
TAKKTAG

BUSINESS EQUIPMENT SOLUTIONS



H MOTORS, INC.

0 558 9966

11

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

C & M PRODUCTS

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

Catalog Request

Company Presentation

June 2008

contents

- business model & strategic success factors
- Q1/2008
- financial year 2007
- TAKKT in the economic cycle
- transparency of key figures
- strategic initiatives and outlook
- appendix

TAKKTAG

BUSINESS EQUIPMENT SOLUTIONS

**business model &
strategic success factors**



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TAKKT: business overview

business activity

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

geographic balance

- regional diversification: > 25 countries
- turnover by region: ~ 60% Europe/
~ 40% North America

key facts

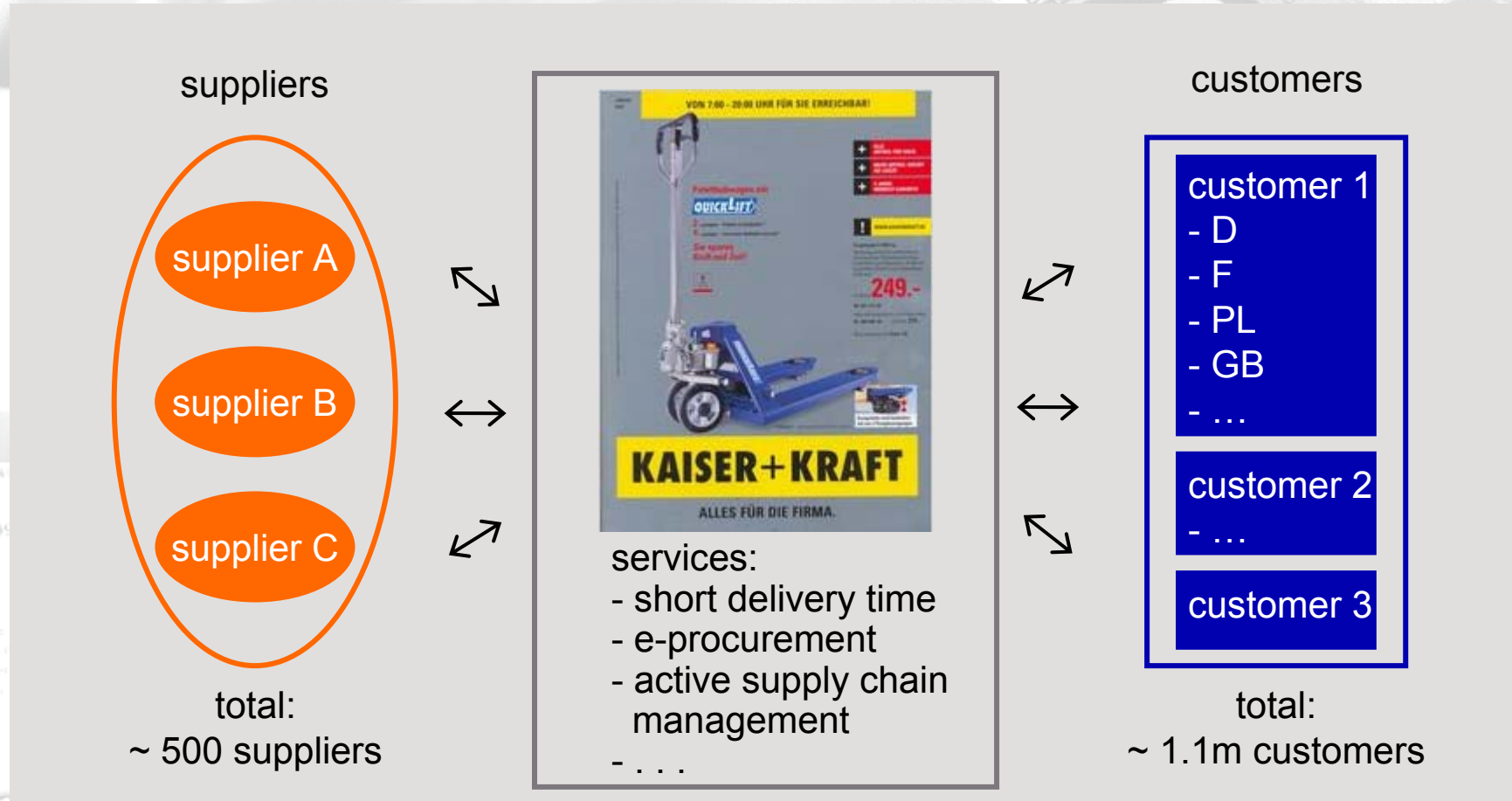
- number of customers: ~ 3m
- advertising media sent out per year: > 70m
- number of employees (fte): ~ 2,000
- product range: > 130,000

financials

- turnover 2007: € 986m
- turnover growth (CAGR 1985 – 2007) 12% p.a.
- EBITDA margin (1985 – 2007) > 10%

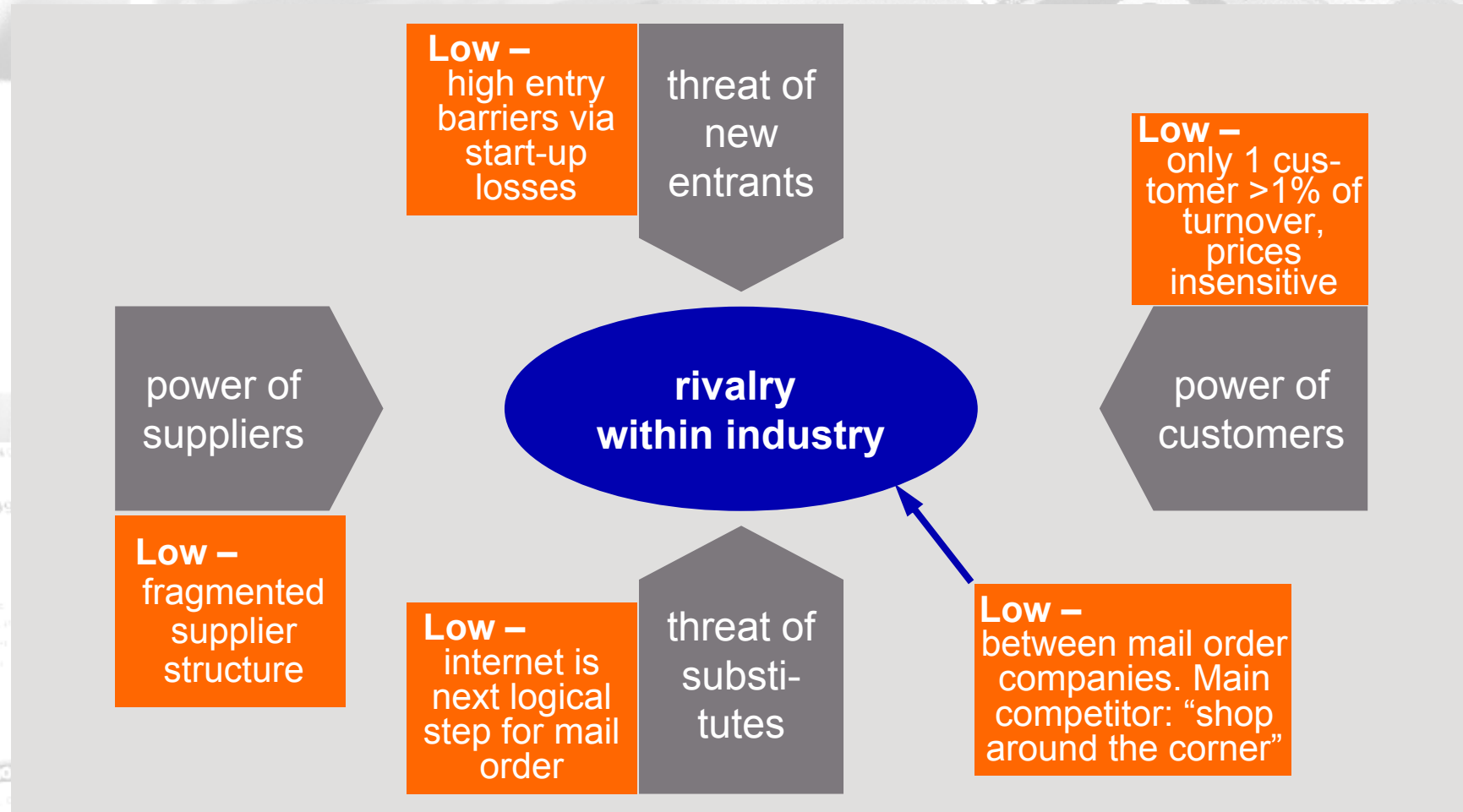
TAKKT business model: added value for customers and suppliers

Example: KAISER + KRAFT EUROPA



→ consolidator and supply chain manager

TAKKT competes in a very attractive industry



→ which should not change in near future

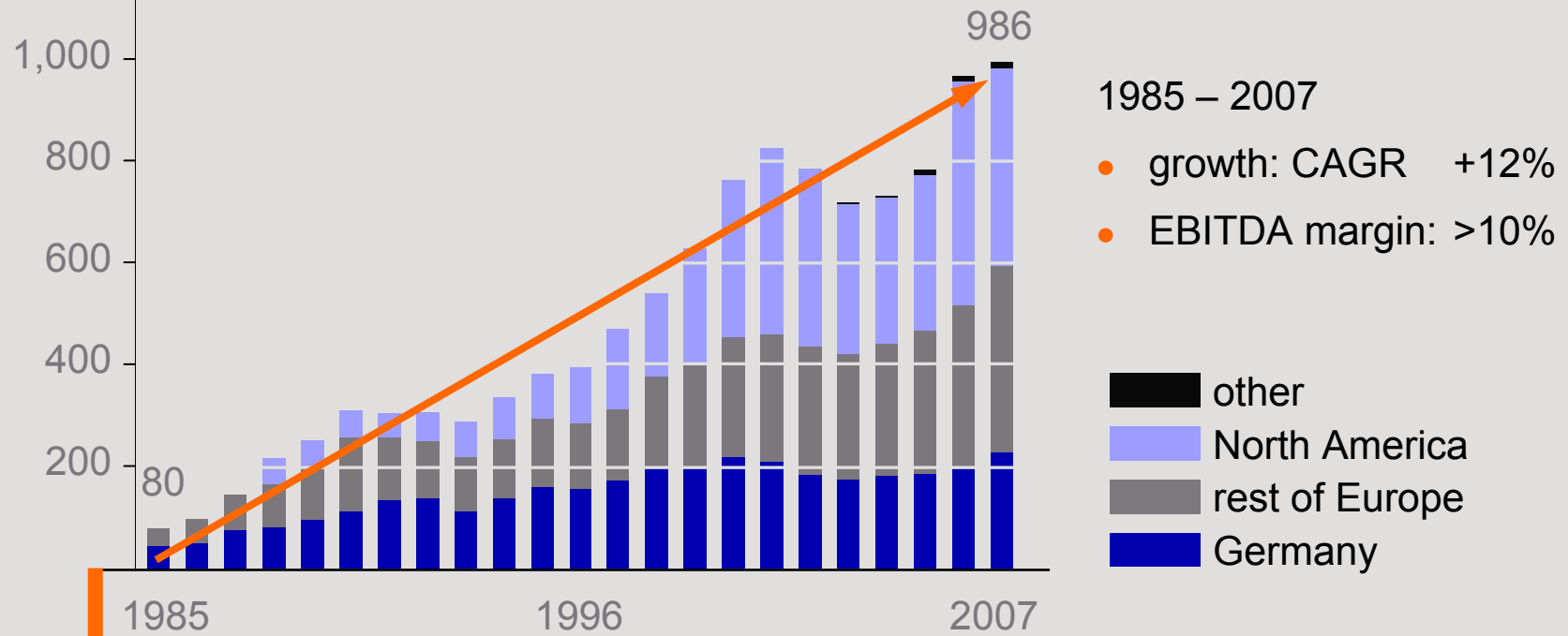
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following Michael Porter (1980) “Competitive Strategy”

TAKKT: long-term growth path

TURNOVER TAKKT GROUP

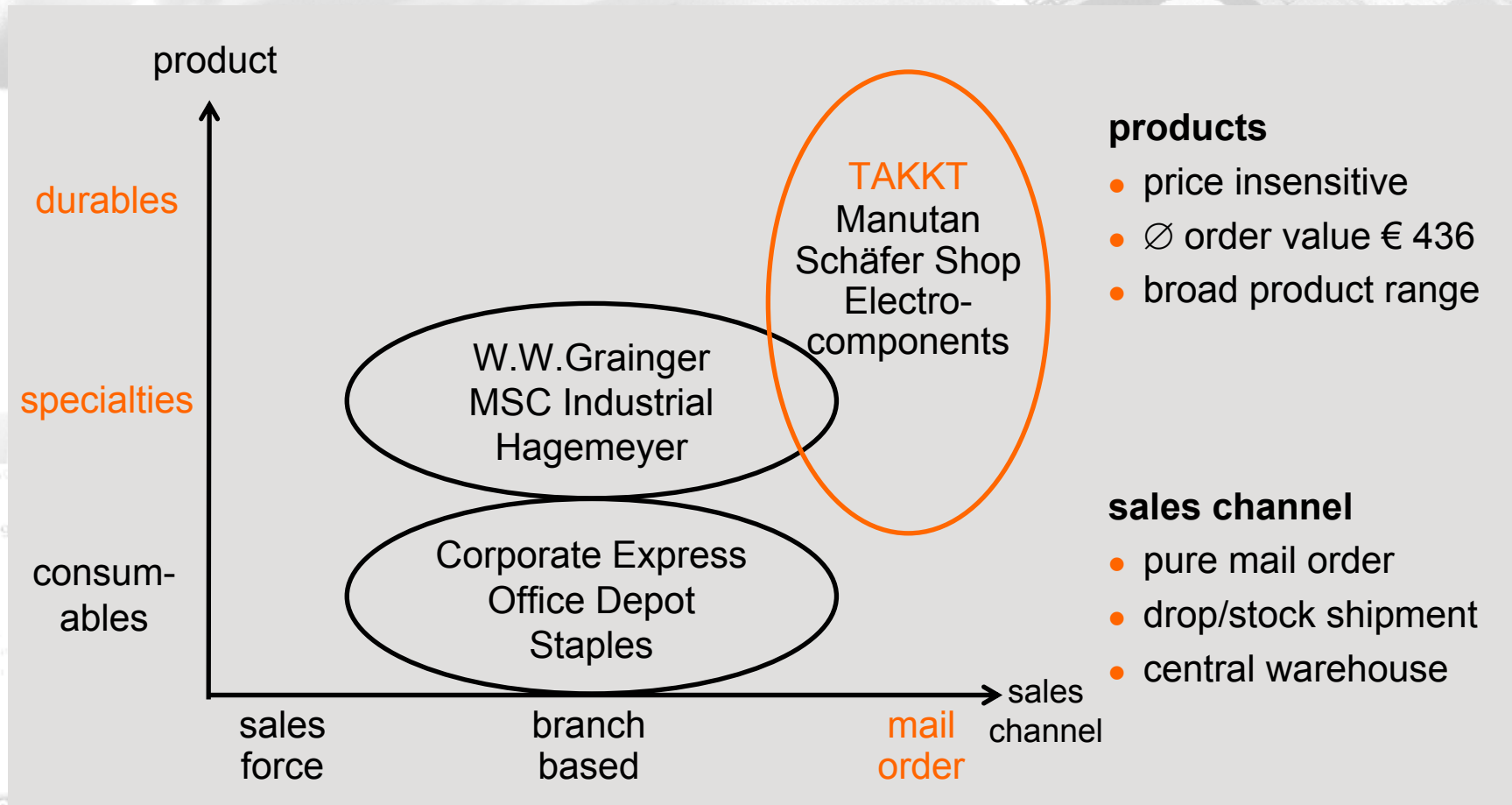
1985 – 2007
in million Euro



→ growth: ~ 1/2 organic, ~ 1/2 acquisitions

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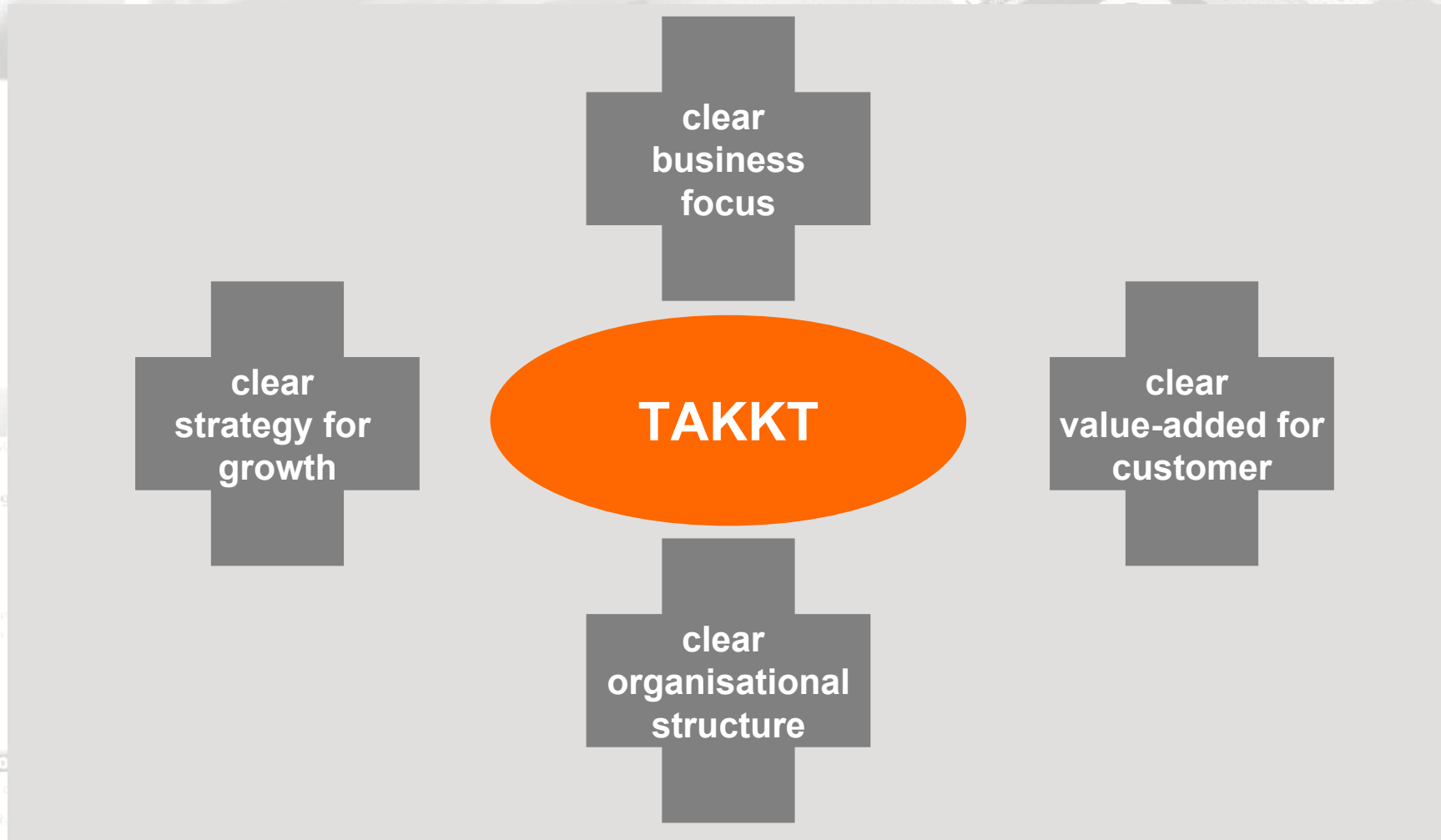
TAKKT: business model and market overview



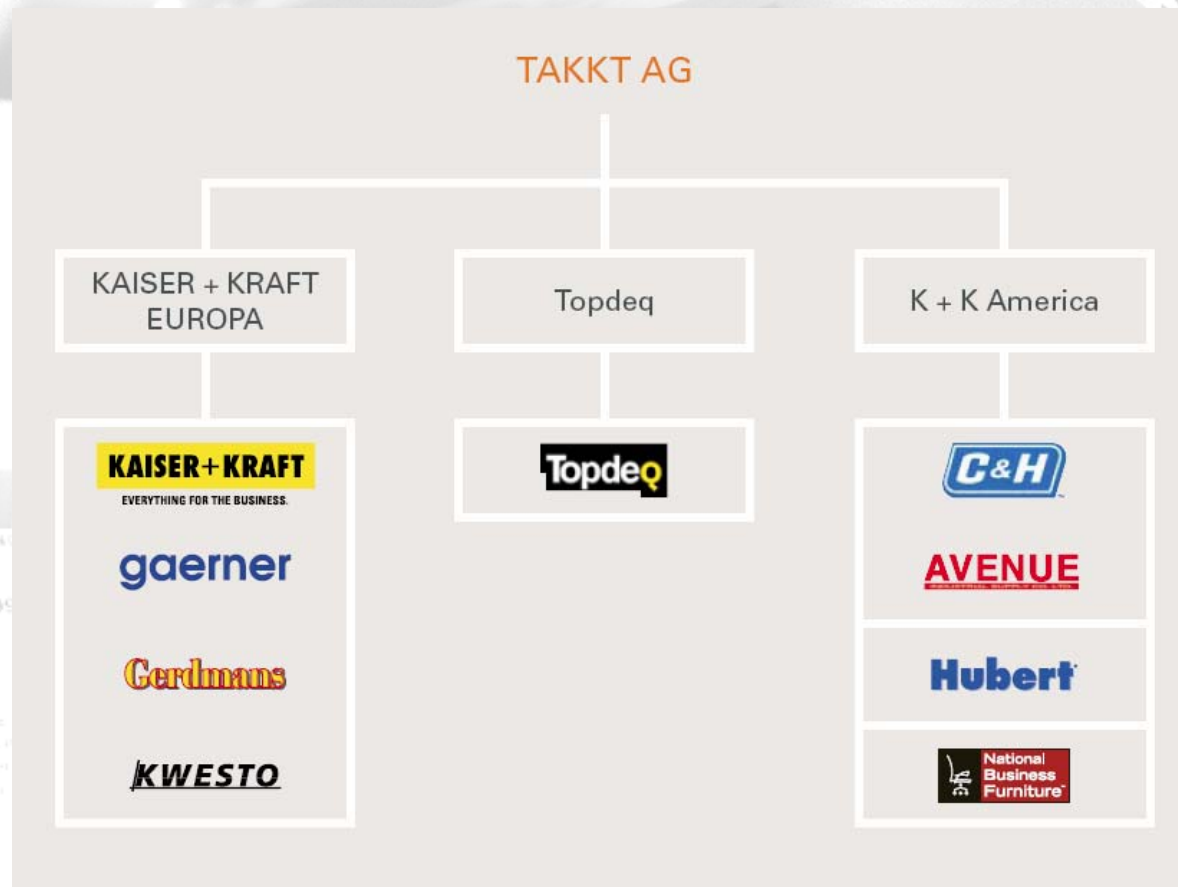
→ system business with stable gross profit margin

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TAKKT: strategic success factors



TAKKT success factors: clear organisational structure



- knowledge
- synergies / economies of scale

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

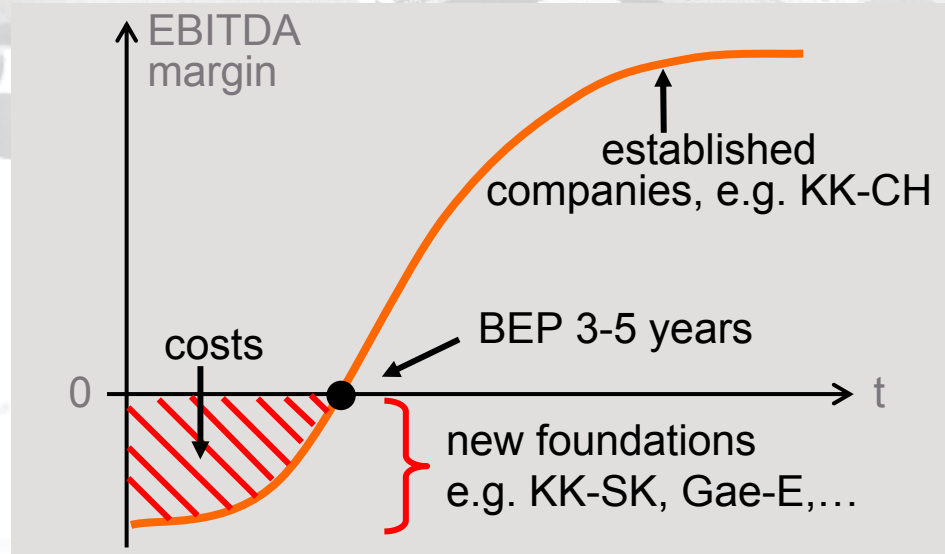
- distribution companies

→ allows centralised management and market proximity

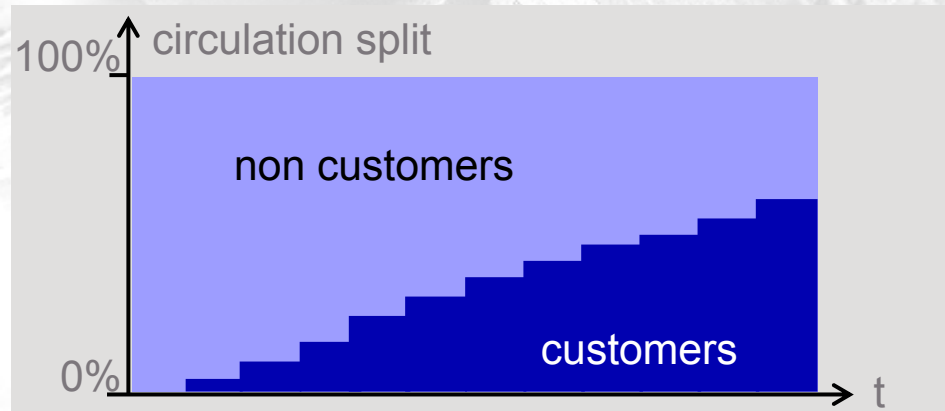
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TAKKT growth strategy: typical profitability life cycle of new foundations

profitability development follows typical life cycle curve . . .



. . . since the share of the advertising circulation going to customers builds up only gradually



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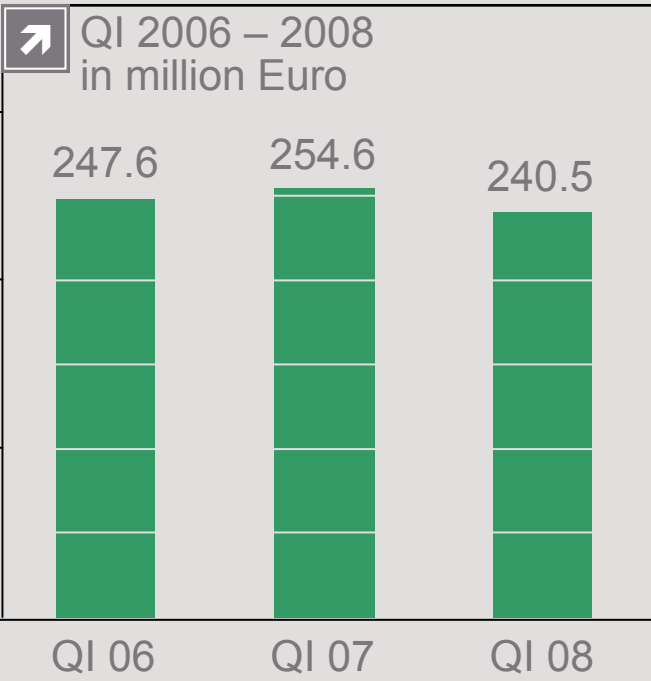
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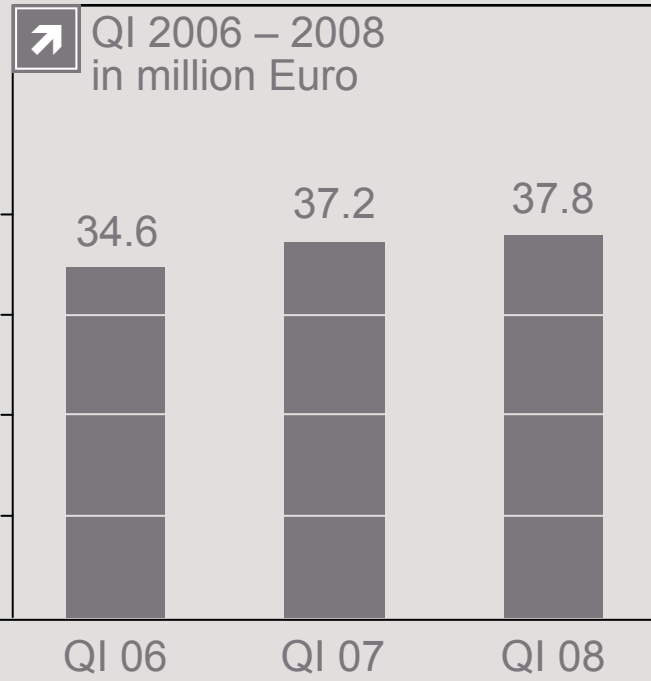
Q1/2008

TAKKT QI/2008: good start despite calendar effect

TURNOVER



EBITDA



	QI 06	QI 07	QI 08
change		-5.5%	
organic growth		+3.5%	
margin	14.0%	14.6%	15.7%

TAKKT QI/2008: margins at new record level

GROSS PROFIT

↗ QI 2006 – 2008
in million Euro



41.1%

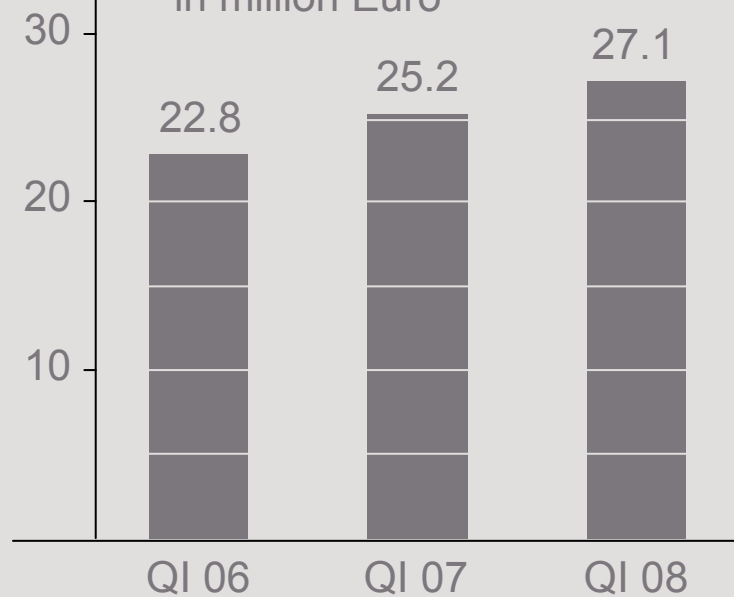
41.3%

42.1%

margin

CASH FLOW

↗ QI 2006 – 2008
in million Euro

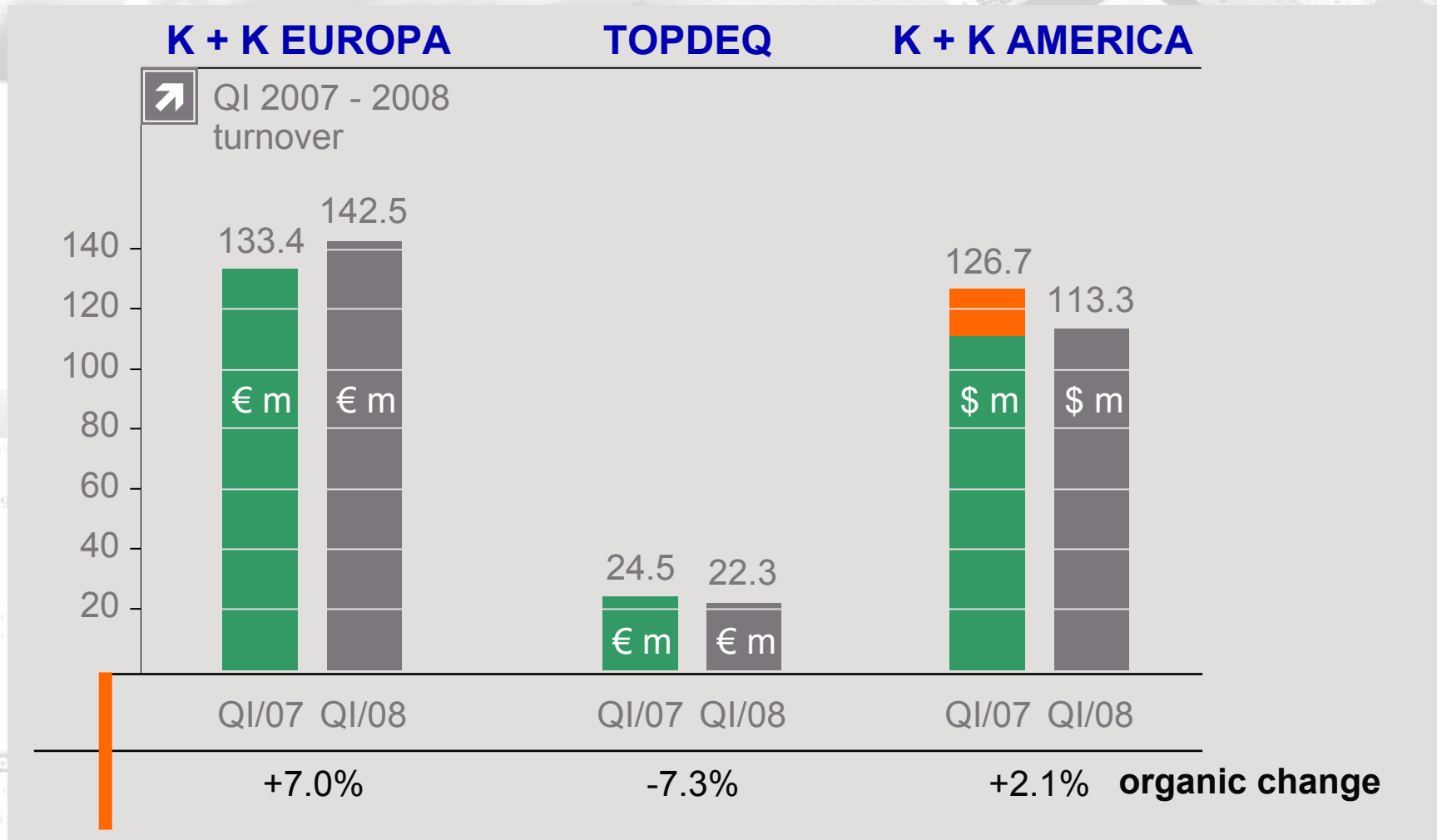


9.2%

9.9%

11.3%

TAKKT QI/2008: mixed economic conditions affect turnover



TAKKT QI/2008: total assets mainly reduced due to currency effects

ASSETS

↗ in million Euro	on 31/03/08	%	on 31/12/07	%
non-current assets				
property, plant and equipment	96.9	17.9	93.4	17.0
goodwill	204.5	37.8	211.6	38.5
other intangible assets	19.4	3.6	21.9	4.0
other	0.8	0.2	0.9	0.2
deferred tax	6.5	1.2	5.6	1.0
current assets				
inventories	65.1	12.0	64.6	11.8
trade receivables	111.3	20.6	109.0	19.8
other	36.4	6.7	42.0	7.7
	540.9	100.0	549.0	100.0

TAKKT QI/2008: further debt relief thanks to high cash flow

EQUITY AND LIABILITIES

↗ in million Euro	on 31/03/08	%	on 31/12/07	%
total equity				
shareholders' equity	338.1	62.5	321.9	58.6
minority interest	3.3	0.6	3.0	0.5
borrowings	62.7	11.6	91.3	16.6
provisions	31.5	5.8	32.2	5.9
trade payables	30.8	5.7	31.7	5.8
other liabilities	74.5	13.8	68.9	12.6
	540.9	100.0	549.0	100.0

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financial year 2007



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Catalog Request

YOU'VE ACCOUNT FEATURED PRODUCTS ABOUT US

Request a
catalog for
your business

Name:
Address:
City/State/Zip:

Phone:
E-mail:

Company:
Title:

Business Type:
Industry:

Company Size:
Number of Employees:

Years in Business:
Years since founded:

Annual Revenue:
Annual Sales:

Annual Profit:
Annual Loss:

Annual Expenses:
Annual Income:

Annual Assets:
Annual Liabilities:

Annual Equity:
Annual Debt:

Annual Cash Flow:
Annual Cash:

TAKKT 2007: continues on growth track

- turnover up by 2.9 percent; organic turnover growth up by 9.2 percent
- profitability clearly above long-term target corridor
- profit up by 26.8 percent
- cash flow with new record value above EUR 100 million for the first time
- reduced total assets, lower debts, higher equity ratio
- dividend more than tripled

TAKKT 2007: highlights

KAISER+KRAFT
EUROPA

- all brands show high double-digit organic growth
- KAISER + KRAFT starts successfully in Slovakia

Topdeq

- successful repositioning
- expansion of logistic capacities in the USA
- expansion of mail order centre in Pfungstadt according to plan

KK America
CORPORATION

- divestment of Conney Safety Products
- good progress in NBF integration

TAKKT AG

- payment of special dividend
- voted 1st in SDAX at “Capital“ IR award

TAKKT AG

TAKKT 2003 - 2007: an impressive development

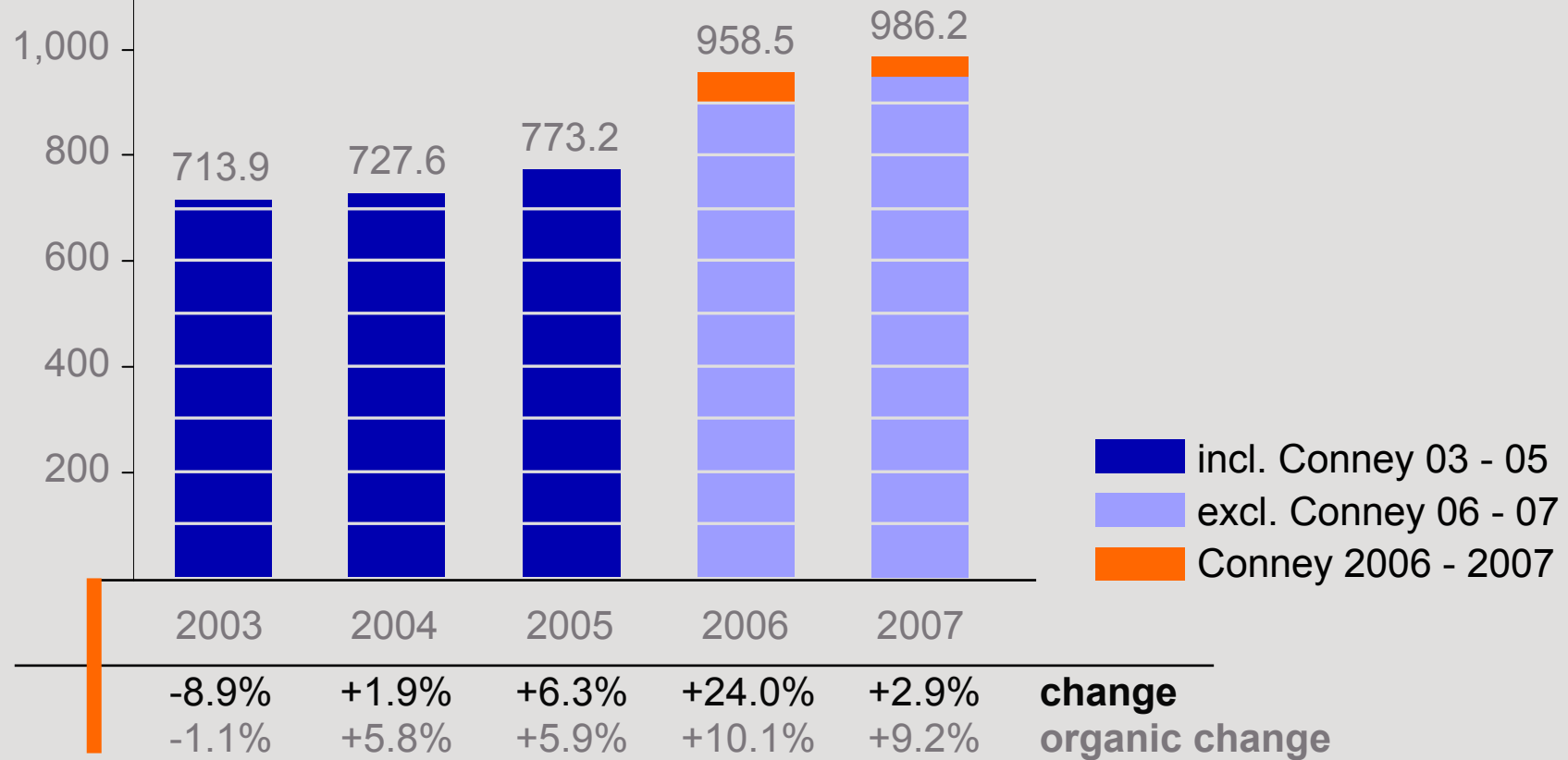
key figures development of the past 5 years

turnover	+	38.1%
EBITDA	+	77.8%
profit before tax	+	185.7%
profit	+	225.3%
dividend	+	700.0%
employees	+	8.1%

Turnover: strong organic growth of 9.2 percent

TURNOVER TAKKT GROUP

↗ 2003 – 2007
in million Euro

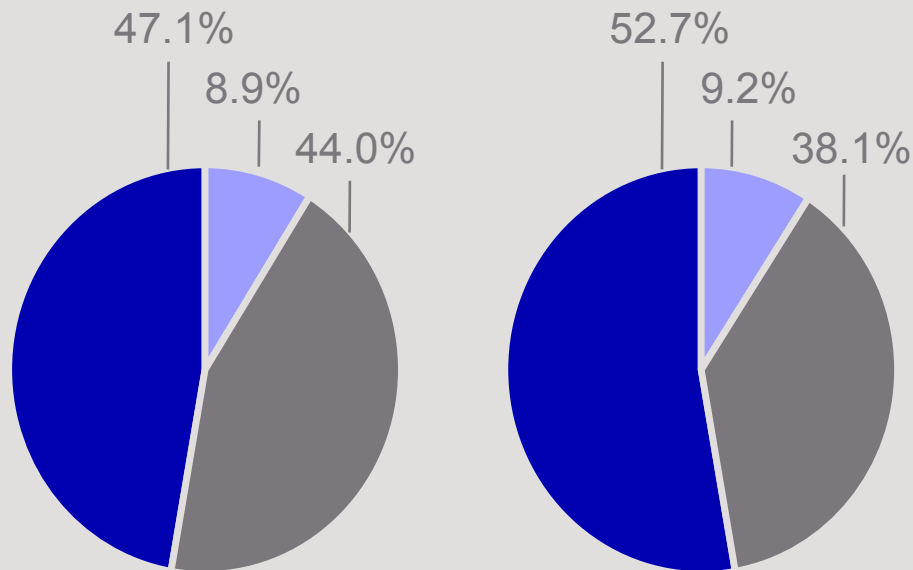


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Turnover: diversification as basis of success

TURNOVER by division

↗ 2006 and 2007



- K + K America
- Topdeq
- KAISER + KRAFT EUROPA

2006

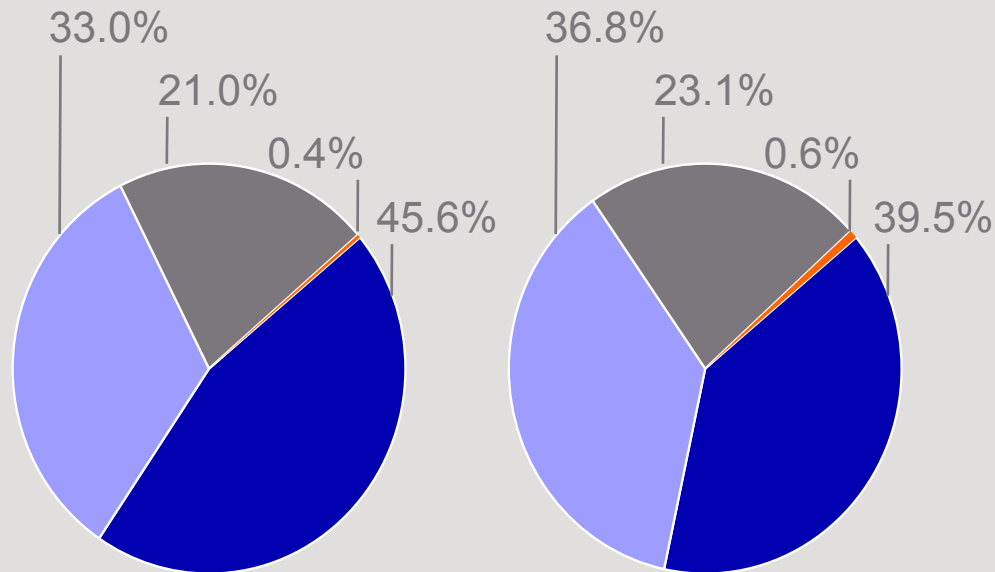
2007

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Turnover: diversification as basis of success

TURNOVER by region

↗ 2006 and 2007



- North America
- other
- Germany
- rest of Europe

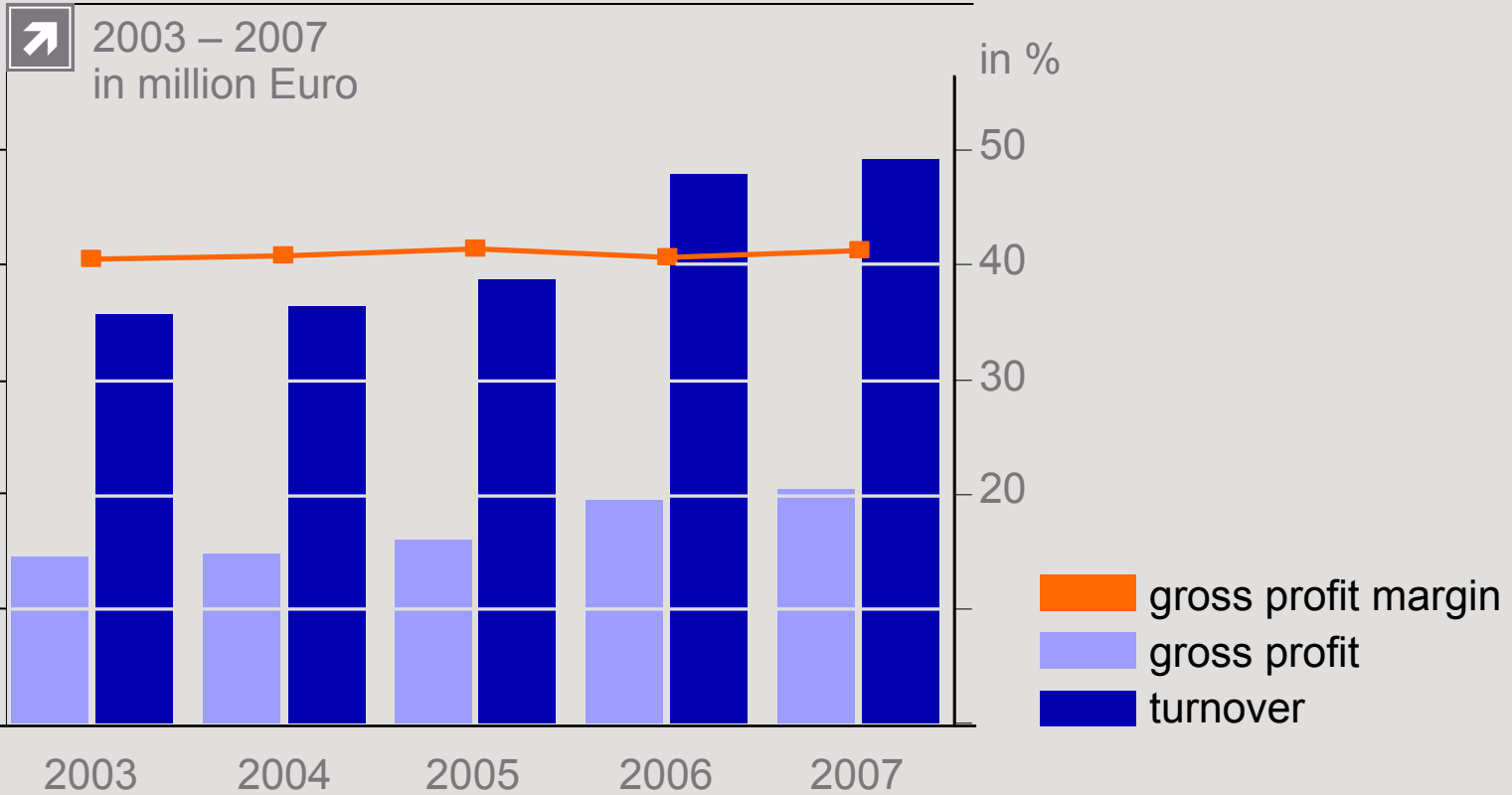
2006

2007

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Gross profit: margin in all divisions further optimised

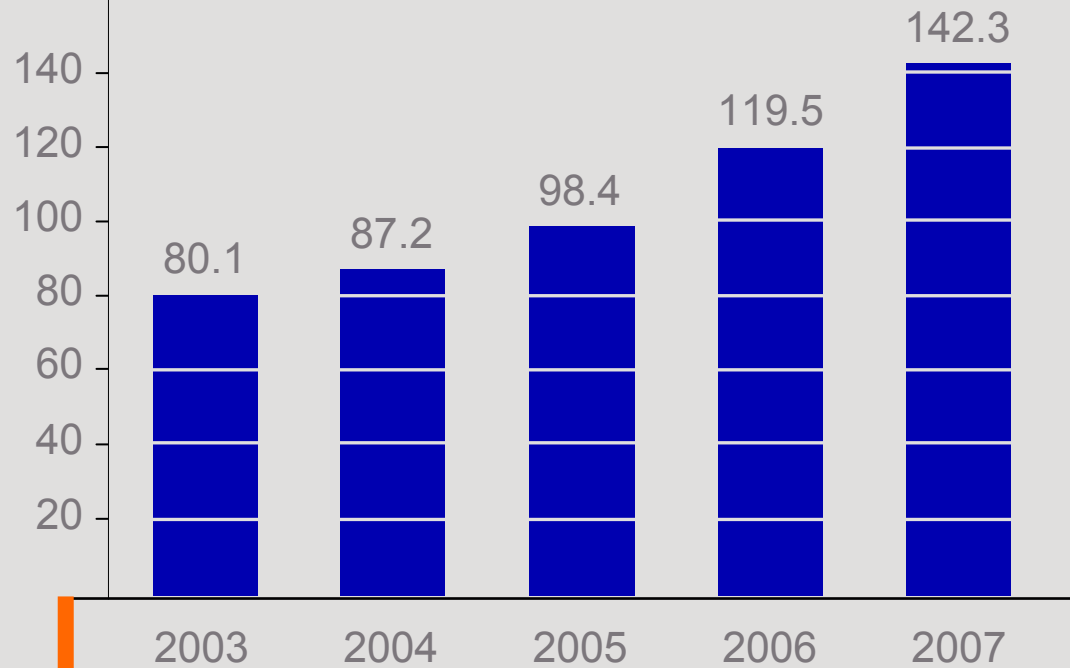
GROSS PROFIT MARGIN



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

EBITDA

↗ 2003 – 2007
in million Euro



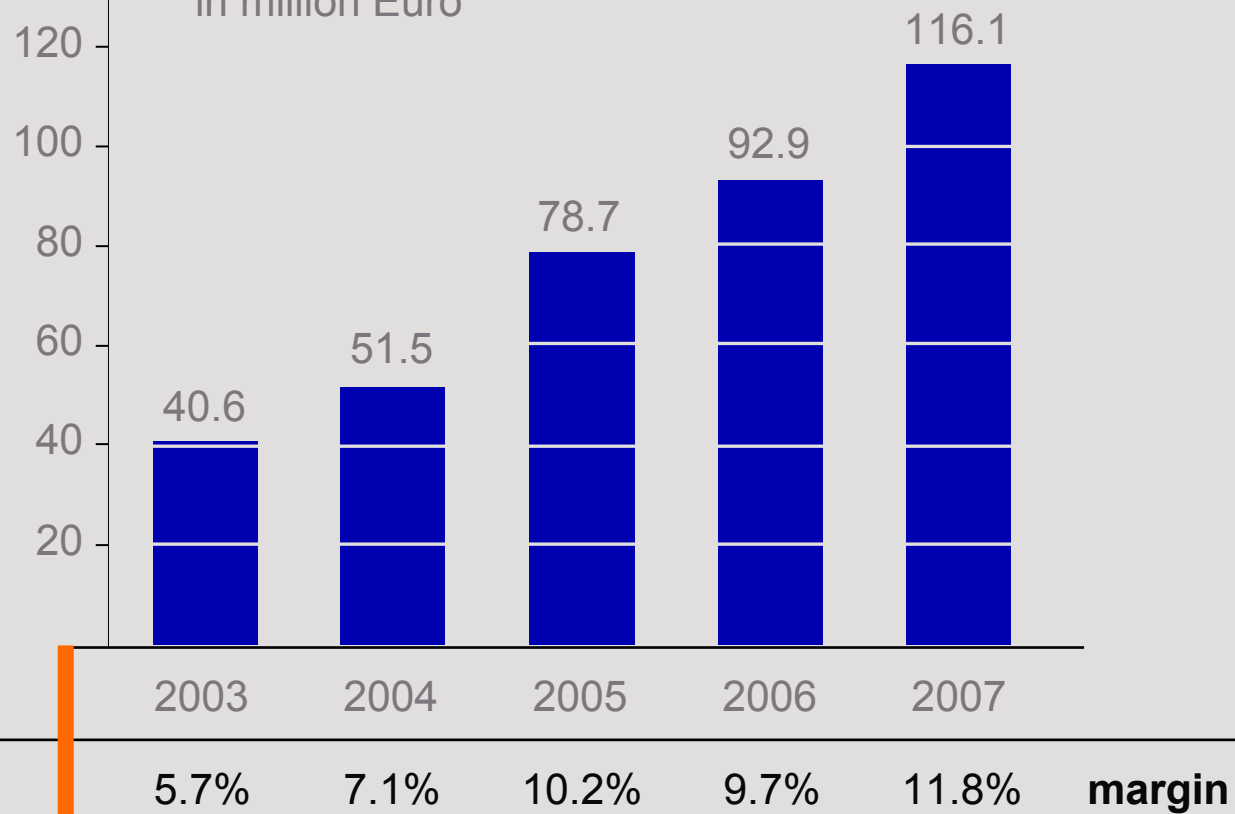
- increase of EBITDA margin target corridor from 11 - 13% to 12 - 15% from 2008 on

Year	EBITDA Margin
2003	11.2%
2004	12.0%
2005	12.7%
2006	12.5%
2007	14.4%

Profit before tax: substantial increase

PROFIT BEFORE TAX

↗ 2003 – 2007
in million Euro

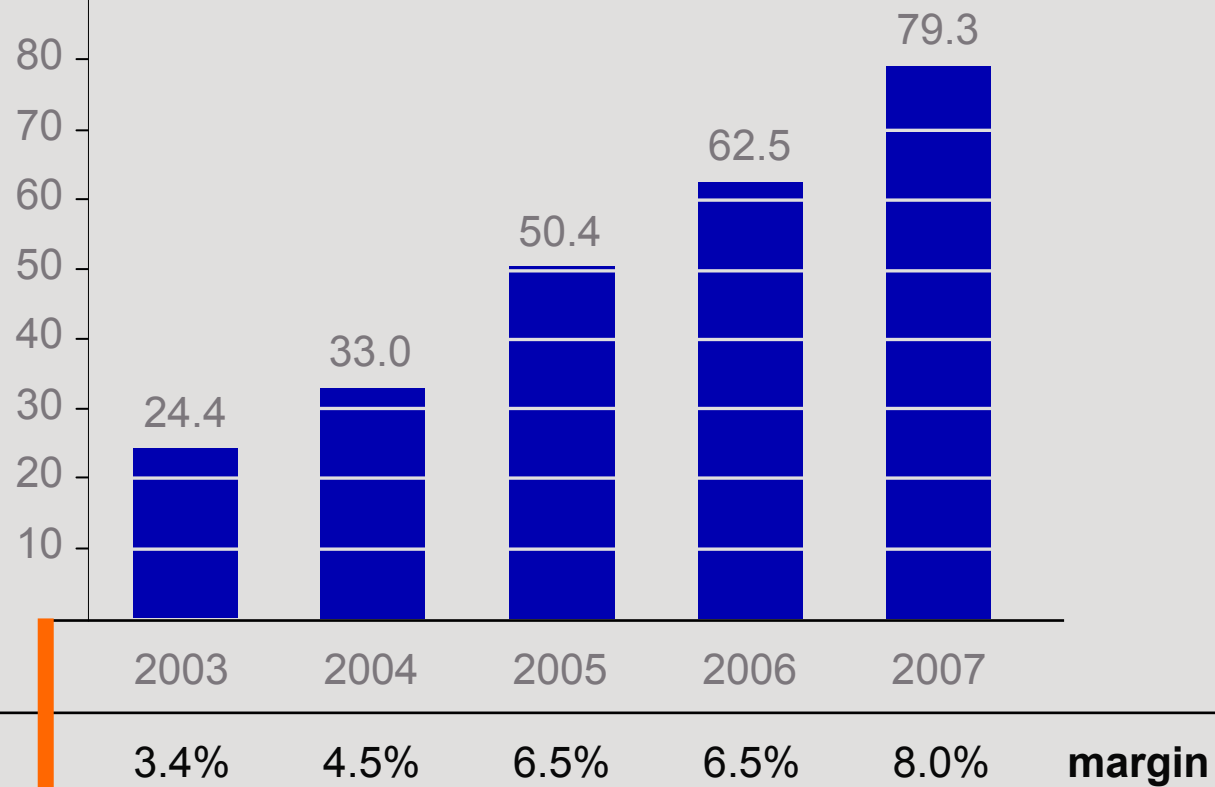


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Profit: profitability further improved on already high level

PROFIT

↗ 2003 – 2007
in million Euro

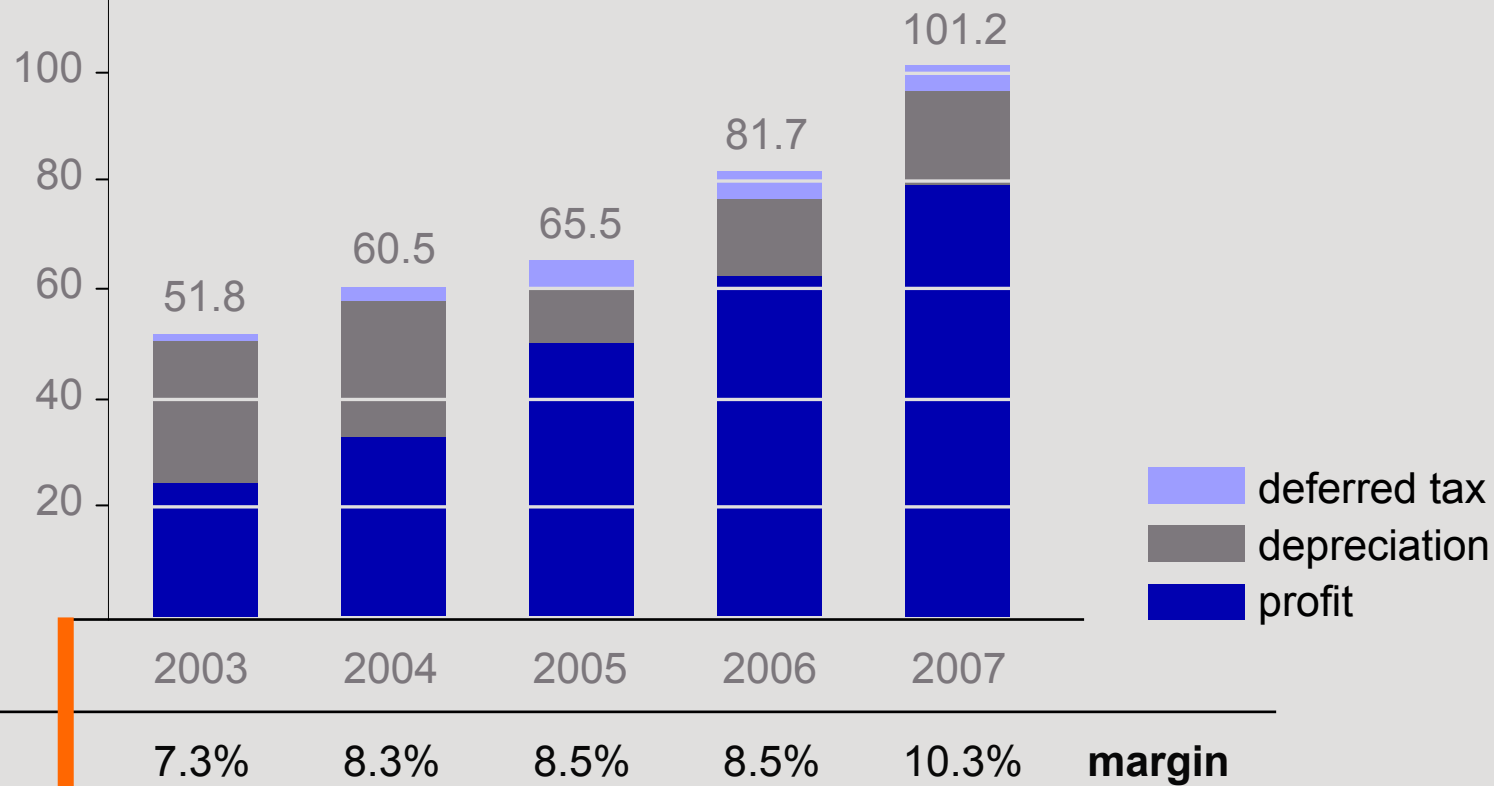


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Cash flow: over EUR 100 million for the first time

CASH FLOW

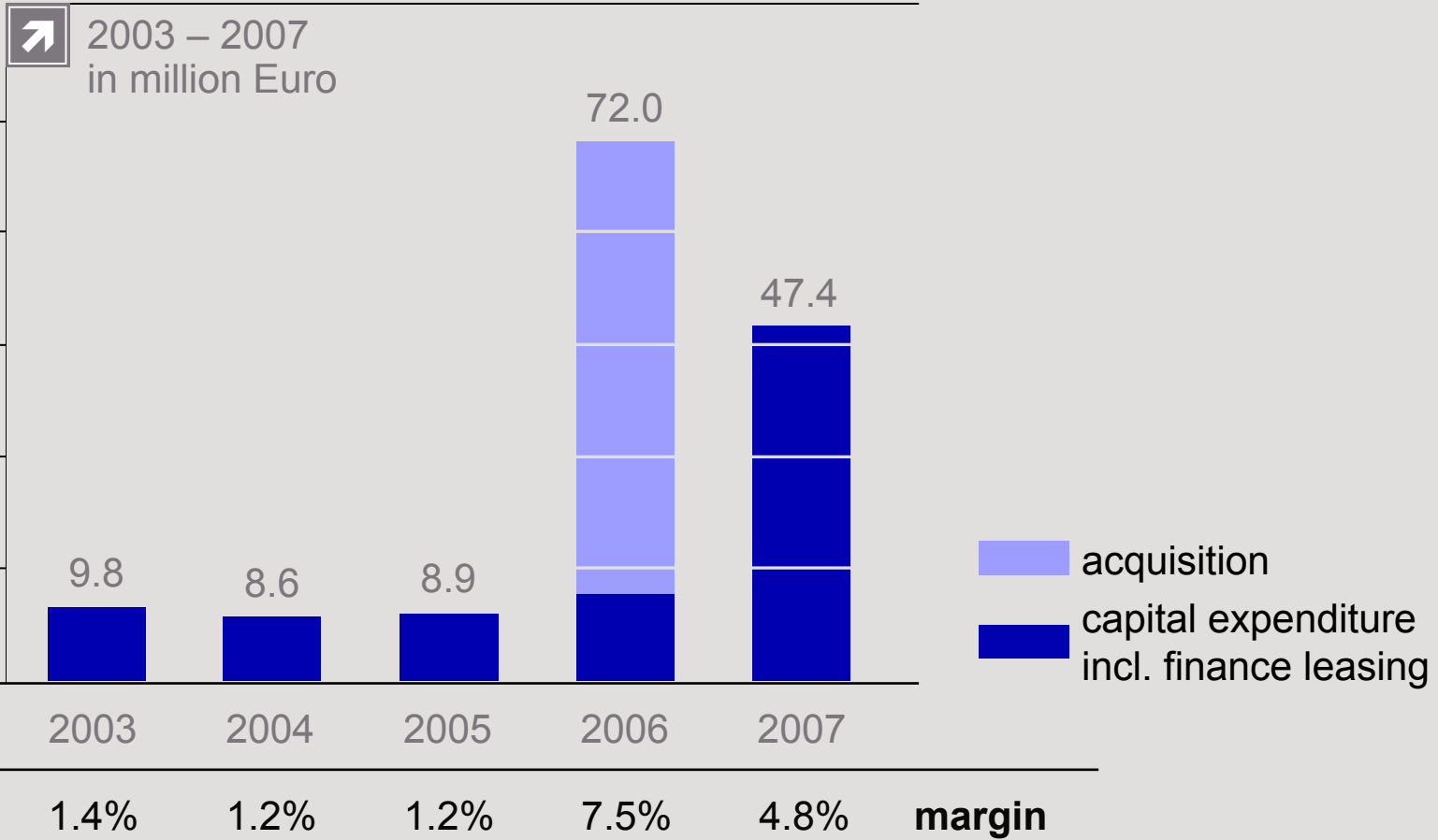
↗ 2003 – 2007
in million Euro



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Capital expenditure: higher due to investments into logistics infrastructure

CAPITAL EXPENDITURE

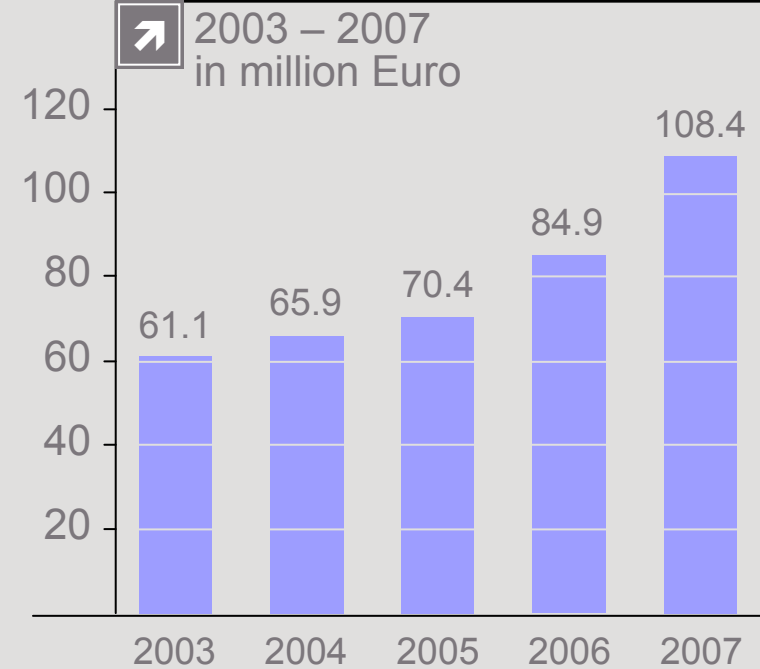


KAISER + KRAFT EUROPA: main turnover generator with high profitability

TURNOVER



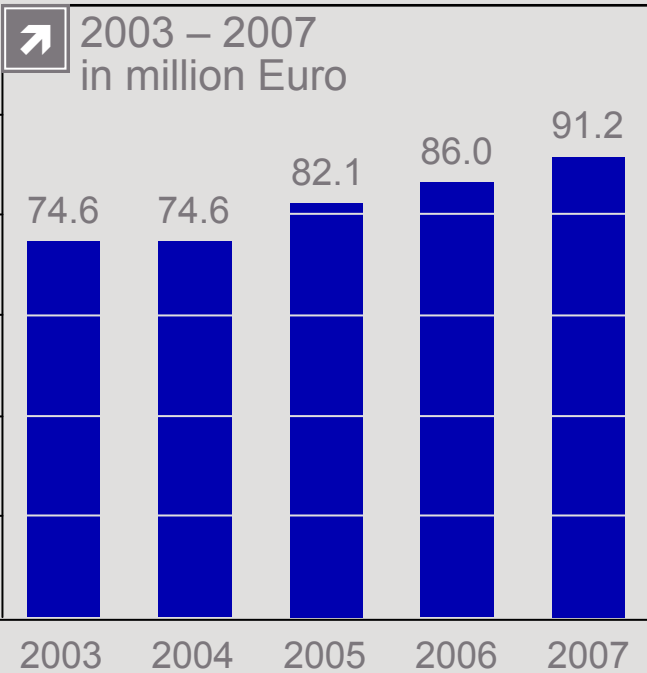
EBITDA



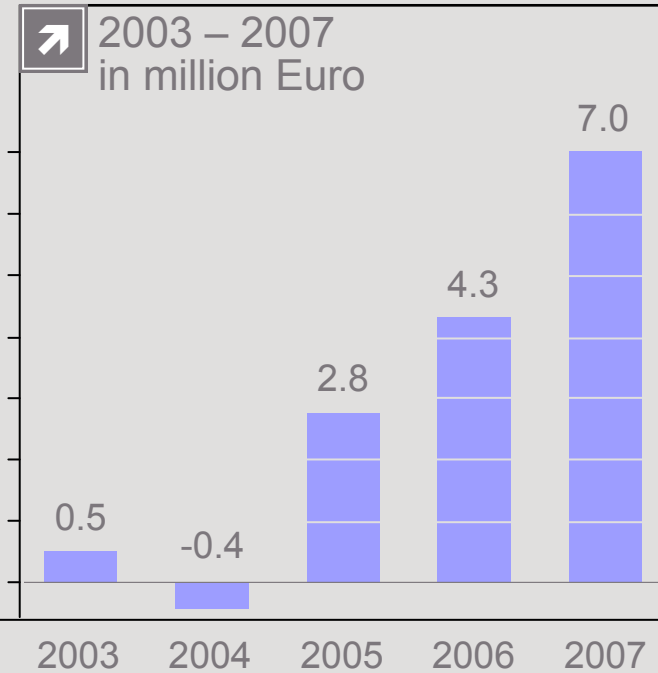
margin 17.1% 17.4% 17.5% 18.8% 20.9%

Topdeq: repositioning shows further results

TURNOVER



EBITDA



margin

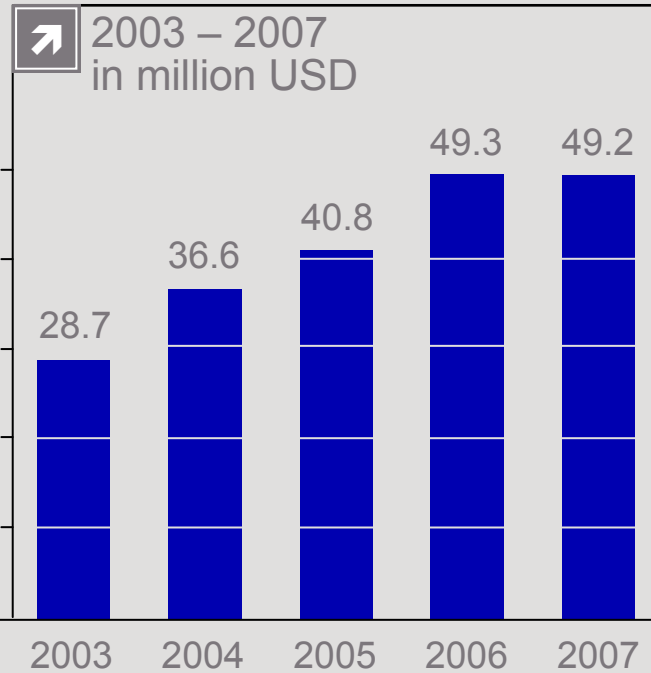
0.7% -0.6% 3.4% 5.0% 7.6%

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

TURNOVER



EBITDA

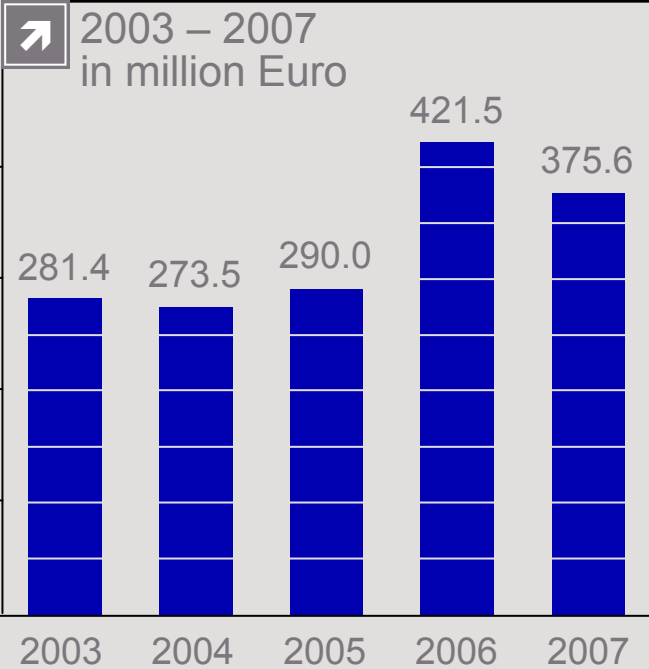


Conney: ■ incl. 03 - 05 ■ excl. 06 - 07 ■ 2006 + 2007

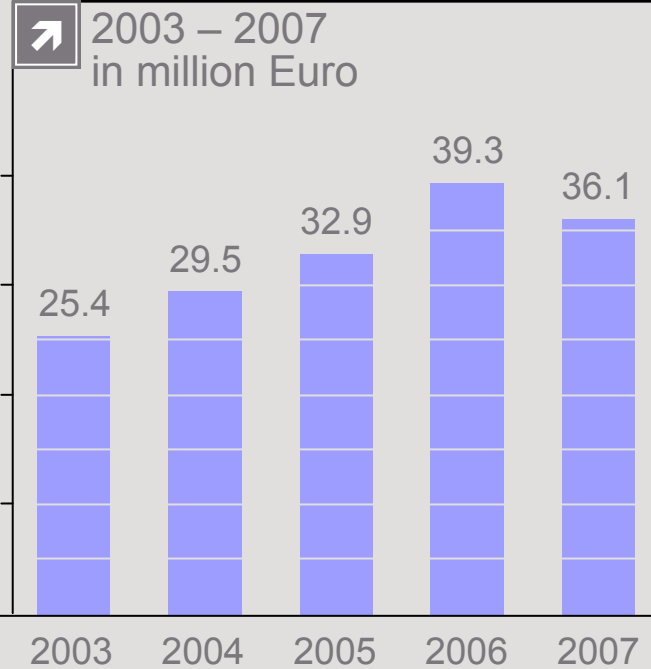
margin 9.0% 10.8% 11.3% 9.3% 9.6%

K + K America: weak US dollar impacts euro figures

TURNOVER



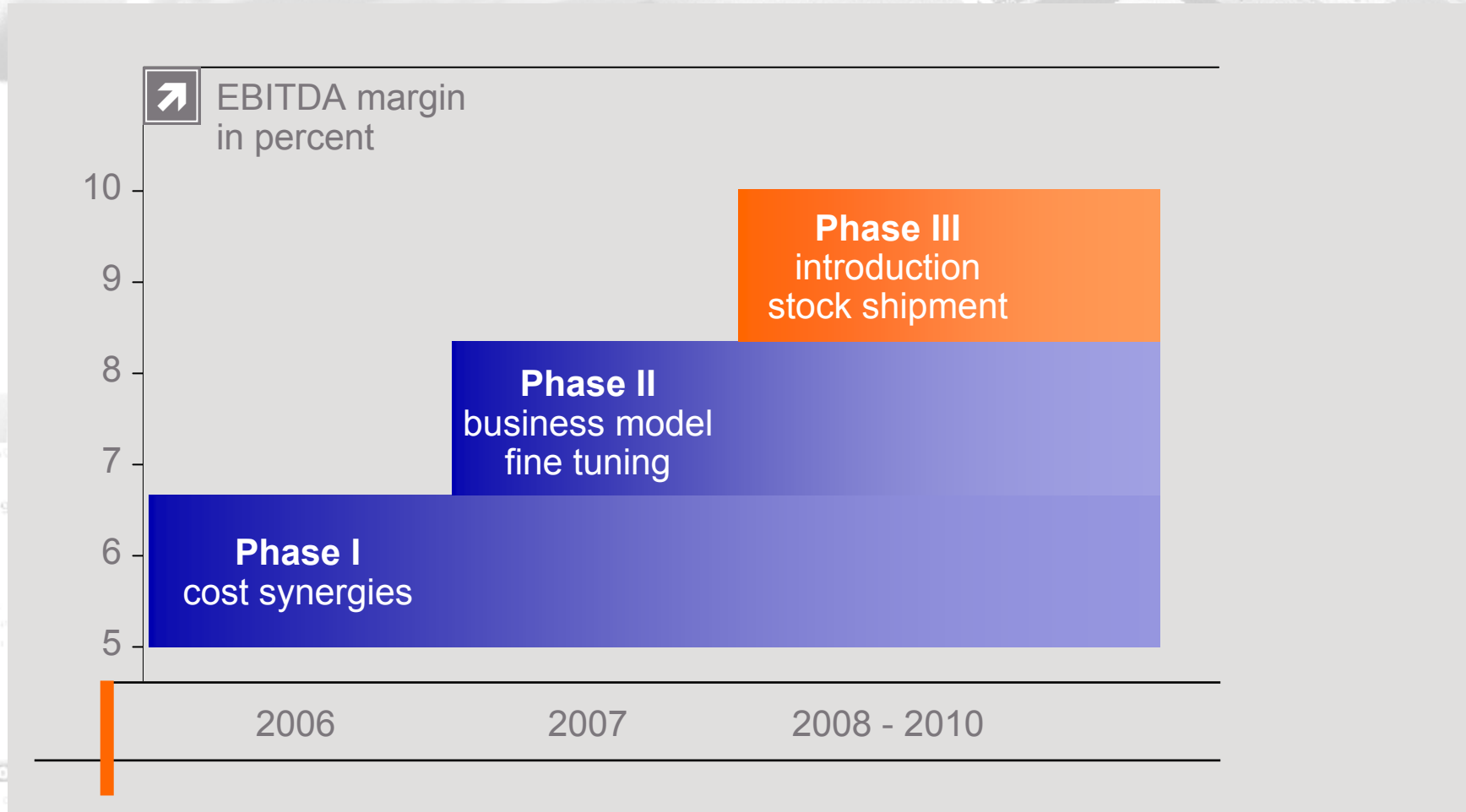
EBITDA



margin

9.0% 10.8% 11.3% 9.3% 9.6%

NBF integration: according to plan



→ in 2007 EBITDA margin of 8.6 percent after 5 percent in 2005

Balance sheet: Conney sale leads to shortened total assets

ASSETS

↗ in million Euro	on 31/12/07	%	on 31/12/06	%
non-current assets				
property, plant and equipment	93.4	17.0	64.4	11.2
goodwill	211.6	38.5	250.4	43.7
other intangible assets	21.9	4.0	30.7	5.4
other	0.9	0.2	0.7	0.1
deferred tax	5.6	1.0	6.3	1.1
current assets				
inventories	64.6	11.8	64.7	11.3
trade receivables	109.0	19.8	118.4	20.6
other	42.0	7.7	37.5	6.6
	549.0	100.0	573.1	100.0

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

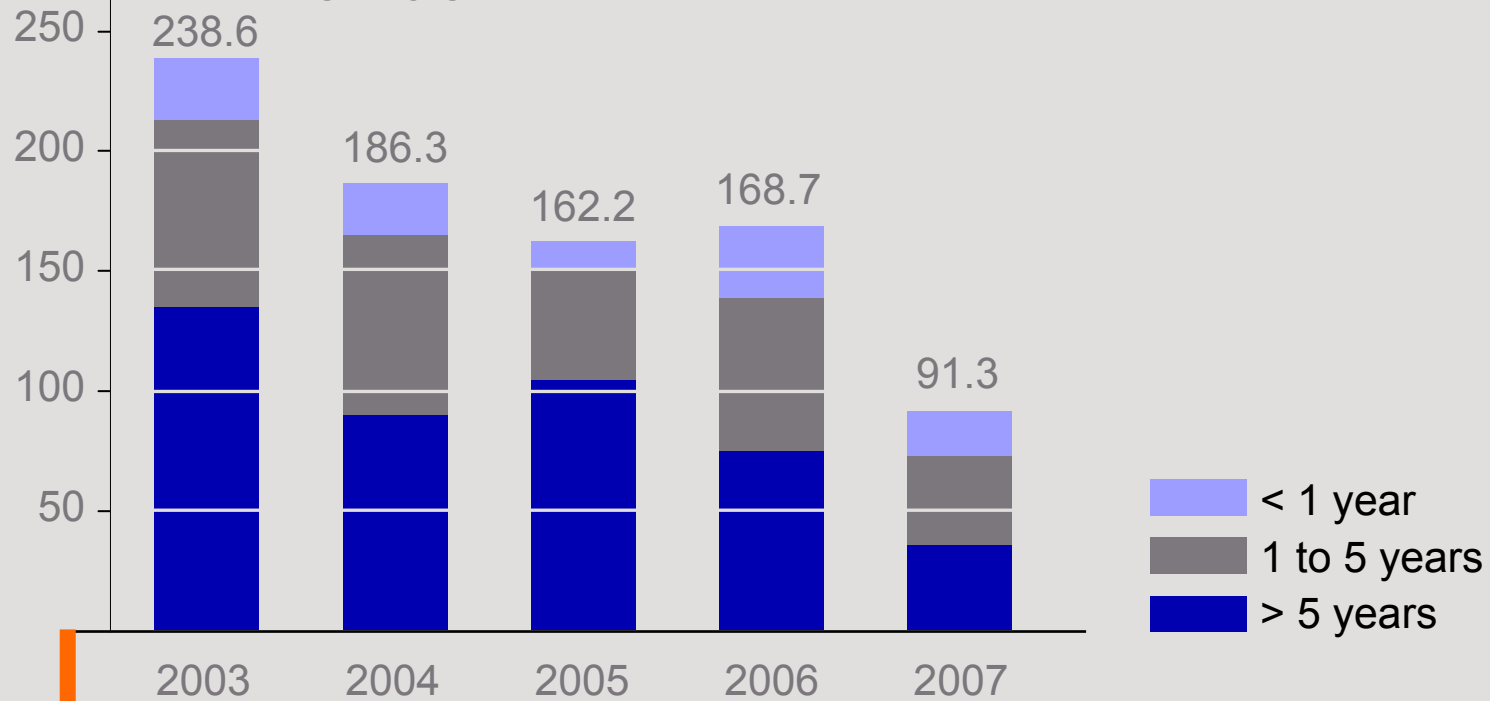
EQUITY AND LIABILITIES

↗ in million Euro	on 31/12/07	%	on 31/12/06	%
total equity				
shareholders' equity	321.9	58.6	273.2	47.7
minority interest	3.0	0.5	2.3	0.4
pension provisions	14.3	2.6	12.8	2.2
other provisions	17.9	3.3	17.3	3.0
borrowings	91.3	16.6	168.7	29.4
trade payables	31.7	5.8	32.4	5.7
other liabilities	68.9	12.6	66.4	11.6
	549.0	100.0	573.1	100.0

Borrowings: reduced basis offers room for external growth

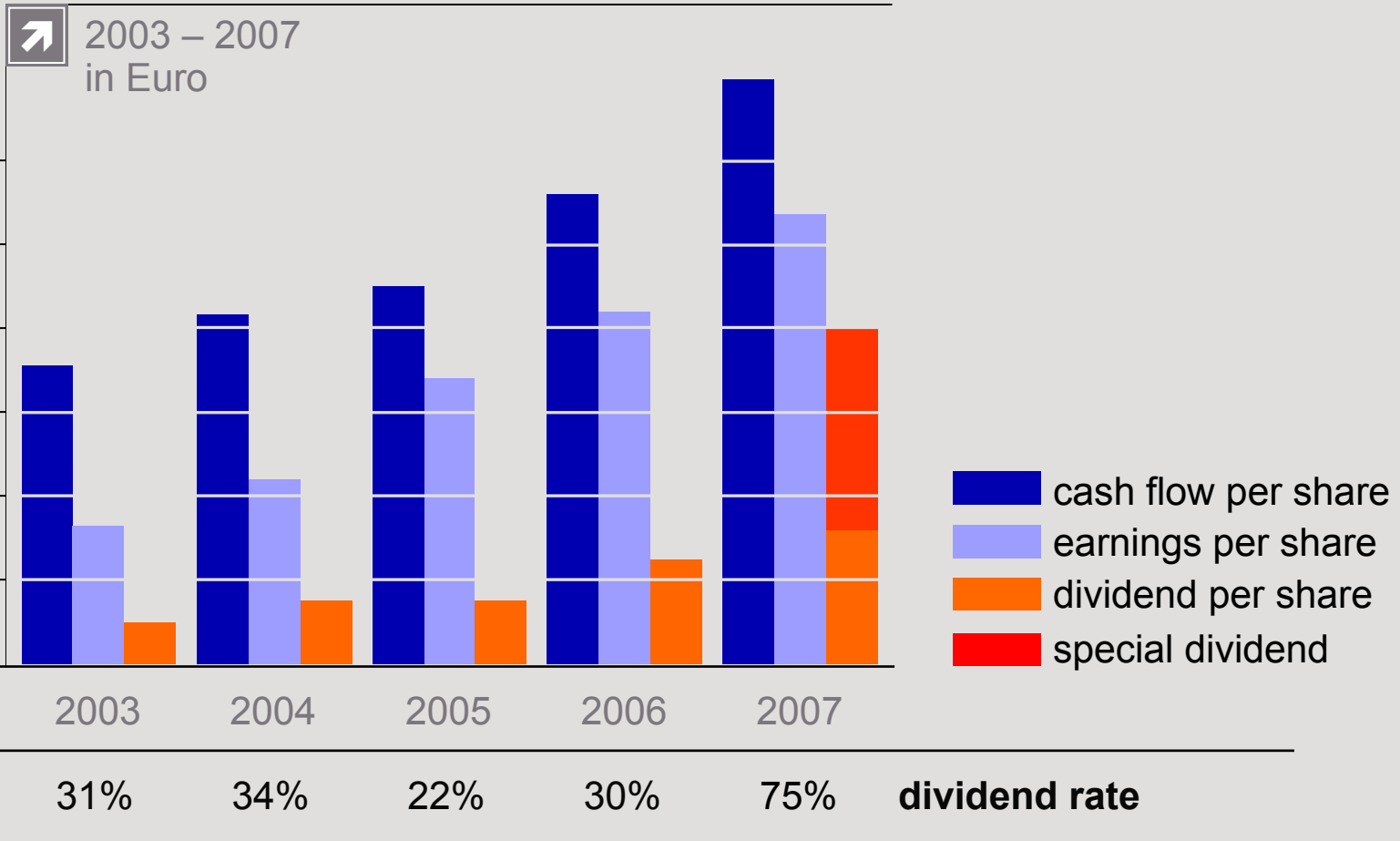
BORROWINGS

↗ 2003 – 2007
in million Euro



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

KEY FIGURES PER SHARE



Free cash flow enables external growth and/or high dividend

target corridor
equity ratio

~ 60% maximum



~ 30% minimum

- management instruments outside the operative business
 - acquisitions
 - dividend/return of capital
 - debt repayment
- reduction of net financial debt clearly under EUR 100m not wanted
- primary focus to use cash flow is on acquisitions
- ➔ special dividend possible in future if there are no value-creating acquisitions or investments

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

TAKKT in the economic cycle



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TAKKT: organic growth drivers

economic development



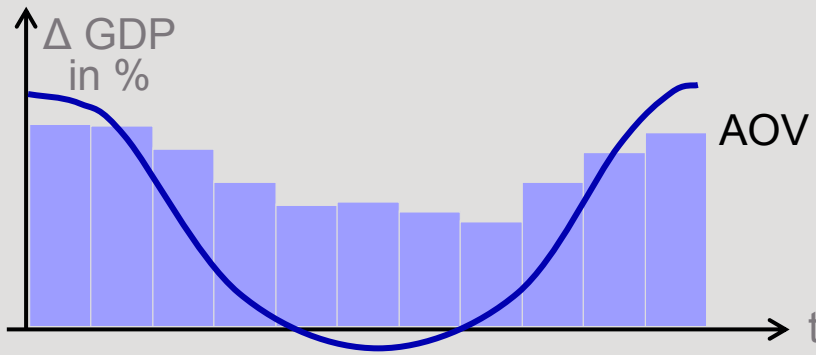
organic
growth
drivers

TAKKT growth strategy

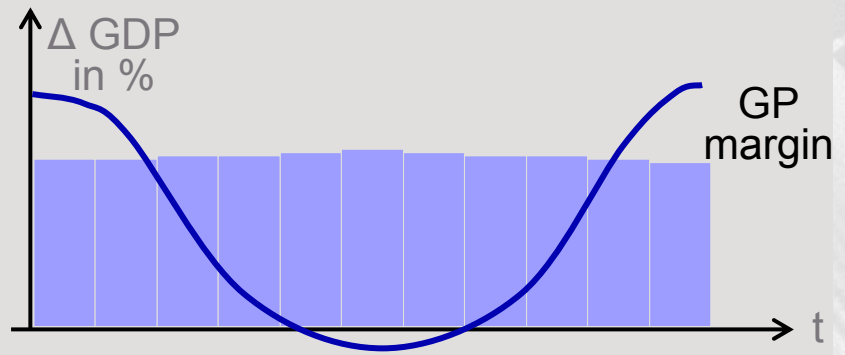
general industry trends

Economic development: value and growth drivers in the economic cycle

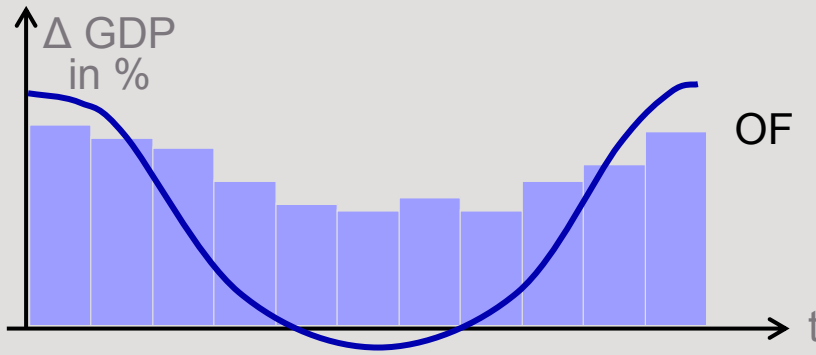
average order value (AOV) fluctuates



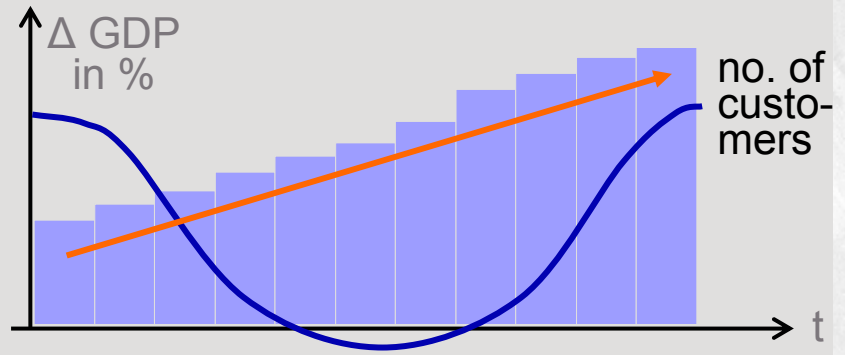
gross profit margin is slightly anti-cyclical



order frequency (OF) fluctuates



stable new customers/market share gains

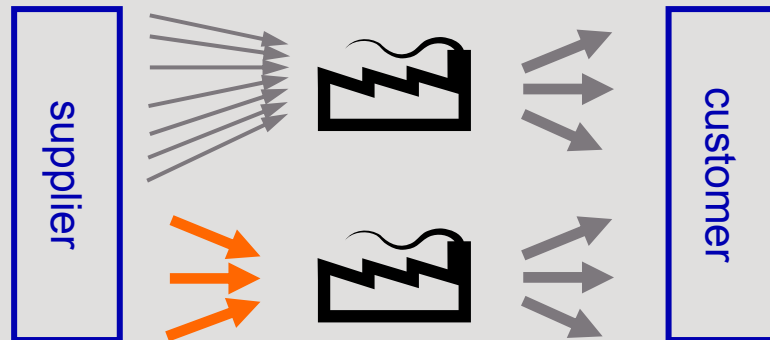


→ stable development of number of orders as well as profitability

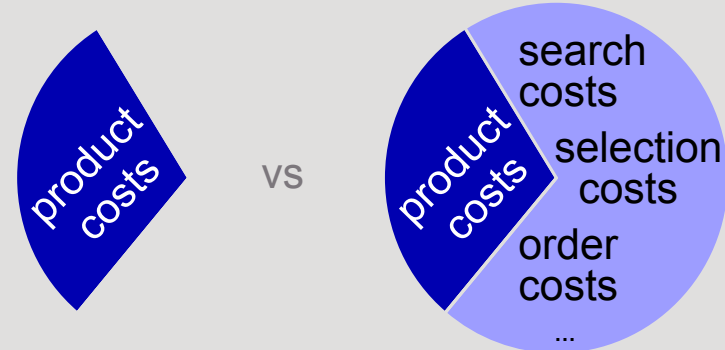
TAKKTAG

Industry trends: fostering TAKKTAG business model

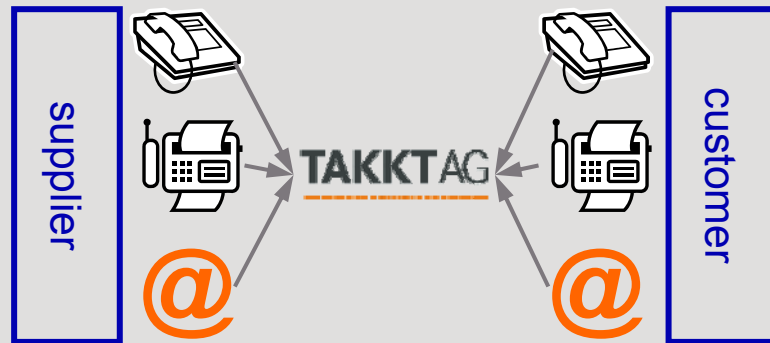
consolidation of business partners



from product cost to process cost thinking



e-commerce



internationalisation of businesses



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TAKKT success factors: clear strategy for growth

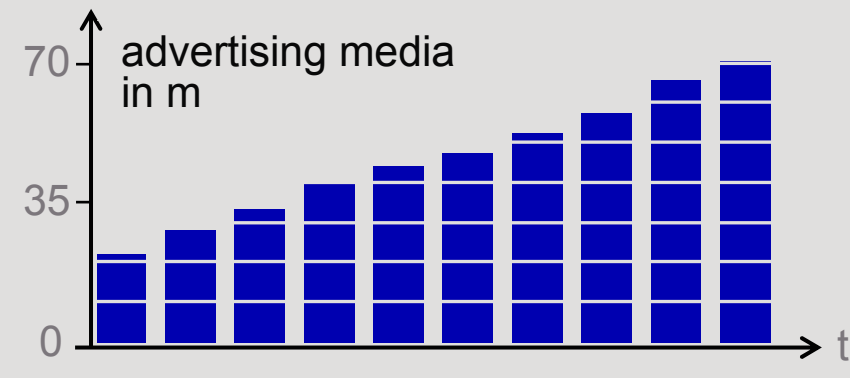
1. acquisitions (platform)

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

2. new foundations (roll out)

▪ e.g. KAISER + KRAFT Slovakia	2007
▪ e.g. Gaerner Spain	2008
▪ e.g. Hubert Germany	2008

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

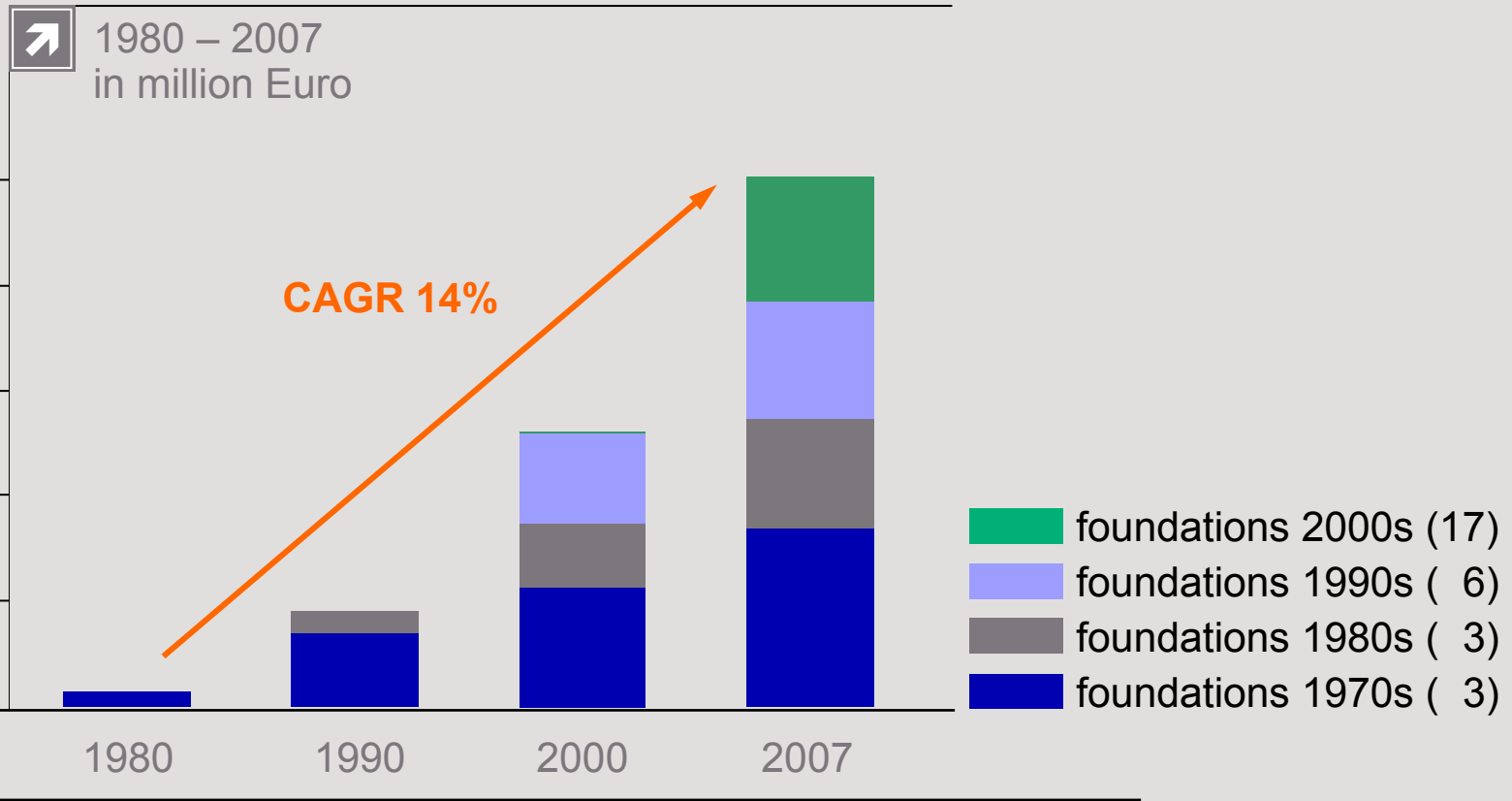


→ in the past 15 years: at least 1 foundation or acquisition per year

TAKKTAG

TAKKT growth strategy: new foundations as important growth contributors

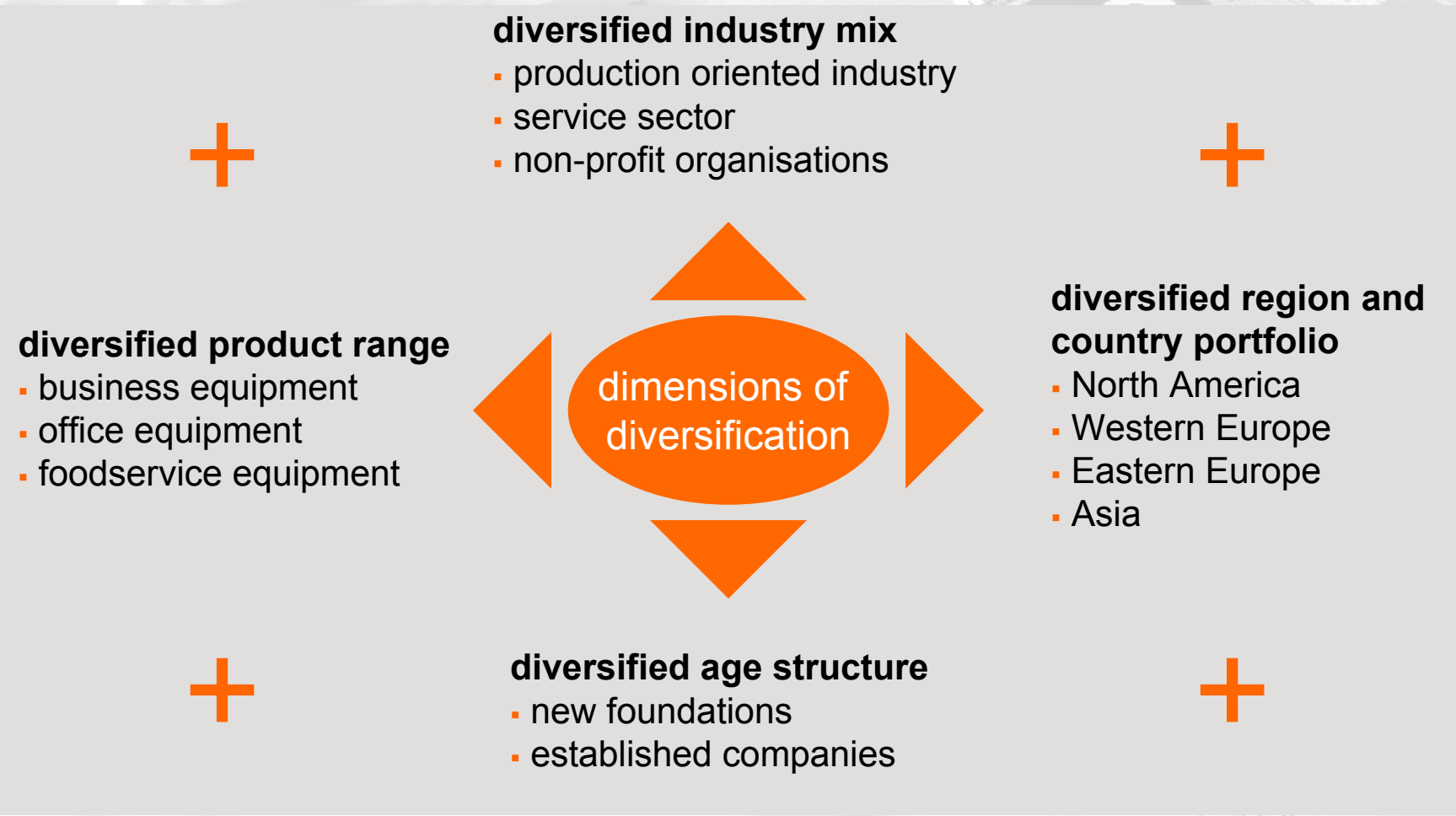
TURNOVER TAKKT GROUP



→ 29 foundations show dynamic growth and generate ~ 25% of turnover in 2007

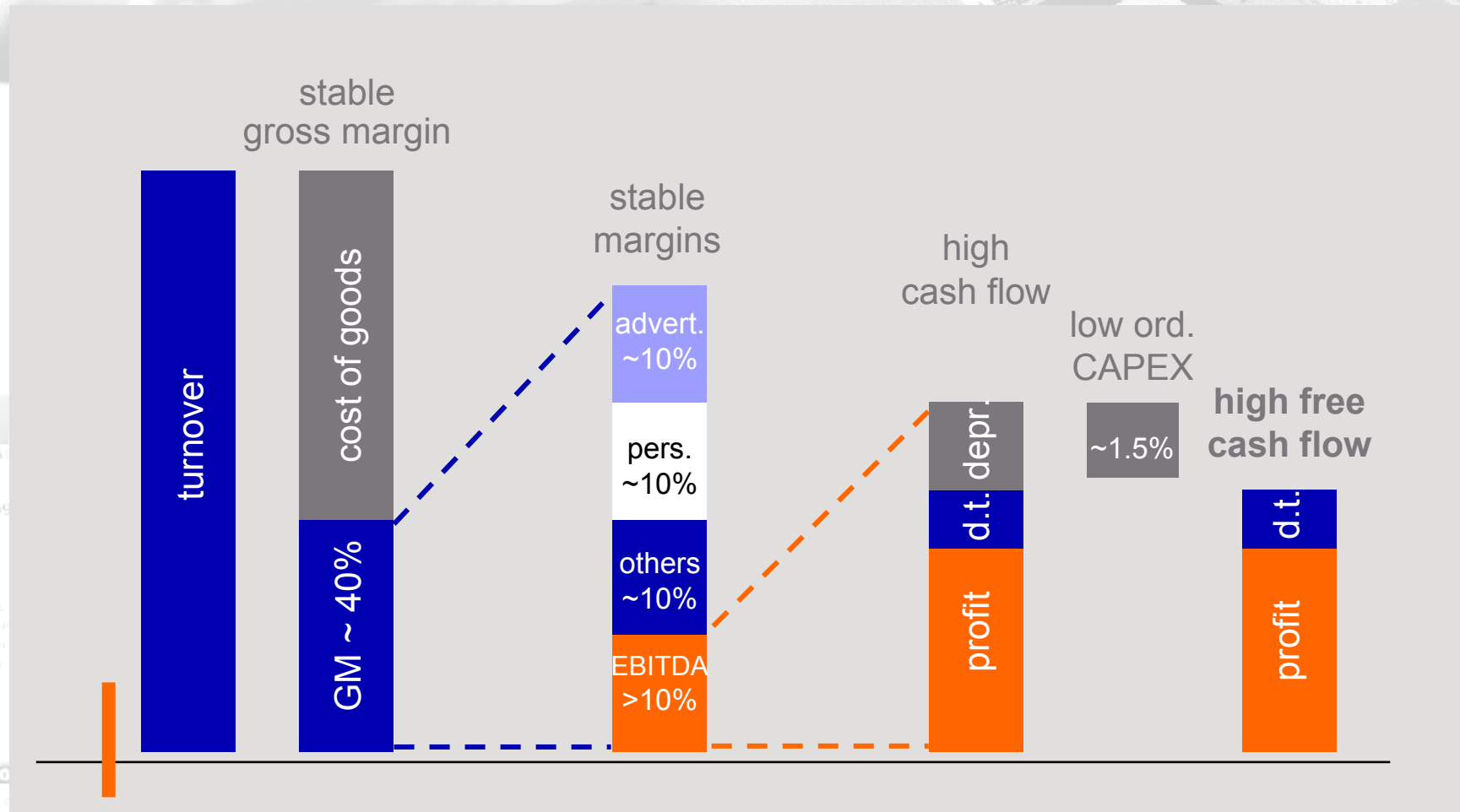
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Positive effects of diversification in 4 dimensions throughout cycle



Flexible cost structure is basis for margin stability throughout cycle

Business model generates high free cash flow



→ effective management of profitability margins via strict cost control

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BUSINESS EQUIPMENT SOLUTIONS

transparency of key figures



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Expected changes in recognition of catalogue costs

- IAS 38 advertising and promotional activity - is expected to be changed by April 2008; effective as of 1 January 2009

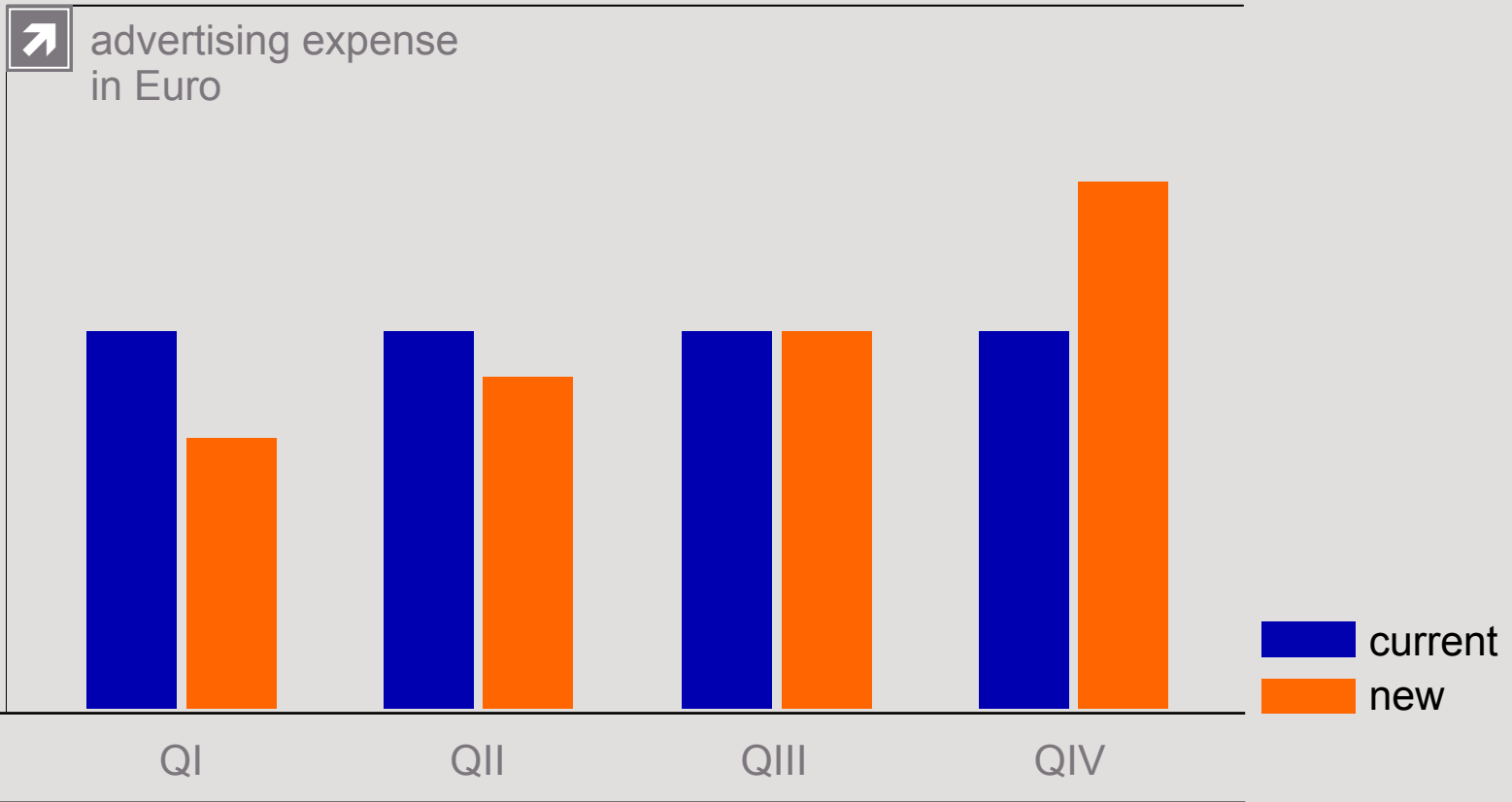
current practice

- following “matching principle”:
recognition of catalogue costs over the period of sales generation
- even distribution of advertising costs throughout the year

new practice

- recognition of catalogue costs when company has the right to access those goods (meaning as soon as they are produced and invoiced)
- uneven distribution throughout the year with majority of expense to be recognised in months
Dec/Jan – April/May – Aug/Sep

Estimated impact on catalogue cost recognition between the quarters



→ update on this will be provided when more detailed information is available

Working days effect 2008 at TAKKT Group level

	QI	QII	H1
2008	62.8	63.1	125.9
2007	63.9	61.8	125.7
Δ	-1.1	+1.3	+0.2

→ turnover shift between QI and QII at least 2 percent of quarterly turnover

Q1 + Q2 2008: working days effect for TAKKT Group

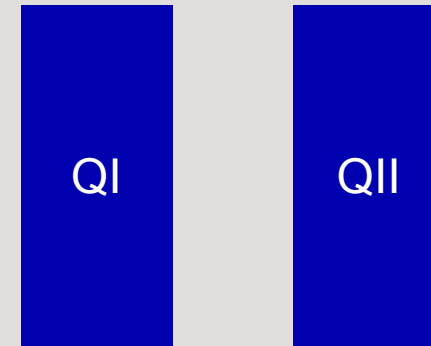
less working days in Q1



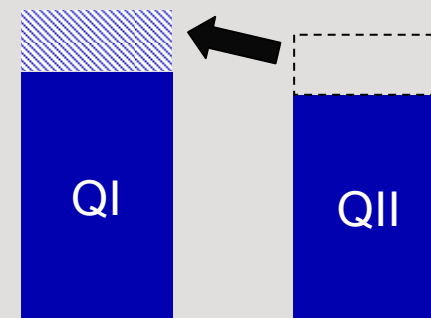
more working days in Q2



Q1e & Q2e turnover



adjusted Q1e & Q2e



Outlook: basic economic conditions – no positive impulse

GDP growth in %*	2007	2008	2009
Europe	2.7	1.6	1.7
Germany	2.5	1.6	1.5
USA	2.2	1.5	2.4

- impending slump in North America in 2008 also due to high level of uncertainty on international capital markets
- subdued development in Europe in 2008 due to US economy cooling down
- for 2009 slightly improved economic situation forecasted

Growth targets and initiatives

growth targets

- long-term average growth 12% p. a.
 - ~ 50% organic growth
 - ~ 50% by acquisitions
- at least 1 new foundation or acquisition p. a.

organic growth initiatives

- consistent optimisation and extension of product ranges, catalogue pages and services
- preparations for roll out of Hubert business in Europe
- expansion of logistics infrastructure
- penetration of multi-brand strategy (online & offline) e.g. Gaerner in Spain

Multi-brand strategy – a driver for profitable growth

reason

- customers like to have limited choice and do not want to be dependent on just one supplier

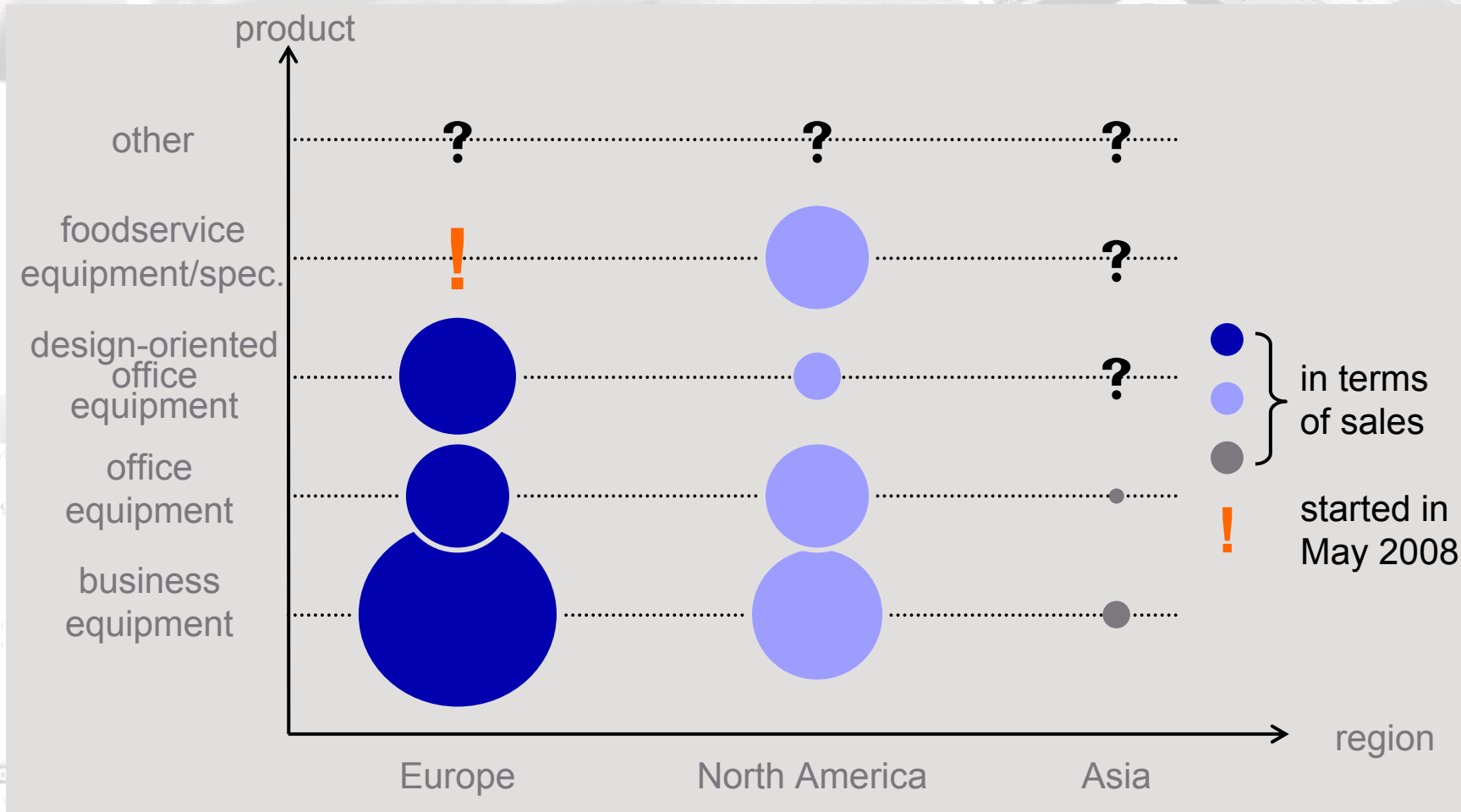
mechanics

- different brands work largely on same platform
- pictures, texts and prices in catalogues slightly different
- brands compete against each other in local markets mainly on customer service

benefits for
TAKKT

- increased probability that customer buys from TAKKT
- higher utilisation of mail order infrastructure with limited extra costs
- increasing buying power
- low risk because of experience in local markets
- best-practices sharing between different companies
- earlier break-even points for 2nd brand foundations

Clear potential for future growth



→ objective: diversified product portfolio via duplication of system business

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High profitability with further “upside”

division	targets	margin impact
KAISER + KRAFT EUROPA	hold very high EBITDA margin level	○
Topdeq	repositioning successful; double-digit EBITDA margin earlier than 2010	+
K + K America	PEG: refocussing strategy	+
	SPG: hold high level despite EU start	○
	OEG: introduce stock shipment; double-digit EBITDA margin by 2010	+
	Conney: structural effects from disposal	+
		++++

→ a lot of potential for further margin improvement

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Outlook 2008: TAKKT key figures

- organic growth of at least 4 percent (i.e. adjusted for currency changes as well as acquisitions and the Conney divestment)
- gross profit margin above 40 percent
- EBITDA margin in upper third of new target corridor of 12 to 15 percent
- capital expenditure above long-term average of 1 to 2 percent of turnover, but lower than in 2007

That's why invest in TAKKT

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 and dividend potential

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BUSINESS EQUIPMENT SOLUTIONS

appendix



H MOTORS, INC.

0 558 9966

11

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

C & M PRODUCTS

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

Catalog Request

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

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

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

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


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

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

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


Key figures

P&L

 in million Euro	2003	2004	2005	2006	2007
turnover	713.9	727.6	773.2	958.5	986.2
EBITDA	80.1	87.2	98.4	119.5	142.3
EBITA	70.3	78.2	88.9	105.2	125.0
EBIT	53.9	62.5	88.9	105.2	125.0
profit before tax	40.6	51.5	78.7	92.9	116.1
profit	24.4	33.0	50.4	62.5	79.3
cash flow	51.8	60.5	65.5	81.7	101.2
free cash flow	42.0	51.9	56.6	9.7	53.8
EPS (in EUR)	0.33	0.44	0.68	0.84	1.07
CEPS / CFPS (in EUR)	0.71	0.83	0.90	1.12	1.39
dividend rate (in %)	30.8	33.8	22.0	29.6	74.7


Key figures

balance sheet / covenants

 in million Euro / other	2003	2004	2005	2006	2007
Ø net borrowings	-260.4	-211.8	-170.2	-188.7	-124.6
net borrowings (ye)	-234.3	-182.3	-156.5	-164.8	-81.6
CAPEX (incl. acquisitions)	9.8	8.6	8.9	72.0	47.4
change in working capital	7.8	2.8	11.5	14.6	9.8
gearing	1.5	1.0	0.7	0.6	0.3
interest cover	5.3	7.2	8.6	8.7	14.1
debt repayment period (y)	5.0	3.5	2.6	2.3	1.2
equity ratio in % *	32.8	39.6	46.1	47.7	58.6

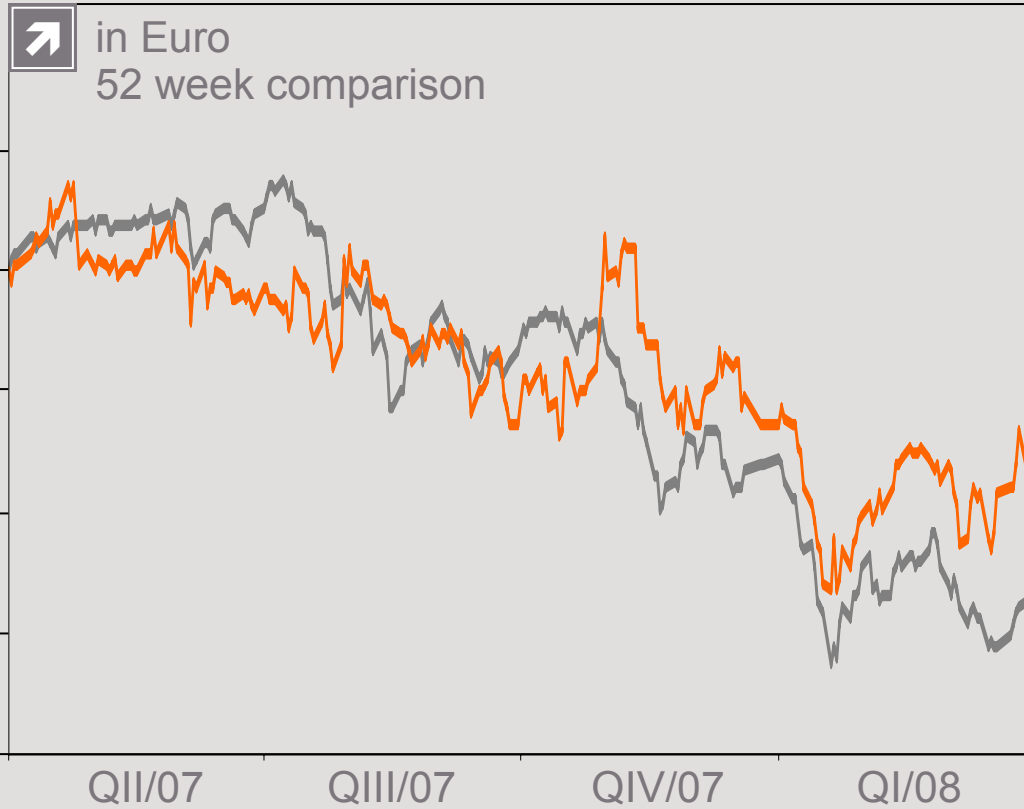
Key figures

personnel

 in thousand Euro / other	2003	2004	2005	2006	2007
employees (full-time Ø)	1,888	1,851	1,848	2,016	2,040
turnover per employee	378	393	418	475	483
personnel costs per empl.	50.3	51.7	53.3	57.2	55.1
cash flow per employee	27.5	32.7	35.5	40.5	49.6
employees (f.-time at 31/12)	1,860	1,840	1,868	2,027	1,971

TAKKT share: development does not reflect operational performance

SHARE PRICE DEVELOPMENT



- Prime Standard since 01/01/2003
 - 72.9 million shares
 - market capitalisation: ~ Euro 810m
 - shareholder structure:
 - free float: 27.3%
 - Franz Haniel & Cie. GmbH: 72.7%
- TAKKT share
■ SDAX (indexed)

TAKKT AG

TAKKT: divisions

KAISER+KRAFT
EUROPA

- about 45,000 products: transport, storage, office, workshop and environment
- present in >20 countries
- ~ 1.1m customers

Topdeq

- some 2,500 products: designer office furniture and accessories
- present in 7 countries
- ~ 500,000 customers

KK America
CORPORATION

- 87,000 products for: transport, storage, business + office equipment, retail trade, restaurant and hotel sector
- present in 3 countries
- ~ 1.3m customers

→ product portfolio: strong brands with unique service

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Conney: reasons for TAKKT to sell

- market reasons
 - safety articles more and more viewed as commodity articles
 - ➔ pricing pressure
- internal reasons
 - due to limited size of Conney pricing pressure from market side could not be pushed down to suppliers
 - little synergies (contact persons, cross selling) between TAKKT equipment business and Conney
 - strategy: concentration on B2B durable equipment business

Financial calendar 2008

- 21/01/2008 Cheuvreux German Corporate Conference, Frankfurt
- 14/02/2008 preliminary figures 2007
- 20/03/2008 financial statements press conference
+ analyst presentation
- April 2008 spring road shows
- 29/04/2008 interim report for the first quarter 2008
- 07/05/2008 annual general meeting, Ludwigsburg
- **31/07/2008 interim report for the first half-year 2008**
- 30/10/2008 interim report for the first nine months 2008
- November autumn road shows
- 10/11/2008 German Equity Forum, Frankfurt

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