
TAKKTAG

BUSINESS EQUIPMENT SOLUTIONS

Chevreux German Corporate Conference

Dr Felix A. Zimmermann, CEO
Frankfurt, 18 January 2012

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BUSINESS EQUIPMENT SOLUTIONS

**business model &
strategic success factors**



C & M MOTORS, INC.

0 558 9966

11

Product Name:
Product Description:
Product Number:
Product Category:

C & M PRODUCTS

- Printers & Copiers
- Shipping & Racks
- Material Storage
- Shop Equipment
- Material Handling
- Various Products
- ... & Shipping

Catalog Request

First Name:
Last Name:
Address:
City:
State:
Zip:

Phone:
Fax:

E-mail:
Company:

Product Code:
Product Name:

Product Description:
Product Number:

Product Category:
Product Price:

Product Weight:
Product Length:

Product Width:
Product Height:

TAKKT: business overview

business activity

- sales channel: B2B direct marketing
- products: durables/specialties

geographic balance

- regional diversification: > 25 countries
- turnover by region: ~ 60% Europe/
~ 40% North America

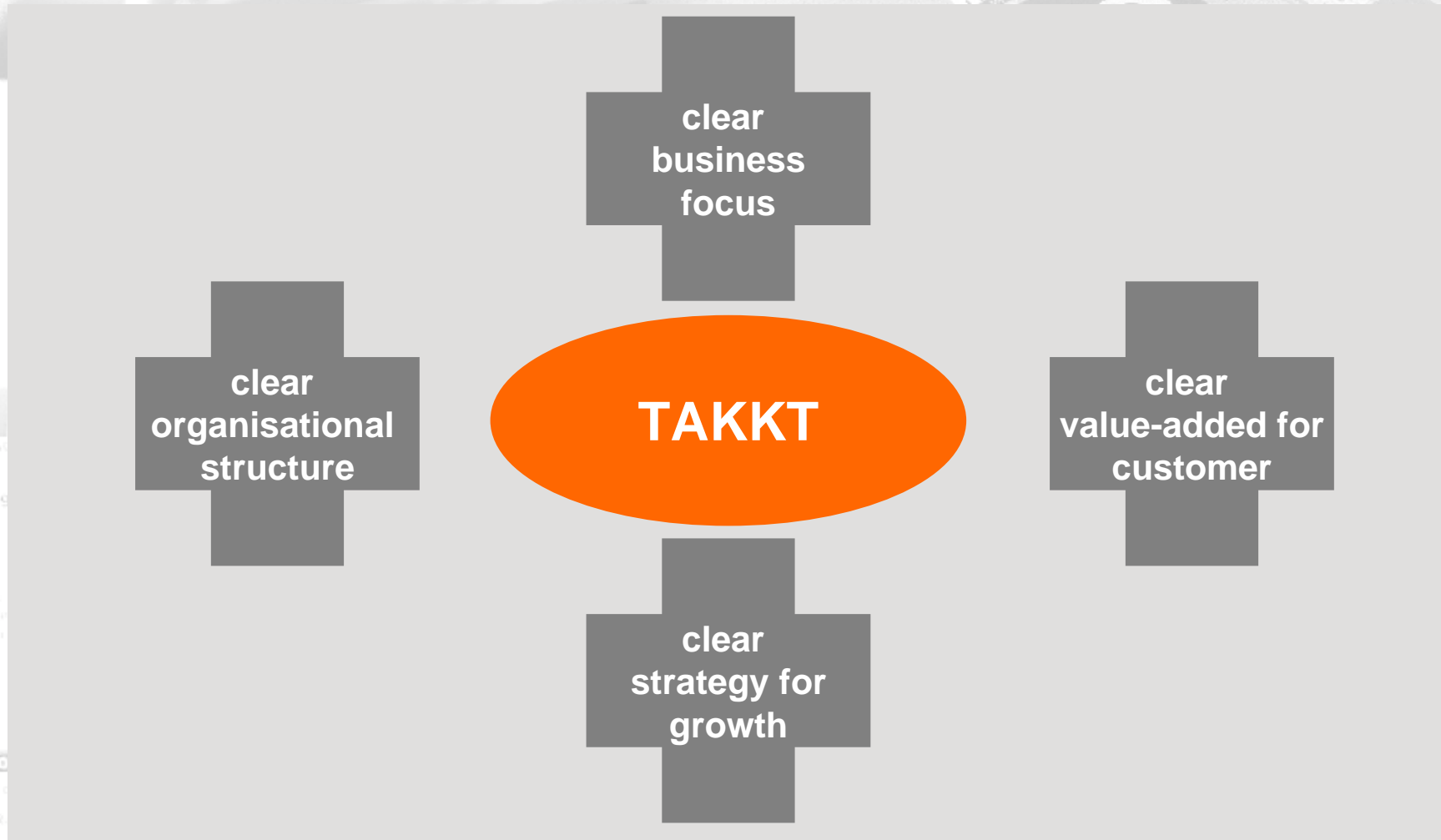
key facts

- number of customers: ~ 3m
- advertising media sent out per year: ~ 50m
- number of employees (fte): ~ 1,900
- product range: ~ 160,000

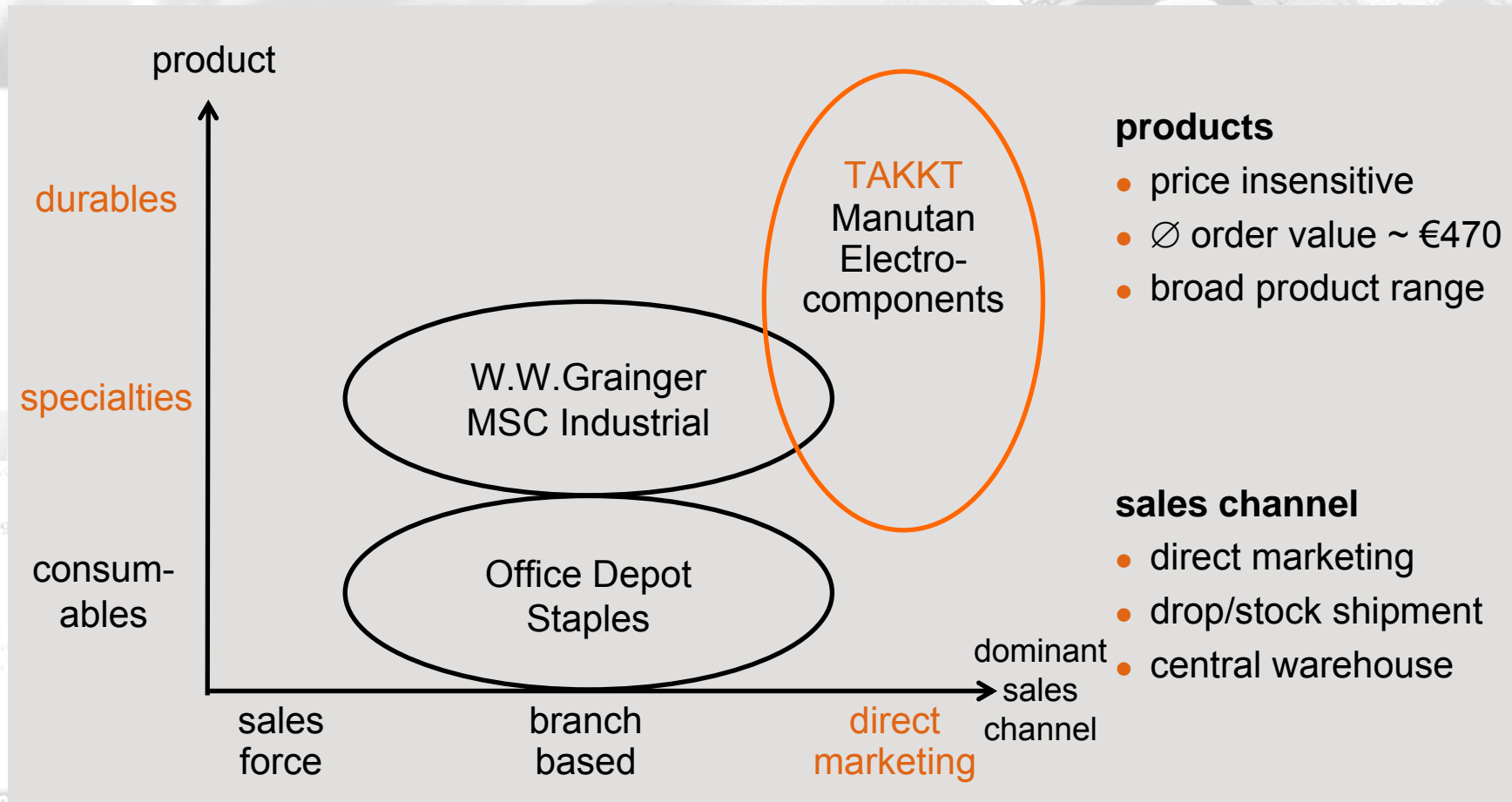
financials

- turnover 2010: € 0.8 bn
- turnover growth (CAGR 1985 – 2010) ~ 10%
- op. EBITDA margin (1985 – 2010) > 10%

TAKKT: strategic success factors



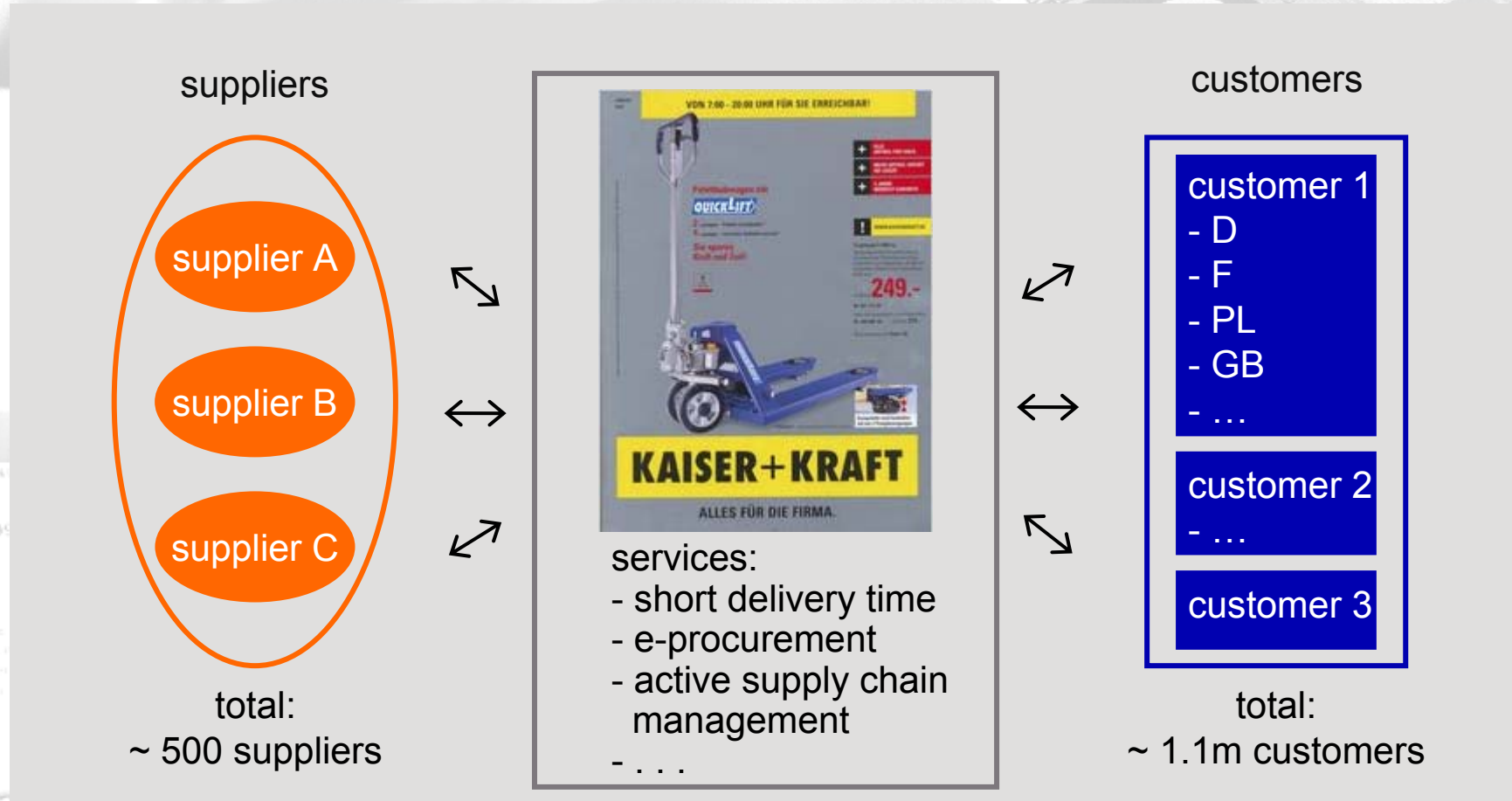
TAKKT success factors: clear business focus



→ system business with stable gross profit margin

TAKKT success factors: clear value-added for customers

Example: Business Equipment Group



→ consolidator and supply chain manager

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TAKKT success factors: clear strategy for growth

1. acquisitions

- new product groups
- new customer groups

2. multi-channel activities (organic)

- roll-out
- expansion of service and product portfolio
- key account management
- integrated e-business

3. web-only activities (organic)

- development of new brand platforms
- roll-out into all groups
- optimisation of on-site and off-site activities

TAKKT success factors: clear organisational structure



BEG = Business Equipment Group **PEG** = Plant Equipment Group

OEG = Office Equipment Group **SPG** = Specialties Group

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growth initiatives



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Strategic agenda: growth and profitability targets

growth targets

- long-term average growth ~10% p.a.
 - ~ 50 % organic growth
 - ~ 50 % by acquisitions
- at least one new start-up or acquisition p. a.

growth initiatives

- acquisitions
- multi-channel activities (organic)
- web-only activities (organic)

profitability targets

- EBITDA margin within corridor of 12 to 15 %

Growth initiatives 2011/2012

1. acquisitions

- new product groups
- new customer groups

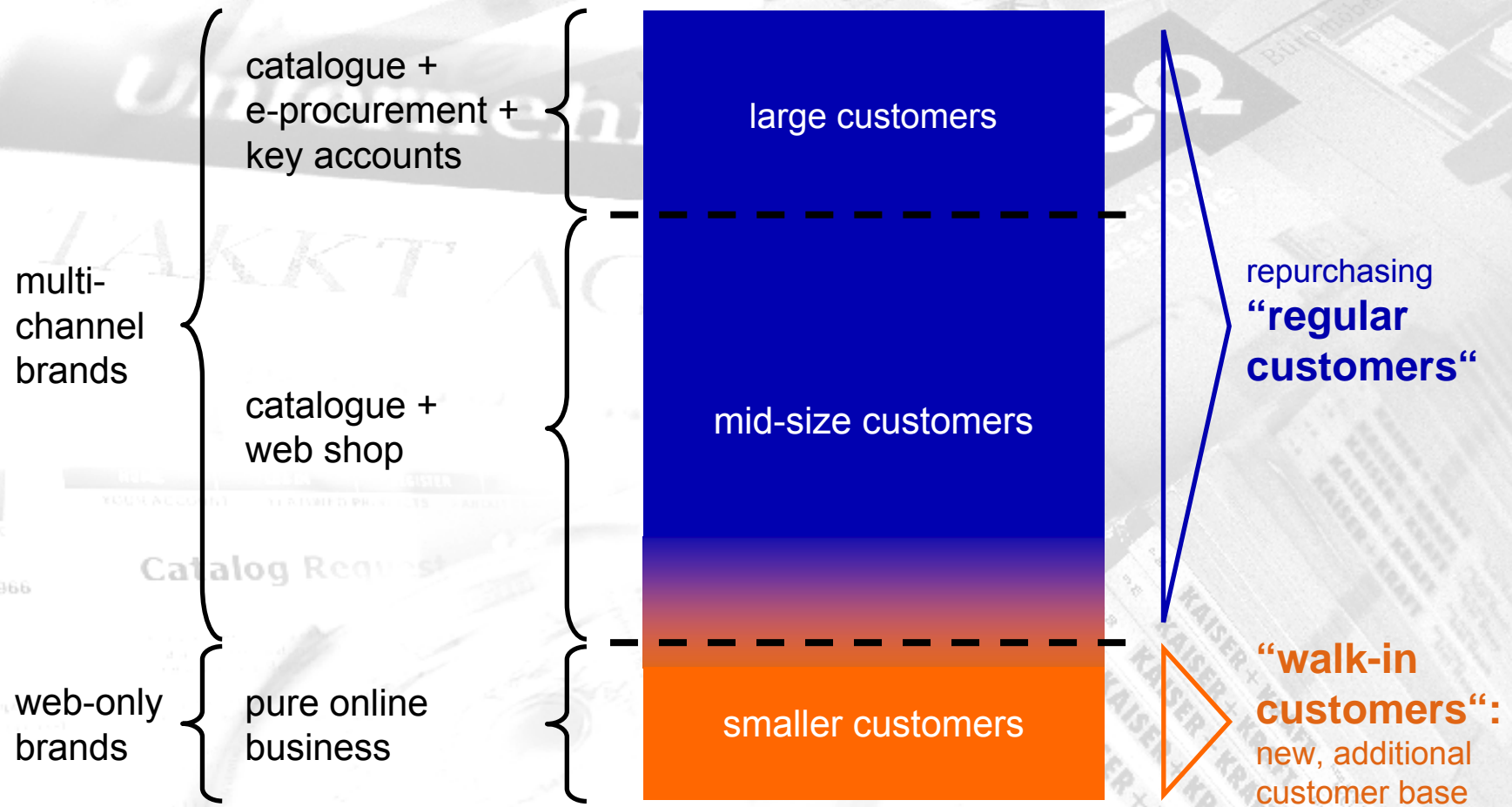
2. multi-channel activities (organic)

- further increase of private label sales
- roll-out
- expansion of service and product portfolio
- key account management
- integrated e-business

3. web-only activities (organic)

- development of new brand platforms
- roll-out into new countries
- optimisation of on-site and off-site activities

TAKKT: multiple channel strategy

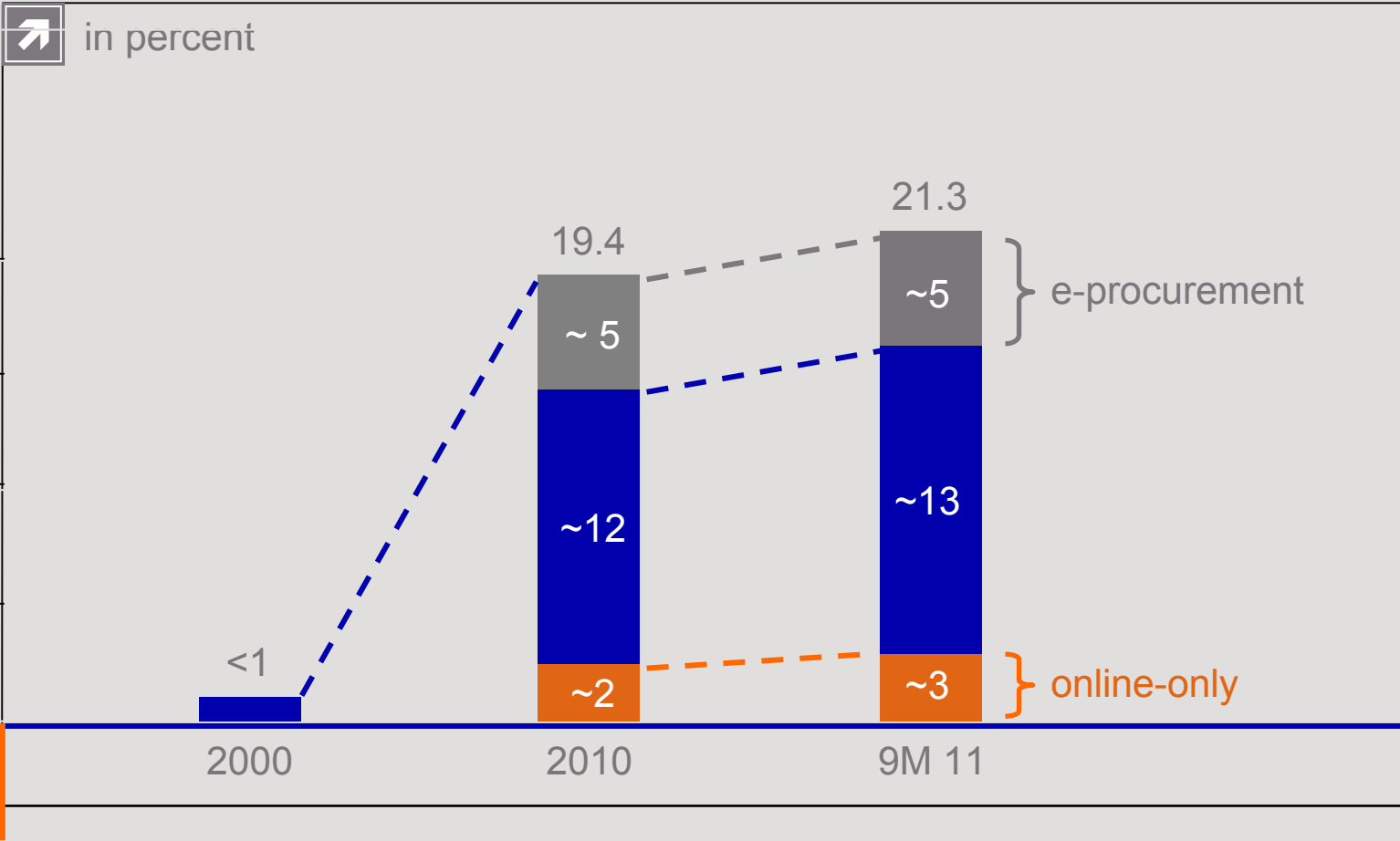


→ web-only brands open up new online markets while at the same time safeguarding the traditional multi-channel brands

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E-commerce: continuous trend upwards

E-COMMERCE SHARE OF TURNOVER



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TAKKT in the economic cycle



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and receive a special
discount on your first order.

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Last Name
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City
State
Zip

Phone
E-mail

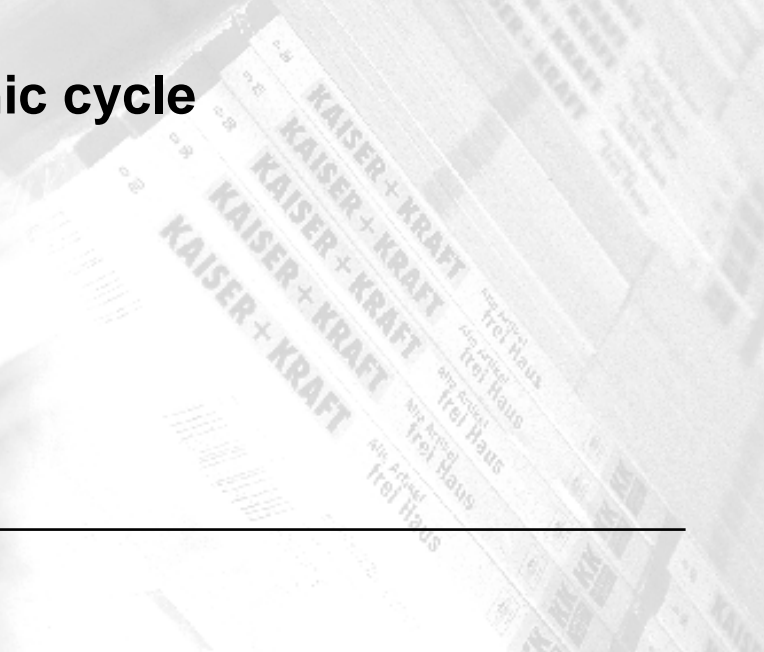
Company
Title

Business Hours
Fax

Country
Region

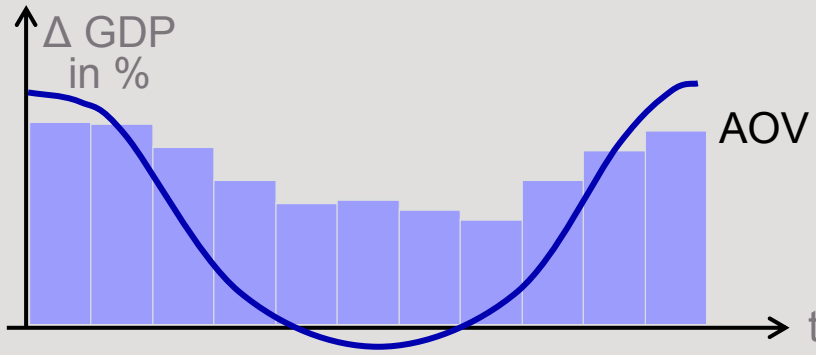
Comments

Submit

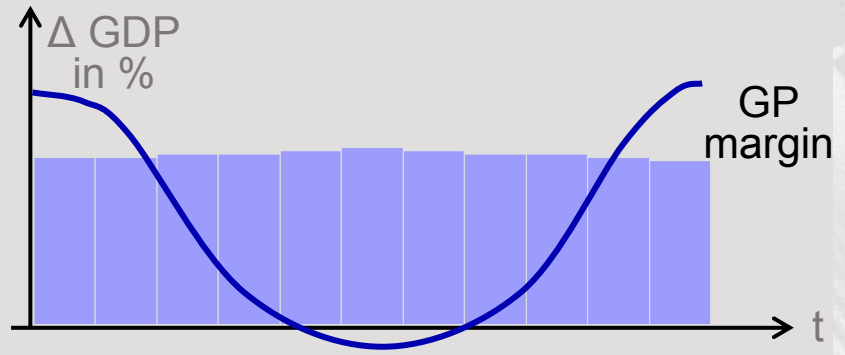


Economic development: value and growth drivers in the economic cycle

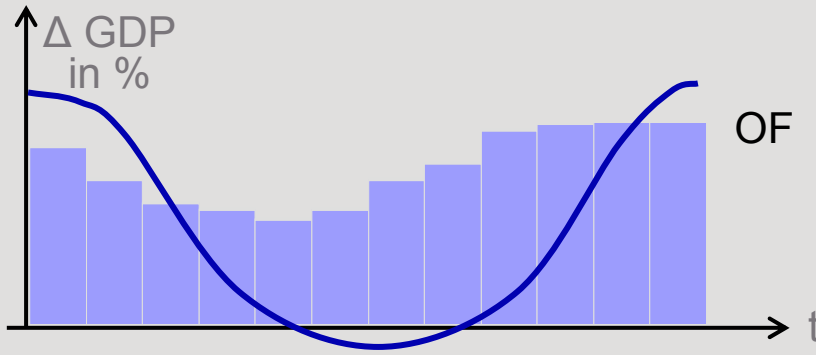
average order value (AOV) fluctuates



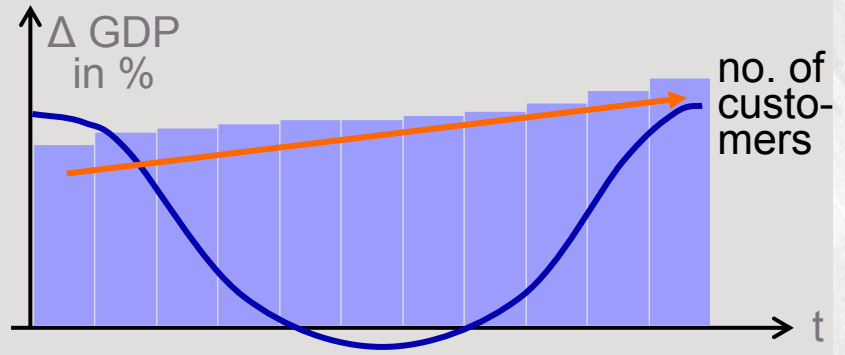
gross profit margin is slightly anti-cyclical



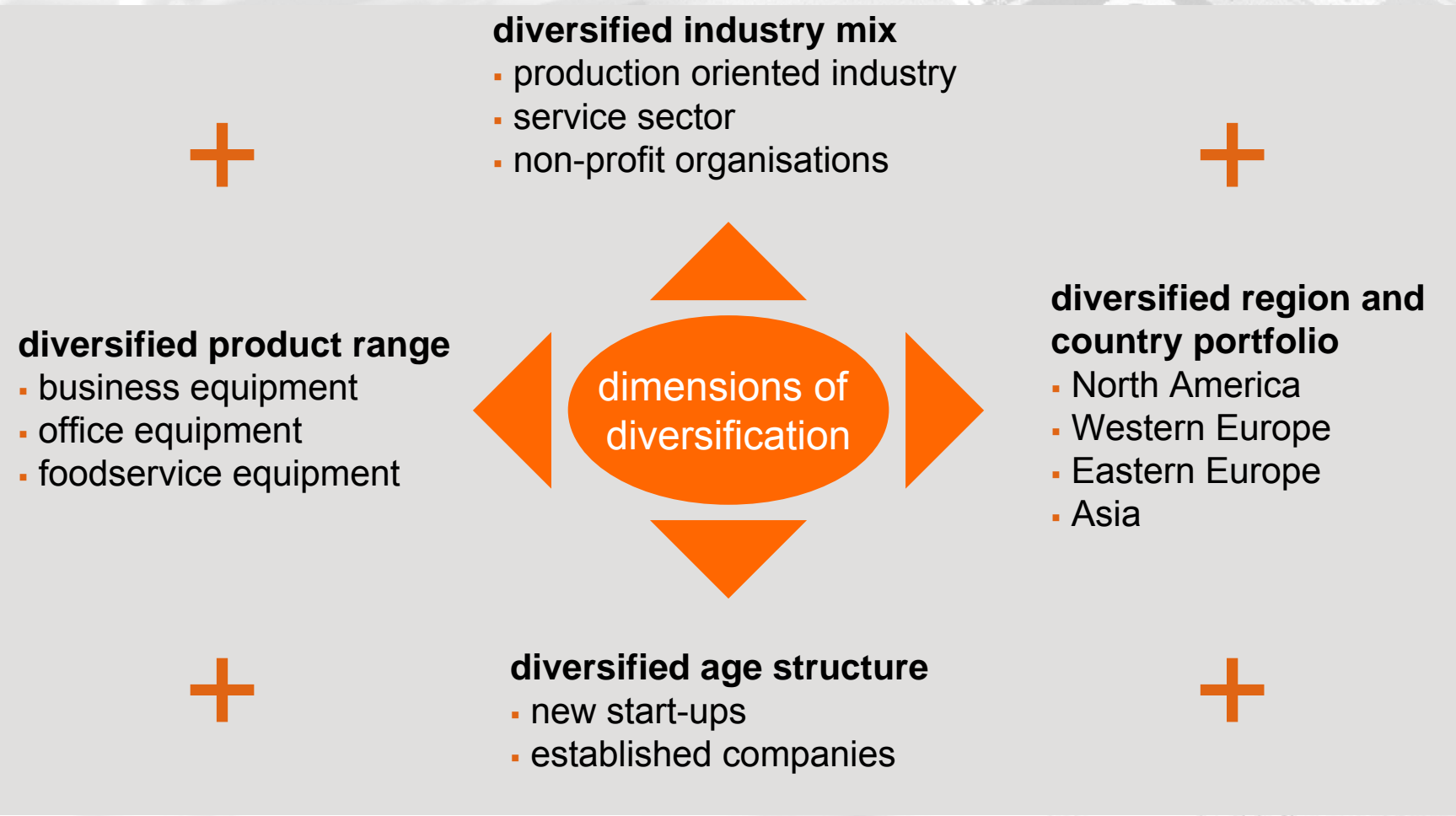
order frequency (OF) fluctuates



continuous gain of new customers

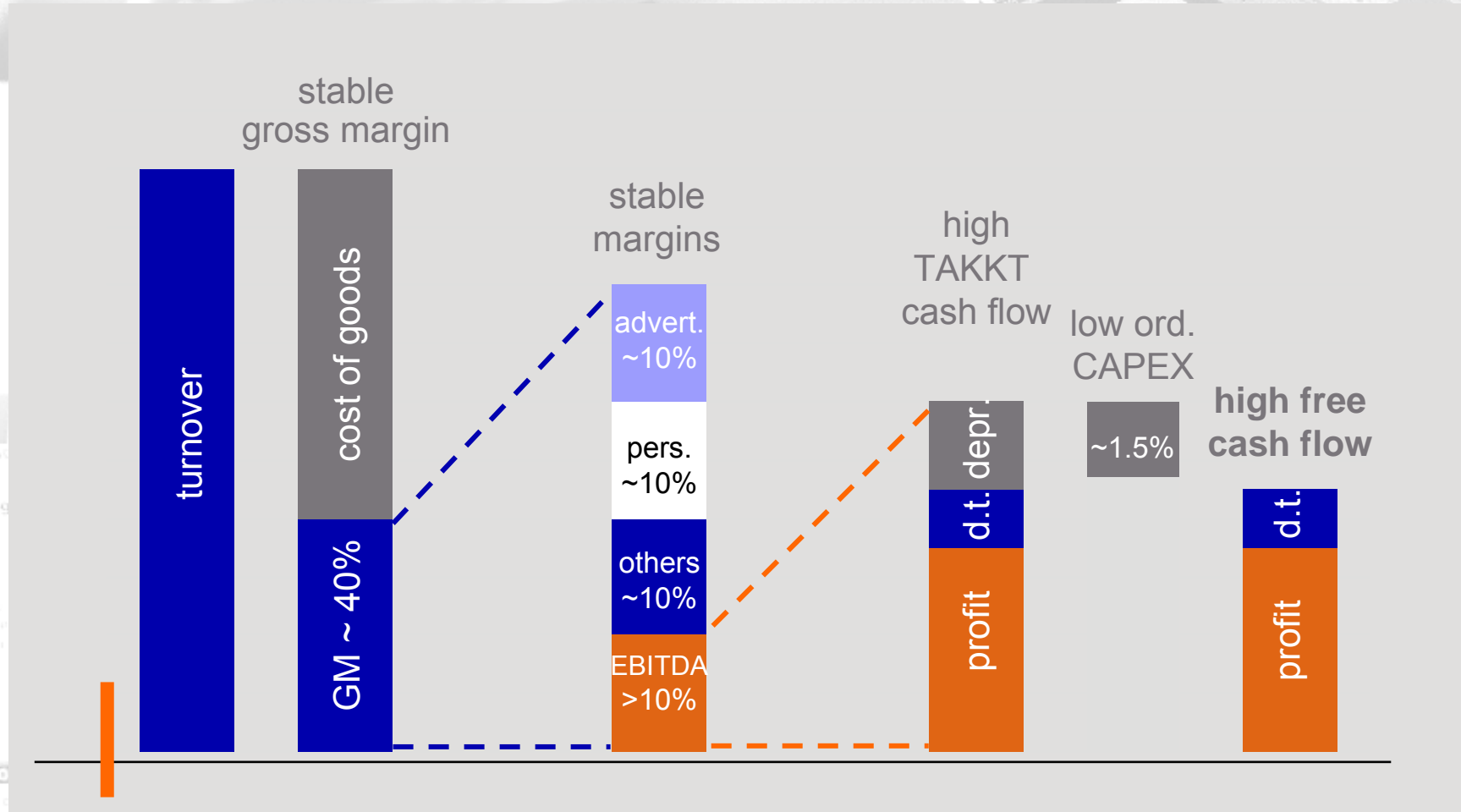


Positive effects of diversification in 4 dimensions throughout cycle



Flexible cost structure is basis for margin stability throughout cycle

business model generates high free cash flow



→ effective management of profitability margins via strict cost control

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outlook



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Request a free catalog of our products and services. We'll send you a copy of our latest catalog, plus information on our special offers and financing options.

First Name: _____
Last Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

Company Name: _____
Company Address: _____
Company City: _____ State: _____ Zip: _____
Company Phone: _____
Company E-mail: _____

Business Title: _____
Business Address: _____
Business City: _____ State: _____ Zip: _____
Business Phone: _____
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Home Address: _____
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Home Phone: _____
Home E-mail: _____

Outlook for 2011 and 2012

- 2011: forecast for organic growth remains at around six percent
- 2012: in a stable growth environment (i.e. unchanged GDP growth rate as in 2011) organic growth of three to five percent possible; if the economy develops favourable, organic growth should improve; if the economy retreats to a lower level, organic growth will be negatively impacted
→ long-term growth course
- operational profitability (EBITDA margin) could reach 14.0 percent in 2011 provided the turnover target is achieved
- capital expenditure at long-term average of one to two percent of sales

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 (online & offline)

high + stable
profitability

- stable gross profit margin
- stable EBITDA margin
- high (free) cash flow and dividend potential

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appendix



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Characteristics of different customer types

	walk-in customer		regular customer
business size	small	←————→	big
potential per customer	low	←————→	high
price sensitivity	high	←————→	low
quality & service orientation	low	←————→	high
process cost thinking	low	←————→	high
consulting needs	low	←————→	high

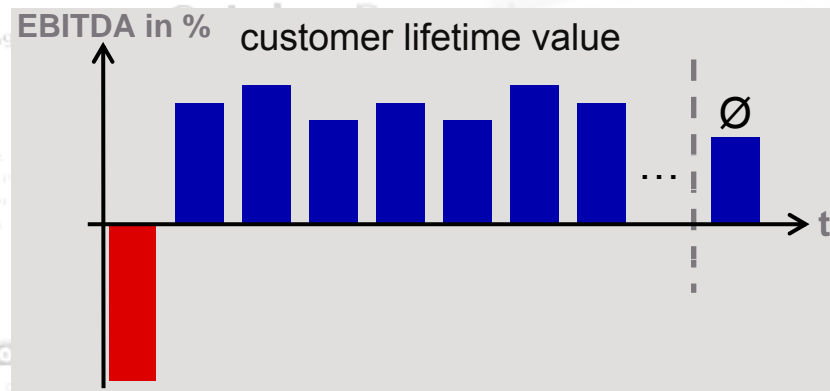
→ separate strategy to address walk-in customers needed

TAKKT: traditional catalogue business vs. web-only business



- traditional catalogue business
- focus: customer lifetime value
- implementation of catalogue on the internet as copy
- catalogue not appropriate for acquiring small-sized businesses as new customers

- walk-in customer business
- focus: order profitability
- flexible product offering and pricing on the internet
- cost-efficient marketing towards small-sized customers



→ profitability of both businesses is comparable

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TAKKT: options for entering online walk-in customer market



www.kaiserkraft.xx



- + leverage of existing online platform and traditional catalogue brand
- dilution of quality/service-oriented customer base
- limited possibilities to use marketing tactics needed to generate relevance for walk-in customers

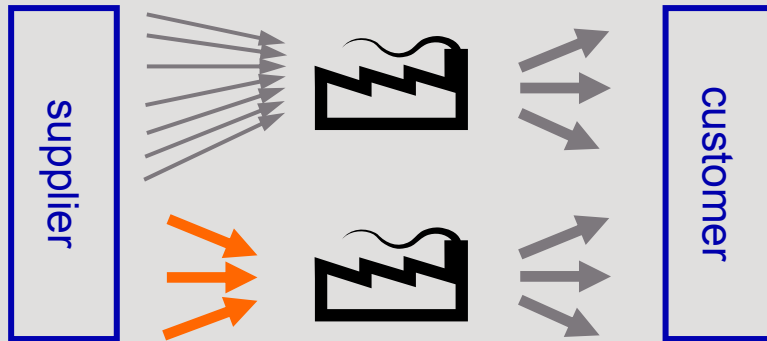
- + protection of traditional business modell
- + flexibility to use web marketing tactics (e.g. flexible pricing, flexible offering)
- + full usage of backend infrastructure ⇒ synergies
- + incubator and testing laboratory for online business, separated from other businesses
- + positive experience with officefurniture.com in the US

→ tested and proven multi-brand strategy also in online environment

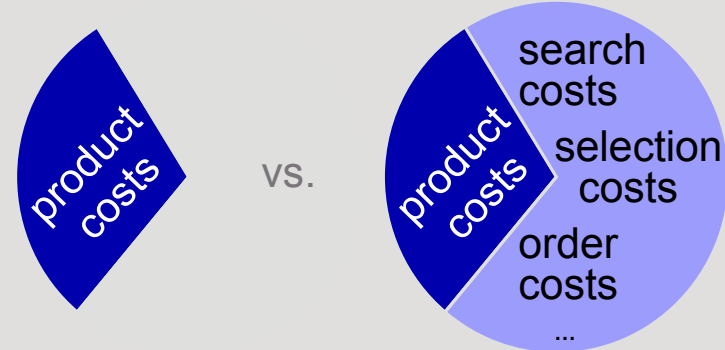
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Industry trends: fostering TAKKTAG business model

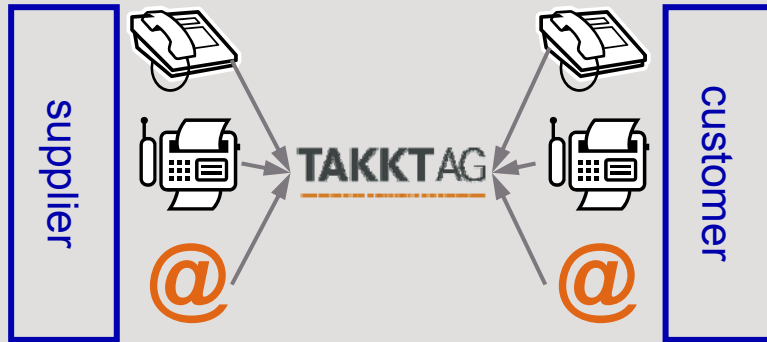
consolidation of business partners



from product cost to process cost thinking



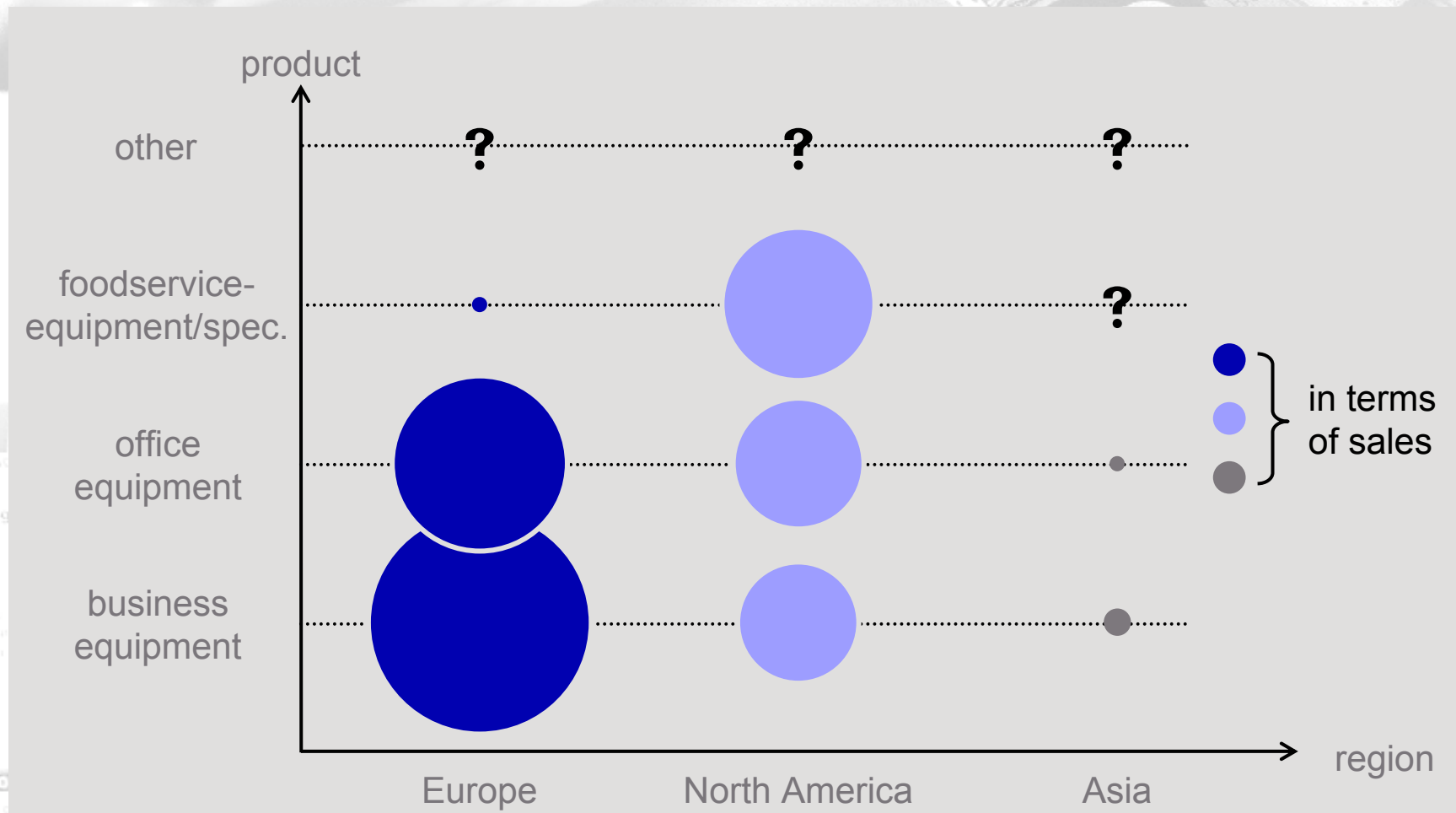
e-commerce



internationalisation of businesses



Clear potential for future growth

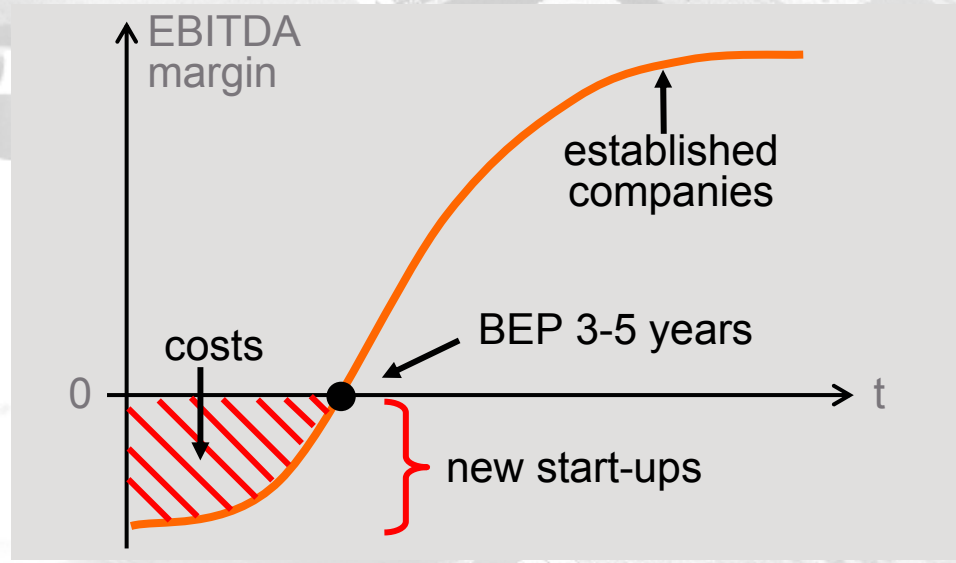


→ objective: diversified product portfolio via duplication of system business

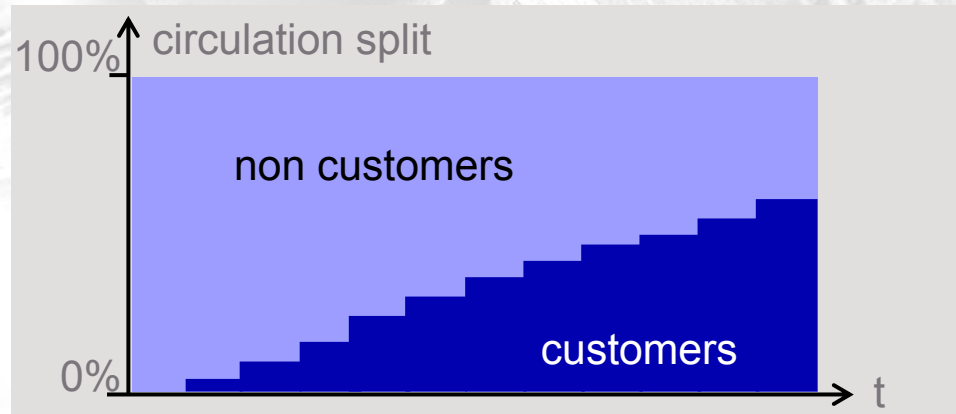
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TAKKT growth strategy: typical profitability life cycle of new start-ups

profitability development follows typical life cycle curve . . .

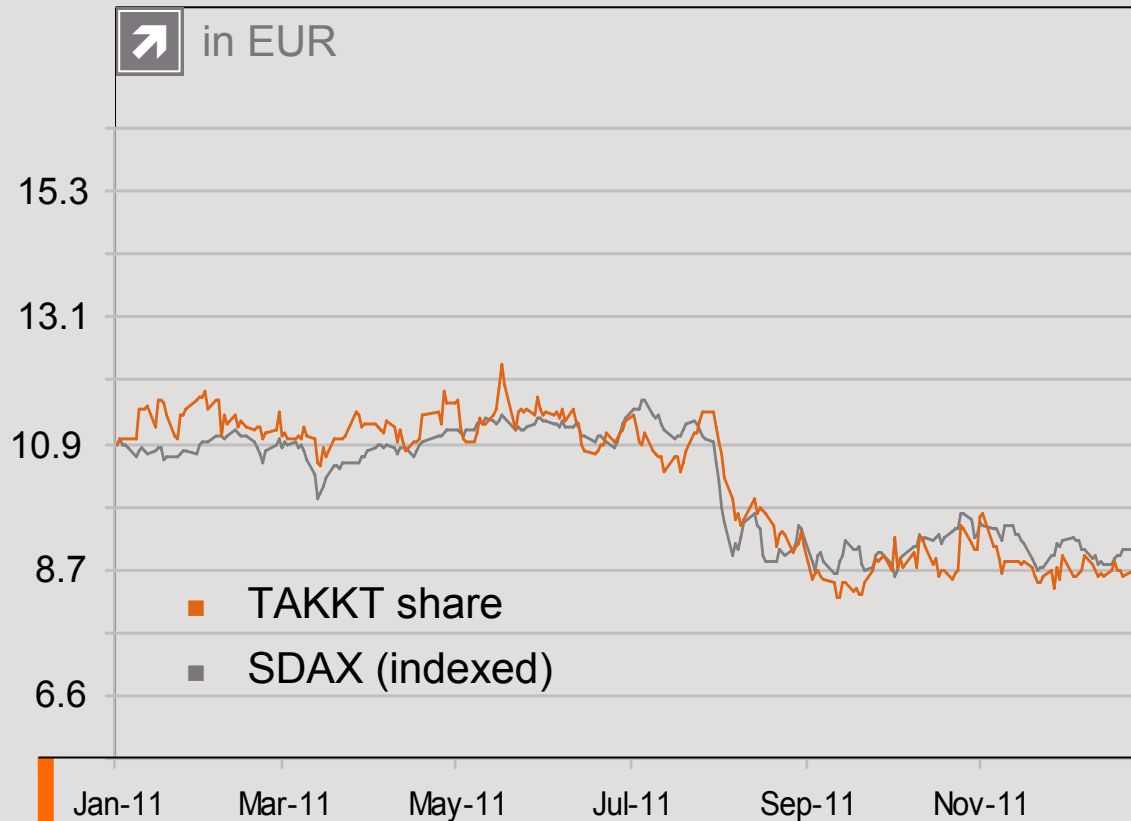


. . . since the share of the advertising circulation going to customers builds up only gradually



TAKKT share: good development

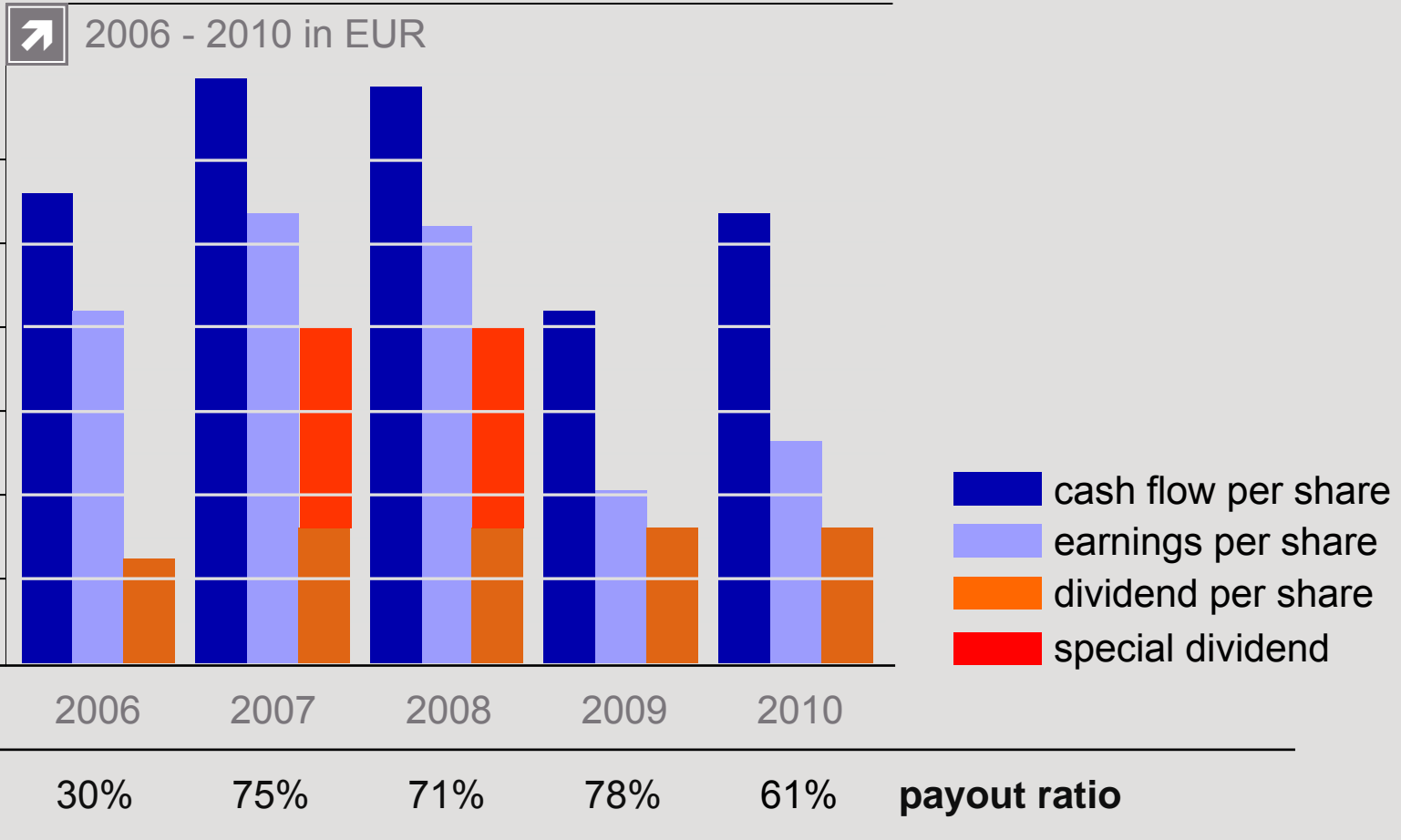
SHARE PRICE DEVELOPMENT



- 65,610,331 shares
- ISIN DE0007446007
- market capitalisation: ~ Euro 560 million
- shareholder structure
 - free float: 29.6 %
 - Franz Haniel & Cie. GmbH: 70.4 %
- SDAX performance in 2011: -16%
- performance of TAKKT share in 2011: - 20%

Key figures per share: stable ordinary dividend for 2010

KEY FIGURES PER SHARE



Key figures

P&L

↗ in EUR million	2006	2007	2008	2009	2010
turnover	958.5	986.2	932.1	731.5	801.6
EBITDA	119.5	142.3	133.1	68.7	100.6
EBITA	105.2	125.0	117.3	49.4	80.8
EBIT	105.2	125.0	117.3	49.4	68.0
profit before tax	92.9	116.1	111.0	42.4	59.0
profit	62.5	79.3	75.1	27.8	34.6
TAKKT cash flow	81.7	101.2	97.1	56.1	70.3
free cash flow	64.4	49.1	69.0	66.4	81.6
EPS (in EUR)	0.84	1.07	1.01	0.41	0.52
CEPS / CFPS (in EUR)	1.12	1.39	1.33	0.84	1.07
payout ratio (in %)	29.6	74.7	71.1	77.5	61.2

Key figures

balance sheet / covenants

↗ in EUR million / other	2006	2007	2008	2009	2010
Ø net borrowings	188.7	124.6	82.1	169.8	166.6
net borrowings (ye)	164.8	81.6	79.9	180.8	139.2
CAPEX (incl. acquisitions)	72.0	47.4	27.9	60.1	6.7
change in working capital	14.5	9.8	4.6	-14.2	-15.4
gearing	0.6	0.3	0.2	0.8	0.6
interest cover	8.7	14.1	21.0	6.9	9.0
debt repayment period (y)	2.3	1.2	0.8	3.0	2.4
equity ratio in % *	48.1	59.2	61.7	45.1	46.5

Key figures

personnel

↗ in EUR thousand / other	2006	2007	2008	2009	2010
employees (full-time Ø)	2,016	2,040	1,980	1,817	1,775
turnover per employee	475	483	471	403	452
personnel costs per empl.	57.2	55.1	52.1	55.6	61.5
TAKKT cash flow per empl.	40.5	49.6	49.0	30.9	39.6
employees (f.-time at 31/12/)	2,027	1,971	1,960	1,768	1,807

Financial calendar 2012

- 18/01/2012 Cheuvreux German Corporate Conference, Frankfurt
- 16/02/2012 preliminary figures 2011
- 22/03/2012 financial statements press conference + analyst presentation
- March spring road shows
- 26/04/2012 interim report for the first quarter 2012
- 08/05/2012 annual general meeting, Ludwigsburg
- June summer road shows
- 31/07/2012 interim report for the first half-year 2012
- September German Corporate Conference, Munich
- 30/10/2012 interim report for the first nine months 2012
- November autumn road shows
- November German Equity Forum, Frankfurt

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