



Value Enhancement Programme “Praktiker 2013” launched

Programme to Strengthen Sales, Margins and Earnings

Frankfurt – 26 March 2010. In the framework of a strategic reorientation the Praktiker Group plans to substantially boost sales, gross margins and earnings by the year 2013. To this effect the Management Board in autumn 2009 launched a comprehensive programme under the working title “Praktiker 2013” which was in a first phase introduced at Praktiker Germany and is currently being extended to Max Bahr and the international operations. “We are using this opportunity to completely restructure the company from top to bottom”, stressed the CEO of Praktiker Bau- und Heimwerkermärkte Holding AG, Wolfgang Werner, at his company’s press conference in Frankfurt/Main.

The programme specifies clearly outlined margin targets. Latest by 2013 the EBITA margin of Praktiker in Germany is to amount to at least three percent and that of the international operations to at least six percent. These are values that have already been achieved in the past. In the crisis year 2009, the return on sales of Praktiker dropped to zero percent in Germany and to 3.1 percent abroad. By contrast, the more profitable brand Max Bahr succeeded in increasing its profitability in the financial year just ended and raising its EBITA margin to 4.6 percent. The task now is to maintain this level and also sustainably secure it in the framework of the programme “Praktiker 2013”.

Werner: “We want to sustainably increase our company’s ability to weather crises, return to our former profitability and sustainably strengthen our competitive position in Germany and abroad.” According to Werner “Praktiker 2013” is a comprehensive transformation programme that encompasses the whole Group, bundles all existing measures to boost sales and earnings and also reaches far beyond this. “In the framework of ‘Praktiker 2013’ we will venture into new territory and put established procedures to the test”, added Werner. The significance of this programme is also illustrated by the fact the responsibility for the programme was assigned to the CEO in the framework of the reorganisation of responsibilities on the management board.

The programme provides answers to the questions as to how the brand positioning can be optimised and customer loyalty strengthened, how the assortment and its presentation can be improved or how the merchandise management and logistics processes can be rendered even more efficient. The initial focus was on the German business operations of Praktiker.



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“This is where the largest potential for earnings improvement lies and where the need for action is strongest”, said Werner. The programme work in eight projects and around two dozen sub-projects kicked off in January 2010. A first result of the programme work was the further development of the existing business model of Praktiker Germany. The customer’s perception of the brand is to gradually be upgraded from price leader to “price-performance leader”. This means: more favourable prices while at the same time offering the same service and product quality as the competition. The core of the brand will thus be retained but upgraded by the factor quality. Among others, the task at hand is to

- further develop the price, promotion and marketing strategy with regard to increased customer orientation,
- make shopping even more convenient for the customer,
- raise the availability of core products and services, improve the processes in logistics, in the store and in administration,
- examine new distribution channels such as for example an online shop,
- revise the assortments and increase the share of own-brand products with high quality,
- further centralise procurement,
- improve the efficiency of the corporate organisation and management
- and reduce the heterogeneity of the store portfolio.

The eight individual projects addressing these issues are each overseen by one Management Board member and one division head in charge. Each of these projects is divided into up to six sub-projects. In the projects and sub-projects the discipline departments will develop measures aimed at achieving the above-mentioned improvements in sales, gross margin or the cost situation – whereby the respective weighting and thrust will vary depending on the project in question.

The projects are managed, controlled and monitored by a programme office established specifically for this purpose which systematically records all actions initiated using special controlling tools and monitors them through to their realisation. This way a homogeneous project landscape has been created with a basic structure that applies for the whole Group. Max Bahr was integrated into the programme as of 1 March and the international organisation is to follow on 1 April. Their project landscape will follow the same basic orientation but with different tasks in the sub-projects as a result of the particular profile of the Max Bahr brand and of the different conditions prevailing in the international markets. In group-wide sub-projects, new approaches for inventory management and logistics, merchandise management and harmonisation of processes within the group will be developed still in 2010 which are to allow for substantial synergies and efficiency improvements.