

### Integration of Max Bahr with speed

Max Bahr has been part of the Praktiker Group since February 1st. The integration of the new subsidiary into the parent group is now being pushed ahead at all levels. Positive synergies of around 20 million euros are expected for 2007 already.

On January 31, Praktiker took over control of Max Bahr. At this point, the plans for all the individual integration steps had long been complete. Before summer came to an end in 2006, an integration team had been formed which had worked out all the details of the integration. The result: in the coming months a total of 54 project groups will carry out intensive work with the integration of the operating business and the adaptation of the structures and processes in place at Max Bahr.

The project teams are made up of employees of both Max Bahr and Praktiker. In this way, the integration of the new subsidiary will be actively configured as a joint undertaking. Frank and open interaction enhance the understanding to work as partners and not as acquiring company and acquired company.

This also becomes clear in the choice of location for the cross-divisional service function to be newly created. A centralised product quality management unit is currently being set up in Hamburg to ensure defined standards for procurement. This new centralised unit in Hamburg will be active from the middle of 2007.

Other functions, such as financial accounting and payroll accounting, will be bundled together in Kerkel.

The schedule the Groups have set themselves is ambitious. The bulk of the projects will be implemented within the first six months of 2007 as is, for instance, the creation of a joint central purchasing unit (see also „Expansion of Joint Purchasing“ on page 3).

It will take somewhat longer, probably until 2008, to bring together the IT departments.

The near future will see the harmonisation of the hardware and software as well as the networks of the two brands with the result that all locations will easily be able to communicate with one another in the future.

This should also enable easy access to the merchandise information systems of both brands.

The success of the projects is the basic prerequisite for a speedy integration of Max Bahr into the Praktiker Group. Other synergies are being generated in this way, which will make the expanded group even more efficient and effective, and thus even more competitive. At group level, EBITA should already benefit from synergies to the tune of around 20 million euros in 2007.



#### Editorial

The shared future of the Praktiker and Max Bahr brands has already been mapped out. With the approval of the takeover by the Federal Cartel Office at the beginning of the year, Max Bahr has been part of the Praktiker Group since February 1st, 2007.

At the same time, a management team of two new directors began working at Max Bahr: with Andreas Mauz and Lutz Rucktäschel, there are now experienced Praktiker managers at the head of the traditional Hamburg-based company.

First financial details were given on April 26 with the publication of the interim report for the first quarter.

Thus, for instance about 5.5 million euros of the overall 8 million euros estimated one-off integration expenses were already included in the first quarter 2007. Including the operating earnings, the Max Bahr contribution mounted to a negative total of 7.0 million euros in the first quarter.

For the 2007 financial year the impact will be totally different. Max Bahr is expected to contribute operating earnings of 20 million euros. Furthermore, additional synergies of 20 million euros are anticipated.

In the first year of its integration into the Praktiker Group, Max Bahr will thus yield a much higher contribution to earnings than expected.

## Rigorously expanding the two-brand strategy

In addition to the integration of Max Bahr, the expansion of the two-brand strategy is now taking centre stage in the operating activities. Both Praktiker and Max Bahr are becoming more focussed and stronger in terms of their brand profile.

The two brands - Praktiker and Max Bahr – are now clearly positioned at opposite ends of the German market with their own distinct profiles. Max Bahr is synonymous with excellent service and advice and is known for the depth and extent of its product range. Praktiker relies on a simple, clear and, above all, value for money product range.

Accordingly, this clear delineation will further consolidate their respective strengths. The new Easy-to-Shop concept profiles the Praktiker brand even more as the discount-oriented supplier with an aggressive pri-

cing. While selling space stays unchanged the product range is reduced by 20 percent. The shop layout is clearer and more generous. Customers can make their purchases quickly, easily, conveniently and cheaply.

In a first wave after the pilot phase 12 stores were reorganised in February and inaugurated on March 12. The second wave of conversion is also finished. So, including the six pilot stores 29 Praktiker stores are already converted to the new Easy-to-Shop concept. Further 44 store conversions should follow this year.

Max Bahr mainly continues to expand its profile with the opening of new stores. In the middle of March, the largest, with 15,400 square meters, and most modern Max Bahr store opened in Hamburg. A flagship in terms of selection and service, it is also setting standards in terms of ecological construction.

Max Bahr has opened a total of four new stores in the first quarter 2007. Two more will follow this year. They are all characterised by above-average size (> 10,000 square meters) and a heavily graduated (around 60,000 items) product range. In addition,



The garden range: concentrating on what is important at Praktiker (left), variety and ambience at Max Bahr (right).



Presentation of branded products: on the shelf at Praktiker (left), as a Shop-in-Shop at Max Bahr (right).



there are proven services which go beyond the services offered by a Praktiker store (e.g. staple service, machinery hire, help with assembly and referrals to crafts-people).

In line with the two-brand strategy, Max Bahr will be specifically developed further as a premium supplier with a wide product range. The depth and breadth of the range is to be further extended with greater use of private labels but also with a larger range of A-brands. Private labels are to be more attractively designed and introduced universally in all the ranges. A-brands will be integrated into special brand shops and accentuated to an even greater extent. In this way the customer can choose between a multitude of brands at very different prices.

A strength of Max Bahr is the comprehensive garden range. This became apparent in



**New flagship in Hamburg: 15,400 square meters and an offer of about 60,000 items in the new Max Bahr store in Stellingen.**

the first months of Max Bahr being part of the Praktiker Group. Because of the good weather in March sales in general and in

the garden segment in particular were above expectations and above the previous year.

## News

### New date for Annual General Meeting

The 2007 Annual General Meeting of Praktiker Bau- und Heimwerkmärkte Holding AG will take place on June 11, 2007 in the Saarländhalle in Saarbrücken. Due to a formal error in the invitation the annual general meeting had to be rescheduled. The invitation and accompanying documents can be found in the Investor Relations / Annual General Meeting section of our website [www.praktiker.com](http://www.praktiker.com) (in German only).

The annual general meeting gives all shareholders the opportunity to share in the decisions on important issues of the company. Therefore, a high presence would be desirable. Praktiker would appreciate if you, our shareholders, apprehend your shareholder rights and represent your shares in person or by proxy. Relevant information on the representation can be found on our website too.

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### Expanding joint purchasing

**Max Bahr ends purchasing collaboration with Hellweg. A Germany-wide central purchasing unit with Praktiker is currently set up.**

After its takeover by Praktiker, Max Bahr will cease to purchase in collaboration with Hellweg – a German DIY company which generates gross sales of around 620 million euros with 72 stores. For this reason the partnership agreement of a purchasing company founded at the end of 2005 will be terminated on February 29, 2008.

For the procurement of Max Bahr, there are better prospects in collaborating with a central purchasing unit encompassing the whole Praktiker Group. The first steps towards just such a central purchasing unit in Germany have already been taken: the new centralised unit in Kirkel commenced activities in the middle of April. It should be fully expanded and established this year. In order to take full advantage of the synergies, there are also plans for Max Bahr to resort entirely to the proven Praktiker structures with imports from the Far East as well. The plan that Max Bahr should set up its own import organisation for this purpose in Shanghai will not be pursued further.

### Consolidated financial statements for 2006

On April 3rd, 2007, Praktiker published its consolidated financial statements for the 2006 financial year and presented them at an analysts' conference in Frankfurt am Main.

The webcast for this event can be seen under the Investor Relations section of our website [www.praktiker.com](http://www.praktiker.com). Downloads of the presentations and speeches made as well as the complete annual report are also to be found here.

### First quarter report 2007

The first quarter report 2007 (January – March) has been published by Praktiker on April 26, 2007. For the first time, Praktiker transmitted live by webcast the analyst telephone conference.

The webcast can be found together with the interim report on the Investor Relations section of our website [www.praktiker.com](http://www.praktiker.com).