

Market entry in Albania in 2008

The first Praktiker stores in Albania will be opened in 2008. With a population of 3.6 million, Albania is the smallest market in south-eastern Europe in which Praktiker has set up its operating activities so far. The limited market potential requires a new market entry strategy: cost-efficient management via a Greek-Albanian satellite concept ensures profitability.

After a successful entry into the Ukrainian market planned for this autumn, the Group has a new target country on the agenda for 2008: Albania. In the medium term, at least three stores are to be set up there, with the first scheduled for summer 2008 in the capital, Tirana.

Albania would be the ninth foreign market and with 3.6 million inhabitants, after Luxemburg, the smallest country in the international portfolio of the Praktiker Group.

Even so, it constitutes an attractive expansion target. Po-

population and gross domestic product have been growing for years, the home ownership rate is well over 90 percent and many properties are in need of modernisation and renovation. On the other hand, there is still hardly any established retailing of DIY products. Tools, building materials and other products in the do-it-yourself sector are frequently sold in the street, in

garages and kiosks. The level of quality is poor, and quality products are very expensive.

„In this small yet growth-oriented market, Praktiker can make the most of its advantage in expertise which the company has



Tirana - with 600.000 inhabitants the commercial centre of Albania.

gained as a pioneer in the Eastern European DIY business. Praktiker can occupy an as yet unfilled niche and help develop the construction and renovation sector in Albania“, Wolfgang Werner, Chairman of the Management Board of Praktiker Bau- und Heimwerkermärkte Holding AG, said.

The Albanian Praktiker national company

Editorial

Outside Germany, Praktiker is pursuing a distinct strategy: aggressive expansion in countries with strong potential but little competition. In line with this strategy, we opened our first store outside Germany in Greece in 1991. The subsequent rapid expansion of the store-portfolio laid the foundations for the undisputed market leadership we currently enjoy. This strategy will continue to be rigorously implemented. In Romania, 17 locations have been set up in 5 years. 6 stores have been opened in the smaller country of Bulgaria since 2004.

This year alone, we intend to open at least 15 new stores internationally, including the first one in the Ukraine. Praktiker will continue to invest in countries where we do not yet have a presence as Europe still has many target markets that could be of interest to Praktiker.

We now have one of these target markets firmly in our sights: Albania. We intend to open our first store in this southern Adriatic country in 2008. A satellite concept devised in association with our Greek national headquarters enables fast, cost-efficient market entry. Under this concept, central strategic management functions remain the preserve of Praktiker Greece. This reduces the administrative and staff costs of the start-up company in Albania. The satellite concept thus enables Praktiker to expand profitably in countries with a relatively low market volume.

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Construction material sold from a garage.



Typical electro store in Albania.

based in Tirana was established in May 2007. To minimise administrative costs, strategic corporate management is provided by the neighbouring Praktiker Greece. This saves additional expenditure whilst also making it possible to utilise cross-border synergies in purchasing and logistics.

More specifically, this means that all negotiations with suppliers are handled from Greece, likewise the design and the handling of marketing, including planning of advertising intervals, item selection and advertising analysis. Furthermore, accounting and data preparation for Group

controlling are carried out in Athens.

In contrast, all decisions required for day-to-day business are taken directly by the staff in Albania. This applies to all operational decisions such as product placement or fundamental HR topics such as recruitment and staff training. In addition, accounting, auditing and building a good relationship with local authorities are among the direct responsibilities of Praktiker Albania.

The Albanian employees are trained on site and in Greece, thus benefiting from

the knowledge that their colleagues have accumulated in the Greek market over the years. Via this satellite concept, Praktiker achieves a reduction of administrative and personnel costs in the new Albanian company. On the other hand, this particular construction guarantees that all employees meeting the challenges of the new market are skilled and well trained right from the start. The satellite concept will thus allow for market entry to be fast and holding financial promises in Albania - and potentially also in other countries that have a relative small market volume.

International shareholder structure

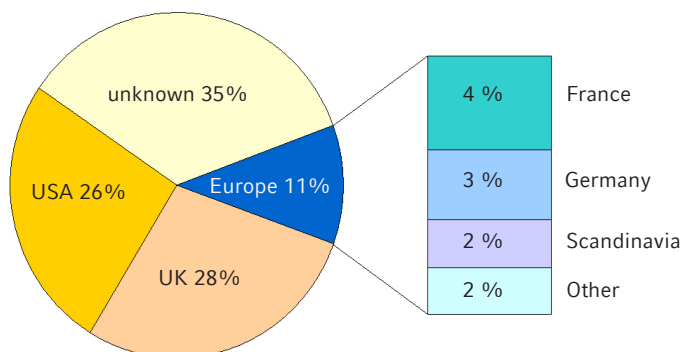
In the run-up of the Annual General Meeting, around 65 percent of the current Praktiker share ownership was identified. The majority of the voting rights are held by Anglo-American investors. German investors continue to play a minor role.

A shareholder identification carried out before the Annual General Meeting in 2007 confirmed the global shareholder structure of Praktiker Bau- und Heimwerkermärkte Holding AG. Overall, around 65 percent of the voting rights or 37.7 million shares were clearly assigned. British and American investors hold the lion's share, accounting for around 28 percent and 26 percent of the total voting rights.

The remaining stock of identified shares is divided between institutional investors in continental Europe, especially France, Germany and the Scandinavian countries.

At present, four institutions have declared a shareholding above the statutory notification thresholds of 3 percent and 5 percent. In total, they account for a shareholding of 20.75 percent. Another 16 institutions hold more than 1

percent each, according to the findings of the shareholder identification process. Together, the 20 largest shareholders hold around 54 percent of the voting rights or 31 million shares.



Annual General Meeting supports the chosen course of action

Attendance at the Annual General Meeting was up significantly on the previous year. The vast majority of those present expressed their confidence in Praktiker's management and approved a dividend of €0.45 per share.

On 11 June 2007, at the 2nd Annual General Meeting after the IPO in November 2005, Praktiker welcomed almost 200 interested shareholders to the Saarlandhalle in Saarbrücken. A particularly pleasing factor was the increased attendance at the meeting measured on the basis of voting rights. At around 52 percent, this figure was well up on the previous year (32 percent). We regard this as a positive sign of



a growing interest in our company. Just as pleasing was the clear majority with which those present approved the agenda items put to the vote. This can be regarded as confirmation of the chosen strategic orientation. No counter motions were submitted by the shareholders – a good sign that the shareholders are satisfied with „their“ management team.

For the 2006 financial year, the shareholders – as in the previous year – approved a dividend of €0.45 per share. The distribution ratio thus falls into the range of 30% and 40 percent of the posted net profit, as was announced to potential investors before the IPO. Measured on the basis of the

A detailed breakdown of the voting results is given below:

	Agenda item	Approval*
1	Submission of the approved annual financial statements of Praktiker Bau- und Heimwerkmärkte Holding AG for the 2006 financial year together with the management report, the adopted consolidated financial statements for the 2006 financial year together with the Group management report, the Supervisory Board report and the proposal by the Management Board for utilisation of retained earnings.	-
2	Resolution on utilisation of the retained earnings of Praktiker Bau- und Heimwerkmärkte Holding AG for the 2006 financial year	100%
3	Resolution on discharge of the members of the Management Board for the 2006 financial year	100%
4	Resolution on discharge of the members of the Supervisory Board for the 2006 financial year	100%
5	Resolution on the appointment of the auditor for the annual financial statements and consolidated financial statements for the 2007 financial year and for review of the half-year financial report for the 2007 financial year	99,33%
6a	Resolution on approval of the control and profit transfer agreement between Praktiker Bau- und Heimwerkmärkte Holding AG and Praktiker Grundstücksbeteiligungsgesellschaft mbH	100%
6b	Resolution on approval of the control and profit transfer agreement between Praktiker Bau- und Heimwerkmärkte Holding AG and Praktiker Vierte Baumärkte GmbH	100%
7	Resolution on authorisation to purchase own shares	89,24%

* in % of votes cast

2006 year-end closing price, a dividend yield of 1.7 percent is obtained.

The opening speech by Management Board Chairman Wolfgang Werner, the presentation given and all relevant press releases are available for download in the Investor Relations section of our website (www.praktiker.com). A live recording of the opening speech can also be found there (German only).

Date information

On 25 July, Praktiker will publish its interim financial report on the first half of 2007. A telephone conference, hosted by Mr Thomas Gabel, CFO, is scheduled for 8.00 am (CET). It will be broadcast live as a webcast on our website (www.praktiker.com > Investor Relations). The relevant documents will be available for download on the website from 7.30 am.