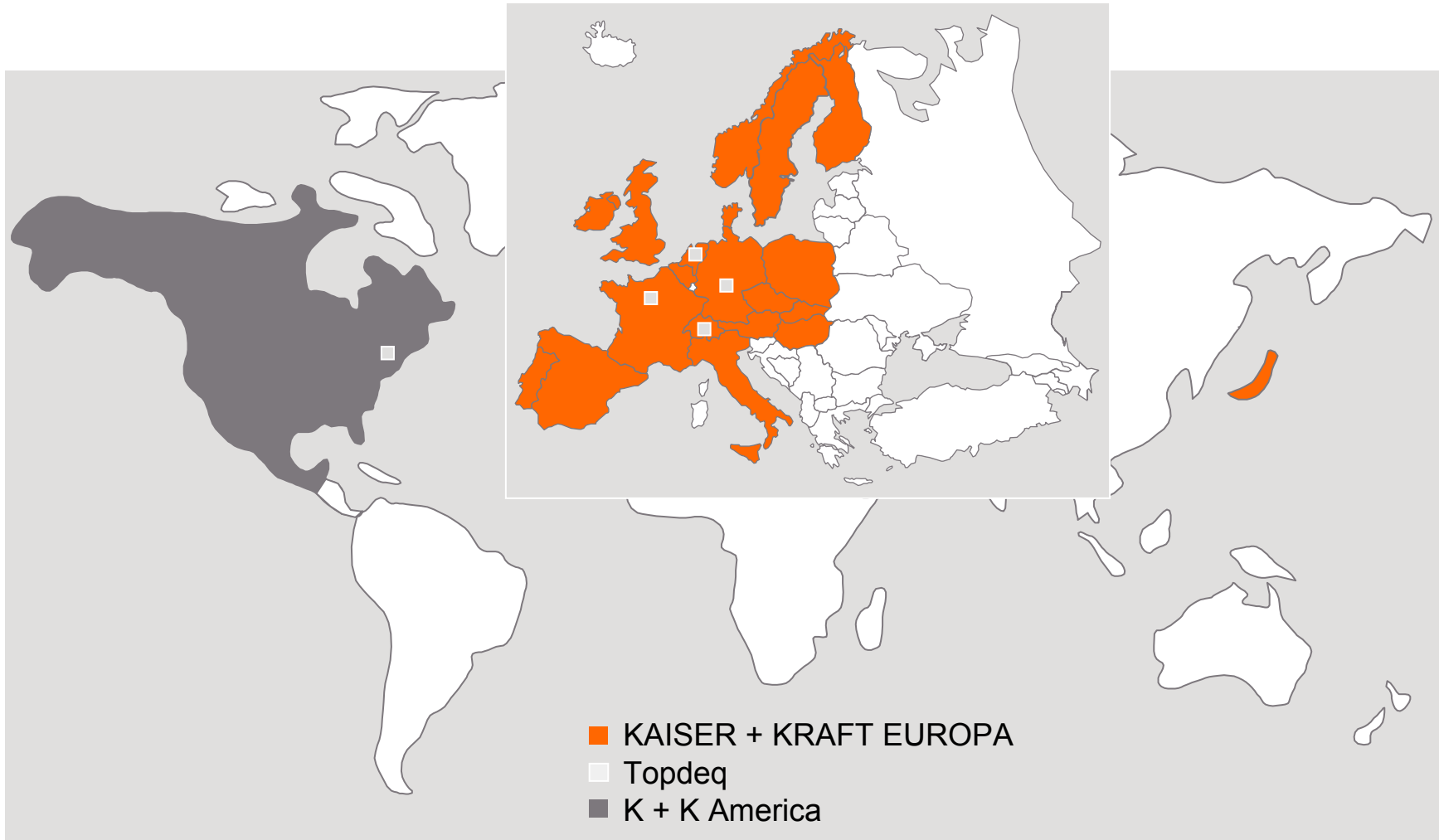
Value oriented management

Business segments along the phases of the profitability life cycle

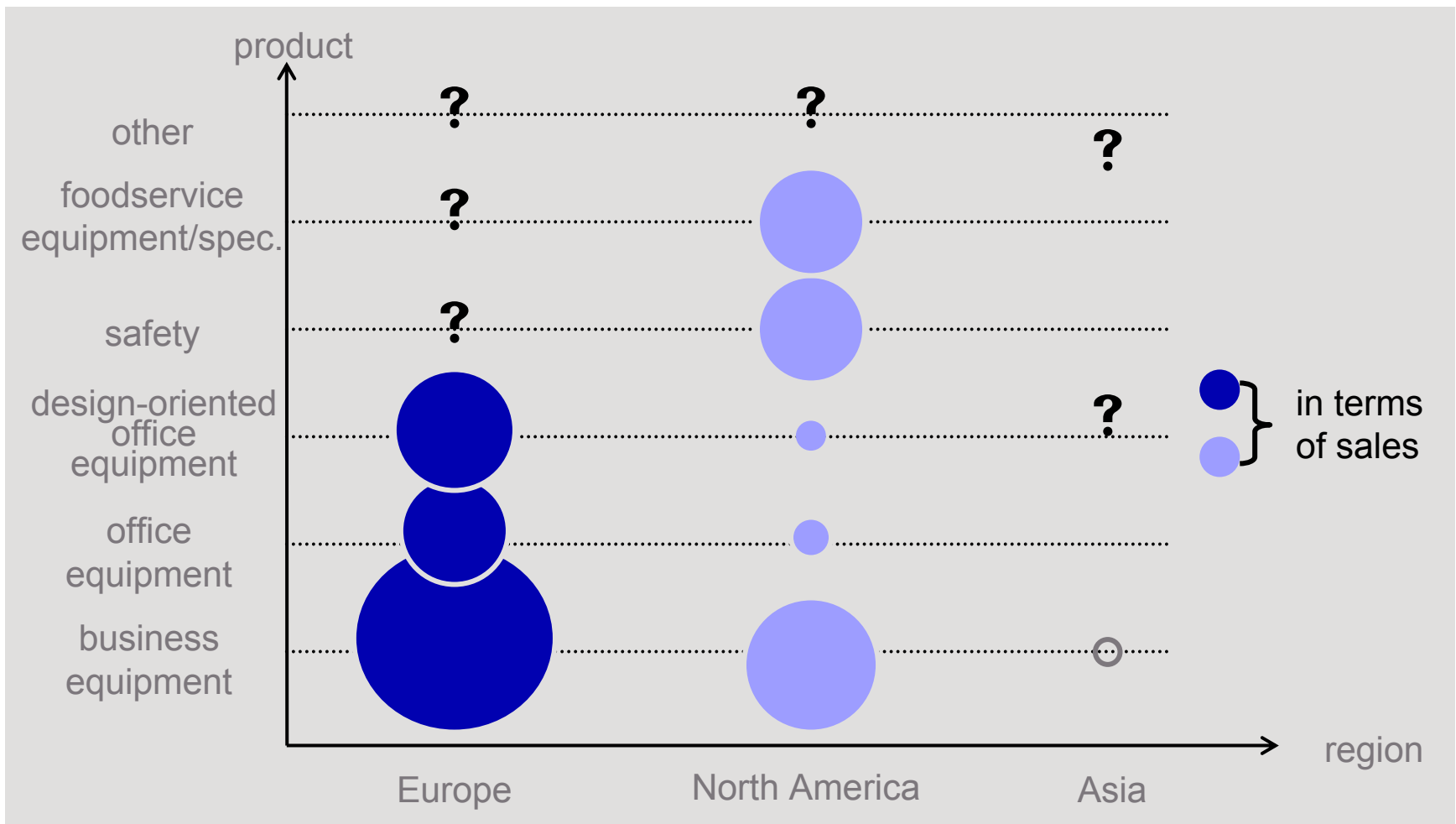


→ assured growth financing through established companies

Consistent duplication of system business



Growth potential for TAKKT's system business

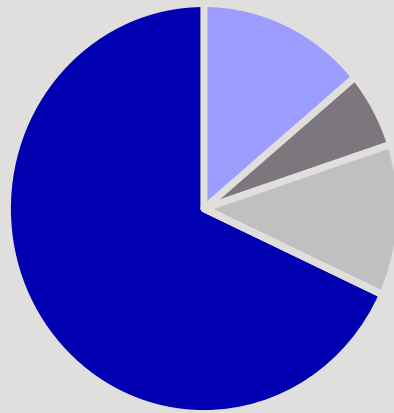


➔ objective: diversified product portfolio via duplication of system business

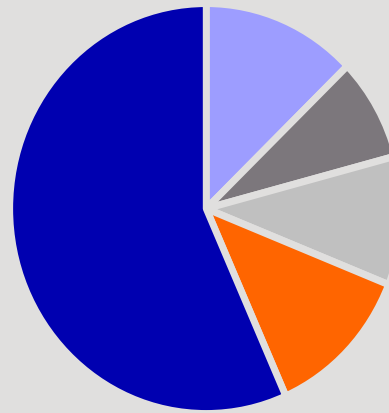
Turnover: balanced product portfolio

TURNOVER by product groups

↗ 1998 and 2002 in comparison



1998



2002

- business equipment
- office equipment
- occupational safety
- design-oriented office equipment
- foodservice equipment

That's why invest in TAKKT

balanced
risk portfolio

- product diversification
- independence from customers and suppliers
- regional diversification

sustainable
growth potential

- duplicable system business
- entering new markets / product groups
- expansion / penetration of established markets

high + stable
profitability

- stable gross profit margin
- stable EBITA margin
- high (free) cash flow

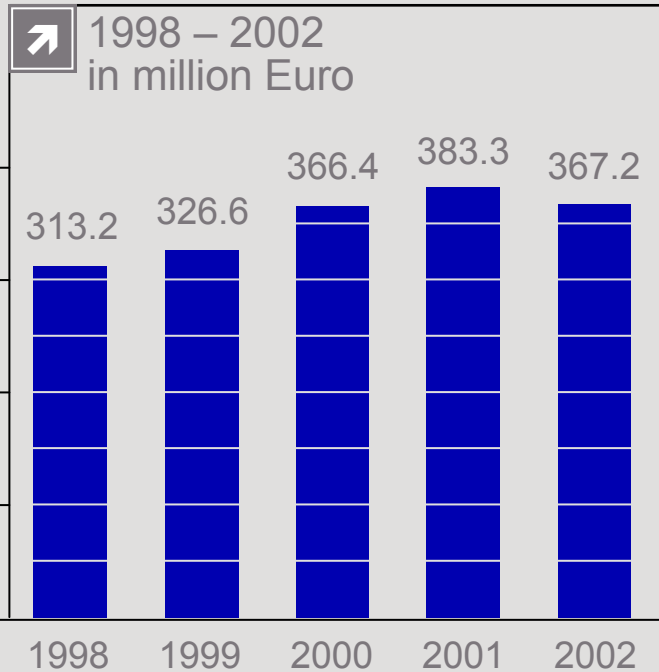
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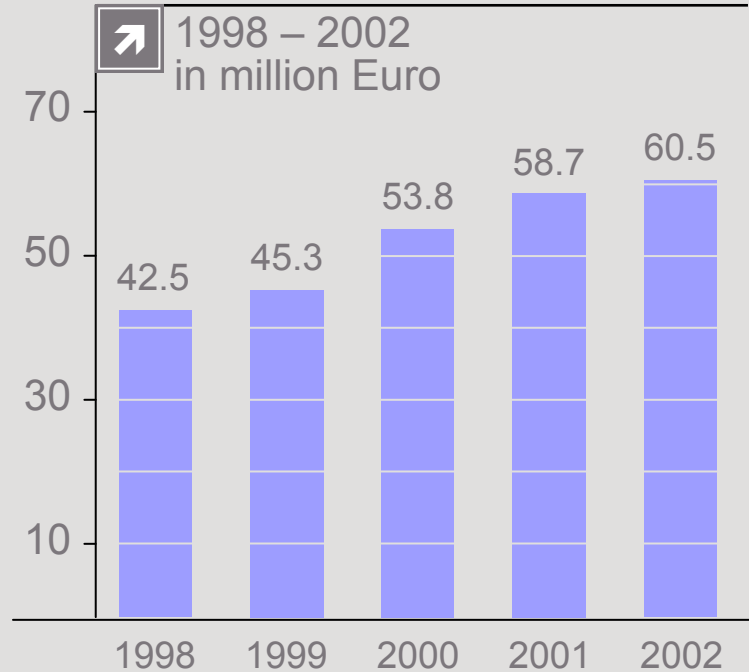
appendix

KAISER + KRAFT EUROPA: remains most profitable division

TURNOVER



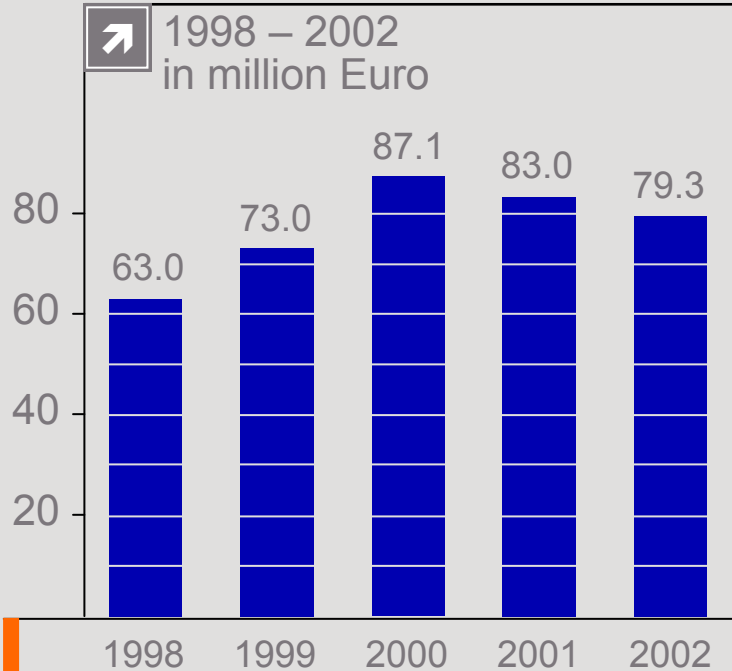
EBITDA



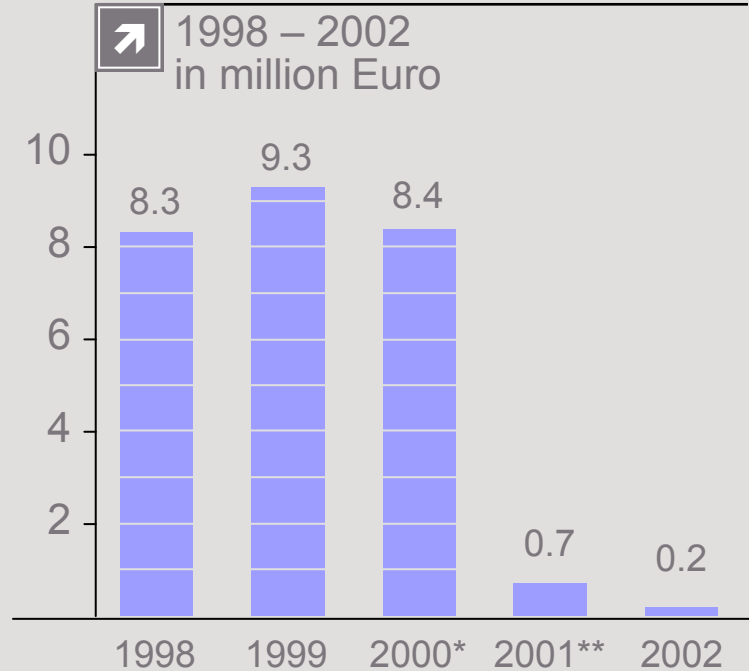
margin 13.6% 13.9% 14.7% 15.3% 16.5%

Topdeq: weak business in Germany and Switzerland could not be offset

TURNOVER



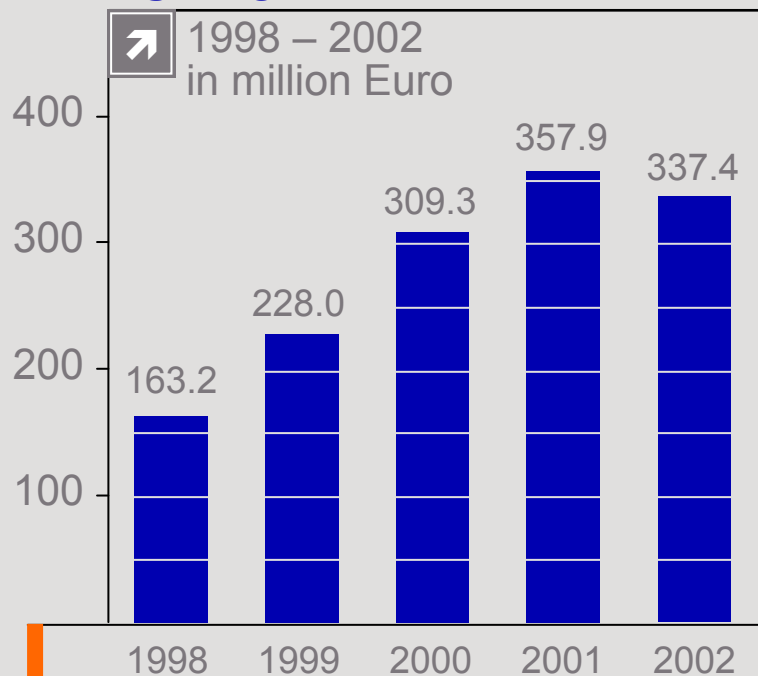
EBITDA



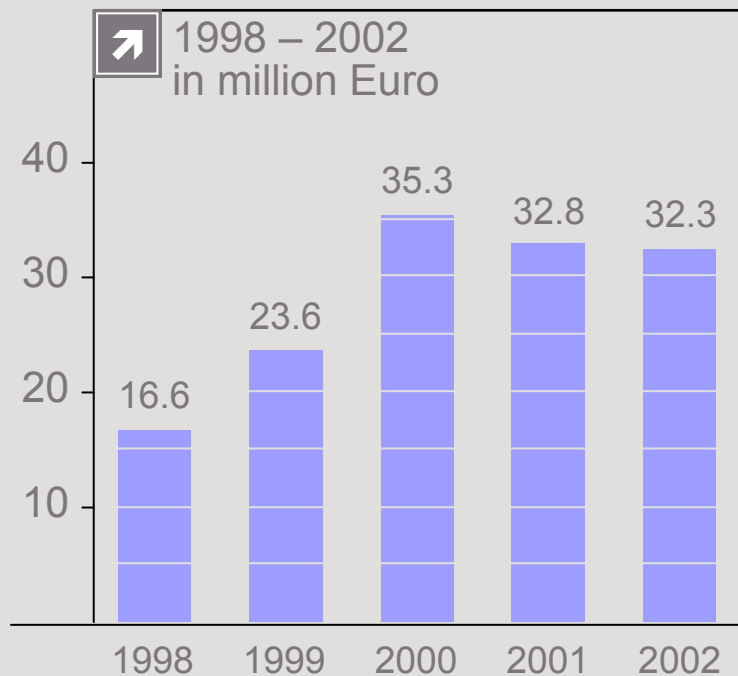
margin 13.2% 12.7% 9.7% 0.8% 0.2%

K + K America: decline in reporting currency, stable profitability

TURNOVER



EBITDA

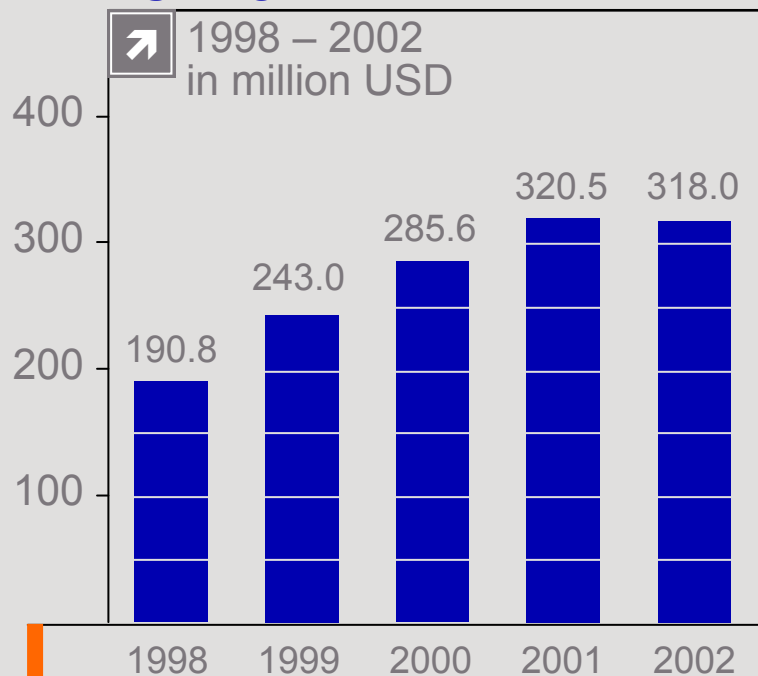


margin

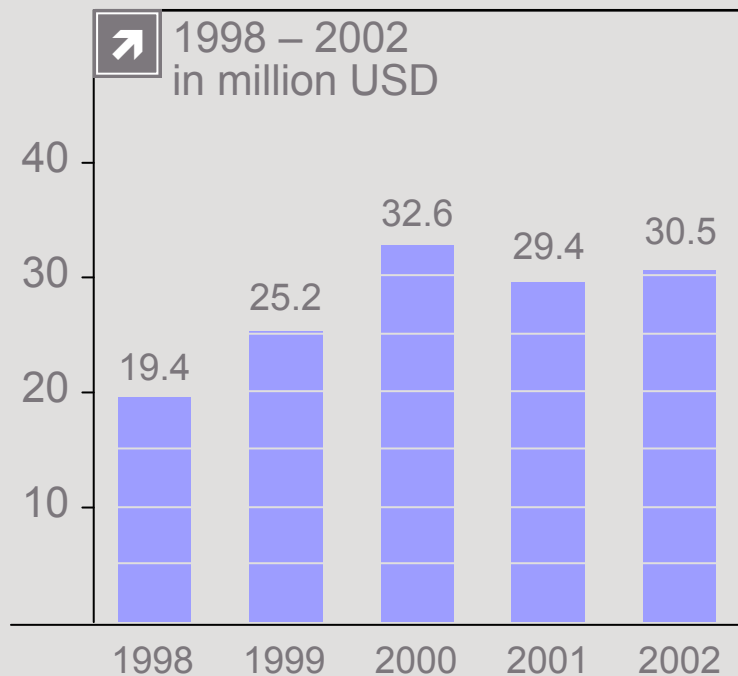
10.2% 10.4% 11.4% 9.2% 9.6%

K + K America: in USD almost stable turnover

TURNOVER



EBITDA



margin 10.2% 10.4% 11.4% 9.2% 9.6%

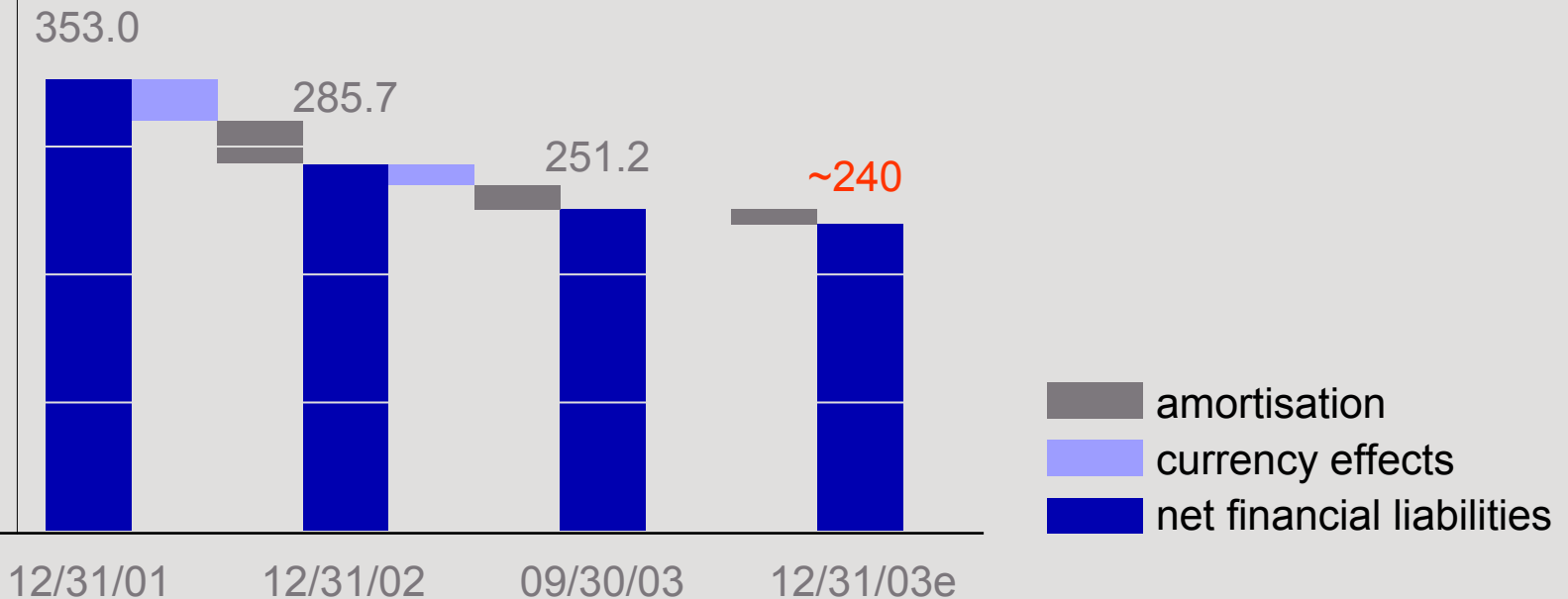
Debt relief


High free cash flow used for repayments


DEBT RELIEF




2001 – 2003e
in million Euro



 in million Euro	1998*	1999*	2000	2001	2002
turnover	539.4	627.5	762.8	824.1	783.7
EBITDA	67.4	72.6	90.3	86.6	85.7
EBITA	61.4	65.1	81.3	76.4	75.1
EBIT	58.4	57.1	68.6	57.7	57.0
EBT	56.4	50.2	55.5	35.5	39.0
net income	28.2	31.2	33.5	19.4	24.5
cash flow	37.3	46.7	55.1	48.3	53.0
free cash flow	33.7	42.6	47.4	24.4	44.4
EPS (in EUR)	-	0.42	0.45	0.26	0.33
CEPS / CFPS (in EUR)	-	0.63	0.75	0.65	0.72
pay out ratio (in %)	-	11.9	22.3	39.0	30.7

 in million Euro / other	1998*	1999*	2000	2001	2002
Ø net financial position	-26.0	-159.4	-231.5	-363.3	-321.7
net financial position (ye)	-95.4	-220.2	-374.0	-353.0	-285.7
CAPEX	3.6	4.1	7.7	24.0	8.6
change in working capital	7.2	1.1	16.6	-16.2	2.5
gearing	0.9	2.1	2.8	2.4	1.9
interest coverage	32.1	9.4	6.2	3.4	4.2
time to reduce liabilities (y)	0.7	3.4	4.2	7.5	6.1
equity ratio **	41.8	26.4	22.6	24.8	27.7

 in thousand Euro / other	1998*	1999*	2000	2001	2002
employees (full-time Ø)	1,330	1,497	1,674	1,973	1,932
turnover per employee	406	419	456	418	406
personnel costs per empl.	42.9	45.7	51.0	50.7	52.3
cash flow per employee	28.0	31.2	32.9	24.5	27.4
employees (f.-time at 12/31)	1,465	1,546	1,931	1,964	1,914

TAKKT share: traded volume

VOLUME	2002				
	Q 1*	Q 2	Q 3	Q 4	Total
traded volume	819,672	982,266	1,223,138	1,627,945	4,653,021
average days	13,221 (62 days)	15,592 (63 days)	18,532 (66 days)	26,257 (62 days)	18,391 (253 days)
In % of free float (15.5m shares)	5.3	6.3	7.9	10.5	30.0

VOLUME	2003				
	Q 1	Q 2	Q 3**	Q 4**/***	Total
traded volume	658,969	1,127,540	2,589,378	2,977,486	7,353,373
average days	10,460 (63 days)	18,186 (62 days)	39,233 (66 days)	48,024 (62 days)	29,065 (253 days)
In % of free float (15.5m shares)	4.3	7.3	16.5**	16.4**/***	41.9

Financial calendar 2004

- **01/19/2004** **German Corporate Conference in Kronberg**
- 02/17/2004 preliminary figures of 2003
- 03/23/2004 annual press conference on the financial year 2003
- 03/24/2004 DVFA analyst conference presentation
- March/April road shows
- 04/29/2004 interim report for the first quarter 2004
- 05/04/2004 annual general meeting in Ludwigsburg
- 08/05/2004 interim report for the first half year 2004
- 11/04/2004 interim report for the first nine months 2004

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3rd German Corporate Conference

Dr. Felix Zimmermann, CFO
January 19, 2004 - Kronberg
