

## **9th Annual General Meeting of TAKKT AG on 7 May 2008 in Ludwigsburg**

### **Speech of Georg Gayer, CEO of TAKKT AG**

*Only the spoken word applies*

Dear shareholders,  
shareholder representatives and representatives of the press,  
ladies and gentlemen,

In the name of the entire Management Board of TAKKT AG I am pleased to welcome you to our ninth Annual General Meeting. To begin I would like to give you a brief outline of what you can expect today. I will start with the changes in TAKKT's Supervisory and Management Boards. You will then hear from me about how the business of TAKKT AG developed in the past year. After that I will present the figures for the first quarter of 2008, and finally give you the outlook for the whole year 2008.

I would like to deal with two subjects today in more detail:

- firstly: our range of products and services, and
- secondly: the expansion of our logistics infrastructure

Ladies and gentlemen, as you have probably already noticed, we have a new face on the podium today – and, for those of you who were already shareholders of TAKKT AG prior to 2004, a familiar face. I would like to introduce to you Dr Felix Zimmermann – the new member of our Management Board since 1 May 2008. In his function as the Board member responsible for the K + K America division, Dr Zimmermann replaces Tom Loos, who departed from TAKKT's Management Board in July 2007 for health reasons. So all our divisions are now once again represented on the Management Board. Dr Zimmermann also takes over the position of Deputy Chairman. With Dr

Zimmermann we have gained a colleague who is totally committed to B2B mail order. He was our CFO from 1999 until May 2004 and played a major role in the company's spin-off and the IPO.

TAKKT possesses a very successful business model. But staying profitable and continuing to build up our market position requires good managers and staff who continuously optimise our business model and where necessary modernise it. With him in the team we will succeed in this even more.

As you can see from the chart, there have been no other changes in the established composition of our Management Board. Dr Florian Funck remains the CFO of TAKKT AG, Franz Vogel is responsible for the KAISER + KRAFT EUROPA division, and Didier Nulens represents Topdeq on the Management Board.

The Chairman of the Supervisory Board, Mr von Witzleben, has already informed you about the extension of the management contracts.

There has also been a change on the Supervisory Board of TAKKT AG. Since 1 January 2008 Alexander von Witzleben is the new Chairman of our Group's Supervisory Board. He replaces Prof Dr Klaus Trützscher, who has become his Deputy. This change reflects changes in responsibilities for TAKKT on the Managing Board of Franz Haniel & Cie. GmbH as TAKKT's majority shareholder.

### **TAKKT 2007: continues on growth track**

Ladies and gentlemen, once again we have achieved substantial increases in the turnover and profit figures of TAKKT. We have achieved this successful result despite uneven economic conditions worldwide. It was made possible above all by two factors: our successful strategy of international diversification and the concentration on our core business with durable equipment.

Thanks to this consequent strategic orientation, turnover in the past year reached a record level of EUR 986.2 million. This was a plus of 2.9 percent over 2006. Our organic growth, i.e. adjusted for exchange rate effects as well as the turnover of the US company Conney Safety Products LLC (Conney), which was sold with effect from 30 September 2007, amounted to 9.2 percent. In 2006 it was 10.1 percent.

The profitability of TAKKT also showed a pleasing improvement last year. The EBITDA margin amounted to 14.4 percent and was thus significantly above our existing target corridor of 11 to 13 percent.

Profit rose by 26.8 percent over the previous year. Thus the Group was not only able to maintain its high level of profitability, but to raise it even further.

Cash flow also hit a new record level. At EUR 101.2 million it reached a figure in the three-digit millions for the first time.

The balance sheet of TAKKT AG can be rightly described as very healthy and strong. Total assets are somewhat lower than in the previous year due to the deconsolidation of Conney and the Group significantly reduced its borrowings thanks to the good development of its operating business. At the same time the equity ratio rose from 47.7 percent in 2006 to 58.6 percent in 2007.

TAKKT AG wishes you, our shareholders, also to participate in the positive business development in 2007. Therefore the Management Board together with the Supervisory Board proposes to increase the ordinary dividend by 28 percent to 32 cents per share. In addition we also wish to pay a special dividend of 48 cents per share. This is made possible by the proceeds from the sale of Conney, about which I will speak shortly. The total dividend would then amount to 80 cents per share and would have more than tripled in comparison to the previous year.

**TAKKT 2007: highlights**

Ladies and gentlemen, as I have already mentioned, the Group's good results in 2007 are above all a positive consequence of our strategy of international diversification as well as our concentration on our core business. Now I would like to discuss the positive effects of this strategy on the individual divisions:

Thanks to new customers, increased order numbers and higher average order values, our highest-turnover division KAISER + KRAFT EUROPA again developed in a very pleasing way in 2007. Supported by a positive economic environment, the division with its four brands achieved high double-digit organic growth. As part of its international expansion, KAISER + KRAFT launched a new company in Slovakia. Its sister company KWESTO is already operating successfully in this market and can support KAISER + KRAFT in its launch phase.

For our Topdeq division we can announce its successful repositioning as a premium brand. A major step towards further expansion has thus been achieved. In order to enable the premium brand to offer its customers a premium service, the division has brought two new warehouses into operation in the USA. Topdeq USA can now supply its customers throughout the country in a maximum of 48 hours – a service that is unique in the USA. In addition the new logistics centre in Pfungstadt will open shortly, creating increased capacity for Topdeq's premium products. I will come back to this later.

For our third division, K + K America, the year under review was marked above all by concentration on TAKKT's core business of B2B mail order with durable and price-stable equipment. K + K America therefore divested its low-margin US subsidiary Conney – a specialist in consumables in the fields of first aid and occupational safety. Also the North American subsidiary company National Business Furniture (NBF) discontinued its business with private customers.

Ladies and gentlemen, it is important to us that our shareholders should participate appropriately in our corporate success. An equally important maxim of our corporate philosophy is open and transparent corporate and financial communication. And last year this received a very special recognition. In 2007 TAKKT took first place in the SDAX segment for the renowned investor relations award from the business magazine Capital. The financial communication of TAKKT was the only one among 194 German and European companies listed on EUROSTOXX, DAX, MDAX, TecDAX and SDAX to be rated as “excellent”. We see this both as a confirmation of our past communication work and as a motivation to maintain our high standards and make them even better.

### **TAKKT 2003 - 2007: an impressive development**

If you look at this chart, it really requires no further comment from me. The figures speak for themselves. We increased our turnover by 38.1 percent over the past five years despite the ever-weaker US dollar, while earnings before interest, tax, depreciation and amortisation, EBITDA, rose by nearly 78 percent in the same period. Profit before tax rose by 185.7 percent. This was topped by profit after tax, which increased by over 225 percent. And the fact that TAKKT enables its shareholders to share in the company’s success can be seen from the growth in dividends over the past five years. If this year’s dividend goes up in line with the proposals of the Management and Supervisory Boards, it will represent a rise of 700 percent. We have achieved this by improving our service offer and processes.

Because better service produces fewer errors and this saves costs. This can be seen also in the below-average growth in the number of employees.

### **Turnover: strong organic growth of 9.2 percent**

Ladies and gentlemen, now I would like to explain in more detail how the business development in the year under review has impacted on the Group’s various key figures.

In 2007, as already mentioned, TAKKT achieved a record turnover of EUR 986.2 million. This corresponds to an increase of 2.9 percent over the previous year. But viewed in terms of organic growth, i.e. turnover adjusted for currency fluctuations and the sale of the North American company Conney, we have achieved turnover growth of 9.2 percent.

All of TAKKT's value and growth drivers contributed to this overall very encouraging development in turnover. Last year, TAKKT was again able to expand its customer base. The number of orders increased. And in all three divisions, average order values also rose.

This substantial organic growth of over nine percent proves once again the power of TAKKT's business model to deliver growth and it also proves the growth opportunities.

### **Turnover: diversification as basis of success**

Particularly for the year under review, 2007, the success of our business is due to our strategy of international diversification. While the economy in Germany and Europe in 2007 developed in a similar way to the previous year, the rate of growth in gross domestic product in the USA fell significantly. The effects of this were also felt by our North American division K + K America. Nevertheless, due to our broad base in many international markets, we were able to fully compensate for these economic fluctuations.

Our largest division, KAISER + KRAFT EUROPA, generated 52.7 percent of Group turnover and has thus again climbed over the 50-percent mark. Topdeq contributed 9.2 percent to TAKKT's turnover, and K + K America produced 38.1 percent.

This is a fall of 5.9 percentage points in comparison to the previous year's figure. There are three reasons for this fall: firstly the K + K America division showed below-average growth due to the difficult economic situation in North America. Secondly the weak US dollar reduced the figures when converted into our Group's reporting currency of euro. And thirdly, turnover was below the previous year's figure on account of the sale of our US subsidiary Conney.

Viewed in terms of regional distribution, our home market Germany contributed a share of 23.1 percent of total turnover. The rest of Europe produced a combined total of 36.8 percent. North America generated 39.5 percent of total turnover. The "Others" include China, Japan and Mexico, which increased their share by some 50 percent in comparison to the previous year.

**E-business at TAKKT: continues to gain significance**

Ladies and gentlemen, the subject of e-business is becoming more and more important for TAKKT year by year. The proportion of our business that is done online is growing continuously. Already in the year under review our companies generated 13 percent of TAKKT's overall turnover through electronic ordering channels, which represented a turnover of some EUR 130 million in 2007. TAKKT's customers have a choice between various electronic ordering platforms:

Customers can order through our companies' internet sites.

Another efficient option for placing orders with us is through our e-procurement solutions. These are particularly suitable for our large customers, who can integrate such solutions into their own procurement systems.

With this integration the Group also facilitates the rapid and convenient transmission of business documents for its customers.

In addition the TAKKT companies also offer their customers individualised web shops.

## **EBITDA: margin above prior target corridor of 11 to 13 percent**

Dear shareholders, also this year I can report about new records. Without exception all profitability figures have improved. Basis for that is our stable gross margin.

TAKKT is capable of generating high and strong gross profit margins independently of economic conditions. The margins have even improved despite price increases of raw material costs in all three divisions.

EBITDA, earnings before interest, tax, depreciation and amortisation, therefore improved significantly from EUR 119.5 million to a new record level of EUR 142.3 million. This is an increase of nearly 20 percent.

The EBITDA margin, at 14.4 percent, was above the management's target corridor of 11 to 13 percent. We have therefore decided to raise the target corridor once more with effect from 2008, to 12 to 15 percent. The reasons are the sustainable high profitability of KAISER + KRAFT EUROPA and the anticipated margin improvements for Topdeq and K + K America.

## **Profit: profitability further improved on already high level**

Profit after tax improved by a very good 27 percent from EUR 62.5 million in 2006 to EUR 79.3 million in the year under review. So in this area too we have achieved a new record. The same applies to the margin, which increased from 6.5 to 8.0 percent in the same period.

## **Cash flow: over EUR 100 million for the first time**

Ladies and gentlemen, allow me to continue with another record figure. In the year under review our cash flow reached a three-digit figure for the first time at EUR 101.2 million. This again underlines TAKKT's high profitability. Thanks to the high cash flow it

was possible to continue to pay off borrowings and increase the equity ratio despite higher investment in our logistics projects. Moreover we are also in a position to propose a strongly increased dividend payment.

**Employees: basis for the sustained success of the Group**

For all these record figures, TAKKT has not only its successful business model to thank. At least as important are the people whose commitment makes this model work – our staff. Therefore I would like to take this opportunity to thank all our staff for their great commitment during 2007.

On 31 December 2007 the Group employed 1,971 staff. This was 56 fewer than the previous year. But this was entirely due to the sale of Conney. Adjusted for this effect the number of employees rose in all three TAKKT divisions.

Staff with above-average personal and professional qualifications are a key factor in the success of our Group. For this reason, TAKKT places a high value on staff education and training.

In the year under review, e.g. 32 young people completed their vocational training with TAKKT in Germany. In addition, eight members of staff are combining work and part-time degree courses at a university of cooperative education. For future specialist and management functions we have also recruited university graduates, who undergo a two-year programme within the Group.

Our training consists of three modules. We offer our staff firstly internal training sessions, secondly seminars with external trainers, and thirdly training sessions at the Haniel Academy. This latter option is aimed principally at our specialist and managerial staff.

As well as good training perspectives, performance-based staff remuneration naturally also represents a significant motivation factor. TAKKT therefore makes bonus payments to staff, whose companies have reached or exceeded their targets. In addition, staff in Germany can buy employee shares and profit in this way from the company's success.

### **Balance sheet: Conney sale leads to shortened total assets**

Now I would like to take you through the Group balance sheet of TAKKT AG, which again this year deserves the title of "extremely strong". The fact that there is a decrease in total assets in comparison to the previous year is mainly attributable to the sale of Conney.

Let me deal with the most important changes:

Goodwill represented the largest share of assets with EUR 211.6 million. Based on IFRS 3 accounting principles, since 2005 goodwill is no longer amortised on a regular basis but is subject to an annual impairment test. As in past years, due to the high cash flow TAKKT has had no need for any extraordinary impairment on goodwill in 2007. Thus the reduction in non-current assets is entirely the consequence of the sale of Conney as well as currency fluctuations.

On the other hand, under non-current assets, the property, plant and equipment item has increased. This is the result of extensive expansion of our mail order infrastructure.

Current assets showed almost no change compared to the previous year. The reductions in trade receivables and inventories associated with the Conney sale were largely compensated by corresponding increases resulting from the Group's organic growth.

Customer payment history has remained largely stable. The average collection period on customer accounts improved from 41 to 39 days.

**Balance sheet: clear debt relief, shareholders' equity ratio at 58.6 percent**

On the equity and liabilities side, shareholders' equity increased significantly due to the high profit in the period under review. Borrowings, the second major item on the liabilities side, fell from EUR 168.7 to 91.3 million on the reporting date. The Conney sale contributed some EUR 34 million to this substantial reduction in borrowings. The weaker US dollar also led to a downward revaluation of borrowings amounting to EUR 13.4 million. A large contribution to the fall in borrowings also came from the Group's operating cash flow. This reduced borrowings by some EUR 30 million.

At this point one can conclude that the TAKKT balance sheet still offers much scope for the Group's further growth – but also possibilities for raising dividends. I will return to this aspect later.

**TAKKT: divisions**

Ladies and gentlemen, having presented a thoroughly strong balance sheet situation of the Group, I would now like to turn to the development of our three divisions. In this chart you can get a rough overview of the activities and focal points of KAISER + KRAFT EUROPA, Topdeq and K + K America.

**KAISER + KRAFT EUROPA: main turnover generator with high profitability**

I will start with our highest-turnover and highest-revenue division, KAISER + KRAFT EUROPA. In 2007 KAISER + KRAFT EUROPA increased its turnover to EUR 519.8 million. This is a plus of 15.2 percent compared to 2006. Nearly all companies contributed to this result. The key growth drivers were a further increase in order numbers and higher average order values. Looking back on developments over the past five years, we can clearly see that the division has increased its turnover continuously.

Not only has KAISER + KRAFT EUROPA increased its turnover, but in recent years it has also grown significantly more strongly than the European economies. This means that the division has gained market share.

EBITDA rose in 2007 to EUR 108.4 million, representing an increase of 27.7 percent over the previous year. Over the five-year period it has practically doubled. The EBITDA margin has also shown a continuous positive development and reached 20.9 percent in the year under review. This was due to a further increase in the gross profit margin, higher advertising efficiency and improved capacity utilisation of the mail order infrastructure.

#### **Topdeq: repositioning shows further results**

The repositioning of Topdeq as a premium brand and the good economic situation in Europe were the basis for the positive development of its business. Turnover rose by 6.1 percent in comparison to 2006, from EUR 86.0 to 91.2 million. Adjusted for currency changes, Topdeq achieved a growth in turnover of 8.5 percent. While the number of orders fell slightly, average order values increased as a result of the stronger focus on high-value, design-oriented products. This proves once again the correctness of our strategic repositioning, which was determined more than three years ago. A glance at developments over the past five years underlines this.

Topdeq's operating results were particularly positive. EBITDA rose from EUR 4.3 million in 2006 to EUR 7.0 million in 2007 – an increase of 61.7 percent. The EBITDA margin also rose accordingly. It reached 7.6 percent and was thus 2.6 percentage points above that of the previous year. A higher gross profit margin and gains in efficiency in all areas were responsible for this.

**K + K America in USD: organic growth despite weak economy**

TAKKT's K + K America division achieved slight organic growth in the year under review despite the weak economy. Turnover declined from USD 528.8 to 513.0 million. This represents a fall of 3.0 percent. But adjusted for the effects of the Conney sale, turnover on a US dollar basis rose by 2.0 percent. This was mainly due to higher order values.

EBITDA fell slightly in the year under review from USD 49.3 to 49.2 million. But the EBITDA margin was above last year's level at 9.6 percent compared to 9.3 percent. This is accounted for by the higher gross profit margin and the profit of EUR 1.4 million from the Conney sale.

The sale of Conney took place for a number of reasons:

Firstly for strategic reasons. Conney mainly sells consumables in the fields of first aid and occupational safety. These products are increasingly traded as commodities, leading to ever greater pressure on prices and thus to weak margins.

Furthermore, the sale of Conney is consistent with our strategy of concentrating on B2B mail order with durable equipment.

But there were also internal reasons. We were too small to achieve better purchasing prices. Changing this would only have been possible through a substantial acquisition. Not least, the low level of synergy between TAKKT's core business and that of Conney was another reason for us to decide to sell the company.

At the end of the third quarter of 2007 we sold Conney to a financial investor for a price of USD 48 million or EUR 34 million and thus – as already mentioned – achieved a profit amounting to EUR 1.4 million.

**Key figures per share: clear increase in cash flow, earnings and dividend**

Ladies and gentlemen, dear shareholders,

The Group's pleasing results in the year under review have also had their effect on the key figures per share. Cash flow and profit for example have significantly increased. Cash flow per share amounts to EUR 1.39, and earnings per share, at EUR 1.07, is above the one euro level for the first time.

The Management and Supervisory Boards also want the shareholders to participate in this positive development through a higher dividend. The total proposed dividend will amount to 80 cents per share, meaning that the dividend will have more than tripled in comparison to the previous year and the payout ratio on the equity share of profits for the period under review will go up to 75 percent.

TAKKT Group's extremely strong balance sheet and stable business model will also make it possible for shareholders to participate fairly in the company's profits and cash flow in the future. To state this clearly: for as long as the Group has no need to finance any further large-scale value-enhancing acquisitions or other investments, further special dividends can be considered in the future.

**TAKKT share: development does not reflect operational performance**

In conclusion I would like to say something about the development of the TAKKT share price. As you can see from this chart, this time the TAKKT share has developed in line with the market. Between 1 January and 31 December 2007 the price per share fell by 9.5 percent as a reflection of increasing general economic uncertainty and the turbulences on the international financial markets. We, the Management Board, are not satisfied with this development, given that the trend in the share price is clearly out of line with the development of the business. But looking to the year 2008 I am confident for two reasons. Firstly, because the TAKKT business model can generate stable or increasing profitability independent of economic conditions. And secondly, because an investment in the TAKKT share has become even more attractive in view of our dividend strategy.

The total number of shares remained constant at 72.9 million. On the reporting date of 31 December 2007 this corresponded to a market capitalisation of some EUR 868 million. The shareholding structure was also unchanged; Franz Haniel & Cie. GmbH still holds 72.7 percent of the shares. The remaining 27.3 percent is divided among various institutional and private investors.

### **Special topic: range of products and services**

As I mentioned at the beginning, today I would like to speak in more detail about our strategy and policy regarding our product range.

Alongside addresses and service, the product range is one of the key pillars of the mail order business model.

The objective of every mail order business is to offer customers an optimal product range. But optimum is not the same as maximum – for example offering pushcarts from every manufacturer in the world. But on the other hand, optimal also does not mean making too much of a pre-selection and offering, for example, a range of just two pushcarts.

You will be asking: yes, but what is optimal?

My answer is that I do not know either, but we are getting closer to this optimum with every new issue of the catalogue.

The second aspect affecting the product range is quality.

Mail order is distance business, and for this reason it is difficult for it to build up the customer loyalty that is needed in order to be profitable. Customer loyalty must therefore be earned. We do this, among other things, by offering the best quality products. So the quality aspect is extremely important in our choice of suppliers.

But it is also important that our suppliers are strong in innovation. As already mentioned, we update our catalogues every four months and therefore expect new and better ideas and products from our suppliers. TAKKT Group's catalogues are leaders in this respect. With few exceptions, our competitors revise their catalogues at much longer intervals.

As well as the breadth and depth of the product range, quality requirements and an up-to-date catalogue, the speed of delivery – i.e. the exact adherence to agreed delivery times – is a further important factor in success. This is why we have continuously extended our warehouse capacities and thus built up our competitive advantage.

Our product range policy is rounded off with an assembly and after-sales service.

In our largest market, Germany, we are the only supplier with our own assembly service and customer service. In the other regions these tasks are carried out by carefully selected partners.

Now, after this theoretical discourse, here is a practical example from the product category "Containers".

In the KAISER + KRAFT catalogue more than 70 different containers are offered on 87 pages. From aluminium cases to toolboxes.

Different sizes, different colours and materials result in a product range amounting to 3,101 articles. Our customers can choose their most appropriate product at prices ranging from EUR 4.40 to EUR 2,335.00.

This is mail order pure!

## **Corporate Governance**

Ladies and gentlemen, we are convinced that TAKKT as a Group must act responsibly at all times. This applies as much to day-to-day management as to the cooperation between the Management and Supervisory Boards, and its communication with TAKKT's shareholders.

For efficient communication TAKKT maintains flat and direct hierarchies at all levels. This also includes, in the broadest sense, our rapid and transparent corporate and financial communication. In addition the Group operates an active risk management to ensure TAKKT's sustained success.

The Management Board cooperates closely with the Supervisory Board. Both bodies explicitly recognise the aims and requirements of the German Corporate Governance Code.

I would like to mention two examples that illustrate how good management style at TAKKT is brought to life:

Firstly: the Supervisory Board members are waiving part of the remuneration that according to our company statutes would have been due to them as a result of the special dividend distribution. More on this later.

Secondly: TAKKT AG informs you, the shareholders and the entire capital market, in an outstandingly way. The proof of this is the investor relations award from the business magazine Capital.

**Corporate Social Responsibility**

For TAKKT, responsibility is an important guideline for entrepreneurial action – not only in our core business. So the Group accepts social responsibility throughout the world – especially for needy children and young people.

Our support in this area has many facets. For example we support the child aid project Prem Dan in India where we undertake godparent ships. With these activities the Group promotes the children's training and further education – an essential foundation for an independent life without poverty.

But children and young people also need our help just outside our own front door. Therefore in 2007 the TAKKT divisions supported selected projects, for example to house homeless children, offer targeted help to children with handicaps, or grant scholarships to needy schoolchildren. In this way TAKKT AG seeks to pass on something of its success to those who urgently need our support.

Environment and climate protection are also a part of Corporate Social Responsibility. Thus for example, at TAKKT every article is checked for its environmental impact and our advertising material is produced without exception on non-chlorine bleached paper.

Dear shareholders, I now come to the items on the agenda of today's Annual General Meeting.

Regarding the presentation of the approved annual financial and consolidated financial statements – item 1 on today's agenda – you have already received full information.

On agenda item 2, the appropriation of net income, I have also set out and explained our proposal to distribute a dividend of 80 cents per no-par value share.

If our proposal receives your approval, from the declared net income of TAKKT AG amounting to EUR 67,732,339.19, after deduction of the total dividend of EUR 58,320,000.00, EUR 9,412,339.19 will be carried forward to the next year.

Now let me mention agenda items 3 and 4: the discharge of the Management and Supervisory Boards. I think that, in this connection, the figures which have been presented, the exemplary behaviour and the market position of TAKKT AG, speak for themselves and for the bodies concerned.

Agenda item 5 – the proposal of the Supervisory Board to re-elect Dr. Ebner, Dr. Stolz & Partner Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the auditors of the company and Group for the financial year 2008 – has the full support of the Management Board.

On agenda item 6, the authority to purchase own shares in accordance with section 71 paragraph 1 number 8 of the German Stock Corporation Act, the Management and Supervisory Boards ask for your approval.

The Management and Supervisory Boards therefore propose, as in previous years, to prolong the expiring authority to purchase own shares by a further 18 months.

And now I come to the last agenda item, number 7: the resolution on the change in the Articles of Association, i.e. the change in the remuneration of the Supervisory Board.

Dear shareholders,

According to the current regulation in section 10 of our Articles of Association, Supervisory Board members receive a fixed remuneration of EUR 5,000.00 per year. In addition they receive a bonus of EUR 1,500.00 for every percentage point by which the

dividend paid out to shareholders for the past financial year exceeds four percent of the dividend-bearing share capital. For membership of a Supervisory Board committee they receive a supplementary remuneration of EUR 2,000.00 (“a very complicated regulation”).

Due to its changed dividend policy, TAKKT AG has devised a proposal for this complicated and no longer up-to-date remuneration structure, which will be put to the vote today.

The core elements of the new remuneration structure are:

- Simple and easy to understand
- An increase in the fixed component, to better reflect the core responsibility of the Supervisory Board, its supervision and control function
- A cap on remuneration to take account of chance peaks in earnings

With regard to the dividend proposal for the financial year 2007, the members of the Supervisory Board have declared their willingness to waive a significant portion of their variable remuneration.

In the chart behind me you can see that the entire Supervisory Board – this includes not only the gentlemen on the podium but also Messrs Dr Schadt, Kämmerer, Flammer and Matzke who left the Board in May 2007 – have waived a sum of EUR 375,025.

This, ladies and gentlemen, is good and exemplary management style, and worthy of your applause.

The Management and Supervisory Boards are therefore proposing a change in the remuneration with the following key points:

- The fixed part of the Supervisory Board remuneration for each member to be raised from EUR 5,000 to EUR 25,000
- The variable, performance-related part of the remuneration to amount to EUR 2,500 per EUR 0.10 of the earnings per share declared in the financial statements of TAKKT AG for the relevant financial year
- The total remuneration to amount to a maximum of three times the fixed component (plus a fixed sum for membership of a Supervisory Board committee)

The Management and Supervisory Boards ask for your approval of this proposal.

## **TAKKT Q1/2008: good start, new records**

Ladies and gentlemen,

After the report on the financial statements and the explanations of the resolution items on the agenda, I now come to the year 2008.

As you may have already seen in our Quarterly Report, TAKKT Group made a successful start to the year despite the growing fears of recession.

Although turnover in the reporting currency of euro declined by 14.1 million, organic growth, i.e. adjusted for currency effects and the Conney divestment, amounted to 3.5 percent. If one also takes into account the effect of Easter and the fact that the first quarter of 2008 was shorter by two working days, then one can describe our start into the year as successful. The extraordinarily good April figures emphatically underline this.

The profit figures, for example EBITDA, improved again in the first quarter. Profitability increased from 14.6 percent in the previous year to 15.7 percent. The basis for this was an even better gross profit margin, which rose from 41.3 to 42.1 percent. All

three divisions contributed to this. Our strength, our high cash flow, advanced still further and reached a new quarterly record both in absolute figures and in terms of margin.

So everything is okay? Not entirely.

The development of Topdeq and the Plant Equipment Group with its most important company C&H is not satisfactory. But we are not idle; we are taking the appropriate steps to turn this trend around. KAISER + KRAFT EUROPA, on the other hand, continues to pursue its gratifying development.

Ladies and gentlemen,

What awaits us after the record year in 2007 and the good first quarter of 2008?

We believe: another successful year!

TAKKT is cautiously optimistic that the Group will continue to grow. However we can base our forecast only on our own successful business model and the measures we have taken. We cannot base it on the assumption of any positive economic stimuli in 2008. I will come back shortly to the economic background. First of all let me sketch out our medium and long-term growth targets – and what TAKKT Group is doing in order to reach these targets.

### **Outlook: strategic agenda**

In the last two decades, TAKKT has been able to increase its turnover by an average of twelve percent per year – through acquisition and organic growth in roughly equal measures. For the future, management has set the goal of continuing along this growth path.

As I have already mentioned, TAKKT cannot and will not place its reliance on positive economic influences, but must take its own initiatives to drive forward the growth of the Group. We are continuously optimising and expanding our product range, our catalogues and our services.

Other factors in the Group's success are the roll-out of our system business in lucrative new markets, as well as the transfer of know-how within TAKKT Group. We are profiting from this in the launch of Hubert in Europe.

For the first time in TAKKT's history, a brand is coming from the USA to Europe. Hubert is the US market leader in mail order for equipment in retailing and the food service industry, and it developed extremely positively there again last year. It is planned to mail out the first catalogue in Germany this month.

### **Special topic: expansion of logistics infrastructure**

Ladies and gentlemen, the expansion of our warehouse infrastructure is another important subject. In order to be able to continue to grow our existing and new companies, and create new possibilities for international procurement, many measures are necessary.

The projects in the USA are finished, some will be completed this year, and our new project with KWESTO in Eastern Europe will start shortly.

The fundamental point: only if we are suitably armed to meet future challenges will we be able to continue our profitable growth. Logistical bottlenecks lead automatically to errors. And errors lead, as I have said, to high costs and loss of customers. So our first principle must be the speedy and reliable delivery of our products to our customers.

Challenge No. 1 was to eliminate the capacity bottleneck at Hubert USA. The warehouse expansion in Ohio was completed in the shortest possible time. Our projects and goals can now be implemented.

These are:

- Increasing the import quota
- Supplying Hubert in Germany, and
- Extending our product range

Challenge No. 2 was less capital-intensive, but more difficult. Our goal at Topdeq USA is to convince the US customers with a unique delivery service and freight free delivery. For this it was firstly necessary to determine the number of warehouses and their locations. With the present solution we can put into practice our claim of “freight free delivery within 48 hours”. A premium service with premium products.

Challenge No. 3 is currently being mastered in Markaryd, Sweden. Here a new administrative and warehouse building is under construction for the Gerdmans Group.

Challenge No. 4 is our largest project. After a relatively short planning phase we commenced the expansion of Topdeq’s mail order centre in Pfungstadt in March 2007. The warehouse will go into full operation in the next few days. We have thus created our first joint mail order centre for two divisions. In future KAISER + KRAFT EUROPA and Topdeq will jointly deliver their business equipment items to their respective customers. Synergy effects, the closure of alternative warehouses and better service, will almost completely compensate for the additional costs.

Expenditure on the expansion of warehouse capacities in 2007 amounted to EUR 36 million. A further sum of approximately EUR 24 million will be incurred in 2008 and 2009.

Let me say a few words about the risks involved in warehouse expansions. In general the concerns about warehouse expansions, in terms of limiting financial freedom of action, raising fixed costs and the risk of unsold stock, also apply to TAKKT. But these risks are limited, or scarcely arise:

- TAKKT AG has such a strong cash flow that again in 2008 a high free cash flow will be achieved. So these projects do not result in any restriction in our financial freedom of action.
- With the exception of the two mail order centres our warehouses are, to coin a phrase, quadratic and practical – simple boxes, which could be sold again relatively easily.
- We have almost no risk of unsold stock. Our stocks cannot deteriorate, they do not go out of fashion very quickly, and are not subject to major price fluctuations, and
- we finance the entire infrastructure through better purchasing prices.

The expanded capacities will enable us to push on with our multi-brand strategy. Planned for this year is the market entry of the KAISER + KRAFT EUROPA company Gaerner into Spain, where the KAISER + KRAFT brand has already been successfully represented since 1989.

### **A lot of potential for further margin improvement**

As you can appreciate from my remarks up to now, there are many possibilities open to TAKKT for further powerful growth. I will summarise these again briefly:

We can grow by means of

- an extended product range
- more addresses
- further roll-out of our businesses in new regions
- extension of our multi-brand strategy
- improvements in our service offers and
- acquisitions.

We want to do all this with as low risk as possible and without diluting our profitability. Yes, we want to increase our profitability even further, and have therefore set ourselves new and higher targets.

For the KAISER + KRAFT EUROPA division, the Group has the goal of continuing to maintain the EBITDA margin at its current high level.

Topdeq improved its EBITDA margin in 2007 from 5.0 to 7.6 percent. Its repositioning as a premium brand has been a decisive factor in this good result. The management expects this strategic decision to have an ongoing positive impact despite the disappointing first quarter. The goal for this division is therefore to raise the EBITDA margin to a double-digit value by 2010 at the latest.

At K + K America we anticipate a positive development in margins in the Plant Equipment Group through concentration on the core business and optimisation of operating processes.

For the specialties supplier Hubert, TAKKT has the objective of maintaining this company's high level of margins despite the launch in Europe and the associated start-up costs.

The NBF companies, with their focus on office equipment, have planned – like Topdeq – to reach a double-digit EBITDA margin by 2010. This will be achieved, amongst other things, through the gradual introduction of warehousing business in this area.

In addition, due to the disposal of the low-margin Conney business, the Group also expects a structural improvement in the EBITDA margin of the K + K America division.

**Outlook: basic economic conditions – no positive impulses**

As I have already emphasised, we cannot expect the economy to give us any following wind to boost our business. For the years 2008 and 2009, economists forecast economic growth in Europe of only 1.6 and 1.7 percent – probably less rather than more. The reason for this, among other things, is reduced dynamism in exports as a result of the strong euro and the weaker US economy. High raw material prices and uncertainty on the capital markets are further risk factors.

For Germany the experts forecast economic growth of 1.6 percent in 2008 and 1.5 percent in 2009.

In North America, increased risk is to be expected in the property and financial markets. Therefore TAKKT does not see any significant improvement in the North American economy. Economic growth of only 1.5 percent or less is anticipated in North America in 2008.

Dynamic growth in the Asian countries will probably continue. But since the Group only has limited business activities in these markets yet, it will not give any significant stimulus to TAKKT.

We describe our forecasts as cautiously optimistic because we cannot assume any positive economic stimuli in the regions relevant to us. We are nevertheless optimistic, with regard to the further development of our Group, that B2B mail order still possesses great potential for us to tap.

We forecast that our turnover in 2008 will grow organically (i.e. adjusted for currency effects, acquisitions and the Conney divestment) by at least four percent.

Thanks to the stability of our business model, the gross profit margin – regardless of economic developments in Europe and North America – will again be above the 40-percent mark in 2008.

We are also convinced of our ability to further increase our profit figures this year, especially on account of the anticipated growth in profitability in the Topdeq and K + K America divisions. We will therefore aim for an EBITDA margin in the upper third of our raised target corridor of 12 to 15 percent, i.e. 14 percent plus X.

Investment volume will go down in 2008 compared to 2007. Nevertheless it will be above the long-term average of one to two percent of turnover, because as mentioned, not all of the investment projects started in 2007 were completed during last year. For 2009 it is to be expected that investment volume will again approach the long-term average.

As you can see: TAKKT is a thoroughly sound company with many possibilities for growth – and profitable growth. We have a great deal of work before us, thus we will lose no time and continue to pursue the success of the TAKKT Group.

I thank you for your attention.