



Interim Report Q2-2010 of Praktiker Bau- und Heimwerkermärkte Holding AG

Poor weather dampened gardening business

Company continues to anticipate a significant increase in earnings in 2010

Kirkel – 22 July 2010. Continued poor weather and a noticeable but only slowly progressing improvement of the international market environment characterised the course of business of the Praktiker Group during the first half of 2010.

Wolfgang Werner, Chairman and CEO of Praktiker Bau- und Heimwerkermärkte Holding AG, referred to the course of business as being unsatisfactory. According to Werner, sales and earnings had so far “lagged behind our expectations”. The reasons were mainly the snowy winter during the first quarter and the long spell of bad weather during the second quarter which strongly affected the seasonal gardening business in the months of April and May, not only at Praktiker and Max Bahr but in the entire sector. Add to this the fact that the general economic conditions in the international business had only improved slowly. Werner: “This improvement of the international market environment – just like the stabilisation of operating earnings in Germany during the second quarter – allows us to be carefully optimistic about the second half of the year”. With regard to the full financial year 2010, Werner anticipates a decline in Group sales in the lower single-digit percentage range. In terms of EBITA before special effects, however, he continues to expect a “significant year-on-year increase”.

Sales down from year earlier due to poor weather

The Praktiker Group generated sales totalling 1,786.8 million during the first half of 2010. This is 5.8 percent less than during the same period last year (1,896.3 million euro). In Germany, the three brands operating in this market, Praktiker, Max Bahr and extra Bau+Hobby, generated total sales of 1,312.2 million euro, falling short of the prior year value by 6.6 percent (like-for-like: minus 7.7 percent). In the segment international, sales receded by 3.5 percent to 474.5 million euro (like-for-like: minus 7.3 percent). In Germany, the decline in sales of minus 7.2 percent to 756.4 million euro reported for the second quarter was slightly more pronounced than that of the first quarter. Abroad, the situation was exactly the other way around. Here, second quarter sales (282.5 million euro) came in almost at the prior-year level with a minus 1.0 percent.

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The main reason for this sales trend was the extreme weather: during the first quarter, large parts of Europe came under the impact of a prolonged cold and wet spell in April and May. In June, sales in local currency for the first time picked up again in Germany and abroad as compared to the same period one year earlier.

Quarterly result affected by one-off effects

Also with regard to operating earnings, the Praktiker Group was not able to build on the prior-year value. Under purely operational aspects – i.e. before special effects – the company generated EBITA in the amount of 14.4 million euro during the first half of 2010. This was only 4.5 million euro less than during the same period one year earlier (18.9 million euros). However, the EBITA reported for the first six months amounted to only 0.1 million euro and thus fell 18.8 million euro short of the prior-year value, this being mainly attributable to the fact that one-off expenses totalling 14.3 million euro had been incurred for different reasons during the first six months of the year 2010. Of this amount, 9.5 million euro are attributable to a provision set up in the context of antitrust risks in Poland and another 4.8 million euro are attributable to expenses in the context of the programme “Praktiker 2013”.

As the one-off expenses incurred in particular during the second quarter EBITA for this period was reported distinctly lower than one year earlier at 52.2 million euro (previous year: 68.1 million euro). Without these one-off expenses operating earnings would have come in at 65.1 million euro and thus only 4.4 percent below the year-earlier value. Just like during the first three months, currency fluctuations had a slightly positive effect on EBITA also during the second quarter. If exchange rates had remained unchanged, EBITA of the first half would have come in 1.7 million euro lower. During the second quarter, EBITA of the Praktiker Group increased by 1.3 million euro due to better exchange rates.

Financial position further strengthened

The key financials used to assess the financial position improved further during the second quarter 2010. As a result of the distinct reduction of inventories, the net working capital improved by 45 million euro. Consequently, the cash position as per 30 June 2010 rose by around 22 million euro to 293.1 million euro. This is 8.0 percent more than one year earlier. The increase in the level of cash and cash equivalents in addition also resulted in a reduction of the net debt which on the reporting date amounted to 163.2 million euro or 31.6 million euro less than on the same date one year earlier. Equity is reported at 863.3 million euro, resulting in an equity ratio of 39.3 percent (last year 39.5 percent).

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in € m	Q2 / 10	Q2 / 09	Change	H1 / 10	H1 / 09	Change
Net sales	1,038.9	1,100.7	-5.6 %	1,786.8	1,896.3	-5.8 %
Germany	756.4	815.2	-7.2 %	1,312.2	1,404.7	-6.6 %
thereof Praktiker	525.6	573.5	-8.4 %	913.7	988.1	-7.5 %
thereof Max Bahr	204.2	213.3	-4.2 %	352.2	368.3	-4.4 %
thereof Miscellaneous	26.6	28.3	-6.2 %	46.3	48.3	-4.1 %
International	282.5	285.5	-1.0 %	474.5	491.6	-3.5 %
EBITA before extraordinary factors^{1,2}	65.1	68.1	-4.4 %	14.4	18.9	-24.0 %
Germany bef. extraordinary factors ¹	55.7	53.7	3.7 %	16.6	14.5	14.1 %
thereof Praktiker bef. e.o. factors ¹	35.6	33.2	7.3 %	1.2	-2.5	-
thereof Max Bahr	19.0	19.0	0.0 %	17.6	17.6	0.3 %
thereof Sonstiges	1.1	1.5	-27.7 %	-2.3	-0.6	-
International bef. extraordinary factors ²	9.4	14.4	-34.7 %	-2.2	4.4	-
EBITA	52.2	68.1	-23.3 %	0.1	18.9	-99.4 %
Germany	52.3	53.7	-2.6 %	11.8	14.5	-18.9 %
thereof Praktiker	32.2	33.2	-2.9 %	-3.6	-2.5	-45.2 %
thereof Max Bahr	19.0	19.0	0.0 %	17.6	17.6	0.3 %
thereof Miscellaneous	1.1	1.5	-27.7 %	-2.3	-0.6	-
International	-0.1	14.4	-	-11.7	4.4	-
Capital expenditure	15.3	10.5	45.1 %	31.4	29.5	6.3 %
Net income for the period	25.8	34.6	-25.5 %	-11.8	-2.2	-
Earnings per share in €³	0.43	0.59	-27.1 %	-0.22	-0.05	-

¹ Costs related to the transformation programme „Praktiker 2013“: 4.8 million euro in the first half, thereof 3.4 million euro in the second quarter

² Additions to provisions for legal risks in relation with anti-trust laws in Poland: 9.5 million euro

³ basic

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Operative data	30/06/2010	30/06/2009	Change
Number of stores Germany	333	336	-3
thereof Praktiker	238	241	-3
thereof Max Bahr	78	76	2
thereof Miscellaneous	17	19	-2
Number of stores International	107	101	6
Luxembourg	3	3	0
Greece	12	11	1
Poland	21	20	1
Hungary	20	19	1
Turkey	11	10	1
Romania	26	26	0
Bulgaria	9	9	0
Ukraine	4	3	1
Albania	1	0	1
Number of stores Praktiker Group	440	437	3
Number of employees, on a full-time basis, yearly average (01/01-30/06)	21,862	22,705	-3.7 %
Germany	12,031	12,400	-3.0 %
thereof Praktiker	8,571	8,984	-4.6 %
thereof Max Bahr	3,075	3,006	2.3 %
thereof Miscellaneous	385	410	-6.1 %
International	9,831	10,305	-4.6 %