

## Two-brand strategy well received by customers

The two-brand strategy the Praktiker Group is following in Germany is turning out to be successful. This has been proven by the recently published "Kundenmonitor Deutschland 2008", the most comprehensive customer service in the German market. Customers perceive the Praktiker brand as the price leader in the German DIY industry. Max Bahr performed particularly well in the areas of service and friendliness.

Praktiker and Max Bahr offer a two-brand strategy that no other competitor in the DIY industry can match. Sharpening their different profiles and communicating them even clearer to customers are among the main tasks in the positioning of the two brands, a process in which the Group is making promising progress. This is clearly reflected in the results of the current "Kundenmonitor Deutschland 2008".

### Praktiker once again Number 1 on price

Praktiker scored well in all price-related categories in the survey. In direct price comparison with competitors, Praktiker does not only hold the top rank, it even increased its lead over the Number 2 company further. Also in the category of special offers and promotions, Praktiker once again stood out clearly against the competition and maintained its top position.

"The fact that the Praktiker brand is perceived as the price leader and even extended its overall lead shows us that the changes we have made to the marketing approach of our most important German brand are going in the right direction," says Wolfgang Werner, CEO of Praktiker Bau- und Heimwerkermärkte Holding AG.

Since the beginning of 2008, Praktiker has reduced the number of "20-percent-off" campaigns substantially (see also "20 per-

cent off – on everything: further reductions" on the next page). As a substitute for the reduction in promotions, Praktiker started, beginning in April, to permanently lower shelf prices for a range of products that are firmly in the customer's focus. Clearly visible to the customers, the shelf prices for around 1,100 articles have meanwhile been reduced.

### Max Bahr top when it comes to service

While Praktiker's brand image in Germany focuses on price, Max Bahr's brand strategy concentrates on assortment and service in combination with attractive prices. Since its integration into the Praktiker Group, Max Bahr has consistently pursued this strategy and has visibly implemented it in the markets.

The Kundenmonitor survey demonstrates that each of these three elements was clearly strengthened in customer perception of the brand in 2008:

- Assortment: In addition to achieving third place in the "Range/variety of products" category once again, Max Bahr also proceeded to a winning rank in the "Product quality" category for the first time.
- Advice: Max Bahr achieved significant improvements in the "Friendliness" and "Service" categories and is now in second place in each case, only slightly behind the leader.

- Price: Max Bahr's strategy is centred on the guarantee that customers will always be able to buy high-quality products at a fair price. The price/performance ratio is therefore the key criteria. In this area, Max Bahr is behind the companies in first and second place by a slim margin only.

Further information on the sharpening of Max Bahr's profile can be found in the last issue of our Investor News (5/2008) at

[http://www.praktiker.com/servlet/PB/menu/1073311\\_I2/index1222168351340.html](http://www.praktiker.com/servlet/PB/menu/1073311_I2/index1222168351340.html)

"We are delighted with this result and view it as clear confirmation of the success of our two-brand strategy. We are certain," Werner said, "that this strategy will enable us to offer our customers the highest possible added value and thus win further market share in the future as the only DIY operator in Germany with two strong, clearly positioned brands."

Information on the Kundenmonitor survey: The annual Kundenmonitor study has gauged customer satisfaction among retail consumers in Germany since 1992 and is published by ServiceBarometer AG, Munich. A total of 6,109 DIY customers were surveyed by telephone.

[www.servicebarometer.com/kundenmonitor](http://www.servicebarometer.com/kundenmonitor) (only in German)

## 20 percent off – on everything: further reductions

In 2007, Praktiker used its strongest marketing tool, the 20-percent-campaigns, offering customers a 20 percent discount on all products, on more than 100 business days, primarily in the first and third quarters.

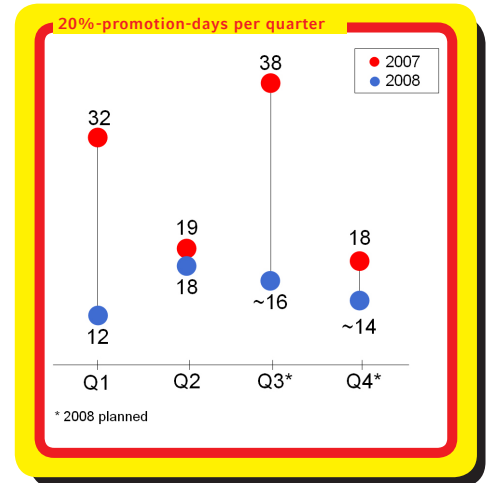
At the start of 2007 this was to counteract the increase in German value-added tax. In the third quarter the aim was to stem the industry-wide drop in sales. However, increases in the number of promotion days resulted in a decrease in the efficiency of the campaigns.

For this reason, the decision was made to significantly reduce the number of promotion days in 2008.

Praktiker considerably reduced the number of 20-percent-promotion-days already in Q1 2008. This had a noticeable impact on sales. However, it also led to a significant improvement in the gross profit margin, as was expected. This trend continued in Q2, albeit less pronounced, as the number of promotion days was reduced only slightly.

For the first half year periode, the positive margin effect overcompensated the losses in sales.

The number of promotion days will also be reduced sharply in Q3. In the final quarter, the reduction will be comparatively low again.



## International like-for-like sales: extended reporting

Currency effects may have a significant distorting impact on the disclosed sales performance in individual countries. Based on like-for-like sales, this may possibly lead to a misleading perception of operating performance in the respective country. Thus, in the first six months of 2008 (when

accounted in euro), a decline in sales on a like-for-like basis of 0.3 percent was reported for Romania. However, in the Romanian currency Lei, the corresponding like-for-like sales were up by 10.1 percent. In order to make this point even clearer, Praktiker will in future publish the like-for-like

sales performance in euro as well as in the currency of the individual country, starting from Q3 2008 on. The complete presentation of the figures on a quarterly basis from the beginning of 2008 can be found in the following table.

### Like-for-like sales development per quarter

2008	in local currency			in euros		
	Q1	Q2	H1	Q1	Q2	H1
Bulgaria	20.9	18.7	19.6	20.9	18.7	19.6
Greece	-4.4	-3.8	-4.1	-4.4	-3.8	-4.1
Luxembourg	-3.5	0.5	-1.3	-3.5	0.5	-1.3
Poland	5.4	5.5	5.5	14.7	17.7	16.5
Romania	9.7	10.5	10.1	0.4	-0.8	-0.3
Turkey	-7.0	-7.3	-7.2	-5.1	-15.0	-11.0
Ukraine	-	-	-	-	-	-
Hungary	-5.3	3.0	-0.7	-8.0	3.1	-1.8
International	1.5	3.4	2.6	1.0	2.8	2.1

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