



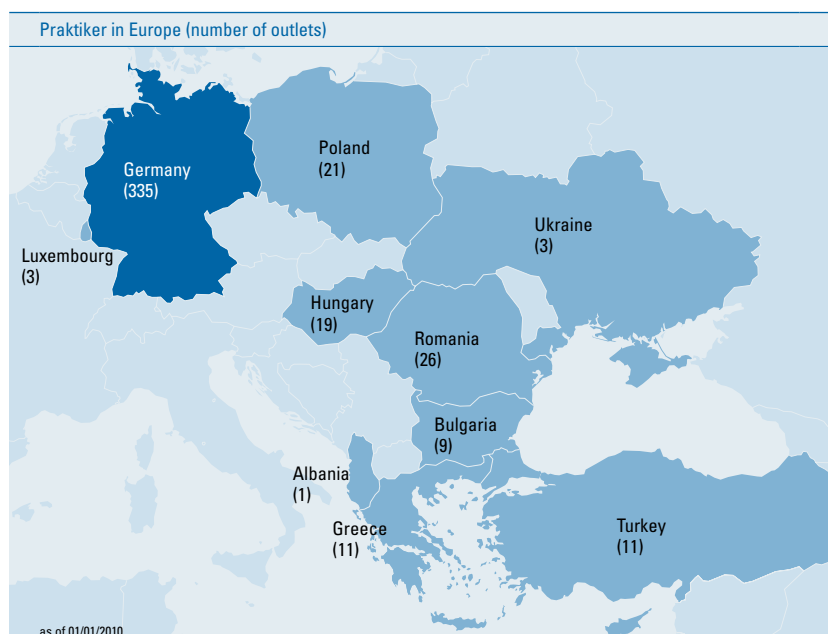
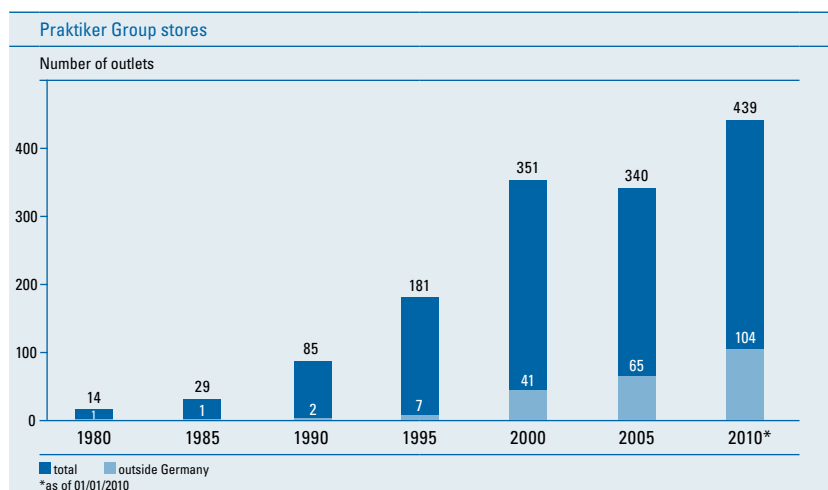
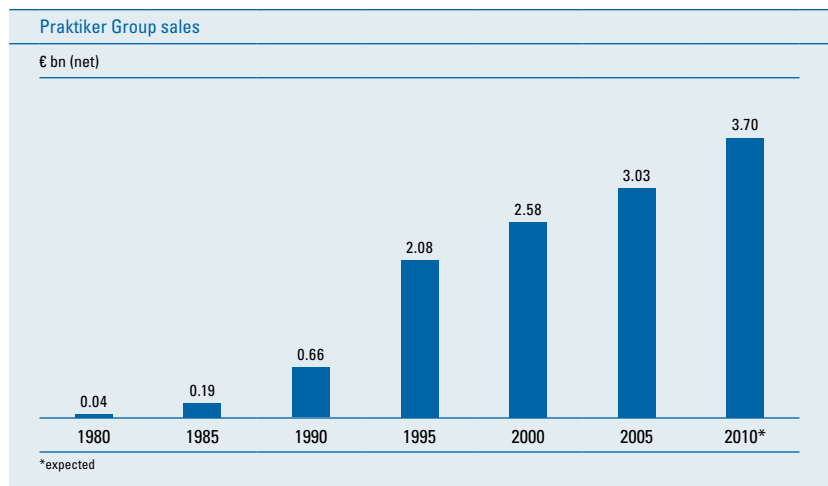
Praktiker Group  
Profile

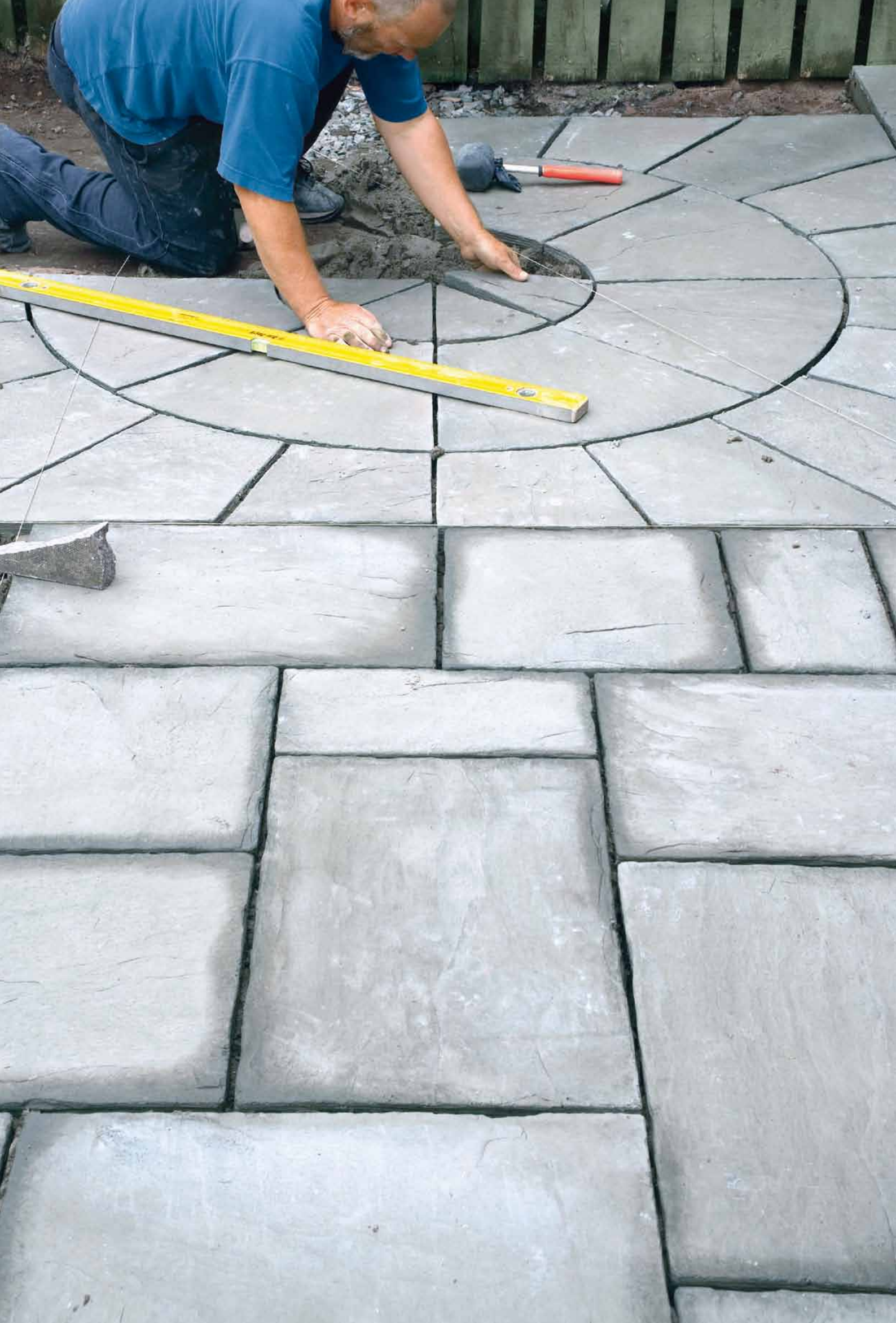


# The ladder of success

Around 440 outlets in ten countries. That makes Praktiker one of the top four home-improvement retail groups in Europe. 28,000 employees, over 10,000 of them based outside Germany, contribute to the success of the company. With annual sales of nearly four billion euros, we are justifiably proud of that success. Eastern and South-Eastern Europe still offer good potential for further growth. Here, we are winning over more and more customers with a range of products and services specially tailored to their needs. In Germany, our position is stronger than ever following the acquisition of the Max Bahr chain.

The key components in our success are a value-oriented group strategy, a distinctive profile for the Praktiker and Max Bahr brands and a high degree of customer acceptance in markets abroad. Praktiker Bau- und Heimwerkermärkte Holding AG has established itself firmly on the German mid-cap index MDAX since its flotation in November 2005.





# Customer needs point the way

Praktiker – it is all in the name: Practical thinking, convenient shopping and low prices – that’s what our customers expect. We offer competence and quality at attractive prices – in Germany and in every country in which we operate. Our success proves we know what the customers want.

The best concepts are the simplest – provide the customers with what they want in a pleasant, easy-to-shop environment. Household items, bargain offers, professional tools, tailor-made project solutions, customer service and expert advice. Where it’s needed, when it’s needed. Without having to make any compromises or pay too much. Customers benefit from this strategy every time they shop in any of our stores.

Do-it-yourself – with Praktiker’s help. As a one-stop shop for DIY supplies, Praktiker offers a full spectrum of products for building and renovation, workshops, homes, gardens and leisure. Our customers – ordinary consumers, DIY enthusiasts and professional craftsmen – like the practical, functional solutions we offer and our low prices. We stock high-quality products from well known brands, in addition to proven and popular private labels which offer good performance at a good price.



Germany is Europe’s biggest market for DIY products, but it’s a tough one. For many customers in Germany, price is the deciding factor, particularly in times of crisis. That makes it an important factor for us, too. In its domestic market, Praktiker focuses on a simple, well-structured and, above all, well-priced range of products. And that’s not all. We also provide a range of additional services, such as wood-cutting, paint mixing, ordering and transport services, as well as highly attractive special rates for large-volume and regular customers.

No two countries are alike. We tailor our ranges of products and services very carefully to the needs and requirements of each individual country. In some stores in Eastern and

South-Eastern Europe, for example, we offer more than a standard DIY store, with other products such as consumer electronics, furniture, household goods and white goods. We take into account the specific characteristics of the various markets, offer intensive expert advice and competent project support. Nobody else caters to these needs in the way we do – and that’s what gives us our competitive edge.



# Powerful tools – success based on two brands

The DIY market in Germany is the most competitive in Europe. But Praktiker has the home advantage. This is where the Praktiker success story all started. In this market we set the trends, we map out the future of DIY. And we lead the field – the Praktiker Group has over 330 outlets in Germany – that’s more than any other home-improvement retailer. But that’s not all – we have not one, but two strong brands. Praktiker and Max Bahr serve the needs of different groups of customers.

The acquisition of Max Bahr in 2007 was a great leap forward for the Group. It opened the way for a carefully balanced two-brand strategy, with Max Bahr ideally complementing the Praktiker brand. Each half of this powerful duo has different strengths and different target groups. Praktiker operates mainly small and medium-sized stores. Max Bahr’s core competence lies in large-scale outlets. Praktiker is the price and cost leader in Germany, with a clear, discount-oriented profile. Max Bahr is a premium home-improvement retailer with a more extensive range, its variety of brands appealing in particular to professionals. Emphasis is placed on customer service and advice, expertise in eco-friendly products and an attractive store design. Max Bahr is a Hamburg-based, former family firm with a long tradition, while Praktiker is a newcomer, keen to set the pace.

Two brands – two strategies for success. Praktiker as a synonym for cheap, fast and easy shopping. Max Bahr as the premium home-improvement store for customers who want that little bit more. With this range, no wishes remain unfulfilled.





**Praktiker – competent and competitively priced**

“The Price is Key”. These simple words summarise our price strategy. It’s simple, but ingenious. “The price is Key” is Praktiker’s core message that sets it apart from the competition. These four words hit the mark – around 240 times in Germany.

Praktiker underscores its position as the price leader on the German DIY market. Not just because of its permanently low prices with a price promise, but also of various sales promotions as “20% off everything”, special deals on various brands and types of product, and plenty of tempting special offers.

Once again, Praktiker was deservedly voted top in the “Price in comparison to the competition” in 2009. For the third year running, Praktiker came out as number one in Kundenmonitor, Germany’s leading consumer survey.

In the homeland of DIY, customers turn to Praktiker because they know that here they can quickly find what they are looking for. This is why Praktiker is constantly working to make shopping more convenient. “Easy-to-Shop” is the name of an innovative store concept that has been implemented at stores across Germany since summer 2006. It’s all about more clarity, organisation and orientation achieved by pre-selecting the product range to meet customer demand, and ensuring a well-structured store design and self-explaining presentation of the goods. No compromises. No fuss. That’s Praktiker, too.

### Max Bahr – quality and services

As a premium home-improvement retailer, Max Bahr (founded back in 1879) is an ideal complement to Praktiker. It has a reputation for top products and quality, and is strong on customer service and advice. Around 3,900 employees take care of the needs of customers at approximately 80 Max Bahr stores, centred mainly in the north of Germany.

Top rankings in regional and national market surveys confirm the popularity of the Max Bahr brand. At Max Bahr it's all about meeting the individual wishes and requirements of the customers. Only the best is good enough for Max Bahr

customers. Right through the store. Appetites are whetted for renovating, decorating and designing. In the home and garden. Carefully designed signage, high-quality brand presentations, extensive ranges, style tips and great customer services are the special features of the Max Bahr brand. Product quality has always been high, thanks to rigorous quality management. Competent, friendly advisors are on hand to help customers find just the right product for the job. The services on offer range from wood cutting to paint mixing, from delivery services to van and machinery hire, and from assistance in finding local craftsmen to carpet binding. Max Bahr offers its customers not only the help they

need to help themselves, but also one-stop solutions covering everything from the planning of a project to its completion. The traditional do-it-yourself idea has thus been transformed into a comprehensive “do-it-for-me” concept.

A responsible approach to the use of natural resources is also a fundamental principle in the corporate philosophy of Max Bahr. Max Bahr is still the only DIY retailer in Germany to have an environmental management system certified to European standard EN ISO 14001.





**POLAND**

**GREECE**

**TURKEY**

**ROMANIA**

**BULGARIA**

**UKRAINE**

**HUNGARY**

**ALBANIA**

# Tailor-made concepts for various markets

Praktiker is also a strong international brand. We started expanding abroad in a big way in 1991. Outside Germany, Praktiker now has over 100 outlets in nine different countries across Europe: Bulgaria, Greece, Hungary, Luxembourg, Poland, Romania, Turkey, Ukraine and, most recently, Albania. Our international operations now account for over 30 percent of Group sales. And the prospects for further profitable growth are good in the medium to long term, despite the temporary dampening effect of the international financial and economic crisis.

We want to be or become the best in every market we enter. Our strategy is simple – we go to those markets where the home-improvement sector is still underdeveloped and where demand is high. This is particularly true in the emerging economies of Eastern and South-Eastern Europe. But we are strong in the classic markets, too. In Poland, where the competition is particularly tough, we rank among the top four. In Hungary, Turkey, Romania and Greece, we have been either the market leader or number two for years. And the same is of



course true in Luxembourg, where the success story of Germany's largest listed home-improvement group started out a good 30 years ago under the brand name *bâtiself*. Being the number one is not important as such. But it is a sign of trust and loyalty on the part of our customers.

Praktiker is "Made in Germany". Especially abroad, this label has an attractive ring to it and stands for quality, not only in the product range, but also in competence, customer-orientation and management. "Made in Germany" also means progress and innovation. In Vecsés, for example, just outside Budapest in Hungary, Praktiker operates a "Future Store", where it tests and optimises the very latest shopping technologies, such as hand scanners for high-volume customers, electronic price tags and virtual interior design tools.

In each location that we operate, Praktiker has a regional identity. 70 to 80 percent of all goods are sourced from local suppliers. In addition to a broad range of products from well-known international manufacturers, Praktiker customers can also find familiar regional brands. Our staff are well trained and local, and we keep them up to date with regular in-service courses. In Eastern Europe in particular, Praktiker stores are not only an attractive place to shop, they also play a role in helping to expand the respective national economy and support the labour market. Praktiker is also a popular employer.



### Expanding in Eastern Europe

Eastern Europe is one of the most important economic regions for the future. The global recession did not bury the enormous demand potential but just masked it temporarily. This is why this region remains an important growth market for the Praktiker Group. That's no coincidence: Here we can really see the success of our service concept. Modern stores, a carefully balanced mix featuring local products, well-known international brands and German quality, plus competent, friendly advice – that's what puts us ahead in these markets. Because we know what the customers want. And we speak their language.

In this context, we benefit from the fact that we often find ourselves in a pioneering role. We establish a new DIY culture in areas where the local retailers have little or no service competence, and in markets that international competitors have not yet discovered. That was the case most recently in Romania, Bulgaria and Ukraine.

A blueprint for the international expansion of Praktiker is Romania. Following our market entry in 2002, we quickly moved from pioneer to market leader. By the beginning of 2010, we had set up 26 outlets in all the main centres of population. Around 3,000 people in Romania work for Praktiker, making the com-

pany a respected employer. In terms of turnover, the Praktiker subsidiary in Romania is one of the top 50 companies in the country.

Thanks to our experience in Romania and other countries, we have developed the expertise required to successfully launch in other markets in Eastern Europe. That applies equally to larger markets, such as Ukraine, and to smaller ones, like Albania. In both countries, we are confident we can become the leading DIY retailer.

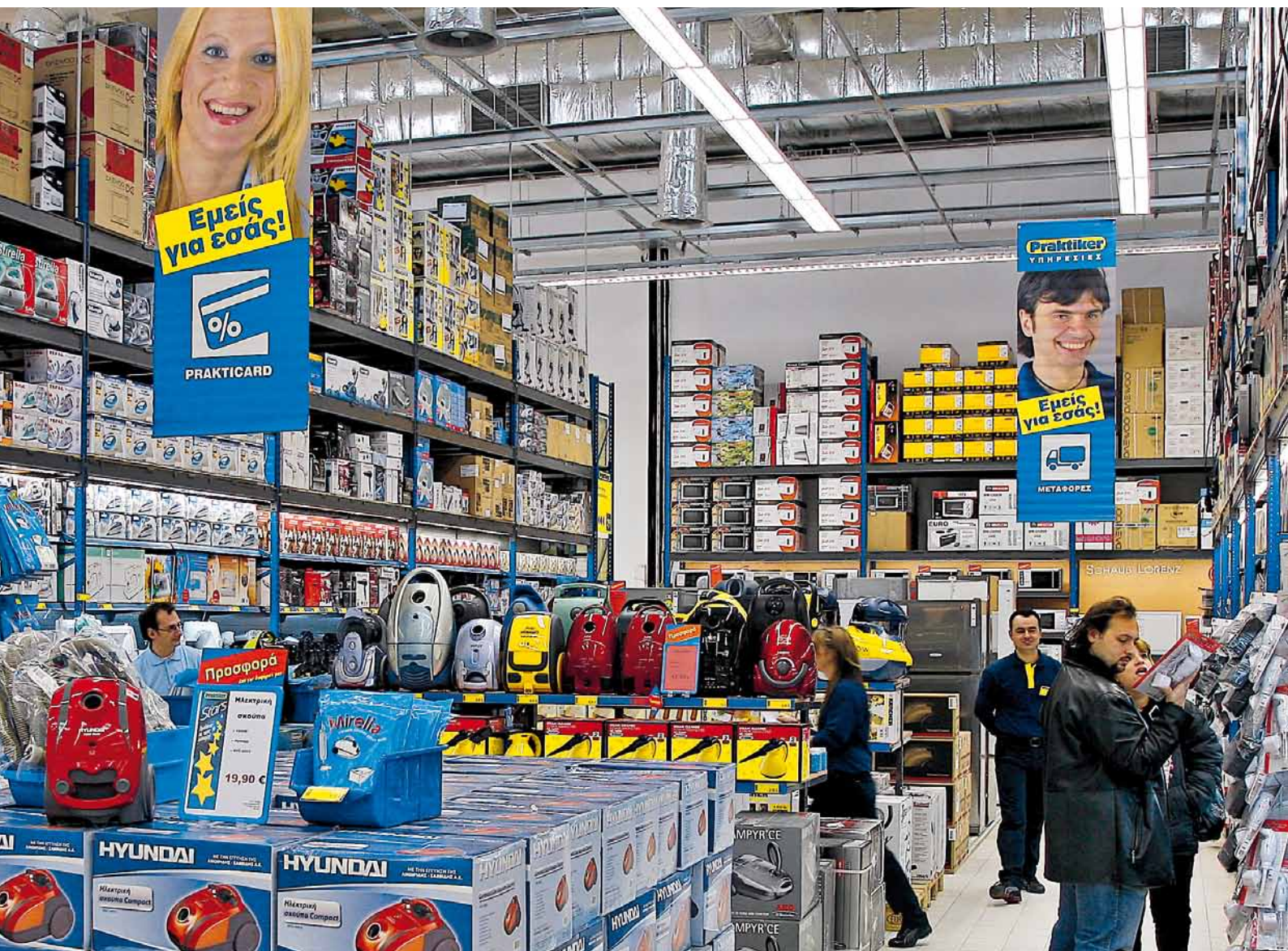


### Different countries – different concepts

Our expansion programme is based on clear, targeted concepts. We do a thorough analysis and develop a tailor-made sales strategy for each and every country. Praktiker adapts its range of products and services to the different markets. Frequently, this means reliable service, extensive customer support and competent project support. Added to this is an assortment tailored to the specific needs of the regional market requirements and individual

customer needs. In the emerging economies, tools and materials for building, interior fittings, renovating and modernising are top of the list of customer needs. In countries with different consumer expectations, we offer even more. In Greece, another country where Praktiker leads the field, we also offer our customers consumer electronics, furniture, household goods and kitchen ap-

pliances. This, too, helps improve quality of life for our customers and we take great pleasure in doing that. And what if the price sensitivity of consumers grows in times of crisis? No problem. We are also experienced in the low-price segment – this is what we learnt and demonstrated in the German market.





# The roots of our growth go deep

**1978**

Praktiker Bau- und Heimwerkermarkt GmbH founded by ASKO Deutsche Kaufhaus AG and renamed Praktiker Bau- und Heimwerkermärkte GmbH. bâtiself home-improvement retail company founded in Luxembourg.

**1979**

Four DIY stores opened in Germany under the name of Praktiker. Acquisition of nine “BayWa” stores.

**1983**

Takeover and integration of the Luxembourg ASKO subsidiary bâtiself.

**1985**

Takeover of 12 “Wickes” DIY stores.

**1991**

Takeover of “esbella” and “Continent”. Market launch in Greece.

**1992**

Takeover of the “Realkauf” and “Extra” DIY stores. Strategic orientation as a discounter.

**1993**

Takeover of the “BLV”, “MAB”, “Massa” and “Huma” DIY stores.

**1995**

Following the spin-off of ASKO, integration into the METRO Group. Stock market flotation of Praktiker Bau- und Heimwerkermärkte AG.

**1996**

Takeover of 27 “Bauspar” DIY stores.

**1997**

Takeover of 60 “Wirichs” DIY stores. Market launch in Poland.

**1998**

Takeover of 25 “extra” franchise DIY stores. Market launch in Turkey and Hungary.

**2000**

Takeover of 27 “TopBau” stores. Optimisation of product range and introduction of a modular system in 256 outlets.



**2001**

Optimisation of personnel and cost structures.

**2002**

METRO AG acquires 100% of Praktiker AG shares. Revocation of stock market listing. Market launch in Romania. Price campaign and new advertising concept in Germany.

**2003**

Praktiker celebrates its 25th anniversary. Introduction of a loyalty card for large-volume customers. First special-offer campaign: “20% off everything – except pet food”.

**2004**

Market launch in Bulgaria. Optimisation of the stores network in Germany.

**2005**

Successful stock market flotation of Praktiker Bau- und Heimwerkermärkte Holding AG on 22 November 2005. Spin-off from the METRO Group.

**2006**

Acquisition of the Hamburg-based competitor Max Bahr, comprising nearly 80 DIY stores. Start of the Easy-to-Shop concept in six German

pilot stores. New Praktiker slogan: “The Price is Key”.

**2007**

Integration of the Max Bahr stores, following official approval of the acquisition by the Federal Cartel Authority. Conversion of stores to Easy-to-Shop concept continued. Market launch in Ukraine. Record sales and best operating result in the Group’s history.

**2008**

30 years of Praktiker and bâtiself, 10th anniversary of international operations in Turkey and Hungary. Expansion abroad continues. 100th store opened, in the Ukrainian town of Mykolaiv. Marketing strategy in Germany renewed.

**2009**

130 years of Max Bahr. Market launch in Albania despite economic crisis and decelerated international expansion. In Germany, Praktiker counters the economic slump with its marketing campaign “Sleeves up”.

**Praktiker**  
**Bau- und Heimwerkermärkte Holding AG**  
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