

KAISER + KRAFT EUROPA

growth

If you want to grow you need to know in which direction. This is the only way to dedicate the right resources successfully and to leverage existing experience.

* **Double Scissor Lifting Platform Truck**

Order number 986 205

www.kaiserkraft.co.uk

*



KAISER + KRAFT EUROPA

Continuing on clear growth track

High growth in turnover, many new customers, increasing order numbers, higher average order values as well as new record profits – KAISER + KRAFT EUROPA has sustained its success and continues to push international expansion.

Turnover up significantly once again

On the back of positive economic conditions, KAISER + KRAFT EUROPA developed very positively in the year under review. Turnover increased to EUR 519.8 (451.2) million, representing 15.2 percent growth against the financial year 2006. In currency-adjusted terms, TAKKT Group's largest division recorded a 15.5 percent rise in turnover. Nearly all sales companies contributed to this dynamic growth and returned double-digit turnover growth rates. The increase in order numbers was the most important growth driver behind this, followed by the rise in average order value.

KAISER + KRAFT EUROPA's profitability, already at a high level, improved further despite numerous start-ups between 2005 and 2007. EBITDA increased to EUR 108.4 (84.9) million, up 27.7 percent, while the EBITDA margin rose from 18.8 to 20.9 percent. This is due in part to the increased gross profit margin, but also to higher efficiency of catalogues and mailings as well as improved capacity utilisation of mail order infrastructure.

New markets entered

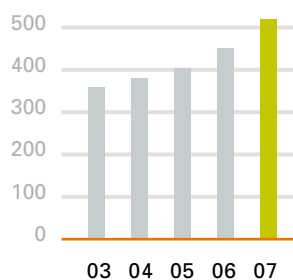
In 2005 and 2006, the division established new companies in Turkey, Romania, China and France. KAISER + KRAFT continued its systematic expansion in the year under review by entering the Slovakian market with a multi-brand strategy. The first catalogues were dispatched in June 2007. KAISER + KRAFT was able to benefit from the experience of its affiliate KWESTO,

which has been operating in the emerging Eastern European country since 2002. The conditions for the sustained success of both companies in Slovakia are excellent as automotive manufacturers and suppliers are expanding operations in the country and want to be supplied with business equipment just as in Western Europe.

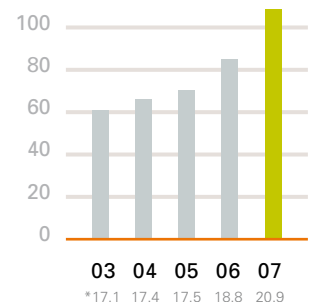
The Group increased the number of pages and the circulation of its catalogues in China and Japan due to high levels of acceptance of the product range in Asia. The success of the new company in China has significantly exceeded expectations.

KAISER + KRAFT EUROPA is planning to continue its expansion in Eastern Europe. The Group is also looking to roll out its successful multi-brand strategy in Central and Southern Europe. As part of this, Gaerner has established a new company in Spain in

Turnover
in EUR million



EBITDA
in EUR million (margin in %*)





* **Assembly Trolley**
 Order number 920 312
 www.kaiserkraft.co.uk

Assembly Trolley

“The assembly trolley is typical of EUROKRAFT’s innovative product range. Its flexible assembly and wide range of accessories mean that it caters for every customer’s needs. It comes in the typical high quality customers are acquainted with and with a five-year warranty.”

M. Strobel, KAISER + KRAFT EUROPA, Product Manager

2008. The division has been successfully represented in the Spanish market by KAISER + KRAFT since 1989.

The division’s continued growth goes hand-in-hand with expanding logistics capacities at various locations. The extension to the

mail order centre in Pfungstadt will start operations in spring 2008. In addition 2008 is also going to see a larger warehouse and management centre for the Scandinavian Gerdmans Group being set up. Additional warehouse capacity is also due in Eastern Europe.

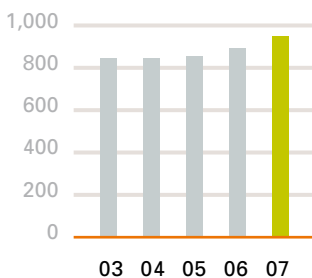
A strong name

KAISER + KRAFT EUROPA has developed into the leading mail order company for business equipment in Europe. The company was founded in Stuttgart in 1945 by Walter Kaiser and Helmut Kraft, and went on to become the benchmark for B2B mail order in Germany. Around 20 years later, the company began its international expansion. Today, KAISER + KRAFT EUROPA is TAKKT Group’s largest and most successful division. It operates in more than 20 European and two Asian countries, employing 949 members of staff.

- The brands KAISER + KRAFT, Gaerner, Gerdmans and KWESTO are part of KAISER + KRAFT EUROPA.
- The product range encompasses around 45,000 articles.
- Its own brands *office aktiv* and EUROKRAFT are synonymous with high quality equipment for the office, business and warehouse. The company is dedicated to delivering flexibly on customer requirements. On request, the company develops custom products, mini-series and products in the customer’s corporate design.
- With around 1.1 million customers, the division is the European market leader in B2B mail order for business equipment.

Employees

Full-time equivalents – 31.12.



One-stop shopping

TAKKT's one-stop-shop principle makes buying equipment easy, whether for the office, warehouse or business. KAISER + KRAFT EUROPA offers customers a full range of equipment from one single source, not to mention direct delivery to their company. Martin Leusmann, KAISER + KRAFT Regional Director for Central and Eastern Europe, describes the advantages of this business model.

What are the main benefits of the one-stop shop?

Customers planning to establish a new production site, for example, need shelving and transportation vehicles for the warehouse, tables, chairs and filing cabinets for the offices as well as washing and refrigeration units for the kitchens, and much more besides. At KAISER + KRAFT, customers can buy all of these products from one single source. Customers can place orders conveniently from their desks, by using either our online portals or our conventional catalogue.

And what happens if customers notice upon receipt that goods do not fit or if they dislike them?

No problem. Our customers have a 30-day right of return and receive a full refund on request, which means there is no risk for them. Talking to our sales experts before ordering helps avoid buying the wrong goods.

How many products can KAISER + KRAFT customers choose from? And how can quality advice be guaranteed with that amount of choice?

Of course, it is impossible for anyone to be familiar with all of the 25,000 items in detail that the brand KAISER + KRAFT offers in its catalogues. This is why we have experts for each of our five product groups. Whether it is transport, storage, environment, plant or office, our customers can rely on the help of a

skilled sales advisor. We also keep our staff's know-how up-to-date in regular training measures.

Which companies place orders frequently at KAISER + KRAFT?

Mainly companies from the production industry, followed by public administrative bodies and social organisations. An interesting fact is that of our top 100 customers, 75 percent place orders in a number of different countries.

That is a great example of an international one-stop shop. How do you intend to develop this principle to ensure that it remains attractive in the future?

We regularly ask ourselves how we can expand our product range, how the market is changing and what customers want. The only way for KAISER + KRAFT to maintain its current level of success is to keep tailoring our products to the market and customer needs.

KAISER + KRAFT is not just aiming to have the market-leading product range. It also intends to expand and optimise the services it provides, from sales advice and CAD planning to delivery and assembly services. The aim is to be number one also regarding our services.



1,000 kilograms

The lifting platform is a real powerhouse. The highest-powered model can lift up to 1,000 kilograms. If workers have to work on heavy metal parts, the lifting platform can lift them up to a back-friendly height. The hydraulic lift cylinder allows stepless lifting and lowering using its pedals.

KAISER + KRAFT EUROPA – some interesting facts about the division

- The success story of KAISER + KRAFT EUROPA began over 60 years ago with the pushcart. Today, no plant is complete without one of these practical aids, and customers can choose from a number of different designs. Whatever its use, the company has the right model, whether made of high-grade steel or aluminium, for climbing stairs or folding up.
- KAISER + KRAFT EUROPA's product range now comprises around 45,000 items. The division compiles the range from around 500 suppliers, including the company's own brands *office aktiv* and *EUROKRAFT*.
- KAISER + KRAFT EUROPA's warehouse space covers over 48,000 square metres, roughly equivalent to ten football pitches.

Topdeq

design

Designer products have to be more than just good to look at. They have to be high-quality and functional and meet the needs of demanding users. Only articles fulfilling these requirements have the potential to be real classics.

* **Miss K Lighting**
Order number 23 231
www.topdeq.biz

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Premium brand continues positive development

Repositioning Topdeq as a premium brand also in 2007 proved to be the correct decision. Operating results were particularly positive. The division increased its warehouse capacity in both Europe and the USA to improve customer service.

All companies beat previous year's turnover

Topdeq once again recorded significant growth in the year under review, largely due to its repositioning as a premium brand, as well as the economic upturn in Europe. Turnover rose to EUR 91.2 (86.0) million, representing an increase of 6.1 percent year-on-year. In currency-adjusted terms, this translates to an increase in turnover of 8.5 percent. All companies contributed to this increase in turnover. Topdeq proved particularly successful in Belgium, Switzerland and France. Development at the Austrian company, only founded in 2006, also exceeded expectations.

Within this repositioning strategy order numbers decreased slightly, but average order value increased substantially due to the stronger focus on high-quality, design-driven equipment. The division's gross profit margin also continued its positive development. A reduction in the number of returns was instrumental in this and was achieved thanks to higher product and service quality.

Profitability also developed positively thanks to the higher gross profit margin, dropping less profitable customer groups on the back of repositioning, as well as increasingly optimised processes. EBITDA also reflects this positive trend, up by 61.7 percent to EUR 7.0 (4.3) million. The EBITDA margin therefore reached 7.6 (5.0) percent. Thus Topdeq is much

closer to achieving the TAKKT management's target of a double-digit EBITDA margin by 2010.

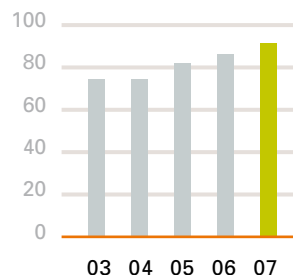
Sustained improvement in customer service

As a premium brand, Topdeq is required to offer its customers first-class service. The US company therefore established two new warehouses in the South (Atlanta) and West (Reno) of the USA. The three-warehouse structure now enables the company to ensure the nationwide delivery of ordered products within 48 hours.

Mail order centre in Pfungstadt expanded

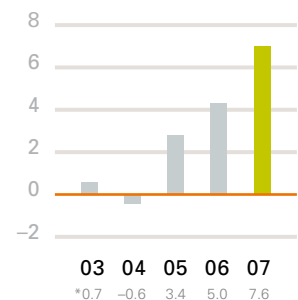
In March 2007, work started on expanding the existing central warehouse into a joint logistics centre for office equipment for

Turnover
in EUR million



EBITDA

in EUR million (margin in %*)





* **Bombo Barstool**
 Order number 12 816
 www.topdeq.com

Bombo Barstool

“The Bombo barstool is a highlight for me. Its design is timeless and it fits in anywhere. The Bombo is also comfortable, swivels, and you can adjust its height. In short – this bar stool is a valuable addition to our range.”

Thorsten Lemke, Topdeq Service GmbH, Product Manager

both Topdeq and KAISER + KRAFT EUROPA. Topdeq had previously rented the mail order centre until the company acquired it in Q1 2007. The reduction in rent costs has since helped contribute to the increased EBITDA margin.

extension) square metres and creates capacity for further growth, the expansion of international purchasing as well as an increase in the number of products available directly from the warehouse.

The new cross-divisional European logistics centre for office equipment covers a surface area of 30,000 (18,000 before

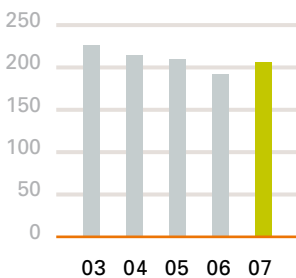
Classic design – timelessly beautiful

Topdeq has been part of TAKKT Group since 1994. The division offers its customers an exclusive selection of high-quality, design-driven office furniture and accessories. The division targets companies in the services industry. The range includes classic products by famous designers like Philippe Starck or Sir Norman Foster. Its companies in Germany, Switzerland, the Netherlands, France, the USA, Belgium and Austria serve around 500,000 customers.

- Topdeq customers can order around 2,500 products from the catalogue or online.
- 206 employees work in purchasing and dispatching office equipment products.
- Thanks to a tightly knit logistics network, Topdeq is able to guarantee delivery within 24 hours in Europe and within 48 hours in the USA.

Employees

Full-time equivalents – 31.12.



Always “up-to-date” with Topdeq

Which products provide customers with an advantage, look great and complement the rest of the range? Those are the three key questions the Topdeq team has to answer before a product is carried in the catalogue.

“Just beautiful” or “really practical” is not enough at Topdeq. All products in the range have to deliver on a number of requirements. “All 2,500 products meet high demands in customer value, design, quality and function,” explains Delphine Jean, Marketing Director at Topdeq Service. Current trends are by no means the only criteria. Lasting trends are important for Topdeq. Some products are timeless classics and have been in the catalogue for ten years. “Our customers expect innovative, up-to-date designs for the office. New features, technology, ergonomic requirements and environmental friendliness all make it necessary to adjust our product range,” explains Jean.

Recognising potential classics

Systems furniture and chairs are bestsellers at Topdeq. A true classic evokes memories of the time of the French King Louis XIV. The transparent “Louis Ghost” chair creates an inviting baroque atmosphere. “Office furniture is an investment in the future, not short-term fashion,” says Jean. But the potential to become a classic product depends on a number of factors. “Modern classics are compelling in the way they create harmony between form and function and their timeless shape,” explains Jean. They often come from designers with enormous creativity like Eileen Gray, Achille Castiglioni or Philippe Starck.

Office solutions with design

Famous names and design awards are not a guarantee for selecting the right product. They offer guidance and help pick well-designed products. Selection primarily relates to what will make up the best combination of products in an office. If they are then recognised with awards like the Designpreis der Bundesrepublik Deutschland, the Red Dot Design Award, the Compasso d’oro and the Best of Neocon, then that is all the more helpful. “They improve the awareness of products and help customers make the right choice,” adds Jean.

Scouting out new trends

A trend is just one factor among many when deciding if a product is going to make it into the Topdeq range. But it is nevertheless important for purchasing staff to keep their finger on the pulse. “Our team regularly visits the relevant trade fairs, reads trade magazines and keeps its eyes open,” says Jean. Buyers have again identified tips and trends for 2008. “White is going to be in, especially in combination with warm wood tones. In 2008 Topdeq customers will be spot-on with shiny surfaces like glass, chrome and lacquer in black and white.” A tip from Topdeq – design specialists in office furniture and accessories.



1 Red Dot

Good design deserves awards and that explains why the clever Miss K table lamp was presented with the Red Dot Design Award. The lamp, designed by Philippe Starck, looks cool when switched off. But as soon as the light is switched on, this masterpiece is illuminated in a warm glow thanks to the lamp's metallised plastic cover.

Topdeq – some interesting facts about the division

- Topdeq keeps up-to-date on the latest design products and trends worldwide. But products first need a manufacturer and thorough testing before they make it into the Topdeq catalogue.
- There are several hurdles to overcome. For example, a product has to be compatible with every market. The only exceptions are electrical devices which have country-specific plugs, all other products feature in every country's catalogue.
- The 2,500 articles in the range are currently from around 200 manufacturers. What sets the division apart is that it stores all products in its own warehouse, allowing customer delivery in the shortest time possible.
- Some articles, like a popular classic office chair, have been in the catalogue for almost 20 years.

K + K America

concentration

An important building block of success is focusing on the essentials. Success comes to those who recognise what is essential by reconsidering what they have done before.

* **Lockable Steel Funnel**
Order number 74 235
www.chdist.com

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K + K America

US economy impacts business development

Despite a weak economic development K + K America was able to show slight organic growth. For strategic reasons, the subsidiary Conney was sold and the NBF Group discontinued sales to private customers. NBF's integration is continuing successfully and is starting to deliver the first results.

Profitability improved in spite of difficult environment

In the year under review, K + K America's key figures were impacted by the sale of Conney on 30 September 2007 and the difficult economic situation in the USA. Turnover fell from USD 528.8 million to USD 513.0 million, minus 3.0 percent. Translated into the reporting currency, the decrease is more substantial, down 10.9 percent to EUR 375.6 (421.5) million. In contrast, turnover in USD adjusted for the sales of Conney was up by 2.0 percent. This can be attributed to an increase in average order value. All in all, the mixed picture in business development seen for the last few quarters continued. NBF Group is developing very positively and against the trend. Hubert also improved considerably. Both companies attract customers from the service industry. In contrast, both C&H in the USA and Avenue in Canada were unable to match the previous year's development. However, C&H's development in Mexico remains positive.

EBITDA fell from EUR 39.3 million in 2006 to EUR 36.1 million in the year under review, down 8.2 percent. The EBITDA margin improved slightly year-on-year, reaching 9.6 (9.3) percent. This improvement can be largely attributed to the growth in gross profit margin and the one-off Conney deconsolidation effect of around EUR 1.4 million. Contrary to that were additional expenditures on the implementation of the joint IT platform. Excluding Conney the EBITDA margin reached 9.5 percent.

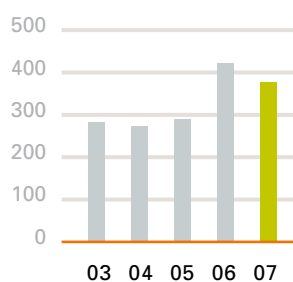
Conney sold and NBF integration continued

At the end of Q3, K + K America sold Conney to a financial investor for about USD 48 million or about EUR 34 million. Conney

specialises in consumables in the areas of occupational safety and first aid. The divestment was a step taken on the back of TAKKT's strategy to focus on B2B mail order for durable and price-insensitive equipment. More details are available in the Notes from page 123.

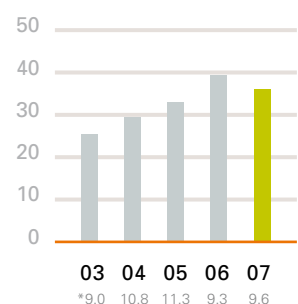
The acquisition of the leading US mail order company for office furniture NBF in 2006 allowed TAKKT to establish a stronger presence in the expanding service industry. Integration of the NBF Group continued as planned in the year under review. The company discontinued its business for private customers, who were being served via the internet brand FurnitureOnline.com. The reason for this step was that private customers are less loyal and produce higher return rates and defaults. On top of that, the sales potential per customer is considerably higher in the commercial customer segment compared to the consumer sector. The corresponding fall in turnover was more than

Turnover
in EUR million



EBITDA

in EUR million (margin in %*)





* **Safety Storage Cabinet**
 Order number L5136
www.avenuesupply.com

Safety Storage Cabinet

“These safety storage cabinets are produced in a Canadian factory rich in tradition. The fireproof cabinets conform to the highest demands and are particularly suited for storing easily flammable materials and corrosive liquids. This makes them ideal for companies working with hazardous materials.”

Bill Stout, Avenue Industrial Supply Co. Ltd., Product Manager

compensated by significant growth with existing business customers. In the year under review, NBF reached a margin of 8.6 (6.7) percent and is therefore well on the way to achieving a double-digit EBITDA margin by 2010.

Continued implementation of joint IT platform

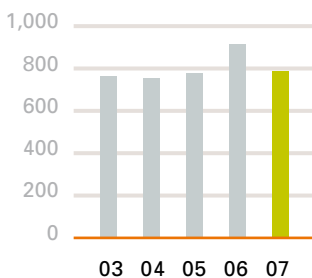
Since 2005, K + K America has had a new IT platform for financial accounting, marketing and inventory management. After the platform was introduced in several pilot companies in 2006,

a further phase of optimisation began in 2007. After certain adjustments to the IT project organisation TAKKT's Management Board is now confident that necessary measures have been identified and will be implemented by the end of 2008.

On top of that, Hubert will begin rolling out its successful business model in Europe in mid 2008. The first catalogues are due to be mailed in May. In Germany Hubert is based in Pfungstadt.

Employees

Full-time equivalents – 31.12.



North American market leader

K + K America's range is targeted at industrial, service and retailing companies, as well as trade businesses, public institutions, government agencies, schools and churches. The division's roughly 1.3 million customers are served by 787 members of staff. While C&H Distributors, C&H Productos Industriales and Avenue Industrial Supply offer plant and warehouse equipment in particular (Plant Equipment Group), Hubert is largely dedicated to equipment for retailing and gastronomy (Specialties Group). The US market leader in office furniture, NBF, part of the Group since 2006, complements this range perfectly (Office Equipment Group).

- The division serves customers in the USA, Canada and Mexico.
- The combined product range of all three Groups totals 87,000 articles.
- K + K America has seven warehouses in the USA and Canada.

Service on all channels

Professional knives, pizza trays, place mats: Hubert, the North American mail order company, has around 30,000 articles in its current catalogue. The K + K America subsidiary supplies the retail and gastronomy industries with professional equipment. Since 1998, Hubert's North American customers have been able to order products online. Bart Kohler, Chief Executive Officer of the full-service company, talks about e-commerce and current trends in the mail order industry.

Hubert's product range is growing every year. How do you ensure that your customers can keep track?

That is indeed a real challenge. We have to identify the reading and search behaviour of our customers to make sure they find what they are looking for as quickly as possible. In a conventional printed catalogue, this is usually achieved via a well structured contents page. We have been using cutting-edge search software on our website since July 2007, similar to that used by other companies from TAKKT Group. It makes searching for a product using various criteria very easy.

Hubert has enjoyed a high growth rate in the USA in the last few years. Do you attribute this to the sustained boom in online retailing?

Amongst other things. Nowadays, we generate around 20 per cent of our turnover via our online portal. We are delighted that we are gaining a disproportionately high number of new customers through this sales channel. We are now reaching companies that have never ordered anything from our catalogue before.

What advantages does e-commerce offer your customers?

Customers can use our shopping portal to order around the clock. As well as that, they are also able to view more information about each product than in a printed catalogue. Many articles can be presented in a 360 degree view. Last but not least, people who order online are also able to track their order status, from processing to delivery.

Do you think that the traditional printed catalogue is on its way out?

No, quite the opposite. Although internet sales are growing disproportionately, we are also printing more catalogues every year. The combination of the internet and catalogues creates lots of synergies. Many skim through our catalogue, then get more information about their desired product online and then pick up the telephone and place their order. Many of our customers still prefer to place large orders with a Hubert employee on the phone than online with a computer. In short: every sales channel has its rationale, and in combination they are really effective.

Hubert also offers its customers a personalised online portal – the so-called e-procurement solution.

What advantages does this offer?

This allows large customers with many sites to effectively manage their shopping processes. Guidelines can be issued regarding what amounts and items they can order independently. At the same time, access to a combined platform makes the whole process much more transparent. It also allows companies to integrate individual marketing promotions into their online portal.

What will you, as a successful mail order company, have to pay attention to in marketing your products in the future?

The secret of success is delivering perfect service. We have to recognise the needs of our customers so that they can order the right products quickly and cost efficiently.



165 degrees Fahrenheit

When dealing with chemicals, fire protection is a particularly important issue. K + K America's steel funnel offers reliable protection. When the surrounding temperature rises above 165 degrees Fahrenheit (73.9 degrees Celsius), the safety lid closes automatically. A higher temperature would be a fire hazard for some substances. It can also be locked, preventing accidental or unauthorised use.

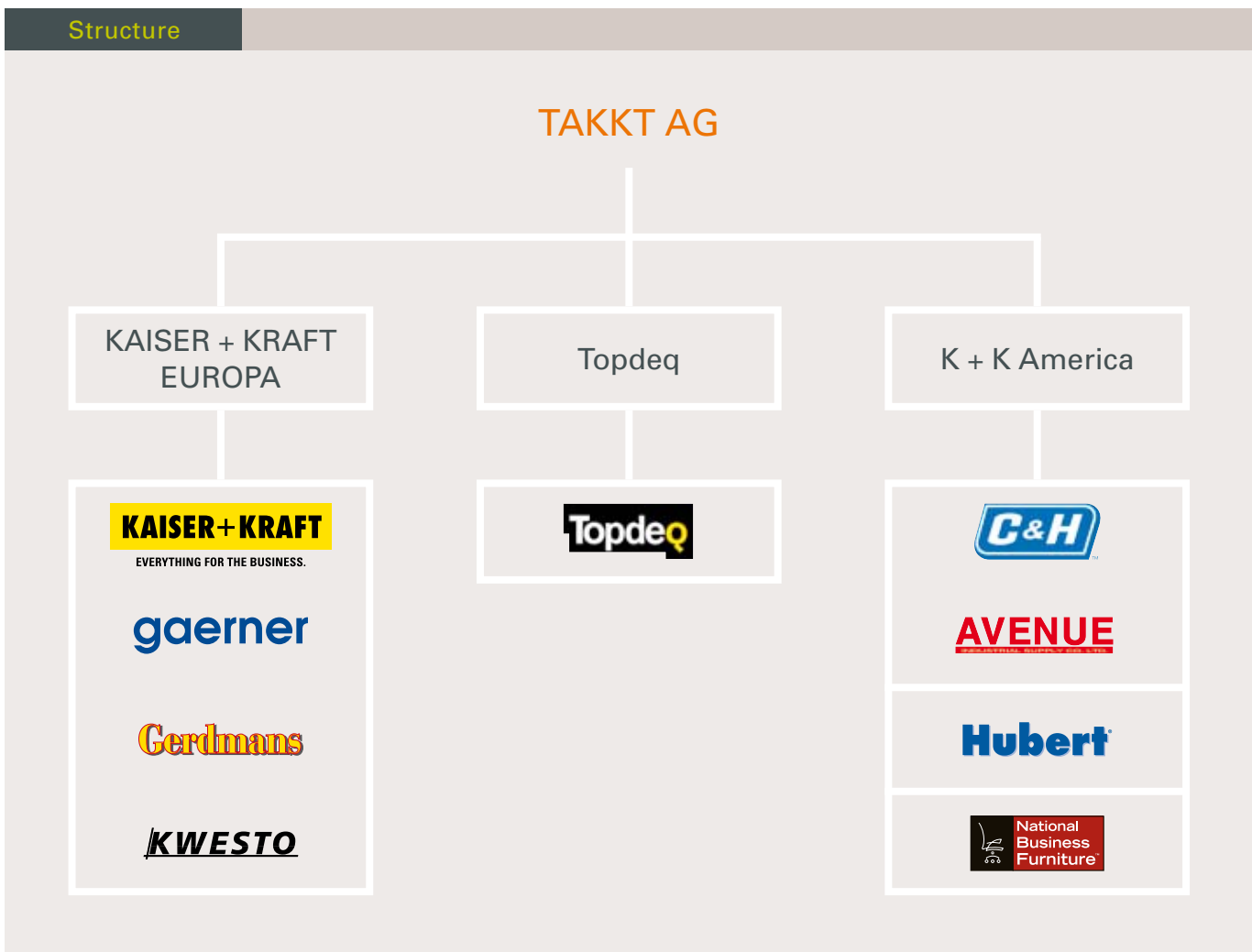
K + K America – some interesting facts about the division

- The oldest product in the range is a practical steel shelf.
- Altogether, the range of the division comprises 87,000 articles from more than 500 manufacturers.
- To meet the needs of customers, K + K America offers different models of the same product. Lockers come with the greatest range of different versions and are available in 10 colours, 28 sizes and 10 different designs.
- K + K America delivers to customers no matter where they are, even in the Arctic tundra – a dangerous undertaking when trucks transport their consignments over frozen lakes and rivers in temperatures between -30 and -55 degrees Celsius.

TAKKT at a glance

Successful Group structure with potential

The sales companies of the three TAKKT divisions KAISER + KRAFT EUROPA, Topdeq and K + K America address their specific target groups with a diverse product range. Their service holding companies are responsible for an efficient IT and logistics infrastructure, as well as compiling product ranges and producing catalogues. TAKKT AG, responsible for the strategic management of the Group, steers the cross-divisional transfer of knowledge. This Group structure enables expansion into new markets without dramatically increasing the complexity of management. This is best documented by the number of successful start-ups in the past few years.



Successful expansion with diversified product portfolio

