



Bau- und Heimwerkermärkte Holding AG

Speech by the CEO Wolfgang Werner

**4th Ordinary Annual General Meeting
of Praktiker Bau- und Heimwerkermärkte Holding AG**

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Ladies and Gentlemen,

I also cordially welcome you, the shareholders of our company, to this year's Annual General Meeting. With your attendance you are expressing your commitment to the Praktiker Group. Thank you for this. I also welcome our guests, the media representatives, who have accompanied us with often critical but always fair comments, and all those who are following this Annual General Meeting via Internet.

INTRODUCTION

Before turning to the annual financial statements for the year 2008 please allow me one preliminary remark. This is our fourth ordinary Annual General Meeting – but it takes place under very extraordinary circumstances. Around the globe, national economies are on the decline. Bank crashes, recession, slackening exports and consumption, production slowdown, companies going bankrupt, layoffs and short-time work everywhere – a cascade of negative news has been lashing down on us for months. And every new message seems to be even worse than the previous one.

I think we should not sugar-coat the situation. But we are all jointly responsible for ensuring that we are not talking ourselves into a situation we all want to avoid. Those, for example, who are now warning the public about “social unrest”, are playing with fire. The present situation is difficult enough already. Sure, things could always get worse. But the worst thing we could do now is to lose heart, do nothing and watch how the bleakest prophecies are fulfilling themselves. What we need is quite the opposite: determination, action and perseverance – these are the virtues required today.

It is not our fault that the environment has changed. But we are responsible for how we deal with the situation. This is why the Praktiker Group wants to send a clear message against downheartedness and roll up its sleeves – I will come back to this in more detail in the second part of my speech.

So, let us not talk about crisis. Let us talk about the opportunities arising in the crisis and after the crisis. The crisis affects more or less all parts of the real economy - including the retail sector and including the DIY segment. What will make the difference between the companies will be the extent to which they are capable of

1. effectively bracing against this crisis and
2. setting the right course during the crisis for the time ahead.

Our claim is to rank among the best in both disciplines. How we are going to do this, i.e. how we want to remain strong despite weak markets is something I would like to explain to you today. And I will concentrate on the two objectives that are now more important than ever, namely securing earnings and liquidity.

FINANCIAL YEAR 2008

Ladies and Gentlemen,

Let me start by taking a look back at the key financials of the year 2008. One year ago, when we last met at this very place, it still looked as if the financial year 2008 could become the best ever in the 30-year history of Praktiker. But then the downturn in the economic cycle left ever deeper scars in the second half of the year so that, at the close of the year, our original expectations were not fully met. Nonetheless, 2008 was a good year overall:

- In 2008 the Praktiker Group achieved the best ever operating result in its history. At 129.1 million euro, EBITA exceeded the prior-year result by 11.3 percent. This is something we can be proud of despite the fact that we missed our target corridor which we had forecast one year earlier under totally different circumstances.
- At around 3.91 billion euro, group sales fell only one percent short of the record level of the year 2007 thereby also narrowly falling short of our expectations. This is quite respectable when considering the dramatic changes which the general economic situation has undergone since then.
- We achieved our most important strategic goals. In Germany, we succeeded in sharpening the profile of our two strong brands such that the distinctive features of Max Bahr as a premium supplier with a focus on expert customer service and of Praktiker as a discounter with aggressive prices have become even better rooted in the customers' perception. Moreover, we optimised processes, centralised internal services and leveraged the synergy potential with Max Bahr after completing its integration in the course of the year. And we extended our activities outside Germany such that they once again grew in the double-digit range - in terms of both, sales and earnings. That such growth is anything but self-evident is something we are currently learning the hard way.

A short glance at the exchange rate trend in the countries in which Praktiker is active shows how much we were exposed already in 2008 to external influences that were beyond our control and hardly foreseeable. The picture is almost identical for all currencies: relative stability until the end of the third quarter, followed by a dramatic decline. Without these changes EBITA would have been higher by 2.5 million euro and group sales by 18.2 million euro. This is doubtless a handicap that will accompany us also in 2009 even though most exchange rates have in the meantime stabilised at a low level.

On the other hand, there were also management decisions which quite deliberately influenced these figures in one direction or the other. One example is the international expansion whose speed was already reduced. Another example is the correction of the marketing strategy for Praktiker in Germany. The latter contributed materially to an increase in the operational result even if we had to accept a decline in sales to achieve this.

GERMANY

This takes us to the German market, which was decisive for the development of the Group as a whole. What did the business environment look like?

It was heterogeneous but, all things taken together, it was better for the DIY sector than for others. Following a first half year with a negative and a second half year with a more stable development, full-year 2008 sales in the DIY sector came in half a percentage point below the year-earlier level. Net of the repeated increase in selling space, the sector recorded a minus of two percent. Although this was not a satisfactory development, it was still better than in the previous year when sales had dropped by six percent.

After Praktiker had performed distinctly better than the market in 2006 and 2007, the tide turned in 2008. This time, our domestic business, posting net sales of 2.67 billion euro, not only missed its own prior-year record by 6.9 percent but also fell short of the industry trend. When breaking down this figure further, it becomes evident where this decline comes from. Domestic sales of the Praktiker brand alone, which came in at 1.96 billion euro, fell short of the prior-year mark by 9.7 percent. Like-for-like, sales dropped by 8.8 percent. In this context it can be noted, however, that the sales curves of the Praktiker brand and that of the industry as a whole, following a conspicuous delta, were again approximating each other after nine months and evening out at the same level in the fourth quarter.

This means that, everything taken together, the Praktiker Group lost market share in Germany last year. But we can cope with that. When looking at the strongly fragmented DIY sector, with a sales share of 8.6 percent we continue to rank a close second behind the market leader OBI who also lost ground. Some smaller competitors have slightly gained weight – but they still remain far behind the top two.

This phenomenon has a plausible reason, which is already known to you. It is the new marketing strategy of the Praktiker brand launched in early 2008 and consistently pursued in the further course of the year, which was well received by the customers. The most important regulator was our sales-driving 20-percent-off campaigns which we turned back substantially. The number of promotion days was reduced from 107 in 2007 to 61 in 2008. As expected, this curbed the sales volume as compared to the year-earlier level, but it contributed a decisive plus to gross margin. However, I have to admit that the resulting decline in sales could well have been somewhat more moderate. But despite this, in 2008 the Praktiker Group achieved an operating result of 45.2 million euro in Germany, which is 10 percent up from the previous year's level.

Ladies and Gentlemen,

Since the beginning of 2006, "Price is key" has been the central advertising slogan of the Praktiker brand. The slogan itself was not changed, but the weighting of the various marketing tools. Praktiker not only reduced the 20-percent-off promotion campaigns so that they became

more attractive again, but increasing attention was also paid to permanently low shelf prices for selected products and to discounts on individual product categories.

The result is that customers perceive us more than ever before as the price leader in the market. The most important German market survey, 'Kundenmonitor Deutschland', shows that Praktiker is not only seen as the place of choice for bargain hunters during price promotions. For the second consecutive time we have also been elected number one in the category "prices compared to competitors" in 2008 – and even succeeded in extending our lead over our peers. Incidentally, in the same study Max Bahr was able to win marks in exactly those fields in which it is strong: service and customer advice, assortment width and depth as well as feel-good factor in the store.

Both brands – Max Bahr and Praktiker – last year started to thoroughly revise their brand image at the point of sale and re-arrange their assortments. You will remember that, at Praktiker, we interrupted the rollout of the innovative Easy-to-Shop store concept in spring 2008. We used this break to further optimise the concept which was introduced in 2006 and to define elements of this concept that can be gradually transferred to the complete store network. In this case, optimising means

- for existing stores, an adjustment of assortments which also accounts for regional differences in supply and demand better than before,
- for all stores to be remodelled in 2009, that total expenses for remodelling will be curbed appreciably.

If the total cost for rolling out the Easy-to-Shop concept is lower, then the benefits of the concept can be reaped more readily. And this is what counts.

Incidentally, in spring 2009 another 11 stores were converted to the optimised concept. In addition, two newly built stores – in the cities of Marl and Munster – were designed according to the Easy-to-Shop concept from the very beginning. Including the 'soft versions', which means those outlets where modules and presentations were aligned with the Easy-to-Shop concept without major conversions, we now have already 134 stores where customers can shop more easily, faster and conveniently. As a matter of course, it will materially depend on the further development of the economic environment when and to what extent we will proceed further on this route.

A few words about the assortments: In 2008, a total of more than 100 assortment modules at Praktiker were analysed, re-arranged, aggregated or extended to suit the market needs. In this context, a special focus was given to the profiling of the gardening assortment. After all, with a share of more than 20 percent, plants and garden accessories represent the top-selling category. This led to changes in the assortment structure, quality, product presentation and logistics. And, lo and behold, the gardening category now boasts the best sales results of all

product groups – with even double-digit growth rates achieved with plants. The sustainability of these improvements was also felt during the last two months of the current year.

This is yet another example of how one brand can benefit from the other within the Group. Max Bahr is strong in the garden sector. Here, Praktiker was able to learn a lot. Inversely, Praktiker's experience and supplier relationships are benefitting Max Bahr in other product categories such as paints, for example. Also when recently installing a sample store in Hamburg to test the selection and presentation of its assortments, Max Bahr followed the example of Praktiker in Kirkel.

Until 2010, we want to have restructured the complete product range of Max Bahr. Some of this has already been done. Max Bahr has introduced new assortments, such as the newly developed concept of "Dream Baths". Moreover, Max Bahr is also presenting more conspicuously its strengths in the area of product quality and eco-friendliness. It developed new product packaging and presentations, and selectively strengthened its private labels whose share is to rise from around 38 percent today to around 50 percent in the medium term.

In the financial year under review we also did a lot of homework within the Group. The central procurement structures established after the acquisition of Max Bahr have meanwhile been firmly anchored in the Praktiker Group. Our international procurement operations are currently being linked with them. With a coordinated sourcing policy, concentrated supply management and larger-scale purchasing volumes we are leveraging synergies which pay off. The same applies to the areas of quality management and logistics where we have remarkably gained in competence through the integration of Max Bahr. We also expect to achieve more efficiency and effectiveness from merging all internal services under a new cross-divisional service company, Praktiker Services GmbH. The anticipated cost benefits will mainly result from the harmonisation of IT systems and processes.

INTERNATIONAL

Ladies and Gentlemen,

We are now getting to the segment International and thus to a highly ambivalent subject. Why is it ambivalent? On the one hand, because current developments - especially in the Eastern European expansion markets - are certainly anything but encouraging. On the other, however, because the long-term prospects in these countries continue to be positive and offer a large market potential. I will come back to this in a minute.

At the beginning of the year 2008 and still far into the summer months, expectations regarding the overall economic development including consumption were predominantly positive in all countries where Praktiker is active. It was only in the fourth quarter that a complex mix of declining economic activity, devaluation of most exchange rates and deteriorating consumer sentiment expressed itself in dramatically decreasing sales dynamics - at the end even to such a degree that the sales and earnings targets for the full year could no longer be fully met.

The shadows of the fast approaching world economic crisis that were beclouding our international markets varied strongly in the individual regions. Countries with strong growth like Poland, Romania or Bulgaria contrasted with other countries that had to face gloomy consumer sentiment and weak growth from the very beginning, such as Greece, Turkey or Hungary.

This is the one side. On the other side, you have the financial figures for the year 2008 which are really noteworthy. In fiscal 2008, sales of the International segment totalled 1.24 billion euro. This is 14.6 percent up from the record value of 2007 when international sales passed the billion euro mark for the first time. It must be added that this success was attributable to expansion because, like-for-like, net sales fell 0.5 percent short of the extremely high prior-year level.

It cannot be overlooked that the turnaround set in with the fourth quarter. Until then, even the like-for-like sales had been seeing a plus of 2.4 percent. But then the economic downturn became so dramatic that the cushion depleted instantly. The most surprising phenomenon was how abruptly this drop in demand set in and how quickly sales were lagging behind expectations.

I already mentioned in the beginning that the exchange rate slump in most international markets played an important role. Adjusted for these currency effects international sales would have increased by 16.3 percent in nominal terms – and by 0.6 percent on a like-for-like basis. And the fact that the value of an average sales slip decreased slightly from 31.54 to 31.29 euro, was also mainly due to the devaluation of the Eastern European currencies.

However, it should be stressed that – despite the escalating economic crisis and currency devaluations – we still made good money outside Germany in 2008. This is demonstrated by the operating earnings. Here again, as in the case of sales, we succeeded in distinctly outperforming the prior-year record level. At 83.9 million euro, EBITA were nine million euro or 12.1 percent up from 2007. Had the exchange rates remained unchanged, we would have even been able to recognise about 2.5 million euro higher EBITA.

As already mentioned Praktiker's expansion rate in South-East and Eastern Europe decelerated during the fiscal year under review.

On the one hand, this was because in some cases procedures to obtain the necessary building permits and authorizations took longer than planned - something which is not unusual in these countries.

On the other hand, this was because potential real estate investors were running out of steam or new partners had to be found for other reasons. But partly also because in the second half of the year we had already started to set the course in the direction of flexibility, securing liquidity and crisis resistance. This meant: reviewing all capital expenditure plans and, in some cases, also deferring investment decisions - a sound move.

In total, 13 new stores were opened outside Germany during the fiscal year under review, among them also the 100th international outlet which opened its gates in Mykolaiv, Ukraine, on December 12. In total, 56.1 million euro were invested into the extension of our international store portfolio. As planned, the focus of expansion was on Romania where five new outlets were opened. Two new stores were opened in the Ukraine. In Hungary, likewise, two new stores started operations and one new store each was opened in Poland, Turkey, Bulgaria and Greece. The store in the Greek town of Thessaloniki, which had been destroyed by a fire in mid-2007, reopened in new splendour in September 2008. But around Christmas the store in Zabrze, one of the top-selling Polish locations, burned down to ground – a very unpleasant Christmas present, indeed.

So much for our international business which accounted for nearly one third of Group sales and nearly two thirds of earnings before taxes.

SPECIAL EFFECTS CHARACTERISE FINANCIAL RESULT

At the end of the financial reporting for the year under review, let us now again take a look at the Group as a whole. I had already mentioned at the beginning that, in 2008, the Praktiker Group reported its best result ever in terms of EBITA. I also told you how much of this was generated in Germany and how much abroad. But the income statement does not end at the EBITA line. Let me therefore add some remarks on what happened in the income statement below the level of EBITA.

I want to refrain from giving you all the details. You can find them in the Annual Report. But it is important for me to mention that the net profit for the year reported at 7.1 million euro was impacted by two special effects.

The financial results were strongly affected by currency losses. These in turn are related to the closing date-related valuation of liability from lease contracts which are classified as finance leases according to the international accounting standards. Moreover, also the tax expenses were materially characterised by a special effect that is attributable to the allowance of deferred tax assets on loss-carry forwards mainly in Germany.

Here, it is important to remember that these effects which, taken together, account for more than 70 million euro, were not cash-effective and thus did not result in an outflow of liquid funds. Adjusted for these non-cash items the cash earnings would show a surplus in the amount of around 80 million euro. And this would likewise represent a certain improvement compared to the net cash surplus of the year earlier calculated on the same basis.

So our performance has also improved at the bottom line – even if this is not obvious from the reported figures.

SECURING EARNINGS AND LIQUIDITY

Ladies and Gentlemen,

Before I report to you about our start into the new year combined with an outlook for the full financial year, please allow me to come back to the two objectives mentioned at the outset that have been topping our list of priorities already since late 2008 and which are now more important than ever: securing earnings and liquidity.

We need liquidity in order to be able to efficiently operate in the crisis and liquidity is also essential for us to be able to pull out into the fast lane when the economy picks up again after the crisis. And reasonable earnings are likewise essential to have access to further liquidity whenever it may be needed. Only a company that has both will maintain its capacity to act. Like the financial world fittingly puts it: “cash is king”.

In this respect, we are in a good position because at the close of the 2008 financial year the Praktiker Group had around 233 million euro in cash. Add to this an un-used, syndicated credit line of 200 million euro and a relatively low level of debt. Additional financial scope was recently achieved with the successful placement of a 50 million euro promissory note. Plus the fact that the Group has no need for refinancing during the next two and a half years. The convertible bond placed in 2006 will not be due until September 2011 and the above loan one year later. This means that we have a sound financial position. And that’s what it should be - also in the crisis year 2009, of which we do not know as yet what surprises it still holds in store for us.

This is why the management resolved on a package of measures to sustainably increase our company’s resistance to the crisis. It comprises measures to enhance the gross margin via numerous cost cutting efforts through to the flexibilization of all capex decisions.

PRAKTIKER SHARE AND DIVIDEND

I will explain this package to you in a minute and only address one aspect in advance that forms part of the package and concerns you in a special way: our dividend proposal for 2008. At first glance it may not seem plausible why, after paying out 45 cent per share for the past three years, the dividend should now to be cut to 10 cents. Judged by the earnings position in the year under review it could well have been higher. And a higher dividend would certainly have been more popular.

We have based our dividend proposal less on past achievements and more on future needs. And, from our viewpoint, these needs are crystal-clear. We have to do everything possible to maintain a comfortable liquidity base also at the end of the current financial year. Retaining most of the earnings will contribute to this.

I can assure you that we fully understand our shareholders' interest in maximum returns. But despite this understanding we are convinced that securing the resistance of the Praktiker Group to the crisis will serve the interests of our shareholders much better in the medium and long term

We are aware of the fact that, with this move, we are requiring you to make a concession. But we are doing this because we are convinced that the burden of securing the future of our Group should rest on as many shoulders as possible. Also our employees and managers are required to contribute a lot this year. Short-time work, hiring freeze at the headquarters, smaller bonuses and waiver of salary increases, just to name a few. It appears that the stock markets have already honoured this solidarity pact. Our stock price has roughly doubled since early March, although it came from an unsatisfactorily low level.

FINANCIAL YEAR 2009 – COURSE OF BUSINESS TO DATE

Ladies and Gentlemen,

After this extensive retrospective I will now turn to the exciting question: What about the year 2009? What has it brought so far? How did we prepare for a potential further meltdown of the economy and how did we prepare for the opportunities that are also inherent in any crisis?

First, let us talk about the downturn that hit us with full force at the beginning of the current financial year. You know the figures from our Quarterly Report. I will not present them again in detail now. But allow me to highlight a few aspects that require some explanations and are important for the further course of the year.

First, there is the macroeconomic environment which, combined with the exchange rate fluctuations in Eastern Europe, could hardly have been worse.

Particularly the international business that has been the driver of our profitable growth for many years is now suffering acutely under the global economic situation. For the first time in a long time I therefore had to report a drop in sales and earnings after the start into a new financial year. This is painful even when considering that the corresponding benchmark of the year 2008, when we recognised the best results ever, was particularly high.

A substantial share of this drop in sales and earnings was related to currency fluctuations, however. Especially the Polish zloty, the Turkish lira and the Romanian lei had devalued materially as of late. Net of these devaluations sales in the International segment would only have declined slightly.

Now these exchange rates have stabilised over the past few weeks. Panic fears that some national economies may even go bankrupt have in the meantime given way to a more confident mood following interventions or promises on the part of the International Monetary Fund. In other words: The financial markets are now again looking at Eastern Europe with reason rather than hysteria.

For us, this can only be positive. Of course we don't know either in which direction the Eastern European currencies will develop. But we see a certain chance that the difficulties we have been facing over the past six months will not repeat themselves in the same way in the further course of the year.

Irrespective of this the present developments show that it was right to take a break in our expansion course this year. Even though we will open further new stores also in 2009, it will be no more than a handful. With this decision we are abiding by the simple principle of aligning our capital expenditure with the cash we are generating from our operations.

Incidentally, this does not mean that we have changed our international strategy. We believe that the markets in Eastern and South Eastern Europe continue to offer a large potential. Our medium term objective will remain to participate in this potential. We will not lose this from sight. But this year, as already mentioned several times, our first priority is to secure earnings and liquidity. Everything else has to subordinate to this priority.

The situation on the domestic market is similar because, if you take a closer look, you can also see some light in the cloudy skies. Whether this is the proverbial light at the end of the tunnel remains to be seen, however.

Let us look at the shadows first. This refers to the economic recession which definitely reached the retail sector in general and thus also the DIY sector in particular during the first quarter. According to the BHB trade association, like-for-like sales in the DIY sector dropped by more than four percent in the first quarter – and the decline was even a little higher at Praktiker and Max Bahr.

Allow me to briefly turn to the Praktiker brand. Since early March, i.e. since the end of the first quarter, various kinds of promotion activities have been combined under the slogan "Sleeves up". With this campaign, Praktiker is stimulating demand and sending a signal against pessimism and downheartedness. I will come back to this in a minute.

But, because until then we had invested especially into price discounts in order to at least partially overcome the doubtlessly existing reluctance to buy, we had to accept higher losses of the Praktiker brand in the first quarter 2009 as compared to the same period one year earlier. At Max Bahr, we focused more on the margin which is why the result came in at the prior-year level. In other words: At Praktiker we catered more strongly to our most price-sensitive customers. I believe that, in doing so, we have gained in trust, image and standing. This strategy should pay off in the further course of the year when everything will depend on customer loyalty.

And it did so already in April: In spite of two selling days less, Praktiker succeeded in selling so much more than one year earlier that it already managed to largely compensate for the first quarter drop in sales. We have thus made a good start into the second quarter, which is the key quarter for every financial year. And also the month of May has so far shown its bright side. At

least bright enough for us to reduce the scope of short-time work to now only five outlets. You will certainly remember: in March we had introduced short-time work for the first time – in a total of some 80 stores. At the end of April the number had dropped to nearly 30 and in May we are now down to 5 stores.

You could now ask yourself: Was it really necessary and appropriate to even introduce short-time work if we are now only using this tool to a small extent? After all, we continue to be the only retail company to ever use this option.

The answer to this question is a clear: yes. For several reasons. On the one hand, the conditions for introducing short-time work demonstrably existed – i.e. less work due to a cyclical reluctance to buy. We therefore also had to seriously consider other, more critical staff adjustments. The early consideration of potential alternatives and the resulting decision to examine and ultimately introduce short-time work at Praktiker Germany thus helped us retain our qualified employees also during this difficult phase. Also, in the critical month of March we were therefore able to save nearly half a million euros in personnel expenses. This is not ‘nothing’ even though these savings do not carry sufficient weight to have played a central role in our considerations.

What is more important: We have learned a lot – also for the near future. With this move, we broke new ground in terms of human resources policies – and not only for Praktiker. For one thing, we succeeded in applying this human resources, business management and labour market instrument also in the retail sector. In a model project together with the Federal Labour Agency we developed criteria to measure the cyclical lack of work beyond seasonal fluctuations. With this move we have opened the door for a distinctly responsible, sustainable human resources policy that is suited, on the one side, to cushion the company’s cost pressure in times of economic crisis while retaining qualified staff in the company, on the other - and to prevent unemployment and thereby also maintain social peace. An adequate alternative to the short-term policy of “hire and fire” frequently found in the retail sector. And we also learnt how flexibly this instrument can be used in practice – both in terms of time planning and also in terms of organisational implementation. This means: we can draw back on tried and tested procedures whenever the need arises and this – in addition to other measures – will in future also help us stay on course in troubled waters should the storm get rougher.

As already said at the outset, I do not want to paint a bleak picture. There are signals indicating that the crisis is bottoming out and that the economy could soon be picking up again. But it cannot be excluded that the hardest test is still ahead of us, namely the second half of 2009, should also the labour market slump, should the elections in Germany not yield a positive impulse and should the crisis-stricken economies in Eastern Europe sink deeper into the crisis. This would be pure poison for consumption in Germany and abroad – and also a new challenge for us.

So there is no reason yet to give the all-clear. That is why, now more than ever, strict discipline is needed. In the first part of my speech I already mentioned that we have taken precautions at

the Praktiker Group. Securing earnings and liquidity topped our list of priorities already last year. And they continue to top it today – now with a big exclamation mark.

SLEEVES UP

We therefore drew up a comprehensive set of measures to stabilise the gross margin, adjust costs and keep expenses flexible and, first and foremost, to stimulate sales.

We have summarised Praktiker's motto for this year in two words:

“Sleeves up”

“Sleeves up” is a marketing initiative, but it is also more than that. *“Sleeves up”* is a signal against downheartedness. With this challenge we address the people in Germany, offer them incentives to invest into their own homes now, and save money in the process. With new campaigning ideas, with a promising cooperation with the online portal MyHammer, with many perks also for the low budget. Because without doubt there is an investment backlog with respect to home improvement, as the housing stock is overaged. The trend towards a retirement to the private sphere is a typical individualistic response to the crisis. And it entices people to touch up, extend and renovate their homes.

According to the latest “consumption potential index” of the Cologne-based market research institute You Gov Psychonomics, around 17 million Germans are planning to renovate their house or apartment over the next three months. Investments that are additionally stimulated with subsidies from the KfW development bank if they contribute to saving energy and curbing CO2 emissions. In the period from 2009 to 2011 alone, three billion euros will be provided for this purpose – and at least some of this money will probably be spent in DIY stores.

“Sleeves up” thus also means to look for the opportunities inherent in the crisis. It is true that the economic activity in the house building sector is stagnant. But we also know from LBS real estate, the largest German real estate broker group, that two percent more of already existing property was sold in 2008 than in the preceding year. For single-family homes the growth rate was even four percent. And all these houses will need to be spruced up.

Against this backdrop I am firmly convinced that, particularly in times of crisis like now, prices are an even more important decision-making criterion for consumers than before. That is why the positioning of Praktiker as a pro-active, price-aggressive discounter is exactly what we need. More than ever, people want to have the feeling that they do not only get good quality at fair prices. They do not want to miss the taste of success they get from bargain hunting. And that's what Praktiker offers like no other.

“Sleeves up” is also a self-commitment for us to focus all our activities on the repeatedly mentioned goals of securing earnings and liquidity.

This starts with the gross margin which we already succeeded in continuously raising over the past three years. If we now also start bundling our international sourcing activities in the central procurement organisation, this will be beneficial for the purchasing terms and thus in turn also for the gross margin. The same holds true for the targeted extension of private labels for Max Bahr and also for Praktiker in Germany and abroad. The equation is very simple: a higher share of private labels will lead to a better gross profit.

This can be extended to all expenditure items. After all, "*Sleeves up*" also means: "Expenses down". And the Praktiker Group is doing a lot this year to achieve this goal. Following a first cost-cutting round last autumn we have once again distinctly curbed the budgeted total expenditure at our holding company in early 2009. The budgets of the whole organisation were adjusted to the decline in sales volume. We have proclaimed a salary freeze for our executives and non-pay-scale employees. And a temporary hiring freeze at the Group's headquarters was already announced in the first quarter.

The package also includes all measures that are suited to securing our liquidity. Our dividend proposal is one of them.

We also contribute to securing a sound liquidity by putting all investment projects to the test. Now we check every three months what is necessary, what can be postponed and what is dispensable. This means, for example, that we are taking a break in our international expansion. We have to examine even more thoroughly where it is worthwhile to enter the market and where not. With these measures we thus ensure that we don't spend more money on capex than we generate from our operating activities.

OUTLOOK AND GUIDANCE

Still, much uncertainty remains, ladies and gentlemen,

As bad as the first quarter results may have been and as good as the start into the second quarter may look: neither is suited as an adequate orientation for the full year. Now, because this year no clear trend is yet observable, because uncertainties concerning the general development of the economy are more pronounced than ever before, because exchange rate trends in Eastern Europe are so hard to predict and because, in addition, so many different scenarios are conceivable in Germany and abroad, it is very difficult to forecast the trend for the whole year even now. Or better said: it is right out impossible.

Like the American author Mark Twain said under very different circumstances: "The art of prophecy is very difficult, especially with respect to the future".

I will therefore pick up what we had already said on the occasion of our Annual Press Conference on March 27: We are firmly convinced that we are positioned such that we will be able to achieve reasonable operating earnings even when sales are receding. And I repeat: with 'reasonable' I mean positive.

You will surely understand that – like many other companies – I cannot give you more precise information at this point. The forecasts we made before were always oriented to what was feasible at the time of the forecast and not to what appeared to be desirable. We continue to feel committed to this principle also today. This is why, from today's point of view, it would be unsound to give you more details than are provided with this qualitative statement.

However, what is beginning to show more clearly now than two months ago is a tectonic movement in the business basis of the Praktiker Group which would actually not be detrimental: I mean the fact that the domestic business is developing more stably in 2009 than our international business and should therefore contribute a somewhat higher share to group sales and earnings than in previous years.

CONCLUSION

Ladies and Gentlemen,

We are right in the midst of the worst economic crisis in the post war period. We cannot elude this, no matter how crisis-resistant our company is. But we can keep a level head, make our company more aware of and resistant to the crisis and thereby ensure that, at the end of the year, the Praktiker Group is in a condition that allows us to quickly turn back to the growth path once the economy recovers again. We don't know how long this will take. But we do know that our company is well positioned to overcome the phase in-between unscathed:

- In Germany, we have two strong, clearly positioned brands.
- In the countries outside Germany where we are operating, we rank among the market leaders almost everywhere and can build on sound structures.
- Appropriate liquidity and available credit lines provide us with the financial strength and flexibility that are essential in these times.

This is something we can build on, ladies and gentlemen. And I will not tire of stressing that I am convinced that we will manage the crisis soundly and emerge from the crisis stronger. We only have to believe in ourselves and not lose sight of the targets we have set ourselves. And these targets, as I already stressed repeatedly, remain unchanged: securing earnings and liquidity.

I have spoken a lot about what we have achieved, where we stand today and where we want to head in these difficult times. But I do not want to end my speech without thanking those who have made the Praktiker Group what it is today and without whom reaching our ambitious targets would not be possible. I mean the roughly 30,000 employees working for our Group in Germany and abroad. We are proud of their skills and their continued and committed work. It is their activities that bring our strategies to life. It is they who implement them at the stores in the direct contact with the customers. It is they who make our success in the market possible.

Ladies and Gentlemen,

We are firmly committed to continue writing the success story of the Praktiker Group together. “This road will not be an easy one“, was the title of a song by Xavier Naidoo in the World Cup summer 2006 when a stricken German national team went out to make World Cup history. A title that is also very appropriate today. Please give us your support as shareholders and continue to trust in us.

Thank you for your attention. Together with my colleagues on the Board I will be pleased to answer your questions later.