TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

QUARTERLY STATEMENT
AS OF SEPTEMBER 30, 2017

LADIES AND GENTLEMEN,

In the third quarter, both segments witnessed varied and opposing dynamics. While TAKKT EUROPE met growth expectations with its organic increase of 4.6 percent (i.e., when adjusted for currency and acquisition effects), business in the TAKKT AMERICA segment performed more sluggishly than anticipated. Organic sales performance at TAKKT AMERICA decreased 3.8 percent. This stems, for one, from all US divisions having reported a significant drop in order intake in Florida and Texas in September after the hurricanes. Due to the size of these states, this decline adversely affected growth by around one percentage point at TAKKT AMERICA for the quarter. A second factor was the expiration of a framework agreement in the middle of the year with a large federal customer at Office Equipment Group (OEG). So far, this agreement has not been renewed, and the resulting lack of orders negatively affected TAKKT AMERICA's growth by about 2.5 percentage points in this quarter. In addition, business development at the Merchandising Equipment Group (MEG) remained weak, and the improved performance that was anticipated has not yet materialized to the degree expected.

The organic performance of Group sales in the third quarter was minus 0.1 percent. Significantly, July to September 2017 had one less workday in a year-over-year comparison (approx. minus 1.5 percentage points). Due to negative currency effects, resulting in particular from translation of the weaker US dollar against the euro, sales in the reporting currency decreased by 2.5 percent to EUR 280.4 (287.6) million.

Organic growth in the Group came to 0.5 percent in the first nine months. Measured in the reporting currency of euros, Group sales rose 0.4 percent to EUR 845.4 (841.8) million. The EBITDA margin of 14.2 (16.3) percent was lower year-over-year, also due to one-time gains in the first nine months of 2016. Adjusted for these gains, profitability came in at 14.2 (15.3) percent. As expected, there were increased expenses in the reporting period associated with implementing the digital agenda.

At the beginning of the third quarter, TAKKT acquired Mydisplays GmbH. Headquartered in Burscheid, Germany, Mydisplays specializes in display systems, large-format printing and advertising technology. The company mainly serves the DACH region. Its product marketing predominantly takes place online via the web shop. Mydisplays generated sales of around EUR three million in 2016 and recorded an EBITDA margin at the lower range of TAKKT's target corridor of 12 to 15 percent. Furthermore, through its investment company, TAKKT has invested in the venture capital fund Cavalry Ventures and in October in the online booking platform BookATiger, which offers cleaning services. TAKKT invested EUR 0.5 million into each.

TAKKT expects that the performance in the fourth quarter will not be enough for the figures to reach the previously forecast target corridor of 2 to 5 percent organic growth for 2017. The TAKKT Management Board now anticipates organic sales growth of 0 to 1 percent for the 2017 financial year. At the same time, the Board continues to expect the EBITDA margin to come in at the middle of the target corridor. Currently, the EBITDA margin is anticipated to be between 13.2 and 13.5 percent.

TAKKT AG, Management Board
Dr. Felix A. Zimmermann Dirk Lessing Dr. Claude Tomaszewski

KEY FIGURES TAKKT GROUP AND SEGMENTS

	Q3/16	Q3/17	Change in %	9M/16	9M/17	Change in %
TAKKT						
Sales in EUR million	287.6	280.4	-2.5 (-0.1*)	841.8	845.4	0.4 (0.5*)
Gross margin in percent	41.8	41.9		42.8	42.7	
EBITDA in EUR million	42.1	37.7	–10.5	137.4	119.7	–12.9
EBITDA margin in percent	14.6	13.4		16.3	14.2	
EBIT in EUR million	35.1	31.2	–11.1	116.0	99.3	–14.4
Profit before tax in EUR million	33.3	29.2	–12.3	109.7	92.9	–15.3
Profit in EUR million	22.6	19.6	–13.3	75.0	61.9	–17.5
Earnings per share in EUR	0.34	0.30	–13.3	1.14	0.94	–17.5
TAKKT cash flow in EUR million	31.0	27.1	–12.6	100.1	85.6	–14.5
TAKKT EUROPE						
Sales in EUR million	128.2	133.6	4.2 (4.6*)	413.9	423.2	2.2 (2.8*)
EBITDA in EUR million	19.8	18.7	–5.6	81.9	74.1	–9.5
EBITDA margin in percent	15.5	14.0		19.8	17.5	
TAKKT AMERICA						
Sales in EUR million	159.5	146.9	-7.9 (-3.8*)	428.1	422.4	-1.3 (-1.7*)
EBITDA in EUR million	25.8	21.2	–17.5	65.3	53.9	–17.5
EBITDA margin in percent	16.1	14.5		15.3	12.7	

** organic, i.e. adjusted for currency and portfolio effects*

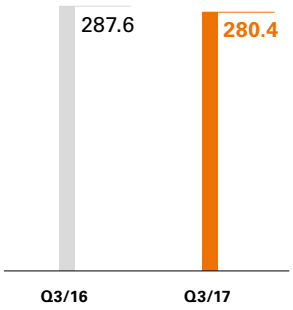
SALES AND EARNINGS REVIEW

THIRD QUARTER OF 2017

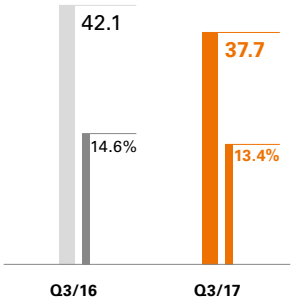
TAKKT

- Sales decrease 2.5 percent with negative currency effects of 2.7 percentage points as well as a positive acquisition effect of 0.3 percentage points.
- Organic sales performance at minus 0.1 percent.
- One less workday year-over-year, leading to a negative sales effect of around 1.5 percentage points.
- EBITDA margin at 13.4 (14.6) percent. A positive effect on earnings in the amount of EUR 1.3 million in the previous year due to the reduction of the outstanding variable purchase price liability for Post-Up Stand.
- Adjusted EBITDA margin at 13.4 (14.2) percent. Decreased profitability due to slow growth and expected expenses for implementing the digital agenda.

Sales *in EUR million*



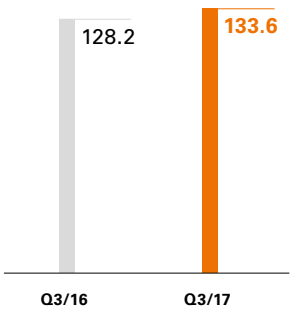
EBITDA *in EUR million/* **margin** *in %*



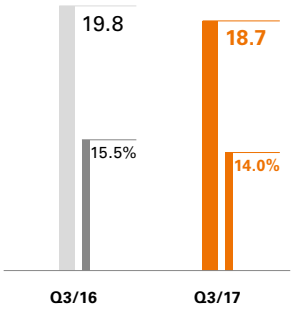
TAKKT EUROPE

- Sales up 4.2 percent, with negative currency effects of 1.0 percentage points and a positive acquisition effect of 0.6 percentage points from the contribution of Mydisplays, which has been consolidated since July 2017.
- Organic sales growth of 4.6 percent.
  BEG achieved stronger growth than PSG.
- One less workday year-over-year, leading to a negative sales effect of around 1.5 percentage points.
- At BEG, sales and marketing activities of gaerner and KAISER+KRAFT were focused on the sales brand KAISER+KRAFT in the UK, France, Belgium and the Netherlands.
- EBITDA margin at 14.0 (15.5) percent.

Sales *in EUR million*



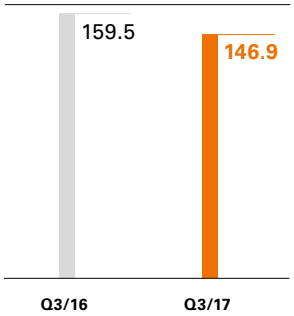
EBITDA *in EUR million/* **margin** *in %*



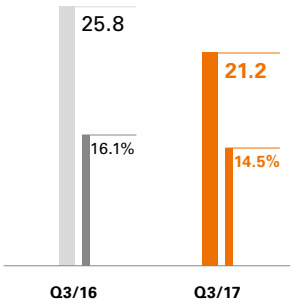
TAKKT AMERICA

- Sales decrease 7.9 percent with negative currency effects of 4.1 percentage points.
- Organic sales performance at minus 3.8 percent.
- One less workday year-over-year, leading to a negative sales effect of around 1.5 percentage points.
- Hurricanes in Florida and Texas negatively impact on sales.
- MEG still in decline; REG and DPG at level of previous year. OEG down slightly due to decreased sales with a large federal customer; withdrawal from Canadian market since the beginning of the year as well as consolidation of the Dallas Midwest brand into NBF in the medium term.
- EBITDA margin at 14.5 (16.1) percent. Aforementioned positive effect on earnings at TAKKT in previous year.
- Adjusted EBITDA margin at 14.5 (15.4) percent.

Sales *in EUR million*



EBITDA *in EUR million/* **margin** *in %*

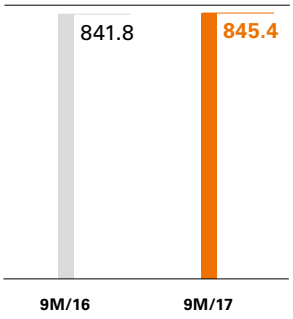


FIRST NINE MONTHS 2017

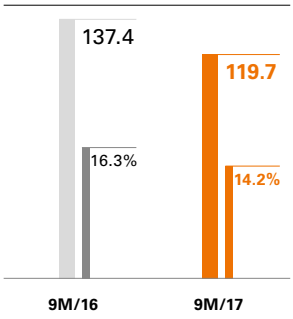
TAKKT

- Sales increase of 0.4 percentage points with negative currency effects of 0.2 percentage points as well as a positive acquisition effect of 0.1 percentage points.
- Organic sales growth of 0.5 percent.
- EBITDA margin at 14.2 (16.3) percent.
- Positive effect in previous year from adjustments of outstanding variable purchase price liabilities for Post-Up Stand and BiGDUG totaling EUR 8.7 million.
- Adjusted EBITDA margin at 14.2 (15.3) percent. Decreased profitability due to slow growth as well as expected expenses for implementing the digital agenda.

Sales *in EUR million*



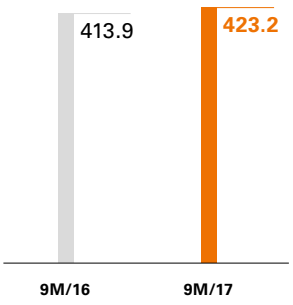
EBITDA *in EUR million/* **margin** *in %*



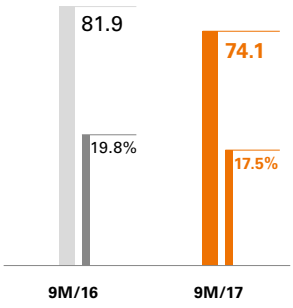
TAKKT EUROPE

- Sales up 2.2 percent, with negative currency effects of 0.8 percentage points and a positive acquisition effect of 0.2 percentage points due to the contribution of Mydisplays, which has been consolidated since July 2017.
- Organic sales growth of 2.8 percent; BEG performs slightly better than PSG.
- Activities in China no longer contributing to sales after a closure in mid-2016.
- EBITDA margin at 17.5 (19.8) percent; at 17.5 (18.7) percent when adjusted for one-time effect of adjusting the purchase price liability for BiGDUG in the previous year.

Sales *in EUR million*



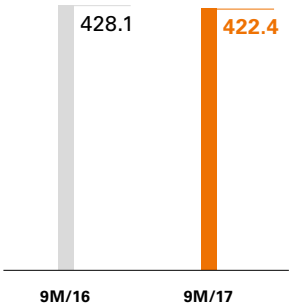
EBITDA *in EUR million/* **margin** *in %*



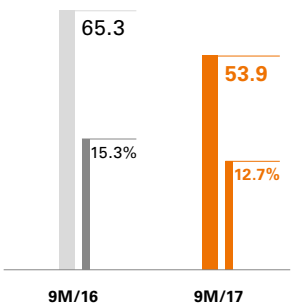
TAKKT AMERICA

- Sales down 1.3 percent; positive currency effects of 0.4 percentage points.
- Organic sales performance at minus 1.7 percent; decline for MEG due to weak customer demand in food service and food retail industries. Organic growth for REG, DPG and OEG in low single-digit percentage range.
- EBITDA margin at 12.7 (15.3) percent; at 12.7 (14.3) percent when adjusted for one-time effect of adjusting the purchase price liability for Post-Up Stand in the previous year.

Sales *in EUR million*



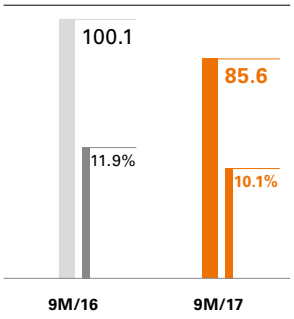
EBITDA *in EUR million/* **margin** *in %*



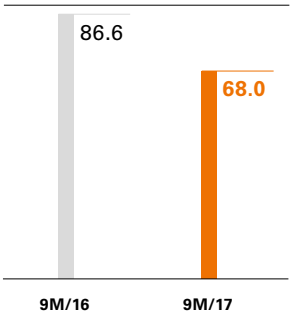
FINANCIAL POSITION

- As with EBITDA, the TAKKT cash flow of EUR 85.6 (100.1) million came in significantly below the previous year's level; the margin decreased accordingly from 11.9 to 10.1 percent.
- After accounting for the change in net working capital, the cash flow from operating activities came to EUR 87.8 (96.0) million.
- Capital expenditures of EUR 20.0 (11.2) million increased significantly year-over-year. This is mainly attributable to the creation of a new working environment and warehouse expansion of GPA, as well as capital expenditures for ERP systems at BEG and MEG, for a new web shop system at Certeo, and in start-ups through the TAKKT investment company.
- The free TAKKT cash flow came to EUR 68.0 (86.6) million and was mainly applied to the dividend payment in May of EUR 36.1 million, the purchase price payments for acquisitions totaling EUR 6.7 million and the repayment of financial liabilities in the amount of EUR 23.1 million.
- Net financial liabilities decreased to EUR 141.4 million, compared to EUR 177.5 million at the end of 2016.

TAKKT cash flow
in EUR million/
margin *in %*



Free TAKKT cash flow
in EUR million



IMPLEMENTING THE DIGITAL AGENDA

- E-commerce accounted for 46.3 (39.1) percent of order intake. The year-over-year increase can partially be attributed to better allocation of individual order types for e-commerce at BEG. If the improved allocation logic had been applied in the first nine months of 2016, the e-commerce share would have been 43.7 percent.
- TAKKT plans to recruit up to 100 new employees with strong digital skills. The company has filled more than 70 of these positions by the end of September.
- The TAKKT investment company invested EUR 500,000 in the venture capital fund Cavalry Ventures in the third quarter. At the beginning of October, it also acquired shares for EUR 500,000 in BookATiger, an online booking platform for cleaning services.
- In August, the web-focused brand Certeo introduced a new integrated ERP and web shop system. In addition, Certeo moved to premises for start-ups in Stuttgart. These measures enable Certeo, which has so far been part of the KAISER+KRAFT infrastructure, to gain more independence and behave in a more agile manner on the market.

FORECAST

- The International Monetary Fund recently raised its growth forecasts slightly for the eurozone and the US. Economic and commercial risks still exist, such as Brexit or the possibility of the US introducing import duties.
- The Purchase Managers' Index (PMI) figures for European economies remain well above the expansion threshold of 50 points.
- Industry indexes in the US are generally positive. However, the Restaurant Performance Index, a reliable indicator for the food service industry, recently showed a downward trend and now lies just minimally above the reference value of 100.
- TAKKT is adjusting its forecast and now expects organic sales growth of 0 to 1 percent (previously two to five percent) for 2017 as a whole.
- The Management Board continues to expect the EBITDA-margin to come in at the middle of the target corridor of 12 to 15 percent. Currently, the EBITDA margin is anticipated to be between 13.2 and 13.5 percent.
- As a consequence, the change in forecast has an impact on other key figures such as the TAKKT cash flow, ROCE or TAKKT value added.

TAKKT will publish the preliminary figures for the 2017 financial year on February 15, 2018.

STATEMENT OF PROFIT OR LOSS

in EUR million

	7/1/2017 – 9/30/2017	7/1/2016 – 9/30/2016	**1/1/2017 – 9/30/2017**	1/1/2016 – 9/30/2016
Sales	280.4	287.6	845.4	841.8
Changes in inventories of finished goods and work in progress	0.0	0.0	–0.5	–0.1
Own work capitalized	0.4	0.2	1.1	0.9
Gross performance	**280.8**	**287.8**	**846.0**	**842.6**
Cost of sales	–163.3	–167.6	–484.9	–481.9
Gross profit	**117.5**	**120.2**	**361.1**	**360.7**
Other operating income	1.8	3.2	5.6	14.4
Personnel expenses	–40.6	–41.4	–125.0	–121.5
Other operating expenses	–41.0	–39.9	–122.0	–116.2
EBITDA	**37.7**	**42.1**	**119.7**	**137.4**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	–6.5	–7.0	–20.4	–21.4
Impairment of goodwill	0.0	0.0	0.0	0.0
EBIT	**31.2**	**35.1**	**99.3**	**116.0**
Income from associated companies	–0.2	0.0	–0.4	0.0
Finance expenses	–1.7	–2.0	–6.0	–6.3
Other finance result	–0.1	0.2	0.0	0.0
Financial result	**–2.0**	**–1.8**	**–6.4**	**–6.3**
Profit before tax	**29.2**	**33.3**	**92.9**	**109.7**
Income tax expense	–9.6	–10.7	–31.0	–34.7
Profit	**19.6**	**22.6**	**61.9**	**75.0**
attributable to owners of TAKKT AG	19.6	22.6	61.9	75.0
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Weighted average number of issued shares in million	65.6	65.6	65.6	65.6
Basic earnings per share (in EUR)	0.30	0.34	0.94	1.14
Diluted earnings per share (in EUR)	0.30	0.34	0.94	1.14

STATEMENT OF FINANCIAL POSITION

in EUR million

Assets	**9/30/2017**	12/31/2016
Property, plant and equipment	101.9	105.8
Goodwill	519.0	545.8
Other intangible assets	69.6	74.6
Investment in associated companies	0.8	0.5
Other assets	4.4	1.2
Deferred tax	1.8	1.9
Non-current assets	**697.5**	**729.8**
Inventories	98.8	108.2
Trade receivables	110.5	103.7
Other receivables and assets	18.8	25.3
Income tax receivables	2.4	4.6
Cash and cash equivalents	4.3	2.3
Current assets	**234.8**	**244.1**
Total assets	**932.3**	**973.9**

Equity and liabilities	**9/30/2017**	12/31/2016
Share capital	65.6	65.6
Retained earnings	485.1	459.3
Other components of equity	–8.7	12.8
Total equity	**542.0**	**537.7**
Financial liabilities	31.9	98.0
Other liabilities	1.8	6.7
Pension provisions and similar obligations	52.3	55.1
Other provisions	5.2	6.5
Deferred tax	74.9	77.1
Non-current liabilities	**166.1**	**243.4**
Financial liabilities	113.8	81.8
Trade payables	28.6	33.9
Other liabilities	57.2	47.9
Provisions	14.9	20.1
Income tax payables	9.7	9.1
Current liabilities	**224.2**	**192.8**
Total equity and liabilities	**932.3**	**973.9**

STATEMENT OF CASH FLOWS

in EUR million

	1/1/2017 – 9/30/2017	1/1/2016 – 9/30/2016
Profit	61.9	75.0
Depreciation, amortization and impairment of non-current assets	20.4	21.4
Deferred tax expense	3.3	3.7
TAKKT cash flow	**85.6**	**100.1**
Other non-cash expenses and income	2.4	–7.5
Profit and loss on disposal of non-current assets and consolidated companies	–0.1	–0.1
Change in inventories	2.3	–1.2
Change in trade receivables	–12.2	–13.4
Change in other assets not included in investing and financing activities	6.6	3.6
Change in short- and long-term provisions	–4.2	–1.3
Change in trade payables	–3.4	4.9
Change in other liabilities not included in investing and financing activities	10.8	10.9
Cash flow from operating activities	**87.8**	**96.0**
Proceeds from disposal of non-current assets	0.2	0.3
Capital expenditure on non-current assets	–20.0	–11.2
Proceeds from the disposal of consolidated companies (less cash and cash equivalents sold)	0.0	1.5
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)	–6.7	–0.4
Cash flow from investing activities	**–26.5**	**–9.8**
Proceeds from Financial liabilities	65.8	33.5
Repayments of Financial liabilities	–88.9	–85.9
Payments to owners of TAKKT AG (dividends)	–36.1	–32.8
Cash flow from financing activities	**–59.2**	**–85.2**
Cash and cash equivalents at 1/1	2.3	3.3
Increase/decrease in Cash and cash equivalents	2.1	1.0
Non-cash increase/decrease in Cash and cash equivalents	–0.1	–0.1
Cash and cash equivalents at 6/30	**4.3**	**4.2**

SEGMENT REPORTING BY DIVISION

in EUR million

1/1/2017 – 9/30/2017	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	423.0	422.4	845.4	0.0	0.0	845.4
Inter-segment sales	0.2	0.0	0.2	0.0	–0.2	0.0
Segment sales	423.2	422.4	845.6	0.0	–0.2	845.4
EBITDA	74.1	53.9	128.0	–8.3	0.0	119.7
EBIT	59.8	47.9	107.7	–8.4	0.0	99.3
Profit before tax	57.1	44.8	101.9	–9.0	0.0	92.9
Profit	41.5	27.0	68.5	–6.6	0.0	61.9
Average no. of employees (full-time equivalent)	1,351	987	2,338	40	0	2,378
Employees at the closing date (full-time equivalent)	1,389	979	2,368	43	0	2,411

1/1/2016 – 9/30/2016	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	413.7	428.1	841.8	0.0	0.0	841.8
Inter-segment sales	0.2	0.0	0.2	0.0	–0.2	0.0
Segment sales	413.9	428.1	842.0	0.0	–0.2	841.8
EBITDA	81.9	65.3	147.2	–9.8	0.0	137.4
EBIT	66.8	59.2	126.0	–10.0	0.0	116.0
Profit before tax	63.7	56.5	120.2	–10.5	0.0	109.7
Profit	47.0	34.1	81.1	–6.1	0.0	75.0
Average no. of employees (full-time equivalent)	1,311	973	2,284	35	0	2,319
Employees at the closing date (full-time equivalent)	1,298	985	2,283	37	0	2,320

ADDITIONAL INFORMATION

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