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Speech by Wolfgang Werner, Chairman of the Management Board

The spoken word is valid

Ladies and gentlemen,

I warmly welcome you to this year's analyst conference. As you can see, all board members are attending today's conference. Among them a new colleague, Karl-Heinz Stroh, who recently assumed responsibility for the now roughly 30,000 group employees in the function of board member in charge of human resources. I cordially welcome you on our board, Mr. Stroh. And I would like to extend my sincere thanks to Mr. Arnold, who had so far been in charge of HR matters in addition to this responsibility for our international business activities.

Splitting this dual function is not only the logical reaction to the growing size of our operations and the concomitant increase in management tasks. It is also a strategic signal for the future: the key to further profitable growth lies in our international business. Since the public listing of our company in 2005 our international sales have increased by around 40 percent. And they are intended to grow further. We pursue an ambitious target: soon, the international segment is to contribute around 40 percent of our group sales. This will require major efforts – and the undivided attention of our colleague, Mr. Arnold.

Having said this, let me now summarize in four points what characterized the last financial year from my point of view:

- First: the Praktiker Group achieved all the targets it had set for itself for 2007. We closed the year with group sales of 3.95 billion euros thereby achieving the planned volume of "around four billion". EBITA, too, was on target: nearly 126 million euros before the conditions set by the German Cartel Office for the acquisition of Max Bahr. When deducting this one-time effect, the earnings before interest, taxes and amortization (EBITA) stand at 116 million euros. This is an excellent result when considering under which general economic conditions it was achieved and how much money we invested into our operations. I will come back to this later.

- Second: the Praktiker Group strengthened its home base. With the integration of Max Bahr initiated and largely completed during the year under review we have made a major step forward. In terms of quantity as well as in quality. We serve our customers in Germany with two strong brands and now operate the most dense store portfolio of all DIY operators. The two-brand strategy works, the synergies are paying off. We are therefore the industry winner of the year 2007.
- Third: the Praktiker Group massively extended the second important foundation of its success: its international business. We accelerated organic growth outside Germany and boosted international sales by 23 percent to around 1.1 billion euros. This is attributable not only to the sales generated by the 15 new locations but also to the productivity of the existing stores, which was distinctly raised once again. As a consequence, like-for-like sales increased at a double-digit rate. With EBITA in the amount of 75 million euros, also the earnings from our international business have reached an unprecedented level.
- Fourth: the Praktiker Group did not put today's profits over tomorrow's success. We invested heavily into the future. Capital expenditure in 2007 reached a record high of 168 million euros. This is nearly 100 million euros more than one year earlier. 114 million euros were invested abroad against 54 million euros spent on the domestic market to optimize our market presence. Part of this amount was used for the conversion of 60 stores to the innovative Easy-to-Shop concept. In this context I would like to stress that we have funded capital expenditure from our operating cash flow. We did not have to resort to further external funding.

Ladies and gentlemen,

As you can see, the Praktiker Group not only achieved a sound result in 2007 but also massively provided for the future. At the same time we are determined to ensure that our shareholders again participate adequately in our company's success. This is why, just like in the past two years and fully in line with the targeted dividend continuity, we will propose to the Annual General Meeting a dividend of 0.45 euro per share.

Germany

I would now like to comment the facts and figures of the financial year 2007 in more detail. Let us start with our domestic business and the general economic situation influencing it. As I already mentioned: the market situation developed worse than we anticipated one year ago. While it had been clear that the VAT increase, which had triggered substantial anticipatory effects in the second half of 2006, would result in a temporary slump in demand, all DIY experts had expected consumer spending to pick up fast. Also the German DIY association BHB almost exactly one year ago forecast a sales growth of around two percent for 2007.

But reality did not follow suit: as the year progressed it became evident that the VAT increase would leave deeper scars than expected. Only a few days ago the same trade association drew a sobering balance: total industry sales came in at minus 1.4 percent, like-for-like even at

minus 3.4 percent. And these figures are gross – that is including the higher VAT. In net terms, the industry thus lost around six percent on a like-for-like basis.

And Praktiker? The brand did clearly better than the industry average. Net and after consideration of seven closed or divested stores, the decrease amounted to only 3.6 percent – I deliberately used the word ‘only’ with a view to the aforementioned six percent industry-wide decline according to the BHB. The consistent pursuit of our price-aggressive, discount-oriented strategy clearly reflects in this relative market success.

As a listed company we have to meet the expectations of the capital markets and each year generate a return on capital employed in line with those expectations. To this effect we have to strike a balance between short-term profit orientation and our strategic targets. For Praktiker it is particularly important to maintain the pressure on prices among the competition and thereby contribute to a further consolidation of the market. Balancing between these two targets sometimes resembles the legendary ride on a razor blade. And we, too, time and again have to adjust the direction. But, all things taken together, I believe that we have so far mastered this balancing act quite well. And this is to remain so also in the future.

Let us retain one thing here: the Praktiker brand consolidated its market position in Germany. With a view to market share in Germany, the Praktiker Group as a whole even succeeded in making a quantum leap. With the takeover of Max Bahr we reached a new dimension. This is illustrated by the fact that sales in Germany rose by around one quarter to 2.86 billion euros, for example.

Max Bahr contributed sales of around 688 million euros during the consolidation period from February 1 to December 31, 2007. The growth in sales is hence exclusively attributable to the acquisition of Max Bahr. This demonstrates that, in the German DIY industry which is characterized by over-capacities, appreciable growth can only be achieved inorganically – that is through acquisition or displacement.

Praktiker initiated the long-time overdue process of market consolidation. Rewe followed suit with the takeover of Marktkauf and Globus with the acquisition of the Hela DIY centers. These three acquisitions marked the first changes in the direction of larger units operating in this sector. I believe that this process is long from being concluded. The more time passes by the more difficult the situation will be for those companies with insufficient market profile, size and international standing.

Size yields profits – that is something we have been able to see for ourselves in 2007. The integration of Max Bahr brought synergies in the amount of over 20 million euros. These contributions to earnings have partly been concealed by other issues and effects, last but not least by the VAT increase which we could practically not pass on to our customers during the first half of 2007. This weighed on our gross margin. The conversion of 60 stores to the new Easy-to-Shop concept involved additional current expenses of around 25 million euros; plus an additional amount of roughly 6 million euros for non-recurring integration expenses at Max Bahr.

As a consequence, EBITA in Germany - prior to compliance with the Federal Cartel Office conditions – was 13 percent below the prior year and came in at 51 million euros. On the other hand, our newly acquired size gave us the flexibility needed to manage the aforementioned investments into the future.

For a meaningful comparison of the profitability of our domestic business in 2007 against the prior year, the above-mentioned expenses should be added. In our annual financial statements, by contrast, we report EBITA in Germany of only 41 million euros because we had to spend nearly 10 million euros for complying with the Federal Cartel Office conditions for the acquisition of Max Bahr. As you may recall, these requirements related to the divestment of three locations in northern Germany to regional competitors. These divestments could only be realized with a loss.

It is beyond doubt that these concessions were worthwhile because, owing to the integration of Max Bahr, we made it to the top of the German DIY industry in terms of geographical presence. At the close of 2007, the Praktiker Group operated 337 DIY stores in Germany. This is 26 percent more than one year earlier and more than any other DIY group has to offer.

With the two brands Praktiker and Max Bahr we cover broader market segments and cater to around 110 million customers per year – 28 million more than the year before – while commanding a high degree of flexibility in terms of our strategic network planning. With this term I mean the option to convert Max Bahr stores to Praktiker stores and vice versa, as required. We exercised this option twice in the second half of 2007 to achieve better regional market coverage. Also the additional know-how, human resources and motivation acquired are paying off as demonstrated by Max Bahr's contribution to group earnings and the synergy effects from the integration achieved already in 2007.

But we did not only develop further on account of the acquisition. We also did a lot to improve the appearance of the Praktiker brand. 60 stores were converted to the Easy-to-Shop concept in 2007. At these stores, the customer now finds a completely different shopping atmosphere with easy orientation, wide aisles and a self-explanatory assortment.

Our customers appreciate the Easy-to-Shop concept. This also shows in the figures because sales at the converted stores developed better than in the rest of the portfolio. Unfortunately, the timing was a little unpropitious because the primary expectations could not be realized in a strongly declining market. This notwithstanding – and I would like to specifically stress this once again – we remain convinced that we have considerably improved the market appearance of Praktiker with this concept.

Let us therefore retain: in a difficult German market we have substantially improved our leverage with the investments into the Easy-to-Shop concept and the acquisition of Max Bahr. In addition, we have also become more efficient because size is driving our business.

International

Ladies and gentlemen,

Size is also the catchword for our international business. And here I would like to come back to my initial remarks about the redistribution of duties on the Management Board. International business was the main force that drove our sales and earnings also in 2007. For the first time, our International segment contributed sales of over one billion euros - this is an appreciable 202.7 million euros or 23 percent up from the prior year.

On the one hand, this has to do with the accelerated expansion in Eastern Europe. During the financial year under review, 15 new stores were opened of which four in Romania, three in Poland, two each in Bulgaria, Greece and Hungary as well as one each in Turkey and the Ukraine, where we were the first international DIY group to enter a market that offers an enormous demand potential.

On the other hand, it also has to do with the sales productivity of our existing international stores, which was improved once again. Like for like, we managed to increase our sales by 11.4 percent.

This positive development was promoted by one factor that is beyond our control, namely the exceptionally mild climatic conditions during the first quarter, which helped start the DIY business in Eastern Europe earlier than usual. On the other hand, we also had to cope with a stroke of bad luck: in early July 2007, a fire brought business at our Praktiker store in Thessaloniki, Greece to a halt – one of our best-performing international stores. This temporary total loss reduced our sales figures for the second half by around 22 million euros. Sales now continue in a make-shift arrangement while the reconstruction of the store is progressing. The store is set to reopen in its original size in the course of this year.

In line with the accelerated growth also our capital expenditure rose strongly. In 2007, nearly 114 million euros were invested abroad of which 99 million euros went into the extension of our store portfolio, in four cases also into the purchase of the corresponding real estate, and around 15 million euros into the maintenance and improvement of existing structures. We were able to do this because our international operations are THE growth driver – not only in terms of sales but also in terms of earnings. Overall, our international segment was able to boost EBITA by more than 42 percent to 75 million euros.

What we found particularly gratifying is that nearly all our national companies contributed to this positive development. This applies in particular to our growth drivers Romania and Bulgaria but also to our traditionally strongest international market: our “cash cow” Greece. Poland, where the DIY market is highly competitive, succeeded in achieving its turnaround in 2007 and now delivers a positive contribution to earnings. This example also makes us optimistic with regard to Turkey. Our local company has repositioned itself under a new management. The earnings situation was distinctly improved. Turkey is on a similarly positive track as Poland. And in the Ukraine we have been the first international DIY store operator to gain a foothold in this vast market.

Let us therefore retain the following: the development of international business was dynamic and profitable. In the fiscal year under review nearly 60 percent of the consolidated earnings originated from our international segment. This is a strong performance. It gives us security as well as the necessary financial backing and power needed to maintain the pressure on our competitors in the German market.

An interesting fact is that, although the purchasing power in our international markets is not comparable to that in Germany, on average, every single customer abroad spends more money at our stores than our German customers. In Germany, Praktiker recorded close to 78 million purchases averaging 25.90 euros each. Abroad, where we recorded a total of nearly 35 million customer contacts the average value of a sales slip amounted to 31.54 euros. This was not only attributable to an increased demand for home improvement and DIY articles. It also had to do with the fact that in many countries in eastern and south eastern Europe it is not so much the price that counts but the quality – if possible with the quality label "Made in Germany".

It is a different world we are entering there. And we are adapting to it, with our offer, which in addition to the traditional DIY assortments often also includes furniture, consumer electronics, household supplies and kitchen appliances. But also with our project advice and customer services, which are a top priority in all countries. The faculty to adapt to local market demand is one of the secrets to our success in the eastern European growth markets. It differentiates us from many renowned competitors. And it gives us a competitive edge even against the established local operators.

Our flexibility also shows in innovations. For our international operations we have developed a small scale format that offers a clearly reduced assortment depth on an area of around 4,000 square meters and is suited for tapping regions with a lower population density or purchasing power. So far, this format has been used in Greece and Romania but it can also be taken to other countries. In Hungary, Praktiker has in the meantime fitted a model store with an ultra-modern electronic price labeling system. The system allows for a central control of the prices shown on the shelves. If it stands the test, it can also be introduced in other stores.

Group

Ladies and gentlemen,

After informing you about what happened on the German market and about the development of our international activities, I shall now pass the floor to my colleague Thomas Gabel, our CFO, who will give you more insight into our financial statements 2007.

Speech by Thomas Ghabel, Chief Financial Officer

Ladies and gentlemen,

It is a pleasure for me to take you through the financial statements for 2007. Mr. Werner presented the key data of our income statement. However, some of these figures require more detailed background information. This is already evident at first sight. The 24.8 percent rise in sales to nearly 4 billion euros contrasts with earnings per share that dropped to 0.39 euros.

Therefore, I would like to stress already right at the beginning: for the Praktiker Group, 2007 was a year of integration and investments. This notwithstanding, we retained our operational strength. This shows in particular in the development of our EBITDA. Despite record-level investments and the integration of Max Bahr, it increased to 189.2 million euros thereby rising even stronger than our sales at 26.3 percent.

At the same time we also maintained our financial flexibility. This will be one of my key topics when taking you through the details of our financial statements. In particular, I would like to draw your attention to the different special effects and non-cash expense items.

I would like to start with the breakdown of our sales development by regions. In Germany, we achieved sales totaling 2.862 billion euros. This corresponds to a 25.4 percent increase. This growth originates exclusively from sales contributed by Max Bahr. In a strongly declining market, sales of the Praktiker brand receded by 4.7 percent in absolute terms. This corresponds to around 100 million euros of which 32 million euros can be attributed to the closure and divestment of 7 stores.

Like for like, sales in Germany dropped by 3.6 percent. Of this figure, around one percentage point is attributable to the fact that we have drastically reduced our range of non-core articles, in particular those offered in the run-up to the 2006 FIFA World Championship. Nearly another full percentage point was incurred as a consequence of the fact that we could only gradually pass on the VAT rise to our customers over the year.

At the international level, sales increased by 23.0 percent to 1.083 billion euros thus generating more than one billion euros in sales with our international operations for the first time. Considering the 22 million euros loss in sales in our Thessalonica store, our international segment would have grown by 25 percent. Like for like we recorded a plus of 11.4 percent, one of the strongest results we ever achieved.

Despite the additional sales volume contributed by Max Bahr in Germany, the international share in total net sales remained practically unchanged.

Acquisition related growth in Germany and organic growth in our international activities combined to Group sales of 3.95 billion euros, thereby nearly reaching the four billion euros mark. With this result, we did not fully achieve our original target because we missed sales

volume from our store in Thessalonica during the second half of 2007 and because business in Germany developed weaker than expected.

Net of the cost of goods sold, the gross profit on sales for the group came in at 1.274 billion euros which corresponds to a 29.3 percent increase in 2007. The gross margin on sales increased by 1.1 percentage points to 32.3 percent.

The main factors here: in the international segment the gross margin was slightly up. In Germany, it increased as a consequence of the consolidation of Max Bahr due to the resulting synergies at group level and also because of the higher gross margin at Max Bahr. This in turn is attributable to the fact that, compared to Praktiker, Max Bahr

- operates in different price segments,
- offers higher quality brands in many assortments, and
- generates a higher share in sales with its garden assortment which typically involves higher margins.

By contrast, the gross margin of the Praktiker brand – without considering the synergy effects mentioned above – dropped in Germany during the fiscal year under review. This is attributable to two main factors:

1. During the first months of the year we could not pass on the increased VAT to the customers. The corresponding adjustment of shelf prices was only possible in the second half of the year.
2. In the second half of 2007, sales in the DIY sector slowed down substantially. Especially in the third quarter we fought against this trend with a rising number of 20 percent off campaigns. This strategy proved to be successful in so far as we were able to nearly reach the prior-year sales volume and thereby also developed distinctly better than the rest of the industry. However, this strategy, too, impacted on margins.

The items on the income statement were materially influenced by the first-time consolidation of Max Bahr and the accelerated international expansion. The same applies for the other operating income and the expense items. The other operating income rose by 34.5 percent to 70.1 million euros in 2007. One factor contributing to this were the 9.9 million euros received from insurance to cover the costs and lost profit related to the fire at our store in Thessalonica.

Operating expenses rose by 32.6 percent in 2007 and came in at 1.228 billion euros. The largest increase of 33.2 percent was reported for the selling expenses. The fact that, overall, operating expenses grew stronger than sales is attributable to several factors.

- First: our accelerated international expansion. It typically involves run-up expenses and start-up losses.

- Second: a large share of the expenses for the conversion of 60 Praktiker stores to the Easy-to-Shop format is included in the operating expenses.
- Third: the one-off integration expenses in the amount of around 6 million euros for Max Bahr are to be considered.
- Fourth: due to the divestment of three stores required by the Federal Cartel Office we incurred expenses totaling 9.8 million euros.

Also to be considered are the advertising expenses, which came in above the prior year value due to intensified marketing activities, in particular during the second half of the year.

After considering the other operating income and the operating expenses, we report an EBITA of 116.0 million euros for 2007. When adding the 9.8 millions from the sale of the three stores in compliance with the Cartel Office requirements, EBITA amounted to 125.8 million euros.

In 2007, several special effects concealed the operational performance of the Praktiker Group. Therefore, we have adjusted our EBITA for these effects. Based on the reported figures, the EBITA margin for the Group came in at 2.9 percent, which is 0.6 percentage points down from the year earlier.

In the financial statements, the EBITA for Germany was reported at 41.1 million euros. If we add to this the 9.8 million euros from the aforementioned divestment of the three stores, the integration expenses for Max Bahr in the amount of around 6 million euros and the expenses for the conversion of 60 Praktiker stores to the Easy-to-Shop concept totaling around 25 million euros, we get an adjusted EBITA of 81.9 million euros.

We made a similar calculation in the prior year and netted the reported EBITA by the one-off expenses for the preparation to integrate Max Bahr and for the conversion of six Easy-to-Shop pilot stores. In 2006, the adjusted EBITA for Germany had come in at 66.0 million euros. If you follow this approach, we achieved an EBITA margin of 2.9 percent in Germany and of 4.0 for the Group in 2007.

No major adjustments were reported by our international segment. At the international level, we generated EBITA of 74.9 million euros and an EBITA margin of 6.9 percent in 2007. This was both the best result and the highest margin that we have ever achieved in our international operations. However, these figures do not consider the fact that the insurance payments for our store in Thessalonica were reported in the EBITA while the margin was calculated on the basis of the actual sales. This technical effect accounts for about 10 basic points.

The net financial income for the Praktiker Group is reported at minus 22.5 million euros. One year earlier, it had stood at plus 1.4 million euros. This figure, too, is characterized by special effects - some of which non-recurring and some of which non-cash.

We divested our shares in the companies that are lease partners of Max Bahr, generating an income of 6.8 million euros. This transaction with a total volume of around 25 million euros

was finalized still before the subprime crisis, hence at a time that was favorable from our viewpoint.

The interest income was down from the year-earlier value because the volume of liquid funds had dropped after payment of the purchase price for Max Bahr. The interest expenses, by contrast, were up from the prior year for two reasons: first, the complete interest expenses for the convertible bond in the amount of 7.1 million euros for the first time had to be paid out for the full fiscal year. However, 3.7 million euros of this expense, which are related to the equity component are non-cash. Second, the expenses from finance leases rose.

The other financial result is influenced by currency exchange gains or losses. Liabilities from finance leases have to be revalued at the reporting date. In 2006, we achieved a plus of 6.0 million euros for the other financial result. In 2007, this value came in at a minus of 8.7 million euros. This was a swing of 14.7 million euros.

Again, the expenses resulting from exchange rate losses are not cash-effective. In total, the financial result therefore includes expenses of around 9 million euros that did not trigger any payments. The earnings before taxes for 2007 were reported at 93.5 million euros. This value is down from the year earlier.

Adjusted for currency effects and effects from the Federal Cartel Office requirements, however, it would come in above the year-earlier value. Tax expenses were materially affected by a special effect too.

As a consequence of the corporate tax reform in Germany, the deferred tax assets had to be revalued. This resulted in a one-time tax expense of 42.0 million euros. The tax rate climbed to 74.7 percent. This is attributable to the aforementioned special tax effect. Moreover, it must be borne in mind that the tax rate – albeit to a minor extent - is driven by the fact that, while currency exchange losses reduce the profit, they are not deductible in the tax accounts.

Just like in the case of the net financial income here, too, the expenses are only cash-effective to a limited extent. In 2007, just 24.3 million euros were remitted as income tax. Owing to this special effect, the group net income is reported at 23.7 million euros. Accordingly, the earnings per share came in at 0.39 euros.

In 2007, the Praktiker Group reported a total capital expenditure of 167.9 million euros. This was 100 million euros up from the year earlier. 113.8 million euros or around two thirds of this total capex volume were spent abroad against 54.0 million euros one year earlier.

114.0 million euros, that is also around two thirds of the total capital expenditure, were spent on the expansion of the store portfolio, in other words: investments into growth. Around one third went into the maintenance and modernization of existing stores.

Of the total capex volume, 121.9 million euros were cash-effective – against 39.5 million one year earlier. 46.0 million euros went into finance leases for new stores in Eastern Europe. The capital increase realized in the context of the IPO in 2005 had been justified with the rising need for investments. It has become even more apparent in 2007 than in 2006 that this need

exists and that the Praktiker Group is committed to exploiting the investment opportunities available, particularly in Eastern Europe. It also showed in the fact that, at the close of 2007, we already owned four locations of our international store portfolio. This figure will rise gradually. We have already secured the rights on additional properties.

I already pointed out at the beginning of my presentation that we succeeded in maintaining our financial flexibility despite the strongly increased capital expenditure in 2007. This is shown in the cash flow statement.

In 2007, we generated a cash flow from operating activities in the amount of 198.8 million euros. This was 130.2 million euros up from the year earlier. Max Bahr contributed a large share to this, but also our efforts geared at improving the working capital.

A total of 349.0 million euros were spent on investing activities, 229.2 million alone on the acquisition of Max Bahr. Unlike in the prior year, when we emitted a convertible bond for an amount of 150 million euros, we did not resort to any external financing activities in 2007.

With a view to the acquisition of Max Bahr it was clear that the volume of liquid funds would be down from the year earlier: it dropped by 195.5 million euros to come in at 270.8 million euros. However, this also shows that we financed the distinctly higher capex from our operating cash flow.

In addition to our good liquidity position we also gained additional financial flexibility from the fact that we can draw on an additional syndicated loan of 200 million euros. We had re-negotiated and extended this loan at a favorable time in early 2007. Apart from this syndicated loan we can also draw on additional, bilateral credit lines.

At the close of the fiscal year 2007 we had a net debt position of 147.1 million euros. One year earlier, we reported a net cash position of 172.5 million euros. This change is mainly attributable to two factors:

- the drop in liquid funds and
- the rise in liabilities from finance leases.

The increase in these liabilities reflects the international expansion of the store portfolio and the first-time consolidation of Max Bahr.

The net working capital for 2007 was reported at minus 403 million euros against minus 336 million euros in 2006. This change is exclusively attributable to the first-time consolidation of Max Bahr. Excluding Max Bahr the working capital improved by 45 million euros. Here we still see substantial potential for optimization in a double-digit million range. From my point of view it is also important in this context that the volume of liquid funds clearly exceeds that of the classical, interest-bearing liabilities.

Another key financial to be considered for maintaining our financial flexibility is the equity ratio, which reached 43.7 percent at the closing date for 2007 – despite the fact that the balance

sheet total increased by 14.0 percent to 2.154 billion euros due to the first-time consolidation of Max Bahr.

I do not want to go into more details regarding the other items on the balance sheet. They inevitably changed as a result of the first-time consolidation – in some cases even materially. Allow me just one remark: inventories rose distinctly with Max Bahr. Without Max Bahr they remained on the prior-year level. If we only look at the Praktiker brand, the expansion-related increase in inventories abroad was compensated by a corresponding reduction in Germany.

In this context, especially the benefits of the Easy-to-Shop concept are starting to show. Besides the generation of higher sales, the reduction in inventory levels and the corresponding improvement of the working capital were important targets of this concept. In this regard the Easy-to-Shop delivered on expectations.

For us, the year 2007 was a year of investments. This is what we said in the forecast of our last annual report and this is also what actually happened. We took over Max Bahr and completed its consolidation. Our balance sheet changed accordingly in terms of both, length and structure. This notwithstanding, we continue to report a high equity ratio for the year under review. Capital expenditure reached a record level in 2007 and was driven by our accelerated expansion abroad. Still, we kept liquid funds on a high level. Since we succeeded in strongly increasing our cash flow from operating activities, our net debt stayed low.

All things taken together this means that, in 2007, we achieved an economic triad which we can be very proud of: we improved earnings, we massively invested into the future and at the same time we also managed to retain a high degree of financial flexibility.

There is one last aspect I would like to mention which is not mapped in the financial statements. With the investments made in the year 2007 we have also improved our risk profile. Our international operations are resting on a much broader basis today than they did two or three years ago. The success of our international segment therefore no longer depends on one or two countries. We now have many strong pillars. And we plan to develop more.

With a view to risk diversification we also improved the situation in Germany. With the acquisition of Max Bahr we now have two brands with different strengths catering to two different customer groups.

Overall, the Praktiker Group thus has gained in robustness in 2007. This, I believe, is also an important aspect when assessing the financial situation of the Praktiker Group.

With these words, I would like to give the floor back to my colleague, Mr. Werner, who will now explain to you how we started into the current financial year and what we expect from it.

Speech by Wolfgang Werner, Chairman of the Management Board

Outlook

Thank you, Thomas Gabel.

Ladies and gentlemen,

After this brief walk through our financial statements for the year 2007, let me now come to the last point of my presentation and give you our first appraisal of how business developed so far in 2008 and our outlook for the rest of the year.

We are convinced that, overall, in 2007 we laid a solid foundation for future sales and earnings growth. In this context, international business will drive growth of the Praktiker Group even stronger than before. We want to accelerate our international activities, continue to selectively invest into these markets and complement tried and tested strategies with new sales and marketing concepts. 15 to 20 new international locations are scheduled to open this year and a similarly high number is planned for next year.

On the one hand, our success is attributable to the fact that we are extending our position in those markets where we already have a leading market position – for example in Romania, where the existing portfolio of 20 stores will be complemented by at least five new stores in 2008. On the other hand, our success is derived from the opening up of new growth markets. This does not necessarily only relate to countries with a large potential such as the Ukraine, where we plan to establish a network of 20 to 25 stores in the medium term. It may also involve smaller countries that can be managed by a larger neighboring country organization under a cost-efficient satellite model. Albania is an example for such a country. It is easy to see that there are still enough markets of this size in Europe that could be interesting for Praktiker under these conditions – be it in the Balkans, be it further up in the North of Europe. We have in the meantime decided to also prepare our market entry into Moldova in a similar fashion as we did with Albania.

This assessment is supported by the fact that the macroeconomic growth perspectives for nearly all countries where we are active continue to be positive, even if the growth rates should not attain the same level as in the past two years. Moreover, the high sales growth of the past few years demonstrates that we are in a position to successfully win market share in eastern and southeastern Europe. We plan to continue on this road.

The situation in Germany must be rated differently. Economic growth is losing momentum. According to the experts, it will reach around 1.5 percent. Consumer spending could benefit from the fact that unemployment is declining further and that the incomes of those who have a job are rising. The expectation of a sustained high inflation rate, in turn, could again slow down the propensity to consume. Therefore, the general economic situation is mixed.

The trade association for the German DIY industry, BHB, expects industry sales to rise by around two percent in 2008.

In view of this situation we decided to optimize our price strategy. What does that mean? In the German market, Praktiker is perceived as the price leader. According to the Kundenmonitor 2007, the leading market survey in Germany, we achieved top positions in terms of price and sales promotions. This perception is essentially attributable to our marketing campaigns "20 percent on everything".

For 2008 we plan to further raise this profile, leaving the overall strategy unchanged but weighing the individual measures that are part of our strategy differently. We will reduce the number of 20 percent campaigns while at the same time investing stronger into the shelf prices – which may very well mean a lower double-digit million euro amount. You will be able to see what we have in mind already this month. With this measure we expect that our customers will perceive us even more than before as the price leader. At the same time, we hope to also optimize our gross sales margin.

The decision to convert fewer stores to the Easy-to-Shop concept in 2008 than originally planned will give us a certain financial flexibility for this revised price policy. Our conversion expenses will drop accordingly.

During the first quarter, we have already been in the transition phase to our newly calibrated price strategy. The 20 percent discount on everything was only offered on a total of 12 days, which is distinctly less than one year earlier. This is one of the reasons why business in Germany made a very slow start into the year. Add to this also technical effects resulting from the fact that the first quarter had two selling days less than last year due to the early Easter holidays. Also, the late onset of winter just before Easter came at a point in time that could not have been more unfavorable.

In any case, our first quarter like-for-like sales in Germany will be down from the year earlier.

Ladies and gentlemen,

The developments of the first quarter which I have just outlined - sluggish business in Germany and a continued dynamic growth abroad – have been duly considered in our assessment of the development of the Praktiker Group in 2008. With a view to the developments of the first months we anticipate sales of the Praktiker Group to be up at a medium single-digit rate in 2008. To further drive expansion abroad, we plan cash-effective investments of more than 150 million euros. And we plan to further increase operating earnings. We anticipate EBITA to come in at around 135 to 140 million euros. If we succeed, I will be able to explain to you next year that we have once again achieved our key objective in 2008, namely to further raise the value of our company.

I thank you for your attention and patience. My colleagues and I are now looking forward to answering your questions.