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# TAKKT AG

  
BUSINESS EQUIPMENT SOLUTIONS

## **German MidCap Investor Day**

**Dr Florian Funck, CFO**  
**6 June 2006**

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## Contents

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- TAKKT at a glance

- industry attractiveness and strategic success factors

- cost structures and financial highlights 2005 / 2006

- NBF acquisition

- outlook

- appendix

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# TAKKT AG

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**TAKKT at a glance**

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## TAKKT: business overview

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business activity	<ul style="list-style-type: none"><li>sales channel: B2B mail order</li><li>products: durables/specialties</li></ul>
geographic balance	<ul style="list-style-type: none"><li>regional diversification: more than 25 countries</li><li>turnover by region: ~ 60% Europe/ ~ 40% North America</li></ul>
key facts	<ul style="list-style-type: none"><li>number of customers: &gt; 2m</li><li>advertising media sent out per year: ~ 55m</li><li>number of employees (fte): ~ 2,000</li></ul>
financials 2005	<ul style="list-style-type: none"><li>turnover: € 773m</li><li>EBITDA margin 12.7%</li><li>cash flow € 65.5m</li></ul>

# TAKKT: broad product range based on four pillars

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business equipment



office equipment



occupational safety



foodservice equipment



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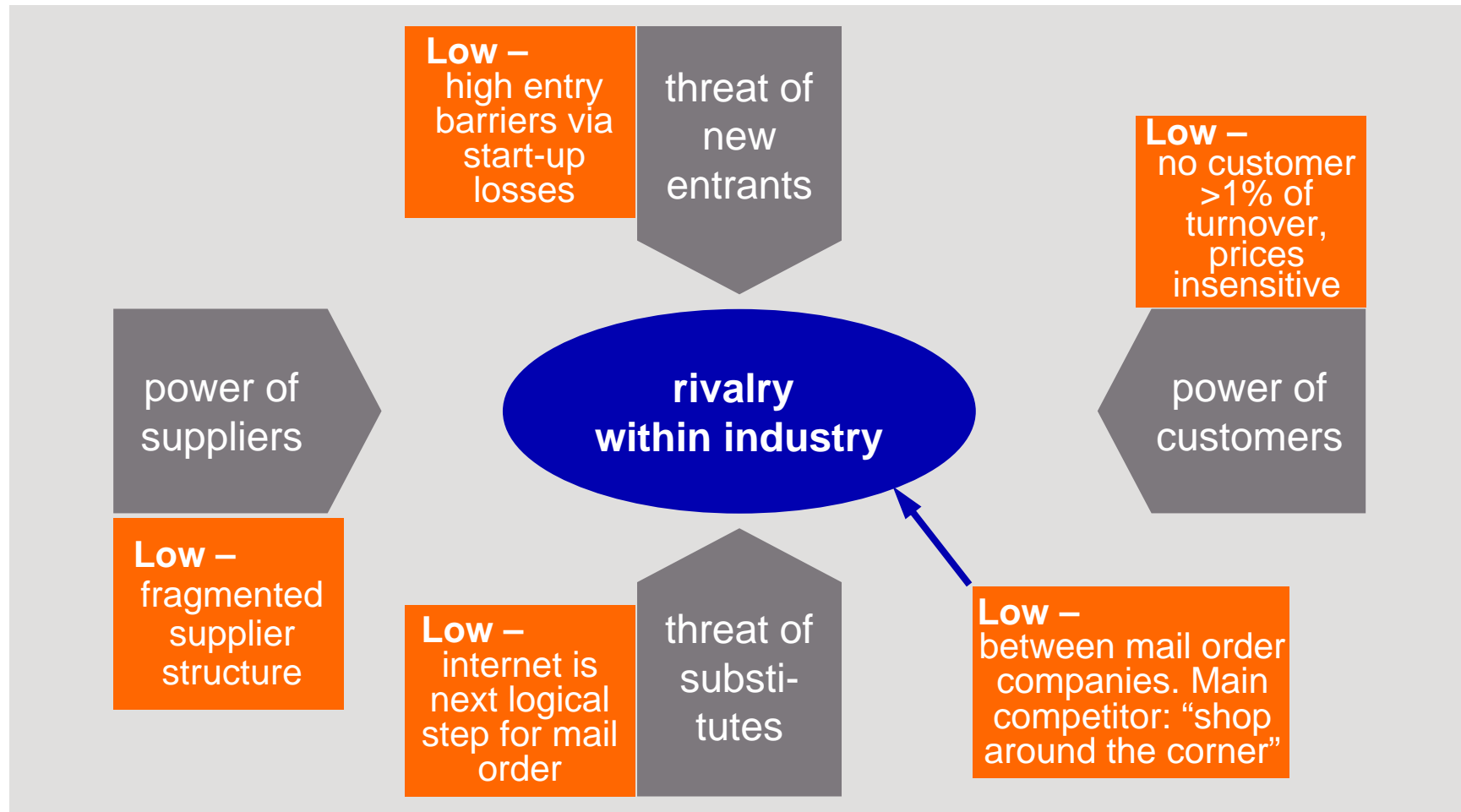
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**industry attractiveness and  
strategic success factors**

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## TAKKT: competes in a very attractive industry

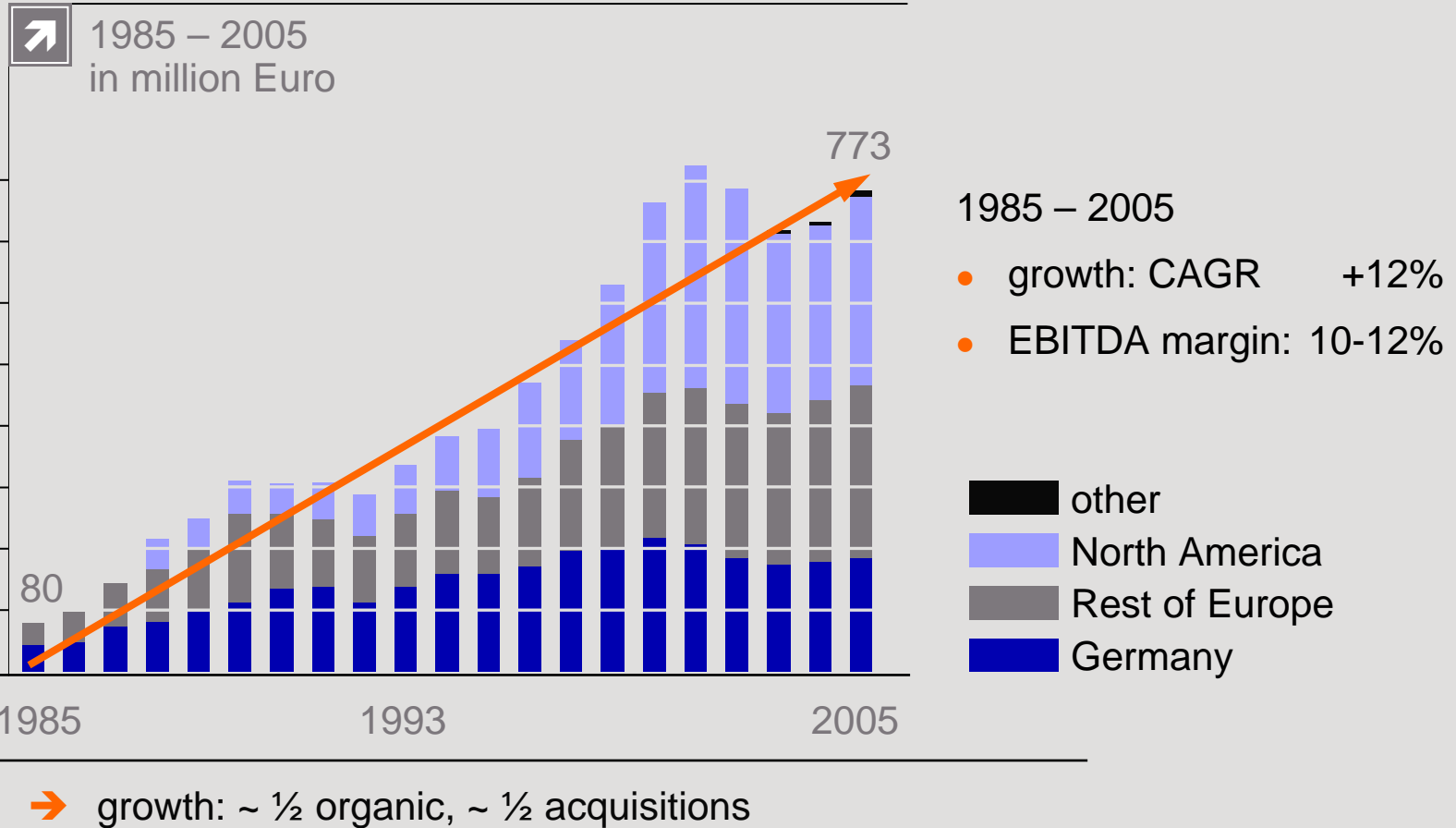
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→ which should not change in near future

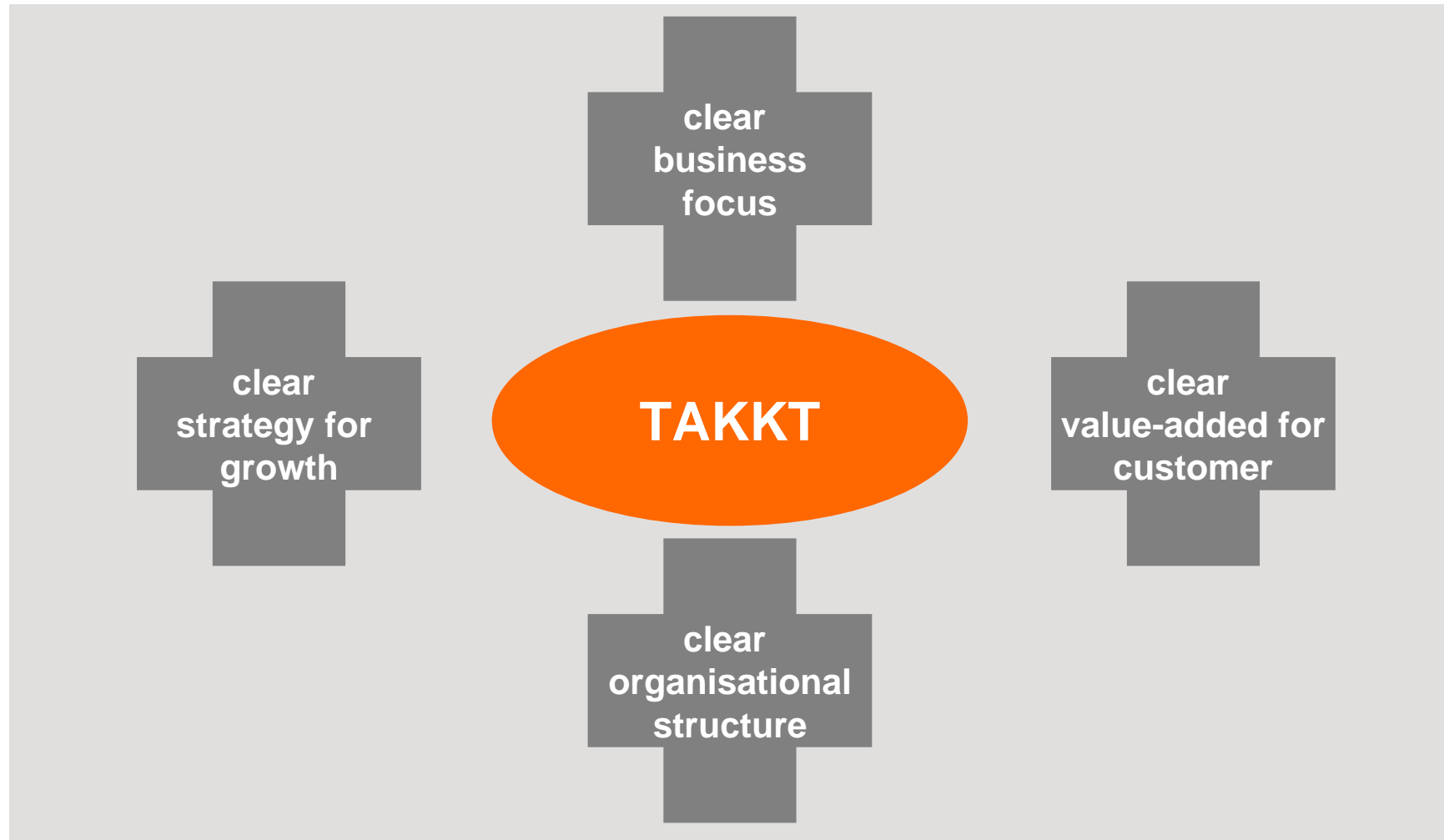
# TAKKT: long-term growth path

## TURNOVER TAKKT GROUP

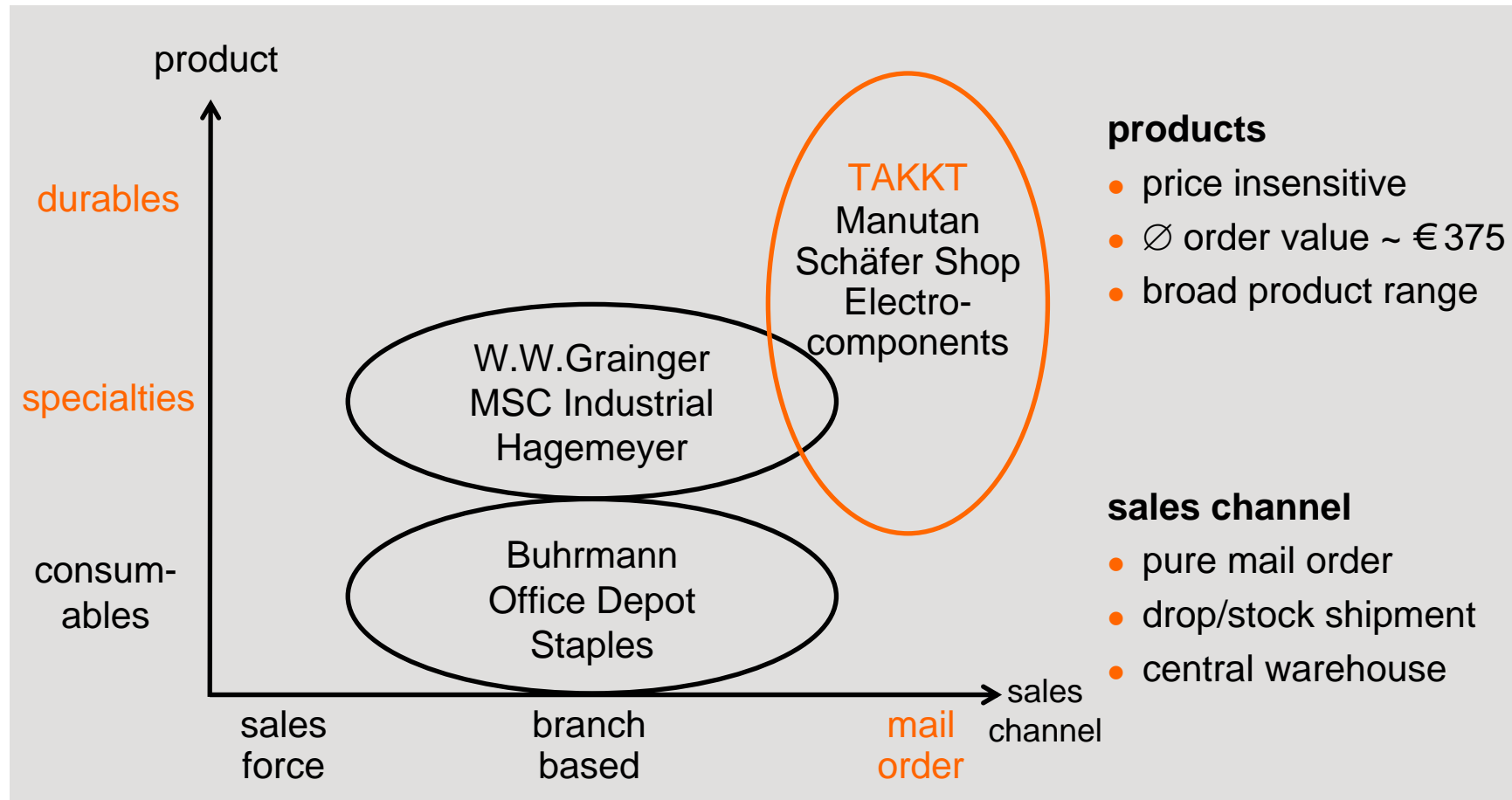


## TAKKT: strategic success factors

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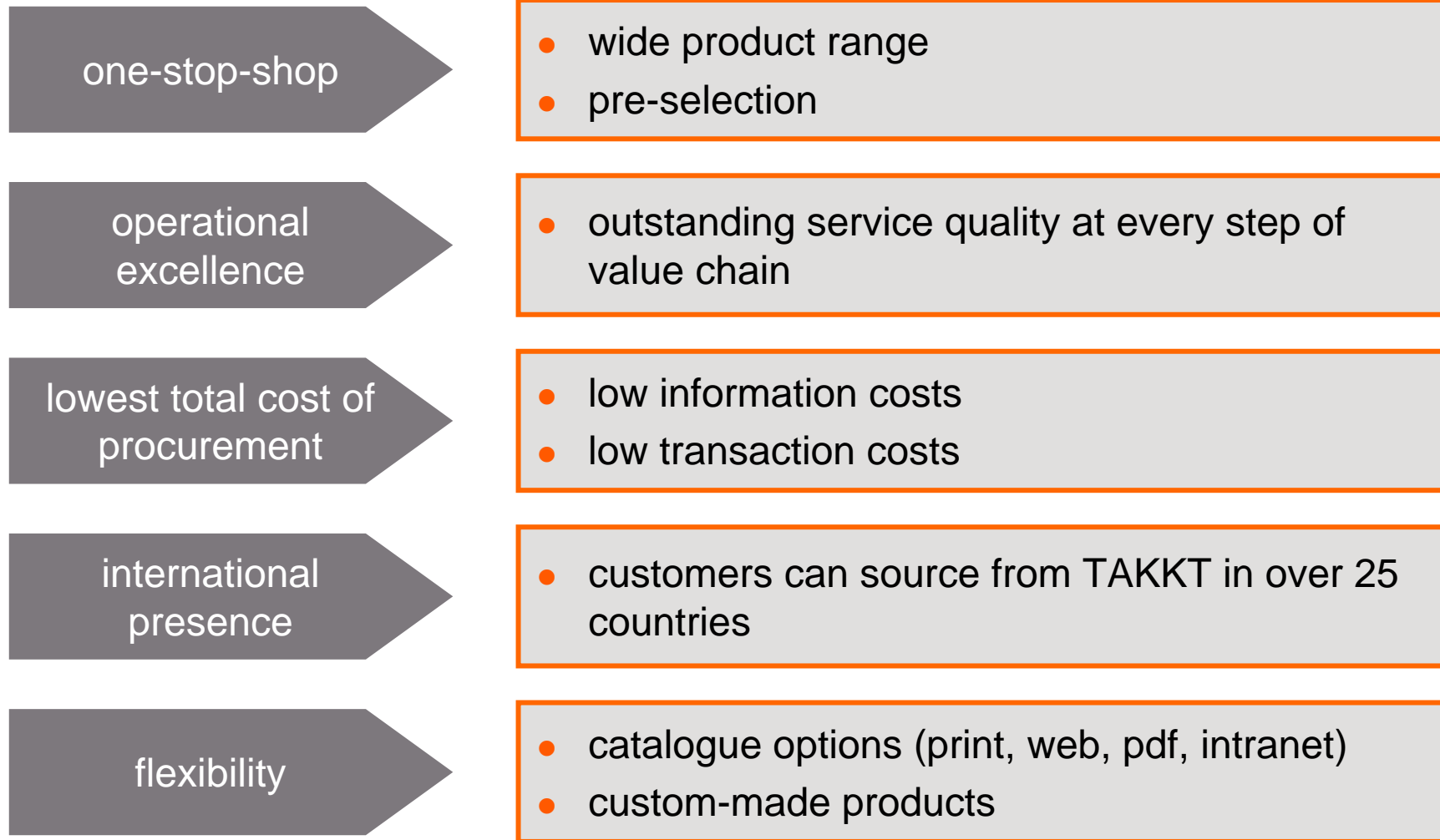
## TAKKT's success factors: business model and market overview



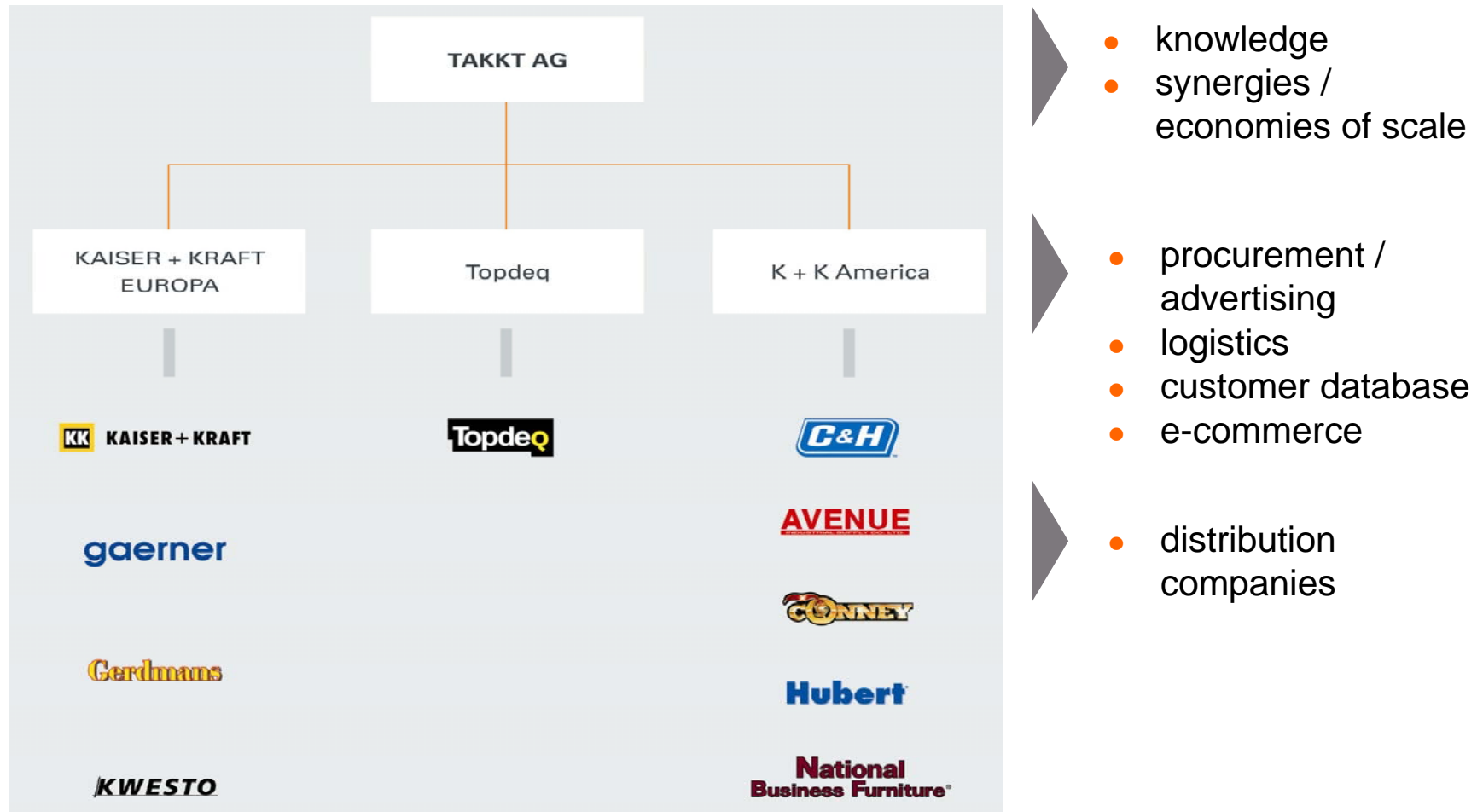
→ system business with stable gross profit margin

## TAKKT's success factors: clear value-added for customer

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# TAKKT's success factors: clear organisational structure



- knowledge
- synergies / economies of scale

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

- distribution companies

→ allows centralised management and market proximity

# TAKKT's success factors: clear strategy for growth

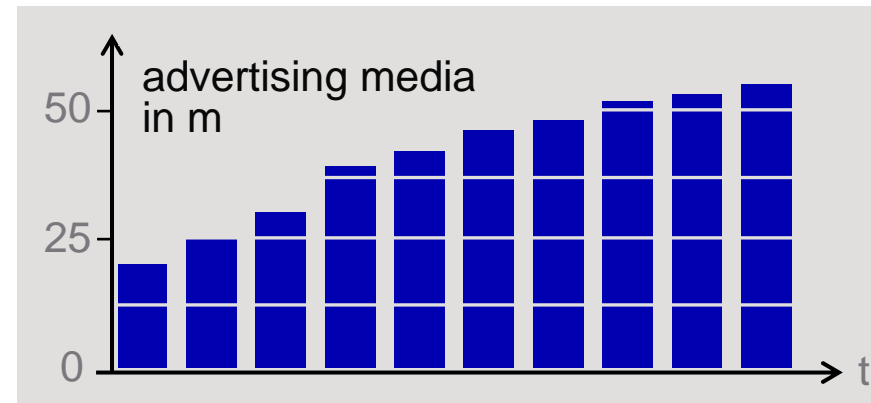
1. acquisitions (platform)

▪ Topdeq	1994
▪ Gerdmans / Conney	1998
▪ Hubert	2000
▪ NBF	2006

2. new foundations (roll out)

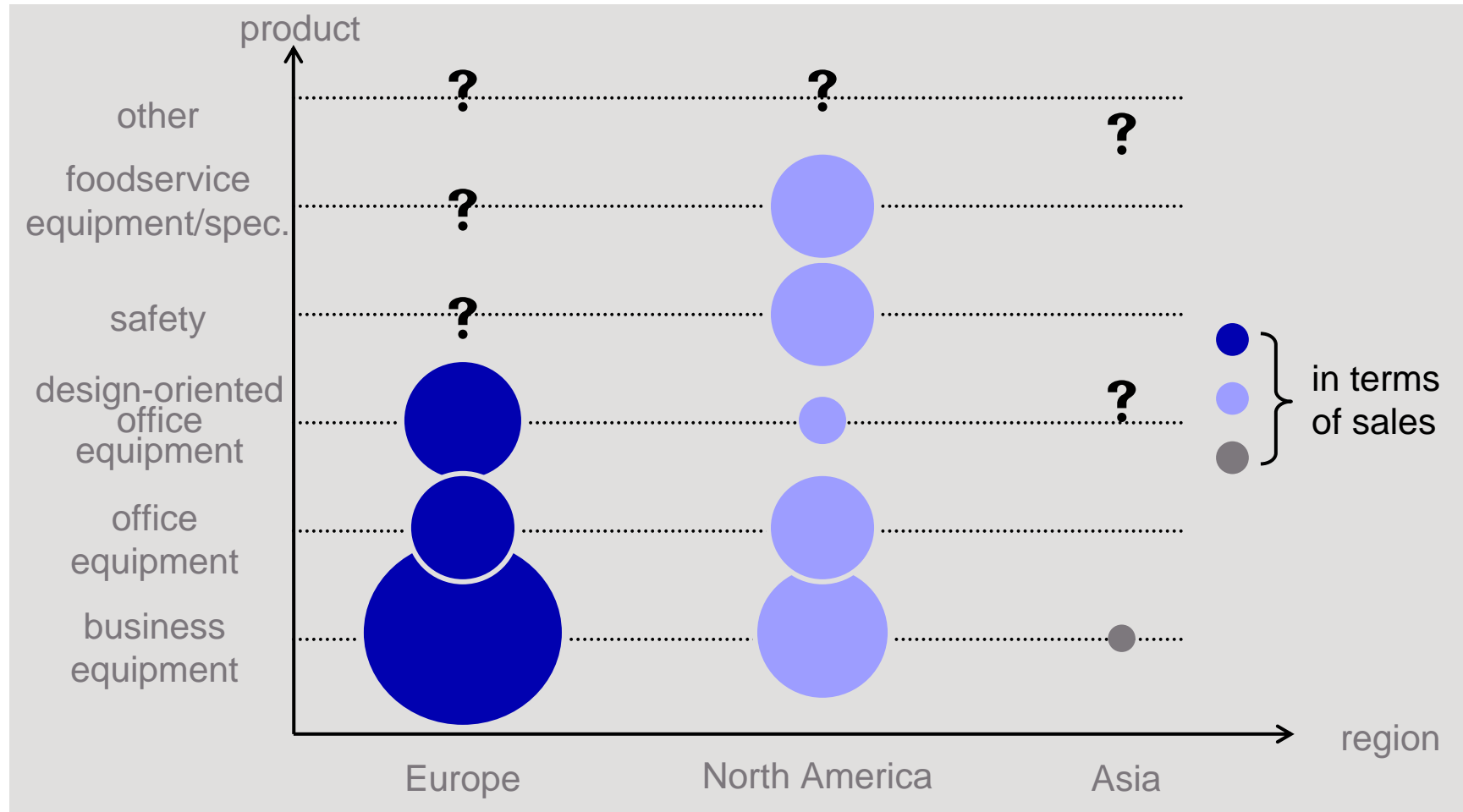
▪ e.g. Topdeq USA	2000
▪ e.g. KAISER + KRAFT Japan	2002
▪ e.g. KWESTO Romania	2005

3. increase of advertising media circulation and broader product range (market penetration)



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

# TAKKT's success factors: clear growth potential for TAKKT



→ objective: diversified product portfolio via duplication of system business

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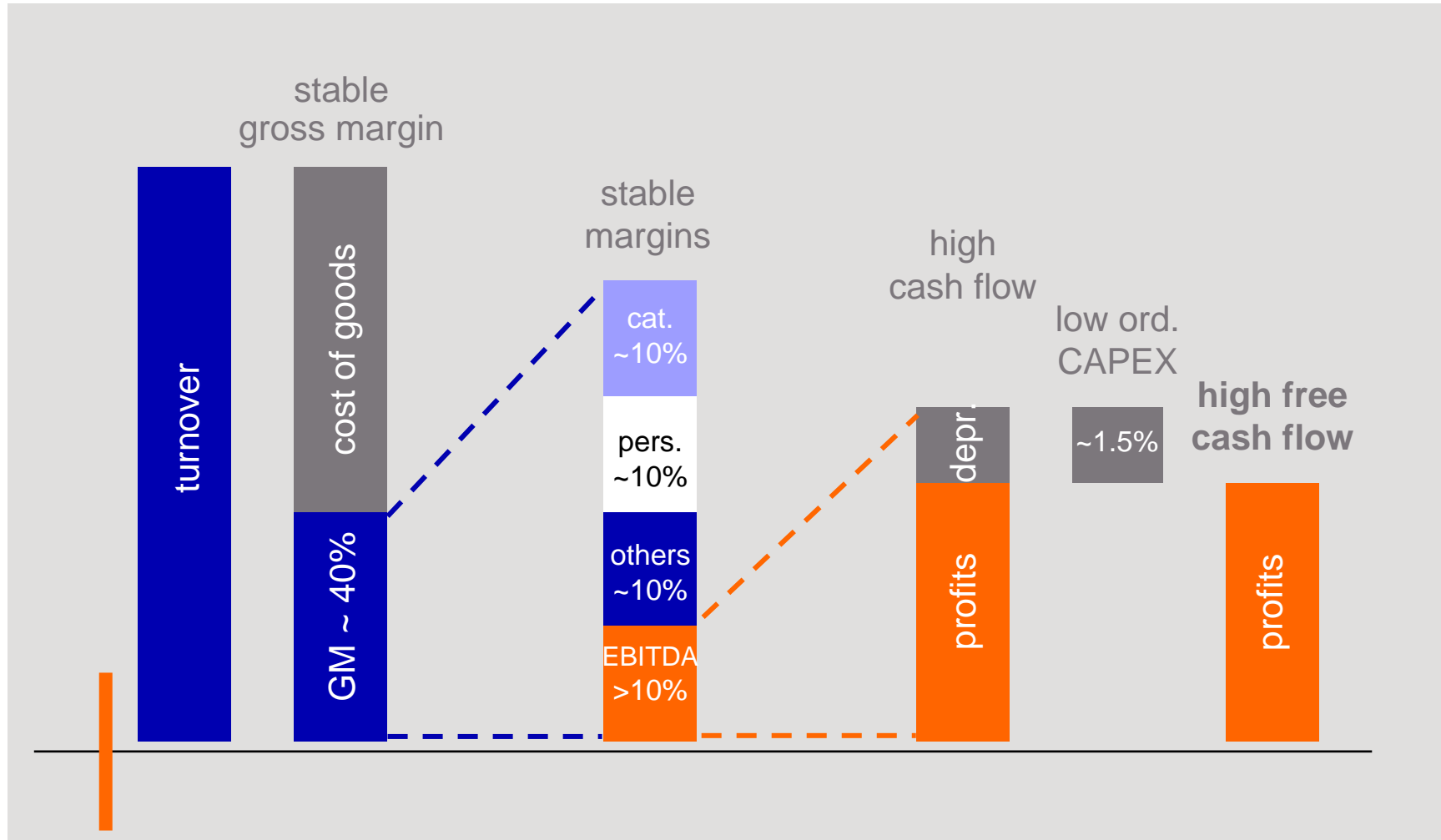
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**cost structures and  
financial highlights 2005 / 2006**

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# Cost structures: stable on average

Business model generates high free cash flow



## 2005: highlights

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- turnover growth by 6.3 percent to EUR 773.2 (727.6) million
- currency adjusted turnover growth by 5.9 percent – all divisions contributed
- profitability above long-term target corridor despite start-ups, EBITDA margin up from 12.0 to 12.7 percent
- EPS increase by 54.5 percent to 68 cent
- cash flow up to EUR 65.5 (60.5) million; margin of 8.5 percent of turnover
- borrowings reduced by EUR 41.6m

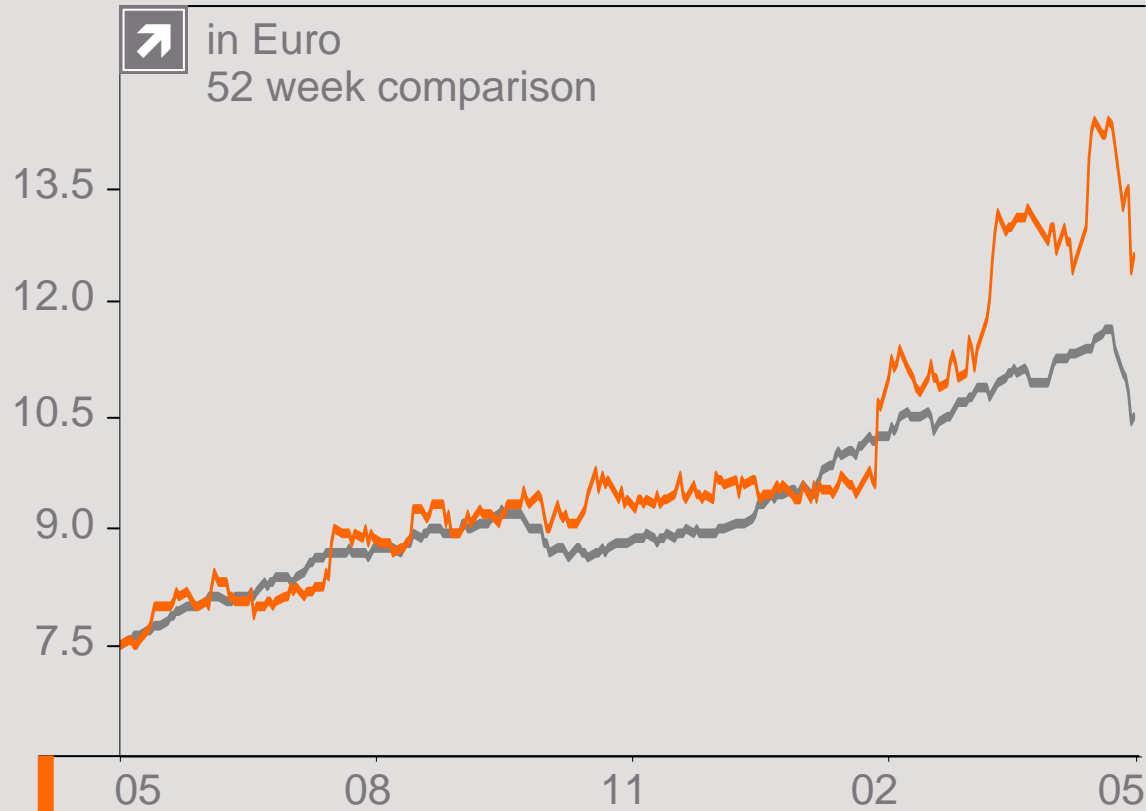
## Q1 2006: highlights

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- turnover growth by 30.0 percent to EUR 247.6 (190.5) million
- currency adjusted turnover growth by 24.9 percent – all divisions contributed
- EBITDA margin up from 13.7 to 14.0 percent; excluding NBF at 15.0 percent
- EPS increase by 35.0 percent to 25 cent
- cash flow up to EUR 22.7 (17.5) million; margin of 9.2 percent of turnover
- first-time consolidated NBF group develops positively

## TAKKT share: price advance reflects potential

### SHARE PRICE DEVELOPMENT



- Prime Standard since 01/01/2003
  - 72.9 million shares
  - market capitalisation: ~ Euro 900m
  - shareholder structure:
    - free float: 27.3%
    - Franz Haniel & Cie. GmbH: 72.7%
- TAKKT share  
■ SDAX (indexed)

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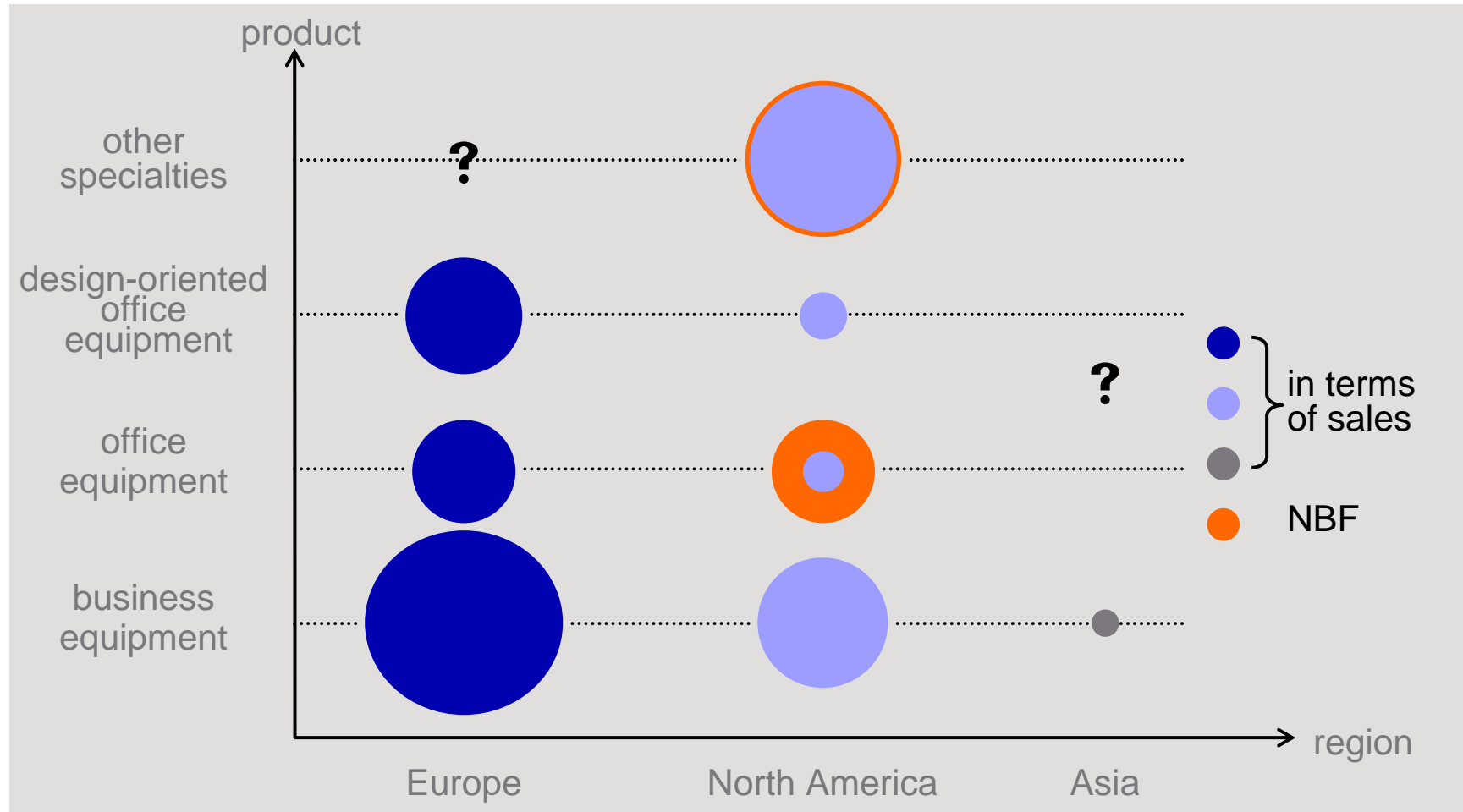
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**NBF acquisition**

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# NBF: logical development of TAKKT portfolio



# NBF: business overview

**National Business Furniture**



- US market leader in B2B mail order for office equipment

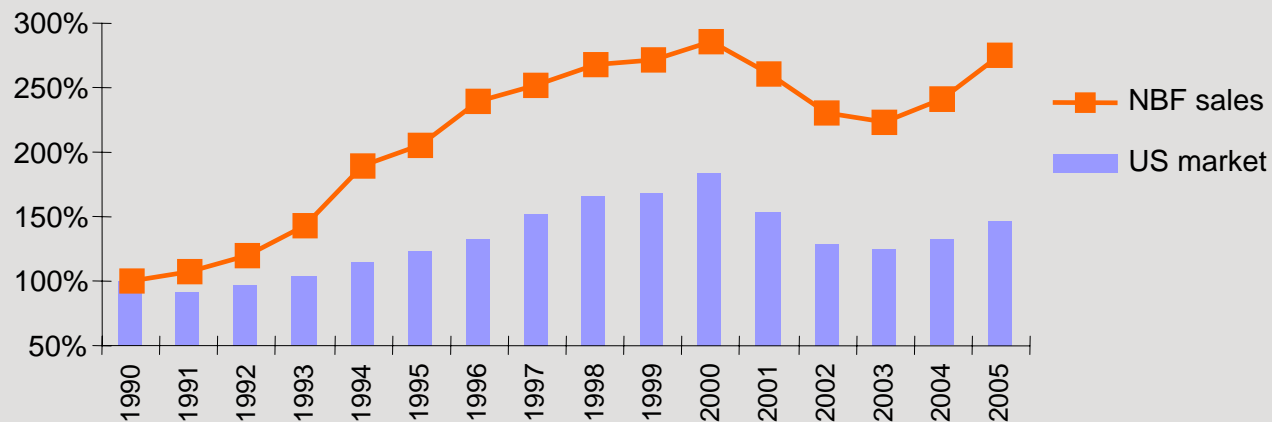
- headquarters in Milwaukee, Wisconsin
- founded 1975 by George (66) and Julie Mosher (61)
- five brands

- turnover 2004 / 2005e: USD 114m / 125m
- EBITA margin 2004 / 2005e: 4 / 5%
- product range: > 11,000
- number of employees: 120

## US office furniture market

- size of B2B office furniture market in USA: > USD 10 billion
- market growth 1990 – 2005: 3% CAGR
- organic growth of NBF 1990 – 2005e: > 5% CAGR
- US depression 2001 – 2003 reflected in development of segment and company

Development of B2B office furniture market in US vs. NBF sales



## NBF: purchase price allocation (indication)

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- treatment under US tax laws
  - taxable intangibles USD 78.6m
  - depreciation period 15 years
  - annual depreciation USD 5.2m

- identifiable intangible assets (IFRS 3)
  - customer base + list
  - catalogues
  - website, databases, domain names
  - trade names

- annual depreciation due to purchase price allocation (IFRS 3)
  - year 1 - 3 ~ USD 4.7m
  - year 4 – 5 ~ USD 2.8m
  - year 5 – 10 ~ USD 0.5m

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**outlook**

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## Outlook: basic economic conditions

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<b>GDP growth in %</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Europe	1.3	1.8	1.8
Germany	0.6	1.5	1.0
USA	3.6	3.3	2.5

- economy in Europe only to improve slightly

- economy in Germany positively impacted by increased domestic demand in run up to planned VAT increase

- forecasted decline in 2007 in USA due to effect of recent interest rate increases and expected normalisation in real estate market

## Outlook 2006: initiatives for growth

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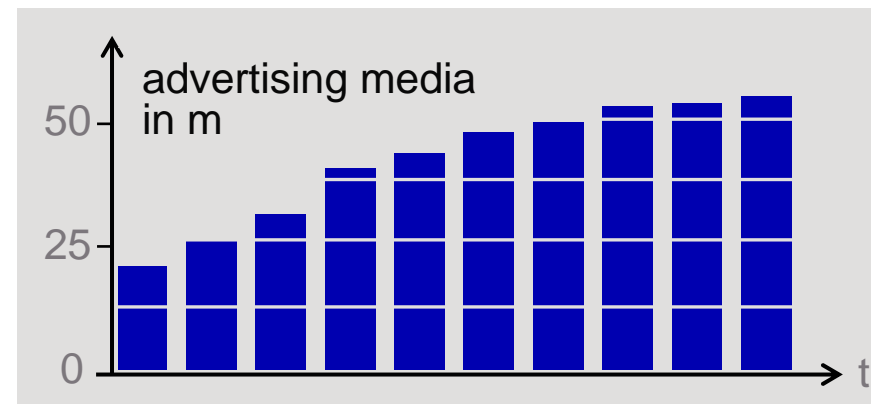
### 1. acquisitions (platform)

▪ NBF	2006
▪ ...	?

### 2. new foundations (roll out)

▪ KAISER + KRAFT China	2006
▪ Gaerner France	2006
▪ Topdeq Austria	2006

### 3. increase of advertising media circulation and broader product range (market penetration)



→ action plan for long-term growth in place

## Outlook 2006: TAKKT key figures

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- currency adjusted organic growth of at least 4 to 5 percent

- turnover increase incl. NBF by at least 18 percent

- start-ups and NBF will affect profitability

- gross profit margin remains above 40 percent

- EBITDA margin in upper range of target corridor of 10 to 12 percent

## That's why invest in TAKKT

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balanced  
risk portfolio

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

sustainable  
growth potential

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

high + stable  
profitability

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

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# TAKKT AG

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**appendix**

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## Reporting: EBITDA as future key figure for profitability

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- change from EBITA to EBITDA due to IFRS 3
- goodwill accounted for in the course of a business combination now has to be allocated to intangible assets as far as possible and depreciated (e.g. customer lists)
- only to be applied to new acquisitions  
→ comparison with existing companies on EBITA level difficult
- transitional reporting of EBITA margin development
- long-term target corridor for EBITDA margin is 10 to 12 percent

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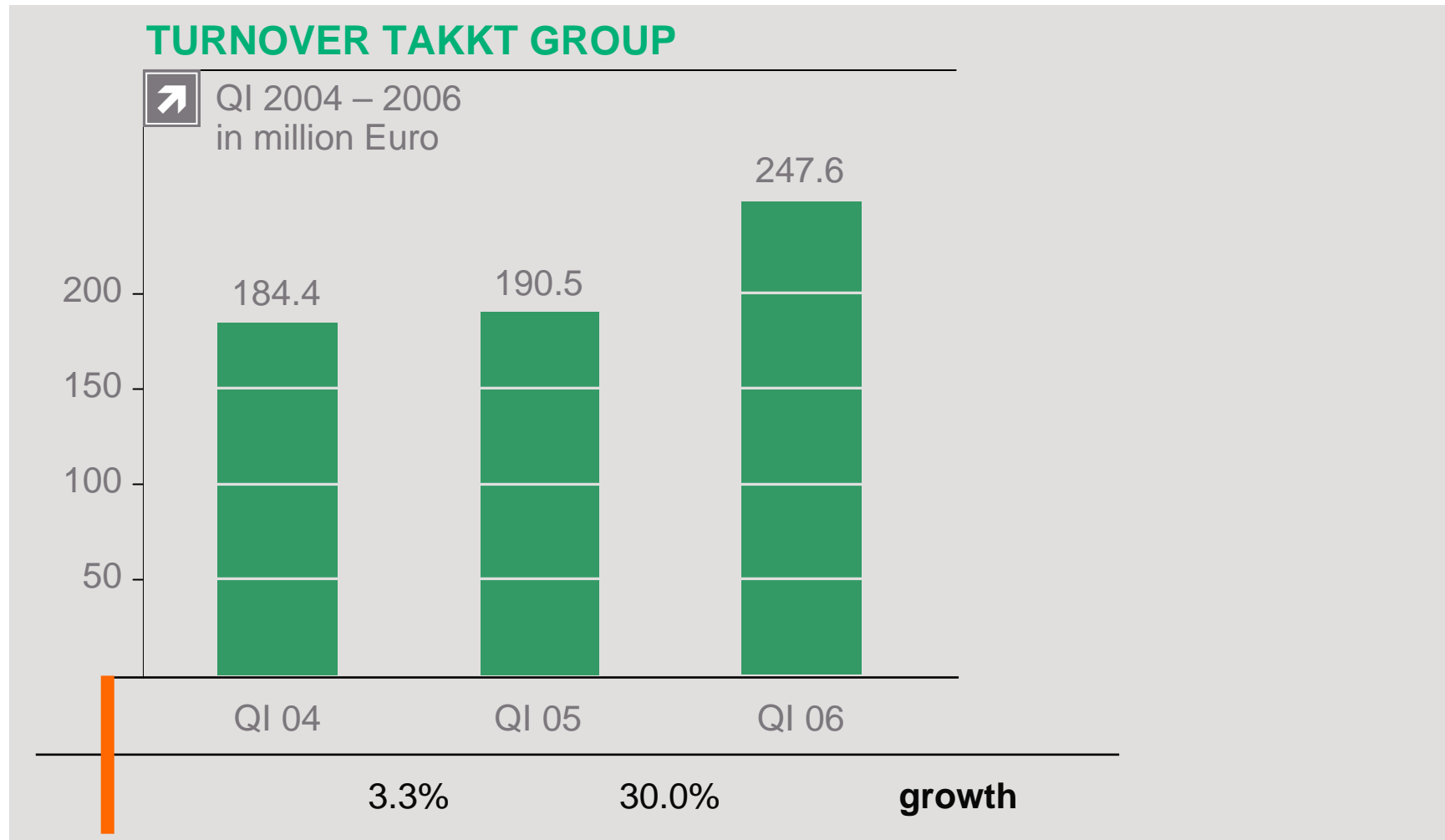
# TAKKT AG

  
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**Q1 2006**

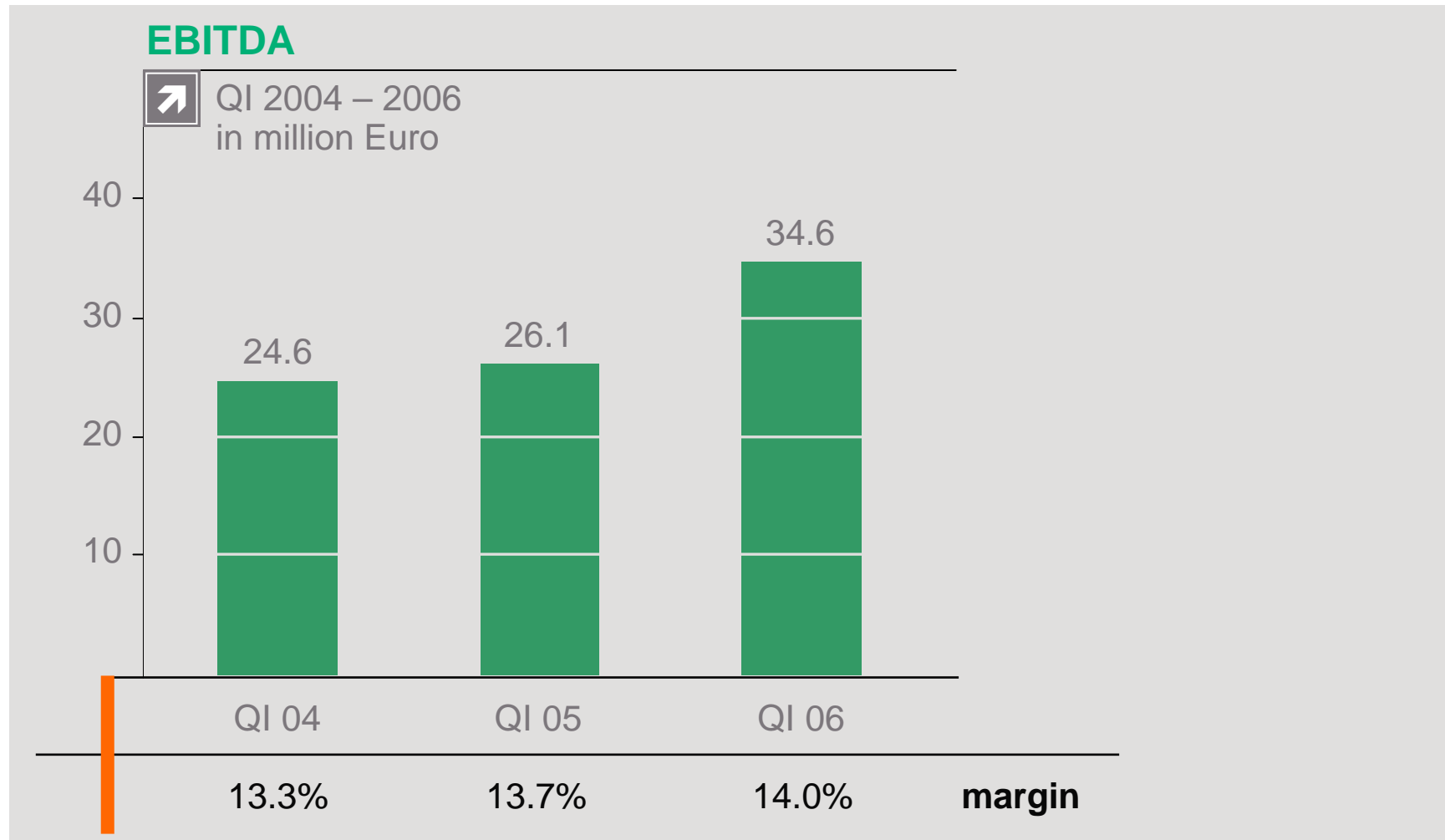
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## Q1 turnover: currency adjusted organic growth by 24.9 percent



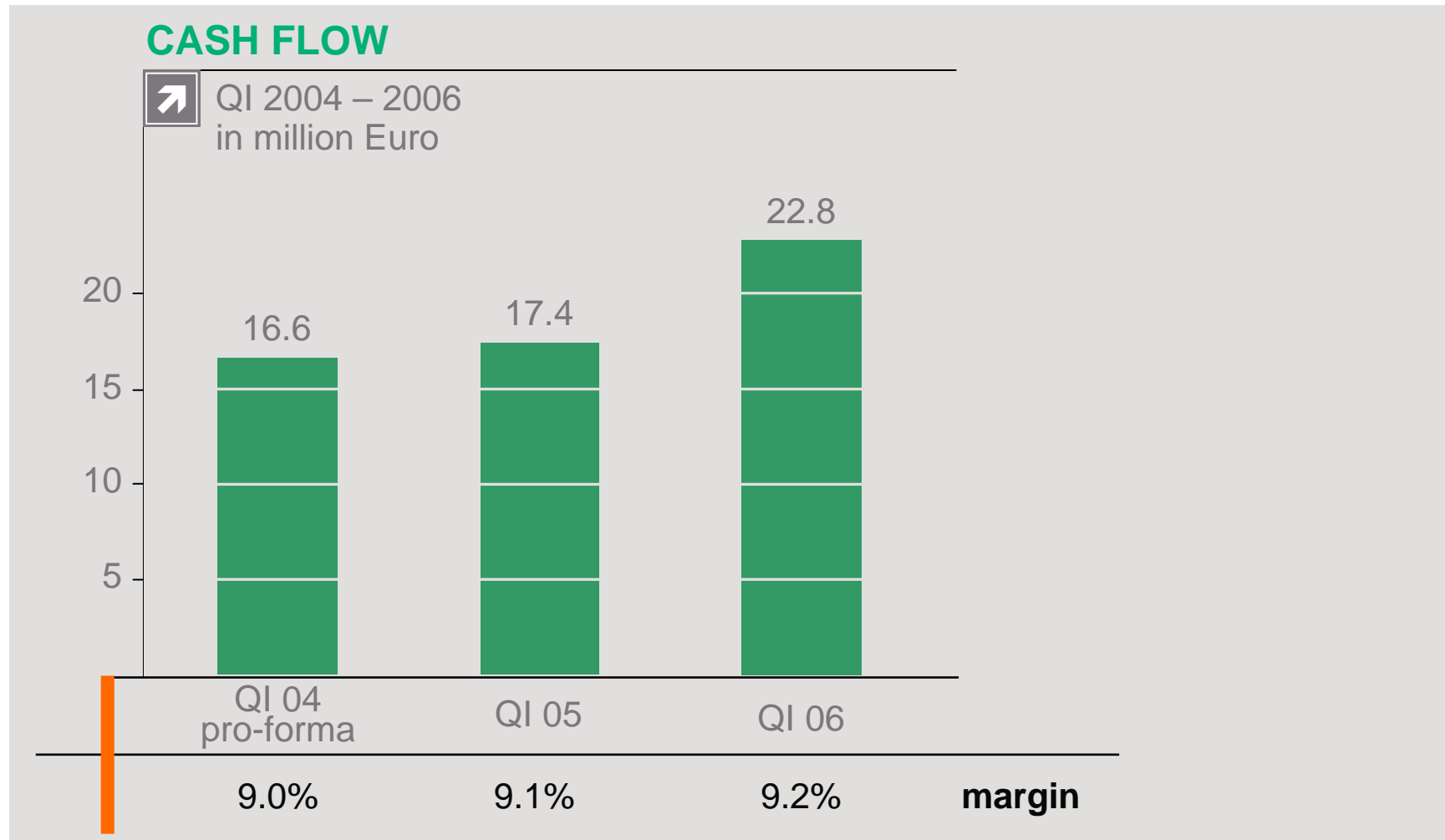
## QI EBITDA: margin at 15.0 percent excluding NBF

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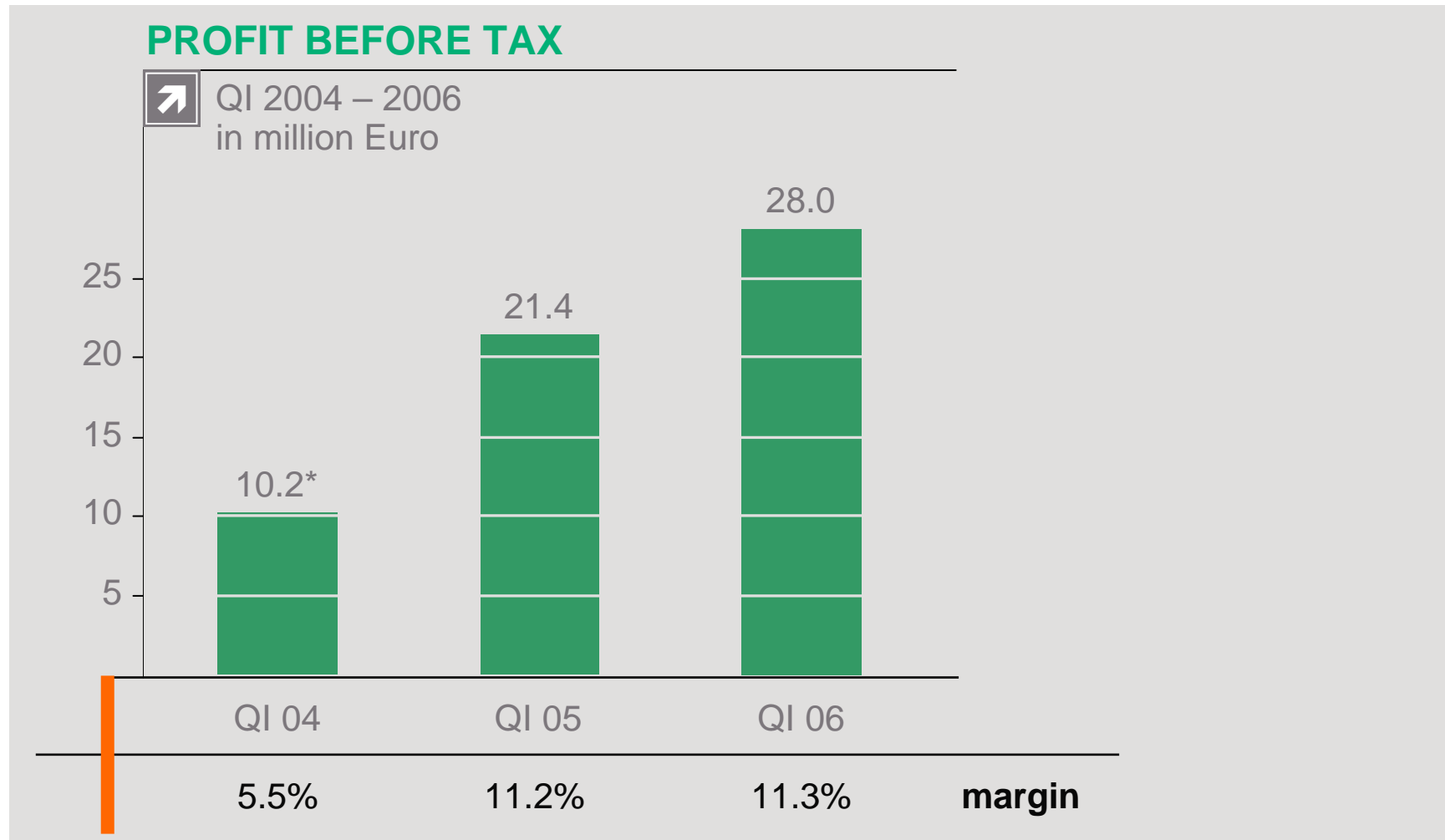


## QI cash flow: high level proves profitability

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## Q1 profit before tax: strong increase in profitability



## Q1 balance sheet: effect of NBF consolidation visible

### ASSETS

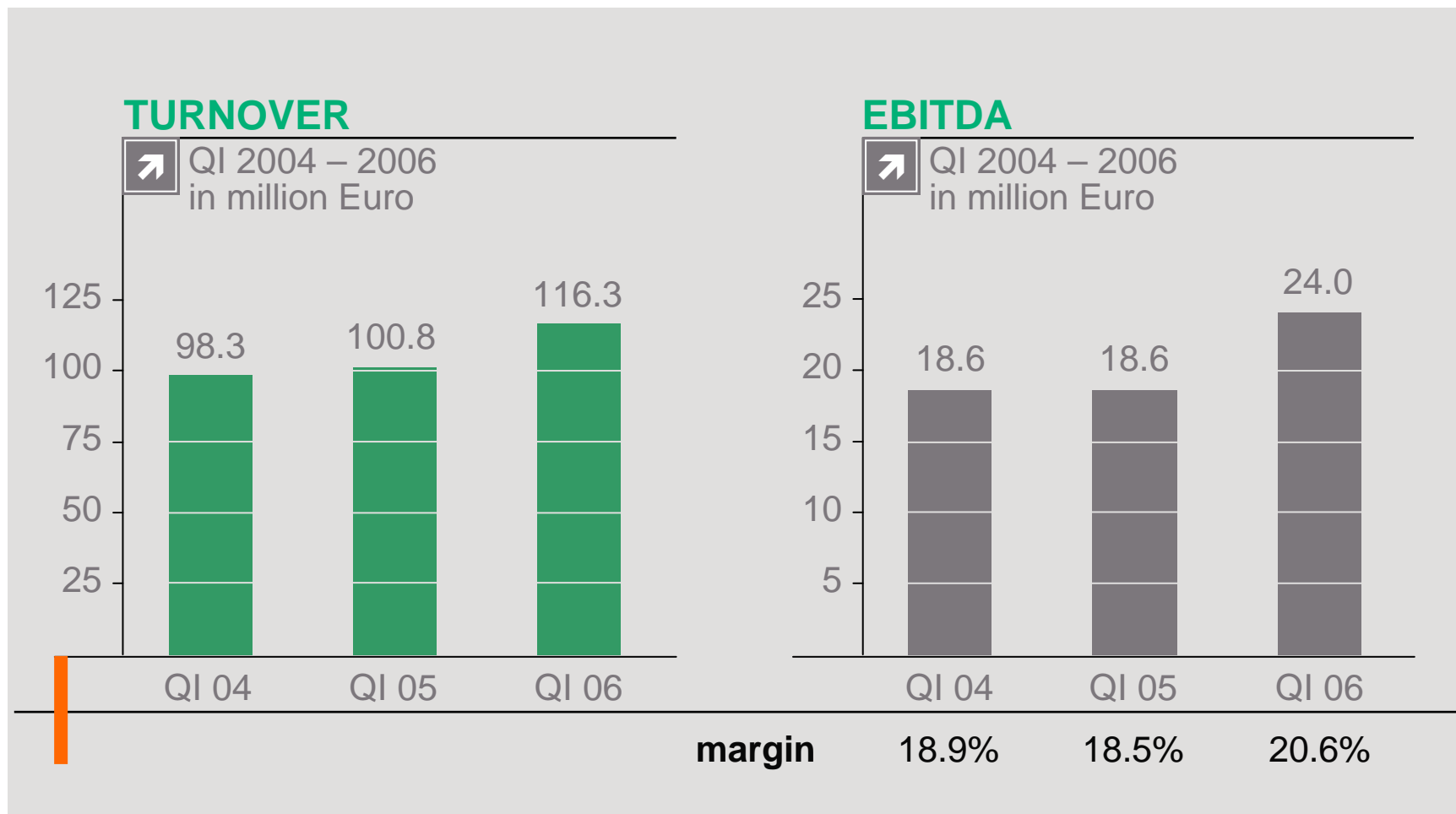
↗ in million Euro	on 31/03/06	%	on 31/12/05	%
<b>non-current assets</b>				
property, plant and equipment	69.2	11.9	68.0	13.6
goodwill	263.1	45.2	227.5	45.5
other intangible assets	35.2	6.0	9.3	1.9
other financial assets	0.4	0.1	0.4	0.1
deferred tax	5.0	0.9	5.1	1.0
<b>current assets</b>				
inventories	63.8	11.0	66.0	13.2
trade receivables	111.2	19.1	95.9	19.2
other	33.6	5.8	27.7	5.5
	<b>581.5</b>	<b>100.0</b>	<b>499.9</b>	<b>100.0</b>

## Q1 balance sheet: healthy financing structure

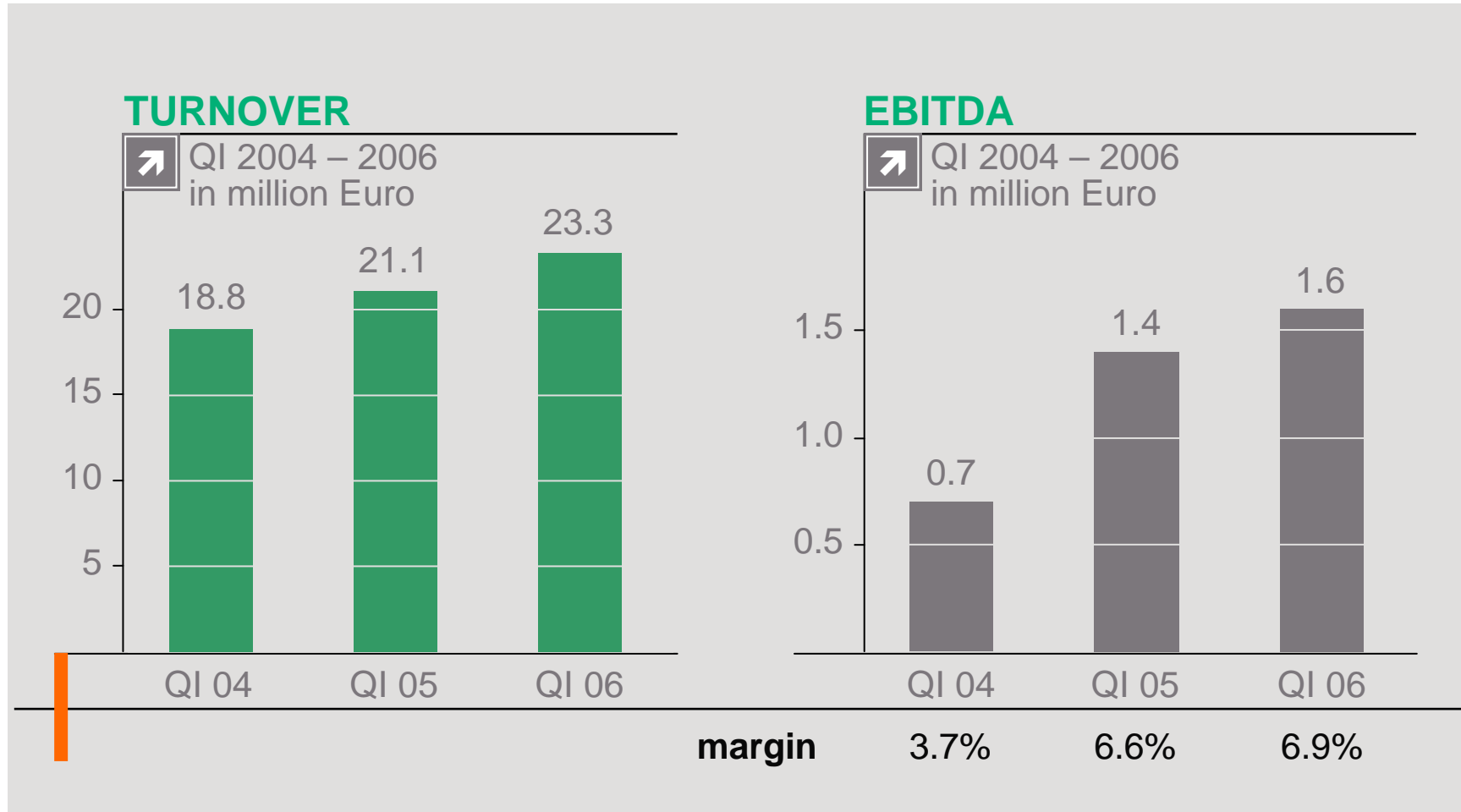
### EQUITY AND LIABILITIES

↗ in million Euro	on 31/03/06	%	on 31/12/05	%
<b>total equity</b>				
shareholders' equity	247.0	42.5	230.6	46.1
minority interest	2.7	0.5	2.4	0.5
<b>borrowings</b>	215.0	37.0	162.2	32.5
<b>provisions</b>	24.1	4.1	22.9	4.6
<b>trade payables</b>	36.6	6.3	28.2	5.6
<b>other liabilities</b>	56.1	9.6	53.6	10.7
	<b>581.5</b>	<b>100.0</b>	<b>499.9</b>	<b>100.0</b>

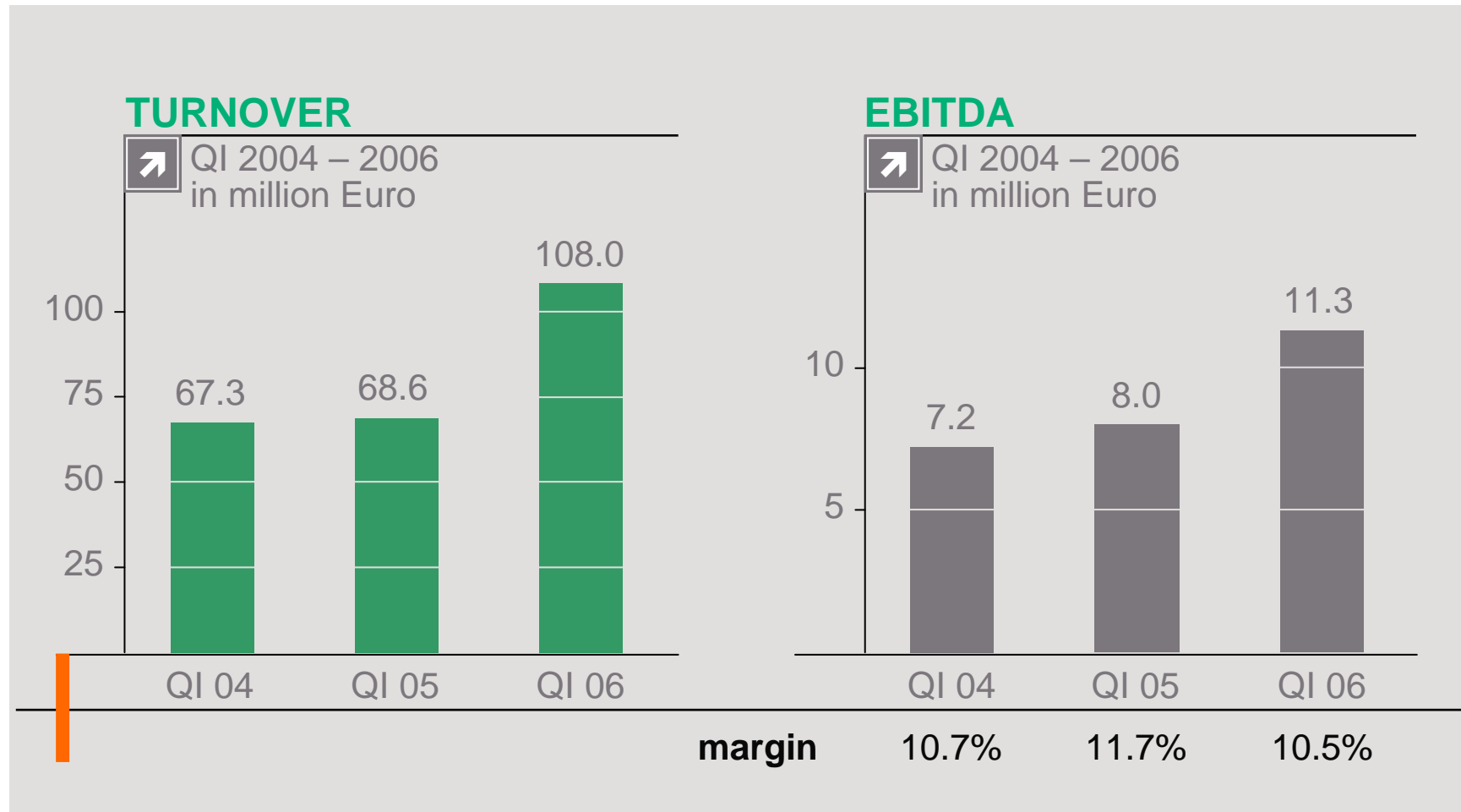
# KAISER + KRAFT EUROPA: Q1 development



# Topdeq: QI development



# K + K America: QI development



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**key figures 2005**

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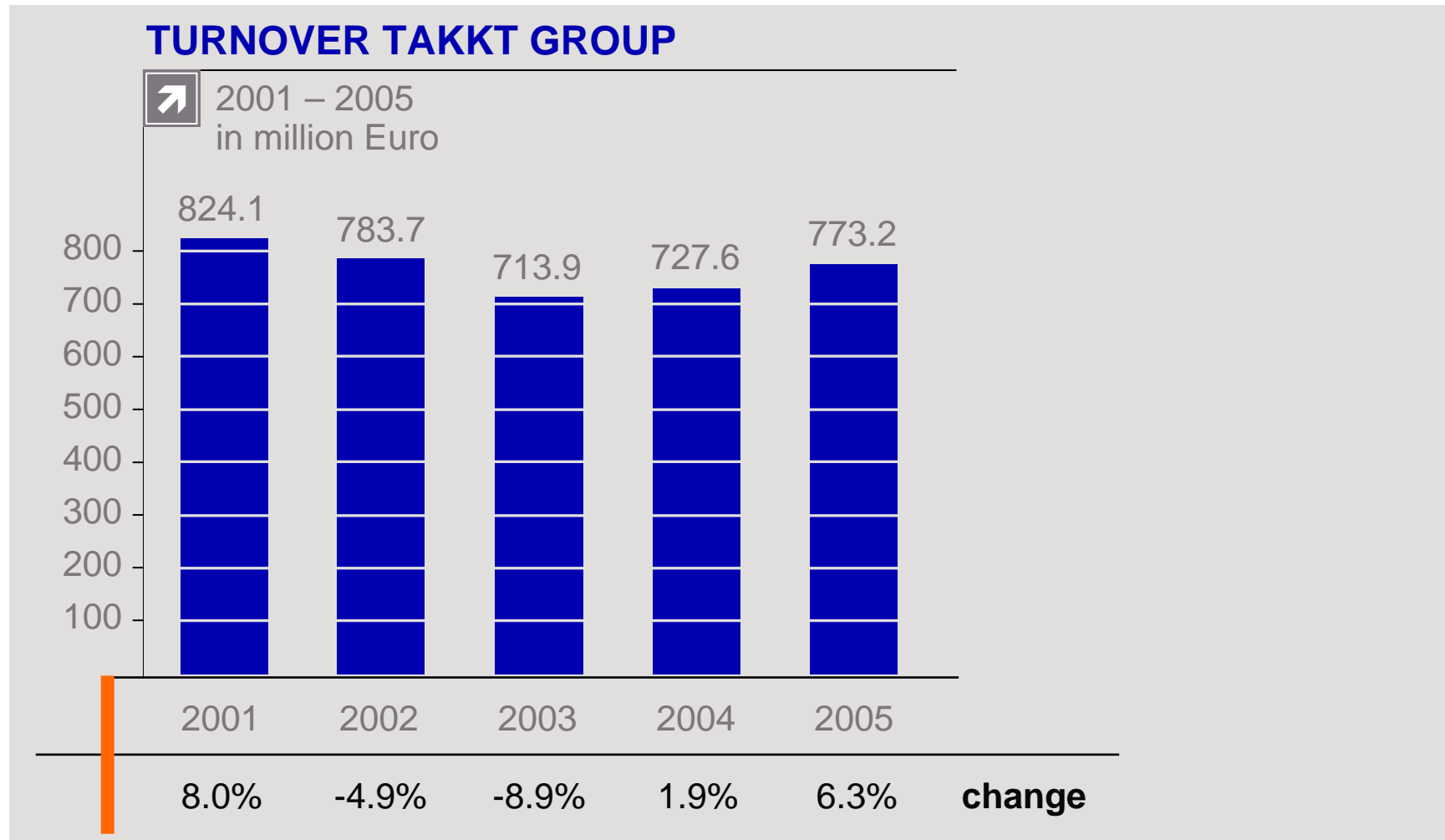
## NBF: theoretical impact on equity and liabilities of TAKKT in 2005

### EQUITY AND LIABILITIES

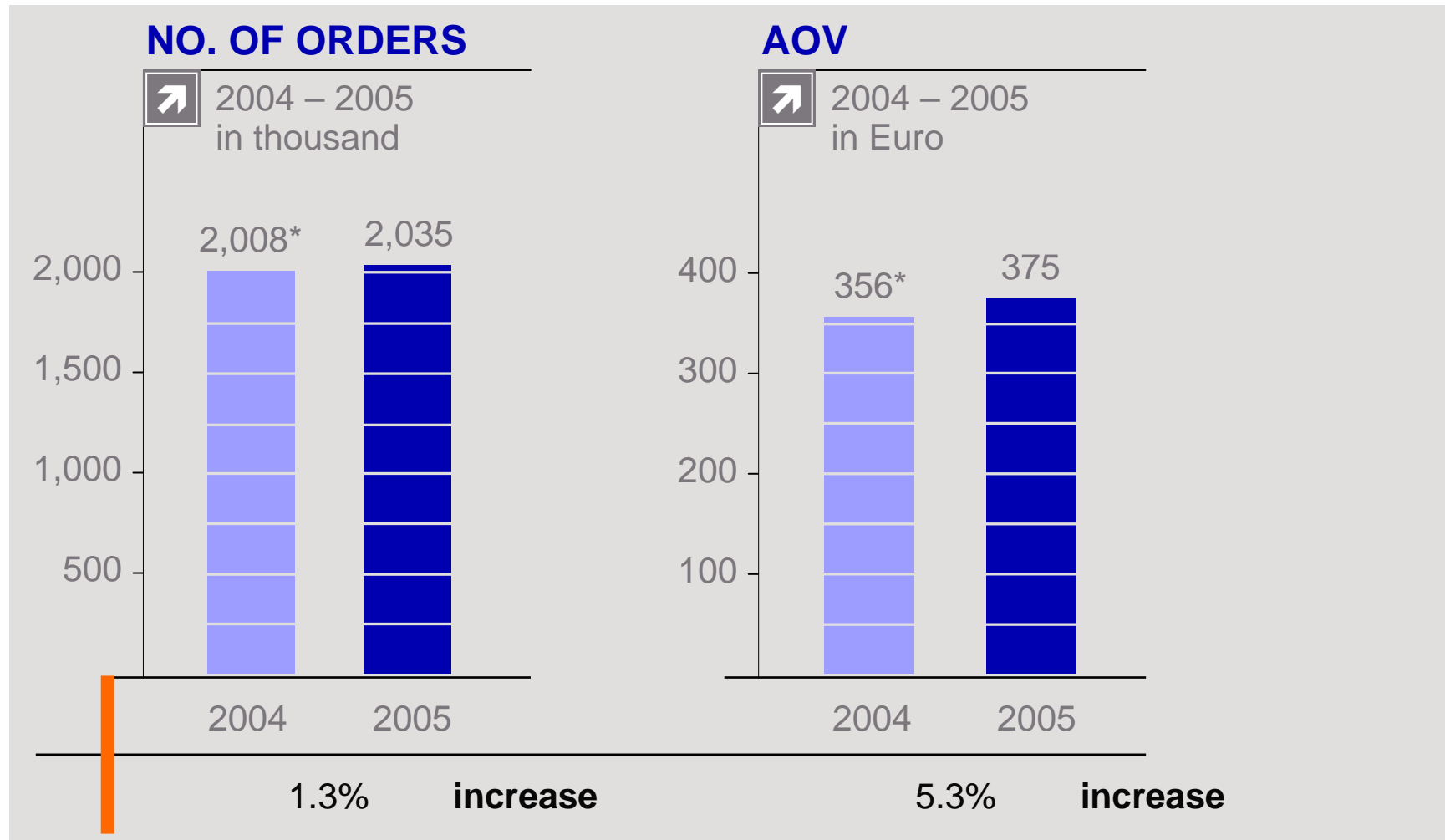
↗ in million Euro	31/12/2005			31/12/04
	actual	NBF	pro forma	actual
<b>total equity</b>	233.0	0.0	233.0	184.0
<b>borrowings</b>	162.2	76.5	238.7	186.3
<b>other liabilities</b>	104.7	3.6	108.3	87.5
<b>total equity and liabilities</b>	<b>499.9</b>	<b>80.1</b>	<b>580.0</b>	<b>457.8</b>
<b>total equity ratio</b>	46.6%	-	40.2%	40.2%
<b>gearing</b>	0.7	-	1.0	1.0

- identical financial structure as at year-end 2004
- Management and Supervisory Boards propose identical dividend for 2005

## Turnover: currency adjusted organic growth by 5.9 percent



## Turnover: increase due to higher number of orders and AOV

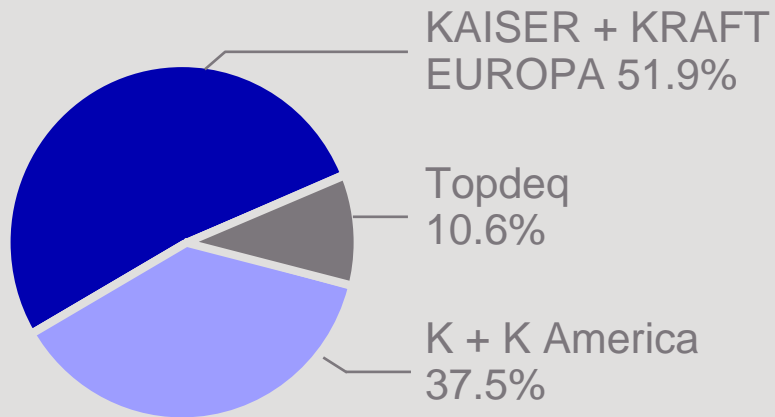


# Turnover: diversified portfolio

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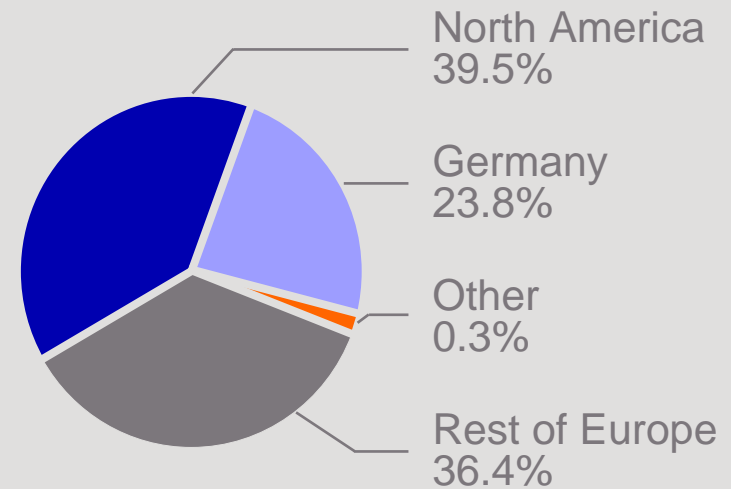
## TURNOVER by division

↗ 2005

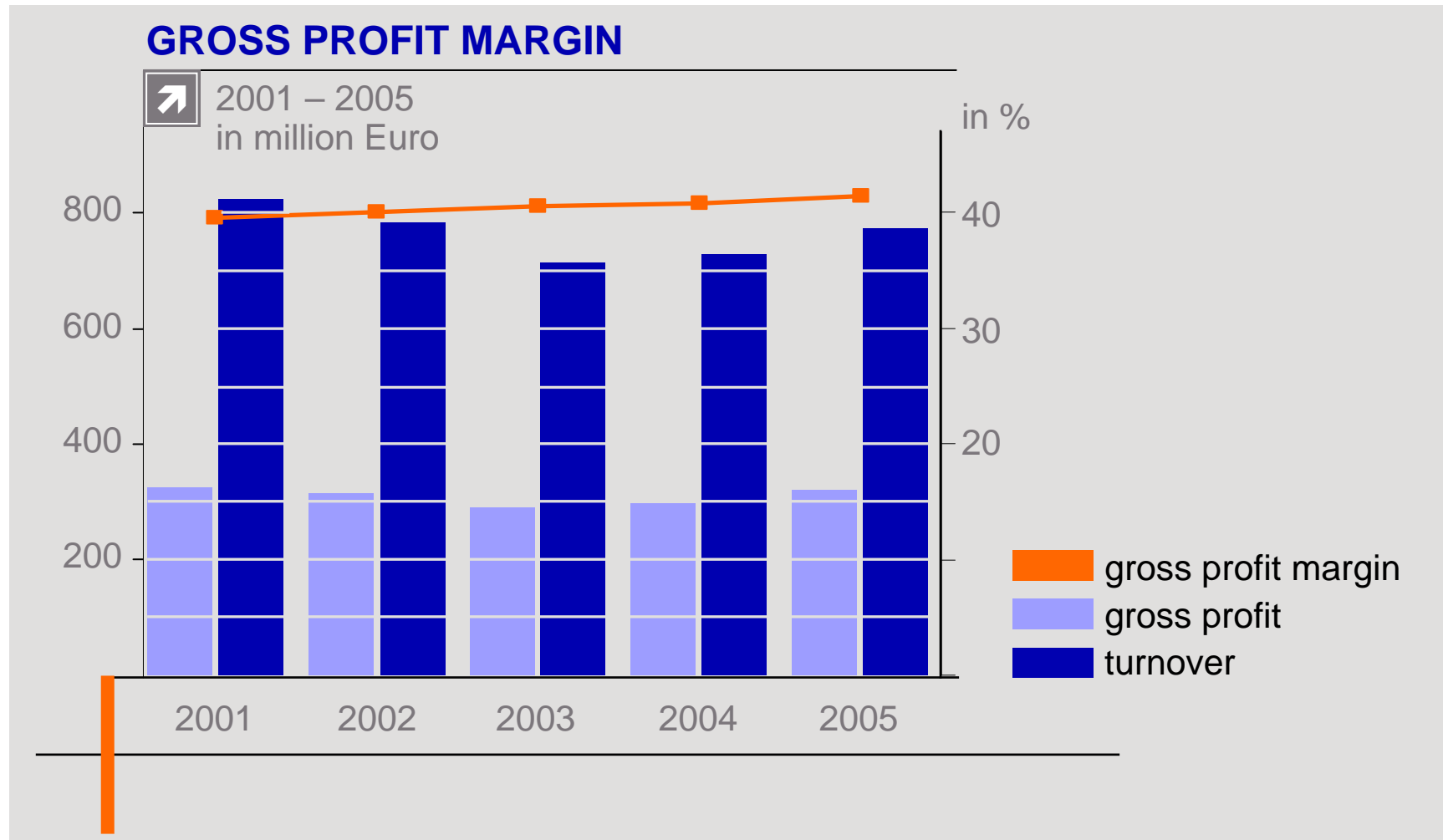


## TURNOVER by region

↗ 2005

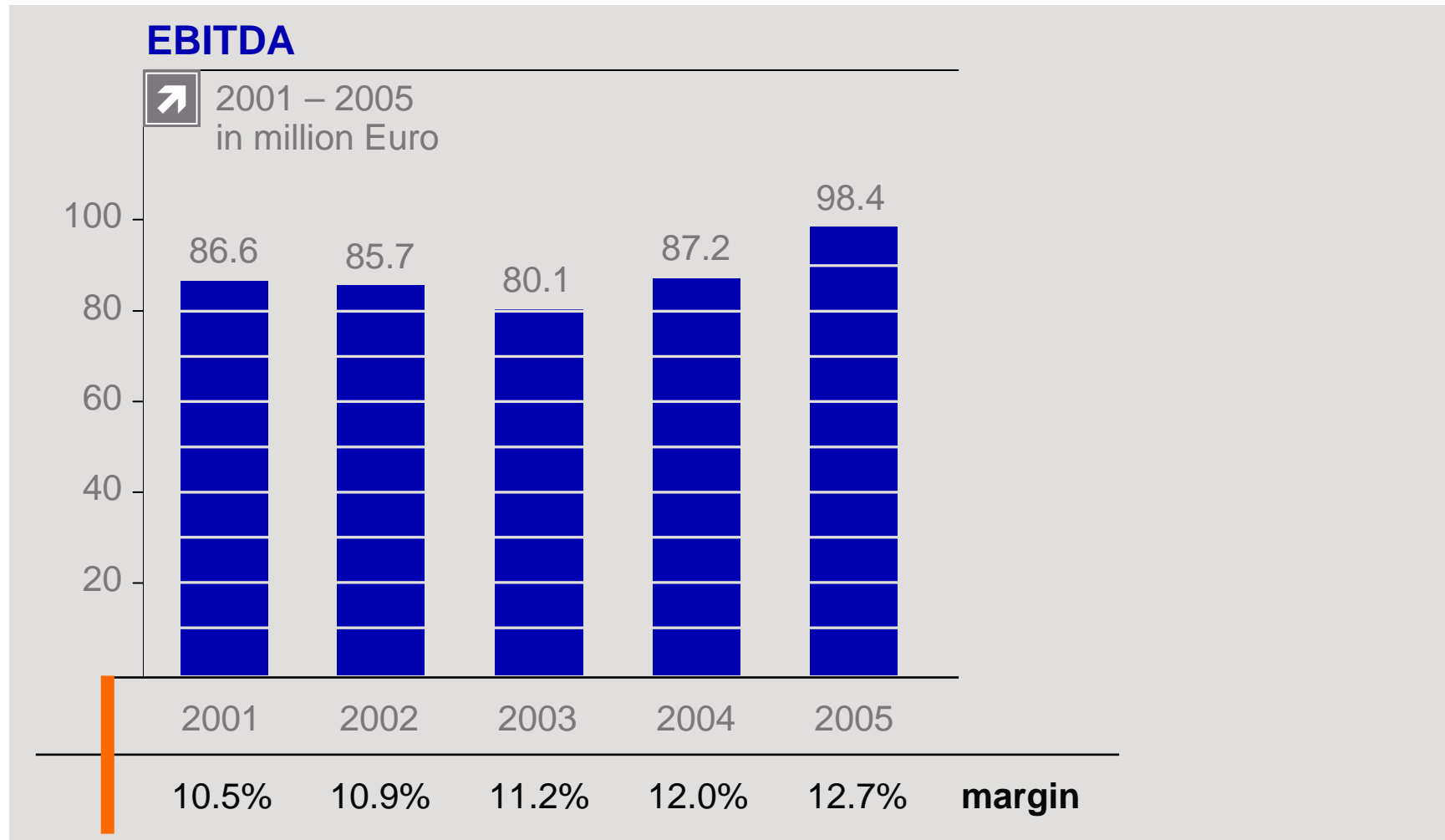


## Gross profit: increase of margin to 41.4 percent

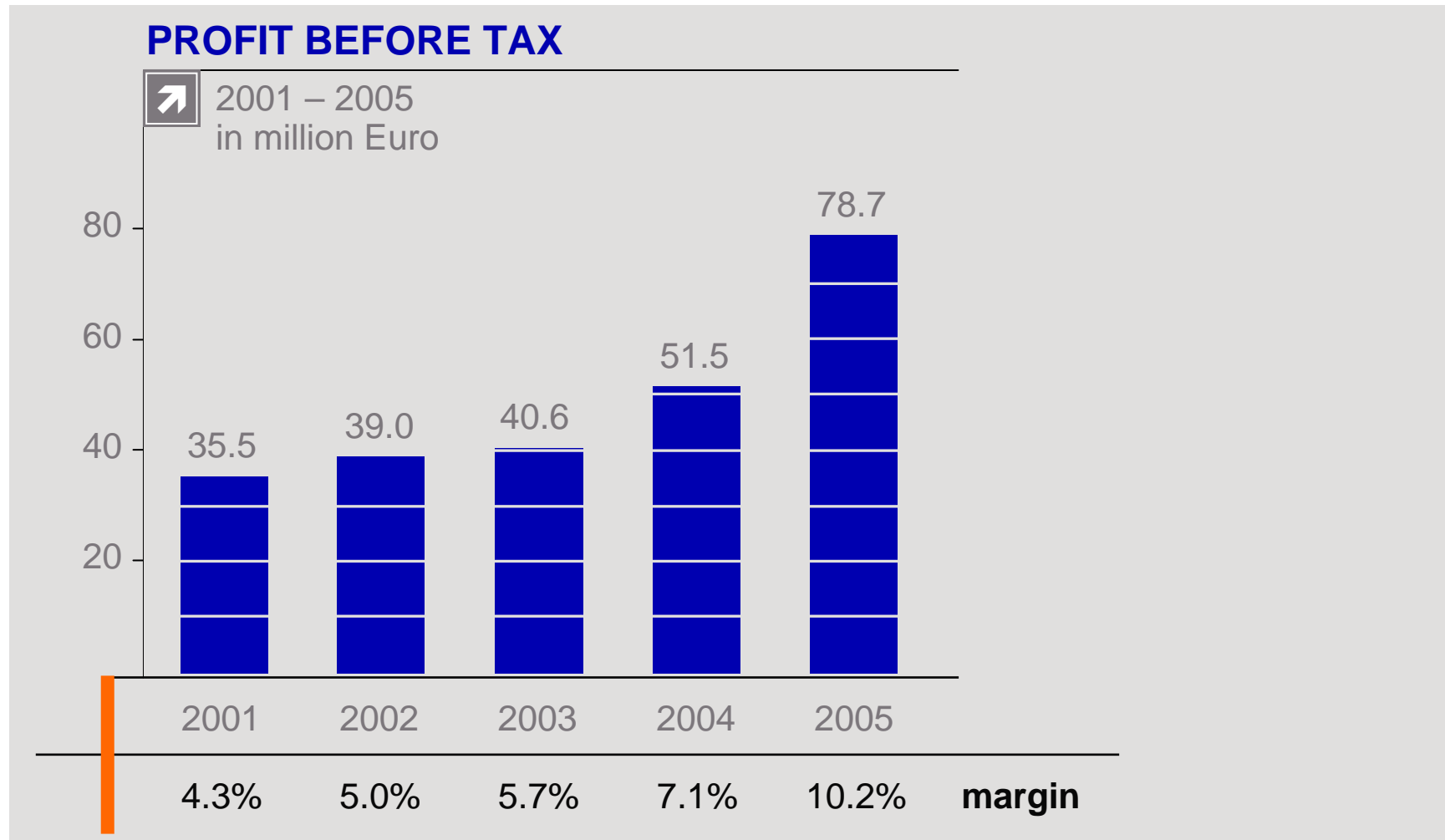


## EBITDA: increased margin despite new foundations

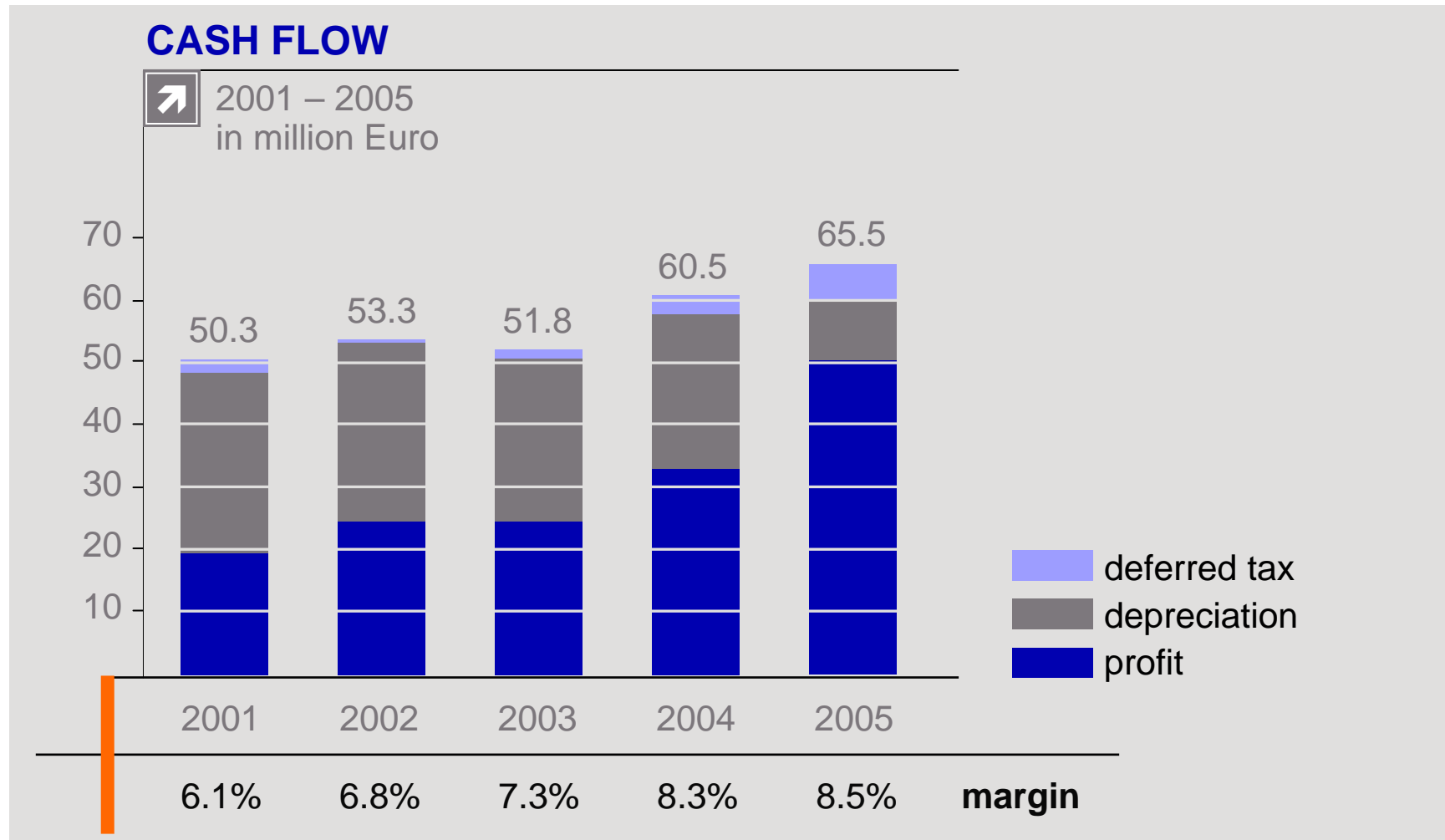
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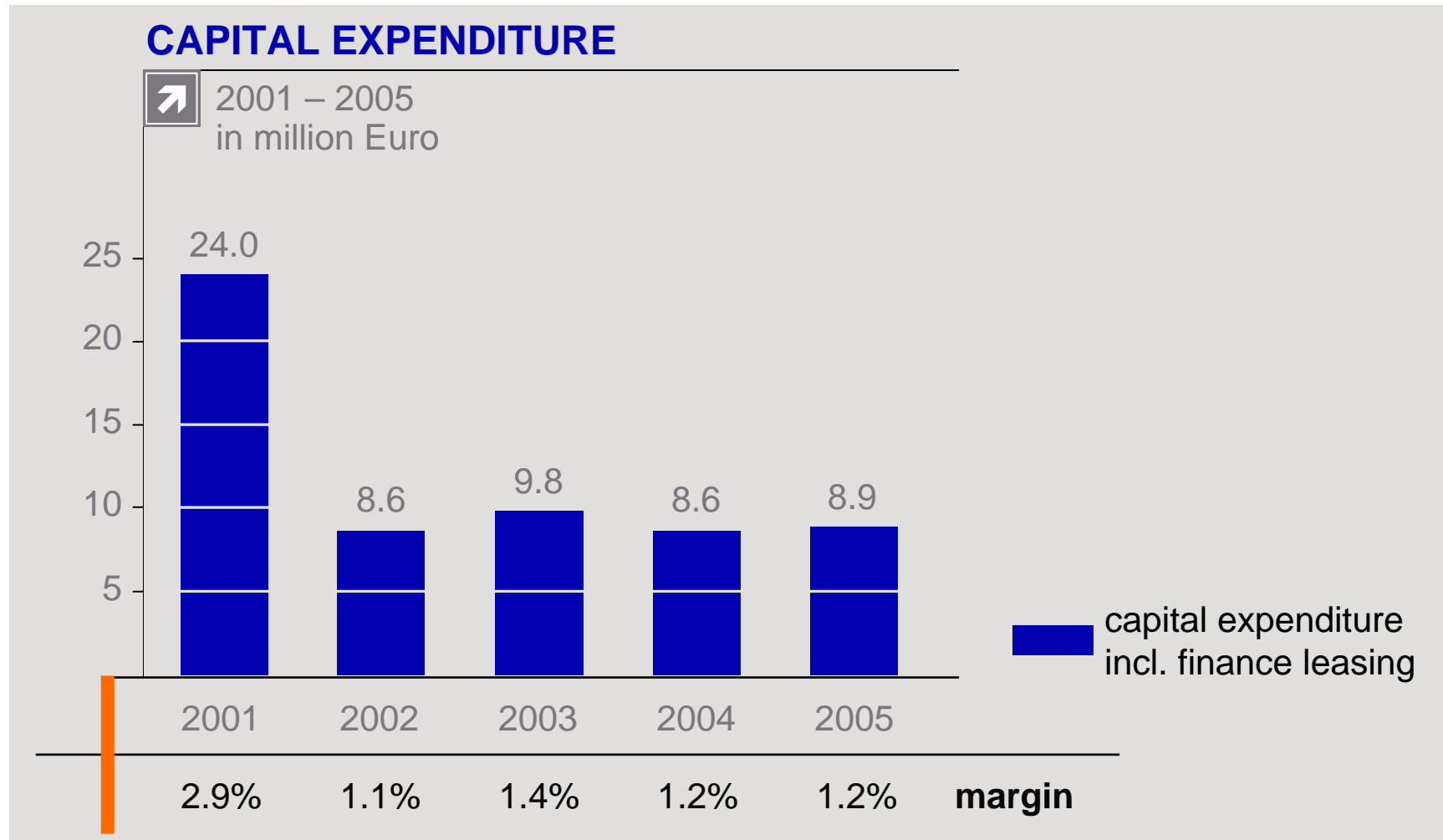
## Profit before tax: significant increase also due to IFRS 3



## Cash flow: high level proves profitability



## Capital expenditure: as planned slightly higher and within target range



## Balance sheet: organic growth and currency effects extend total assets

### ASSETS

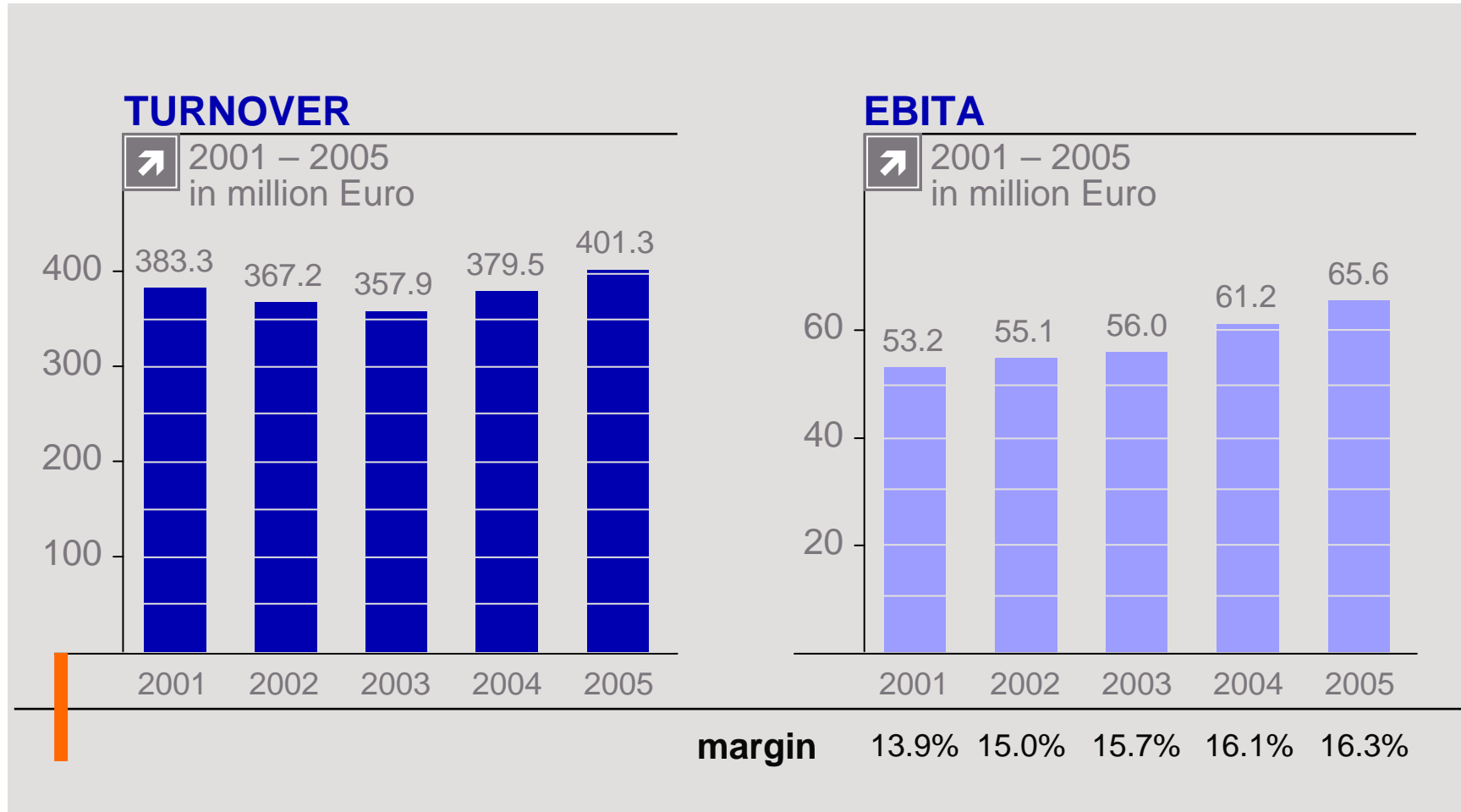
↗ in million Euro	on 31/12/05	%	on 31/12/04	%
<b>non-current assets</b>				
property, plant and equipment	68.0	13.6	68.0	14.8
goodwill	227.5	45.5	211.4	46.2
other intangible assets	9.3	1.9	6.3	1.4
other	0.4	0.1	0.4	0.1
deferred tax	5.1	1.0	5.1	1.1
<b>current assets</b>				
inventories	66.0	13.2	56.7	12.4
trade receivables	95.9	19.2	82.8	18.1
other	27.7	5.5	27.1	5.9
	<b>499.9</b>	<b>100.0</b>	<b>457.8</b>	<b>100.0</b>

## Balance sheet: strengthened equity ratio\* of 46.1 percent

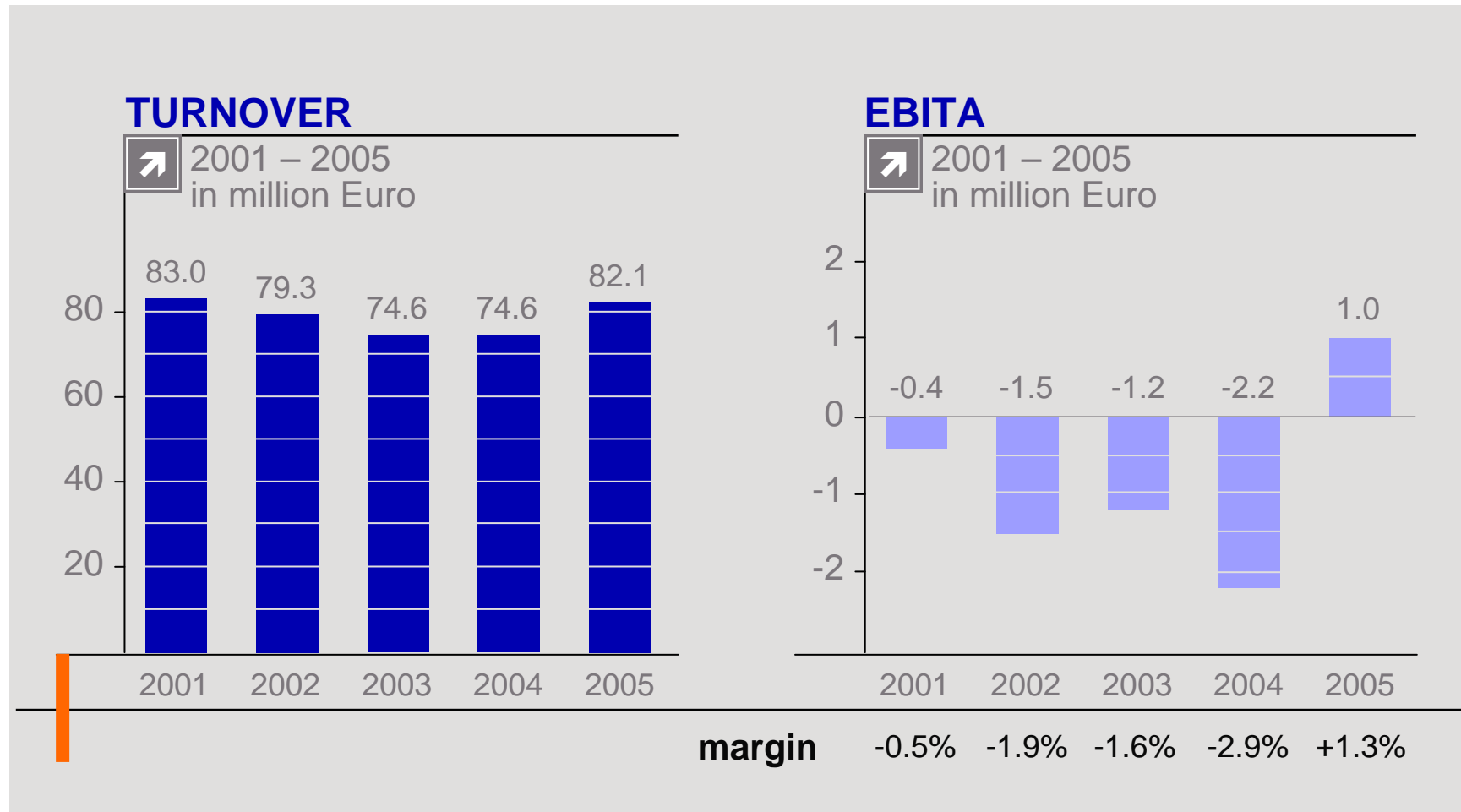
### EQUITY AND LIABILITIES

↗ in million Euro	on 31/12/05	%	on 31/12/04	%
<b>total equity</b>				
shareholders' equity	230.6	46.1	181.0	39.6
minority interest	2.4	0.5	3.0	0.6
<b>pension provisions</b>	9.9	2.0	9.3	2.0
<b>other provisions</b>	12.9	2.6	10.6	2.3
<b>borrowings</b>	162.2	32.5	186.3	40.7
<b>trade payables</b>	28.2	5.6	26.4	5.8
<b>other liabilities</b>	53.7	10.7	41.2	9.0
	<b>499.9</b>	<b>100.0</b>	<b>457.8</b>	<b>100.0</b>

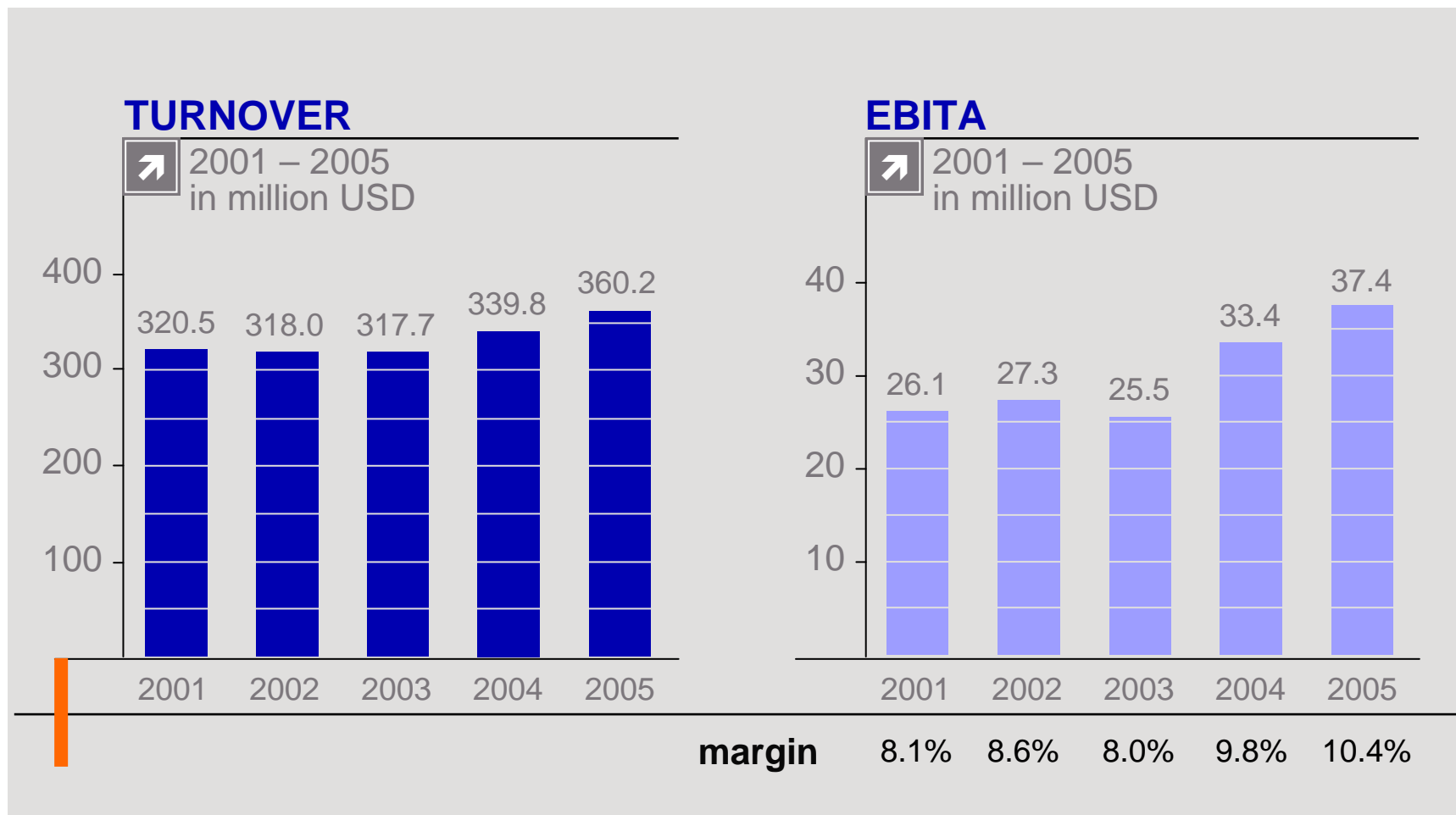
# KAISER + KRAFT EUROPA: main contributor to turnover, high profitability



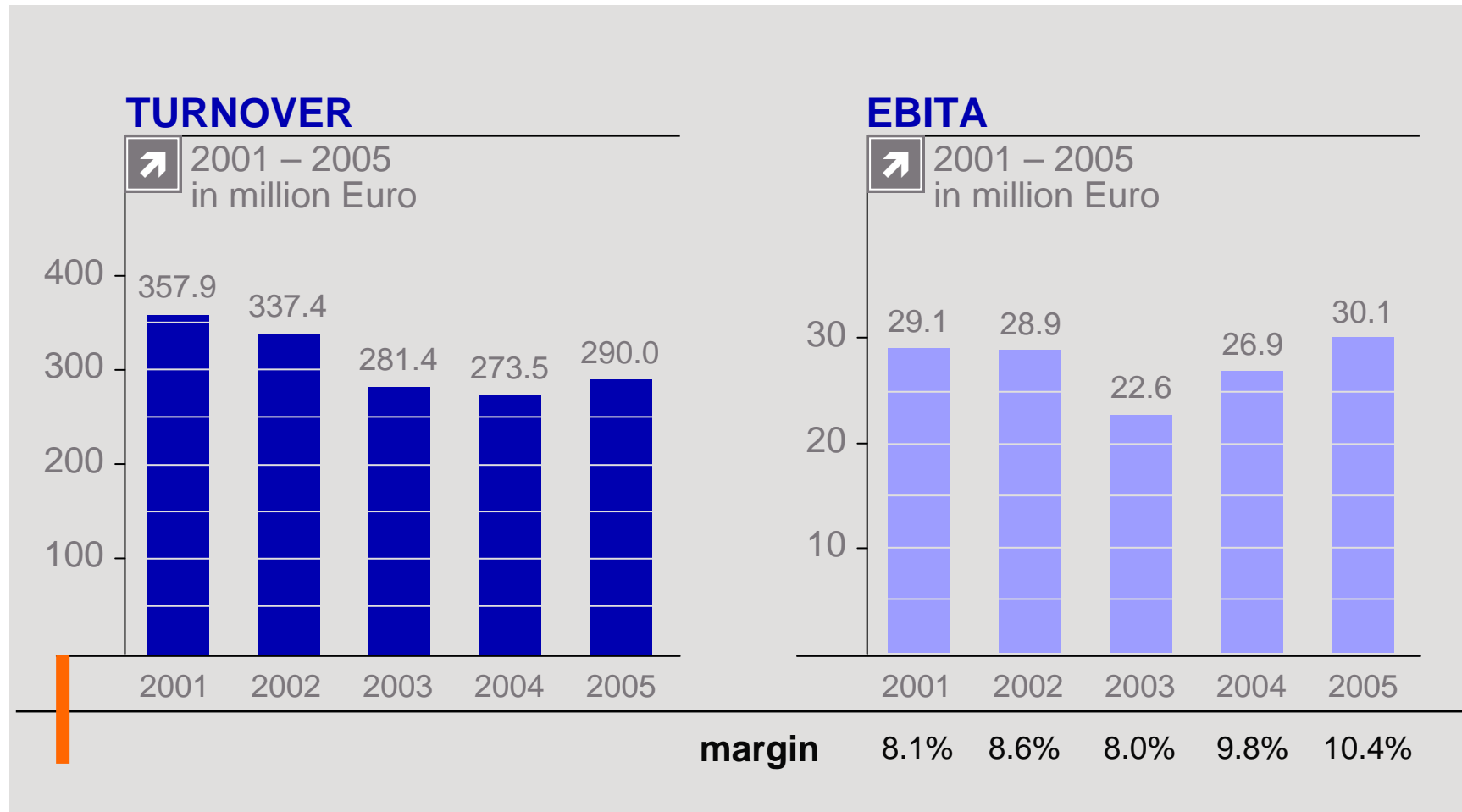
# Topdeq: successful redirection brings turnaround with double-digit growth



## K + K America in USD: sound increase in turnover and profitability




## K + K America: hardly any currency effects




## Key figures

## P&L

 in million Euro	2001	2002	2003	2004	2005
turnover	824.1	783.7	713.9	727.6	773.2
EBITDA	86.6	85.7	80.1	87.2	98.4
EBITA	76.4	75.1	70.3	78.2	88.9
EBIT	57.7	57.0	53.9	62.5	88.9
profit before tax	35.5	39.0	40.6	51.5	78.7
profit	19.4	24.5	24.4	33.0	50.4
cash flow	50.3	53.3	51.8	60.5	65.5
free cash flow	26.3	44.7	42.0	51.9	56.6
EPS (in EUR)	0.26	0.33	0.33	0.44	0.68
CEPS / CFPS (in EUR)	0.69	0.73	0.71	0.83	0.90
dividend rate (in %)	39.0	30.7	30.8	33.8	22.0


## Key figures

## balance sheet / covenants

 in million Euro / other	2001	2002	2003	2004	2005
Ø net borrowings	-363.3	-321.7	-260.4	-211.8	-170.2
net borrowings (ye)	-353.0	-285.7	-234.3	-182.3	-156.5
CAPEX	24.0	8.6	9.8	8.6	8.9
change in working capital	-13.6	-0.3	7.8	2.8	11.5
gearing	2.4	1.9	1.5	1.0	0.7
interest cover	3.4	4.2	5.3	7.2	8.6
debt repayment period (y)	7.2	6.0	5.0	3.5	2.6
equity ratio in % *	24.8	27.7	32.8	39.6	46.1

## Key figures

## personnel

 in thousand Euro / other	2001	2002	2003	2004	2005
employees (full-time Ø)	1,973	1,932	1,888	1,851	1,848
turnover per employee	418	406	378	393	418
personnel costs per empl.	50.8	52.3	50.3	51.7	53.3
cash flow per employee	25.5	27.6	27.5	32.7	35.5
employees (f.-time at 31/12)	1,964	1,914	1,860	1,840	1,868

## Financial calendar 2006

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- 16/01/2006 Cheuvreux German Corporate Conference
- 16/02/2006 preliminary results 2005
- 23/03/2006 financial statements press conference + DVFA analyst presentation
- March/April road shows Edinburgh, London, Paris
- 04/05/2006 interim report for the first quarter 2006
- 31/05/2006 annual general meeting, Ludwigsburg
- 01/06/2006 Deutsche Bank German Corporate Conference
- **06/06/2006 DrKW German MidCap Investor Day**
- 03/08/2006 interim report for the first half year 2006
- 02/11/2006 interim report for the first nine months 2006
- November autumn road shows
- 27/11/2006 Deutsche Börse German Equity Forum

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