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# TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

**Conference Call**

**Acquisition of Central Products (Central)**

**6 April 2009**

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# TAKKTAG

BUSINESS EQUIPMENT SOLUTIONS

Central – overview



0 558 9966

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Quick Quote  
Quick Description  
Quick Material  
Quick Delivery

### C & M PRODUCTS

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

## Catalog Request

Request a catalog for your business. We'll send you a free catalog of our products and services.

First Name  
Last Name  
Company Name  
Address  
City  
State  
Zip

Phone  
Fax  
E-mail

Business Type  
Industry

Company Size  
Years in Business

Product Interest  
Comments

Submit Request

Cancel Request

Privacy Policy

## Central – overview

- mail order distributor of restaurant equipment & supplies
- customers: commercial & non-commercial restaurants
- brand: Central Restaurant



- headquarters in Indianapolis, Indiana
- founded 1981

- turnover 2008e: USD ~70m
- turnover growth 2008e vs. 2007: 10.2%
- EBITDA margin 2008e: 12.7%
- number of products: ~14,000
- employees: ~130
- customers ~75,000

## Central – overview

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- key turnover figures
  - split by sales channel: 92 % offline / 8% online
  - average order value > USD 600
- marketing strategy
  - 2-catalogue cycle per year; up to 6 catalogues per customer
  - strong telephone sales team (highly success-based remunerated)
- logistics:
  - 60% drop shipment / 40% stock shipment
  - warehouse in Indianapolis 90,000 sqft (~8,400 sqm)

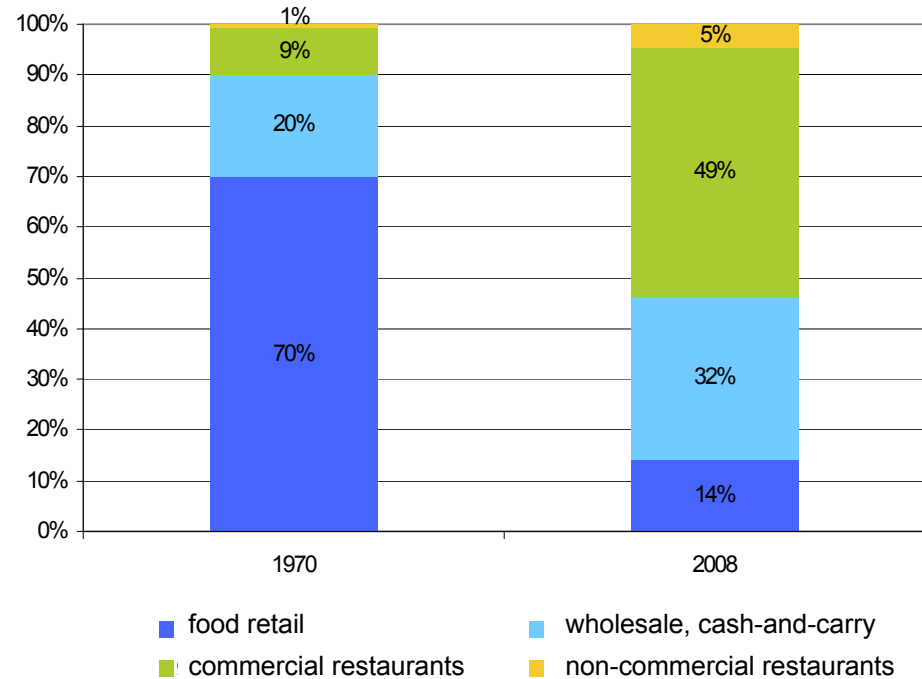


# US restaurant & food market

- structure of the food and restaurant market has changed over time
- share of restaurant market increased from 10 to 54 % supported by structural trends

- TAKKT estimates the restaurant equipment market to be approx. USD 5bn (~1% of total restaurant market)

- restaurant market has grown around 5% p.a. over the past 20 years and showed nominal growth even in recession periods

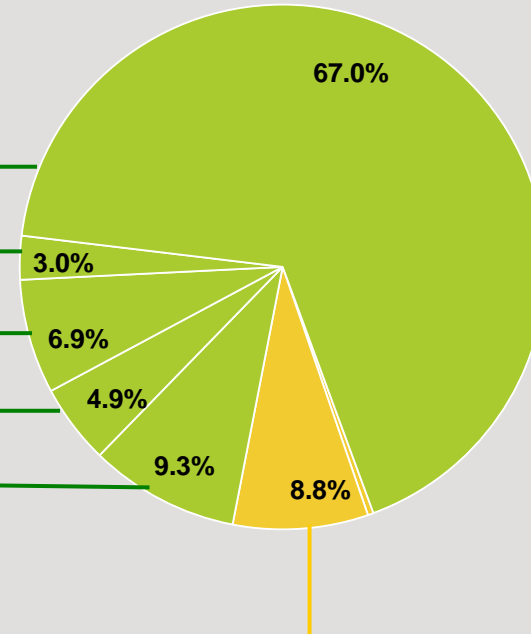


# US restaurant market split

total turnover of US restaurant market in 2008: ~ \$550 billion

**commercial restaurants: \$503.4 bn**

- restaurants (eating places): \$369.9bn
- bars and pubs: \$16.6bn
- canteens, large scale kitchens: \$38.3bn
- hotels, hostels: \$27.3bn
- vending machines, refreshments: \$51.2bn

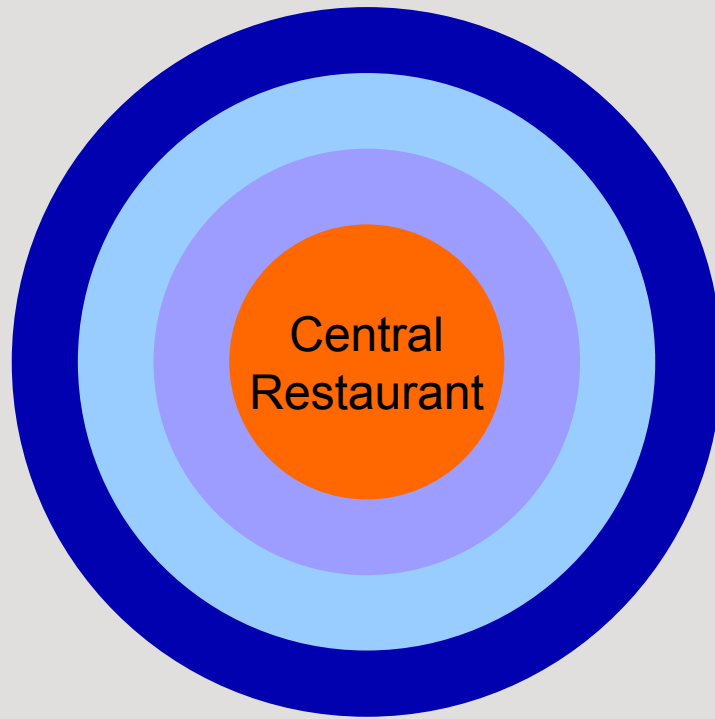


**non-commercial restaurants incl. army: \$ 48.7bn**

- fragmented customer base: ~950k business locations (~73% commercial)

# Different levels of competition

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**B2B mail order competitors**

- Superior Products
- Big Tray

**dealer**

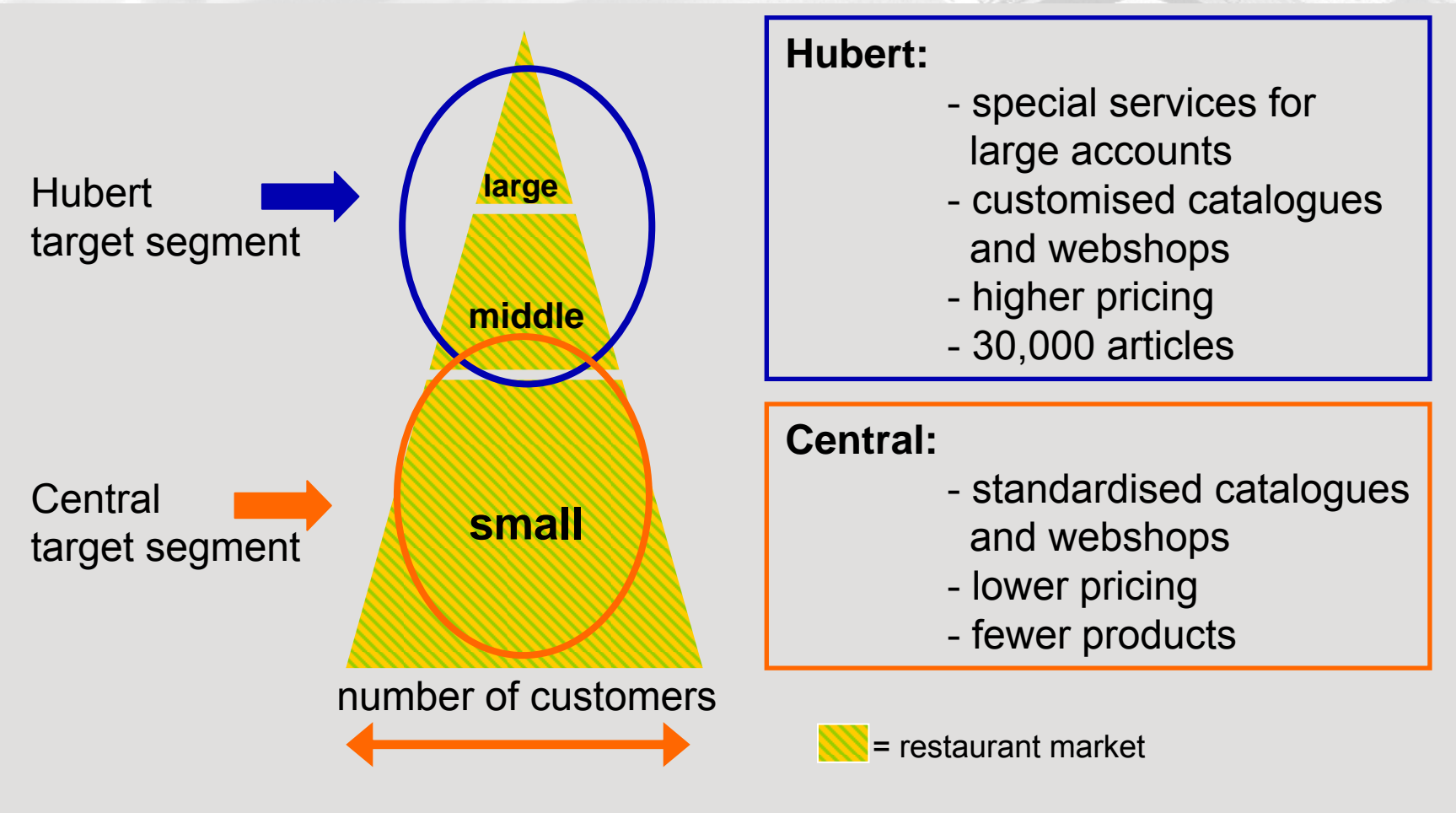
- Edward Don
- Wasserstrom
- Tri-Mark
- other local dealers

**full service wholesaler**

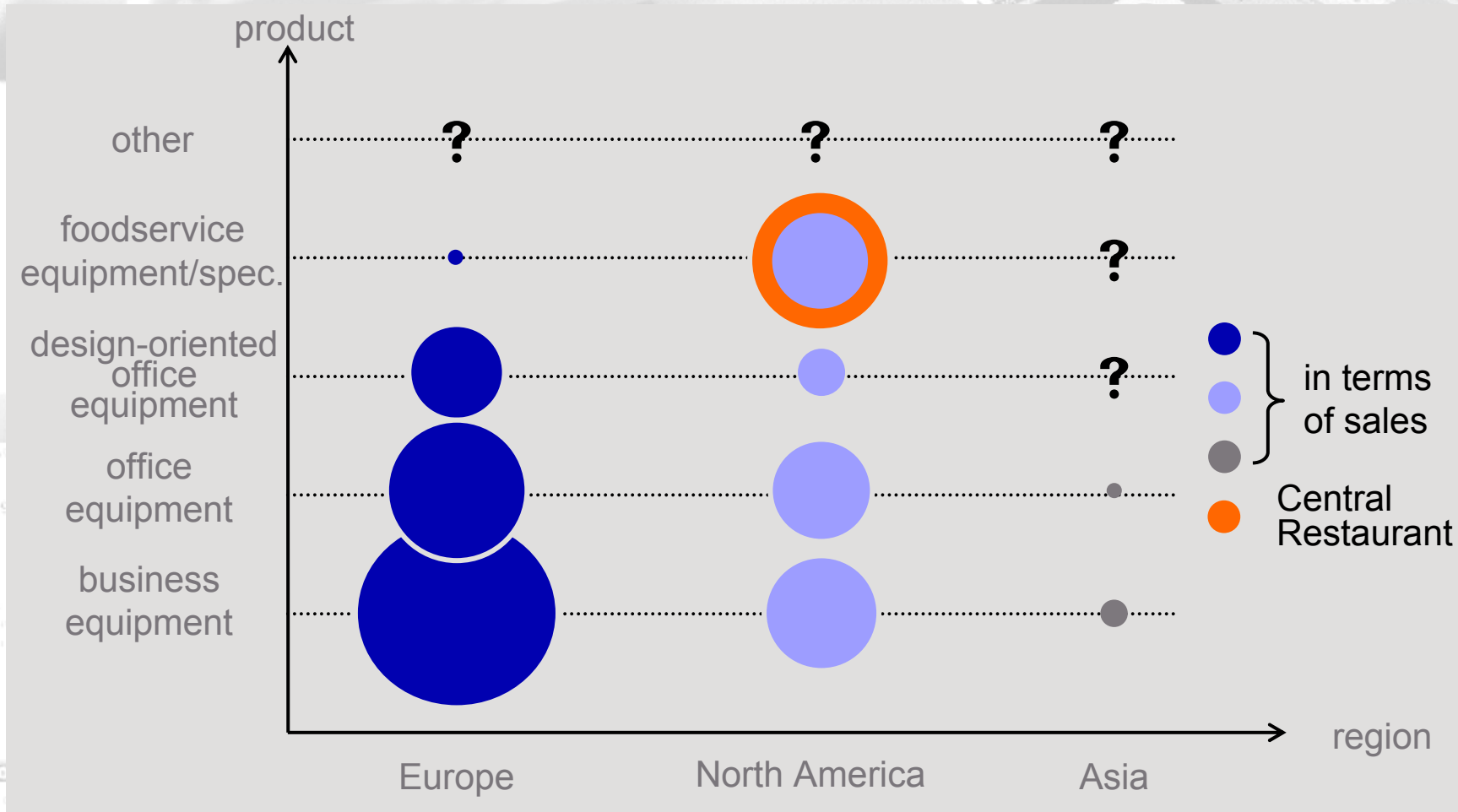
- Sysco
- US Foodservice
- Gordon Food Service



# Acquisition of Central – an ideal second brand to Hubert



# Portfolio – further diversification in the service sector



## Why Central?

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- Central fits to TAKKT business model
  - B2B mail order
  - duplicable to other countries
  - fragmented customer and supplier structure
  - price-insensitive durable equipment and smallwares
- Central strengthens strategic position of TAKKT
  - reduction of the dependency on the manufacturing sector
  - extension of customer base in service sector with above average growth
  - synergy effects particularly in purchasing, transport, telecommunication and printing
- Acquisition of Central is financially attractive and value creating



## Acquisition of Central – details of transaction

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- acquired from Johnson Ventures (family owned long-term oriented investor)

- transaction closed as per 3 April 2009

- purchase price (free of financial debts) ~ USD 83 million in cash plus earn-out component (currently only small earn-out expected)

- financed in USD with existing unutilised committed credit facilities

## Acquisition of Central – purchase price allocation (indication)

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- treatment under US tax laws
  - taxable intangibles ~ USD 80 m
  - amortisation period 15 years
  - annual amortisation ~ USD 5.3 m

- treatment under IFRS: allocation of purchase price to identifiable intangible assets and depreciation over their specific lifetime
  - customer base + list
  - catalogues
  - website, databases, domain names
  - trade names

## Acquisition of Central is cash earnings accretive

purchase price	83
turnover in USD m	70
EBITDA margin	12,70%
regular depreciation	0,70% of sales
Goodwill (tax) in USD m	80 ~ 95% of purchase price
intangibl. assets in USD m	32 ~ 40% of taxable goodwill; depreciated over approx. 6 years on average
interest rate	5%
tax rate	39%

Pro-forma earnings FY 2008 (IFRS incl. PPA)		pro-forma earnings FY 2008 (tax accounting)		pro-forma cash earnings FY 2008	
EBITDA	8,9	EBITDA	8,9	EBITDA	8,9
depreciation (regular)	-0,5	depreciation (regular)	-0,5		
depreciation (PPA)	-5,3				
EBITA	3,1	EBITA	8,4		
"A"	0,0	"A"	-5,3		
EBIT	3,1	EBIT	3,1		
"I"	-4,2	"I"	-4,2	"I"	-4,2
EBT	-1,1	EBT	-1,1		
"T"	0,4	"T"	0,4	"T"	0,4
PAT	-0,7	PAT	-0,7	Cash-flow	5,1
<b>EPS</b>	<b>-0,01</b>	<b>EPS</b>	<b>-0,01</b>	<b>CEPS</b>	<b>0,08</b>

## Acquisition of Central – impact on covenants 2009

covenant	target range	2009 TAKKT with CR
equity ratio	$\geq 30\%$	$\geq 40\%$
gearing	$\leq 2.0$	$\leq 1.0$
debt repayment period	$\leq 5$ years	$\leq 4.0$ years
interest coverage	$\geq 4.0$	$\geq 6.0$

→ even after acquisition of Central very solid balance sheet

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summary



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

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- Printers & Copiers
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- Various Products
- ... & Shipping

## Catalog Request

Request your  
free catalog today!

Call 1-800-558-9966  
or visit us online at  
www.takktag.com

Fill out the form  
and we'll send you  
your free catalog today!

First Name  
Last Name

Company Name

Address

City/State/Zip

Phone/Fax

E-mail

Comments

Submit

## Acquisition of Central – summary

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### Acquisition of Central offers ...

- another B2B mail order market leader with a very flexible business model
- further growth opportunities in a relatively stable market
- further diversification of K+K America and TAKKT business
- increase of profitability of K+K America division
- increase of cash earnings per share
- penetration of second brand strategy for our successful Hubert business