

**10th Annual General Meeting of TAKKT AG  
on 6 May 2009 in Ludwigsburg**

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

*Only the spoken word applies*

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

My Management Board colleagues and I cordially welcome you to the tenth Annual General Meeting of TAKKT AG. I will start by summarising the topics that I will be reporting on today. Firstly, we will look at the personnel changes in the Management and Supervisory Boards. This will be followed by a review of the last financial year, including the performance of the TAKKT share, which should be of particular interest to you. After a brief look at the issues of corporate governance and corporate social responsibility at TAKKT, I will introduce today's agenda. This will be followed by a quick look at our most recent acquisition, which was concluded in April and demonstrates just how strong and capable of action we are, even in these difficult times.

Lastly, we will take a look at the first quarter of 2009, the outlook for the future, and how we are aligning TAKKT AG strategically and operationally to equip ourselves for the economic crisis – and for whatever is to come afterwards!

### **Personnel changes in the Management and Supervisory Boards**

Ladies and gentlemen, this is my tenth and final TAKKT Annual General Meeting as CEO. As I announced at the beginning of the year, I will be retiring from the Management Board on 31 May 2009 for personal reasons. I would therefore like to present my successor, Dr Felix A. Zimmermann, who will assume the position of CEO on 1 June 2009. Those of you who attended last year's Annual General Meeting may recall that Dr Zimmermann was introduced as the Deputy Chairman with responsibility for the K + K America division. Dr Zimmermann already has a number of years of TAKKT Group experience, having acted as CFO from 1999 to 2004.

Dr Zimmermann, in the current economic climate, it is anything but easy to take over responsibility right now and I had hoped that you might be able to enjoy a less turbulent first year than that which you may now be facing. But I am confident that you and the entire TAKKT Management Board will proficiently steer the company through these difficult economic times.

There were some changes on the Supervisory Board too, as Prof. Dr Klaus Trützscher was appointed Chairman and Dr Eckhard Cordes Deputy Chairman on 24 September 2008. Professor Trützscher thus replaced Alexander von Witzleben, who retired from the Supervisory Board of TAKKT AG and from the Management Board of our majority shareholder, Franz Haniel & Cie. GmbH, at the end of 2008. I would like to thank Mr von Witzleben for all his good work.

### **TAKKT in 2008: profitable and stable despite economic crisis**

The future looked rather different when we saw you all here a year ago. Although we were not anticipating a positive economic upswing in 2008, we were nonetheless – quote – “cautiously optimistic”. You could say we were spot on with our caution – but not quite so with our optimism. As you are well aware, the general economic situation has deteriorated dramatically since then. But we can nevertheless still say the following for the TAKKT Group: against this backdrop of slumps in turnover, short-time work, redundancies and reports of insolvency, our company proved to be remarkably robust in 2008.

In total, we generated turnover of EUR 932.1 million, which was 5.5 percent down on the previous year. Adjusted for the currency effects caused by the weak US dollar in the course of the year 2008 and one-off revenue from the sale of our former subsidiary Conney Safety Products LLC in the previous year, we were able to post organic growth in turnover of 0.7 percent.

This is not to say that TAKKT is immune to the global recession – you need only look at the development of turnover in the course of the year to see otherwise. Healthy growth in turnover in the first nine months was followed by a significant decline in the fourth quarter. After all, as a B2B mail order group, we are bound to feel the effects when our customers around the world start to suffer from declining order numbers.

In the last two months of 2008 in particular, our customers were much more hesitant in placing orders than had been anticipated and as a result, we were unable to achieve our original growth targets.

In terms of profitability, not only did we maintain the previous high level – we even improved it marginally. Our EBITDA margin, which denotes operating profit, increased by 0.2 basis points to 14.6 percent and therefore remains close to the upper end of our long-term target corridor of twelve to 15 percent. The fact that TAKKT can be so profitable in such a difficult market environment can be attributed to two factors: firstly, the fact that we have strategically focused on our strengths, i.e. our core business, and secondly, the fact that we have also engaged in efficient capacity and cost management in recent, more lucrative years. Our objective was and continues to be to react swiftly to fluctuations in demand. And we shall do this in 2009 too.

We also want our dividends policy to reflect the continuity and stability of our company. We therefore recommend that you approve a dividend of 80 cents per share again this year, comprising a basic dividend of 32 cents and a special dividend of 48 cents per share. Taking TAKKT's high equity ratio and strong cash flow into account, our company will remain financially sound.

As far as the figures for 2008 are concerned, in view of the exceptional circumstances affecting the whole of the global economy, we should – and must – be wholly satisfied with the TAKKT Group's result.

### **TAKKT: highlights from the divisions**

What successes can we report from 2008? Here are the highlights from our three divisions:

#### **KAISER + KRAFT EUROPA**

KAISER + KRAFT EUROPA has an outstanding, systemised business model, and this has now also been officially recognised. In September 2008, KAISER + KRAFT EUROPA was pronounced "Mail Order Company of the Year" by the German E-Commerce and Distance Selling Trade Association and the trade magazine *Der Versandhausberater*. This annual award is the most important award – the Oscar, so to speak – of the German mail order industry. KAISER + KRAFT EUROPA was the first ever B2B business to win the award.

The jury's decision hinged on the quality and development of the product portfolio and on KAISER + KRAFT EUROPA's innovativeness. They were also impressed by the division's business performance in recent years.

KAISER + KRAFT EUROPA continued to pursue its multi-brand strategy in 2008 with a successful start-up. Since May of last year, the division has also been represented by the Gaerner brand in Spain. This can justifiably be called a success, because the figures for the first few months more than met our expectations.

#### **Topdeq**

As a premium brand in the segment for high-quality office equipment, Topdeq has been hit harder by the economic crisis than our other business divisions. But in spite of sharply declining turnover, we were nevertheless able to maintain the division's profitability at the same level as in the previous year. Apart from operational improvements, this can primarily be attributed to our significantly extended mail order centre in Pfungstadt near Darmstadt going into operation in May 2008.

Incidentally, Topdeq was pronounced “Company of the Year 2008” by the district of Darmstadt-Dieburg, for its investment in the town of Pfungstadt.

### **K + K America**

The main highlight in relation to K + K America should be the launch of Hubert in Germany. The customer response to the first catalogue to be distributed even before the official start in June 2008 was far more positive than we had been anticipating. The plans for Hubert have therefore already been expanded beyond Germany. Preparations are being made for the launch of the brand in other European markets – starting with France in 2009.

The integration of National Business Furniture (NBF) – the leading mail order office furniture company in the USA – which was acquired in 2006, is also coming on at a brisk pace. For example, since 2008, the NBF Group has been able to offer its customers even quicker delivery times and even better service, as it now draws on the logistics infrastructure of Topdeq and can therefore supply some of its products straight from the warehouse.

### **Turnover: organic growth of 0.7 percent**

Having already revised our growth forecast downwards from four to two percent at the end of October, the last two months of the year 2008 then proved to be unexpectedly weak. Consequently, we only achieved organic growth of 0.7 percent in the year as a whole. Organic growth means that we have adjusted the figures for one-off effects such as the turnover of Conney, which we sold in 2007, and the overall weakness of the US dollar in the course of the year. If these one-off effects are included, total turnover actually fell by 5.5 percent year on year.

**EBITDA: higher margin at the upper end of the target corridor**

We are pleased that we were able to further improve the earnings situation of TAKKT – which is remarkable given the extremely difficult economic environment. Our gross profit climbed slightly from 41.3 percent to 41.4 percent. This may not sound like a great deal, but considering the rising commodity prices, it is a pleasing result. One of the most important key figures is the EBITDA margin (i.e. earnings before interest, taxes, depreciation and amortisation), with which we measure the operating performance. Here too, we were once again able to record an improvement, to 14.6 percent. Our EBITDA margin is therefore close to the top end of our own target corridor of twelve to 15 percent.

**Profit: profitability up again**

The profit for the period remained also relatively stable and fell only slightly year on year to EUR 77.1 million. In contrast, the tax ratio was slightly up on the year, from 31.7 percent in 2007 to 32.3 percent. We recorded this marginal increase despite the reduced corporation tax rate in Germany due to higher deferred tax expense in connection with the evaluation of deferred tax assets on loss carry-forwards.

**Cash flow: margin with new record**

We can also report a new cash flow margin record of 10.7 percent, while our absolute cash flow was slightly below the previous year's level due to turnover, at exactly EUR 100.0 million. Cash flow as a key indicator of the internal financing ability is one of the TAKKT Group's main strengths, and this has probably never been as valuable as it is in the current situation.

This is because it means we are not totally dependent on the financial market, but can achieve a lot of things – such as investments and acquisitions – with own resources.

### **Employees: the basis for sustainable business success**

The success of our business rests on our employees. As of 31 December 2008, we had 1,960 employees within the Group, which is virtually the same as in the previous year. 739 of these are in Germany, and this figure is actually up by 40 year on year. These additional jobs were mainly created as a result of the expansion of our logistics infrastructure in Pfungstadt.

Up to the third quarter of 2008, the future looked bright for us and our employees, and they were able to accumulate thousands of hours of overtime as a result of the healthy business situation. This has since changed radically, however, and the employees' flexitime accounts are now negative – despite the short-time work.

The Management Board and many of our employees are familiar with the business cycles of over and underemployment. They are aware that our flexible remuneration systems generate bonuses when the going is good, but that bonuses are not paid at times like these.

Social harmony has been maintained by means of coherent action and a policy of providing information in good time. This is important if we are to come through this difficult crisis unscathed.

I would like to take this opportunity to cordially thank all the TAKKT Group employees for their commitment and for their flexibility and understanding.

### **Group balance sheet: capital expenditure and weak Q4 show impact**

The TAKKT Group made considerable investments of EUR 27.9 million to rationalise, expand and modernise its activities in 2008, which equates to an investment ratio of three percent based on consolidated turnover. This was above the long-term average. A large proportion of these investments went towards expanding capacities and the logistics infrastructure, in particular with the aforementioned Topdeq mail order centre and the building of a new warehouse and headquarters for our Scandinavian subsidiary Gerdmans in Sweden. In all, property, plant and equipment increased from EUR 93.4 million to EUR 108.7 million in the year under review.

Goodwill is the largest item on the assets side of our balance sheet. As we prepare our balance sheets in accordance with IFRS, goodwill is not amortised over a fixed period, but is tested for impairment on an annual basis. There was no need for any amortisation in 2008. However the economic crisis has already had an impact on current assets – trade receivables fell by a good EUR 20 million in the fourth quarter in comparison to the previous year's balance sheet date. This decline would have been even sharper had currency exchange rates remained stable.

Meanwhile, our customers' payment behaviour remained stable in the course of the year and the write-offs remained well below 0.3 percent of turnover. Here too, we are not reckoning with any significant crisis-related effects, on the one hand because we implement systematic accounts receivable management including credit assessments and dunning, and on the other hand because we do not have any noteworthy individual default risks, thanks to our broad diversification of customers and an average order value of less than EUR 500.

#### **Group balance sheet: further debt repayment; equity ratio above 60 percent**

On the liabilities side, the equity ratio rose once again as of the reporting date, to now 61.7 percent (in comparison to 58.6 percent in the previous year). Our target range here is between 30 and 60 percent. Not least because of this high equity ratio, we decided to launch a share buy-back in January – and we will come to that in a moment. We used our high operating cash flow to repay borrowings totalling EUR 11.9 million, despite considerable investments and a dividend of EUR 58.3 million. This demonstrates just how robust the TAKKT Group balance sheet continues to be. One aspect not evident in the balance sheet is the large number of free credit lines. It is partly thanks to these that even in economically challenging times, we still have the necessary flexibility to pursue our growth strategy as we have envisaged it.

Ladies and gentlemen,

Having looked at the development of the Group as a whole, let us now turn our attention to the individual divisions:

**KAISER + KRAFT EUROPA: turnover and EBITDA up again**

KAISER + KRAFT EUROPA increased its turnover by 3.8 percent to EUR 539.3 million, thanks to a very good first half-year in 2008. This division was the most successful at defying the economic crisis. KAISER + KRAFT EUROPA is the Group's flagship, both in terms of its share of the consolidated turnover and in terms of earnings: its EBITDA margin has remained very high, at 20.7 percent.

**Topdeq: stable profitability despite decline in turnover**

Topdeq has proved the most sensitive to the economic situation. Adjusted for currency effects, its turnover fell by 8.8 percent to EUR 82.7 million. Some Topdeq markets nevertheless grew, namely Austria and Belgium. The division's EBITDA margin was pleasingly stable at 7.6 percent.

**K + K America: key figures down due to Conney disposal and economy**

Turnover fell by 11.3 percent to USD 454.9 million, primarily as a result of the Conney disposal. Adjusted for the Conney figures, this decline comes in at just 1.5 percent. The division's EBITDA margin was 8.6 percent, in comparison to 9.6 percent in the previous year. The launch of Hubert in Germany impacted earnings as anticipated due to the usual start-up losses, but the launch was nevertheless a huge success.

**Key figures per share: cash flow and dividend remain high**

As something of a summary, the key figures relating to cash flow and earnings per share have dipped slightly, but remain high. Meanwhile, our total dividend proposal of 80 cents per share, which I will pick up on again in item 2 of today's agenda, remains unchanged. At this juncture, I would like to talk briefly about the performance of our share and about our share buy-back, even though the latter actually relates to 2009.

### **Share buy-back successfully concluded**

On 15 January 2009, we published an offer to buy back up to 7.29 million shares, which at that time was equivalent to ten percent of the outstanding issued share capital. The offer was so well received that only 14.5 percent of the shares tendered by each participating shareholder could be bought. The buy-back enabled us to pay out some EUR 58 million in equity to shareholders. The acquired shares were cancelled at the end of February 2009.

Why did we take this step? I have already touched on one of the reasons, namely our high – indeed very high – equity ratio. In addition, the cancellation of the acquired shares has positive effects on the balance sheet structure, the return on equity, and earnings and cash flow per share.

The buy-back was also a way in which to further boost the appeal of the TAKKT share. In addition to the positive effects on the key figures per share and the return on equity, the buy-back also increased the free float share to 29.6 percent. Franz Haniel & Cie. GmbH continues to be the majority shareholder, with 70.4 percent of all shares.

### **TAKKT share: better than index in difficult capital market environment**

Considering this shareholder-friendly policy – which certainly entails a high dividend payout – and our investor relations work, which once again won awards last year, we are not satisfied with the performance of our share. Although we fared slightly better than the market in general, we are of the opinion that the company's operating performance is not adequately reflected in the price of the TAKKT share.

Even though it is even more difficult to buck the prevailing negative trend given the market uncertainty, we are nonetheless convinced that the TAKKT Group can continue on its successful path – and that this will also be reflected in the performance of the TAKKT share in the medium term.

## **Corporate Governance**

Good corporate governance is one of TAKKT's fundamental principles and we are firmly committed to the objectives of the German Corporate Governance Code. This starts at an everyday level in the way both the managerial staff and employees and the Management and Supervisory Board work together, and in the way we communicate with business partners, shareholders and the media. For example, we inform our Supervisory Board and shareholders of all the latest developments quickly and comprehensively.

In concrete terms, we continuously report to the Chairman and Deputy Chairman of the Supervisory Board in writing and furnish the whole of the Supervisory Board with a written report of business development on a monthly basis. We therefore do not consider the recommendation of the code that interim financial reports be discussed with the entire Supervisory Board prior to publication to be necessary.

Similarly, the Supervisory Board does not consider the creation of an internal audit or nomination committee to be necessary. The existing Supervisory Board comprising six members is both lean and efficient.

We actively engage in other aspects of corporate governance for the simple reason that we believe they contribute to the success of our company. These include our active risk management and our performance-related value based remuneration and incentive system, for example.

As you are well aware, there is currently a heated debate both in the media and in politics concerning managers' salaries. I would therefore now like to talk about the TAKKT remuneration model.

The Personnel Committee has developed a remuneration model comprising both fixed and variable components. With this model, the Management Board is awarded a salary which is appropriate considering both its responsibilities and the Group's economic situation. The fixed part of each salary is based on experience and performance, and on standard market conditions. The variable part consists of a profit bonus and a strategy bonus.

The interplay between these two bonuses generates incentives for the Management Board to base their activities and decisions on the long-term growth and value creation of the company. This is also of benefit to the employees and shareholders. The profit bonus is calculated on the basis of the cash flow and is predominantly oriented towards growth. This is, however, limited by the EVA-based strategy bonus, which acts as an incentive for long-term growth and for meeting the interest expectations of debt and equity investors.

And as far as the hotly debated instrument of stock options is concerned, they are not a part of our Management Board remuneration, and neither will they be.

One last thing on this topic: the remuneration model for TAKKT AG's Management Board has remained unchanged since the company was founded in 1999. As members of the Management and the Supervisory Boards, we focus entirely on our (and your) company, and not on our salaries. Even in this day and age, there are still companies like us that take this approach.

### **Corporate Social Responsibility**

TAKKT AG fully acknowledges its responsibilities towards society and has been involved in social projects, in particular promoting the education of children and young people, for many years now. We sponsor 30 children in Mumbai to enable them to attend school for ten years, and all of them successfully completed their first school year in 2008. On top of this, the individual divisions are each involved in their own projects. For example, last year, KAISER + KRAFT EUROPA used payments from supplier agreements to donate a minibus to a school for mentally handicapped children and young people in Sindelfingen.

In particular, our social responsibilities very much include using resources in such a way that the environment and the climate are protected. Our employees therefore scrutinise all the items in our product portfolio to make sure they are environmentally friendly. As effective environmental protection has to involve the entire process chain, we also expect our suppliers to comply with stringent requirements. For example, our printers in Germany not only have to have ISO certification, but also have to comply with the European Union's Eco Audit Directive.

The TAKKT Group already makes an effective contribution to environmental protection on the basis of its business model alone, because mail order is founded on the principle of getting products to the end customer in the most efficient way possible. It's a question of keeping transportation – and therefore also the emissions it causes – down to a minimum.

The carbon footprint created by mail order is small in comparison to store-based sales or an external sales force, as neither the customer has to travel to the retailer, nor a sales rep to the customer. Catalogues made using renewable and CO<sub>2</sub>-absorbent materials likewise have a positive effect on the carbon footprint of mail order business.

In 2008, we took part in the Carbon Disclosure Project for the third time, which is a survey of more than 3,000 companies around the world regarding their CO<sub>2</sub> reduction strategies. The aim of this initiative is to keep the general public better informed about CO<sub>2</sub> emissions and to therefore encourage a sustainable, future-oriented approach. We will continue to support this initiative and will take part in the survey once again in 2009.

## **Agenda**

Dear shareholders,

Let us now turn our attention to the items on the agenda for today's Annual General Meeting.

You will already have received all the information relating to item 1, the presentation of the approved annual and consolidated financial statements.

You should also already have our proposal for the utilisation of retained earnings, which is the second item on the agenda. The proposal entails using the reported earnings of EUR 67,101,125.42 to pay a dividend of EUR 0.32 per share and a special dividend of EUR 0.48 per share – in other words a total dividend of EUR 0.80 per share – to the shareholders on the dividend-bearing share capital of EUR 65,610,331. This amounts to a total payout of EUR 52,488,264.80, which will be payable on 7 May 2009. In accordance with this proposal, the remaining retained earnings of EUR 14,612,860.62 would then be carried forward to new account.

By proposing the renewed payout of a special dividend, the Management and Supervisory Boards are taking the good development of business in 2008 into account.

In relation to items 3 and 4 concerning the discharge of the Management and Supervisory Boards, you have already heard me speak of the very sound and stable position of TAKKT AG. I believe that this speaks in favour of the endeavours of these two bodies, especially in the light of the difficult times we are facing.

Concerning item 5 on the agenda, the Management Board approves of the Supervisory Board's proposal to appoint Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, as the auditors and group auditors for the financial year 2009.

Concerning item 6 on the agenda, Professor Trützscher has already mentioned that Dr Wiegel has rescinded his candidacy to be appointed to the Supervisory Board and that the majority shareholder, Franz Haniel & Cie. GmbH, has proposed Dr Dr Bettermann for election. The Supervisory Board proposes that Dr Dr Bettermann be appointed for the remainder of the term of office of the retiring member Alexander von Witzleben (paragraph 7[3] of the articles of association), i.e. until the conclusion of the Annual General Meeting at which the Supervisory Board is granted discharge for the financial year 2011. In this respect, it is worth noting that the Annual General Meeting is not obliged to ratify proposals for election.

In item 7, the Management and Supervisory Boards seek your approval to acquire own shares in accordance with section 71 paragraph 1 point 8 of the German Stock Corporation Act (AktG).

The Management Board and the Supervisory Board likewise seek your approval of agenda item 8, "Resolution on the cancellation of the existing authorised capital and the creation of new authorised capital of EUR 32,805,165.50 and the respective amendment to the Articles of Association" and agenda item 9, "Resolution on amendments to the Articles of Association".

## **Acquisition of Central Restaurant Products**

Dear shareholders,

I would now like to take the opportunity to talk about our latest acquisition. While other companies are talking about the crisis, TAKKT AG is taking action, and just a few weeks ago on 3 April 2009, we acquired the US mail order company Central Restaurant Products – or Central for short. Central is a B2B mail order company and the market leader in mail order restaurant equipment in the US. It is therefore the perfect addition to our portfolio and strengthens our presence in the North American market. Central has been active for approximately 30 years, is based in Indianapolis and generates turnover of approximately USD 70 million with some 75,000 customers. It operates in a growing market and is very healthy, generating high margins and cash flows.

The purchase price comprises a basic price of USD 83 million (approximately EUR 62 million) and an earn-out component based on the gross profit over the next twelve months. It is unlikely that a substantial proportion of the purchase price will be settled with the earn-out in view of current economic developments. TAKKT is financing the acquisition through existing long-term credit lines. Even once the transaction has been concluded and the proposed dividend of EUR 0.80 per share has been paid out in May 2009, TAKKT will still have a sound balance sheet structure, with an equity ratio of more than 40 percent.

If you would like to know more, there will be an opportunity to ask questions at the end.

## **Impact of financial and economic crisis on TAKKT**

Relatively high investments in 2008, financing start-ups, a share buy-back, a special dividend and the acquisition of Central Restaurant Products – is this not all a bit too much in the current climate?

We would definitely say no. Naturally, like any other company, we are not ignoring the economic crisis. Our company is, after all, cyclical like everybody else's, as we have already mentioned a number of times. The only reason this has never been quite such an issue before is because our Group engages in activities globally, so the economic ups and downs in the various regions tended to balance each other out. In other words, when business was slightly weaker in Europe, it was much better elsewhere at the same time, such as in the USA.

Our global presence therefore allowed us to compensate for the decline or stagnation here or there with healthy growth elsewhere. On balance, we often more than compensated for the downturns. This time, however, all the global markets are heading in the same direction – namely downwards.

We therefore have good reason to be wary. And we are taking this wary approach calmly and systematically.

I now would like to briefly outline what effects a serious economic crisis would have on TAKKT and why we are confident that we are fully prepared to weather any such storm.

- Firstly, TAKKT is active across a wide range of regions and customer groups. Although we are currently experiencing the unusual phenomenon of all the markets experiencing a downturn, the newest companies will be able to absorb the economic slump to some extent.
- Secondly, our products are not very price-sensitive. In other words, a customer buys a hand truck because they need one and not because there is a 20 percent discount on the price all of a sudden. For us, this means our gross profit margins remain stable.
- Thirdly, our business model comprises very few fixed costs. We can therefore make all sorts of adjustments to bring our costs into line with the turnover situation. In relation to personnel, for example, we use work time accounts, short-time work, etc. We can also respond flexibly to fluctuations in the effectiveness of advertising by changing the sizes of catalogue print runs and the number of catalogue pages. This allows us to remain profitable, even at times of crisis.
- Fourthly, in addition to the TAKKT Group's main strength – its cash flow – our internal and external growth is also secured thanks to long-term committed credit lines with good margins. We can therefore focus 100 percent on the current and future challenges.
- And finally, we have an experienced management team that prudently and calmly makes the right decisions for the situation in hand in line with our basic strategic alignment.

### **First glance into 2009: difficult year for TAKKT**

As it is impossible to estimate the extent and duration of this crisis, we have developed several scenarios that examine the effects of the recession on our turnover development, and therefore also on the profitability of TAKKT AG, depending on its magnitude. These scenarios range from an appreciable decline in turnover through to a strong decline and finally an extreme slump in turnover. To be precise, the situation is as follows:

- If our turnover declines by up to 15 percent, our profitability (EBITDA margin) will nevertheless remain within our long-term target corridor of twelve to 15 percent.
- If turnover drops by between 15 and 20 percent, we expect that we will no longer be within our target range, but that we can nonetheless achieve an EBITDA margin of more than ten percent.
- Only if there was an extreme slump in turnover of more than 20 percent over the course of 2009 as a whole would our EBITDA margin fall below the ten percent mark.

Ladies and gentlemen,

Before we take a look at the possible shape of things to come, I would first like to make some personal points about the global economic crisis and modern-day society. I would like to do this because I think these are closely related to our business activities.

You can choose to ignore what I say or – as I would hope – you can, like me, help to make this world a better place.

I have spent the whole of my working life endeavouring to create and develop as secure and independent a company as possible, through my own input and the input of the employees entrusted to me.

This entailed reducing our dependence on the banks and also involved abstaining from any kind of political lobbying. Neither in the past nor now have we needed the government in order to become a better company and serve our customers.

We are still fairly independent of the banks. But being a cyclical company, we have been drawn into the downward trend caused by the irresponsible actions of certain bankers and now find ourselves having to slash costs in order to keep the company on course.

The bankers – and I hasten to add that it is not all of them – were only able to play their “game” because the media and politicians sowed the initial seeds, however.

Let me explain this, using two examples:

At the height of the internet boom and the new economy, management boards and businesses such as EM.TV were ever-present on our TV screens and politicians curried favour with them. The more responsible managers, however have neither been heard nor cited. Politicians, the media and, of course, the business world all portrayed stock options – which at the time were a little known form of variable remuneration for managers – as the be-all and end-all. In 1999, a fund manager said to me: “You don’t have any share options, Mr Gayer? You mean you’re not focusing on your company’s share price?” Many persons that are familiar with me know that I have always focused on the development of TAKKT. If the company is performing well, the share price should follow. That’s how it works.

Politicians also phased out German accounting law without good cause, in my opinion, and replaced it with the new IAS standards. The focal point of the old system was the principle of the lower of cost or market, which most definitely prevented overvaluations. The German valuation rule, which served to protect creditors, was replaced with the term “fair value”. So who is now responsible for determining the fair value of an asset? My slightly exaggerated answer to this question is: anyone, and they can define it however they wish.

These days, the vast majority of banks peg the value of a company’s balance sheet items remarkably low, often regardless of whether the company in question is well managed or not. These valuations are sometime so catastrophically remote from the value going concern that this is all it takes to precipitate a catastrophe.

Until just a few months ago, banks in the USA and elsewhere were putting price tags of more than USD or EUR 1 million on houses which cost USD 100,000 to build – and which are then occupied by families with an annual income of, say, USD 50,000. All in accordance with the law and all in line with “fair value”, as someone has actually paid this astronomical price.

My message: We have to find our way back to gradually improving what we already have, instead of overhauling everything on a daily basis.

The government is, however, tirelessly working on creating a new world for us.

Let me explain why we are currently not in a position to run our business without the world of politics – something that I fear will be the status quo in the future too.

We are all familiar with the address scandals, data theft, the recording of illness details, anti-corruption data comparisons, etc. Politicians are aware of the fact that they are expected to take action.

So what do the politicians do? Instead of punishing the originators for criminal action they draw up laws that make pivotal functions of our business world such as sales and marketing more difficult, if not impossible.

What does distributing a brochure or a catalogue have to do with all of these data scandals? Absolutely nothing.

We and all the other suppliers of goods and services send millions of advertising media to potential and existing customers – without causing any problems. People who do not wish to receive any forms of advertising can have their names added to the Robinson list in Frankfurt – they will then no longer receive catalogues, etc. from reputable companies like us. This system works perfectly. But the government now wants to turn this opt-out rule upside down and is pushing for an opt-in solution instead. This will hamper the process of acquiring new customers and will also make it more expensive.

Here is another example, this time of the way in which Germany's new Federal Data Protection Act – if it will be passed as proposed – first and foremost prevents smaller and younger companies from generating turnover:

A young company has developed a new piece of equipment and wishes to market it. It currently has the following options:

1. Attending the Hannover Messe:

But that's just been and gone.

2. Scatter advertising on TV, radio or in newspapers:

But this is too expensive for a young company.

3. Direct marketing – our model:

The young company approaches a list broker and rents, let's say, 50,000 potential business addresses with or without a contact person. If this is too expensive for the company, it can downsize its print runs. If its first promotion is a success, the company rents more addresses to grow its business. If the new law is enforced, this will no longer be an option for the company – as there will officially no longer be any address lists, the company will be unable to pinpoint and contact potential customers at a reasonable price.

To make matters worse, our competitors abroad will still be able to do this – they may not be entitled to, but neither can they be prosecuted.

The result is that the young company has no hope of survival.

But what worries me the most is the ignorance and arrogance of certain prominent figures in Germany in relation to the new Federal Data Protection Act:

- The government of the State of Baden-Württemberg said “It’s not our responsibility”.
- At the consultation in Berlin, we were allocated one minute of time to speak, as the only representatives of B2B mail order.
- We were informed in advance that a number of things were not negotiable.
- As a manager – not a citizen – I was rather exasperated by the response of one important government figure. On being reminded by a critic of the government’s draft law that the new Federal Data Protection Act would most certainly result in a good many redundancies, their response was: “I’ve heard that again and again. And what’s happened? Nothing, and Germany is still doing great”.

As a result, I can only urge young entrepreneurs to take their businesses abroad.

And I say to the politicians: less is more.

But now back to the outlook for 2009.

**TAKKT Q1/2009: low turnover, EBITDA margin remains double digit**

The first quarter of this year has clearly shown us that we will have to brace ourselves for tough times and for the worst-case scenario. It is hard to say how long the crisis is likely to continue, but I imagine it will last well into 2010.

We have therefore introduced far-reaching measures early on. Workforce-related adjustments to the drop in demand are being implemented in a wide array of forms, such as the use of flexitime accounts, short-time work, a reduction in the daily working hours, extended unpaid leave and a moratorium on hiring new staff. If these measures are not enough, redundancies will follow.

In contrast, the management will put in unpaid overtime to tap further savings opportunities, such as reducing the purchasing costs for goods and services.

The results of these measures are only partially reflected in the figures for the first quarter of the year. Turnover fell organically by 25.3 percent.

The EBITDA margin remains in double digit figures, but has fallen by 3.5 percentage points due to lower capacity utilisation and the reduced efficiency of advertising.

This decline would have been reduced to approximately 0.5 percentage points had we been able to show all the measures implemented in the area of personnel.

Let me briefly explain:

- The reduction in personnel capacities by building up negative flexitime accounts does not have an effect on the income statement. It does avoid the need for more drastic measures, however.
- The savings made on the back of short-time work will not be recognised until Q2 2009.
- Lastly, personnel expenses have increased due to the severance expenses relating to the programme of redundancies that has already been started.

#### **TAKKT Q1/2009: margins remain on high level**

Positive effects can already be seen in the gross profit ratio, which rose from 42.1 percent to 42.9 percent. This is due to the easing of the commodities markets and the expansion of our warehousing capacities, and also stems from an additional round of negotiations with our suppliers. The cash flow margin remains above ten percent.

Ladies and gentlemen,

This is not the first recession I have encountered in my career – in fact, it is the fourth. You never quite know when the next recession is around the corner, but it goes without saying that you should ready your business for economic sluggishness in good time. It also goes without saying that every recession comes to an end sooner or later and is then followed by an economic upswing. So far, TAKKT has always come out of an economic trough strengthened, and this will be the case this time round too.

Far from being wishful thinking, there is highly plausible justification for this: in the good times, anyone can have a stab at B2B mail order and more or less achieve a degree of success. But the hard times then separate the wheat from the chaff. Without perfect logistics, sufficient market share, adequate economies of scale and therefore healthy margins, a company will eventually be forced to fold. You might call this market selection or – to coincide with the 200th anniversary of the birth of Charles Darwin – “natural selection”. But as we are in a good way in all of the above-mentioned points and because we have consistently worked on these areas in the past few years, we can confidently say that at the end of the day, TAKKT will emerge as one of the winners and will even have increased its market share.

### **10 years of TAKKT – a growing company**

Ladies and gentlemen,

The two charts that follow depict the first ten years of TAKKT AG. We have already had to weather one period of recession during this time – although it was not as serious as the one we are currently facing.

The company’s development is pretty impressive – with an increase in turnover of around 50 percent despite the depreciation of the US dollar, we have managed to increase profit before tax by 126.9 percent and dividends by no less than 700 percent. And like I say, all this has happened despite a previous economic downturn.

We achieved this by improving on all fronts, but also by founding new companies and making acquisitions.

What with all our relatively new businesses, primarily in Asia, and the expansion of Hubert into Europe, a similar course of development in the next ten years is not out of the question.

**Outlook: strategic agenda**

We have a clearly formulated, ambitious goal for the future: we want to become globally what we already are in Europe and the USA, namely the number one company in the B2B mail order of business equipment. We therefore plan to apply our tried and tested business model to new markets in the next few years. And I think that recently acquiring Central and the launch of Hubert in France prove that we mean what we say.

The various building blocks in our strategy include adding at least one start-up or acquisition every year. We have set an average growth rate of twelve percent per annum as a quantifiable target figure. This might not be feasible every year, especially in the current economic climate. Nonetheless, we will stick to this ambitious target as an average value over the years.

We plan to achieve this through organic growth and acquisitions in equal measure. We have defined a whole host of growth initiatives: in addition to continuously optimising our services and products, these include expanding the logistics infrastructure and systematically expanding our multi-brand strategy as well as our e-business activities.

Ladies and gentlemen,

As 2009 demonstrated all too clearly, it is not prudent to bank on any positive signs of economic growth at the moment. In fact, quite the opposite – now more than ever, it is a question of taking action to set the course for growth. But let me make it explicitly clear that, with all the plans for expansion that we have forged for TAKKT AG, we are not seeking to achieve growth as an end in itself – our focus is on our profit margins throughout. That is to say, we are not interested in growing at all costs. We want qualitative growth – in other words, growth that pays off. And the upcoming change at the helm of TAKKT AG will not steer us off this strictly income-based course.

Ladies and gentlemen,

After ten years as the CEO of TAKKT AG, all that remains for me to do is to take my leave and to express my gratitude to you all. Firstly, I would like to thank the members of the Supervisory Board for the faith they placed in me and in my colleagues. And I would like to thank my Management Board colleagues for the unwaveringly constructive working relationship we have enjoyed in the course of the past ten years. I would like to thank everyone who had the (perhaps rather dubious?) pleasure of working with me for all their support. And I would like to thank all the TAKKT Group employees for their commitment and hard work – without them, the last ten years would not have been half as successful. Finally, my thanks go to you, the shareholders, for placing your trust in this company. My time at TAKKT has been both exciting and rewarding. Thank you!