



**Quarterly Report Q1/2008 of Praktiker Bau- und Heimwerkermärkte Holding AG
Telephone Conference with the Press, Wednesday, April 23, 2008, 10:00 a.m.**

Statement by Wolfgang Werner, Chairman of the Management Board

The spoken word is valid.

Ladies and gentlemen,

I cordially welcome you to our telephone conference on the occasion of the presentation of our financial report for the First Quarter 2008.

Only three weeks ago we met in Frankfurt for our Annual Press Conference. On that occasion, I presented not only the annual financial statements for 2007 but also gave a detailed account of our business strategy in Germany and abroad as well as of our start into the New Year and, as far as foreseeable, the further course of business in 2008. Today, I will follow up on these topics and give you a short update. After that, my colleague Thomas Gabel and I will be glad to answer your questions.

Let us start with our expectations for the current fiscal year. At the Annual Press Conference we had put it this way: we plan to increase sales of the Praktiker Group by a mid-single digit rate and generate EBITA in the range of 135 to 140 million euros. The latter would represent an improvement of 10 to 15 million euros over the prior year result before Cartel Office requirements.

These targets will remain unchanged as they had been generated on the basis of the sales and earnings trend of the First Quarter 2008 as far as it had been available at that point in time. At the Annual Press Conference in Frankfurt, I spoke about a mixed economic situation in the DIY sector in Germany and abroad and about the

fact that we would be facing a decline in domestic sales during the first months of the year that will be more pronounced at Praktiker than at Max Bahr for structural reasons.

For our international business, by contrast, I also said on the same occasion that we could expect to see a sustained, dynamic upswing. And this is what actually happened. During the First Quarter, our international business proved to be a stronger driver of the value-oriented growth of the Praktiker Group than ever before. In other words: the proceeds and earnings generated by the international segment are a good backing for our domestic business.

Overview Group

Ladies and gentlemen,

Let us now look at our quarterly report in general and in detail and let us start with the two key data: the development of net sales and of our operating earnings or EBITA. I will not beat about the bush: we knocked off the bar of the prior-year quarter for both key financials. Consolidated sales of the Praktiker Group reached 865.1 million euros during the first three months of the current fiscal year. This is 1.4 percent down from last year. The seasonal operating losses that always occur during the first quarter of a fiscal year now came in at 20.8 million euros against EBITA of minus 19.9 million euros one year earlier.

However, these figures also conceal some positive developments. A distinct improvement of our earnings power shows when considering the depreciation on fixed assets that inevitably rise as a consequence of the accelerated expansion of our store network. Our EBITDA, that is our earnings before interest, taxes, depreciation on fixed assets and amortization of goodwill, thus improved from minus 7.0 to minus 4.7 million euros during the period under review.

Furthermore, we were able to improve our gross margin on sales by 2.7 percentage points to 31.2 percent, which – despite a decline in sales – raised the gross profit on sales by 7.9 percent to around 269.6 million euros. This positive trend is owed to the same phenomenon that has materially contributed to the aforementioned sales

decline. I am referring to the reorientation of Praktiker's marketing activities on the domestic market initiated at the beginning of the year. We are thus looking at two faces of the same coin.

International

As we are just looking at the positive aspects of this Quarterly Report, kindly allow me to start with a view on the international business of the Praktiker Group. Here, too, we have seen very gratifying developments.

As you may recall, last year we had for the first time generated a positive contribution from our international operations to consolidated operating earnings in a first quarter. This was all the more remarkable since, in the past, the specific earnings structure of our international business had always led to a situation where we started into the year with a loss. The quarterly turnaround we achieved in 2007 was mainly attributable to the exceptionally favourable weather conditions which had caused our spring business to blossom ahead of time also in Eastern Europe.

This year the weather gods were not on our side. Quite the opposite: the winter season was colder and longer in our international markets too– with snow falls reported in the Aegean Sea as late as in March.

This notwithstanding, the international segment of Praktiker once again showed a strong performance. EBITA reached 1.3 million euros over 0.1 million in the First Quarter 2007. This shows that earnings from our international operations have improved materially, ladies and gentlemen.

We also managed to once again distinctly increase sales outside of our home market. International sales during the first three months of 2008 came in at 238.6 million euros. This is 32.1 million euros or 15.5 percent up from the same period one year earlier. The highest absolute increase rates were achieved in Romania, Bulgaria and Poland, but the sales volume also grew in all other countries except of Luxembourg.

Even like-for-like, the sales trend in our international segment was positive overall, attaining a plus of one percent. We believe this to be quite a good result particularly when considering that like for like sales in the First Quarter of 2007 had soared by more than 19 percent and therefore constituted a very challenging reference basis.

Germany

So much for our international segment that gave us many reasons to be pleased. In Germany, by contrast, we cannot be satisfied with the course of business. We fell short of the prior-year for both sales and operative earnings. Net sales generated by the Praktiker Group in Germany during the First Quarter of the fiscal year under review reached 626.5 million euros. This corresponds to a 6.6 percent drop over the year-earlier period. This drop is exclusively attributable to the Praktiker brand while sales of Max Bahr rose over the prior-year value – this being attributable to the first-time inclusion of the January sales. Like for like – that is excluding the closed or divested stores – sales in Germany receded by 13.1 percent.

Nevertheless there are several plausible reasons for this sales decline:

First: owing to the early Easter holidays in March there were two selling days less as compared to the First Quarter 2007. This alone represents a calculated loss in potential quarterly sales of more than two percent.

Second: the wet and cold weather in March – traditionally the strongest month of the First Quarter – massively affected the start of the gardening season and thus the gardening business. This did not only trouble Praktiker but also all other businesses in the DIY sector.

In addition to these two factors there was also a company-specific reason for the sales decline: the reorientation of the marketing profile of the Praktiker brand. We made a conscious, strategic move when we decided to curb the number of 20-percent discount campaigns and invest more into the shelf prices instead.

The first measure, namely the distinct reduction of discount days, showed its effects

during the First Quarter already. It improved the gross margin but naturally also weighed on the sales volume. This was to be expected. The other measure, namely the price reduction campaign that will be realized in several waves, only started at the end of last week. The effects will be felt in our customers' propensity to spend – and thus in our sales – in the course of the present quarter, at the earliest.

In other words: the Praktiker brand underwent a transition phase in the First Quarter where an established, sales-driving marketing instrument was phased out and a new one had not yet been in place. From this we deduce that a sales decline like in the First Quarter will not repeat itself in the further course of the year.

That this decline in sales would also affect the EBITA trend was to be expected. Thanks to an improved gross margin the loss in operating earnings did not grow at the same rate, however. It came in at minus 22 million euros during the First Quarter 2008 against minus 20 million euros one year earlier.

This figure includes the expenses for the conversion of 11 Praktiker stores to the Easy-to-Shop concept that came in at a similar level as during the same period last year.

This situation will change during the next quarters. As you may recall, we decided not only to readjust Praktiker's marketing strategy but also to revise the Easy-to-Shop concept with regard in particular to the sales aspects. This process will lead to a temporary suspension of the store conversions.

In the short term this means that there will be no conversion-related losses in sales and earnings during the peak season, in particular during the period from April to July.

In the medium and long term this means more efficiency and effectiveness in the realization of the Easy-to-Shop concept. We are doing this because we are convinced of this concept of an easy, fast and convenient shopping in the same way as we believe in our price-aggressive brand image. The customers have readily embraced the Easy-to-Shop concept in all those stores where it has been realized. It

merely needs some fine-tuning to ensure that our sales and earnings expectations are not just fulfilled to a reasonable degree but fully and completely. And I can assure you: we will succeed in this task.

Outlook

This now brings us to our outlook for financial year 2008. I already mentioned at the outset that we did not revise our earnings and sales forecast over the past three weeks.

At our Annual Press Conference, we deliberately did not give a “spectacular” forecast – something which also earned us some criticism. But we stand by our approach: we leave any spectacular forecasts and the associated risk of failure to others. Rather, we want to accomplish what we set out to do and keep what we promise. Like in the year 2007, when Praktiker was one of the very few companies in the DIY sector to achieve its targets without qualification. We will therefore continue to draw a realistic picture of the risks and opportunities that accompany our work also during the present year.

In our view, the overall economic situation in Germany continues to be mixed. This is also illustrated by the latest consumer confidence index which is surveyed monthly by GfK market research. It improved only very slightly in April despite distinctly higher income expectations in Germany. Higher wage agreements in key sectors contrast with rising inflation rates that cause sustained uncertainty among consumers. Thus, we do not know whether on the bottom line our customers will actually have more money to spend this year. And even if so, we still don't know whether they will spend or rather save it.

Against this backdrop management expects that, by the end of the year, like-for-like sales generated in Germany will come in slightly below those of last year. This is why we are focusing all our attention on improving our gross margin and thereby compensate for a potential decline in sales.

Abroad, by contrast, we can expect a sustained growth in sales that should reach a

double-digit rate on account of the extension of our store portfolio. The EBITA margin should benefit from the earnings improvements in some countries. However, it will also be affected by the run-up costs for 15 to 20 planned new stores, the extension of our bridgehead into the Ukraine and the market entry into Albania.

Rising inflation rates and a weakening of the real estate boom could curb growth in some of our focus countries. This notwithstanding, there continues to be a large backlog demand for consumption and – with a view to our trade – renovation, modernization and refurbishment of the housing stock in most countries where Praktiker is active. In these countries, we benefit from the fact that we are the market leader or close to that position and that we offer a tailor-made assortment of goods and services that none of our international competitors can offer – and certainly none of the local “top dogs”.

As you can see, ladies and gentlemen, our forecast is based on a highly complex situation. We are convinced that we interpreted it correctly. And I have to stress that, all things counted, the Praktiker Group is well positioned and continues to be on the right track: in Germany, where our market position with Max Bahr is stronger than the mere First Quarter figures might suggest, and also abroad, where we continue to focus on profitable growth.

Thank you for your attention. Mr. Ghabel and I will now gladly answer your questions.