Transforming the organization

Corporate presentation

Agenda

1. **Organization and business models**
2. **Strategy**
3. **Key performance figures and indicators**
4. **Update on corona crisis and expectations for 2020**
5. **TAKKT dividend policy, share and equity story**

Organization and business models

TAKKT Group specializes in B2B distance selling for business equipment

Our business units are product specialists and sell equipment and specialties with an overall average order value of 460 EUR

Omnichannel Commerce

Kaiser+ Kraft

plant, warehouse and office equipment

ratioform

packaging solutions

NBF

office equipment

Hubert

merchandising and food equipment

Central

restaurant equipment

Web-focused Commerce

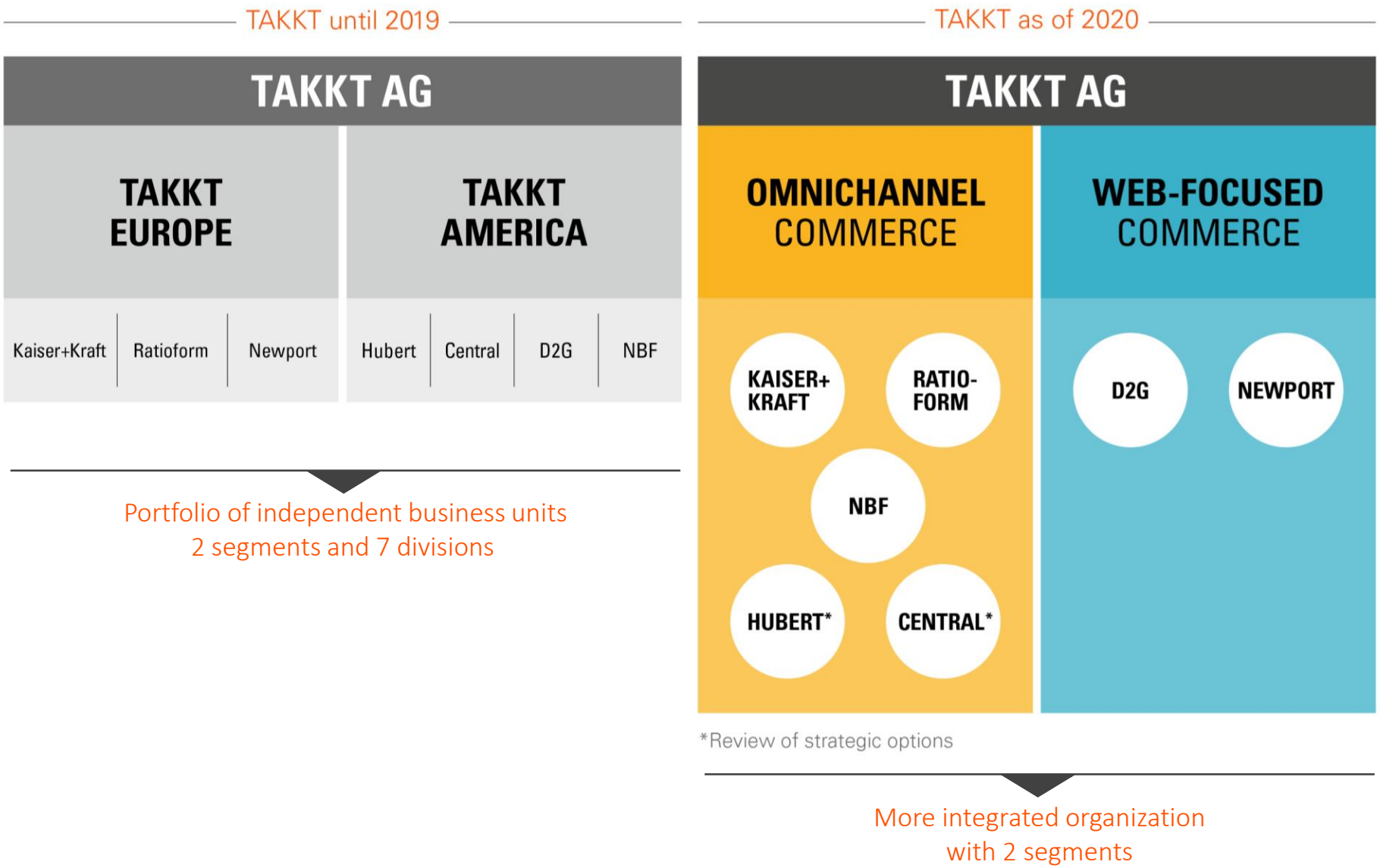
Newport

new business models and start-ups

D2G

display products

Change in Group structure due to organizational realignment



Omnichannel Commerce Segment is serving quality- and service-oriented B2B customers

Web-focused Commerce Segment is serving more price-conscious B2B customers

Strategy

Goals and strategy adapted due to organizational realignment TAKKT 4.0

Grow profitably

- Long-term organic sales growth of around 5% per year
- Additional growth through acquisitions
- Sustainable increase in EBITDA

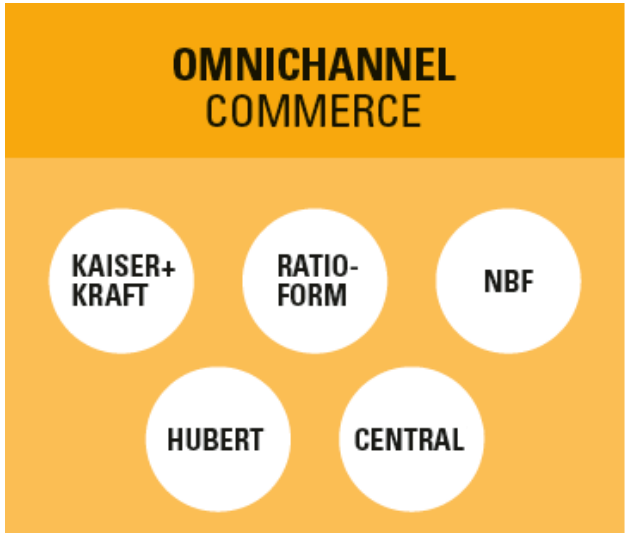
Transform the business model

- New organizational approach with focus on two business models
- Digital transformation with significant increase in e-commerce business

Act sustainably

- Industry role model for sustainability
- Sustainability “built-in” instead of “add-on” in daily business

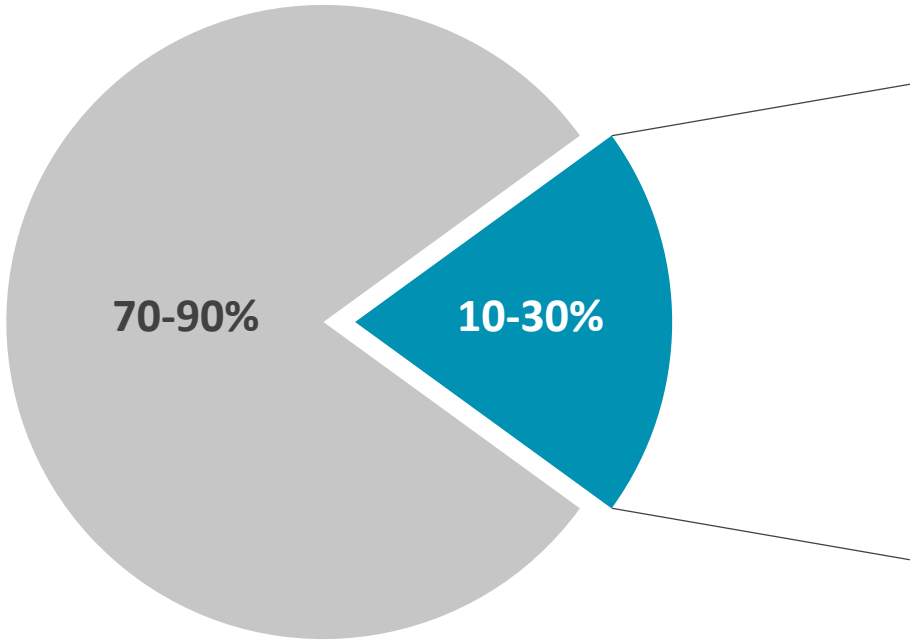
Grow profitably:
Organic growth and profitability differ between Omnichannel and Web-focused



TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

Long-term organic growth target	3 to 5 percent p.a.	6 to 8 percent p.a.	5 percent p.a.
EBITDA target	around 15 percent	around 10 percent	sustainable increase in EBITDA

Grow profitably:
Distance sellers gradually gaining market share



Local businesses

Distance sellers

omnichannel models

web-focused models

platform models (marketplaces)

TAKKT companies either run a omnichannel or a web-focused model

TAKKT companies partially use marketplaces as an additional sales channel

Grow profitably:
M&A is an essential part of TAKKT´s growth story and focuses on two areas

Strengthening of existing businesses

- Looking for additional product specialists in attractive niche markets for an integration into one of the two segments
- Exploit synergies and improve the Group's market position
- Primary goal is to have a positive development of the business-specific value and growth drivers

Expansion of the value proposition

- Acquisition of smaller companies offering products or services that expand the existing range of products or services for customers
- For example solutions for manufacturing, refining or adapting products and enhanced service offerings
- Primary goal is to improve the customer experience before, during or after the sale

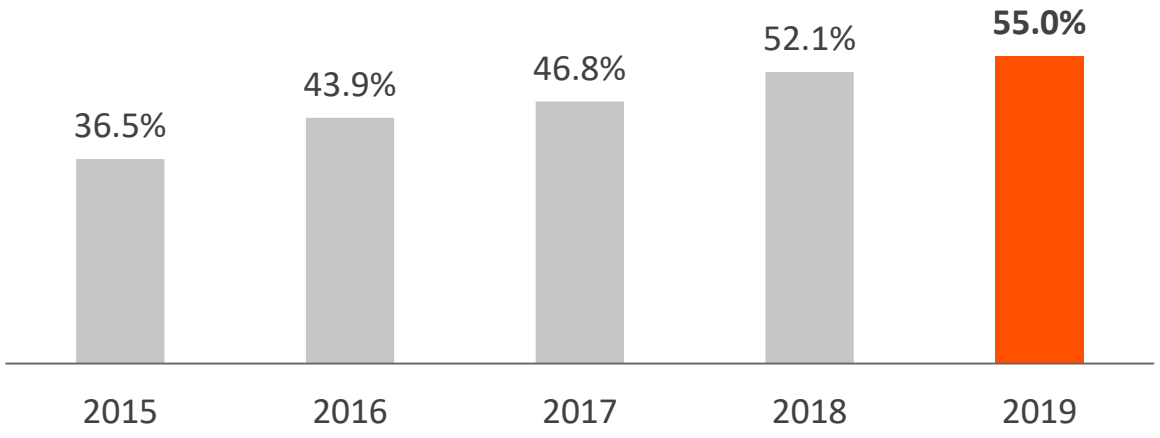
New organizational model with stronger integration of functions at the segment level (i.e. logistics, purchasing, IT) will lead to increased benefits for acquired companies and higher value generation than before

Transform the business model:
Growth momentum through the digital transformation

Digital transformation

- TAKKT made good progress in implementing the digital agenda since 2016
- The Group significantly increased e-commerce share, changed the corporate culture and strengthened key competencies (online marketing, web-shop development and data & analytics)
- Digitalization will continue to be a high priority at TAKKT; measures will be merged into TAKKT 4.0 in 2020

Share of e-commerce in order intake *(in percent)*



Transform the business model:
New organizational approach TAKKT 4.0 is based on three elements

Two business models for two customer types

- More compact and less complex organization and management structures
- Clearer positioning of the business units in the market
- Promote and foster different management and working cultures in both segments

Reallocation of functions and responsibility

- Create greater scalability and entrepreneurial freedom by re-allocating functions at the relevant level:

→ Business units concentrate on functions that interact closely with the customer (e.g. sales, marketing)

→ Segments integrate business model-specific functions (IT, purchasing, logistics)

→ Group level is responsible for functional activities that apply to the entire company (e.g. Strategy, M&A, HR, Finance)

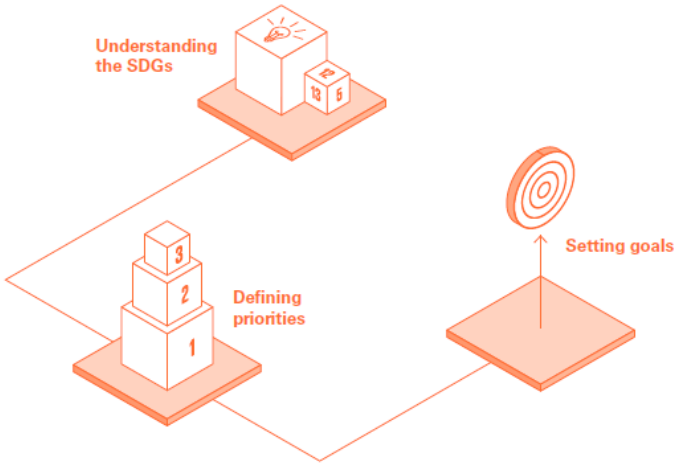
Strengthen the operational excellence

- Development and introduction of new management methods and processes
- Promote best practice solutions and implement continuous improvement processes

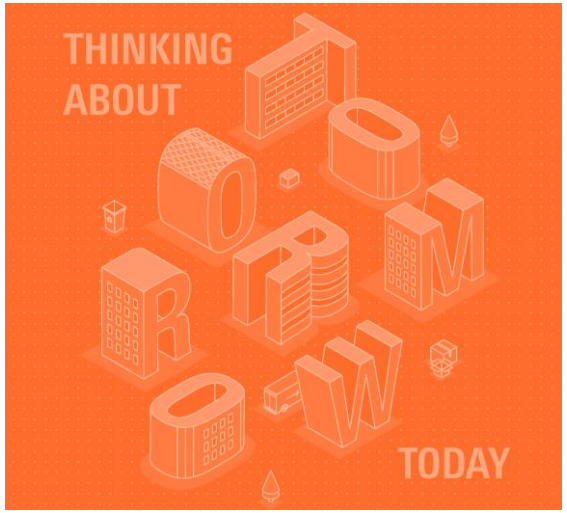
Transform the business model:
Goals of the organizational realignment

- The realignment will be carried out step by step and is expected to take two to three years
- Initial focus on preparing individual businesses for integration into the Omnichannel Commerce segment

Act sustainably:
Thinking about tomorrow today



- Sustainability and corporate responsibility are increasingly important factors in competition
- TAKKT has set the goal of expanding its position as a role model in sustainability in the industry
- The Group supports the UN's Sustainable Development Goals (SDGs) and has identified four SDGs that are especially relevant:
  - Gender equality
  - Responsible consumption and production
  - Climate protection measures
  - Partnership for the goals
- In 2020, TAKKT will hold another stakeholder dialogue to further develop the sustainability strategy and to review and possibly amend the SDGs



TAKKT Sustainability Report 2019

Key performance figures and indicators

Overview of key performance figures and indicators

Financial key figures

- Organic sales development
- Number of orders and average order value
- Gross profit margin
- EBITDA margin
- TAKKT cash flow margin
- Capital expenditure ratio

Product range figures

- Share of private labels in order intake
- Share of direct imports in purchase volume

Digital agenda indicators

- Launched and completed measures
- Newly created positions
- Additional personnel expenses
- Other expenses
- Capital expenditure and start-up investments
- Organic e-commerce growth
- Share of e-commerce in order intake

Value-based figures

- TAKKT value added
- Return on Capital Employed (ROCE)

Internal covenants

- Equity ratio
- Debt repayment period
- Interest cover
- Gearing (debt-equity ratio)

Sustainability indicators

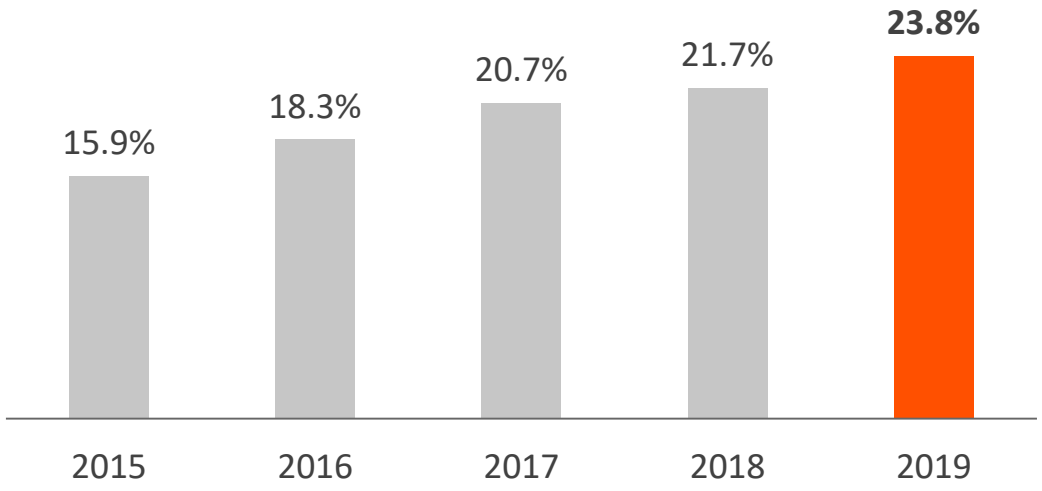
- A total of 16 indicators across the six focus areas sourcing, marketing, logistics, resources & climate, employees and society

Financial key figures

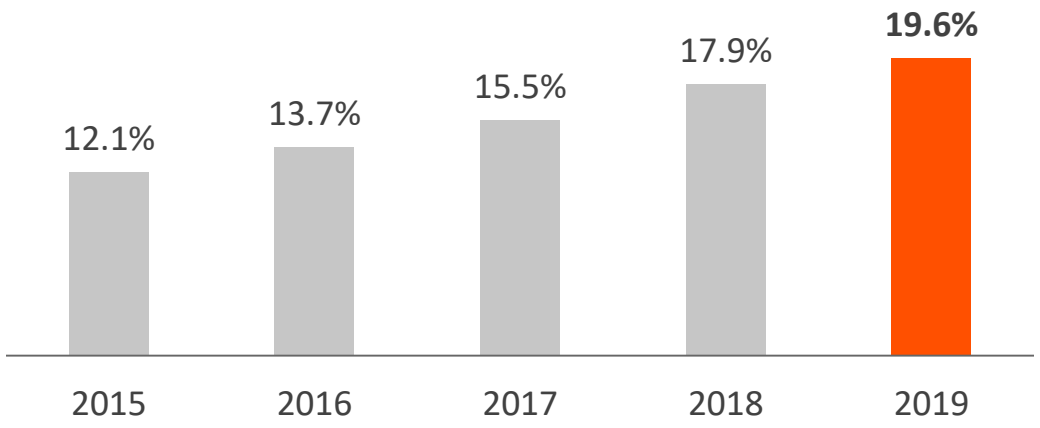
in EUR million	2015	2016	2017	2018	**2019**
Organic sales development in percent	4.7	5.2	0.4	3.4	-1.4
Number of orders in thousand	2,225	2,409	2,465	2,676	2,642
Average order value in EUR	482	469	458	449	460
Gross profit margin in percent	42.6	42.6	42.5	41.5	41.3
EBITDA margin in percent	14.8	15.2	13.5	12.7	12.4
TAKKT cash flow margin in percent	10.7	11.2	9.8	10.2	9.9
Capital expenditure ratio in percent	1.3	1.5	2.1	1.8	1.8

Product range figures

Share of private labels in order intake *(in %)*

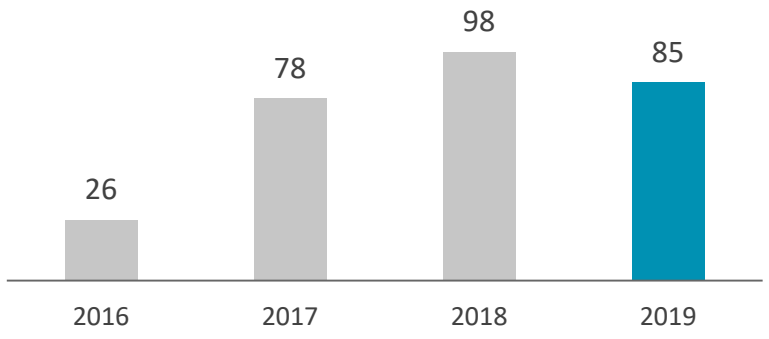


Share of direct imports in purchase volume *(in %)*

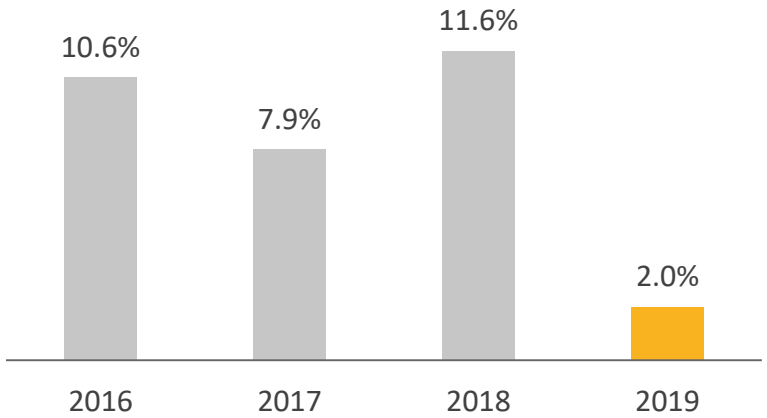


Digital agenda indicators

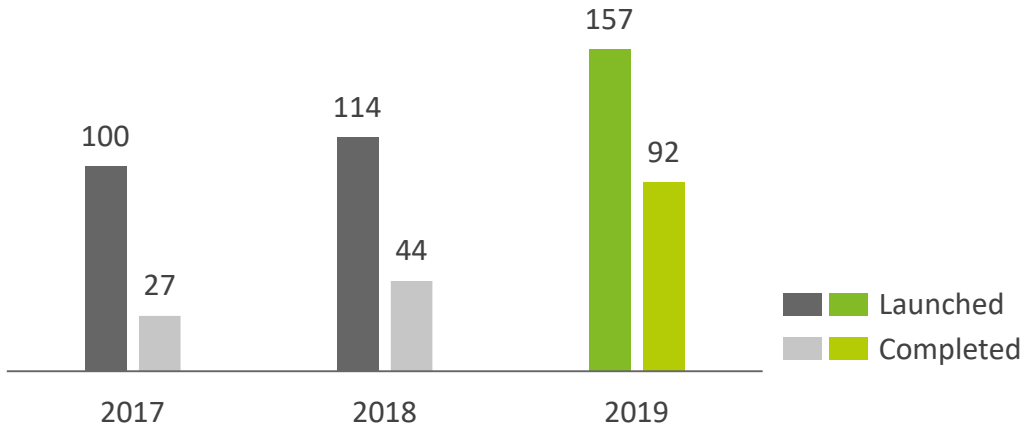
Newly created positions filled



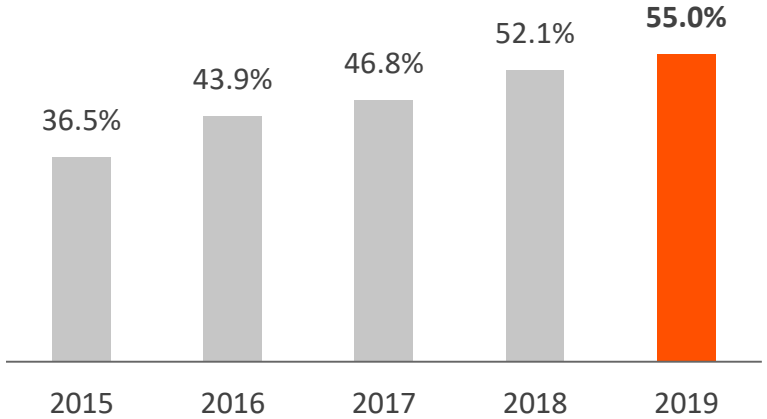
Organic e-commerce growth (in percent)



Launched and completed measures



Share of e-commerce in order intake *(in percent)*

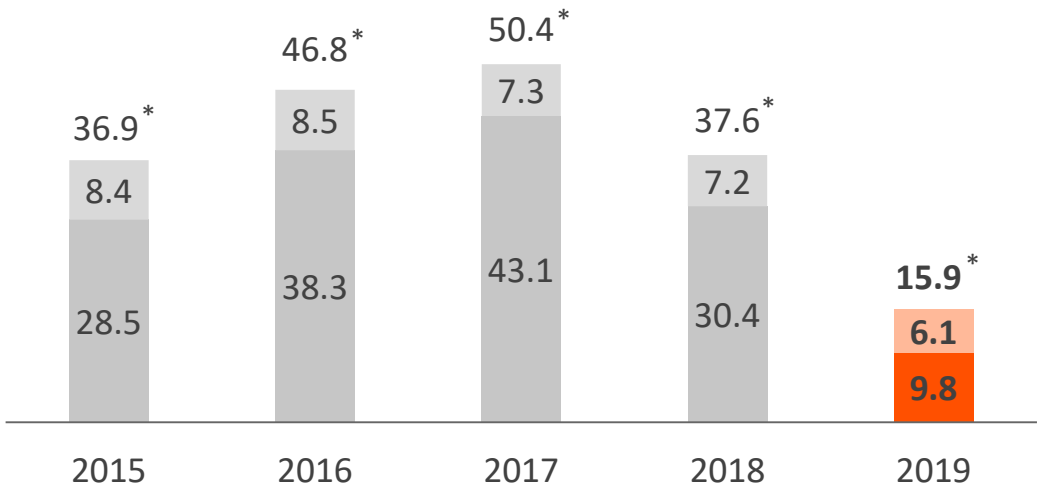


Our plan is to invest around € 50 million until 2020 for the implementation of our digital agenda and up to € 20 million for start-up investments

In EUR million	2016	2017	2018	2019	2020e
Additional personnel expenses (year-on-year)	0.6	3.9	2.9	0.7	0
Other expenses	1.9	3.8	4.0	2.9	2
Capital expenditure	1.4	8.7	8.4	6.0	3
Digital agenda cost (investment view)	**3.9**	**16.5**	**15.3**	**9.6**	**5**
Personnel expenses (cumulative)	0.6	4.4	7.3	8.0	8
Other expenses	1.9	3.8	4.0	2.9	2
Digital agenda cost (EBITDA impact)	**2.5**	**8.3**	**11.3**	**10.9**	**10**
TAKKT Start-up investments	1.0	4.5	2.3	3.0	1

Value-based figures

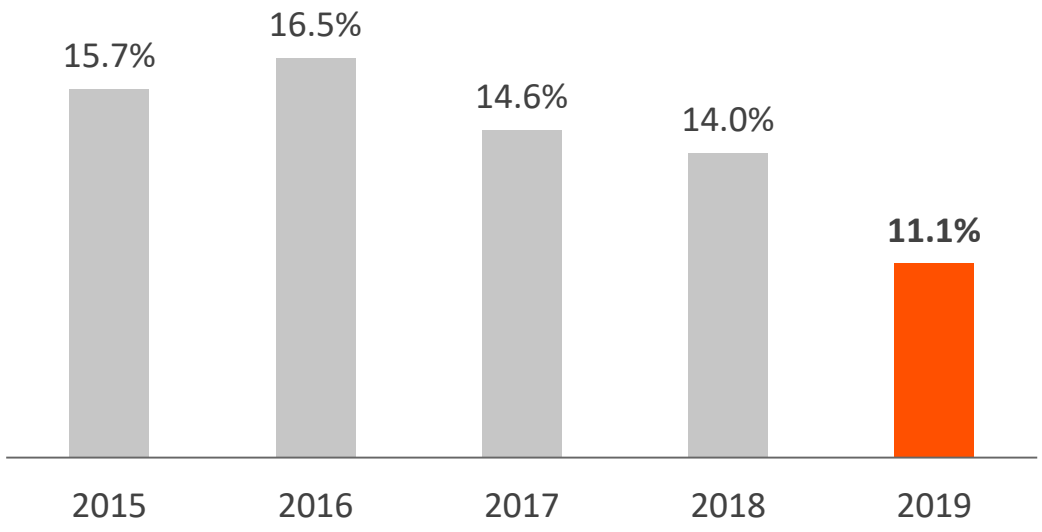
TAKKT value added *(in EUR million)*



* Adjusted for amortization of intangible assets resulting from acquisitions and the related tax impact.

- Negative impact from IFRS 16 of around EUR 4 million in 2019

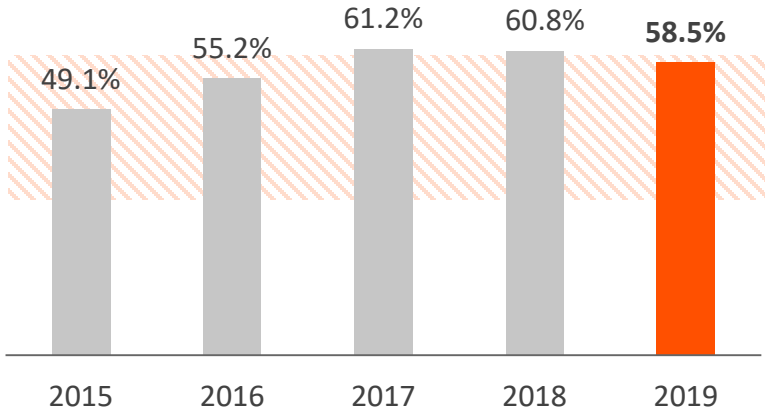
Return on Capital Employed *(in %)*



- Negative impact from IFRS 16 of around half a percentage point in 2019

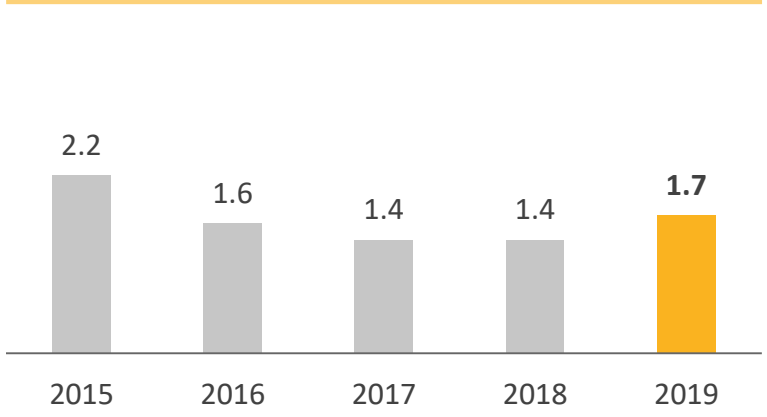
Internal covenants within the target range

Equity ratio *(in %)*



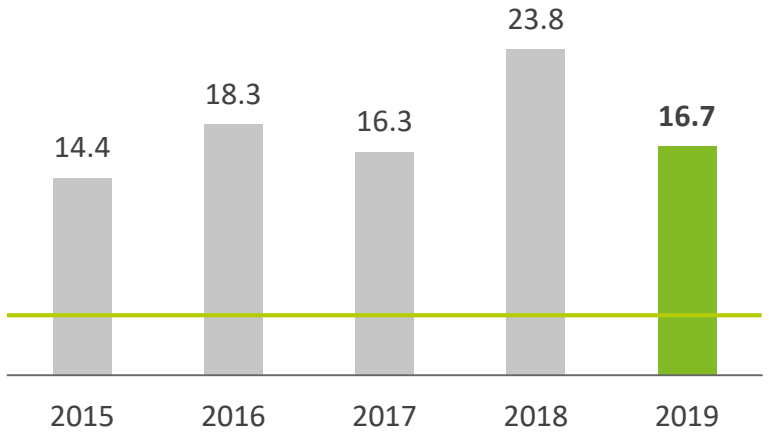
Internal target range:
30 to 60 percent

Debt repayment period *(in years)*



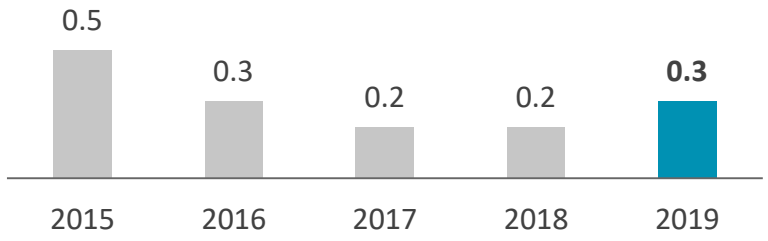
Internal target value:
< 5 years

Interest cover



Internal target value:
> 4

Gearing



Internal target value:
< 1.5

Sustainability indicators

Focus area	Key figure	2015	2016	2017	2018	2019
Sourcing	Share of sourcing volume from certified suppliers	36.3%	40.5%	46.8%	44.2%	51.6%
	Share of direct imports sourcing volume from certified suppliers			39.8%	39.3%	60.2%
	Share of sales from sustainable product ranges	9.6%	9.8%	9.3%	9.5%	9.5%
Marketing	Carbon-neutral web shops for major companies			7	12	17
	Paper consumption print advertising materials per order			5.4kg	4.2kg	3.0kg
	Share of carbon-neutral advertising materials			12.1%	19.9%	60.5%
Logistics	Share of carbon-neutral parcel delivery			91.4%	93.5%	92.2%
	Share of carbon-neutral general cargo delivery			44.7%	48.9%	54.8%
Resources and Climate	Major companies with carbon footprint	10	10	13	13	16
	Major companies with a certified environmental mgmt. system	3	3	6	6	9
	Major companies with a certified energy management system			4	4	4
	Energy consumption at GER / US locations per order in megajoule			70.6	66.7	71.3
Employees	Share of retained „digital talents“			90.9%	89.9%	65.9%
	Share of women in top executive positions			10.5%	12.3%	15.1%
Society	Percentage of employees who have the opportunity to take a paid leave for local volunteer involvement	37.9%	41.2%	65.7%	70.2%	68.8%
	Percentage of employees who took part in local volunteer projects			15.1%	18.0%	14.7%

Update on corona crisis and expectations for 2020

TAKKT corona crisis plan and priorities:
Shifting the perspective to get ready for the rebound and prepare for the future

Phase ①

Take action to minimize disruptions

- Protect our employees
- Ensure business continuity
- Secure financial stability

Phase ②

Get ready for the rebound

- Keep business on track
- Continue to deliver on agreed cost and cash management measures
- Proactively generate demand
- Implement next steps for TAKKT 4.0

Phase ③

Prepare for the future

- Keep business on track
- Proactively look and go for growth and acquisition opportunities

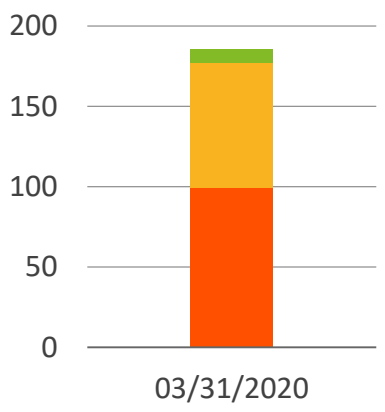
TAKKT corona crisis plan and priorities:
Besides crisis management, the focus is now on identifying opportunities

Our focus going forward

Keep business on track	• Make sure our businesses continue to stay open and operate • Closely track further development of the pandemic and potential changes • Continue to deliver on agreed cost and cash management measures
Proactively generate demand	• Adjust product range to include products that are currently in high demand (hygiene, health protection, food packaging) • Approach and develop new customers and markets
Implementation next steps for TAKKT 4.0	• Go ahead with strategic focus on the implementation of TAKKT 4.0 • Prepare business units in Omnichannel Commerce for a stronger integration into the segment • Strengthen operational excellence with new management methods and processes
Proactively look for growth opportunities	• Identify and make use of opportunities for growth • These can include organic as well as inorganic measures

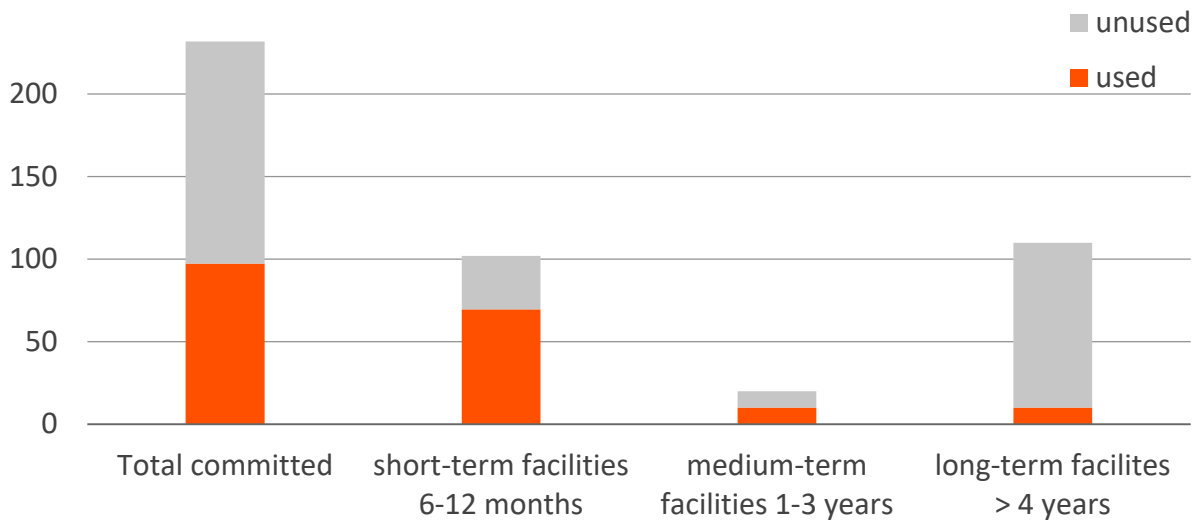
TAKKT with solid financing situation

Net financial debt *(in EUR million)*



- Other financial liabilites
- Lease liabilities
- Bank liabilities

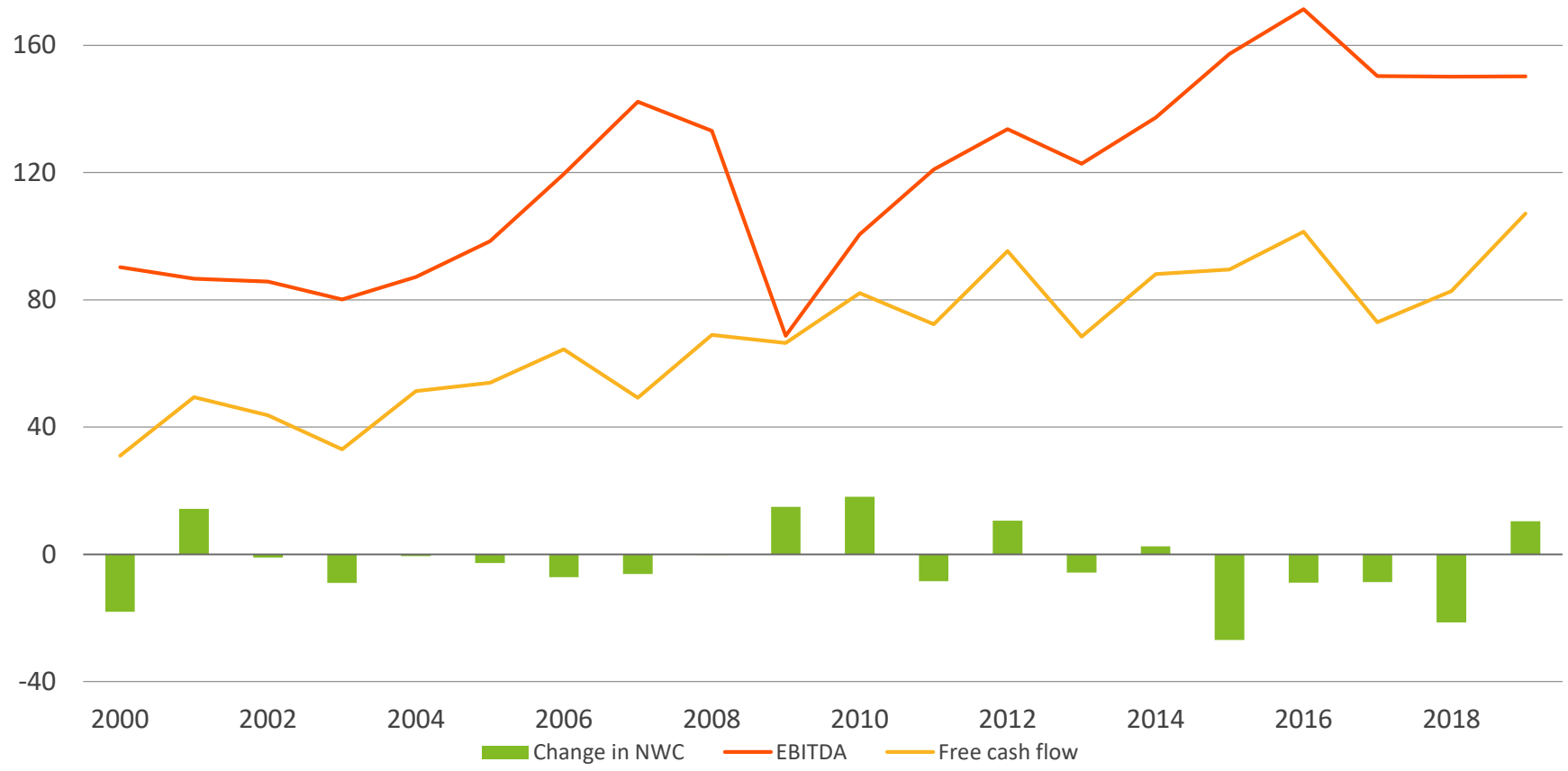
Bank facilities *(as of March 31, in EUR million)*



- Bilateral revolving credit facilities without financial covenants from 13 banks; well-established annual roll-over process
- Used committed credit lines of around EUR 100 million
- Unused committed credit lines of around EUR 130 million
- An additional EUR 70 million in uncommitted lines
- Currently in negotiations for early renewal of short-term facilities as well as changing uncommitted in committed credit lines

Free cash flow remains positive in economic downturns

Development of EBITDA, free cash flow and change in net working capital
(in EUR million, change in NWC inverted)



- Free cash flow more stable than EBITDA due to release of cash from net working capital and capex reduction
- Trade receivables are very fragmented and generally have a low default probability
- Inventory consists of standard articles that in general have a very low risk from aging or from technical changes

Performance in 2020 will depend on severity, length and consequences of corona pandemic

Challenging environment

- Economies in Europe and the US expected to show severe negative GDP development in 2020
- Purchasing manager indices in Europe show a sharp decline, especially in the service sector

Management focus

- We ensure business continuity, maintain cost discipline and adapt product range to current environment
- Going forward, we proactively look for organic and inorganic growth opportunities

Current expectation for 2020

Sales and EBITDA significantly below level of 2019

Positive free cash flow

TAKKT dividend policy, share and equity story

TAKKT dividend policy

Dividend policy

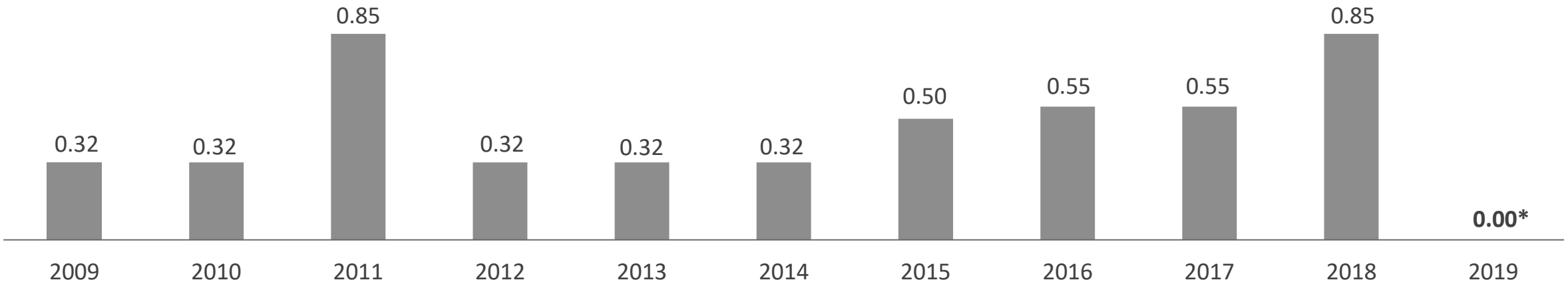
- Payout ratio within a corridor of 35 to 45 percent of the profit
- TAKKT aims for a consistent and reliable dividend stream
- Willingness to return funds to shareholders via a special dividend when equity ratio is high and funds cannot be reinvested. Payment of special dividend for fiscal years 2011 and 2018.

Dividend proposal for FY 2019

In view of the exceptional crisis situation due to the coronavirus pandemic, TAKKT places high priority on financial stability and flexibility.

TAKKT therefore proposes to suspend the payment of the dividend for the 2019 financial year.

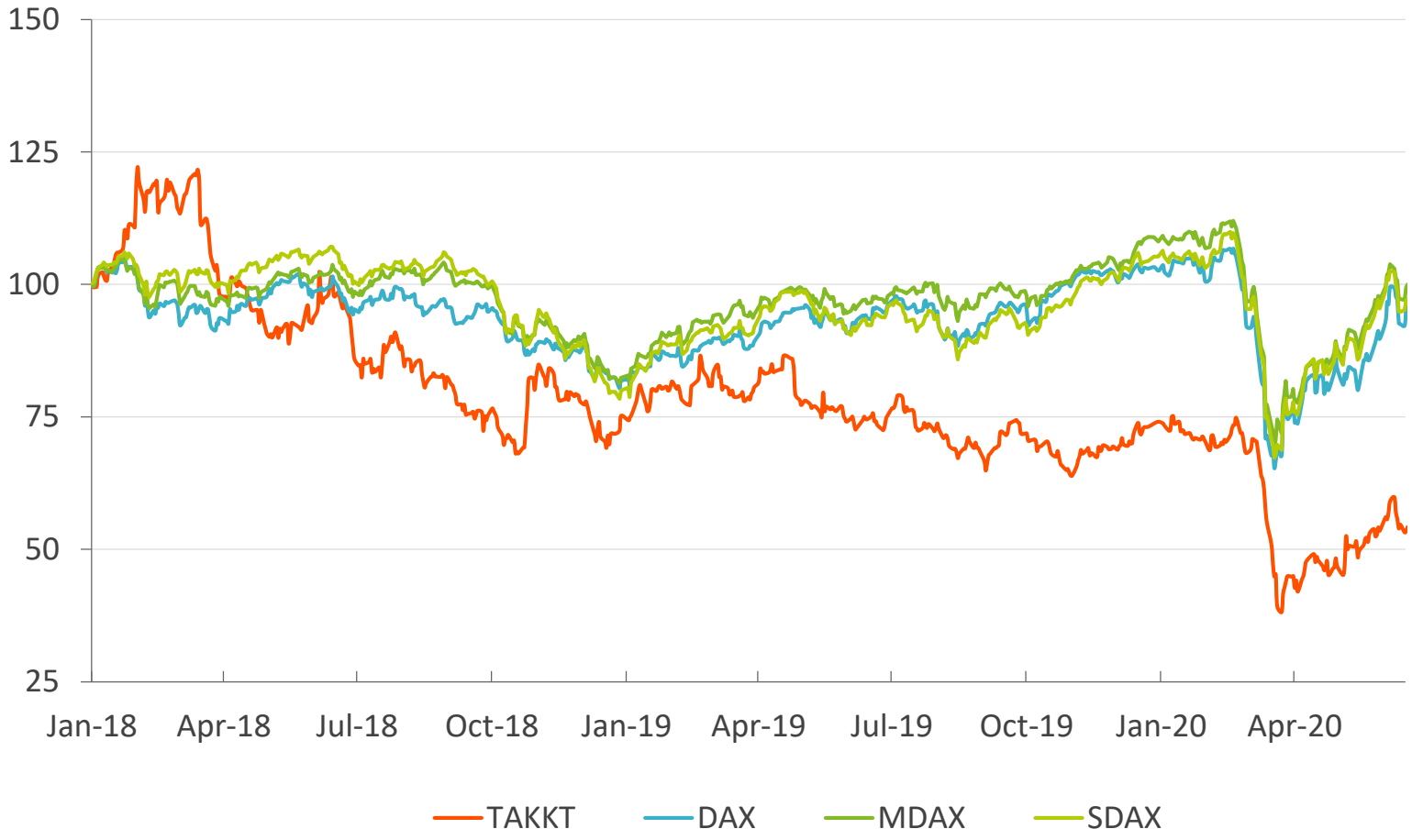
Dividend per share in Euro



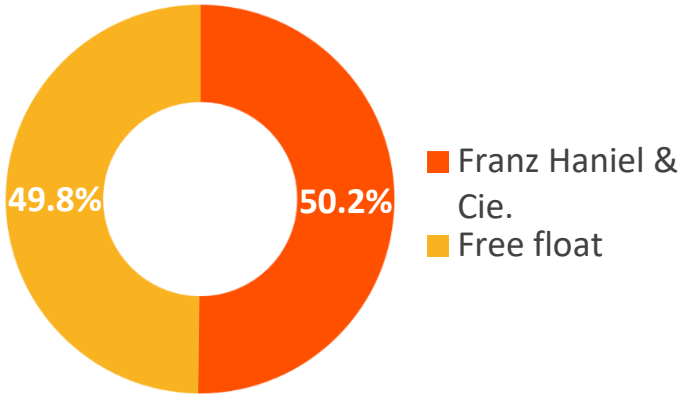
* Proposal of the Management Board and Supervisory Board to the Shareholders' Meeting

TAKKT share performance, shareholder structure and analyst recommendations

Total Shareholder Return: TAKKT and indices



Shareholder structure



Analyst recommendations

Average price target of EUR 10.6

TAKKT equity story at a glance

TAKKT's business units are B2B direct-marketing specialists for business equipment in Europe and North America

Business units are market-leaders in attractive market niches with high operational margins

Growth opportunities through organic initiatives (Digitalization and TAKKT 4.0) as well as upside from acquisitions

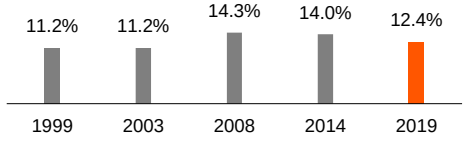
Sustainable increase in EBITDA

Business model generates high free cash flows and allows attractive dividend payouts

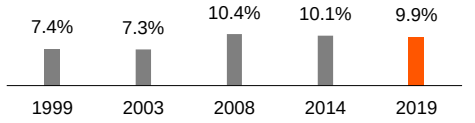
Stable, long-term oriented shareholder structure with Franz Haniel & Cie. GmbH as majority shareholder

Gross profit margin > 40% (target)

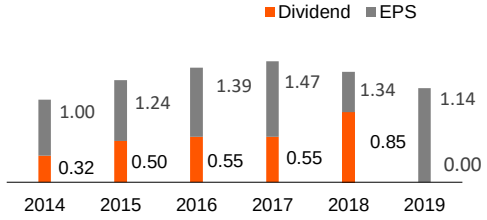
EBITDA margin 12-15% (target)



TAKKT cash flow margin > 8% (target)



Reliable dividend payouts (in EUR)



TAKKT investor relations

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www.takkt.com
TAKKT AG is headquartered in Stuttgart, Germany.

Upcoming Events

July

07. Shareholders' Meeting (virtual event)
30. Earnings call H1/2020