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# TAKKT AG

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BUSINESS EQUIPMENT SOLUTIONS

**Road Show Presentation**

**November 2005**

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# Contents

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- business model

- new acquisition

- financial statements and forecast

- our strategy – that's why invest in TAKKT

- appendix

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# TAKKT AG

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**business model**

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## TAKKT: business overview

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### business activity

- sales channel: B2B mail order
- products: durables/specialties

### geographic balance

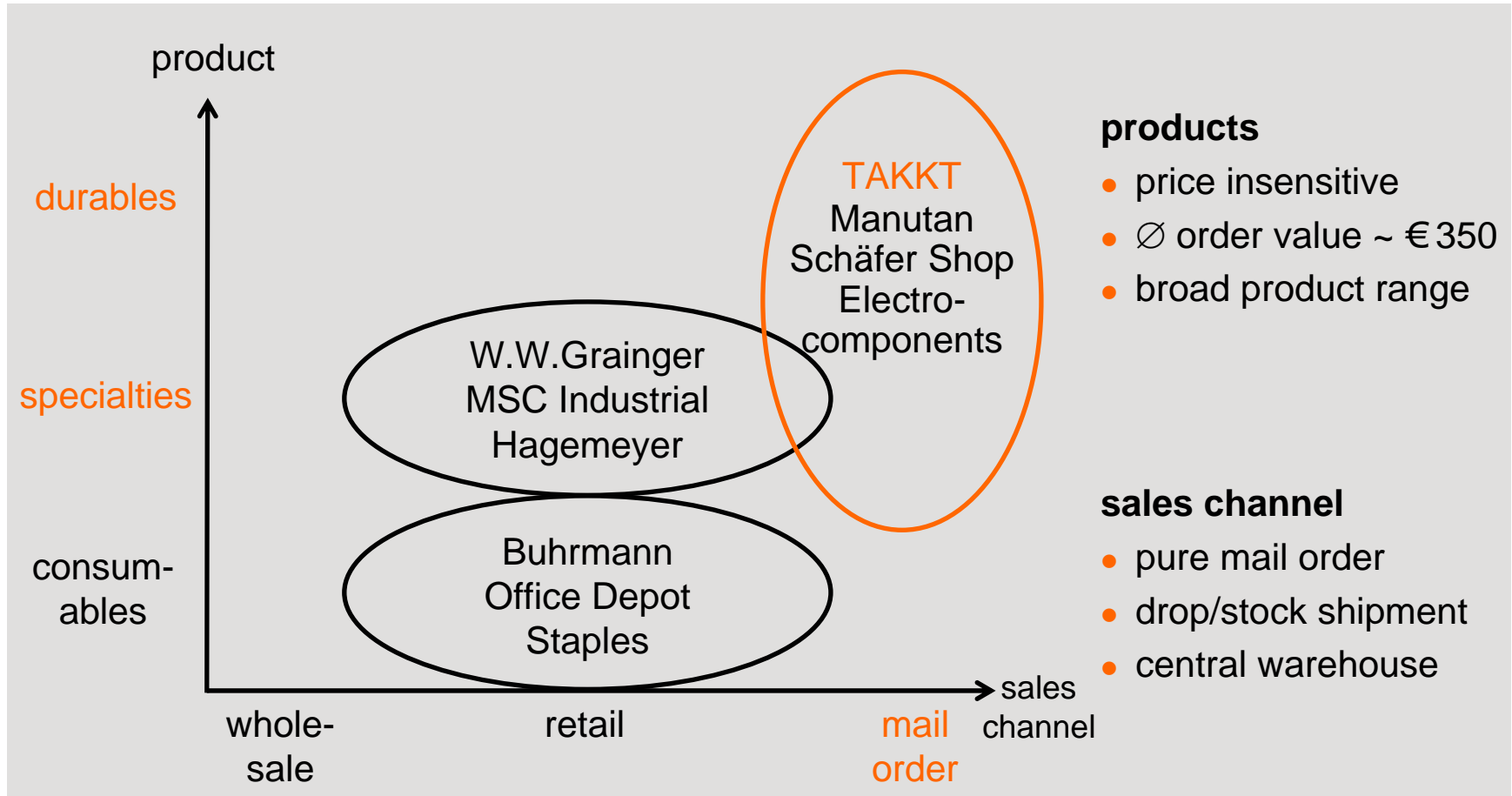
- regional diversification: more than 20 countries
- turnover by region: ~ 60% Europe/  
~ 40% North America

### key facts 2005e

- sales (estimate): € 757m
- number of customers: 2.6m
- advertising media sent out per year: > 50m
- number of employees (fte): ~ 1,900

# TAKKT: market overview and business model

Focus on durables and specialties via mail order

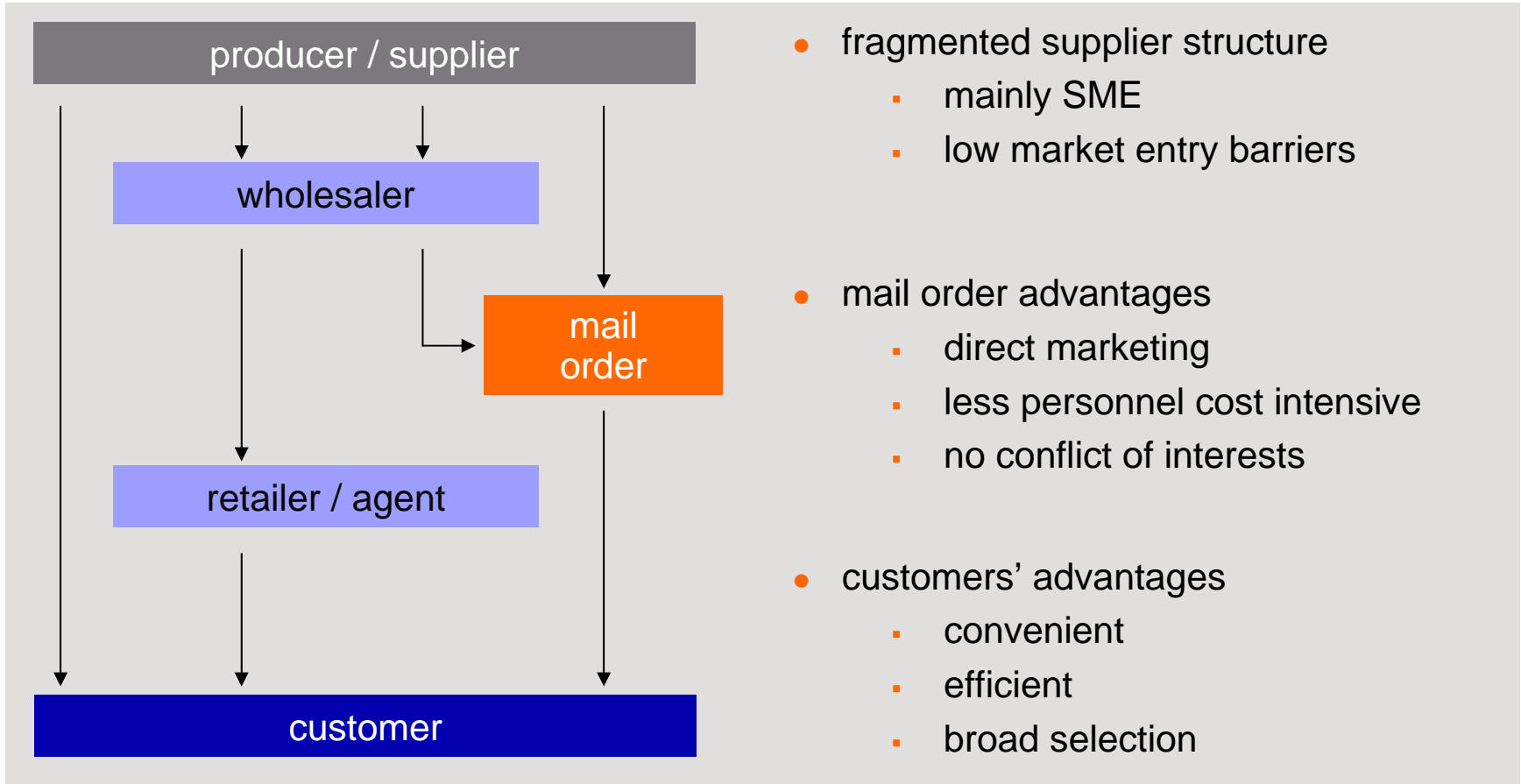


→ system business with stable gross profit margin

## Sales channel: B2B mail order

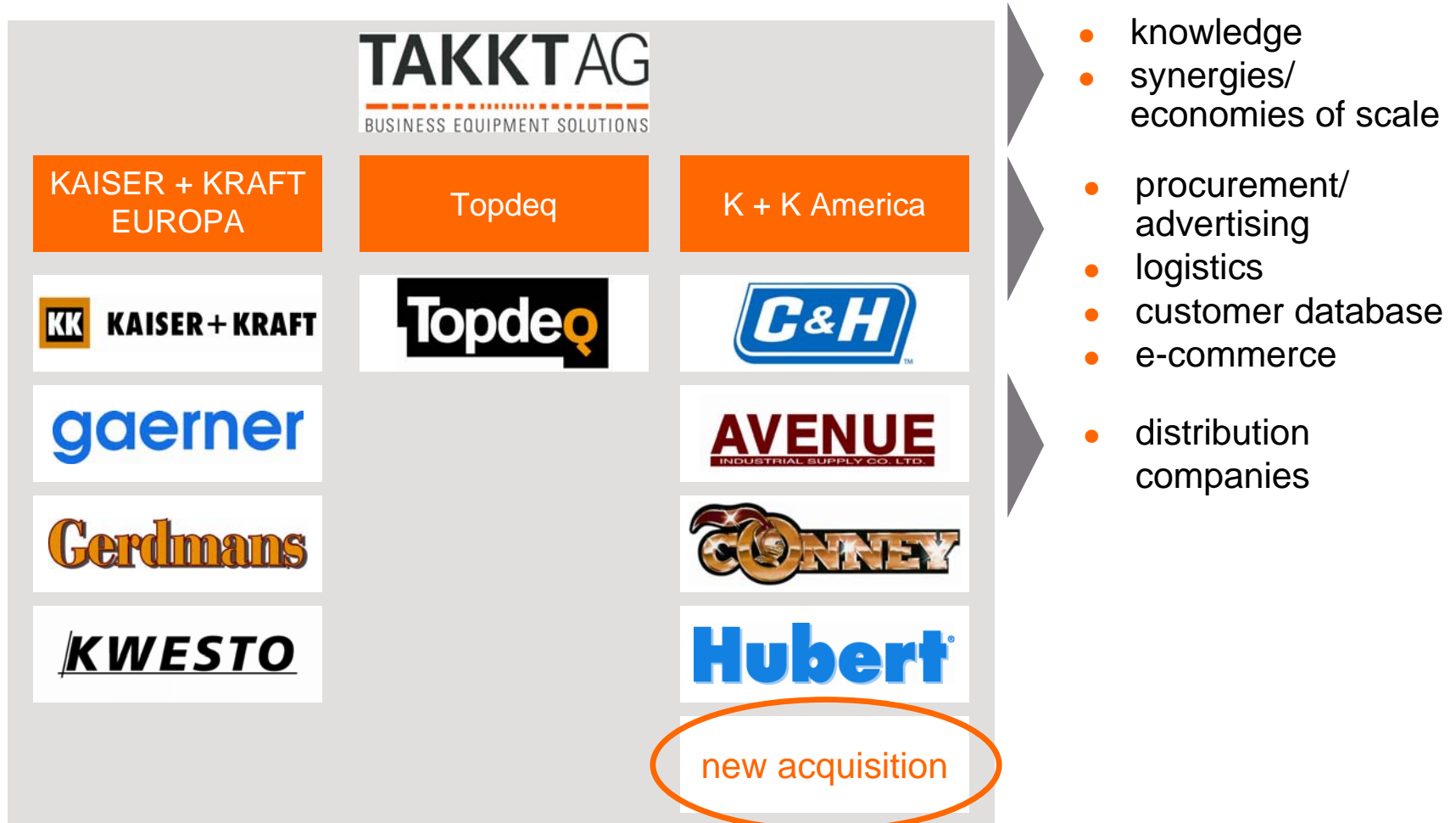
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The most efficient way to distribute equipment



➔ and is therefore winning market shares

# The TAKKT group: centralised management and market proximity



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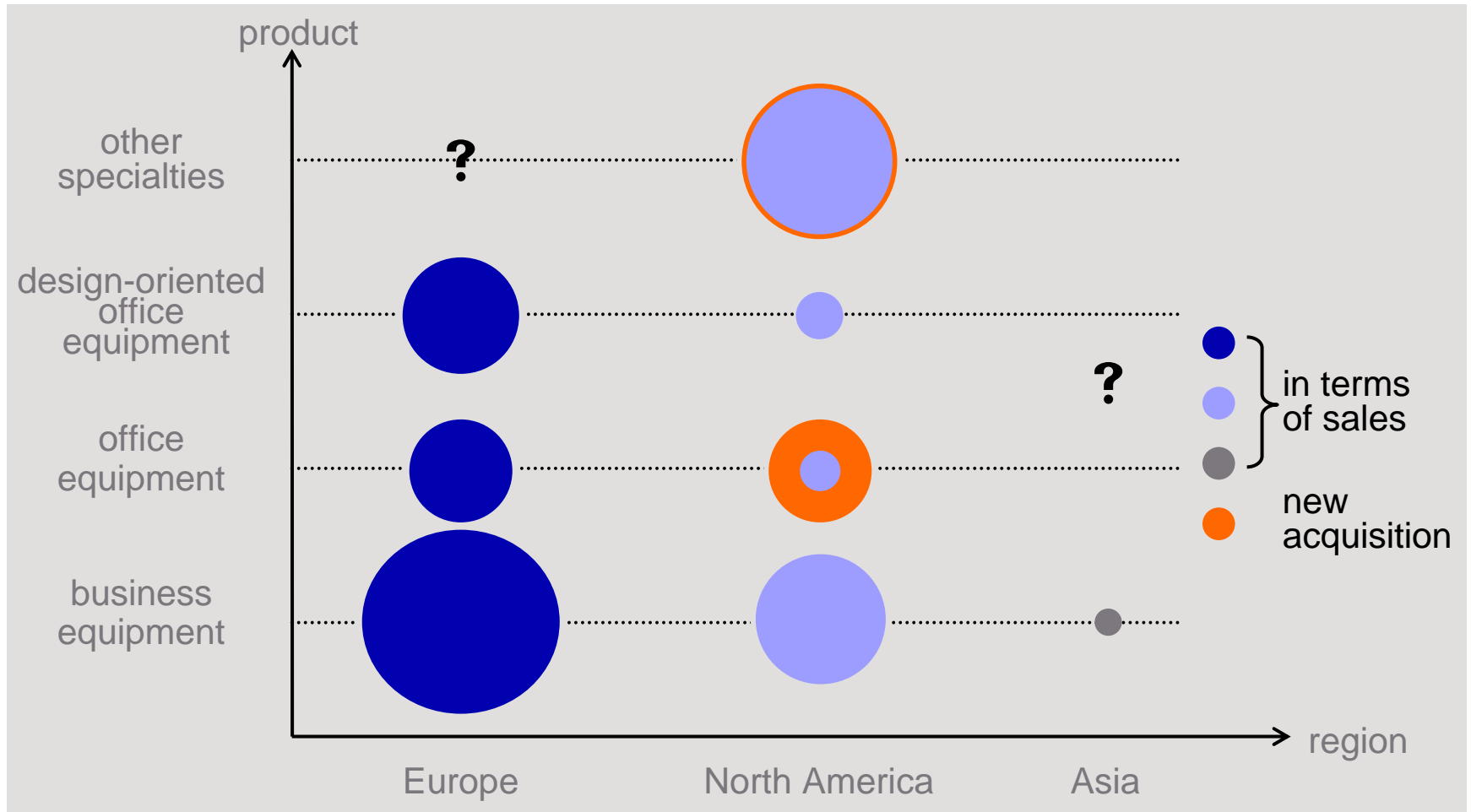
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**new acquisition**

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# Portfolio – logical development with new acquisition



→ new acquisition balances TAKKT-portfolio

## New acquisition: business overview

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### business activity

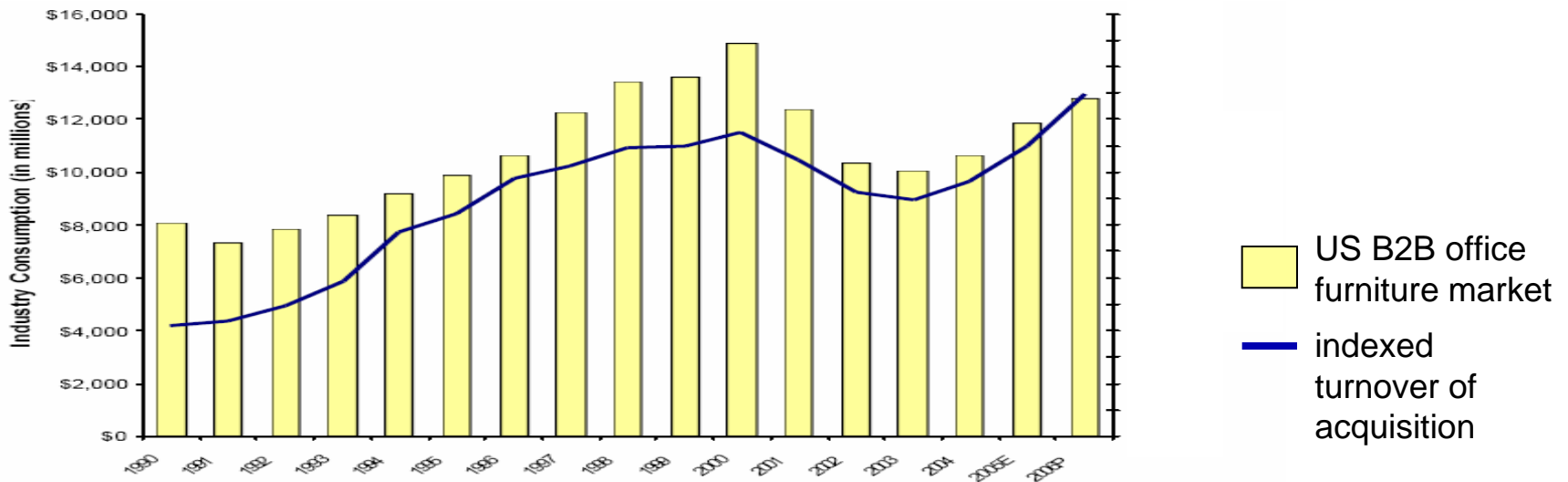
- B2B mail order market leader for office equipment in the USA

### key facts

- sales: > USD 100m
- number of employees (fte): ~ 120
- portfolio: 5 brands
- purchase price: USD 80 – 100m

# US office furniture market

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



## Why this acquisition?

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- this acquisition fits to TAKKT business model
  - B2B mail order
  - duplicable to other countries
  - fragmented customer and supplier structure
  - price insensitive durables
- this acquisition strengthens strategic position of TAKKT
  - international diversification
  - less dependent on manufacturing sector
  - extension of customer base in service sector which shows above average growth
  - synergy effects particularly in purchase (services in transport, telecommunication and printing, some suppliers)

## Long experience in integration

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- 1967 acquisition Vink Lisse (NL)
- 1973 acquisition Frankel (F)
- 1987 acquisition Gaerner (D, A, CH, NL)
- 1988 acquisition C&H (USA)
- 1994 acquisition Topdeq (D) / Avenue (CAN)
- 1996 acquisition Powell (GB)
- 1998 acquisition Conney Safety (USA) / Gerdmans (S, DK, N, FIN)
- 2000 acquisition Hubert (USA)

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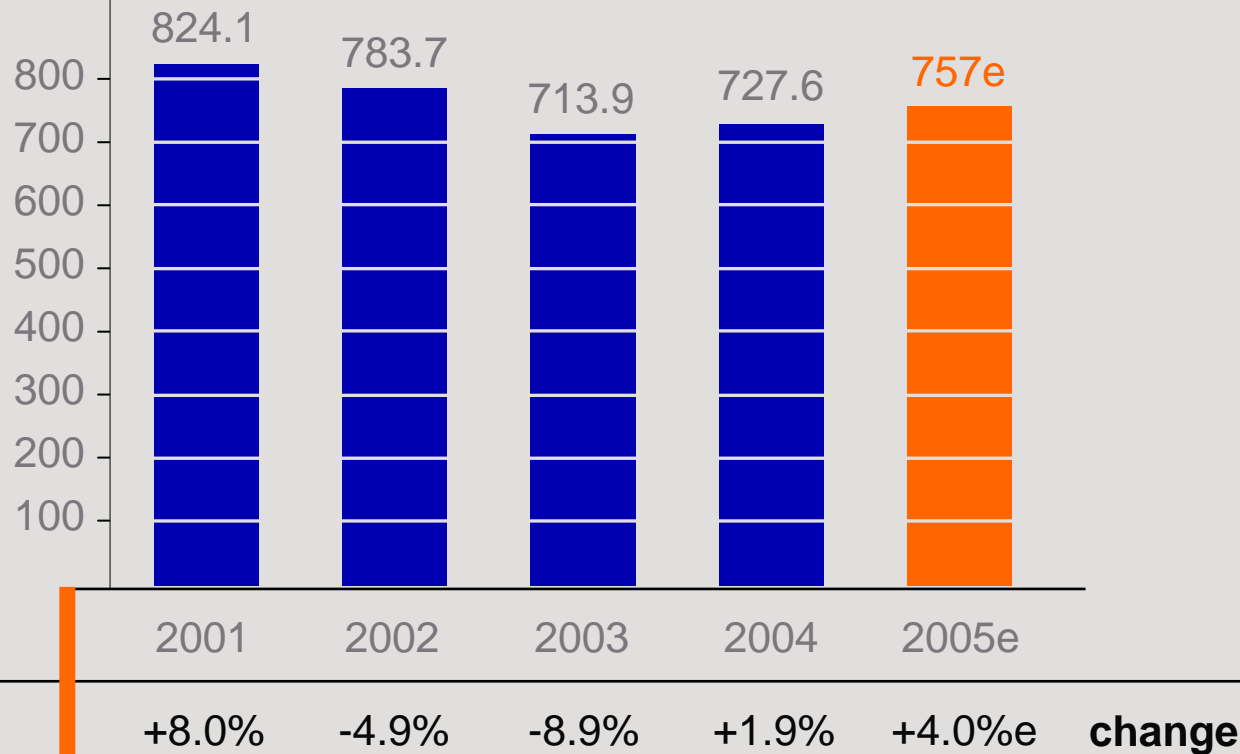
**financial statements and  
forecast**

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# Turnover TAKKT group: currency adjusted growth by at least 4% expected

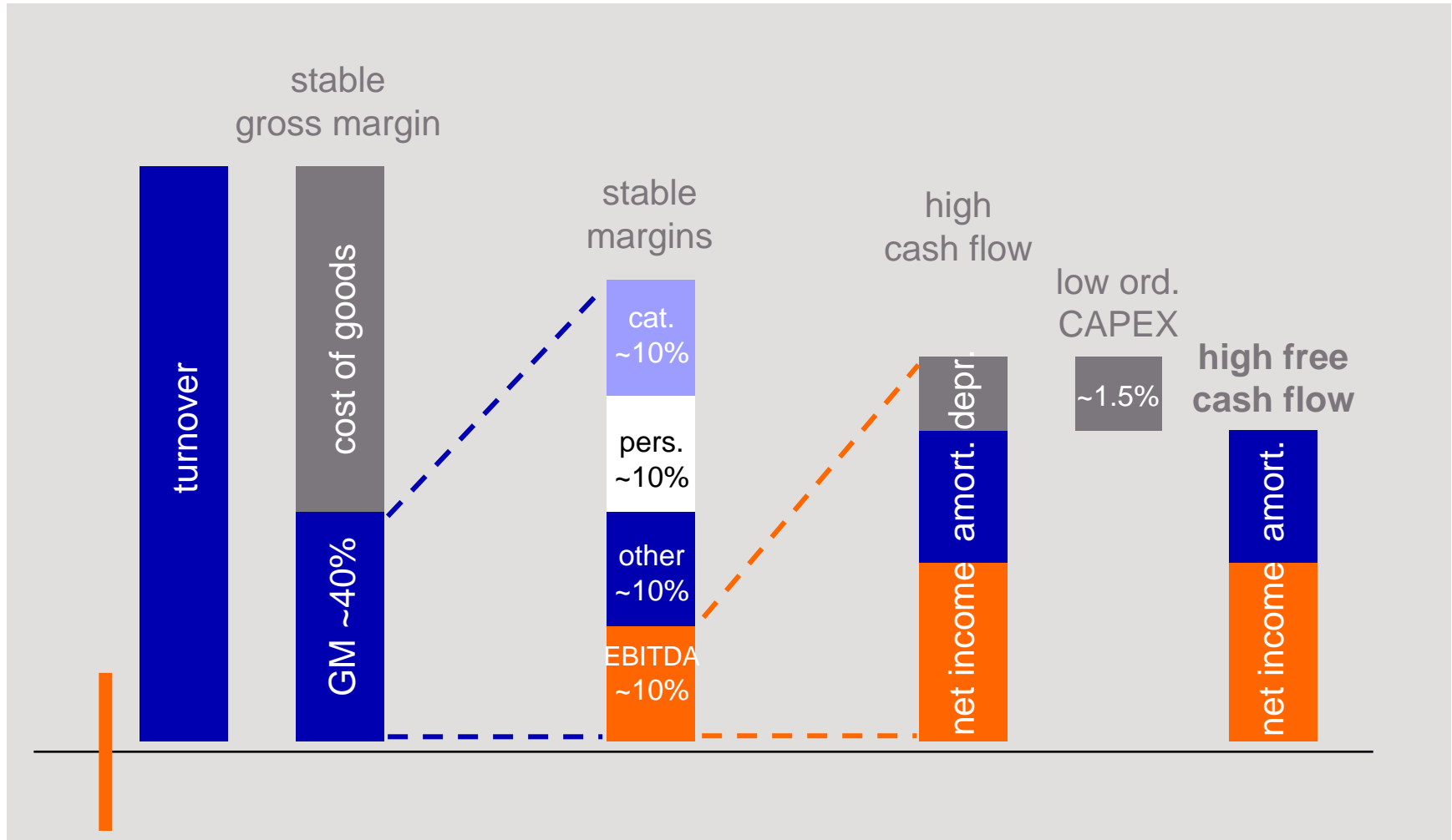
## TURNOVER TAKKT GROUP

2001 – 2005e  
in million Euro

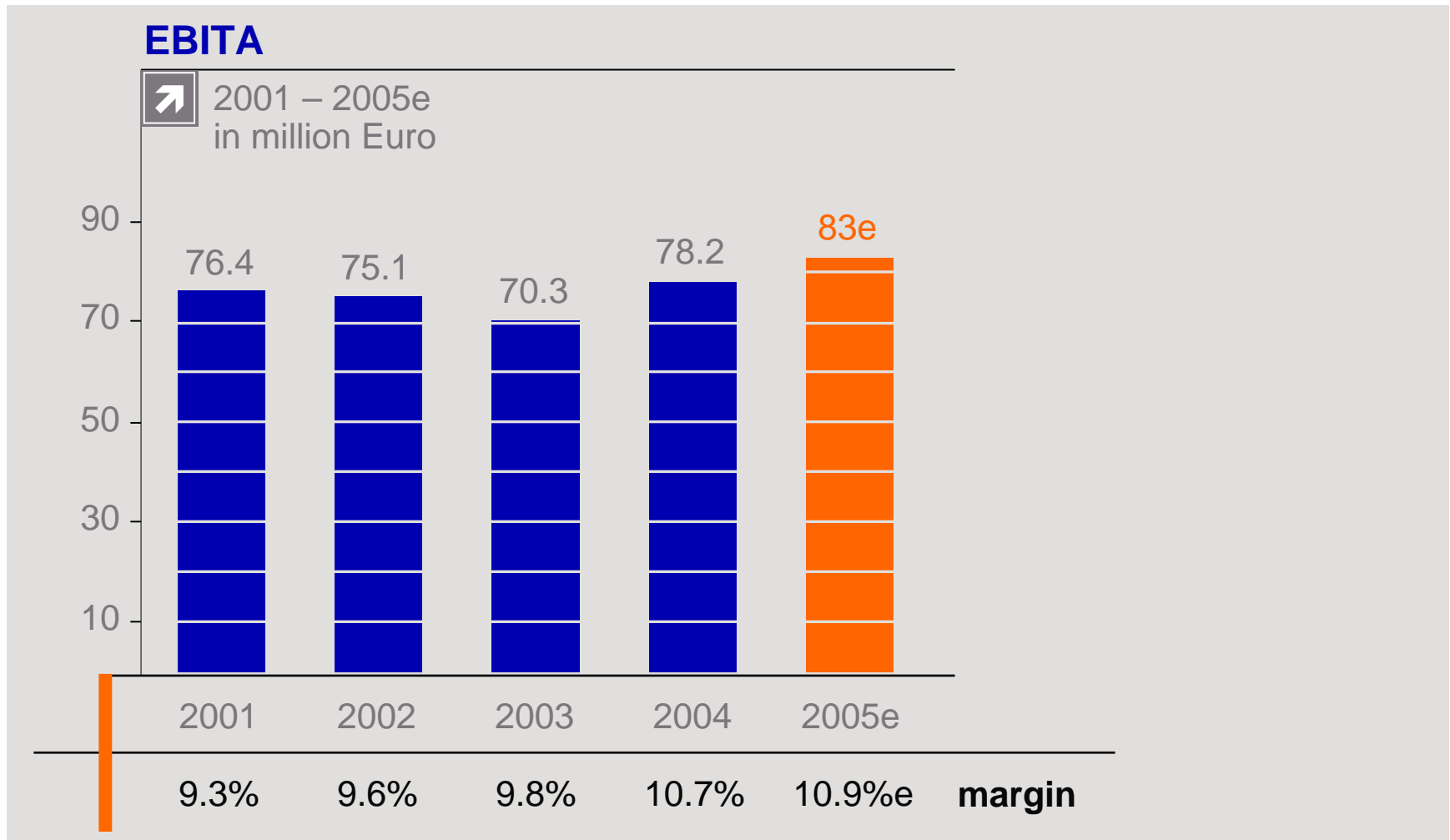


# Cost structures: stable on average

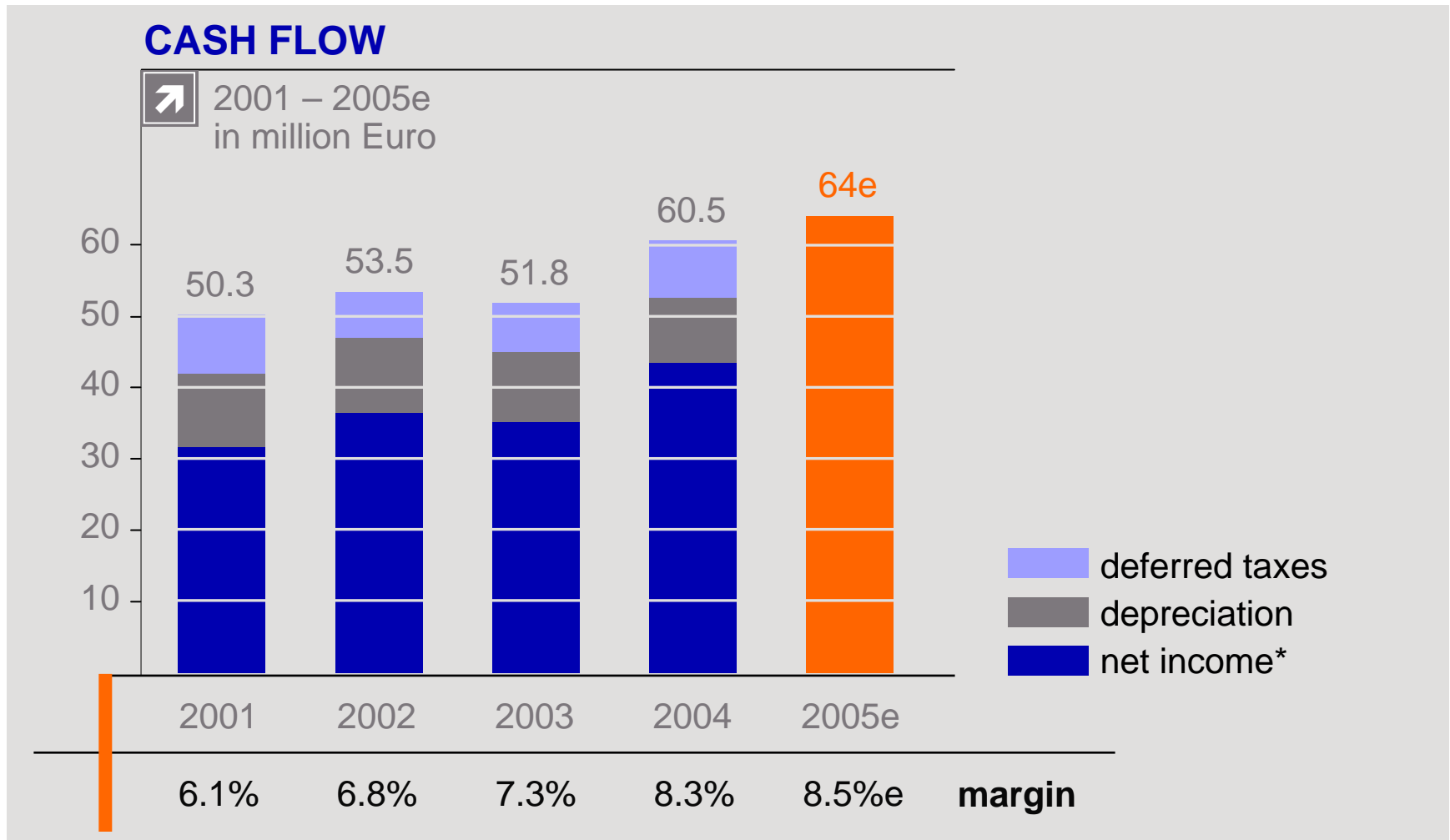
Business model generates high free cash flow



## EBITA: margin at upper end of target corridor of 9 to 11 percent



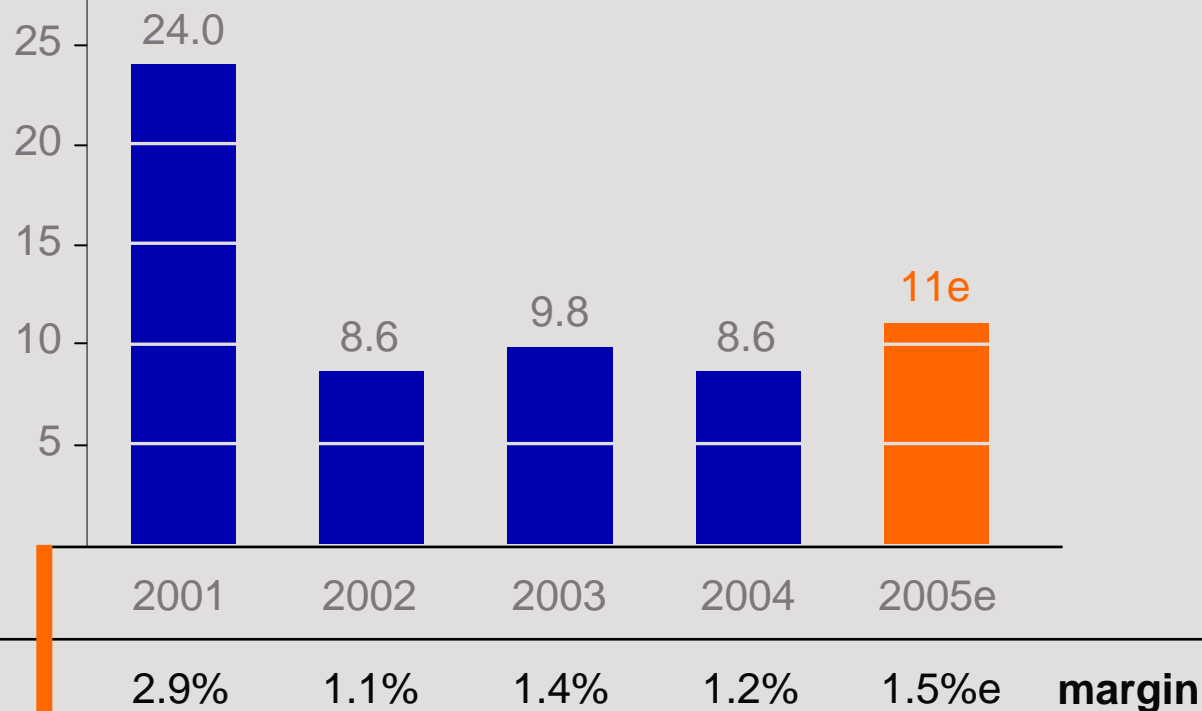
# Cash flow: high level proves profitability



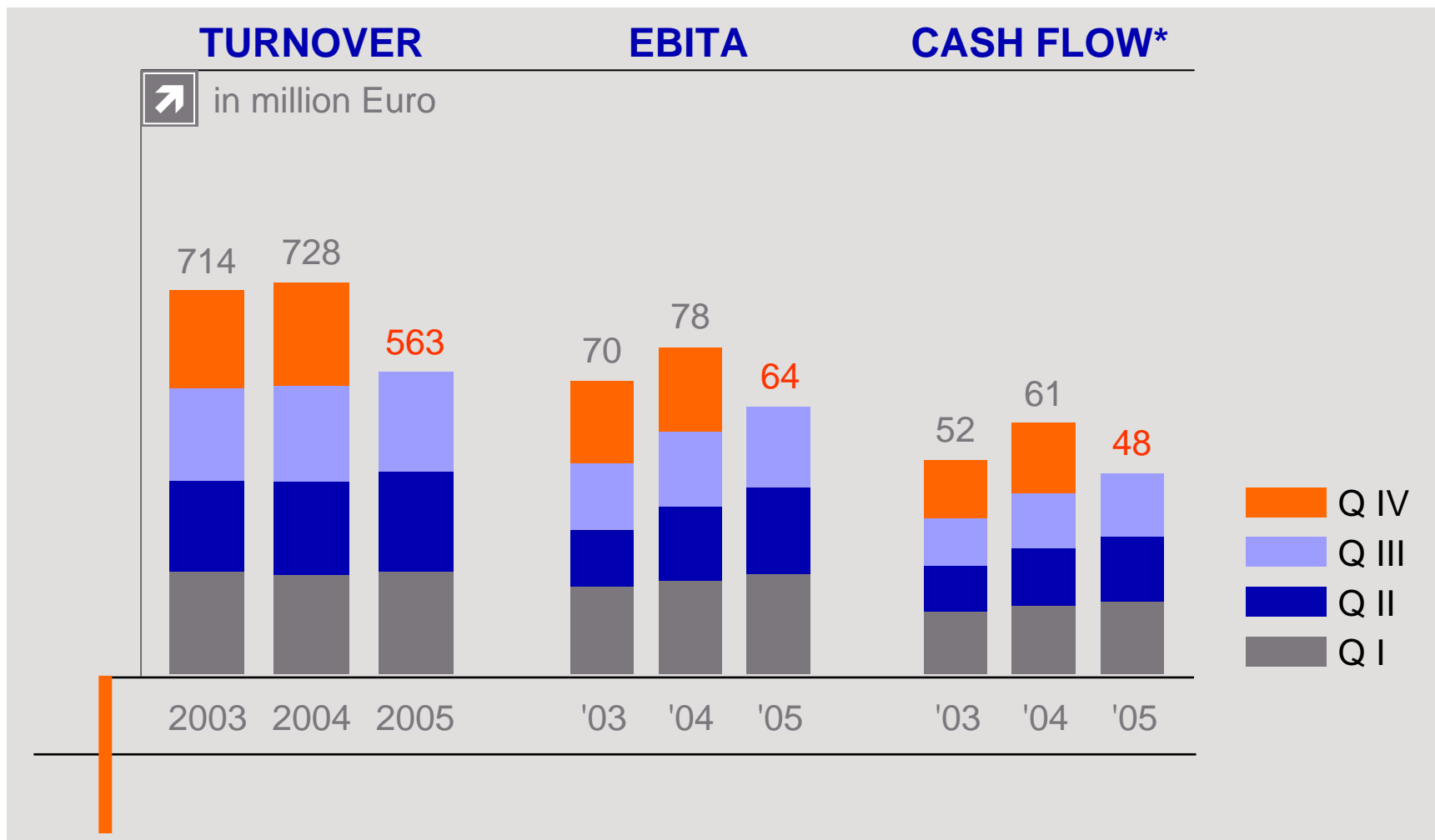
# Capital expenditure: at normal level

## CAPITAL EXPENDITURE

2001 – 2005e  
in million Euro



# Key figures: quarterly development

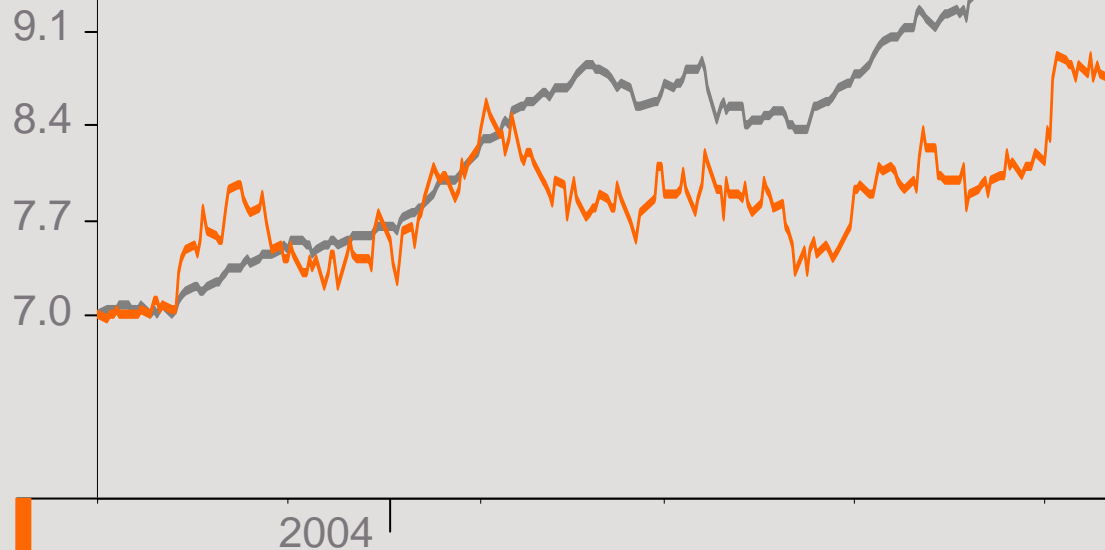


# TAKKT share: further growth potential

## SHARE PRICE DEVELOPMENT



in Euro  
52 week comparison



- Prime Standard since 01/01/2003
- 72.9 million shares
- market capitalisation: ~ Euro 660m
- shareholder structure:
  - free float: 27.3%
  - Franz Haniel & Cie. GmbH: 72.7%
- TAKKT share
- SDAX (indexed)

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# TAKKT AG

  
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**our strategy –  
that's why invest in TAKKT**

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# Winning new customers

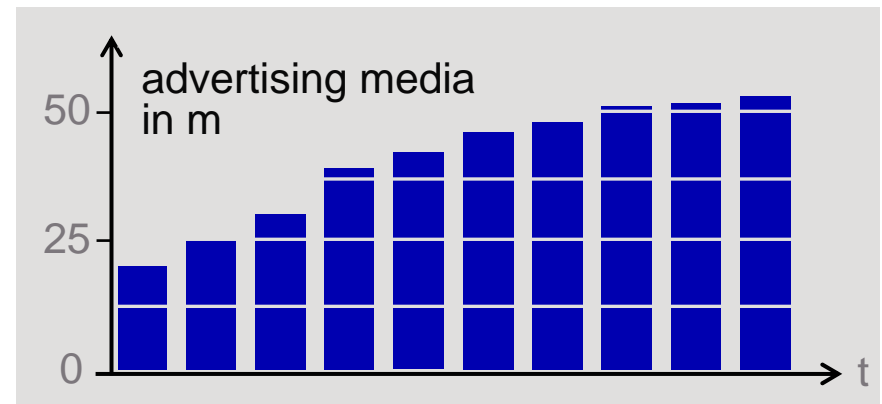
## 1. acquisitions (platform)

▪ Topdeq	1994
▪ Gerdmans / Conney	1998
▪ Hubert	2000
▪ office equipment	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)

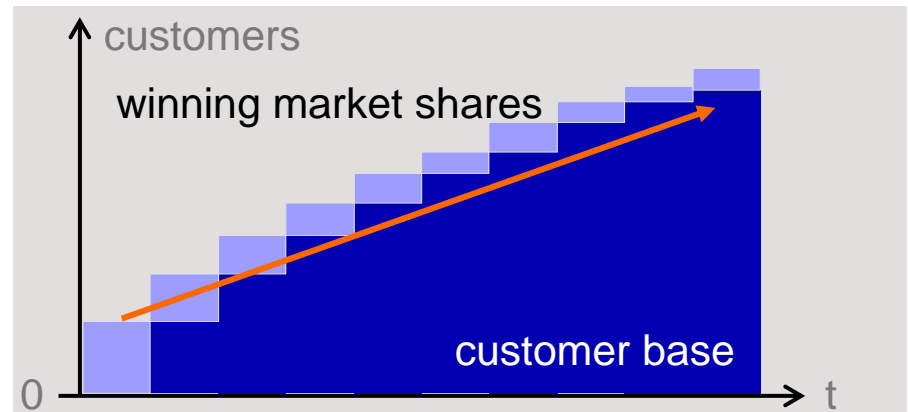
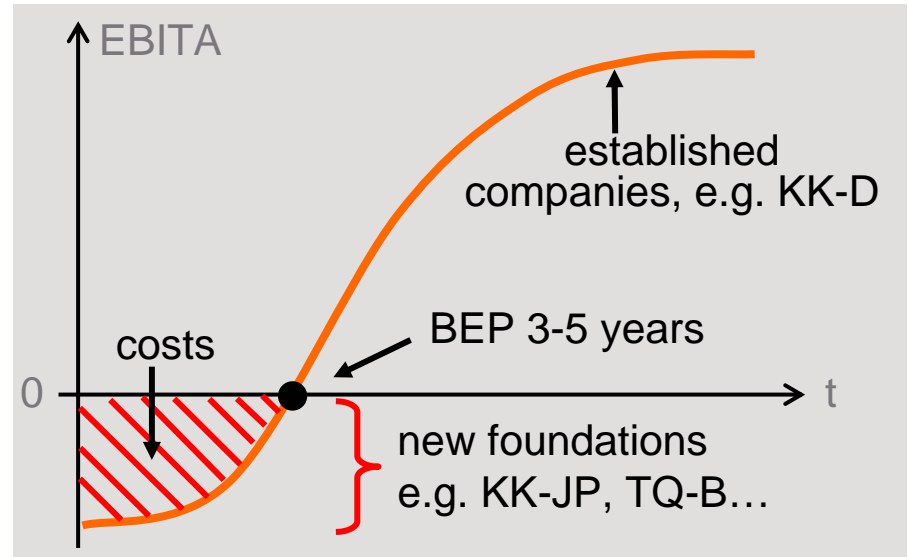


➔ in the past 15 years: 1 foundation or acquisition per year

# Winning new customers

new foundations are investments . . .

. . . in winning new customers by leveraging the existing infrastructure



# Highlights 2005

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January

- reporting in accordance with IFRS 3

February

- Vink/NL wins „Sterkste Schakel“ award

May

- start KAISER + KRAFT Turkey/ Topdeq Belgium

May

- AGM decides increase of dividend

July

- TAKKT voted 3rd in SDAX in “Capital” IR award

July

- start Hubert in Canada

September

- start KWESTO Romania

October

- business license in China granted

# 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 EBITA margin
- high (free) cash flow


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**appendix**


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 in million Euro	2000	2001	2002	2003	2004
turnover	762.8	824.1	783.7	713.9	727.6
EBITDA	90.3	86.6	85.7	80.1	87.2
EBITA	81.3	76.4	75.1	70.3	78.2
EBIT	68.6	57.7	57.0	53.9	62.5
profit before tax	55.5	35.5	39.0	40.6	51.5
net income*	33.5	19.4	24.5	24.4	33.0
cash flow	55.1	48.3	53.0	50.5	57.7
free cash flow	47.4	24.4	44.4	40.8	49.2
EPS (in EUR)	0.45	0.26	0.33	0.33	0.44
CEPS / CFPS (in EUR)	0.75	0.65	0.72	0.68	0.78
pay out ratio (in %)	22.3	39.0	30.7	30.8	33.8

## Key figures


## balance sheet / covenants

 in million Euro / other	2000	2001	2002	2003	2004
Ø net borrowings	231.5	363.3	321.7	260.4	211.8
net borrowings (ye)	374.0	353.0	285.7	234.3	182.3
CAPEX	7.7	24.0	8.6	9.8	8.6
change in working capital	16.6	-16.2	2.5	9.5	-0.3
gearing	2.8	2.4	1.9	1.5	1.0
interest cover	6.2	3.4	4.2	5.3	7.2
debt repayment period (y)	4.2	7.5	6.1	5.2	3.7
equity ratio in % *	22.6	24.8	27.7	32.8	39.6

 in thousand Euro / other	2000	2001	2002	2003	2004
employees (full-time Ø)	1,674	1,973	1,932	1,888	1,851
turnover per employee	456	418	406	378	393
personnel costs per empl.	51.0	50.8	52.3	50.3	51.7
cash flow per employee	32.9	24.5	27.4	26.8	31.2
employees (f.-time at 31/12)	1,931	1,964	1,914	1,860	1,840

## Consolidated balance sheet: write-offs and currency effects reduce total assets

### ASSETS

 in million Euro	on 31/12/04	%	on 31/12/03	%
<b>fixed assets</b>				
goodwill	211.4	46.2	235.1	49.0
other intangible assets	6.3	1.4	5.1	1.1
property, plant and equipment	68.1	14.9	71.5	14.9
financial assets	0.1	0.0	0.1	0.0
<b>non-current assets</b>	5.4	1.2	9.9	2.1
<b>current receivables and assets</b>				
inventories	56.7	12.4	55.3	11.5
receivables and assets	104.2	22.7	97.9	20.4
other	5.6	1.2	5.0	1.0
	<b>457.8</b>	<b>100.0</b>	<b>479.9</b>	<b>100.0</b>

## Consolidated balance sheet: strengthened equity ratio\* of 39.6 percent

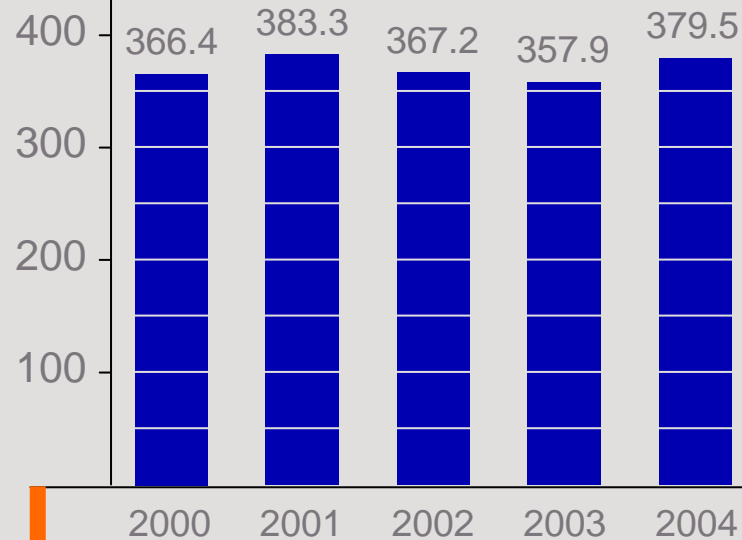
### EQUITY AND LIABILITIES

↗ in million Euro	on 31/12/04	%	on 31/12/03	%
<b>total equity</b>				
shareholders' equity	181.0	39.6	157.2	32.8
minority interest	3.0	0.6	3.4	0.7
<b>non-current liabilities</b>				
borrowings	164.8	36.0	213.0	44.4
other	17.7	3.9	17.2	3.6
<b>current liabilities</b>				
borrowings	21.5	4.7	25.5	5.3
other	69.8	15.2	63.6	13.2
	<b>457.8</b>	<b>100.0</b>	<b>479.9</b>	<b>100.0</b>

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

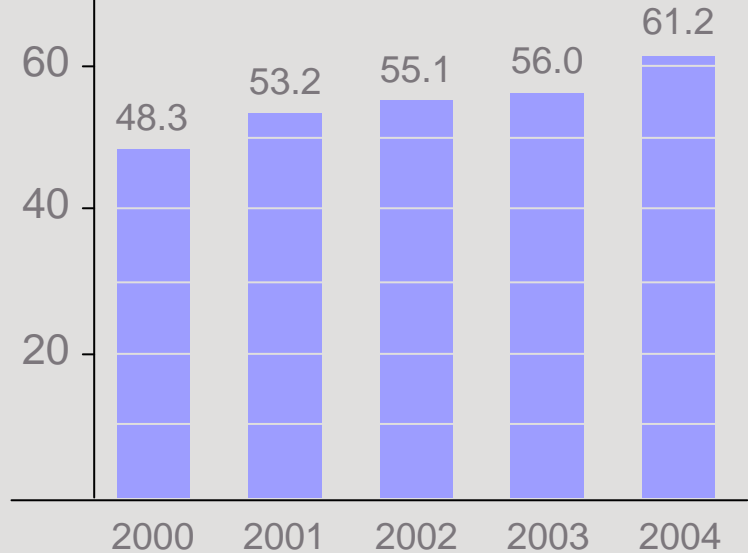
## TURNOVER

↗ 2000 – 2004  
in million Euro



## EBITA

↗ 2000 – 2004  
in million Euro



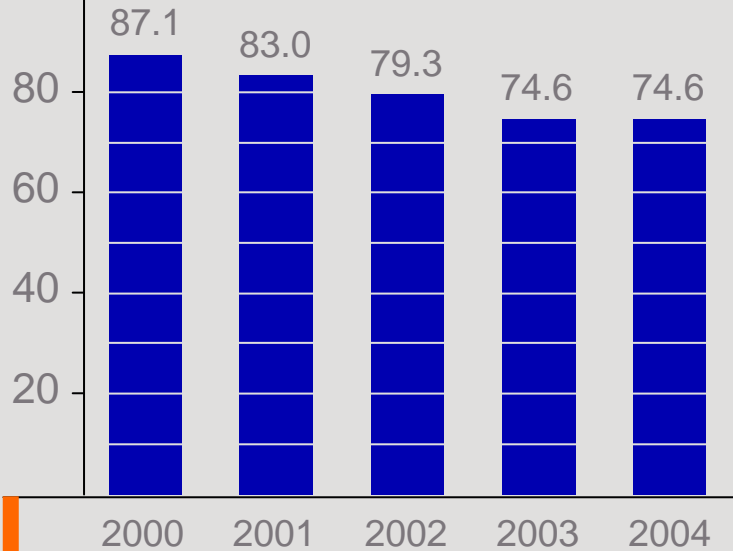
margin

13.2% 13.9% 15.0% 15.7% 16.1%

# Topdeq: costs for repositioning

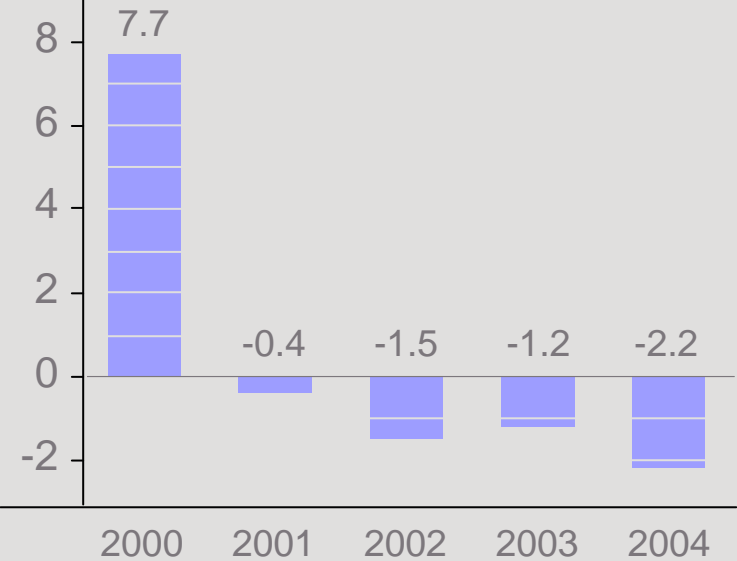
## TURNOVER

↗ 2000 – 2004  
in million Euro



## EBITA

↗ 2000 – 2004  
in million Euro



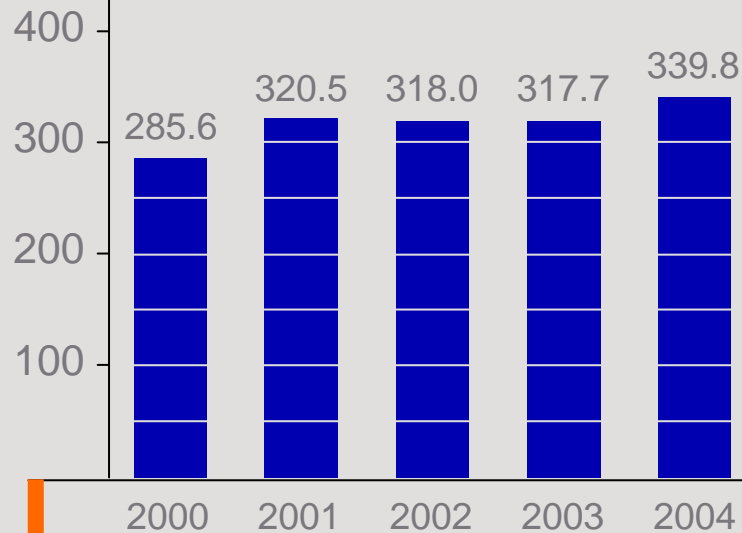
margin

8.8% -0.5% -1.9% -1.6% -2.9%

# K + K America in USD: increased turnover and profitability

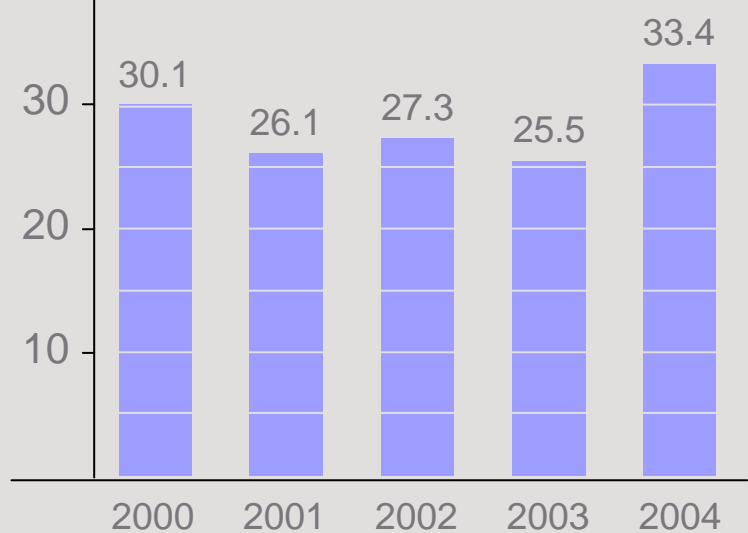
## TURNOVER

↗ 2000 – 2004  
in million USD



## EBITA

↗ 2000 – 2004  
in million USD



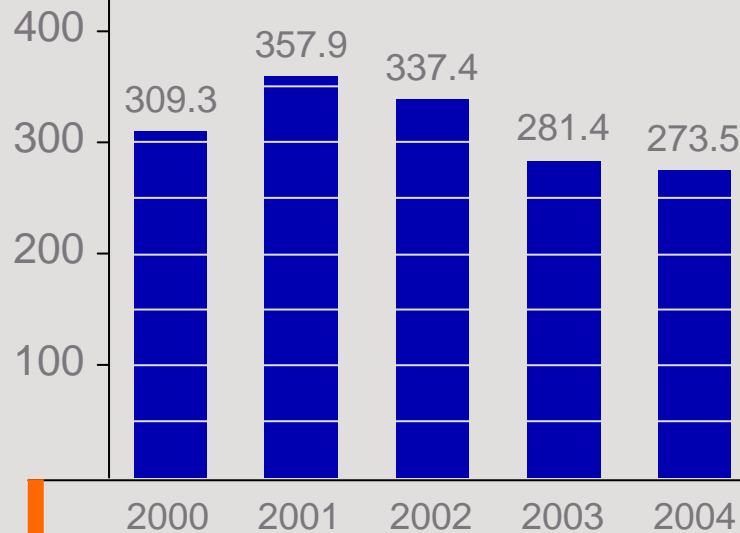
margin

10.6% 8.1% 8.6% 8.0% 9.8%

# K + K America: decline in turnover due to currency effect

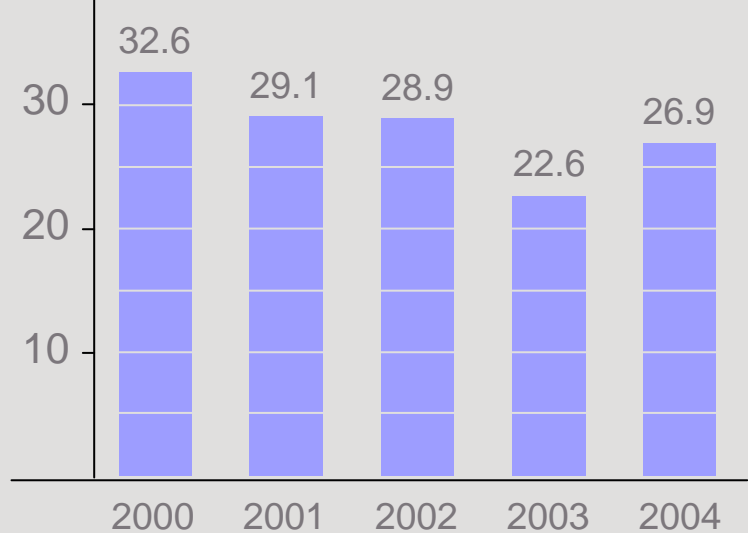
## TURNOVER

↗ 2000 – 2004  
in million Euro



## EBITA

↗ 2000 – 2004  
in million Euro



margin

10.6% 8.1% 8.6% 8.0% 9.8%

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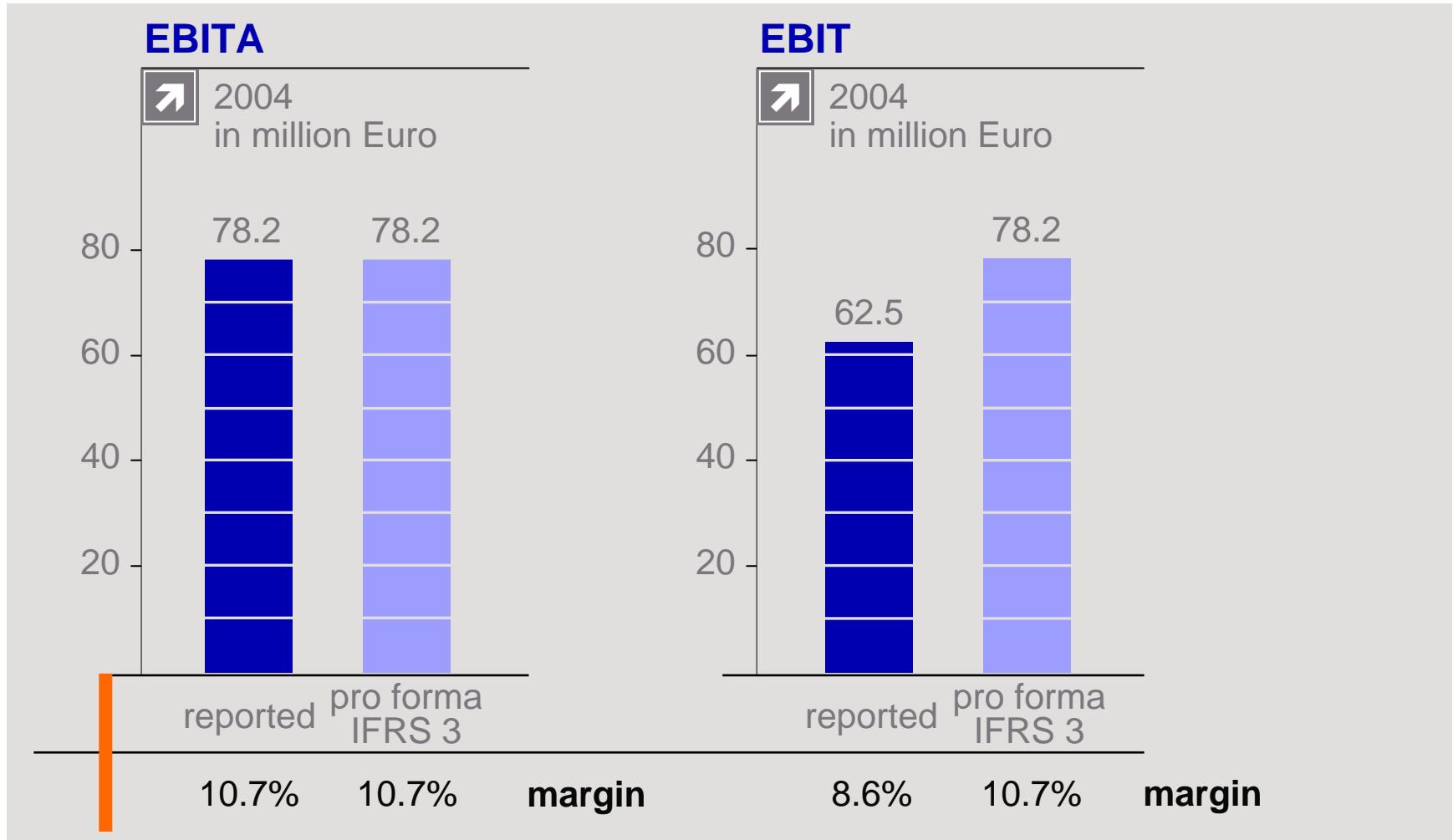
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**IFRS 3**

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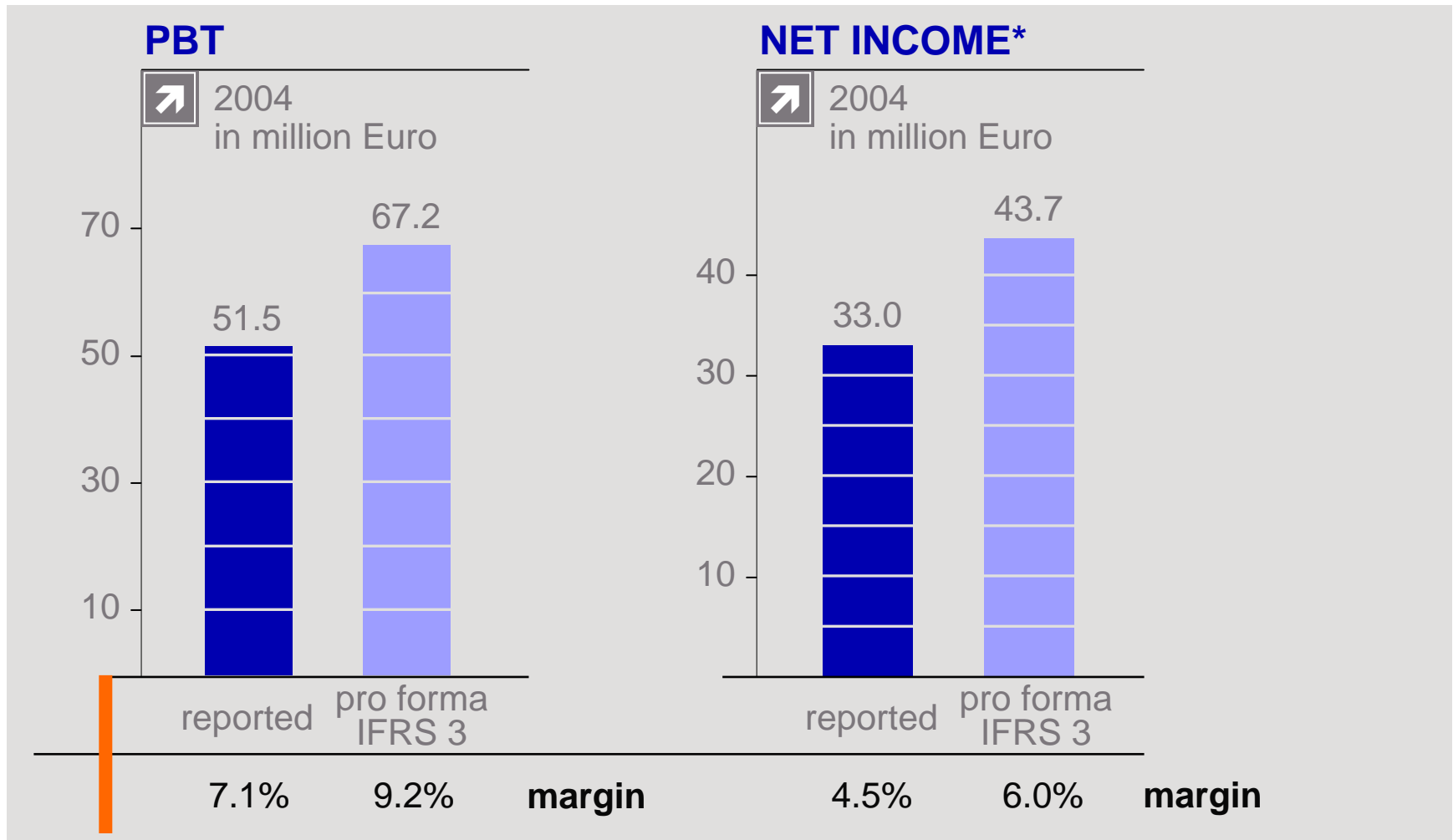
# IFRS 3: effect on EBITA and EBIT

Increase of profitability on EBIT level fully visible



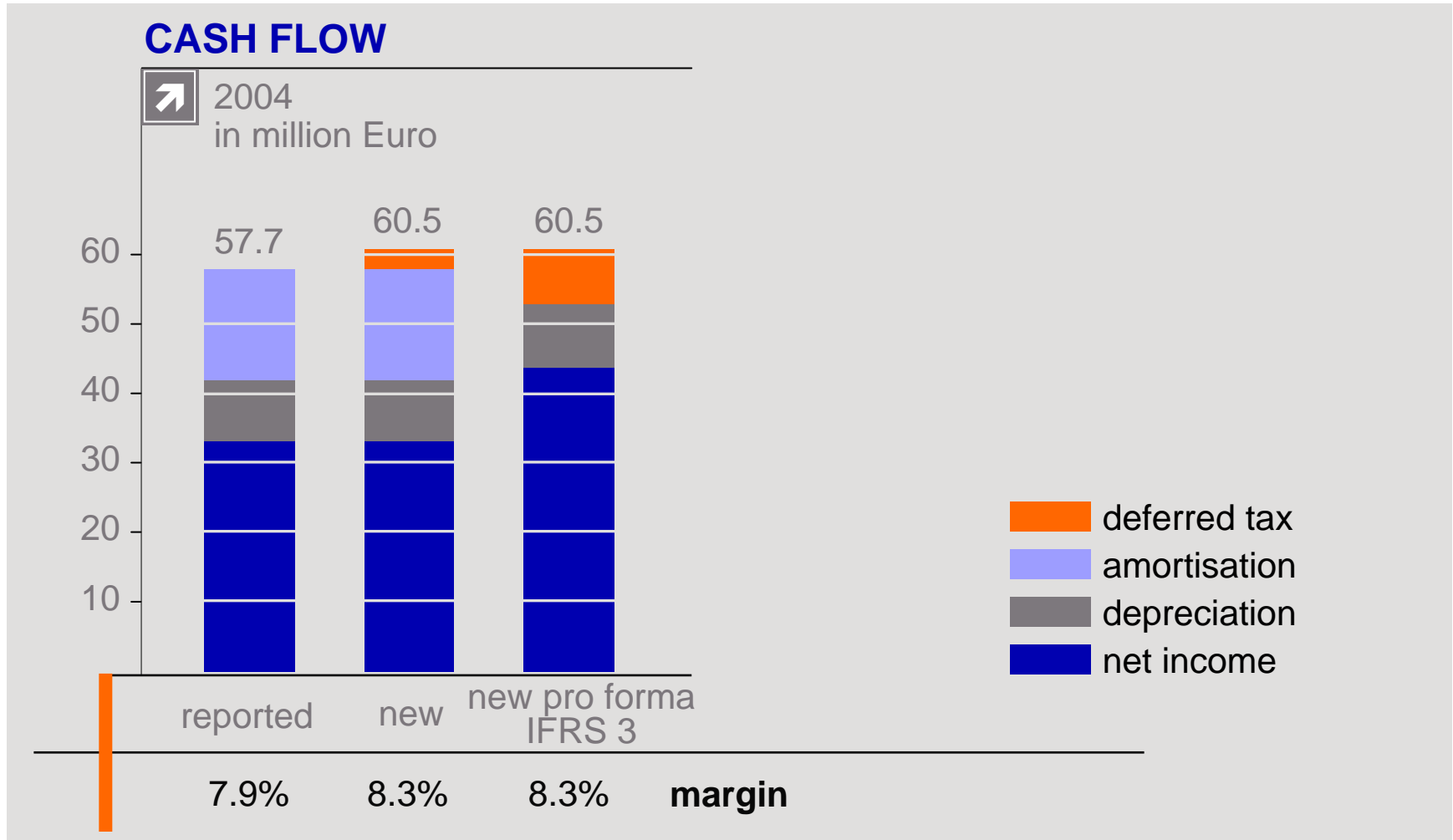
# IFRS 3: effect on profit before tax and net income before minority interest

Net income\* does not increase as much as PBT due to deferred taxes



# IFRS 3: adjusted new definition of cash flow needed

New cash flow calculation takes deferred taxes into account



## Financial calendar 2005 / 2006

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- 28/04/2005 interim report for the first quarter 2005
- 04/08/2005 interim report for the first half-year 2005
- 03/11/2005 interim report for the first nine months 2005
- **November autumn road shows**
- 21/11/2005 German Equity Forum
- 16/02/2006 preliminary figures 2005
- 31/05/2006 annual general meeting, Ludwigsburg

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**November 2005**

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