

Praktiker Group

Interim report

9M/10

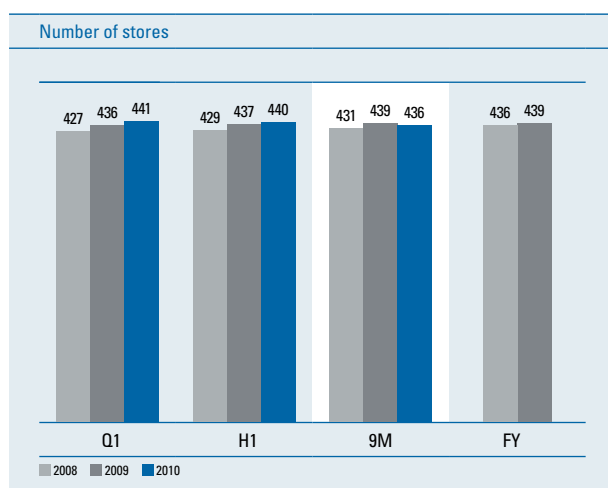
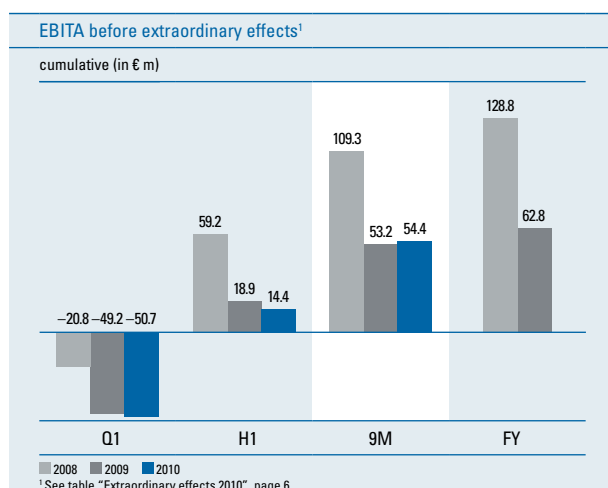
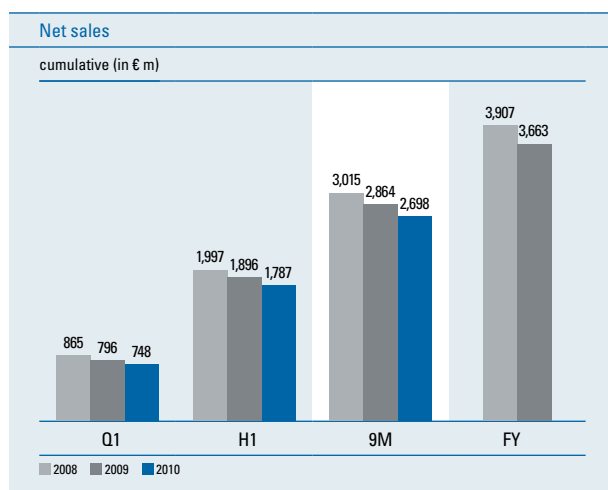


KEY DATA

	Q3 2010	Q3 2009	Change in %	9M 2010	9M 2009	Change in %
Earnings data						
Net Sales in € m	911.1	968.0	-5.9	2,697.9	2,864.3	-5.8
Germany	625.5	663.5	-5.7	1,937.8	2,068.2	-6.3
<i>thereof Praktiker</i>	429.4	463.2	-7.3	1,343.1	1,451.4	-7.5
<i>thereof Max Bahr</i>	175.6	177.8	-1.3	527.8	546.1	-3.3
<i>thereof Miscellaneous</i>	20.5	22.4	-8.6	66.8	70.7	-5.5
International	285.6	304.5	-6.2	760.1	796.1	-4.5
Like-for-like sales growth in %	-7.1	-5.7	-	-7.4	-5.9	-
Germany	-5.7	0.7	-	-7.1	-0.5	-
<i>thereof Praktiker</i>	-7.3	0.9	-	-7.7	0.2	-
<i>thereof Max Bahr</i>	-1.9	0.4	-	-5.3	-2.3	-
International	-10.0	-18.9	-	-8.3	-19.0	-
Gross profit on sales in € m	315.9	318.2	-0.7	897.8	906.6	-1.0
Gross profit margin on sales in %	34.7	32.9	1.8 PP	33.3	31.6	1.7 PP
EBITA before extraordinary effects ^{1,2} in € m	40.0	34.3	16.6	54.4	53.2	2.1
Germany, before extraordinary effects ¹	23.1	18.2	27.0	39.7	32.7	21.3
<i>thereof Praktiker, before extraordinary effects¹</i>	17.3	13.4	28.6	18.5	11.0	68.5
<i>thereof Max Bahr, before extraordinary effects¹</i>	5.4	5.1	6.9	23.1	22.7	1.8
<i>thereof Miscellaneous, before extraordinary effects¹</i>	0.4	-0.3	-	-1.9	-0.9	-
International, before extraordinary effects ²	16.9	16.1	4.8	14.7	20.5	-28.3
EBITA in € m	32.0	34.3	-6.8	32.1	53.2	-39.7
Germany	15.1	18.2	-17.0	26.8	32.7	-17.9
<i>thereof Praktiker</i>	9.7	13.4	-27.5	6.1	11.0	-43.9
<i>thereof Max Bahr</i>	5.4	5.1	6.9	23.1	22.7	1.8
<i>thereof Miscellaneous</i>	-0.1	-0.3	73.2	-2.4	-0.9	-
International	16.9	16.1	4.8	5.2	20.5	-74.5
Net financial result in € m	-6.1	-9.9	38.8	-31.8	-34.4	7.6
Earnings before taxes in € m	25.9	24.4	6.2	0.3	18.8	-98.5
Net income for the period in € m	11.7	9.8	19.5	-0.1	7.5	-
Earnings per share in €	0.19	0.16	18.8	-0.03	0.11	-
Balance sheet data in € m						
Cash and cash equivalents				301.2	294.2	2.4
Net financial position				-151.6	-168.7	10.2
Net working capital				352.0	384.3	-8.4
Further financial data in € m						
Capital expenditure				44.3	42.1	5.2
Cash flow from operating activities				102.7	76.8	33.6
Operative data						
Number of stores				436	439	-0.7
Germany				330	336	-1.8
<i>thereof Praktiker</i>				235	241	-2.5
<i>thereof Max Bahr</i>				78	76	2.6
<i>thereof Miscellaneous</i>				17	19	-10.5
International				106	103	2.9
Number of employees, yearly average on a full-time basis (01/01 – 30/09)				21,717	22,651	-4.1
Germany				11,947	12,352	-3.3
<i>thereof Praktiker</i>				8,520	8,934	-4.6
<i>thereof Max Bahr</i>				3,050	3,011	1.3
<i>thereof Miscellaneous</i>				377	407	-7.4
International				9,770	10,299	-5.1

¹ Group-wide costs related to the transformation programme "Praktiker 2013": 12.8 million euro in the first nine months 2010, thereof 8.0 million euro in the third quarter, a detailed split for the individual reporting segments can be found on page 6 (table "Extraordinary effects 2010")

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



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THE FIRST NINE MONTHS 2010 – SUMMARY

All segments report earnings growth in the third quarter

In the third quarter, operating earnings before extraordinary effects increased in all segments, with Praktiker Germany enjoying particularly strong growth.

The Praktiker Group is currently in a phase of reorientation, affecting the Group as a whole, but especially the Praktiker brand in Germany. As part of its repositioning, the Praktiker brand reduced the number of global discount campaigns throughout the course of the year. As the first nine months have shown, this has had a negative impact on net sales but has strengthened the gross profit margin, thereby enabling Praktiker to increase its operating earnings before extraordinary effects in Germany by almost 30 percent in the third quarter.

As Max Bahr again recorded moderate earnings growth in the third quarter, the Praktiker Group has achieved a solid improvement in its pure operating performance in Germany, meaning that the measures implemented are having the desired effect and already pulling the company back on track.

In the international segment, too, operating earnings before extraordinary effects increased slightly year-on-year in the period from July to September thanks to the measures aimed at improving the gross profit margin and reducing costs. Due to the disappointing sales performance, however, operating earnings were lower than originally forecast.

“Praktiker 2013” leads to extraordinary expenses

Landmark decisions for the future of the Praktiker Group were taken in the third quarter. These decisions are described in the corresponding section of this report and include changes in the management board, with the number of members being reduced from five to four. A new Chief Financial Officer was also appointed. This does not involve a fundamental strategic shift. The aims, measures and priorities of the “Praktiker 2013” programme remain unchanged. However, the changes in the management board in the third quarter led to non-recurring expenses of 2.4 million euro. This is included in the extraordinary expenses of 8.0 million euro that were triggered by “Praktiker 2013” in the third quarter, making a total of 12.8 million euro for the first nine months of the year. In addition, 9.5 million euro was added to provisions for legal risks in relation to anti-trust laws in Poland in the second quarter.

Financial situation remains stable

The indicators for the company’s financial situation remained stable in the third quarter. Inventories were reduced further compared with the same period of the previous year. Working capital again improved, while liquidity at the end of the reporting period was up slightly year-on-year. The additional financial scope available to the company remains unchanged.

Business development not satisfactory

The business development of the Praktiker Group in the third quarter did, however, fail to meet the expectations of the management expressed a few months earlier. In particular, business in Eastern Europe failed to pick up as originally hoped. Although sales were standing up very well in some countries and other markets enjoyed the forecasted sales growth, the fiscal policy measures aimed at stabilising public finances in the most important countries for Praktiker – Greece and Romania – led to a significant reduction in available income and private consumer spending. This was reflected in lower demand for DIY products, which had a significant negative impact on Praktiker’s net sales. Germany saw a slight improvement in sales development in the third quarter, although the overall trend remains negative. Nevertheless, Max Bahr succeeded in maintaining net sales almost at the same level as the previous year.

Full-year forecast adjusted

In the current financial year as a whole, Praktiker expects consolidated net sales to decline to a mid single-digit level in line with the first nine months of the year. Although the fourth quarter is likely to see a weakening of the negative sales trend in international business compared to the first nine months of the year, a turnaround is not foreseeable. This is also the reason why the operating earnings in the international segment for the year as a whole are expected to be below last year’s level. By contrast, EBITA before extraordinary effects in Germany will be significantly higher year-on-year, thereby meeting the original expectations. All in all, consolidated operating earnings before extraordinary effects are still expected to be higher than in the previous year.

However, EBITA will be impacted by the aforementioned extraordinary effects, which will continue to grow in the fourth quarter as a result of the continued work on the “Praktiker 2013” programme.

„PRAKTIKER 2013“ – ON THE RIGHT TRACK

“Praktiker 2013” is a transformation programme aimed at optimally positioning the Praktiker Group for the future in a value-oriented manner.

The composition, structure and aims of the “Praktiker 2013” programme and the initial measures were introduced in the report on the first quarter. The first measures were then presented three months later. The key topics in the first six months were:

- Launch of the “Praktiker” brand as a private label in the gardening assortment
- Planning for the launch of the “Praktiker” private label in the laminate flooring, paint and small iron tools assortments in 2011
- Structural and personnel changes in the management of Praktiker Germany
- Preparation of the new concept stores under the Praktiker brand in Germany
- Customer-oriented development of Max Bahr’s product ranges (such as “World of doors and windows”, i.e. offering doors and windows as a complete package including installation at the customer’s premises)
- Examination of the launch of an online shop under the Praktiker brand in Germany
- Integration of international business into the programme work

Extensive structural changes within the Group

In the third quarter, structural changes at the Group headquarters allowed the transformation process to take shape. The management board was reduced from five to four members. As well as significantly reducing costs from 2011 on, this decision also sends out a clear signal to all employees that the Group’s transformation is starting with the management team. A new Chief Financial Officer was also appointed. These changes involved non-recurring expenses totalling 2.4 million euro.

The transformation of the Group is continuing with similar intensity at the second management level. Extensive structural – and hence personnel – changes have been resolved and will be implemented during the fourth quarter. The streamlining of the management structures reflects the Group’s intention to reduce its service range to the essentials and to bundle or outsource tasks wherever possible.

Positive customer response to concept stores

Since July, Praktiker Germany has been trying out a range of new features at eleven selected concept stores. Praktiker asks its customers how satisfied they are with the changes at regular intervals. Although no conclusive results can be expected within a period of just a few weeks, initial indications show that customers are particularly enthused by the changes in the service-oriented aspects of the concept stores. Further customer surveys between now and the end of the year will provide greater insight into the effectiveness of the new features and provide a useful decision-making tool when it comes to determining which changes will be rolled out across all of Praktiker Germany’s stores next year.

Own buying organisation being built up

The work on building up Praktiker Group’s own buying organisation in Hong Kong is almost completed. In the course of next year, it will – step by step – take over the buying activities in Asia from the current organisation which is not part of the Praktiker Group. Praktiker expects significant savings from this change.

Modular renewal and expansion of merchandise management system

The third quarter also saw a fundamental decision on the further development of the merchandise management system. Praktiker will keep the existing system as it stands but will implement modular renewals and expansions where it is necessary and economically reasonable to do so. In designing the modules, it will be ensured that they can still be used when the merchandise management system is transferred to a new IT infrastructure in four or five years. Compared with the immediate introduction of an entirely new system, this decision serves to protect liquidity and value by spreading the necessary investments over a longer period while maintaining the high-level functionality of the system in a cost-effective manner. An investment in the mid single-digit million range will be made available in 2011 for the first phase of expansion.

“Praktiker 2013” accounts for total expenses of 12.8 million euro in the first nine months

In total, work in the programme office, external consulting, the severance payments required for the restructuring and the implementation of the measures described above resulted in expenses of 12.8 million euro in the first nine months of the current financial year. Programme outlay –

i.e. the work performed by the programme office and external consulting – accounted for 3.9 million euro of this figure, while 6.5 million euro was attributable to measures already implemented and extraordinary expenses of 2.4 million euro were recorded for the changes in the management board.

Of total expenses, 8.0 million euro were incurred in the third quarter, of which 1.1 million euro related to programme work.

The decisions made after the end of the reporting period will lead to further extraordinary expenses.

As a result of the measures resolved and, in some cases, already implemented in 2010, various expense items throughout the Group will see a tangible and sustainable improvement from 2011 onwards, with total annual savings in the mid single-digit million range.

Work on "Praktiker 2013" resulted in total capital expenditures of around 1 million euro at Praktiker Germany.

Extraordinary effects 2010				
in € m				
	Q1	Q2	Q3	9M
Group				
"Praktiker 2013"	1.4	3.4	8.0	12.8
<i>thereof changes in management board</i>	–	–	2.4	–
Anti-trust law risks Poland	–	9.5	–	9.5
				22.3
Praktiker Germany				
"Praktiker 2013"	1.4	3.4	7.5	12.3
<i>thereof changes in management board</i>	–	–	2.4	–
Max Bahr				
"Praktiker 2013"	–	–	–	–
Miscellaneous				
"Praktiker 2013"	–	–	0.5	0.5
International				
"Praktiker 2013"	–	–	–	–
Anti-trust law risk Poland	–	9.5	–	9.5
				22.3

INCOME, FINANCIAL AND ASSET POSITION

Q3 Income statement			
in € m			
	Q3 2010	Q3 2009	Change in %
Net sales	911.1	968.0	-5.9
Gross profit on sales	315.9	318.2	-0.7
Gross profit margin on sales in %	34.7	32.9	1.8 PP
Other operating income	15.3	15.9	-4.0
Selling expenses	276.8	281.6	-1.7
Administrative expenses	22.1	17.9	23.5
EBITA bef. extraordinary effects ¹	40.0	34.3	16.6
EBITA	32.0	34.3	-6.8
Net financial result	-6.1	-9.9	38.8
Earnings before taxes	25.9	24.4	6.2
Net income for the quarter	11.7	9.8	19.5

¹ Costs related to the transformation programme "Praktiker 2013": 8.0 million euro

9M Income statement			
in € m			
	9M 2010	9M 2009	Change in %
Net sales	2,697.9	2,864.3	-5.8
Gross profit on sales	897.8	906.6	-1.0
Gross profit margin on sales in %	33.3	31.6	1.7 PP
Other operating income	48.7	46.9	3.9
Selling expenses	855.8	847.4	1.0
Administrative expenses	57.8	51.7	11.9
EBITA bef. extraordinary effects ^{1,2}	54.4	53.2	2.1
EBITA	32.1	53.2	-39.7
Net financial result	-31.8	-34.4	7.6
Earnings before taxes	0.3	18.8	-98.5
Net income for the period	-0.1	7.5	-

¹ Costs related to the transformation programme "Praktiker 2013": 12.8 million euro

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

Income position

Net sales

In the first nine months of the 2010 financial year, the Praktiker Group generated total sales of 2,697.9 million euro, down 5.8 percent on the comparable prior-year period (2,864.3 million euro). On a like-for-like basis, this corresponds to a decline of 7.4 percent.

The three brands represented on the German market – Praktiker, Max Bahr and extra Bau+Hobby – generated total sales of 1,937.8 million euro, 6.3 percent less than in the previous year (like-for-like minus 7.1 percent). In international business, sales declined by 4.5 percent to 760.1 million euro (down 8.3 percent on a like-for-like basis).

In Germany, the downturn in net sales of 5.7 percent in the third quarter was less pronounced than in the first half of the year. This development was attributable in particular to the Max Bahr brand. By contrast, net sales outside Germany fell to a greater extent than in the first six months, declining by 6.2 percent in the third quarter. This was due to the extensive fiscal measures aimed at containing the government deficits in countries such as Greece and Romania, which are comparatively of high importance to Praktiker. This resulted in a downturn in private consumer spending, curbing the propensity to consume as a whole and thereby burdening demand for DIY products.

Exchange rate development in the relevant markets for Praktiker was highly varied. At the end of the third quarter, the Polish zloty and the Turkish lira were worth more against the euro than one year previously, the Hungarian forint was worth less and the Romanian leu remained unchanged. As such, currency translation effects only had a limited impact on sales. Assuming unchanged exchange rates, consolidated sales in the first nine months of 2010 would have been 23.7 million euro lower.

Sales development					
Change on previous year in %					
		Q3 2010	Q3 2009	9M 2010	9M 2009
Group	absolute (in €)	-5.9	-4.8	-5.8	-5.0
	like-for-like (in €)	-7.1	-5.7	-7.4	-5.9
	absolute (in local currency)	-6.4	-0.8	-6.6	-1.6
	like-for-like (in local currency)	-7.5	-2.1	-8.2	-2.8
Germany	absolute	-5.7	1.0	-6.3	-0.4
	Praktiker	-7.3	1.3	-7.5	0.5
	Max Bahr	-1.3	1.3	-3.3	-1.9
	like-for-like	-5.7	0.7	-7.1	-0.5
International	absolute	-6.2	-15.5	-4.5	-15.2
	like-for-like (in €)	-10.0	-18.9	-8.3	-19.0
	absolute (in local currency)	-7.8	-4.5	-7.3	-4.7
	like-for-like (in local currency)	-11.2	-8.4	-10.9	-9.1

Q3 Customer contacts and average ticket				
	Customer contacts		Average ticket	
	in m	Change to prev. year in %	in €	Change to prev. year in %
Group	33.4	-6.4	27.22	0.5
Germany	23.1	-7.8	27.03	2.3
Praktiker	16.0	-9.5	26.85	2.4
Max Bahr	6.4	-2.0	28.01	1.4
extra Bau+Hobby (integrated stores)	0.7	-14.7	21.92	3.1
International	10.3	-3.2	27.64	-3.4

9M Customer contacts and average ticket				
	Customer contacts		Average ticket	
	in m	Change to prev. year in %	in €	Change to prev. year in %
Group	100.6	-6.1	26.70	0.3
Germany	72.8	-7.0	26.48	0.8
Praktiker	50.6	-8.8	26.53	1.2
Max Bahr	19.9	-1.7	26.86	-0.7
extra Bau+Hobby (integrated stores)	2.2	-9.3	21.88	2.5
International	27.9	-3.5	27.27	-1.1

Gross profit on sales

In the first three quarters, gross profit on sales decreased by 1.0 percent to 897.8 million euro (previous year 906.6 million euro). This means that, in percentage terms, the decline in gross profit was far less pronounced than the fall in sales. Accordingly, the gross profit margin for the first nine months of the current financial year improved by 1.7 percentage points year-on-year to 33.3 percent. At 1.8 percentage points, the third quarter saw stronger growth than the first half of the year (1.6 percentage points). The strengthening of the gross profit margin remains primarily attributable to the fact that Praktiker Germany is now granting fewer discounts than in the previous year.

Other operating income

Other operating income amounted to 48.7 million euro in the first nine months, up 3.9 percent on the figure for the same period of the previous year (46.9 million euro). This development is predominantly due to an increase in advertising cost subsidies and income from cost reimbursements. Other operating income also included insurance payments mainly relating to the store in Zabrze, Poland, which burnt down at the end of 2008 and has since been reopened. These payments were received in the first half of the year.

Insurance payments totalled 2.2 million euro (previous year 3.8 million euro).

Selling expenses

In the first nine months, selling expenses rose by 1.0 percent to 855.8 million euro. Selling expenses include additions to provisions in the amount of 9.5 million euro for legal risks in relation to anti-trust laws in Poland. These were recognised in the second quarter and discussed in detail in the half year report. Selling expenses also included some of the extraordinary expenses attributable to the "Praktiker 2013" programme. Selling expenses decreased significantly after adjustment for these extraordinary effects, particularly as a result of savings in major areas of expense such as advertising costs. This is underlined by the fact that selling expenses fell by 1.7 percent to 276.8 million euro in the third quarter (previous year 281.6 million euro).

Administrative expenses

In the period from January to September, administrative expenses amounted to 57.8 million euro, up 6.1 million euro on the same period of the previous year (51.7 million euro). Adjusted for external consulting costs and severance payments relating to "Praktiker 2013", administrative expenses would also have decreased year-on-year.

Operating earnings (EBITA)

In the third quarter, EBITA before extraordinary effects amounted to 40.0 million euro. This meant that the Praktiker Group generated significantly higher earnings than in the same period of the previous year (34.3 million euro). There was also a slight improvement in the figure for the first nine months, which rose by 2.1 percent to 54.4 million euro (previous year 53.2 million euro). After the aforementioned extraordinary effects, reported EBITA amounted to 32.1 million euro for the first nine months and 32.0 million euro for the third quarter.

Currency translation effects had practically no impact on EBITA in the third quarter, adding only 0.6 million euro to the positive effects in the first six months of the year. If exchange rates had remained constant, EBITA for the first nine months would have been 2.3 million euro lower.

Net financial result

After nine months of the current financial year, the net financial result amounted to minus 31.8 million euro (previous year minus 34.4 million euro).

A negative effect on net interest income arose from the fact that promissory notes with a volume of 50.0 million euro were issued in April/May 2009, this means that the interest charge was first incurred in the middle of last year. At the same time, finance lease liabilities continued to decline in

line with the remaining terms of the underlying rental agreements, meaning that the resulting interest expense also fell. Liquid funds, which are usually invested in short-term cash deposits, again generated very low interest income.

The other financial result improved year-on-year due to positive effects in the third quarter from the remeasurement of finance lease liabilities at the reporting date. It had led to a significantly negative currency translation effect in the previous year and had a pronounced impact on the net financial result in the first two quarters of the current financial year due to substantial exchange rate fluctuations.

In the first nine months, the interest expense resulting from the accumulation of convertible bond liabilities led to interest expense of 3.2 million euro (previous year 3.1 million euro). This and the net currency gains of 0.6 million euro (previous year minus 2.7 million euro) were both non-cash.

Net income for the period

Earnings before taxes for the first nine months amounted to 0.3 million euro after a negative figure of 25.6 million euro in the first half of the year. Earnings before taxes in the third quarter amounted to 25.9 million euro, thereby exceeding the prior-year figure for the first time in 2010 (previous year 24.4 million euro). As is standard for interim financial statements, the tax rate from the last available projection for the year as a whole is applied to the reported earnings before taxes. Compared to the half year report, the tax rate was adjusted from 54 percent to 147 percent. The increase in the tax rate reflects the higher extraordinary expenses arising from the transformation programme “Praktiker 2013”, the dampened earnings expectations in the international business as well as change for the worse in the financial result due to the development of currency exchange rates falling behind original expectations in the second half of 2010.

After taking taxes into account, net income for the period amounted to minus 0.1 million euro. In the previous year, net income amounted to 7.5 million euro based on a tax rate of 60 percent.

Earnings per share

Basic earnings per share for the first three quarters amounted to minus 0.03 euro (previous year 0.11 euro). Earnings per share for the third quarter amounted to 0.19 euro (previous year 0.16 euro).

Financial position

Net financial position

Cash and cash equivalents as reported in the consolidated balance sheet amounted to 301.2 million euro at the end of the reporting period, up 7.1 million euro or 2.4 percent on the end of the third quarter of 2009. As in the first half of the year, this development was due to the sustained improvement in net working capital. Cash and cash equivalents amounted to 263.0 million euro at the end of the 2009 financial year.

Financial liabilities totalled 452.8 million euro at the end of September 2010 and were made up of finance lease liabilities in the amount of 260.2 million euro, 142.7 million euro from convertible bonds maturing in September 2011, and 50.0 million euro from promissory notes maturing in April/May 2012. Accordingly, the net financial position amounted to minus 151.6 million euro. This represents an improvement of 10.2 percent compared with 30 September 2009 (minus 168.7 million euro). The net financial position amounted to minus 196.7 million euro at the end of the 2009 financial year.

Net working capital

Net working capital amounted to 352.0 million euro at the end of the third quarter (previous year 384.3 million euro). This represents an improvement of 10.7 percent or 42.0 million euro compared with year-end 2009 (393.9 million euro).

Compared to the end of 2009, inventories increased by 14.1 million euro while trade payables increased by 73.5 million euro during the same period.

Cash flow

Despite only slightly positive operating earnings in the first nine months of 2010, there was a significant improvement in the operating cash flow, which amounted to 102.7 million euro – up 25.9 million euro on the previous year (76.8 million euro). This was due in particular to the significant increase in trade payables as compared with 31 December 2009, while inventories have increased only moderately since the start of the year.

There were no major changes in the cash flow from investing activities, which remained largely unchanged as against the same period of the previous year. The cash flow from financing activities decreased by 49.6 million euro. This was due to the fact that promissory notes with a volume of 50.0 million euro were issued in the second quarter of 2009, whereas no external financing was obtained in the first nine months of 2010.

9M Cash flow statement			
in € m			
	9M 2010	9M 2009	Change
Earnings before taxes	0.3	18.8	-18.5
Cash flow from operating activities	102.7	76.8	25.9
Cash flow from investing activities	-39.7	-39.8	0.1
Cash flow from financing activities	-25.3	24.3	49.6
Liquid funds (30/09)	301.2	294.1	7.1

Capital expenditure

In the first nine months of the current financial year, the Praktiker Group invested a total of 44.3 million euro (previous year 42.1 million euro). At 25.4 million euro, the amount attributable to the German sales lines was slightly higher than in the previous year (23.7 million euro). Capital expenditure in Germany primarily related to two stores newly opened in the period under review to a new one that opened in mid-October, besides the maintenance of existing stores, the introduction of a new cashier system at seven stores and changes to the product range.

In the first nine months, the Praktiker Group opened three new locations in Eastern and South-Eastern Europe. Investments were also made during the period under review for a store in Romania that opened on 1 October 2010. A total of 18.9 million euro was invested in the international segment in the period from January to September, compared with 18.4 million euro in the same period of the previous year.

Q3 Capital expenditure			
in € m			
Total	12.9		
Germany	10.0	2.9	International
Cash	12.4	0.5	Non-cash
Maintenance	11.5	1.4	Expansion

9M Capital expenditure			
in € m			
Total	44.3		
Germany	25.4	18.9	International
Cash	41.5	2.8	Non-cash
Maintenance	29.1	15.2	Expansion

Asset position

Balance sheet

The total assets of the Praktiker Group amounted to 2,154.3 million euro at the end of the reporting period, down 59.5 million euro or 2.7 percent year-on-year. On the asset side, inventories were reduced by 49.9 million euro to 820.9 million euro, whereas cash and cash equivalents increased by 7.1 million euro to 301.2 million euro. Deferred tax assets decreased by 12.3 million euro compared with the end of September 2009 to total 149.6 million euro.

On the liability side, trade payables decreased by 18.3 million euro to 531.2 million euro, while long-term finance lease liabilities fell by 15.1 million euro to 242.2 million euro. At 3.4 million euro, current income tax liabilities were 10.5 million euro lower than at the end of the third quarter of the previous year.

9M Balance sheet			
in € m			
	30/09/2010	31/12/2009	30/09/2009
Equity	873.8	878.6	895.3
Total assets	2,154.3	2,082.6	2,213.8
Net financial position	-151.6	-196.7	-168.7
Net working capital	352.0	393.9	384.3

Equity

Equity amounted to 873.8 million euro as of 30 September 2010, down 4.8 million euro on the start of the year. This was primarily due to the dividend payment to shareholders and minority interests in the second quarter.

Equity ratio

The equity ratio amounted to 40.6 percent at the reporting date, thereby remaining essentially unchanged as against 30 September 2009 (40.4 percent). The figure at year-end 2009 was 42.2 percent.

MARKET ENVIRONMENT GERMANY

Slight growth in German DIY market

The indications to date suggest that the German DIY market has enjoyed slight growth over the first nine months of the year. This reflects the stable economic development, which has also likely triggered a slight upturn in private consumer spending.

SEGMENT REPORT PRAKTIKER GERMANY

Net sales

In the first nine months of the current financial year, Praktiker Germany generated net sales of 1,343.1 million euro. This was 7.5 percent less than in the same period of the previous year in absolute terms or 7.7 percent less on a like-for-like basis. Net sales amounted to 429.4 million euro in the third quarter. At minus 7.3 percent (on an absolute and like-for-like basis), the reduction in net sales was only slightly weaker than in the first six months of the year. The decrease in the third quarter was primarily attributable to the months of August and September. By contrast, July benefited from the strong demand for air conditioning units and garden watering items due to the summer heat. In the year to date, demand for products that are typically closely associated with construction and renovation, such as building materials, building chemicals, paint and carpets, has been comparatively weak.

The sustained downturn in sales is largely due to the pronounced reduction in marketing activities. In the first nine months of the current financial year, Praktiker Germany had considerably fewer discount offers than in the previous year. The number of “20 percent off everything” days serves to indicate the declining intensity of such discount campaigns, falling from 51 days in the first nine months of the previous year to 39 days in the current financial year. Although the number of instances of this particular advertising measure was higher in the third quarter (14 days) than in the same period of the previous year (8 days), the total number of advertising measures also showed a significant year-on-year decrease in the period from July to September. This is reflected in the positive development of the gross profit margin.

Praktiker has set itself the target of gradually increasing the share of private label sales. It succeeded in achieving this in the first nine months of the current financial year, with the share of private labels sales rising from 27.4 percent in the previous year to 31.0 percent. In the third quarter, private labels accounted for 28.8 percent of net sales, up 0.9 percent year-on-year.

The import ratio increased slightly but remains at just under 9 percent.

Q3 Key data Praktiker Germany

Net sales, EBITA and capital expenditure in € m			
	Q3 2010	Q3 2009	Change in %
Net sales	429.4	463.2	-7.3
Like-for-like sales growth in %	-7.3	0.9	-
EBITA before extraordinary effects ¹	17.3	13.4	28.6
In % of net sales	4.0	2.9	-
EBITA	9.7	13.4	-27.5
In % of net sales	2.3	2.9	-
Capital expenditure	6.6	3.7	81.4

¹ Costs related to the transformation programme “Praktiker 2013”: 7.5 million euro

9M Key data Praktiker Germany

Net sales, EBITA and capital expenditure in € m			
	9M 2010	9M 2009	Change in %
Net sales	1,343.1	1,451.4	-7.5
Like-for-like sales growth in %	-7.7	0.2	-
EBITA before extraordinary effects ¹	18.5	11.0	68.5
In % of net sales	1.4	0.8	-
EBITA	6.1	11.0	-43.9
In % of net sales	0.5	0.8	-
Capital expenditure	15.0	16.7	-9.9
Number of stores (30/09)	235	241	-2.5
Selling space in sq m 1,000 (30/09)	1,415	1,419	-0.3
Employees, yearly average on a full-time basis (01/01 – 30/09)	8,520	8,934	-4.6
Average ticket in €	26.53	26.20	1.2
Customer contacts in m	50.6	55.5	-8.8

¹ Costs related to the transformation programme “Praktiker 2013”: 12.3 million euro

Operating earnings (EBITA)

The change in marketing activities had a positive effect on the gross profit margin in all three quarters. Implemented in conjunction with sustained cost discipline, Praktiker Germany was successful in increasing operating earnings before extraordinary effects despite the decline in net sales. It amounted to 18.5 million euro at the end of the first nine months, up 68.5 percent or 7.5 million euro on the same period of the previous year. However, the “Praktiker 2013” programme resulted in extraordinary expenses of 12.3 million euro. This included non-recurring expenses relating to changes in the management board in the amount of 2.4 million euro. EBITA after extraordinary effects amounted to 6.1 million euro (previous year 11.0 million euro). In the third quarter, Praktiker Germany recorded EBITA before extraordinary effects of 17.3 million euro (previous year 13.4 million euro) and EBITA after extraordinary effects of 9.7 million euro. This resulted in an EBITA mar-

gin before extraordinary effects of 4.0 percent in the third quarter (previous year 2.9 percent).

The positive earnings trend before extraordinary effects shows that Praktiker Germany is pursuing the right strategy with the repositioning of its brand.

Concept stores set up

As a result of the considerations on the repositioning of Praktiker Germany, eleven locations were converted into concept stores in July. These stores form a key aspect of the brand's new market presence in Germany. The ideas implemented at the concept stores are aimed in particular at increasing customer loyalty by providing an enhanced shopping experience. With this in mind, the customer orientation system was further simplified, information stands were made more visible and the service and warranty offers were expanded and communicated more effectively. Customer surveys show that the new features have enjoyed a positive response. In particular, the new work clothing worn by store employees – yellow shirts – has led to a substantial improvement in the perception of staff availability. Around half of the concept stores have a greeter at the entrance, thereby further intensifying the impression that Praktiker is working hard to offer its customers attractive shopping experiences as well as good prices. The most successful elements from the concept stores will be rolled out at all of Praktiker's stores in 2011.

Capital expenditure

Praktiker did not open any new locations in the third quarter. However, there were already investments in the store in Kempten, which was opened on 15 October. The store in Saarbrücken was extensively renovated and equipped with elements from the concept stores. Three stores were closed as planned. The new cashier system has already been installed at seven stores. Praktiker Germany invested a total of 15.0 million euro in the first nine months (previous year 16.7 million euro). Praktiker Germany operated 235 stores at the end of the third quarter, six fewer than one year previously.

SEGMENT REPORT MAX BAHR

Net sales

Max Bahr generated net sales of 527.8 million euro in the first nine months. This represents a year-on-year decrease of 3.3 percent in absolute terms and 5.3 percent on a like-for-like basis (previous year 546.1 million euro). A substantial improvement was observed in the third quarter, with net sales in this period declining by just 1.3 percent (like-for-like 1.9 percent) to 175.6 million euro. By contrast, sales fell by 4.4 percent in the first six months, due in part to adverse weather conditions.

Since 2009, Max Bahr has invested in the revision and renewal of its product ranges. Those that are already revised enjoy greater customer acceptance. Compared to the first six months, this trend was even more pronounced in the third quarter. Among other things, this is reflected in the latest edition of “Kundenmonitor”, Germany’s most extensive annual customer survey. Max Bahr improved by two places and caught up with the top three in the categories “Presentation of products” and “Topicality/modernity of product range”. The work on the product range has also helped to sharpen the company’s profile, something that customers have noticed and rewarded accordingly: in the overall category “Global satisfaction”, Max Bahr achieved the top ranking among all German DIY stores for the first time.

To maintain this position, Max Bahr is continuing to invest in the expansion of its product range. The cooperation with “Küche&Co” was further expanded in the third quarter, thus driving forward the range of modern kitchens available in DIY stores. This cooperation is now available at eight Max Bahr stores.

The “Traumbäder” (“Dream Bathrooms”) concept, under which Max Bahr offers customers besides a computer-based 3D planning of their individual dream bathroom also the full installation from a single source, is now available at 32 Max Bahr stores – four more than after the first half of the year.

In the period from January to September, the share of net sales attributable to private labels increased slightly from 42.7 percent to 42.9 percent. In the third quarter, the share of private label sales amounted to 39.9 percent (previous year 40.6 percent).

The import ratio for the year to date was down slightly on the previous year at a solid 8 percent.

Q3 Key data Max Bahr

Net sales, EBITA and capital expenditure in € m			
	Q3 2010	Q3 2009	Change in %
Net sales	175.6	177.8	-1.3
Like-for-like sales growth in %	-1.9	0.4	-
EBITA	5.4	5.1	6.9
In % of net sales	3.1	2.9	-
Capital expenditure	3.3	1.9	70.0

9M Key data Max Bahr

Net sales, EBITA and capital expenditure in € m			
	9M 2010	9M 2009	Change in %
Net sales	527.8	546.1	-3.3
Like-for-like sales growth in %	-5.3	-2.3	-
EBITA	23.1	22.7	1.8
In % of net sales	4.4	4.2	-
Capital expenditure	10.2	7.0	45.7
Number of stores (30/09)	78	76	2.6
Selling space in sq m 1,000 (30/09)	628	612	2.6
Employees, yearly average on a full-time basis (01/01 – 30/09)	3,050	3,011	1.3
Average ticket in €	26.86	27.04	-0.7
Customer contacts in m	19.9	20.3	-1.7

Operating earnings (EBITA)

In the period from January to September, Max Bahr improved its gross profit margin compared with the previous year while simultaneously reducing selling expenses. All in all, the measures implemented were sufficient to slightly increase the operating earnings for the first nine months – despite the downturn in sales. Operating earnings amounted to 23.1 million euro, up 1.8 percent on the previous year (22.7 million euro). The months from July to September contributed 5.4 million euro to this figure (previous year 5.1 million euro).

Capital expenditure

Max Bahr invested a total of 10.2 million euro in the first nine months of the current financial year, 3.2 million more than in the same period of the previous year (7.0 million euro). A large proportion of this investment related to the ongoing changes to the product range. Max Bahr also opened a new store in Kamen, where a Praktiker store had closed. As of 30 September 2010, Max Bahr operated a total of 78 stores – two more than one year previously.

SEGMENT REPORT MISCELLANEOUS

The segment Miscellaneous comprises the German sales line “extra Bau+Hobby” and a cross-divisional service company of the Praktiker Group.

In addition, most of the income generated by Praktiker International AG was assigned to the miscellaneous segment in the 2009 quarterly reports. The company settles supplier invoices for the Group. As its income is now distributed proportionately among the individual segments, however, segment reporting was also required to follow this approach. This resulted in adjustments to the values for the individual quarters of 2009.

Due to the relative insignificance of the sales, earnings and assets of this segment, no detailed segment information is provided. The corresponding key data can be found in the explanatory notes.

MARKET ENVIRONMENT INTERNATIONAL

In its international activities, Praktiker is faced with extremely varied economic developments in the individual countries, from an economic upturn in Turkey and the Ukraine, and the first signs of stabilisation in Hungary through to the recessions in Romania and Greece which have been triggered or intensified by strict fiscal policy measures. Accordingly, sales and earnings development in the countries in Praktiker's portfolio have been similarly varied.

SEGMENT REPORT INTERNATIONAL

Net sales

Net sales in the international segment amounted to 760.1 million euro in the first nine months of the year under review (previous year 796.1 million euro). This corresponds to a decrease of 4.5 percent in absolute terms or 8.3 percent on a like-for-like basis. Net sales amounted to 285.6 million euro in the third quarter; at 6.2 percent in absolute terms and 10.0 percent on a like-for-like basis, this represents an even larger decline than in the first six months. The main reasons for this development were as follows: in addition to other fiscal policy measures, value-added tax in Romania was increased by 5 percentage points with effect from 1 July. Sales in this country have fallen by a good quarter since this date. Greece saw an improvement in the third quarter, but sales remained 5.8 percent lower than in the previous year. Substantially improved sales trends in Hungary and the Ukraine were not enough to offset this development. As such, the upward trend that emerged in the second quarter failed to continue in the third quarter.

With stable sales development in July, this still seemed a realistic expectation. However, August and September saw sales declines in the same magnitude as at the start of the year.

The tailwind provided by the appreciation in the exchange rates of Eastern European currencies also receded in the third quarter. At the end of the period under review, only the Polish zloty and the Turkish lira were worth more than one year previously. Assuming unchanged exchange rates, sales in the international segment would have been 1.7 percent lower in the third quarter. The currency translation effect for the first nine months remains positive at 3.0 percent.

Q3 Key data International

Net sales, EBITA and capital expenditure in € m			
	Q3 2010	Q3 2009	Change in %
Net sales	285.6	304.5	-6.2
Like-for-like sales growth in %	-10.0	-18.9	-
EBITA bef. extraordinary effects	16.9	16.1	4.8
In % of net sales	5.9	5.3	-
EBITA	16.9	16.1	4.8
In % of net sales	5.9	5.3	-
Capital expenditure	2.9	7.0	-57.8

9M Key data International

Net sales, EBITA and capital expenditure in € m			
	9M 2010	9M 2009	Change in %
Net sales	760.1	796.1	-4.5
Like-for-like sales growth in %	-8.3	-19.0	-
EBITA bef. extraordinary effects ¹	14.7	20.5	-28.3
In % of net sales	1.9	2.6	-
EBITA	5.2	20.5	-74.5
In % of net sales	0.7	2.6	-
Capital expenditure	18.9	18.4	3.0
Number of stores (30/09)	106	103	2.9
Selling space in sq m 1,000 (30/09)	746	714	4.5
Employees, yearly average on a full-time basis (01/01 – 30/09)	9,770	10,299	-5.1
Average ticket in €	27.27	27.57	-1.1
Customer contacts in m	27.9	28.9	-3.5

¹Additions to provisions for legal risks in relation to anti-trust laws in Poland: 9.5 million euro in the second quarter

Operating earnings (EBITA)

The downturn in sales in the third quarter was fully offset by measures aimed at strengthening the gross profit margin and cost adjustments. Operating earnings for the third quarter were up slightly year-on-year at 16.9 million euro (previous year 16.1 million euro).

As a result, EBITA for the first nine months amounted to 5.2 million euro (previous year 20.5 million euro). This figure includes the additions to provisions due to legal risks in relation to anti-trust laws (9.5 million euro) that were incurred in Poland in the second quarter. Adjusted for this extraordinary effect, the pure operating result for the first nine months amounted to 14.7 million euro.

Focus on securing earnings

In the third quarter, the management continued to focus on securing earnings in all countries. The gross profit margin remained stable on the whole, although it was not always possible to pass increased value-added taxes onto customers in full. More specifically, additional measures aimed at improving earnings strength included workforce adjustments at stores, reductions to advertising budgets and the close scrutiny of all other expenses. In countries that had recently made loss contributions, such as Turkey or the Ukraine, positive sales performance helped to reduce these losses.

Capital expenditure

In the first nine months of the current financial year, Praktiker invested a total of 18.9 million euro outside Germany (previous year 18.4 million euro). Almost two-thirds of this figure related to the expansion of the store portfolio.

Three new stores were opened in the first half of the year already – one each in the Ukraine, Hungary and Greece. A store in Turkey was closed in the third quarter; this was an older store in Istanbul that had already been replaced by a new store that opened in the third quarter of 2009. The old store was closed as planned once the rental agreement had expired.

On 1 October, i.e. after the end of the reporting period, a new store was opened in Botosani, Romania. At the end of the third quarter, Praktiker operated 106 stores outside Germany, three more than one year previously.

Q3 International – the countries

	Net sales in € m	Change in %, in €		Change in %, in local currency		Number of stores
		absolute	like-for-like	absolute	like-for-like	
Luxembourg	9.1	-7.4	-7.4	-7.4	-7.4	3
Greece	72.4	-5.8	-12.7	-5.8	-12.7	12
Poland	58.6	2.3	-2.6	-3.1	-6.7	21
Hungary	33.9	1.6	-5.8	4.5	-2.2	20
Turkey	28.8	14.3	16.4	4.1	5.7	10
Romania	57.2	-25.5	-25.3	-25.4	-25.1	26
Bulgaria	17.2	-18.7	-18.7	-18.7	-18.7	9
Ukraine	7.5	75.9	23.5	54.4	8.5	4
Albania	1.2	-	-	-	-	1
International ¹	285.6	-6.2	-10.0	-7.8	-11.2	106

¹ Consolidated

9M International – the countries

	Net sales in € m	Change in %, in €		Change in %, in local currency	
		absolute	like-for-like	absolute	like-for-like
Luxembourg	27.9	-3.7	-3.7	-3.7	-3.7
Greece	192.1	-6.8	-10.3	-6.8	-10.3
Poland	154.9	8.4	1.7	-0.7	-6.5
Hungary	85.4	-10.3	-15.2	-13.0	-17.3
Turkey	81.2	20.8	19.4	12.7	10.7
Romania	153.6	-17.8	-18.5	-18.7	-19.2
Bulgaria	42.6	-24.4	-24.4	-24.4	-24.4
Ukraine	19.3	52.4	8.8	45.7	2.9
Albania	3.5	-	-	-	-
International ¹	760.1	-4.5	-8.3	-7.3	-10.9

¹ Consolidated

RISK REPORT

Risks

The Praktiker Group reported extensively on the various risks to which the Group is exposed in its 2009 annual report. The measures taken by the Group to counter the individual risks were also discussed there. This risk reporting was continued in the quarterly reports.

In the third quarter, it became clear that the risks of macro-economic development that Praktiker identified at an early stage, particularly in Romania and Greece, had become reality – in some cases, to a greater extent than had been assumed in the forecast for the year as a whole. Sales in both countries declined significantly in the third quarter.

The same applies to exchange rate development. By the middle of the year, it had become clear that the appreciation of Eastern European currencies that had been observed in the year to date would not continue in all countries. In Hungary and Romania in particular, the recovery of exchange rates is now progressing sluggishly. However, Praktiker can no longer expect its sales and earnings to benefit from a recovery in exchange rates.

Opportunities

The opportunities available to the Group were also described in detail in the 2009 annual report. As the “Praktiker 2013” programme progresses, the opportunities resulting from the extensive transformation of the Praktiker Group become increasingly clear. This is highlighted by the fact that the measures already implemented will lead to significant cost reduction potential in 2011, thereby reducing the cost base for the future.

OUTLOOK

In the current financial year as a whole, Praktiker expects consolidated net sales to decline at a mid single-digit rate in line with the first nine months of the year. Although the fourth quarter is likely to see a weakening of the negative trend in international business that was recorded in the first nine months of the year, a turnaround will not be achieved. This is also the reason why operating earnings for the year as a whole in the international segment are expected to be lower than in the previous year. By contrast, EBITA before extraordinary effects in Germany will increase significantly year-on-year, thereby meeting the original expectations. All in all, consolidated operating earnings before extraordinary effects are expected to be higher than in the previous year.

However, EBITA will be impacted by the aforementioned extraordinary effects, which totalled 22.3 million euro in the first nine months of the year, and will continue to grow in the fourth quarter as a result of the continued work on the “Praktiker 2013” programme.

The Praktiker Group continues to enjoy an extremely stable financial position in 2010. Capital expenditure is expected to total around 70 million euro and will be financed from the operating cash flow. Liquidity, net debt and working capital will improve slightly or remain unchanged year-on-year. In addition, Praktiker continues to have access to a syndicated credit line with a volume of 200 million euro, which it has yet to utilise.

CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER 2010

in € thousands	01/07 – 30/09/2010	01/07 – 30/09/2009
Net sales	911,120	968,004
Cost of goods sold	– 595,266	– 649,816
Gross profit on sales	315,854	318,188
Other operating income	15,297	15,939
Selling expenses	– 276,814	– 281,581
Administrative expenses	– 22,145	– 17,930
Other operating expenses	– 217	– 319
Operating earnings (EBITA)	31,975	34,297
Financial income	7,382	4,211
Financial expenses	– 13,437	– 14,106
Net financial result	– 6,055	– 9,895
Earnings before taxes	25,920	24,402
Income taxes	– 14,260	– 14,642
Group net income	11,660	9,760
thereof allocable to minority interests	469	392
thereof allocable to owners of the company	11,191	9,368
	11,660	9,760

Earnings per share (€)		
Basic earnings per share	0.19	0.16
Dilutive effect	–	–
Diluted earnings per share	0.19	0.16

CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS 2010

in € thousands	01/01 – 30/09/2010	01/01 – 30/09/2009
Net sales	2,697,889	2,864,331
Cost of goods sold	–1,800,068	–1,957,772
Gross profit on sales	897,821	906,559
Other operating income	48,716	46,874
Selling expenses	–855,755	–847,352
Administrative expenses	–57,831	–51,676
Other operating expenses	–861	–1,163
Operating earnings (EBITA)	32,090	53,242
Financial income	23,202	19,933
Financial expenses	–55,009	–54,359
Net financial result	–31,807	–34,426
Earnings before taxes	283	18,816
Income taxes	–416	–11,290
Group net loss/income	–133	7,526
thereof allocable to minority interests	1,325	1,222
thereof allocable to owners of the company	–1,458	6,304
	–133	7,526
Earnings per share (€)		
Basic earnings per share	–0.03	0.11
Dilutive effect	–	–
Diluted earnings per share	–0.03	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

in € thousands	30/09/2010	31/12/2009	30/09/2009
Non-current assets			
Goodwill	192,682	192,682	192,682
Other intangible assets	70,769	70,646	69,092
Property, plant and equipment	485,297	493,892	480,093
Other financial assets	13	12	14
Other receivables and other assets	10,712	12,481	9,946
Deferred income tax assets	149,553	149,014	161,837
	909,026	918,727	913,664
Current assets			
Inventories	820,896	806,784	870,749
Trade receivables	13,191	14,431	17,941
Other receivables and other assets	103,526	76,629	111,185
Income tax receivables	6,390	3,091	6,081
Cash and cash equivalents	301,221	262,977	294,170
	1,245,224	1,163,912	1,300,126
Total assets	2,154,250	2,082,639	2,213,790

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

in € thousands	30/09/2010	31/12/2009	30/09/2009
Equity			
Share capital	58,000	58,000	58,000
Reserves	713,705	711,348	699,474
Balance sheet profit	100,376	107,634	136,173
	872,081	876,982	893,647
Minority interests	1,719	1,621	1,640
	873,800	878,603	895,287
Non-current liabilities			
Provisions for pensions	712	721	721
Other provisions	56,587	53,458	52,868
Liabilities from convertible bonds	0	139,483	138,429
Liabilities from promissory note loans	50,000	50,000	50,000
Liabilities from finance leases	242,193	253,153	257,303
Other liabilities	3,798	5,805	5,952
Deferred income tax liabilities	110,982	110,929	112,022
	464,272	613,549	617,295
Current liabilities			
Other provisions	27,491	31,121	26,785
Liabilities from convertible bonds	142,652	0	0
Bank overdrafts	0	0	110
Liabilities from finance leases	17,988	17,077	17,072
Trade payables	531,154	457,610	549,493
Other liabilities	93,521	75,459	93,860
Current income tax liabilities	3,372	9,220	13,888
	816,178	590,487	701,208
Total equity and liabilities	2,154,250	2,082,639	2,213,790

STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER 2010

in € thousands	01/07 – 30/09/2010	01/07 – 30/09/2009
Group net income	11,660	9,760
Loss (previous year gain) from currency transaction recognised directly in equity	–1,160	248
Loss from cash flow hedges recognised directly in equity (after taxes)	–17	–297
Other comprehensive income	–1,177	–49
Comprehensive income	10,483	9,711
thereof allocable to minority interests	469	392
thereof allocable to owners of the company	10,014	9,319
	10,483	9,711

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS 2010

in € thousands	01/01/ – 30/09/2010	01/01 – 30/09/2009
Group net loss/income	–133	7,526
Gain (previous year loss) from currency transaction recognised directly in equity	2,737	–4,037
Loss from cash flow hedges recognised directly in equity (after taxes)	–380	–415
Other comprehensive income	2,357	–4,452
Comprehensive income	2,224	3,074
thereof allocable to minority interests	1,325	1,222
thereof allocable to owners of the company	899	1,852
	2,224	3,074

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousands	Share capital	Capital reserves	Other reserves				Balance sheet profit	Owners of the company	Minority interests	Total equity
			Other comprehensive income							
			Currency translation	Cash flow hedges (after taxes)	Sundry other reserves	Total				
31/12/2008	58,000	822,685	-13,724	-390	-104,645	-118,759	135,669	897,595	1,503	899,098
Transactions directly recognised in equity			-4,037	-415		-4,452		-4,452		-4,452
Payments to owners of the company							-5,800	-5,800		-5,800
Payments to minority interests									-1,102	-1,102
Group net income							6,304	6,304	1,222	7,526
Other changes in minority interests									17	17
30/09/2009	58,000	822,685	-17,761	-805	-104,645	-123,211	136,173	893,647	1,640	895,287
31/12/2009	58,000	822,685	-18,084	-277	-92,976	-111,337	107,634	876,982	1,621	878,603
Transactions directly recognised in equity			2,737	-380		2,357		2,357		2,357
Payments to owners of the company							-5,800	-5,800		-5,800
Payments to minority interests									-1,242	-1,242
Group net loss							-1,458	-1,458	1,325	-133
Other changes in minority interests									15	15
30/09/2010	58,000	822,685	-15,347	-657	-92,976	-108,980	100,376	872,081	1,719	873,800

CONSOLIDATED CASH FLOW STATEMENT

in € thousands	01/01 – 30/09/2010	01/01 – 30/09/2009
Earnings before taxes	283	18,816
Depreciation and amortisation (+)/Reversal of impairment losses (–)	52,175	51,430
Decrease in provisions	–510	–13,285
Gain (previous year loss) from the disposal of fixed assets	–68	572
Exchange-rate-related effects	1,003	4,134
Increase (previous year decrease) in inventories	–14,112	17,521
Increase in trade payables	73,544	30,091
Other non-cash transactions	–2,444	3,072
Changes in current other assets and liabilities	–7,596	–24,306
Changes in non-current other assets and liabilities	–141	–2,710
Income taxes paid	–8,810	–16,326
Interest expenses from finance leases	–18,153	–18,976
Interest result	26,227	24,962
Interest received	1,264	1,852
Cash flow from operating activities	102,662	76,847
Proceeds from disposal of fixed assets	1,817	121
Cash outflow for investing activities	–41,524	–39,922
Cash flow from investing activities	–39,707	–39,801
Interest paid	–5,427	–4,324
Payment to minority interests	–1,242	–1,102
Payments to owners of the company	–5,800	–5,800
Principal of liabilities from finance leases	–12,865	–12,347
Received payments from promissory note loans	0	50,000
Repurchases of convertible bonds	0	–2,149
Cash flow from financing activities	–25,334	24,278
Change in cash, cash equivalents and bank overdrafts (aggregated)	37,621	61,324
Effect of foreign exchange rate changes	623	–585
Cash, cash equivalents and bank overdrafts at beginning of period (aggregated)	262,977	233,321
Cash, cash equivalents and bank overdrafts at end of period (aggregated)	301,221	294,060

Composition of cash, cash equivalents and bank overdrafts from items of the consolidated statement of financial position

Cash and cash equivalents corresponding to consolidated statement of financial position	301,221	294,170
Bank overdrafts corresponding to consolidated statement of financial position	0	–110
Cash, cash equivalents and bank overdrafts corresponding to cash flow statement	301,221	294,060

EXPLANATORY NOTES

Introductory remarks

Praktiker Bau- und Heimwerkermärkte Holding AG (“Praktiker Holding AG”) is a stock corporation under German law and is based in Kirkel, Saarland, Federal Republic of Germany. Praktiker Holding AG and its subsidiaries (together the “Praktiker Group”) operate as a supplier with a full assortment in the do-it-yourself market, offering goods for the areas of construction, renovation, home repairs, home improvement, gardening and leisure. Currently the Praktiker Group operates in Germany and nine other countries, primarily in eastern and south-eastern Europe.

The shares of Praktiker Holding AG have been traded publicly since November 2005.

Due to rounding, there may be slight variations in the current report in totals and in calculating percentage figures.

This quarterly financial report was approved for publication by the management board on 26 October 2010.

Basis of accounting

Accounting principles

In line with the regulations of Sec. 37x para. 3 WpHG (German Securities Trading Act), the quarterly financial report of Praktiker Holding AG as of 30 September 2010 contains consolidated interim financial statements and an interim Group management report. It was prepared in line with the regulations of IAS 34 and in accordance with Sec. 315a HGB (German Commercial Code) in line with the regulations of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date and recognised by the European Union. The consolidated interim financial statements must be read in context with the IFRS consolidated financial statements published by the Praktiker Group for the 2009 financial year. With the exception of the facts described in more detail below, the same accounting, valuation and calculation methods were applied as in the consolidated financial statements as of 31 December 2009 (these are presented in the 2009 annual report from page 68 onwards).

Valuation of the income tax expense

A weighted average annual income tax is determined on a best estimate basis. This is applied to the earnings before taxes of the reporting period resulting in the income tax expense.

Determination of inventories purchase cost

Purchase cost of inventories for the Praktiker Germany segment were determined retroactively up to and including the financial year 2009 (retail method). Starting 1 January 2010 the determination of purchase cost is carried out using the average cost method. This change had no significant effect on the asset, financial and income position or the cash flow of the Praktiker Group.

New standards, interpretations and amendments to published standards endorsed by the EU in 2010

With respect to the further context on new standards and interpretations as well as amendments to existing standards, we refer to our comments in the 2009 annual report on pages 70 to 73. The following standards, interpretations and amendments to existing standards have been endorsed by the EU since the preparation of the consolidated financial statements as of 31 December 2009:

IFRS 1 (revised and effective from 1 January 2010), “First-time adoption of IFRS”: The changes affect the retrospective application of IFRS in special situations and are intended to ensure that companies do not incur disproportionately high costs for transitioning to IFRS. The amendment was endorsed by the EU on 23 June 2010 by way of Regulation (EU) No. 550/2010.

IFRS 1 (revised and effective from 1 July 2010), “First-time adoption of IFRS” and IFRS 7 (revised and effective from 1 July 2010), “Financial Instruments: Disclosures”: The changes made by IFRS 1 and IFRS 7 now allow companies applying IFRS for the first time to make use of an exemption for disclosures for fair value measurements and liquidity risk. The amendment was endorsed by the EU on 30 June 2010 by way of Regulation (EU) No. 574/2010.

IFRS 2 (amendment, effective from 1 January 2010), “Share-based Payment”: The amendment clarifies the reporting of share-based payment within the group. It specifies that a company which receives goods or services as part of a share-based payment agreement must report these, irrespective of which Group company fulfils the associated obligation and irrespective of whether the obligation is fulfilled in shares or in cash. As part of the amendment to IFRS 2, the regulations of IFRIC 8, “Scope of IFRS 2”, and IFRIC 11, “IFRS 2 – Group and Treasury Share Transactions”, were integrated into the standard. The IASB has therefore withdrawn both interpretations. The amendment was endorsed by the EU on 23 March 2010 by way of Regulation (EU) No. 244/2010.

IAS 24 (revised, effective from 1 January 2011), “Related Party Disclosures”: In particular, the amendment of the standard revised the definition of related parties and adjusted the definition of reportable transactions. The amendment was endorsed by the EU on 19 July 2010 by way of Regulation (EU) No. 632/2010.

The amendment to IAS 24 has led to amendments in IFRS 8 “Operating Segments” regarding disclosure requirements for significant public-sector clients. These amendments are also effective from 1 January 2011.

IFRIC 14 (amendment, effective from 1 January 2011), “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”: The amendments are relevant if a pension plan provides for minimum funding requirements and the company pays advance contributions towards these. Compared to the existing regulations, the economic benefit of advance contributions by the company that reduce future payments on account of the minimum funding requirement is capitalised as an asset. The amendment was endorsed by the EU on 19 July 2010 by way of Regulation (EU) No. 633/2010.

IFRIC 19 (new, effective from 1 July 2010), “Extinguishing Financial Liabilities with Equity Instruments”: The interpretation applies if the newly negotiated contract terms of a financial liability allow the debtor to extinguish the financial liability in full or in part by issuing equity instruments. The amendment was endorsed by the EU on 23 July 2010 by way of Regulation (EU) No. 662/2010.

The endorsement of IFRIC 19 caused amendments in IFRS 1, „First-time adoption of IFRS“, which are also effective from 1 July 2010.

In 2009, the IASB published a collective standard to change various standards with the main aim of eliminating inconsistencies and clarifying formulations (improvement process 2009 – the standards concerned are listed on page 73 of the 2009 annual report). The amendment was endorsed by the EU on 23 March 2010 by way of Regulation (EU) No. 243/2010.

The adoption of the amended standards has no significant effect on the asset, financial and income position or on the cash flow of the Praktiker Group.

Scope of consolidation

In addition to Praktiker Holding AG, the consolidated interim financial statements also include the subsidiaries in which Praktiker Holding AG directly or indirectly holds a majority of voting rights and controls the financial and operating policies.

There were the following changes in the basis of consolidation of the Praktiker Group in the reporting period:

Effective 1 July 2010, Praktiker Deutschland GmbH acquired a 5.19% share in Calixtus Grundstücksverwaltungsgesellschaft mbH, Kirkel, from GBS Gesellschaft für Unternehmensbeteiligungen mbH, Saarbrücken. The remaining 94.81% of the shares in the company are held by Praktiker Grundstücksbeteiligungsgesellschaft mbH, Kirkel. Thus, the Praktiker Group has wholly owned Calixtus Grundstücksverwaltungsgesellschaft mbH since 1 July 2010.

Other important events in interim reporting period

“Praktiker 2013” transformation programme

“Praktiker 2013” is a far-reaching transformation programme intended to reposition the entire Group for the future with a focus on value and to permanently increase its profitability.

Some measures have already been resolved and implemented to help achieve this goal. “Praktiker 2013” has therefore had a not inconsiderable influence on the Group’s figures in the reporting period. Expenses of € 12,799 thousand have been incurred in the first nine months of the reporting year for the work by the programme office, external consulting, the reorganisation of the management board and the implementation of the measures already resolved. The figure for the third quarter was € 8,002 thousand.

Authorisation to acquire and use own shares and deploy equity derivatives in the context of acquiring own shares

At the Annual General Meeting of Praktiker Holding AG on 21 May 2010, the company was authorised to acquire shares of Praktiker Holding AG. This authorisation is limited to the acquisition of own shares in a proportionate amount in the share capital of up to € 5,800 thousand and cannot be used by the company to trade in own shares. The authorisation can be exercised for the entire amount at once or in partial amounts, and on one or several occasions. The authorisation is valid until the end of 20 May 2015.

In addition, the company was also authorised to acquire own shares using capital derivatives as well. Accordingly, the management board was authorised to sell options which oblige the company to acquire its own shares on the exercise of the options (put options), to acquire options granting the company the right to acquire its own shares on the exercise of the options (call options) and to acquire its own shares using a combination of put and call options. All acquisitions of shares by put options or call options or a combination of put and call options are limited to an extent of the company’s own shares with a share in the share capital of a total of up to € 2,900 thousand. The term of the options must be chosen in each case so that the acquisition by the company of its own shares takes place by means of the exercise of the options by the expiry of 20 May 2015 at the latest.

Rescission of existing authorised capital and the creation of a new authorised capital

The existing authorisation for authorised capital in place until 25 September 2010 was rescinded. The Annual General Meeting of Praktiker Holding AG of 21 May 2010 authorised the management board, with the prior approval of the supervisory board, to increase the company’s share capital until 20 May 2015 by a maximum of € 25,000 thousand for the

entire amount at once or in partial amounts, by issuing up to a total of 25,000,000 new non-par value bearer shares of the company on one or more occasions, in exchange for cash contributions or non-cash contributions. The shareholders are, in principle, to be granted subscription rights.

Authorisation to issue bonds and expand existing contingent capital

On 21 May 2010, the Annual General Meeting of Praktiker Holding AG authorised the management board, with the prior approval of the supervisory board, to issue warrant-linked and/or convertible bonds, and/or participation capital and/or profit participation bonds or a combination of these instruments (known collectively as “bonds”) until 20 May 2015 on one or more occasions in a total nominal amount of up to € 500,000 thousand with or without maturity limits and to grant the bond holders warrant or conversion rights to the non-par value bearer shares of the company with a proportionate amount of the share capital of a total of € 24,000 thousand in accordance with the conditions of the bonds and to create the corresponding warrant obligations or conversation obligations.

The existing contingent capital in Sec. 4.4 of the Articles of Association was expanded in such a way that it also serves to grant bonds that will be issued under the above-mentioned authorisation if the issue takes place in exchange for cash.

Fine notice from the Polish anti-trust authorities

On 25 May 2010, the Polish anti-trust authorities issued a fine notice to Praktiker Polska Sp. z o.o., a consolidated company of the Praktiker Group which is domiciled in Warsaw. The fine notice accuses Praktiker of illegal price fixing from 2000 to 2006. Praktiker has taken legal action against the fine notice. Praktiker had already received a fine notice as a result of similar proceedings in 2006. The Polish anti-trust authorities are also carrying out an investigation in another set of proceedings.

On the balance sheet as at 30 September 2010, Praktiker recognised total provisions of € 14,505 thousand for these three matters which, according to all information currently known, will sufficiently cover the expected fines and legal costs.

The addition to provisions in the reporting period amounted to € 9,496 thousand.

Special tax for Greece

In May 2010, the Greek government retroactively resolved a special tax on corporate profits from 2009, resulting in additional tax expenses of € 2,491 thousand for Praktiker.

VAT hikes in Greece and Romania

VAT rates were raised in two of the Praktiker Group’s key international markets in the reporting period.

In Greece the rate for standard VAT was even raised twice. First from 19 % to 21 % effective 15 March 2010 and then by a further two percentage points to 23 % from 1 July 2010.

In Romania it was resolved to raise the rate of VAT by five percentage points to 24 %, effective as at 1 July 2010.

Reorganisation of the management board

In its meeting on 15 September 2010, the supervisory board of Praktiker Holding AG resolved an extensive reorganisation of the management board.

Markus Schürholz was appointed as a member of the management board of Praktiker Holding AG effective immediately. He has assumed responsibility for the areas of Finance, M&A, Investor Relations, Controlling and Accounting/Taxes from Thomas Ghabel. Furthermore, the management board has been reduced from five to four members. Chief Human Resources Officer, Karl-Heinz Stroh, and Thomas Ghabel have both left the company.

Responsibility for Human Resources is now additionally in the hands of Michael Arnold, previously in charge of Internationalisation and Location Management on the management board.

Responsibility for Legal Affairs and Contractual Matters, Compliance and Praktiker Services GmbH has passed to Wolfgang Werner.

Notes to the consolidated income statement

Breakdown of the net financial result

The net financial result for the third quarter splits up in the following way:

in € thousands	01/07 – 30/09/2010	01/07 – 30/09/2009
Investment income	16	2
Interest and similar income	650	623
Income from exchange gains	6,467	3,534
Valuation gains from derivatives	69	-27
Miscellaneous financial income	180	79
Financial income	7,382	4,211
Interest and similar expenses	-9,249	-9,605
Expenses from exchange losses	-1,237	-1,405
Valuation losses from derivatives	-1,726	-2,107
Miscellaneous financial expenses	-1,225	-989
Financial expenses	-13,437	-14,106
Net financial result	-6,055	-9,895
thereof investment result	16	2
thereof interest result	-8,599	-8,982
thereof other financial result	2,528	-915

The breakdown of the net financial result for the first nine months is shown in the table below:

in € thousands	01/01 – 30/09/2010	01/01 – 30/09/2009
Investment income	16	65
Interest and similar income	1,264	3,012
Income from exchange gains	19,313	16,658
Valuation gains from derivatives	2,343	85
Miscellaneous financial income	266	113
Financial income	23,202	19,933
Interest and similar expenses	-27,491	-27,974
Expenses from exchange losses	-18,710	-19,357
Valuation losses from derivatives	-5,258	-3,505
Miscellaneous financial expenses	-3,550	-3,523
Financial expenses	-55,009	-54,359
Net financial result	-31,807	-34,426
thereof investment result	16	65
thereof interest result	-26,227	-24,962
thereof other financial result	-5,596	-9,529

In the reporting period, the translation of liabilities from finance leases of international subsidiaries resulted in non-cash exchange gains of € 7,953 thousand (reporting period of the previous year € 6,423 thousand) and non-cash exchange losses of € 7,785 thousand (reporting period of the previous year € 11,859 thousand).

Income taxes

An income tax rate of 147 percent is anticipated for the full year 2010. The application of this tax rate to the earnings before taxes for the reporting period resulted in the reported tax expenses of € 416 thousand.

In the half-year financial report a tax rate of 54 percent was expected. The increase is based on higher extraordinary effects in context with the programme “Praktiker 2013”, a decline in expectations of earnings within the international segment as well as the expectation that exchange rates in the second half year will develop worse than originally expected.

At the same point in the previous year, an income tax rate of 60 percent was expected for the 2009 financial year.

Earnings per share

a) Basic

Basic earnings per share are calculated by dividing the earnings attributable to the shareholders of the Praktiker Group by the average number of shares issued during the reporting period.

From this result the following basic earnings per share for the third quarter:

	01/07 – 30/09/2010	01/07 – 30/09/2009
Earnings allocable to shareholders (in € thousands)	11,191	9,368
Average number of shares issued (in thousands)	58,000	58,000
Basic earnings per share (in €)	0.19	0.16

For the first nine months the basic earnings per share calculate in the following way:

	01/01 – 30/09/2010	01/01 – 30/09/2009
Earnings allocable to shareholders (in € thousands)	-1,458	6,304
Average number of shares issued (in thousands)	58,000	58,000
Basic earnings per share (in €)	-0.03	0.11

b) Diluted

When determining the diluted earnings per share, the profit attributable to shareholders is adjusted to take account of changes in expenses and income which would arise from the conversion of those potential ordinary shares with a diluting impact. The only potentially diluting effects concern the convertible bonds issued by the Praktiker Group in September 2006. The average number of shares issued during the reporting period is supplemented by the number of such additional ordinary shares that would have been in circulation if all those potential ordinary shares with a diluting impact had been converted.

In the first nine months 2010, as in the corresponding period of the previous year, there would have been a higher result per share taking into account the potential common shares. The convertible bonds thus offer protection against dilution and have therefore not to be included in the determination of the diluted earnings per share in line with IAS 33.41. The diluted earnings per share thus correspond to the basic earnings per share as given in the foregoing table.

This also applies to the third quarter of the reporting year and of the previous year.

Other notes

Dividend payment

On 21 May 2010, the Annual General Meeting of the company under review resolved to allocate the balance sheet profit of Praktiker Holding AG for the 2009 financial year in the amount of € 11,909 thousand as follows: A dividend of € 0.10 per share will be paid, resulting in a total dividend sum of € 5,800 thousand. € 6,000 thousand will be transferred to revenue reserves and the remaining amount of € 109 thousand will be carried forward to new account.

The dividend was distributed on 24 May 2010.

Acquisition of real estate

In the first nine months 2010, the Praktiker Group opened two stores in ownership, one store in Greece and one in Hungary. From DIY store projects taken into ownership resulted additions to tangible assets of € 7,702 thousand in the period under review.

Material changes in contingent liabilities and other financial obligations

Payments under finance and operating leases are due in subsequent periods as shown below:

in € thousands		30/09/2010	30/09/2009
Obligations from operating leases	< 1 year	287,987	284,743
	1 – 5 years	985,682	992,133
	> 5 years	1,010,804	1,107,252
	Total	2,284,473	2,384,128
Obligations from finance leases	< 1 year	41,169	41,505
	1 – 5 years	157,974	158,778
	> 5 years	217,461	253,565
	Total	416,604	453,848

Related party transactions

In the first nine months of 2010 – as in the equivalent period of 2009 – the Praktiker Group had no reportable related party transactions.

Seasonality

Parts of the assortment of goods traded by the Praktiker Group are subject to seasonal fluctuations. Particularly sales for garden and building materials are highest in the second and third quarter of the financial year. This is due to the favourable weather situation. The results achieved in the first nine months were dominated by seasonal effects and cannot necessarily be used as a basis for business forecasts over the rest of the year.

Important events after the end of the interim reporting period

No events of any significance occurred after the end of the interim reporting period.

Notes to the consolidated cash flow statement

The consolidated cash flow statement has been drawn up in accordance with the provisions set out under IAS 7 as per the indirect method and structured by payment flow arising from operating, investing and financing activities.

The structure of the cash flow statement was amended slightly to improve its transparency. This relates to the recognition of other assets and liabilities within cash flow from operating activities. Further information on this can be found on page 126 of the 2009 annual report.

In the period under review, non-cash additions amounting to € 2,816 thousand (period under review of the previous year € 2,208 thousand) were reported as fixed assets from finance leases. For the period under review and in the equivalent period of the previous year, there were no non-cash disposals from finance lease assets and also no non-cash disposals from finance lease liabilities.

The cash and cash equivalents item comprises cash on hand, bank balances and overdrafts.

Notes to the segment information

Segment information for the third quarter of the period under review and the previous year are shown in the following tables:

in € thousands	Praktiker Germany 01/07 – 30/09/2010	Max Bahr 01/07 – 30/09/2010	International 01/07 – 30/09/2010	Total of reportable segments 01/07 – 30/09/2010	Miscel- laneous 01/07 – 30/09/2010	Recon- ciliation 01/07 – 30/09/2010	Total 01/07 – 30/09/2010
Net sales from external customers	429,422	175,618	285,598	890,638	20,482	0	911,120
Net sales from other segments	508	0	52	560	0	-560	0
Net sales total	429,930	175,618	285,650	891,198	20,482	-560	911,120
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	16,339	8,721	24,466	49,526	-30	0	49,496
Depreciation and impairment	-6,610	-3,284	-7,566	-17,460	-61	0	-17,521
thereof depreciation	-6,601	-3,284	-7,566	-17,451	-61	0	-17,512
thereof asset impairment	-9	0	0	-9	0	0	-9
Earnings before interest, taxes and amortisation (EBITA)	9,729	5,437	16,900	32,066	-91	0	31,975
Earnings before interest and taxes (EBIT)	9,729	5,437	16,900	32,066	-91	0	31,975
Net financial result							-6,055
Earnings before taxes (EBT)							25,920
Income taxes							-14,260
Group net income for the period							11,660

in € thousands	Praktiker Germany 01/07 – 30/09/2009	Max Bahr 01/07 – 30/09/2009	International 01/07 – 30/09/2009	Total of reportable segments 01/07 – 30/09/2009	Miscel- laneous 01/07 – 30/09/2009	Recon- ciliation 01/07 – 30/09/2009	Total 01/07 – 30/09/2009
Net sales from external customers	463,248	177,842	304,496	945,586	22,418	0	968,004
Net sales from other segments	739	0	0	739	0	-739	0
Net sales total	463,987	177,842	304,496	946,325	22,418	-739	968,004
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	20,728	8,158	23,463	52,349	-254	0	52,095
Depreciation and impairment	-7,305	-3,070	-7,336	-17,711	-87	0	-17,798
thereof depreciation	-6,769	-3,070	-7,336	-17,175	-65	0	-17,240
thereof asset impairment	-536	0	0	-536	-22	0	-558
Earnings before interest, taxes and amortisation (EBITA)	13,423	5,088	16,127	34,638	-341	0	34,297
Earnings before interest and taxes (EBIT)	13,423	5,088	16,127	34,638	-341	0	34,297
Net financial result							-9,895
Earnings before taxes (EBT)							24,402
Income taxes							-14,642
Group net income for the period							9,760

Amounts partly adjusted (see page 32)

Segment information for the first nine months 2010 and the same period of the previous year are shown in the following tables:

in € thousands	Praktiker Germany 01/01 – 30/09/2010	Max Bahr 01/01 – 30/09/2010	International 01/01 – 30/09/2010	Total of reportable segments 01/01 – 30/09/2010	Miscel- laneous 01/01 – 30/09/2010	Recon- ciliation 01/01 – 30/09/2010	Total 01/01 – 30/09/2010
Net sales from external customers	1,343,116	527,843	760,125	2,631,084	66,805	0	2,697,889
Net sales from other segments	2,514	0	58	2,572	0	-2,572	0
Net sales total	1,345,630	527,843	760,183	2,633,656	66,805	-2,572	2,697,889
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	26,514	32,789	27,682	86,985	-2,188	0	84,797
Depreciation and impairment	-20,366	-9,716	-22,440	-52,522	-185	0	-52,707
thereof depreciation	-20,339	-9,716	-22,440	-52,495	-185	0	-52,680
thereof asset impairment	-27	0	0	-27	0	0	-27
Earnings before interest, taxes and amortisation (EBITA)	6,148	23,073	5,242	34,463	-2,373	0	32,090
Earnings before interest and taxes (EBIT)	6,148	23,073	5,242	34,463	-2,373	0	32,090
Net financial result							-31,807
Earnings before taxes (EBT)							283
Income taxes							-416
Group net loss for the period							-133

in € thousands	Praktiker Germany 01/01 – 30/09/2009	Max Bahr 01/01 – 30/09/2009	International 01/01 – 30/09/2009	Total of reportable segments 01/01 – 30/09/2009	Miscel- laneous 01/01 – 30/09/2009	Recon- ciliation 01/01 – 30/09/2009	Total 01/01 – 30/09/2009
Net sales from external customers	1,451,373	546,129	796,130	2,793,632	70,699	0	2,864,331
Net sales from other segments	3,699	0	0	3,699	0	-3,699	0
Net sales total	1,455,072	546,129	796,130	2,797,331	70,699	-3,699	2,864,331
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	32,053	31,301	42,075	105,429	-640	0	104,789
Depreciation and impairment	-21,096	-8,629	-21,527	-51,252	-295	0	-51,547
thereof depreciation	-20,552	-8,629	-21,527	-50,708	-230	0	-50,938
thereof asset impairment	-544	0	0	-544	-65	0	-609
Earnings before interest, taxes and amortisation (EBITA)	10,957	22,672	20,548	54,177	-935	0	53,242
Earnings before interest and taxes (EBIT)	10,957	22,672	20,548	54,177	-935	0	53,242
Net financial result							-34,426
Earnings before taxes (EBT)							18,816
Income taxes							-11,290
Group net income for the period							7,526

Amounts partly adjusted (see page 32)

The segment information is presented in line with IFRS 8. The operating segments were determined according to the reports which are regularly presented to the chief operating decision maker – the management board of Praktiker Holding AG – and which the management board uses to make its strategic decisions. In this internal reporting there is no classification of various product groups and services, nor of customer groups. Reporting takes place exclusively in line with the different retail chains in Germany and international business.

The basis for the sales revenues generated by all reportable operating segments is primarily the sale of goods for the areas of construction, renovation, home repairs, home improvement, gardening and leisure.

The following reportable operating segments are reported separately:

- “Praktiker Germany”: this segment comprises the activities of the Praktiker outlets operating in Germany (including Praktiker Holding AG and Praktiker Services GmbH). In addition, the earnings and the assets and liabilities of the foreign-based Praktiker Finance B.V. (Netherlands) are allocated to this segment, as is the case in internal reporting.
- “Max Bahr”: this segment covers the activities of the stores operated in Germany in this retail chain.

- “International”: the international segment comprises the operating activities in Luxembourg, Greece, Poland, Hungary, Turkey, Romania, Bulgaria, the Ukraine and Albania. Moldova and Macedonia, where there are currently no operating activities, are also allocated to this segment.

On account of the fact that they do not match the relevant size criteria, the “Extra integrated stores”, “Extra wholesale” and the cross-divisional service company Praktiker Group Buying HK Ltd. (Hong Kong) units are combined into a compound account “Miscellaneous”.

The earnings, assets and liabilities of Praktiker International AG, which assumes the settlement of supplier invoices, are distributed to the individual segments in line with their share in the central A/P clearing for sales divisions, as is the case in internal reporting. In the reporting period of the previous year they were assigned to the account “Miscellaneous”. The segment information for 2009 was adjusted accordingly.

Transfers between the different segments are carried out at arm’s length prices. Management services are generally calculated as cost allocations with a mark-up which is usual in the market.

The effects of consolidation measures between the segments are stated separately in the “Reconciliation” column.

The Praktiker Group measures the performance of its segments by the IFRS figure of EBITA (earnings before interest, taxes and amortisation).

Kirkel, Germany, 26 October 2010

The management board

Wolfgang Werner Michael Arnold Markus Schürholz Pascal Warnking

Praktiker
Bau- und Heimwerkermärkte Holding AG
Investor Relations

Am Tannenwald 2
D – 66459 Kirkel
Tel.: + 49 (0) 68 49 / 95 37 02
Fax: + 49 (0) 68 49 / 95 37 09
E-Mail: investorrelations@praktiker.de
www.praktiker.com

Publisher
Praktiker Bau- und Heimwerkermärkte Holding AG
Am Tannenwald 2
D – 66459 Kirkel
Tel.: + 49 (0) 68 49 / 95 00
Fax: + 49 (0) 68 49 / 95 2285
www.praktiker.com

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