

Praktiker

Interim report

The Quarter

3/08

Key Data

in € m	Q3 2008	Q3 2007	Change	9M 2008	9M 2007	Change
Net sales	1,017.3	1,036.5	-1.9 %	3,014.5	3,041.5	-0.9 %
Germany	656.9	738.4	-11.0 %	2,075.8	2,248.0	-7.7 %
of which Max Bahr	175.6	178.4	-1.5 %	556.4	525.1	6.0 %
International	360.4	298.1	20.9 %	938.7	793.5	18.3 %
EBITA (2007 bef. conditions by Federal Cartel Office)	50.3	51.4	-2.1 %	109.5	100.5	9.0 %
EBITA	50.3	41.2	22.1 %	109.5	90.3	21.2 %
Germany (2007 bef. conditions by Federal Cartel Office)	16.9	24.2	-30.2 %	51.8	47.6	8.8 %
Germany	16.9	14.0	20.5 %	51.8	37.4	38.4 %
International	33.4	27.2	23.0 %	57.7 ¹	52.9	9.1 %
Capital expenditure	18.1	35.9	-49.7 %	75.7	100.5	-24.7 %
Net income / loss	28.2	-8.9	—	60.4	24.4	147.3 %
Earnings per share in € (undiluted)	0.48	-0.16	—	1.02	0.40	155.0 %
Net cash/net debt (-) (09/30)				-119.0	-147.1²	19.1 %

¹ Incl. € 4.0 m additional provisions Poland.

² 12/31/2007.

Operative data	09/30/2008	09/30/2007	Change
Number of stores Germany	336	341	-5
Number of stores International	95	81	14
Luxembourg	3	3	0
Greece	11	8	3
Poland	21	19	2
Hungary	17	17	0
Turkey	10	9	1
Romania	23	18	5
Bulgaria	9	7	2
Ukraine	1	0	1
Number of stores Praktiker Group	431	422	9
Selling space in sq m 1,000	2,759	2,676	3.1 %
Germany	2,094	2,111	-0.8 %
International	665	565	17.7 %
Employees, average on a full-time basis (01/01-09/30)	23,362	22,289	4.8 %
Germany	13,098	13,708	-4.4 %
International	10,264	8,581	19.6 %

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The first nine months – summary

In the first nine months of the current financial year, Praktiker Bau- und Heimwerkermärkte Holding AG held sales nearly on the previous year's level and, by focussing on margins, was able to post substantially higher operating earnings. Sales varied widely by region and brand, with international sales growth in the double digits and Max Bahr brand sales up slightly. Group sales in Germany came in significantly lower due to the realignment of the Praktiker brand marketing approach. For 2008, Praktiker's goal in Germany is to bring down the number of promotion days (20 per cent off everything) substantially while, at the same time, reducing the shelf prices for a selected range of products. This shift in the marketing approach has impacted sales negatively. At the same time it led to a significant increase in the gross margin which effectively compensated the effect of declining sales over the nine months period.

Sustained and strong international growth in combination with increased emphasis on profitability in the German market had a positive effect on earnings. For the nine-month period, the Praktiker Group posted operating earnings of 109.5 million euros, 19.2 million euros more than for the same period last year.

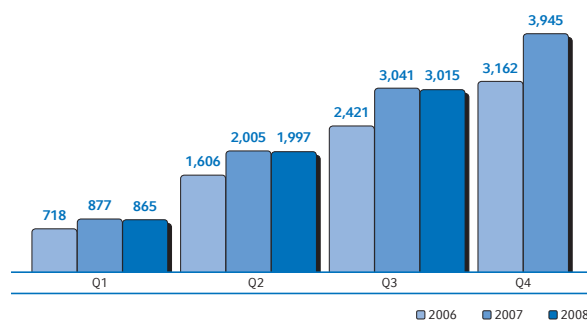
Meanwhile, the outlook for the global economy has been deteriorating with the financial crisis. In times of increasing risks of recession, the key responsibility of management is to ensure the company's resilience against a potential sales decline. This means avoiding unnecessary risk, planning capital expenditure as flexibly as possible, keeping costs under control, keeping an even closer eye on inventories – thus doing everything possible to be able to react to any dip in sales. On this point all company managers are on the same page. Precautions already in place include a high level of cash, liquidity reserves in the form of a syndicated credit line and low overall debt.

The various risks accompanying a global economic slowdown notwithstanding, it should not be overlooked that the German DIY market, having just successfully emerged from a crisis unleashed by the VAT increase, is likely to stabilise, albeit at a comparatively low level. Eastern European markets still have a lot of catching up to do, fuelling demand for building and home renovation and refurbishment, in addition to holding huge potential for further market exploitation. They are also less susceptible to structural problems in the financial system due to having a significant larger cash economy. Exchange rate changes however, may have a negative impact on net sales and earnings reported in euros.

In view of the above, management's assessment of the full year remains unchanged: net sales are expected to increase at a low single digit rate and EBITA will range between 135 million euros and 140 million euros. This confidence is partly based on the fact that these targets can be reached without a year-on-year earnings improvement in Q4. With the opening of new stores in Albania and the Ukraine delayed, cash capital expenditure will be around 120 million euros, somewhat lower than projected.

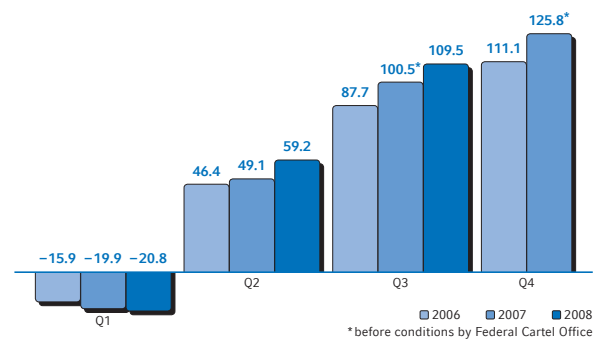
Net sales

cumulative (in € m)



EBITA

cumulative (in € m)



*before conditions by Federal Cartel Office

Business-specific and general economic settings

General economic settings

General economic settings deteriorated during the period under review. The further outlook for the global economy is increasingly dominated by the deepening financial crisis. The need for government intervention to keep the financial system from collapsing scarcely supports optimism for a positive development of the world economy. Growth and consumption forecasts have been slashed across the board. Experts agree that the real economy cannot escape the implications of the recent chaos within the financial system looking forward. Thus, the risk of recession has increased.

In Germany, which remains the Praktiker Group's most important market, the latest economic data revealed negative GDP growth. Despite the stabilising effect of subsiding inflation on consumer sentiment, anxiety triggered by the financial crisis over the safety of savings will no doubt keep consumption muted for some time to come.

The German DIY industry association (BHB) still expects the German DIY market to stabilise in the second half of the year despite these adverse conditions as the German market is in the process of recovering from its own crisis precipitated by the 2007 VAT increase, which caused a major drop in sales last year.

General economic settings have also deteriorated in Eastern Europe. As such, growth rates will likely come down from the heights seen in the last several years. Eastern European markets still have a lot of catching up to do, fuelling demand for building and home renovation and refurbishment, in addition to holding huge potential for further market exploitation. They are also less susceptible to structural problems in the financial system due to having a significant larger cash economy. On the other hand, income and consumption suffer from high inflation rates and, in some cases, currency weakness which makes imported goods much more expensive. However, an inflationary environment does allow companies to raise their own prices in turn, to the benefit of increasing gross margin.

Report on the income, financial and asset position

Income position

Net sales

The Praktiker Group achieved consolidated net sales of 3,014.5 million euros in the first nine months, down 0.9 percent year-on-year (3,041.5 million euros). Net sales in Germany declined 7.7 percent, relating exclusively to the Praktiker brand, the number of 20 percent promotions having been reduced by nearly half from 89 to 46 days. Sales of the Max Bahr brand increased 6.0 percent, although it must be considered that January sales last year were not included. International sales rose 18.3 percent over the three quarters. The key driver here was expansion of the store portfolio. Since the end of Q3 2007, 14 new stores have been opened. Thus an entire 15 percent of the current international portfolio did not yet exist one year ago. Currency exchange rates had no net impact on sales growth over the period in question.

Adjusted for changes in selling space, Group sales have declined 6.3 percent in the first nine months of the 2008 financial year. The decline resulted from the German business, where like-for-like sales were 9.2 percent lower than in the previous year. The most significant declines occurred in the first and third quarter, the periods in which the number of promotion days was reduced most strongly. International sales on the other hand increased 2.4 percent on a like-for-like basis.

In the third quarter 2008, sales in Germany declined 11.0 percent as a result of the above mentioned changes in the marketing approach to 656.9 million euros (previous year 738.4 million euros). Between July and September, net sales outside Germany increased 20.9 percent to 360.4 million euros (previous year 298.1 million euros). International sales growth for the third quarter thus exceeded the level achieved in the two preceding quarters.

This applies similarly on a selling space-adjusted basis. Like-for-like sales in Germany declined 10.9 percent, albeit less significantly than in the first quarter when promotional activities were likewise sharply reduced. Like-for-like international sales increased 2.9 percent in the third quarter, coming in higher than in the two preceding quarters.

Gross profit on sales

Despite the slight decline in consolidated sales, gross profit on sales increased 5.0 percent to 1,010.9 million euros over the nine-month period. The trend of the first half year thus continued in the third quarter, albeit at lesser momentum – a target, the readjustment of the marketing mix in Germany had aimed at. Gross margin increased by 1.8 percentage points to 33.5 percent. This positive development is still linked primarily to the German market, relating to the same factor which has negatively impacted net sales, the reduction in promotion days and the resulting improvement in earnings quality.

Gross margin also improved slightly in the international business. Again, there was no noteworthy change in the third quarter in the trend observed over the first six months of the year. Improvement continued to result from quantity related better purchasing terms and from pricing flexibility.

Gross margin for the Praktiker Group increased by 1.0 percentage points in the third quarter to 33.9 percent.

Other operating income

For the nine-month period, other operating income came to 52.4 million euros, an increase of 6.6 million euros or 14.6 percent year-on-year. Other operating income included insurance benefits offsetting expenses and lost income due to fire damage suffered by the Praktiker store in Thessalonica. These totalled 5.9 million euros, 2.7 million euros of which accrued in the third quarter. The store reopened in late September following the completion of cleanup and rebuilding.

For the period July through September, other operating income totalled 18.2 million euros, up 5.0 percent versus the same quarter last year (17.3 million euros).

Selling expenses

Selling expenses increased by 4.4 percent over the nine months period to 898.5 million euros. A large part of this increase is due to Max Bahr being consolidated for the whole of the reporting period in 2008, while last year it was only consolidated from February. Selling expenses outside Germany have increased sharply as rents, depreciation and personnel expenses in particular have risen in parallel with expansion of the store portfolio.

In Germany these expenses have decreased along with a number of stores.

In addition to these changes in operating costs, since the second quarter, selling expenses have included a 4.0 million euros addition to provisions necessitated by fines imposed by Poland's antitrust authority on nearly all major hardware store retailers including Praktiker for alleged product price collusion with a domestic supplier.

Selling expenses for the third quarter came to 293.8 million euros, 1.7 percent lower than for Q3 last year.

Administrative expenses

Administrative expenses for the first three quarters of the year declined 3.8 percent year-on-year to 54.9 million euros. One-off expenses for the Max Bahr acquisition had accrued in the first quarter of last year. Adjusting for these, administrative expenses increased moderately due to expansion.

Q3 administrative expenses increased year-on-year by 1.6 million euros to 19.2 million euros.

Q3 Income statement

in € m (07/01–09/30)

	Q3 2008	Q3 2007	Change
Net sales	1,017.3	1,036.5	-1.9 %
Gross profit on sales	345.2	340.6	1.4 %
Gross margin on sales in %	33.9	32.9	1.0 PP
Other operating income	18.2	17.3	5.0 %
Selling expenses	293.8	298.9	-1.7 %
Administrative expenses	19.2	17.6	8.4 %
Other operating expenses	0.1	0.2	-20.0 %
EBITA (2007 bef. conditions by Federal Cartel Office)	50.3	51.4	-2.1 %
EBITA	50.3	41.2	22.1 %
Net financial result	-11.2	-4.2	-7.0
Earnings before taxes (EBT)	39.1	37.0	2.1
Net income / loss	28.2	-8.9	37.1

9M Income statement

in € m (01/01–09/30)

	9M 2008	9M 2007	Change
Net sales	3,014.5	3,041.5	-0.9 %
Gross profit on sales	1,010.9	962.6	5.0 %
Gross margin on sales in %	33.5	31.7	1.8 PP
Other operating income	52.4	45.8	14.6 %
Selling expenses	898.5	860.4	4.4 %
Administrative expenses	54.9	57.1	-3.8 %
Other operating expenses	0.4	0.6	-24.1 %
EBITA (2007 bef. conditions by Federal Cartel Office)	109.5	100.5	9.0 %
EBITA	109.5	90.3	21.2 %
Net financial result	-25.6	-8.9	-16.7
Earnings before taxes (EBT)	83.9	81.5	2.4
Net income	60.4	24.4	36.0

Operating earnings (EBITA)

Cumulative for the first three quarters, the Praktiker Group posted an operating profit of 109.5 million euros, an increase of 19.2 million euros or 21.2 percent year-on-year. Last year one-off expenses had accrued in connection with the acquisition of Max Bahr, following the requirement of the German antitrust authority to dispose of three stores. Adjusted for these expenses operating earnings increased by 9.0 million euros or 9.0 percent.

EBITA for the third quarter totalled 50.3 million euros, up by 9.1 million euros or 22.1 percent year-on-year (41.2 million euros). On an adjusted basis, last year's earnings came to 51.4 million euros.

Net financial result

Net financial result of minus 25.6 million euros was reported for the nine-month period. The change versus the previous year (minus 8.9 million euros) is attributable to several factors: One-time income was realised in Q3 last year from the sale of a participation in property companies (19.96 percent). Interest income is down in 2008, with average liquidity being lower than in the previous year. Also, in the course of the financial crisis, lower interest rates have been accepted in short-term cash deposits in trade-off for greater security. Interest expenses increased in parallel with the number of finance lease agreements, which rose with expansion outside Germany. Furthermore, currency effects resulting from the revaluation of foreign currency liabilities on the reporting date had a considerably greater negative impact than in the same period last year. The net currency result for the period under review was minus 2.3 million euros (previous year plus 2.3 million euros).

The net financial result for the third quarter came in at minus 11.2 million euros, 7.0 million euros lower than for Q3 last year. The Q3 net financial result was virtually unchanged adjusting for the one-time income realised in the third quarter of last year.

Net result for the period

Net income for the nine-month period came to 60.4 million euros. Last year one-off expenses in connection with corporate tax reform in Germany resulted in a net result of 24.4 million euros. A net result of 28.2 million euros was posted for Q3 2008 versus a loss of 8.9 million euros last year due to the aforementioned one-off expenses.

The tax rate was 28.0 percent, which is not comparable with last year's rate due to one-off effects.

Earnings per share

Undiluted earnings per share of 1.02 euros were reported for the nine months period (previous year 0.40 euros). Undiluted earnings per share for Q3 came to 0.48 euros (previous year minus 0.16 euros). Again, year-on-year comparison is not meaningful due to the one-off effects mentioned above.

Financial position

Net financial position

As of September 30, 2008, liquid funds totalled 306.1 million euros, substantially higher than the level reported at the end of the previous financial year (270.8 million euros). This increase mainly reflects lower capital expenditure than last year and the impact of cash flow optimisation measures. Financial debt totalled 425.2 million euros. Liabilities due to banks, representing exclusively the 2006 convertible bond issue, accounted for 137.1 million euros of this amount. Finance lease liabilities increased slightly (from 283.7 million euros to 288.1 million euros), due to additional stores being classified as finance leases and accounted for accordingly. Net debt at the close of the third quarter was minus 119.0 million euros, as compared to minus 147.1 million euros at the end of the previous financial year.

Balance sheet

in € m

	09/30/2008	12/31/2007	Change
Equity	975.6	941.4	3.6 %
Total assets	2,339.7	2,153.8	8.6 %
net cash / net debt (-)	-119.0	-147.1	19.1 %
Net working capital	-385.7	-403.0	4.3 %

Cash flow statement

in € m (01/01-09/30)

	9M 2008	9M 2007	Change
Earnings before taxes (EBT)	83.9	81.5	2.4
Cash flow from operating activities	133.3	203.7	-70.4
Cash flow from investing activities	-56.5	-316.6	260.1
Cash flow from financing activities	-44.5	-38.4	-6.1
Cash and cash equivalents at 09/30	306.1	315.2	-9.1

In addition to liquid funds on the balance sheet, the Praktiker Group has a liquidity reserve consisting of a 200 million euros syndicated credit line.

Net working capital

Net working capital improved substantially from minus 403.0 million euros at year-end to minus 385.7 million euros at the close of Q3 2008.

Cash flow

Cash flow from operating activities totalled 133.3 million euros at the nine-month mark for this financial year. The year-on-year decline in cash flow from operating activities (Q3 2007: 203.7 million euros) chiefly reflects increased inventories as a result of expansion and a decrease in other assets. The latter is primarily the result of a change in the pattern of bonus payments received from suppliers in 2007. Instead of paying out a single annual bonus at the start of the subsequent year, bonus payments are now being remitted quarterly. This had a significant positive impact on cash flow in 2007 quarterly reporting in relation to the receivables level at the end of the 2006 financial year. This basis effect no longer applied in 2008.

Despite ongoing international expansion, cash flow from investing activities improved by approximately 260 million euros to minus 56.5 million euros in the period under review. This difference principally reflects the one-off payment for the Max Bahr acquisition in 2007.

Cash flow from financing activities changed only marginally versus the previous-year period.

Capital expenditure

Praktiker Group's capital expenditure totalled 75.7 million euros over the nine-month period of the current financial year (previous year 100.5 million euros). As in the previous year, the focus was on expanding the store portfolio in Eastern Europe. For Q3 2008, capital expenditure amounted to 18.1 million euros (previous year 35.9 million euros).

Asset position

Balance sheet

The Praktiker Group reported total assets of 2,339.7 million euros at the end of the third quarter, up 8.6 percent versus year end 2007. On the asset side, property, plant and equipment, inventories, other receivables and liquid funds increased. On the liabilities side, equity, noncurrent lease liabilities and trade payables went up.

The rise in inventories was mainly the result of the international business, seven new stores having been opened. Additionally, the store in Thessalonica which was damaged by fire last year has reopened. Inventories in Germany are above the level at year-end for reasons of seasonality and due to slow third-quarter sales influenced by the reduced number of promotion days.

The increase in trade payables versus year end 2007 stems from business in both in and outside Germany, mainly reflecting seasonal effects.

Liquid funds were up substantially versus the start of the year. There were no other material changes to balance sheet items.

Equity

Equity of 975.6 million euros was reported at the close of the third quarter, versus 941.4 million euros for the financial year ended December 31, 2007. This increase was due to rising profits flowing into the unappropriated surplus.

Equity ratio

The equity ratio was 41.7 percent at the close of the third quarter. At the end of the previous financial year this figure was 43.7 percent.

Other key events

In the third quarter plans were implemented to bundle Group and trans-national support functions into a separate subsidiary, Praktiker Services GmbH. This relates to the areas of IT, organisation and logistics.

Segment reporting Germany

Net sales

In Germany, the Praktiker Group net sales totalled 2,075.8 million euros in the first nine months of the current financial year. This represents a year-on-year decline of 7.7 percent. The rate of decline was higher in the third quarter than during the first half, following a major reduction in the number of promotion days for the Praktiker brand in line with the realignment of the marketing approach announced at the start of the year. Third-quarter sales came in 11.0 percent lower year-on-year at 656.9 million euros. On a like-for-like basis, sales in Germany plummeted 9.2 percent over the nine months period, and 10.9 percent in the third quarter.

These declines reflect that the Praktiker brand is going through a phase of transition in the year 2008. The focus has shifted away from volume to margins consciously hazarding temporary declines in sales. During the nine months period under review, the Praktiker brand held 20 percent promotions on 46 days. This comparable number during the same period last year was nearly twice as high at 89 days.

Sales of Max Bahr have been considerably stronger, increasing 6.0 percent year-on-year during the nine month period. However, the month of January is included in the total this year, as opposed to last year's reporting. Max Bahr also conducted fewer promotions than last year, though by no means to the same extent as Praktiker. On a like-for-like basis sales thus declined 3.8 percent. Third-quarter sales came in nearly 1.5 percent lower year-on-year (like-for-like 1.9 percent).

Operating earnings (EBITA)

For the nine months period of the current financial year, business in Germany generated EBITA of 51.8 million euros, an increase of 14.4 million euros or 38.4 percent year-on-year. Adjusting for one-off expenses last year relating to the conditions set by the German antitrust authorities in connection with the Max Bahr acquisition, this increase amounts to 4.2 million euros or 8.8 percent. Max Bahr earnings came in within the estimated range. EBITA of 16.9 million euros for the third quarter was again substantially higher than for the same quarter of the previous year (14.0 million euros). Adjusted for the antitrust-related expenses in 2007 however, there was no year-on-year increase. This comparison also reveals that in Q3 the earnings impact of reduced promotion activity was not entirely compensated by an increase in gross margin. Synergies afforded by the Max Bahr acquisition have also been less significant in the current financial year.

Capital expenditure

Capital expenditure in Germany amounted to 23.3 million euros during the nine months period and went exclusively to store concept conversion, modernisation and replacement (previous year 35.5 million euros). The decline is due largely to the fact that in the first half of the previous year five new Max Bahr stores had been opened. Also, from the second quarter 2008 on, no further expenditure had been made on conversion to the Easy-to-Shop concept.

Between July and September, capital expenditure in Germany totalled 8.6 million euros, a decrease of 1.5 million euros year-on-year.

Q3 Key data Germany

in € m (07/01-09/30)

	Q3 2008	Q3 2007	Change
Net sales	656.9	738.4	-11.0 %
like-for-like sales growth in %	-10.9	-0.6	—
EBITA (2007 bef. conditions by Federal Cartel Office)	16.9	24.2	-30.2 %
EBITA	16.9	14.0	20.5 %
in % on sales	2.6	1.9	0.7 PP
Capital expenditure	8.6	10.1	-1.5

9M Key data Germany

in € m (01/01-09/30)

	9M 2008	9M 2007	Change
Net sales	2,075.8	2,248.0	-7.7 %
like-for-like sales growth in %	-9.2	-2.3	—
EBITA (2007 bef. conditions by Federal Cartel Office)	51.8	47.6	8.8 %
EBITA	51.8	37.4	38.4 %
in % on sales	2.5	1.7	0.8 PP
Capital expenditure	23.3	35.5	-12.2
Number of stores (09/30)	336	341	-5
Selling space in sq m 1,000 (09/30)	2,094	2,111	-0.8 %
Employees, average on a full-time basis (01/01 - 09/30)	13,098	13,708	-4.4 %

Stores

At the end of the third quarter, the Praktiker Group operated 336 stores in Germany – unchanged against the number at midyear, 76 of which are operated under the Max Bahr brand. Twelve months ago the portfolio numbered five stores more and totalled 341 stores. Most store closures occurred in the second half of 2007.

Easy-to-Shop concept under revision

Toward the end of the first quarter, the process of converting further stores to the Easy-to-Shop concept was interrupted. Even though the concept has been well received by customers, the original sales expectations have not been fulfilled.

In a detailed analysis, a number of changes in the concept have now been decided upon and will be implemented in existing Easy-to-Shop stores. This process already got underway in the third quarter. According to today's plans further stores will be converted to the optimised concept in the course of next year.

Kundenmonitor confirms brand position

The customer survey "Kundenmonitor Deutschland 2008" confirmed the brand positioning in the framework of the two-brand strategy. DIY customers see Praktiker as the price leader in the German DIY industry. Max Bahr, in contrast, is known for service and friendly staff.

In the industry's most prominent customer survey Praktiker again emerged as the clear leader for special offers and promotions. As far as price comparisons are concerned, Praktiker even gained ground against the number two competitor.

Max Bahr received positive recognition as a service-oriented provider, fully in accordance with its positioning, making great strides in the categories of friendly staff and service. The company is now ranked no. 2, ranking marginally behind the leader.

Segment reporting International

Net sales

International sales continued to be particularly strong in Q3 2008 increasing 18.3 percent during the nine months period to 938.7 million euros (previous year 793.5 million euros). The third quarter increase of 20.9 percent exceeded the growth rate for the first half. Romania, Bulgaria and Poland posted the highest growth rates in absolute terms. But also on a like-for-like basis, i. e. adjusted for changes in selling space, international sales increased by 2.4 percent over the nine-month period. Currency exchange rates had no net impact on sales growth over the reporting period.

In the third quarter, sales increased 20.9 percent in absolute terms to 360.4 million euros (previous year 298.1 million euros) and by 2.9 percent on a like-for-like basis (previous year 9.6 percent). Sales increased at a faster rate in the third quarter than in the first six months of the year.

During the nine-month period, the International segment accounted for 31.1 percent of consolidated net sales (previous year 26.1 percent).

Stores

As of September 30, the international portfolio totalled 95 stores, 14 more than one year ago. In the current financial year 7 new stores have been opened, 2 of which in the third quarter. The new stores were opened in Greece (Kalamata) and Romania (Iasi).

Q3 Key data International

in € m (07/01–09/30)

	Q3 2008	Q3 2007	Change
Net sales	360.4	298.1	20.9 %
like-for-like sales growth in %	2.9	9.6	—
EBITA	33.4	27.2	23.0 %
in % on sales	9.3	9.1	0.2 PP
Capital expenditure	9.5	25.8	–16.3

9M Key data International

in € m (01/01–09/30)

	9M 2008	9M 2007	Change
Net sales	938.7	793.5	18.3 %
like-for-like sales growth in %	2.4	13.2	—
EBITA	57.7 ¹	52.9	9.1 %
in % on sales	6.1	6.7	–0.6 PP
Capital expenditure	52.3	65.0	–12.7
Number of stores (09/30)	95	81	14
Selling space in sq m 1,000 (09/30)	665	565	17.7 %
Employees, average on a full-time basis (01/01 - 09/30)	10,264	8,581	19.6 %

¹ Incl. € 4.0 m additional provisions Poland.

Operating earnings (EBITA)

Cumulative EBITA of 57.7 million euros was recorded for the first three quarters of 2008 (previous year 52.9 million euros). This figure includes 4.0 million euros added to provisions in connection with antitrust issues in Poland that arose in the second quarter and were discussed in the half-year report. Bulgaria, Greece, Poland and Romania contributed in particular to the improvement in EBITA. Start-up losses were incurred in the Ukraine and Albania, as expected, business in Turkey did not yield a profit.

For the third quarter the international business generated operating earnings of 33.4 million euros, up 6.2 million euros or 23.0 percent.

Capital expenditure

Capital expenditure in the international segment totalled 52.3 million euros during the period January through September 2008, going mainly to new stores (previous year 65.0 million euros). Of this amount, 9.5 million euros were expended in the third quarter (previous year 25.8 million euros).

Other key events

Two new stores were added to the international portfolio in the third quarter. With that original plans were not fully reached. Delays occurred for example in Albania and the Ukraine, partly because the necessary letters of approval by the building authorities were not issued in time, partly because owners of new locations had to reorganise their finances in the wake of the financial crisis. By the end of the year the number of new stores will thus likely be 14, slightly less than originally expected.

The store in Thessalonica, damaged by fire in the summer of last year, reopened for full-scale operation at the end of the quarter. Following the fire, sales had continued in a restricted and provisional form. Praktiker Greece was able to ensure that all employees in Thessalonica retained their jobs.

Report on risks and opportunities

Risks

In the 2007 Annual Report and 2008 Half-Year Report Praktiker reported in detail on the various risks to which it considers the Group exposed. Discussions were also provided of measures implemented by the Group to counter specific risks.

Two particular risks crystallised in the third quarter, both having to do with the global financial crisis. The drastic increase in the risk of bank insolvency as a result of the financial crisis has consequently heightened the risk to bank deposits. Praktiker holds a relatively large amount of liquid funds. Short-term deposits were therefore shifted to banks considered to afford the highest degree of security.

Indirectly, the financial crisis has increased the risk of a rapid, sharp and lasting economic downturn. It cannot be ruled out that demand for DIY products may slow or even fall in many of Praktiker's markets. Praktiker is responding to this risk by increasingly focusing on cost management and greater flexibility in all capital expenditure.

Opportunities

An extensive discussion of opportunities has been provided in the 2007 Annual Report and 2008 Half-Year Report as well. If the financial crisis should in fact trigger a rapid and sustained worldwide economic downturn, consolidation pressures would in all likelihood further increase in Germany. Praktiker sees itself as financially strong enough to play a proactive role in such a scenario of industry consolidation.

International – the countries

9 months 2008	net sales in € m	Change in %, in €		Change in %, in local currency		Number of stores
		absolute	like-for-like	absolute	like-for-like	
Luxembourg	29.9	-1.5	-1.5	-1.5	-1.5	3
Greece	208.5	7.1	-4.5	7.1	-4.5	11
Poland	200.7	31.7	17.6	17.9	4.9	21
Hungary	128.8	10.0	-0.4	8.6	-2.2	17
Turkey	73.4	6.6	-9.7	10.2	-6.2	10
Romania	217.0	19.3	-1.0	31.6	9.4	23
Bulgaria	70.6	46.1	17.7	46.1	17.7	9
Ukraine	9.9	—	—	—	—	1

Report on subsequent events

Since the close of the third quarter no events have transpired having a material impact on the income, financial or asset position of the Praktiker Group. However, the coordinated efforts of the world's leading governments to support the global financial system can be expected to have meaningful consequences for the economic environment.

Outlook

Business results were in line with expectations throughout the nine months period of the current financial year. Praktiker Bau- und Heimwerkermärkte Holding AG increased its operating earnings, though net sales declined slightly year-on-year. Lower net sales in Germany in Q3 were not unexpected as they resulted from the changes in the marketing approach. The international business, on the other hand, remained robust and fast-growing. Due to the fall in Romania's currency however the strong growth did not fully translate into euro-denominated earnings.

It cannot be ignored that the global financial crisis will be affecting the real economy, and economic forecasts have been revised downward accordingly. It is unknown how soon and to what extent – if at all – consumer spending, and the demand for DIY products in particular will be affected in the different countries in which Praktiker operates.

In times of increasing risks of recession, the key responsibility of management is to ensure the company's resilience against a potential sales decline. This means avoiding unnecessary risk, planning capital expenditure as flexibly as possible, keeping costs under control, keeping an even closer eye on inventories – thus doing everything possible to be able to react to any dip in sales. On this point all company managers are on the same page. Precautions already in place include a high level of cash, liquidity reserves in the form of a syndicated credit line and low overall debt.

The various risks accompanying a global economic slowdown notwithstanding, it should not be overlooked that the German DIY market, having just successfully emerged from a crisis unleashed by the VAT increase, is likely to stabilise, albeit at a comparatively low level. Eastern European markets still have a lot of catching up to do, fuelling demand for building and home renovation and refurbishment, in addition to holding huge potential for further market exploitation. They are also less susceptible to structural problems in the financial system due to having a significant larger cash economy. Exchange rate changes however, may have a negative impact on net sales and earnings reported in euros.

In view of the above, management's assessment of the full year remains unchanged: net sales are expected to increase at a low single digit rate and EBITA will range between 135 million euros and 140 million euros. This confidence is partly based on the fact that these targets can be reached without a year-on-year earnings improvement in Q4. With the opening of new stores in Albania and the Ukraine delayed, cash capital expenditure will be around 120 million euros, somewhat lower than projected.

Income statement for the 3. quarter

in € thousands	Jul. 01 – Sept. 30, 2008	Jul. 01 – Sept. 30, 2007
Net sales	1,017,280	1,036,523
Cost of sales	-672,067	-695,913
Gross profit on sales	345,213	340,610
Other operating income	18,198	17,330
Selling expenses	-293,788	-298,892
Administrative expenses	-19,153	-17,661
Other operating expenses	-136	-170
Earnings before interest, taxes and amortization (EBITA)	50,334	41,217
Net interest result	-6,210	-5,158
Other financial result	-4,953	973
Net financial result	-11,163	-4,185
Earnings before taxes	39,171	37,032
Income taxes	-10,967	-45,912
Net income/net loss	28,204	-8,880
of which attributable to minorities	392	383
of which attributable to group shareholders	27,812	-9,263
	28,204	-8,880

Earnings per share (€)		
undiluted/diluted	0.48	-0.16

Income statement 9 months

in € thousands	Jan. 01 – Sept. 30, 2008	Jan. 01 – Sept. 30, 2007
Net sales	3,014,488	3,041,455
Cost of sales	-2,003,590	-2,078,834
Gross profit on sales	1,010,898	962,621
Other operating income	52,447	45,774
Selling expenses	-898,506	-860,423
Administrative expenses	-54,912	-57,103
Other operating expenses	-420	-553
Earnings before interest, taxes and amortization (EBITA)	109,507	90,316
Net interest result	-19,347	-15,029
Other financial result	-6,241	6,167
Net financial result	-25,588	-8,862
Earnings before taxes	83,919	81,454
Income taxes	-23,497	-57,018
Net income	60,422	24,436
of which attributable to minorities	1,186	1,222
of which attributable to group shareholders	59,236	23,214
	60,422	24,436

Earnings per share (€)		
undiluted/diluted	1.02	0.40

Balance sheet as at September 30, 2008

Assets in € thousands	Sept. 30, 2008	Dec. 31, 2007
Non-current assets		
Goodwill	214,676	214,621
Other intangible assets	69,232	68,943
Tangible assets	486,769	463,866
Financial assets	18	122
Miscellaneous receivables and other non-current assets	6,116	6,541
Deferred income tax assets	203,306	203,567
	980,117	957,660
Current assets		
Inventories	906,855	809,686
Trade receivables	18,184	24,993
Miscellaneous receivables and other current assets	121,746	89,255
Income tax receivables	6,609	1,420
Cash and cash equivalents	306,139	270,769
	1,359,533	1,196,123
Total assets	2,339,650	2,153,783

Balance sheet as at September 30, 2008

Liabilities in € thousands	Sept. 30, 2008	Dec. 31, 2007
Equity		
Share capital	58,000	58,000
Additional paid-in capital	706,125	705,231
Balance sheet profit	209,843	176,707
	973,968	939,938
Minority interests	1,604	1,504
	975,572	941,442
Non-current liabilities		
Provisions for pensions and similar commitments	713	695
Other provisions	47,800	49,666
Payable from convertible bonds	137,065	134,159
Payable under finance leases	271,460	266,815
Other liabilities	5,751	7,516
Deferred tax liabilities	109,296	109,467
	572,085	568,318
Current liabilities		
Other provisions	43,292	42,938
Payable under finance leases	16,647	16,851
Trade payables	597,096	463,806
Prepayments received on orders	10,147	7,229
Other liabilities	95,908	98,305
Current income tax liabilities	28,903	14,894
	791,993	644,023
Total liabilities	2,339,650	2,153,783

Statement of changes in equity

in € thousands	Share capital	Capital reserves	Other reserves	Balance sheet profit	Subtotal	Minority interest	Total
Dec.31, 2006	58,000	822,685	-116,789	180,225	944,121	1,417	945,538
Currency translation			1,181		1,181		1,181
Payment to shareholders				-26,100	-26,100		-26,100
Payment to minority interests						-1,007	-1,007
Group net profit				23,214	23,214	1,222	24,436
Other changes in minority interests						17	17
Sept.30, 2007	58,000	822,685	-115,608	177,339	942,416	1,649	944,065
Dec.31, 2007	58,000	822,685	-117,454	176,707	939,938	1,504	941,442
Currency translation			932		932		932
Loss on cash flow hedges recognized directly in equity			-38		-38		-38
Payment to shareholders				-26,100	-26,100		-26,100
Payment to minority interests						-1,102	-1,102
Group net profit				59,236	59,236	1,186	60,422
Other changes in minority interests						16	16
Sept.30, 2008	58,000	822,685	-116,560	209,843	973,968	1,604	975,572

Cash flow statement

in € thousands	Jan. 01,– Sept. 30, 2008	Jan. 01,– Sept. 30, 2007
Earnings before taxes	83,919	81,454
Depreciation and amortization (+) / Reversal of impairment losses (-)	49,525	42,386
Decrease (Increase) in provisions	-1,493	6,139
Gain from the disposal of fixed and intangible assets	-18	-181
Increase in inventories	-97,169	-44,992
Increase in trade payables	133,290	107,496
Loss from foreign currencies	2,116	691
Other non-cash transaction	-22,186	-11,963
Increase (Decrease) in other assets	-27,758	25,379
Decrease in other liabilities	-1,144	-9,471
Income taxes paid	-11,919	-16,342
Interest Result	19,347	15,031
Interest Received	6,792	8,057
Cash flow from operating activities	133,302	203,684
Proceeds from disposal of fixed and intangible assets	1,851	2,506
Net cash used in investing activities	-58,302	-89,906
Net cash used in acquisition Max Bahr	0	-229,170
Cash flow from investing activities	-56,451	-316,570
Interest paid	-4,288	-4,090
Payment to minorities	-1,102	-1,007
Payment to shareholders	-26,100	-26,100
Loss on cash flow hedges recognized directly in equity	-38	0
Principal of liabilities from finance leases	-13,000	-9,949
Change financial balance	0	2,755
Cash flow from financing activities	-44,528	-38,391
Change in cash and cash equivalents	32,323	-151,277
Effect of foreign exchange rate changes	547	246
Cash and cash equivalents at beginning of period	270,769	466,251
Cash and cash equivalents at end of period	303,639	315,220
Reconciliation cash and cash equivalents to reporting in Group Balance Sheet		
Cash and cash equivalents at beginning of period	270,769	466,251
Pledged cash and cash equivalents at beginning of period	0	0
Cash and cash equivalents at beginning of period according to the Group Balance Sheet	270,769	466,251
Change in cash and cash equivalents	32,323	-151,277
Effect of foreign exchange rate changes	547	246
Cash and cash equivalents at end of period	303,639	315,220
Change in pledged cash and cash equivalent	2,500	0
Pledged cash and cash equivalents at end of period	2,500	0
Cash and cash equivalents at end of period according to the Group Balance Sheet	306,139	315,220

Notes to the cash flow statement

In accordance with IAS 7, the cash flow statement has been prepared according to the indirect method, broken down by cash flows from operating, investing and financing activities.

In the period under review, non-cash additions of € 17,441 thousands (previous year € 11,714 thousands) from finance lease assets have been included. There were no non-cash disposals from finance lease assets in either the period under review, in contrast to the (previous year € 2,149 thousands), nor non-cash disposals from finance lease liabilities (previous year € 575 thousands).

Cash and cash equivalents comprise bank balances and cash in hand. An amount of € 2,500 thousand was pledged in the third quarter from cash and cash equivalents reported on the consolidated balance sheet dated September 30, 2008.

Explanatory notes to the financial statements

Accounting principles

The Praktiker Bau- und Heimwerkermärkte Holding AG quarterly financial report dated September 30, 2008 consists of consolidated interim financial statements and an interim Group management report, in accordance with § 37x Section 3 of the German Securities Trading Act. In line with IAS 34 and § 315a of the German Commercial Code, the report was prepared in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB), London, applicable as of the reporting date and recognised by the European Union, applying the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In line with IAS 34, reporting was condensed in scope as compared to the Group financial statements dated December 31, 2007. With the exception of the matter described in greater detail below, the same accounting, valuation and calculation methods were applied as used for the consolidated financial statements dated December 31, 2007. These are set out in the 2007 Annual Report on pages 52 and following.

Valuation of income tax expense

Income tax expenses were deferred on the basis of the tax rate, which would be applicable for the overall result for the year, i.e. the estimated average annual effective tax rate is applied to the pre-tax result of the interim reporting period under review.

New standards, interpretations and amendments issued mandatory from 2008

In line with the IFRS provisions, the interpretations IFRIC 11, "IFRS 2 – Group and treasury share transactions", IFRIC 12, "Service concession arrangements", and IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction", are to be applied as of the start of the 2008 financial year. However, IFRIC 12 and IFRIC 14 have not yet been ratified by the European Union. The application of the three interpretations has or will have no material impact on the consolidated financial statements of Praktiker Bau- und Heimwerkermärkte Holding AG.

Change in shareholder structure

In the reporting period, there were the following changes in the shareholder structure according to the notifications on voting rights received by Praktiker Bau- und Heimwerkermärkte Holding AG pursuant to § 21 Section 1 of the German Securities Trading Act. All notifications on voting rights can be accessed at: www.praktiker.com – Investor Relations – Praktiker in the capital market – Shareholder structure.

The voting rights held by Ivory Investment Management, LP, Los Angeles (USA) – and thus also by IIM GP, LLC, Los Angeles (USA) and Curtis G. Macnguyen (USA) – fell below the 5 % voting rights threshold on January 17, 2008, and below the 3 % voting rights threshold on January 23, 2008. Additionally, the voting rights held by Ivory Flagship Master Ltd., Grand Cayman (Cayman Islands) and Ivory Offshore Flagship Fund, Ltd., Grand Cayman (Cayman Islands) fell below the 3 % voting rights threshold on January 18, 2008.

The voting rights held by Odey Asset Management LLP, London (UK), fell below the 3 % voting rights threshold on January 24, 2008. Odey Asset Management LLP is a fund company registered with the British Financial Services Authority that acts as asset manager for a number of funds.

The voting rights held by Gugner Partners LLP, London (UK), exceeded the 3 % voting rights threshold on March 3, 2008. On April 11, 2008, Gugner Partners LLP again fell below the 3 % voting rights threshold.

The voting rights held by IGM Financial Inc., Winnipeg (Canada) – and thus by Mackenzie Inc., Winnipeg (Canada), the Mackenzie Financial Corporation, Toronto (Canada), and Mackenzie Cundill Investment Management Ltd., Vancouver (Canada) – exceeded the 3 % voting rights threshold on April 18, 2008. The voting rights held by IGM Financial Inc., Winnipeg (Canada) – and thus by Mackenzie Inc., the Mackenzie Financial Corporation, and Mackenzie Cundill Investment Management Ltd. – exceeded the 5 % voting rights threshold on August 11, 2008.

The voting rights held by the Lansdowne Partners Limited Partnership, London (UK), which manages shares on behalf of its customer funds and thus also the voting rights held by its general partner, Lansdowne Partners Limited, London (UK) fell below the 10 % voting rights threshold on May 19, 2008, the 5 % threshold on August 8, 2008, and the 3 % threshold on August 21, 2008.

Lansdowne Partners Limited Partnership and its general partner, Lansdowne Partners Limited, manage assets for the following funds:

- Lansdowne UK Strategic Investment Master Fund Limited
- Lansdowne UK Equity Fund Limited
- Lansdowne UK Equity Fund LP

During the period under review, FINANCIERE DE L'ECHIQUIER, Paris (France), moved above or below the 3 % reporting threshold several times. Most recently, the voting rights held by FINANCIERE DE L'ECHIQUIER fell below the 3 % voting rights reporting threshold on September 30, 2008.

During the period under review, UBS AG, Zurich (Switzerland), moved above or below the 3 % and 5 % reporting thresholds several times. These events primarily concern shareholdings in the trading portfolio. Most recently, the voting rights held by UBS AG fell below the 3 % voting rights reporting thresholds on October 08, 2008.

The voting rights held by Artisan Partners Limited Partnership, Milwaukee (USA) – and thus by Artisan Investment Corporation, Milwaukee (USA), ZFIC, Inc., Milwaukee (USA), Mr. Andrew A. Ziegler (USA) and Mrs. Carlene M. Ziegler (USA) – exceeded the 3 % voting rights threshold on August 13, 2008.

The voting rights held by Capital Research and Management Company, Los Angeles (USA) moved below 5 % voting rights threshold on September 19, 2008 after the voting rights of the relevant SMALLCAP World Fund, Inc., Los Angeles (USA) had fallen below the 5 % voting rights threshold on September 18, 2008. SMALLCAP World Fund fell below the 3 % voting rights threshold on October 2, 2008, after the close of the reporting period.

The voting rights held by Morgan Stanley, Wilmington (USA), exceeded the 3 % voting rights threshold on September 18, 2008. On October 03, 2008 Morgan Stanley again fell below the 3 % voting rights threshold.

As stakes held with a short-term investment strategy, none of the holdings referred to above were considered to be in fixed ownership pursuant to the definition set out by Deutsche Börse AG. Thus as of September 30, 2008, 100 % of the reporting company's shares were in the free float.

The possibility of conversion in respect to the convertible bond issued in 2006 was not availed of by the end of the period under review. As a result, there was no change in the shareholder structure.

Real estate purchases

Praktiker Group purchased four DIY market projects during the 2008 nine months period (1 in Germany, 1 in Hungary, and 2 in Romania). This resulted in additions to assets in the approximate amounts of € 11.2 million (land) and € 4.5 million (assets under construction) in the period under review.

Scope of consolidation

Sinco Trade Ltd., Hong Kong, China, which is being liquidated, was deconsolidated as of March 31, 2008. However, the company had already discontinued business operations during the course of 2007. Deconsolidation did not have any material impact on the asset, financial or income positions or the cash flow of the group under review.

Pursuant to a merger agreement dated June 19, 2008 and amended June 23, 2008 and corresponding shareholder approval resolutions on June 19, 2008 and June 23, 2008, Verwaltungsgesellschaft Zweite MBE mbH, Kirkel, was merged into Antenor Vermögensverwaltungsgesellschaft mbH, Hamburg. The merger was recorded in the commercial register on August 26, 2008 under the record of the acquiring entity.

BMH Baumarkt Holding GmbH, Kirkel, resolved on June 18, 2008 to establish wholly-owned subsidiary Praktiker Moldova S. R. L., Chisinau, Moldavia, paying in capital totalling MDL 5,400 (€ 357). The company was registered on August 13, 2008. The main purpose of the company is sales of DIY/hardware store products.

On June 18, 2008 Praktiker Grundstückbeteiligungsgesellschaft mbH, Kirkel, resolved to establish wholly-owned subsidiary Praktiker Real Estate Moldova S. R. L., Chisinau, Moldavia. The share capital of Praktiker Real Estate Moldova S. R. L. totals MDL 5,400 (€ 357). The company was registered on the date September 4, 2008. The main purpose of the company is the purchase, sale and leasing of properties and buildings.

Key events in the reporting period

As with almost all other large DIY retailers in Poland, a fine for alleged price collusion was levied by the Polish anti-trust authorities against Praktiker Polska Sp. z o.o., headquartered in Warsaw and part of the scope of consolidation of the Praktiker Group. Praktiker Polska Sp. z o.o. has initiated an legal proceedings against this fine. As a result, provisions of approximately € 4.8 million were reported on September 30, 2008, most of which was charged against second quarter earnings. As the expenses from the transfer to provisions are not tax deductible, tax planning for 2008 had to be revised. As a result, the tax rate increased from 27 percent in the first quarter of 2008 to the current level of 28 percent.

At the Annual General Meeting of Praktiker Bau- und Heimwerk ermärkte Holding AG on May 30, 2008, the company was authorised to buy shares of Praktiker Bau- und Heimwerkermärkte Holding AG. The authorisation is restricted to the purchase of own shares with a notional share of share capital not exceeding € 5,800,000 and applies to November 29, 2009.

In addition, authorization was given to deploy equity derivatives in the context of acquiring own shares pursuant to § 71 Section 1 No. 8 of the German Stock Corporation Act. The acquisition of own shares may be implemented using call or put options. The Management Board was authorized to sell put options, to buy call options and to buy own shares using a combination of put and call options. All share purchases using put options, call options or a combination of put and call options are limited to own shares with a notional share of the share capital not exceeding € 2,900,000. The duration of the options must be selected in such a way that the acquisition of own shares resulting from the exercise of options takes place before the end of November 29, 2009.

Earnings per share

(a) Undiluted

Undiluted earnings per share are calculated by the ratio of profit attributable to the providers of equity and the average number of shares issued during the nine months period and the third quarter, respectively.

Earnings per share	Jan. 01– Sep. 30, 2008	Jan. 01– Sep. 30, 2007	Jul. 01– Sep. 30, 2008	Jul. 01– Sep. 30, 2007
Earnings allocable to equity providers (in € thousands)	59,236	23,214	27,812	–9,263
Average number of shares issued (in thousands)	58,000	58,000	58,000	58,000
Undiluted earnings per share (€)	1.02	0.40	0.48	–0.16

In calculating diluted earnings per share, shareholder profit is adjusted for the diluting impact of instruments potentially convertible into ordinary shares. The only potentially diluting instruments concern the convertible bonds issued by the Group in September 2006. The number of additional ordinary shares that would have been in circulation if all convertible instruments with dilutive effect had been converted into ordinary shares is added to the average number of shares outstanding during the nine months period and third quarter respectively.

(b) Diluted

During the nine months period and the third quarter 2008 there was no dilutive effect from convertible bonds, thus diluted earnings per share is the same as undiluted earnings per share. Diluted earnings per share was higher in the corresponding periods of the previous year, thus dilution effects are irrelevant.

Split in net financial result

in € thousands	Jan. 01– Sep. 30, 2008	Jan. 01– Sep. 30, 2007	Jul. 01– Sep. 30, 2008	Jul. 01– Sep. 30, 2007
Financial income	27,840	30,011	9,753	12,334
Financial expenses	- 53,428	-38,873	-20,916	-16,519
Net financial result	-25,588	-8,862	-11,163	-4,185

In the reporting period, the translation of liabilities from finance leases of international subsidiaries resulted in non-cash price gains of €14,358 thousands (previous year €9,014 thousands) and non-cash price losses of €16,098 thousands (previous year €7,868 thousands).

Dividend payout

The Annual General Meeting of the reporting company resolved on May 30, 2008 to appropriate the unappropriated surplus of Praktiker Bau- und Heimwerkermärkte Holding AG for the 2007 financial year of €30,995,343.64 as follows: per share a dividend of €0.45 is paid which results in a total dividend payout of €26,100,000. The remaining €4,895,343.64 will be adjusted as retained earnings.

Significant changes in contingent liabilities and other financial obligations

Obligations from operating lease contracts due in subsequent periods amount to €2,476 million (previous year €2,661 million). Of this amount, €278 million are due within one year (previous year €274 million), €991 million (previous year €999 million) between one and five years, and €1,207 million after more than five years (previous year €1,388 million).

Obligations from finance lease contracts due in subsequent periods amount to €492 million (previous year €432 million). Of this €42 million (previous year €37 million) are due within one year, €160 million (previous year €134 million) between one year and five years, and €290 million (previous year €261 million) after more than five years.

Related party disclosures

Praktiker Bau- und Heimwerkermärkte Holding AG Group had no transactions with related parties in the nine months period or the third quarter of 2008, as in the corresponding periods in 2007.

Miscellaneous

As of March 21, 2008, the Supervisory Board appointed Karl-Heinz Stroh as an additional member of the Management Board. Mr. Stroh has succeeded Michael Arnold as Human Resources Director as well as Director of Industrial Relations.

Segment reporting – notes to segment data from July 1 to September 30, 2008

in € thousands	Domestic operations	Foreign operations	Reconciliation	Total
	Jul. 01 – Sep. 30, 2008	Jul. 01 – Sep. 30, 2008	Jul. 01 – Sep. 30, 2008	Jul. 01 – Sep. 30, 2008
Net sales	657,209	360,423	–352	1,017,280
Other operating income	16,480	5,062	–3,344	18,198
Earnings before interest, taxes, depreciation and amortization	26,318	41,337	0	67,655
Depreciation	–9,374	–7,947	0	–17,321
Earnings before interest, taxes and amortization	16,943	33,391	0	50,334
Earnings before interest and taxes	16,943	33,391	0	50,334
Financial result				–11,163
Earnings before taxes				39,171
Income taxes				–10,967
Net profit				28,204

in € thousands	Domestic operations	Foreign operations	Reconciliation	Total
	Jul. 01 – Sep. 30, 2007	Jul. 01 – Sep. 30, 2007	Jul. 01 – Sep. 30, 2007	Jul. 01 – Sep. 30, 2007
Net sales	738,734	298,120	–331	1,036,523
Other operating income	13,827	5,885	–2,382	17,330
Earnings before interest, taxes, depreciation and amortization	23,240	33,428	0	56,668
Depreciation	–9,178	–6,272	0	–15,450
Earnings before interest, taxes and amortization	14,061	27,156	0	41,217
Earnings before interest and taxes	14,061	27,156	0	41,217
Financial result				–4,185
Earnings before taxes				37,032
Income taxes				–45,912
Net loss				–8,880

Segment reporting – notes to segment data from January 1 to September 30, 2008

in € thousands	Domestic operations Jan. 01 – Sep. 30, 2008	Foreign operations Jan. 01 – Sep. 30, 2008	Reconciliation Jan. 01 – Sep. 30, 2008	Total Jan. 01 – Sep. 30, 2008
Net sales	2,077,307	938,712	-1,531	3,014,488
Other operating income	47,517	13,275	-8,345	52,447
Earnings before interest, taxes, depreciation and amortization	79,607	80,058	0	159,665
Depreciation	-27,782	-22,376	0	-50,158
Earnings before interest, taxes and amortization	51,825	57,682	0	109,507
Earnings before interest and taxes	51,825	57,682	0	109,507
Financial result				-25,588
Earnings before taxes				83,919
Income taxes				-23,497
Net profit				60,422

in € thousands	Domestic operations Jan. 01 – Sep. 30, 2007	Foreign operations Jan. 01 – Sep. 30, 2007	Reconciliation Jan. 01 – Sep. 30, 2007	Total Jan. 01 – Sep. 30, 2007
Net sales	2,249,526	793,546	-1,617	3,041,455
Other operating income	43,247	8,825	-6,298	45,774
Earnings before interest, taxes, depreciation and amortization	63,387	69,779	0	133,166
Depreciation	-25,930	-16,920	0	-42,850
Earnings before interest, taxes and amortization	37,457	52,859	0	90,316
Earnings before interest and taxes	37,457	52,859	0	90,316
Financial result				-8,862
Earnings before taxes				81,454
Income taxes				-57,018
Net profit				24,436

Segment reporting has not been broken down into primary and secondary areas. As the Praktiker Group operates almost exclusively within the DIY division, the only breakdown has been done on a geographical basis in line with the location of the various DIY stores.

Transfers between the various regions occur at prices which would also be agreed with external third parties.

The impact of consolidation measures was reported separately in the "Reconciliation" column.

Kirkel, October 22, 2008

The Management Board

Werner Arnold Gabel Stroh Warnking

Praktiker on the capital market

Stock markets around the world have been pummelled by the financial crisis. Numerous bank failures and rescue buyouts have led to wide spread uncertainty about the operational capability of the international financial system. The situation became exacerbated to the point that state intervention has been required to fend off a collapse.

What started on the financial markets will inevitably impact the general economy. Consumer confidence is low, and businesses are looking at an uncertain future. The growth outlook for the global economy has worsened considerably, precipitating share price declines across all industries that in some cases have been drastic.

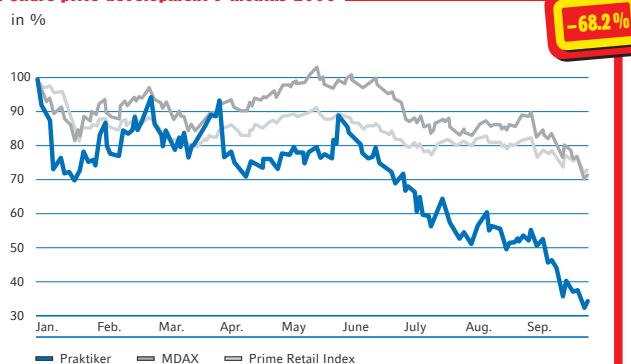
Praktiker too has been affected. Since the beginning of the year, Praktiker shares have lost more than two thirds of their value. On September 30, 2008 the shares closed at 6.49 euros, well below the IPO price of 14.50 euros in November 2005.

The shares have also been subject to extreme volatility, reflecting the general mood of uncertainty on the capital markets. Volatility as measured by the range between the intra-day highs and lows, was over 5 percent on one out of every two trading days during the nine months period of 2008. In the same period one year ago this frequency was one in four. A volatility of more than 10 percent was recorded on 17 days during the period under review, as opposed to only two days in 2007 through September 30.

Daily trading volume was also much higher, nearly doubling over the three quarters versus the same period in 2007. Changes in shareholder structure were also partially responsible for increased trading activity. Major shareholders Lansdowne and Capital Research have pared down their holdings, while others have increased their positions to exceed the 3 percent and/or 5 percent disclosure thresholds.

In the reporting period, no use was made of the option for converting the convertible bond.

Share price development 9 months 2008



Financial calendar 2008/2009

Trading statement 2008	January 8, 2009
Annual report 2008	March 27, 2009
First quarter report 2009	April 22, 2009
Annual general meeting 2009 Saarbruecken, Germany	May 27, 2009
Second quarter report 2009	July 22, 2009
Third quarter report 2009	October 22, 2009

Disclaimer

This interim report contains certain statements that are neither reported financial results nor other historical information. These forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those -expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Praktiker Group's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. The Praktiker Group does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

Only the German version of this interim report is legally binding.

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