



**Annual Press Conference 2010
Annual Analyst Meeting 2010
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Wolfgang Werner, Chief Executive Officer

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Ladies and Gentlemen,

I cordially welcome you to our press conference 2010, the fifth such conference since the public listing of Praktiker Bau- und Heimwerkermärkte Holding AG.

2009, the year under review today, was a very challenging one. It was characterized by

- what was probably the most serious recession in the post-war period,
- a massive collapse of exchange rates in nearly all countries where our sales are not generated in euro
- and, towards the end of the year, by the debt crisis in Greece, which in the meantime even seemed to be jeopardizing the cohesion of the Eurozone.

In this environment we were well advised to have made securing liquidity and earnings our top priority early on. We were successful on both accounts and thereby achieved a sound financial position. What is more: we have invested further into the future in 2009, even though at a more modest scale than in the years before. But still: abroad, we opened three new stores and in Germany a total of five stores – four of them as replacement locations. But the new stores are all bigger, more modern and customer friendly than the old ones which they are replacing.

We have therefore not only coped with the year 2009 but retained our full capacity to act and at the same time safeguarded our future. But we have to admit: not everything worked well. Sales declined stronger than anticipated, our operating earnings have more than halved. We cannot be satisfied with this result. And, to make sure that it does not happen again, last autumn we launched the programme “Praktiker 2013”. It is to help us make our company more crisis-proof and bring us back to our former earnings power. In other words: it is to strengthen our strengths and eliminate our weaknesses. As to how – well, that is something I will explain in more detail in the further course of my presentation.

The general economic conditions could certainly be better. Still, I think that, all things considered, we can optimistically look into the future. The German export industry is visibly recovering, the labour market has proven to be gratifyingly robust. And abroad there are many signs that the recession should in the meantime have bottomed out – despite the present problems in and around Greece.

At any rate, we expect that the Praktiker Group will be able to slightly raise sales and even strongly raise its operating earnings in 2010.

I find it difficult to be more specific at this point in time. This is because the whole retail sector has so far suffered from the harsh winter. Snow and ice for two months – it comes as no surprise that many people preferred to stay at home rather than go shopping. This is why the course of business to date is not a good basis for a precise trend forecast for the current fiscal year. But I hope to have a clearer overview once we have evaluated the figures of the first quarter.

But let us return to financial year 2009. As I already mentioned, securing reasonable earnings and maintaining liquidity were the top priorities in this crisis year.

Let us begin with earnings. As you know, we anticipated that we would achieve a reasonable, positive result in 2009. Well, EBITA of the Praktiker Group came in at 63 million euro. Compared with the record year 2008, operating earnings have halved but in the light of the adverse economic conditions this is entirely “reasonable” and thus meets our expectations. Others would have been glad if they had been able to retain this relative earnings strength in the crisis. The fact that, at the end of the day, this did not translate into a net profit for the year but into a loss in our income statement is an entirely different matter. Mr. Gabel will explain to you how all this happened and, in the process, acquaint you with the paradox that the total tax expenses shown in the financial statements were higher than the earnings before taxes.

Second point: liquidity. One year ago our credo was that we need liquidity to fully retain our capacity to act in the crisis and rapidly resume growth after the end of the cyclical downturn. In this respect we achieved more than we originally anticipated because liquidity at the close of the financial year under review came in at 263 million euro which is roughly 30 million euro up from the year-earlier value and at the same time also above the target range. This is worth a lot in times when others are suffering from the credit crunch.

Group sales have developed less gratifyingly in 2009. You know the figures from our Trading Statement: we generated Group sales of around 3.66 billion euro, 6.2 percent less than one year earlier. If exchange rates had remained the same, sales would have dropped by 3.3 percent only. The difference reveals the effect of the massive devaluations of the East European currencies. A better development would also have been possible had the economic situation in some foreign markets not slumped further in the fourth quarter and had we not once again reduced the marketing activities of Praktiker in Germany with the purpose of securing earnings.

However, these ostensibly disappointing figures are concealing the fact that much has already been done in the Group to sustainably put our business on a better track in the medium term.

As described, we have achieved an overall stable financial position. We curbed personnel and materials expenses, established a central purchasing function that is worth this name, reaped further benefits from the takeover of Max Bahr and initiated many other measures to enhance efficiency that will take effect with a time lag.

We invested purposefully. And we launched the already mentioned programme “Praktiker 2013” – a comprehensive transformation programme that bundles all existing measures and projects aimed at boosting sales and earnings, but which also goes far beyond this.

In the framework of the programme “Praktiker 2013” we will venture into new territory and put established procedures to the test: initially with a focus on the Praktiker brand in Germany, but in a second step also at Max Bahr and at our international operations. And we will do so with professional meticulousness. In eight topic-related projects and more than two dozen sub-projects, the discipline functions will develop measures that are to result in a distinct improvement of sales, gross margin or the cost situation. Their activities are coordinated and controlled by a dedicated Programme Office that systematically records all measures initiated using special controlling tools, and monitors them until they have been implemented.

The aim of the programme is crystal clear. Latest by 2013, all entities of the Group are to again generate an EBITA margin corresponding to the one which the company had already achieved in good times.

- For Praktiker in Germany this means a three before the decimal point,
- at least a four again at Max Bahr.
- and a six in our international segment instead of a three like last time.

Ladies and Gentlemen,

Let me now take a closer look at the segments of our financial reporting. Mr. Ghabel will later explain the financials in detail so that I can limit myself to the key figures, influencing factors and conclusions.

I will begin with our business in Germany. Here, we incurred a moderate loss in sales against the backdrop of a slightly higher industry trend: 1.8 percent in absolute terms and 2.2 percent like-for-like. At the close of 2009 our two strong brands, Praktiker and Max Bahr, were roughly on par in terms of the drop in sales. In absolute figures Praktiker generated sales of 1.84 billion euro during the year under review and Max Bahr a good 690 million euro.

The picture is completely different for operating earnings: the Praktiker brand was losing strength especially in the first half and although in the further course of the year it was able to raise earnings over the year earlier it only managed to compensate the accumulated losses. At the end of the period under review, Praktiker in Germany thus reported EBITA of only 0.2 million euro whereas, one year earlier, it had contributed earnings of more than 20 million euro.

As a result, for our domestic business we now have to rely on the earnings strength of the Max Bahr brand. With its strategy, which targets higher margins, the company managed to even top operating earnings once again. In financial year 2009, Max Bahr generated EBITA of over 31 million euro, almost six million euro more than one year earlier. The drop in sales was thus more than compensated by a stable gross margin and by cost adjustments. If it had needed more proof to substantiate our decision to acquire this company it would have been provided right there and then.

Here, it pays off that Max Bahr specifically addresses customers who set great store by assortment, quality, service and customer advice and who are willing to also pay for this. This is a customer group that mostly earns more, lives more stylishly and is less at risk of unemployment than the average Praktiker customer who even expects more price concessions than usual in economically difficult times. And this precisely was the problem during the first half of the year when the recession slashed consumption and Praktiker even had to address the situation by introducing short-time work at some of its stores. To stimulate sales and reduce the capital tie-up resulting from high inventory levels, an appreciably larger number of discount campaigns were offered during this period than one year earlier.

This is one side of the coin. The other side is that we have set the course in the right direction because, in 2009, two thirds of all investments – and thus a higher share than before – went to our German operations, to new technologies and to the modernisation of our store portfolio. To the benefit of our customers.

In this context, four outdated and unappealing Praktiker stores in Marl, Münster and in Munich were replaced by new ones, a profitable store in Unna was generously extended and a promising bridge head was created for Max Bahr in Regensburg, Eastern Bavaria. This is a store portfolio management that promises to be successful:

- continue to modernise and standardise the heterogeneous Praktiker portfolio,
- continue to move into so far untapped, strong economic regions with the Max Bahr brand.

But we did not just build new stores. We also equipped them with innovations some of which are unique in our sector: in Marl and Münster this was a carbon-neutral geothermal heating system, in Munich and Regensburg an electronic price labelling system which was tested in Hungary and then imported to Germany. A technology transfer that we will also see with regard to our new cashier system which will be rolled out Germany-wide from 2010 and offers added convenience, reliability and speed in the checkout zone – also to the benefit of our customers.

In addition, we further advanced the Easy-to-Shop concept: every German Praktiker store that was newly opened or extended in 2009 is an Easy-to-Shop store. 90 stores have in the meantime been adapted to this customer-friendly sales concept. That is equivalent to almost 40 percent of our store portfolio. Moreover, numerous elements of this concept were incorporated into the standard operations of all other stores. And we will stay on the ball. As a working title, Easy-to-Shop - a simple, fast and easy way to shop – will sooner or later vanish

from our vocabulary. It will simply become the standard for our customers and employees. In the same way as it will become common practice that, in addition to best prices, our German stores will also offer a quality and service that easily match those offered by the competition.

Allow me to continue along the same lines with a topic that equally forms part of the programme "Praktiker 2013": the topic of own brands. Private label brands are usually a key factor to improve margins. That is also the case at Praktiker. In this respect we have already made some progress in the year 2009: we succeeded in raising the share of private labels in net sales from 24 to 27 percent in Germany. We want to further accelerate this development and raise it to around 40 percent. This would be a value which our subsidiary Max Bahr with its stringent brand hierarchy already exhibits today.

As a consequence of this target we have developed a new private label concept whose supporting pillar will be the Praktiker brand. Up to now we had six different private labels with names that sounded good but cannot be identified with the Praktiker brand: Budget, Sparkling, Outdoor, Faust, Fleurette, and Homefit. This will soon be a thing of the past. Anything that contains Praktiker shall in future also be labelled with the name Praktiker. Only for the entry-level price segment we will retain our Budget brand. But above this level, in the midfield range, customers will soon only find the Praktiker private label offering a high standard of price-performance ratio. This is also why we are talking about a performance brand that "offers brand quality at Praktiker prices". This means: A-brand-level quality, strictly controlled and certified, but offered at distinctly better prices.

Since the beginning of the year we – or better said: our customers – have already made first positive experiences with the Praktiker private label in the field of plants. Here, we guarantee top quality which is carefully monitored by our field agents at more than 400 contract nurseries across Europe from sowing to delivery. This puts us in a position to offer guarantees that are rare or even unique in our industry: a care instruction guarantee, a general growth guarantee and an exclusive Praktiker winter hardiness guarantee.

This will be followed by soils, fertilizers, pesticides and lawn seeds of the Praktiker brand and then by a small series of designer garden furniture and much more. All of these products will be offered with controlled quality, not cheap but attractively priced and – depending on the product category – trendy, innovative or functional or all of these together. Over the next few years the whole assortment will gradually be interspersed with our private label products. This will not only benefit margins but also the image of the umbrella brand Praktiker, which will thereby gain new value.

With this small digression I wanted to show you by way of a few examples that we are gradually developing further. Namely – from the customer's viewpoint – we are developing from the price leader to the leader in value for money. In other words: we want to continue outperforming our competition in terms of prices but, as already said, we want to become equally good in terms of product quality and service. This is the business model for Praktiker in Germany targeted by many sub-projects under the programme "Praktiker 2013". It essentially retains the existing core value of the brand but upgraded it with respect to quality – "Praktiker reloaded", if you like.

A good match for the targeted new quality of Praktiker in the context of a multi-channel distribution concept could also be an online shop. We are already selling via the Internet in Hungary, Turkey and Greece are to follow. Now, we are also examining such a concept in our home market. E-commerce is presently the retail segment offering the most dynamic growth perspectives. In 2009 alone and in spite of the weak consumption, Internet sales in Germany climbed by 14 percent to 15.5 billion euro. It would be negligent to disregard this distribution channel as a possible option. We still have not taken the final decision in this regard. But one thing is already certain: if we open an online shop, then it will also be designed along the lines of our future business model. This means: also in the online trade we will position the Praktiker brand as a value-for-money leader: good and favourably priced, with a high technical standard but also simple, convenient and fast.

In parallel to establishing the profile of the Praktiker brand, also the Max Bahr brand is developing further at a different level. In terms of private labels, whose share in total sales is to be raised to 50 percent in the medium term. In terms of customer address, ambience and in terms of the assortment with an increased focus on putting together comprehensive services packages. A service package, here, means that, in addition to customer advice and sales, also mounting and installation at the customer's home will be offered. With this move we are adding a service aspect to the traditional do-it-yourself concept in order to also address the do-it-for-me customers which, in this form, used to be available only in specialised retail stores. This is illustrated in particular by the "Dream Baths" concept but also serves as a guideline for other product categories and for the further development of the entire assortment.

Ladies and Gentlemen,

I am now turning to a segment of our reporting that had always been very gratifying for us until the global economic crisis set in: our international business. In 2009 we had to cope with a serious blow in this segment. Sales dropped by 15.7 percent to around 1.05 billion euro, operating earnings receded to 32.6 million euro. One year earlier we had still earned 83.9 million euro.

The reasons for this slump in sales and earnings are known. One important reason is the weak demand caused by the recession in basically all countries where Praktiker is active. Another reason is the massive currency devaluation in many East and Southeast European countries. Had exchange rates remained the same, international sales would only have dropped by 6.8 percent. And we would have been able to report almost 13 million euro more under EBITA.

If – would – could. I am not a fan of such "if - then" figures. But in this case they help us understand how the operating strength of our international business and the performance of Praktiker in a specific market actually is to be rated. In Romania, for example, 2009 sales translated to euro declined by 15.3 percent while they only dropped by 2.6 percent in local currency. Since industry sales at the same time slumped by around 30 percent due to cyclical influences this means: we have not only defended our dominating position in this important foreign market but even significantly expanded it.

A comparison of the individual quarters in the segment International – unfortunately – only showed minor differences. I say ‘unfortunately’ because we had expected that the negative currency effects would slowly weaken and that business activity would pick up in some countries towards the end of the year. This expectation was only fulfilled to some extent. And in Greece – the most important sales and earnings driver in our international portfolio – the overall economic situation even substantially deteriorated towards the end of the year. The national crisis affected consumer demand – and thus our sales volume.

So the whole year was overshadowed by a cloud of economic gloom. The skies were particularly dark in Romania, Bulgaria, Hungary and, most of all, in the Ukraine. This situation has not changed much until today. But we have also seen some sunrays that make us feel positive. Besides the small country of Luxembourg this mainly refers to Poland and Turkey. In Poland, a country with a relatively robust economic basis, sales only receded slightly in 2009. And, in 2010, we are benefiting from a strengthening zloty. Although we cannot claim this to be our merit it is nevertheless welcome and helpful. Turkey initially suffered very much under the recession but has visibly recovered. Expressed in euro, we still experienced a single-digit drop in sales for the whole year in Turkey. But in Turkish lira we have been able to boost sales by 8.4 percent year-on-year. Purposeful measures to promote sales and customer loyalty, assortment changes tailored to local demand and the fresh breeze that came along with the new country management all contributed to business picking up gradually – with even double-digit growth rates also beyond the turn of the year. This shows what Praktiker can achieve if the conditions are right.

Since late October 2009 Praktiker is also represented in Albania. For a good reason as Albania is one of the few countries in Europe that have managed to escape the economic crisis prevailing on the rest of the continent and were able to report GDP growth also in 2009. If ever it was right to tap a new foreign market despite the miserable general economic climate, then here. This country may be small but its demand potential is big. This is demonstrated by the business development of our first Albanian operation. Since its opening, the store in Tirana made nearly two million euro in sales in the last two months of the year. This corresponds approximately to the sales volume we generate with a well-established German Praktiker store of the same size. What is more: we have to consider that the average gross monthly income in Albania amounts to 240 euro. This is about one tenth of the average income in Germany.

So the market entry was by no means a mistake – all the more so as the start-up costs are manageable and the store is expected to break even soon.

Albania is managed as a satellite from Greece. This saves administration costs and leverages synergies in procurement and logistics. A concept actually intended for smaller countries but which we have to some extent now also realised in the Ukraine. The currently four Ukrainian stores are now managed from Poland. Since autumn 2009 both countries share central functions and have only one common country manager. This could be a role model also for other country organisations. By the way: the youngest of the four Ukrainian stores was inaugurated in Kiev only a few days ago. So much for the question raised some time ago as to whether Praktiker would back out of this crisis-ridden country.

One more word about our expansion. The Praktiker Group strongly reduced its international expansion last year, but it did not stop it. In total, three new stores were opened in 2009 – besides the store in Albania one store each was opened in Romania and Turkey. As a consequence, also capital expenditure dropped significantly. Starting from 2010, however, we will again invest more into new stores and thereby consolidate and further expand our leading market position in the region.

Plans for this year include the opening of six new stores especially in those countries where we have reason to expect that they will recover faster than others. Here, I am thinking of Poland and Romania.

In Greece, the issue at stake is the further expansion of our leading market position. Certainly, the judicious savings programme of the Greek government will also affect consumption in the short term. But maybe we can also benefit from some of the fiscal measures if, for example, the booming black market were to be reined in. Be this as it may: we will still have to anticipate a certain drop in sales also in 2010. However, the present course of business is actually not that bad. This is all the more remarkable as German companies and products have recently been the target of populist calls for a boycott. We did not feel much of it. This shows how deeply Praktiker Hellas is embedded in this country and perceived as a Greek company. We can count on this stable customer loyalty.

Ladies and Gentlemen,

You can infer from these statements that the management invariably continues to pursue the expansion course of Praktiker. We are changing the speed but not the direction. There is a substantial backlog demand for rehabilitation, modernisation and improvement of the home environment in the emerging countries in Eastern and South Eastern Europe which did not vanish with the recession but is only concealed. Pent-up demand is huge. It will therefore in all probability be consumption that will lay the foundations for a new growth cycle in this region after the end of the economic crisis.

What we have to do now is to position ourselves early on so that we emerge from the crisis stronger than before. This is what we set out to do. This is why the years 2010 and 2011 will be crucial even if the engine that drives economic growth should continue to splutter for a while.

I had explained to you before that we want to upgrade our business in Germany with more service and product quality. Also abroad we will adapt our business concept to changing general conditions – only with a different thrust. In most countries where we are active, Praktiker has long since become known for its problem-solving competence, good customer advice and first-class products. So there is no need for action in this respect. Customer demand is changing, however. As a consequence of the economic crisis and the decreasing purchasing power, consumers in many countries have become more price-sensitive. We respond to these changes: in our advertisements with temporary marketing campaigns stressing Praktiker's favourable price-performance ratio, and also in the assortment by raising the own-brand share and increasing the range of entry-level price products, for example. Here, we can draw on our expertise gained in Germany.

And while we are talking about assortments: we are of course following trends and catering to changed market demand. This means for example, that we reduce the range of construction materials and construction chemicals in those countries where the basic demand for traditional DIY articles is almost saturated while we extend the product range in the field of sanitary equipment and flooring, decoration and gardening. It is this flexibility in aligning offer and demand that gives us a competitive edge over domestic and foreign competitors in many countries.

Ladies and Gentlemen,

I have given you an overview on how our business developed in Germany and abroad under the impact of the global economic crisis in 2009, on what we have done in the meantime to stabilise our business and on what we still plan to do to sustainably bring the Praktiker Group on a profitable growth course in Germany and abroad.

At the end of my presentation I would like to say a few words about the dividend which we are proposing for our shareholders. The dividend policy of the Praktiker Group will also in future follow the same criteria that have been used so far for making this decision. This means that we always have to strike a new, reasonable balance between the expectations of the capital markets, the economic interests of our shareholders, our efforts to maintain dividend continuity, our present business situation, the anticipated financing needs and the company's debt situation. As a result of these considerations the management board and supervisory board of Praktiker Bau- und Heimwerkermärkte Holding AG propose to the Annual General Meeting to pay an unchanged dividend of 10 euro cents per share for financial year 2009.

This brings me to the end of my report. I thank you for your attention and kindly ask you to also pay the same attention to Mr. Ghabel who will now present the financial statements 2009 in more detail. After that, as always, all members of the management board will gladly answer your questions.

Thomas Gabel, Chief Financial Officer

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Ladies and Gentlemen,

I now have the pleasure to take you through the figures for the financial year 2009. In doing so, I will not discuss all the charts included in your documents in detail as the sales and earnings figures have already been mentioned.

I would like to start with a summary. Mr. Werner already mentioned that, for Praktiker, securing earnings and liquidity was the top priority in the financial year 2009. Not only did operating earnings last year – as we always put it – reach a ‘reasonable’ level, but all three segments also achieved a positive result. We had stressed this target time and again in the course of the year. And we also achieved it.

We even outperformed the originally planned liquidity target of 200 to 250 million euro. Although in this regard we were supported by the issuance of a promissory note, even net of this loan our cash and cash equivalents came in within the targeted range at the end of the year. We maintained net debt nearly at the prior-year level. And, what is at least just as important: there were no refinancing needs in 2009 and there will not be any in the current financial year either.

There has been a lot of talk about equity in the context of the financial crisis. This is not a concern for us since our equity ratio remains unchanged at over 40 percent.

At the beginning of last year there had also been a lot of speculation whether we could be at risk of violating some of the conditions that are typically tied to the granting of commercial loans or credit lines, the so-called ‘covenants’. Today, I can note with satisfaction that this has not been the case in 2009 and that based on our planning we are also not expecting any violation of this kind in 2010.

On chart three you will find these statements confirmed by figures in the table comprising the key financial data. I will therefore refrain from discussing them in detail now.

In the same way, I would like to refrain from commenting once again on the distribution of sales between the segments as Mr. Werner has already done so and the sales figures should also be known since the publication of our Trading Statement in early January.

A look at the gross margin clearly shows where we felt the pinch in 2009. The group’s gross margin declined by 1.1 percentage points. In absolute figures we were missing more than 120 million euro in gross profit on sales compared to the prior year. The main reason was that

inventory levels at Praktiker in Germany were too high at the beginning of the year and we had to sell them at a discount. This effect could not be compensated anywhere else because there were no opportunities to raise prices neither in Germany nor in our international business.

However, we were able to absorb part of this decline in gross profit by cost reductions. We succeeded in bringing down operating expenses by 5.1 percent or around 64 million euro to 1.2 billion euro. Personnel expenses declined in line with the number of employees. We also made substantial savings regarding advertising expenses. And the rental expense only rose marginally despite the extension of our store portfolio. Overall, both the selling and also the administration expenses were curbed by more than 5 percent each. So it is not attributable to costs that operating earnings receded by more than half.

A look at the EBITA by segments once again clearly illustrates this. In the international segment our earnings collapsed as a consequence of the slump in sales due to cyclical and currency factors. If you bear in mind that most countries in Eastern Europe experienced the worst recession since the post-war period, this is still a respectable result. It would actually have been about one third or around 13 million euro higher if exchange rates had remained unchanged.

Due to the afore-mentioned discount campaigns in the first half of the year under review Praktiker in Germany was only able to break even. We cannot be satisfied with this result – there is no question about that. However, in the second half of the year we shifted our focus back on earnings and managed to again increase EBITA as compared to the previous year. This is the good news from an overall unsatisfactory year for Praktiker in Germany.

Max Bahr, by contrast, managed not only to meet expectations but it was the only segment to even increase its operating earnings year-on-year. Here, it paid off that, from the outset, we had geared the assortment changes and the complete marketing activities to maintaining the gross margin while at the same time adjusting the costs also in this segment. The EBITA margin continued to rise from 3.6 percent to 4.6 percent.

Let's get back to the Group as a whole and the financial result. The interest income declined as compared to the previous year because the interest on short-term cash deposits - and thus on the Group's liquid funds – was tending towards zero in 2009. Moreover and with a view to the financial crisis we placed more emphasis on the bank ratings for our deposits. Interest expenses increased by contrast because we issued promissory notes in the amount of 50 million euro in spring. Overall, the net financial income 2009 significantly improved over the year earlier. This was mainly attributable to the fact that the balance of currency gains and losses was not as negative as in the prior year. But, still, it continues to burden our financial income by almost 5 million euro.

After consideration of the net financial income we achieved earnings before taxes in the amount of 18.5 million euro.

Let us now look at the tax expenses incurred during the financial year under review. They came in at 27.8 million euro in 2009 and were thus higher than our earnings before taxes resulting in a net loss for the year of 9.3 million euro. Let me explain the key factors: some

expense items that reduce the Group earnings stated according to IFRS do not have the same effect on the tax base in the country-specific annual statements

A similar effect is found in Germany regarding the trade tax. Irrespective of the earnings a relatively high amount of taxes is due here because lease expenses can only in part be acknowledged for tax purposes but fully affect operating earnings under IFRS. Also deferred tax expenses resulting from the reversal of temporary differences are due irrespective of the earnings level. Especially in the case of low earnings before taxes the above-mentioned effects will result in an over-proportionate rise in the tax rate.

Also, we did not capitalize some of the deferred tax on loss carry forwards. This would have reduced the tax burden. But the probability that we will be able to actually fully realise them, especially in countries with a time limit for their utilisation, is not particularly high from today's perspective. With this non-capitalisation we are thus following a conservative accounting approach.

Moreover, the Greek government in the framework of its efforts to stabilize public finances in November 2009 resolved to introduce an additional, retroactive tax on profits made in 2008. This resulted in an additional, one-off tax expense of 2.5 million euro.

You see that there are many factors that led to this paradox tax rate of 150.6 percent. But you have to remember that tax expenses is one thing and the actual amount of taxes paid is something different since actually only some 16 million euro of the tax expenses are cash-effective. More than one third of the tax expenses was thus non-cash.

This brings me to a topic that has already kept us busy last year and which I pointed out time and again. From my viewpoint as a CFO, the cash-effective transactions are decisive. But the financial result and the tax expenses in particular include some items that are not cash-effective. We have therefore netted the net profit for the year by these items which gives us the "cash earnings". The non-cash expenses in the amount of 9.6 million included in the financial result mainly relate to the afore-mentioned balance of currency gains and losses and to the increase of the fair value of liabilities resulting from the convertible bond. This effect results from the fact that we have to state higher interest expenses in our income statement than we actually pay. The non-cash tax expenses in the amount of 8.4 million euro result from deferred taxes.

Following this calculation, the financial year 2009 closed with a cash net income of 8.7 million euro and earnings per share of 13 cent.

Let us now move away from the income statement and take a look at capital expenditure. In total, capital expenditure declined from 117.6 million euro in 2008 to 73.3 million euro in 2009, which is still well above the capex level of the years prior to the company's going public in 2005. We had already announced this restraint at the beginning of the year because we wanted to limit the outflow of cash given the fact that 71.1 million euro were cash-effective. As you can see from the regional distribution, the capital expenditure in Germany came in at the prior-year level with 45.2 million euro. Abroad, it was reduced appreciably. This notwithstanding we continued to invest into the future also in a difficult year like 2009: we

opened five new stores in Germany and three new stores abroad, at Max Bahr we mainly invested into assortment changes and we naturally also invested into the upkeep of our stores. In my opinion we managed to strike a good balance between securing liquidity and providing for the future.

I already mentioned the fact that, at 263 million euro, we had a higher amount of cash and cash equivalents at the close of the year 2009 than one year earlier. The cash flow statement shows the reasons for this increase. The cash flow from operating activities declined. This drop could for the most part be compensated though by improvements in the working capital.

The cash flow from investing activities reflects the reduced capital expenditure. Also in 2009 we managed to finance our capex from the cash flow from operating activities. And the swing in the cash flow from financing activities is mainly attributable to the fact that we issued the already mentioned promissory notes in the amount of 50 million euro in spring 2009.

At 196.7 million euro, the net debt remained almost unchanged year-on-year due to the positive development of the cash flow. The placement of the promissory notes raised liquidity and gross debt alike and thus had a neutral effect on the net debt. The liabilities against the convertible bond have increased, however, due to the increase in the fair value of the liabilities over time. The liabilities from finance leases by contrast declined on account of the pro rata temporis redemptions.

Allow me to remark in this context that the liabilities from finance leases are of a different nature than the financial liabilities from convertible bonds or promissory notes. The former represent the value of the future lease payments discounted to the present day which we have to remit every month under those lease agreements which are classified as finance leases. The financial debt, by contrast, represents the scheduled repayment obligations for a specific type of loan which we have taken out on the capital markets.

On account of this difference the liabilities from finance leases are not shown in the presentation of our financial headroom. This headroom remains invariably high. Cash and cash equivalents exceed the financial debt. In addition, we have access to a syndicated credit line in the amount of € 200 million with a term running largely until May 2013, and to rolling bilateral credit lines.

Another important aspect is that no debt is due this year. The next due date is September 2011. From my point of view this is a comfortable situation that gives us sufficient financial scope of around 500 million euro which we can use either for measures in the framework of the program "Praktiker 2013" or for acquisitions.

In the balance sheet it shows that we have improved our working capital as planned. Inventories declined faster than trade payables. And our equity ratio continues to stand at 42 percent – this, too, being an indicator for financial soundness.

This brings me to the end of my presentation of the figures of financial year 2009. What remains is the target for the current year. In my function as CFO, I expect operating earnings to rise in all three segments. For 2010, we anticipate a continued improvement in the financial

result. The tax rate should return to a level slightly above 30 percent. Securing liquidity continues to be a high priority because it determines our financial flexibility and thus our financial headroom.

To safeguard the future, our capital expenditure in 2010 will be kept at a similar level as in 2009. Here, the task is to strike the already mentioned balance between a high level of cash and cash equivalents and investments into future earnings potentials. The net debt is to be significantly reduced.

All in all, this creates comfortable headroom for additional measures in the framework of the program "Praktiker 2013" which we cannot substantiate at this point but which will be helpful and necessary to improve the processes and workflows in the Praktiker Group.