

# Praktiker Group

## Interim report

# Q1/11



## KEY DATA

	Q1 2011	Q1 2010	Change in %
<b>Profit &amp; loss data</b>			
<b>Net sales in € m</b>	<b>666.4</b>	<b>747.9</b>	<b>-10.9</b>
Germany	489.8	555.9	-11.9
<i>thereof Praktiker Germany</i>	314.9	388.1	-18.9
<i>thereof Max Bahr</i>	156.2	148.0	5.5
<i>thereof Miscellaneous</i>	18.7	19.8	-5.2
International	176.6	192.0	-8.0
<b>Like-for-like sales growth in %</b>	<b>-11.6</b>	<b>-7.6</b>	<b>-</b>
Germany	-12.0	-6.9	-
<i>thereof Praktiker Germany</i>	-18.6	-7.2	-
<i>thereof Max Bahr</i>	5.1	-6.4	-
International	-10.6	-9.4	-
<b>Gross profit on sales in € m</b>	<b>205.2</b>	<b>224.9</b>	<b>-8.7</b>
Gross profit margin on sales in %	30.8	30.1	0.7 PP
<b>EBITA in € m</b>	<b>-71.6</b>	<b>-52.1</b>	<b>-37.3</b>
Germany	-52.7	-40.5	-30.0
<i>thereof Praktiker Germany</i>	-49.3	-35.8	-37.8
<i>thereof Max Bahr</i>	-0.9	-1.4	34.6
<i>thereof Miscellaneous</i>	-2.5	-3.4	25.9
International	-18.9	-11.6	-63.0
<b>Net financial result in € m</b>	<b>-6.0</b>	<b>-3.9</b>	<b>-54.0</b>
<b>Earnings before taxes in € m</b>	<b>-77.6</b>	<b>-56.0</b>	<b>-38.5</b>
<b>Net loss in € m</b>	<b>-15.5</b>	<b>-37.5</b>	<b>58.7</b>
Earnings per share in €	-0.27	-0.65	58.5
<b>Balance sheet data</b>			
Cash and cash equivalents in € m	341.5	247.7	37.9
Net financial position in € m	-305.6	-213.9	-42.9
Net working capital in € m	405.3	342.9	18.2
<b>Further financial data</b>			
Capital expenditure in € m	18.1	16.1	12.7
Cash flow from operating activities in € m	-100.1	-0.1	-
<b>Operative data</b>			
<b>Number of stores</b>	<b>439</b>	<b>441</b>	<b>-0.5</b>
Germany	331	336	-1.5
<i>thereof Praktiker Germany</i>	236	239	-1.3
<i>thereof Max Bahr</i>	78	78	0.0
<i>thereof Miscellaneous</i>	17	19	-10.5
International	108	105	2.9
<b>Number of employees, yearly average on a full-time basis (01/01 – 31/03)</b>	<b>20,613</b>	<b>21,796</b>	<b>-5.4</b>
Germany	11,242	11,937	-5.8
<i>thereof Praktiker Germany</i>	7,958	8,456	-5.9
<i>thereof Max Bahr</i>	2,924	3,084	-5.2
<i>thereof Miscellaneous</i>	360	397	-9.3
International	9,371	9,859	-4.9

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

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## THE FIRST THREE MONTHS 2011 – SUMMARY

In the first quarter of 2011, the Praktiker Group did not manage to achieve the sales level of the comparable period of the previous year. In the international business, sales in countries like Greece and Romania, which traditionally contribute the highest shares, were down significantly due to the sustained difficult macroeconomic situation. In Germany, the Praktiker brand also saw a decline in sales due to the preparations for the brand repositioning. Only the Max Bahr brand benefited from the positive macroeconomic environment in Germany, not only increasing its sales but also gaining market share.

The decline in Group sales was reflected in operating earnings, despite the fact that the gross profit margin again rose slightly and operating expenses were down on the previous year.

### Praktiker Germany starts brand repositioning

For Praktiker Germany, the first quarter of 2011 marked the transition from its discount-driven focus of the past to a concerted effort to be perceived as the leader in value-for-money. Accordingly, every form of open, general discount was waived in the first three months. By contrast, there had been a wide range of discount offers in the previous year, including 15 days of “20 percent off everything”. As expected, this change in the discount policy resulted in a substantial decline in sales.

The new store concept was also implemented in the first quarter. The repositioning was supplemented at the beginning of the second quarter with the accompanying marketing campaign fronted by Boris Becker.

### Max Bahr records continued growth

Max Bahr benefited from the generally positive consumer sentiment in Germany and continued the growth trend it experienced in the previous quarter. Sales were boosted by the fact that garden business picked up early in the year due to the mild weather. Max Bahr’s advertising in the first quarter was again focused on needs-oriented and seasonal campaigns.

### No turnaround in International yet

Sales development in the international business was heterogeneous. Sales continued to grow strongly in Turkey and the Ukraine, while Luxembourg, Poland and Hungary fell narrowly below the prior-year level. By contrast, sales in Romania, Bulgaria and Greece declined sharply year-on-year, offsetting the positive developments in other countries. As a result, overall international sales declined compared to the same period last year.

### Second quarter decisive for 2011 figures

The targets for the year 2011 have been outlined with the publication of the 2010 financial statements. During the first quarter, sales and earnings did not develop in such a way that would make it easier to achieve these targets. Now, everything depends on how fast the repositioning of the Praktiker brand will translate into rising sales and when the main countries of Praktiker’s international portfolio will stage a recovery. The second quarter, which typically features the highest contribution to the annual earnings, will therefore provide the decisive guidance for the full year.

## "PRAKTIKER 2013" – FOCUS ON REPOSITIONING OF PRAKTIKER GERMANY

The "Praktiker 2013" programme is being continued in 2011. This involves implementing measures already resolved for Praktiker Germany as well as finalising plans for the measures under preparation for Max Bahr and Praktiker International and then realising them step by step. Detailed information on individual measures has already been provided in the 2010 annual report. In the first three months of the current financial year, special attention was paid to preparing the repositioning of Praktiker Germany.

### Praktiker Germany turns to new concept

At the beginning of the second quarter, just in time for the important gardening season, Praktiker Germany unveiled its new appearance. Simple, inexpensive, reliable – Praktiker has geared all aspects of its approach to customers towards these key characteristics. For instance, in-store navigation has been simplified further still. In the store lobby, a customer greeter gives directions to customers as the first point of contact. The assortments are presented even more clearly than before in a new price and quality hierarchy.

"Praktiker" as a private label has become a key element in the new concept. As a replacement for other private labels, "Praktiker" is now being established as a high-quality, attractively priced brand in the mid-price bracket, initially in the assortments "gardening", "paint", "laminat" and "ironmongery", by 2012 also in all other assortments. In-store employees have been relieved of some routine tasks and are on hand to give customers advice and assistance. Wearing a new yellow uniform, they are also easily recognisable to customers.

### New marketing campaign underway

Since the beginning of April, the concept has also included a new, emotive advertising campaign that is fronted by Boris Becker.

Praktiker will remain inexpensive, and price will still feature prominently in its advertising campaigns. At the same time, however, the focus will shift towards other issues, such as its product expertise, services and warranties.

### Online shop launched

On 17 February 2011, Praktiker opened an online shop in Germany. Customers can now order around 7,500 products from the range offered in Praktiker stores via the Internet and have them delivered to their homes. This measure sees Praktiker expanding its location portfolio to include a virtual distribution channel.

### Repositioning of Praktiker Germany accounts for majority of extraordinary effects

In the first quarter of 2011, extraordinary expenses relating to the "Praktiker 2013" programme amounted to 4.9 million euro. Praktiker Germany accounted for 3.6 million euro of the total, for implementation of the new marketing concept at the Praktiker stores in Germany, for measures to improve sales efficiency, central purchasing and the merchandise management system as well as for work in the programme office including external consulting. The expenses in the Miscellaneous segment are related to the online shop launched in February.

3.3 million euro of total extraordinary expenses were accounted for under selling expenses, 1.6 million euro under administrative expenses.

In the previous year, extraordinary expenses totalled 1.4 million euro. They related to expenses for the programme office and external consulting.

Implementation of measures for the "Praktiker 2013" programme required capital expenditure of 8.6 million euro, most of which was associated with the store conversions at Praktiker Germany. No comparable capital expenditure was incurred in the same period of the previous year.

Extraordinary effects "Praktiker 2013"

in € m

	Q1 2011	Q1 2010	Change
<b>Praktiker Group</b>	<b>4.9</b>	<b>1.4</b>	<b>3.5</b>
<b>Germany</b>	<b>4.5</b>	<b>1.4</b>	<b>3.1</b>
Praktiker Germany	3.6	1.4	2.2
Max Bahr	0.3	–	0.3
Miscellaneous	0.6	–	0.6
<b>International</b>	<b>0.4</b>	<b>–</b>	<b>0.4</b>

## INCOME, FINANCIAL AND ASSET POSITION

Profit & loss data			
in € m			
	Q1 2011	Q1 2010	Change in %
Net sales	666.4	747.9	-10.9
Gross profit on sales	205.2	224.9	-8.7
Gross profit margin on sales in %	30.8	30.1	0.7 PP
Other operating income	14.1	15.4	-8.9
Selling expenses	272.2	275.2	-1.1
Administrative expenses	18.5	16.9	9.4
EBITDA	-53.4	-34.7	-54.1
EBITA	-71.6	-52.1	-37.3
Net financial result	-6.0	-3.9	-54.0
Earnings before taxes	-77.6	-56.0	-38.5
Net income	-15.5	-37.5	58.7

## Income position

## Store portfolio

At the end of the first quarter, the Praktiker Group operated a total of 439 stores, two fewer than at the same time in the previous year. However, the Group's total selling space remained essentially unchanged as new stores outside Germany and relocations within Germany served to offset the space lost through closures.

Number of stores			
	Q1 2011	Q1 2010	Change
<b>Praktiker Group</b>	<b>439</b>	<b>441</b>	<b>-2</b>
<b>Germany</b>	<b>331</b>	<b>336</b>	<b>-5</b>
Praktiker Germany	236	239	-3
Max Bahr	78	78	0
extra BAU+HOBBY	17	19	-2
<b>International</b>	<b>108</b>	<b>105</b>	<b>3</b>

Weighted selling space			
in 1,000 sq m			
	Q1 2011	Q1 2010	Change in %
<b>Praktiker Group</b>	<b>2,877</b>	<b>2,869</b>	<b>0.3</b>
<b>Germany</b>	<b>2,116</b>	<b>2,127</b>	<b>-0.5</b>
Praktiker Germany	1,424	1,429	-0.3
Max Bahr	628	628	0.0
extra BAU+HOBBY	64	70	-8.6
<b>International</b>	<b>761</b>	<b>742</b>	<b>2.6</b>

## Net sales

In the first quarter of 2011, the Praktiker Group did not manage to reach the sales level of the comparable period of the previous year. In the international business, sales in countries like Greece and Romania, which traditionally contribute the highest shares, were down significantly year-on-year due to the sustained difficult macroeconomic situation. In Germany, the Praktiker brand also saw a decline in sales due to the waiver of open, general discounts in connection with the preparations for the brand repositioning. Only the Max Bahr brand benefited from the positive macroeconomic environment in Germany, not only increasing its sales but also gaining market share.

Exchange rate effects had a negative, but hardly material impact on sales in the first quarter. Assuming unchanged exchange rates, consolidated sales would have been 1.4 million euro higher.

Net sales			
in € m			
	Q1 2011	Q1 2010	Change in %
<b>Praktiker Group</b>	<b>666.4</b>	<b>747.9</b>	<b>-10.9</b>
<b>Germany</b>	<b>489.8</b>	<b>555.9</b>	<b>-11.9</b>
Praktiker Germany	314.9	388.1	-18.9
Max Bahr	156.2	148.0	5.5
Miscellaneous	18.7	19.8	-5.2
<b>International</b>	<b>176.6</b>	<b>192.0</b>	<b>-8.0</b>

Net sales			
Change in %, against previous year			
		Q1 2011	Q1 2010
Praktiker Group	absolute (in €)	<b>-10.9</b>	-6.0
	like-for-like (in €)	<b>-11.6</b>	-7.6
	absolute (in local currency)	<b>-10.7</b>	-7.1
	like-for-like (in local currency)	<b>-11.4</b>	-8.7
Germany	absolute	<b>-11.9</b>	-5.7
	Praktiker Germany	<b>-18.9</b>	-6.4
	Max Bahr	<b>5.5</b>	-4.5
	like-for-like	<b>-12.0</b>	-6.9
	Praktiker Germany	<b>-18.6</b>	-7.2
	Max Bahr	<b>5.1</b>	-6.4
International	absolute (in €)	<b>-8.0</b>	-6.9
	like-for-like (in €)	<b>-10.6</b>	-9.4
	absolute (in local currency)	<b>-7.4</b>	-10.8
	like-for-like (in local currency)	<b>-9.9</b>	-13.4

Customer contacts and average purchase				
	Customer contacts		Average purchase	
	in million	Change in % to Q1/2010	in €	Change in % to Q1/2010
<b>Praktiker Group</b>	<b>26.3</b>	<b>-10.8</b>	<b>25.24</b>	<b>-0.3</b>
<b>Germany</b>	<b>19.0</b>	<b>-12.7</b>	<b>25.56</b>	<b>0.7</b>
Praktiker Germany	12.8	-16.0	24.59	-3.6
Max Bahr	5.6	-4.0	28.18	9.8
Miscellaneous	0.6	-13.7	21.77	6.6
<b>International</b>	<b>7.2</b>	<b>-5.4</b>	<b>24.39</b>	<b>-2.8</b>

### Gross profit on sales

In preparation for its new market positioning, Praktiker Germany waived open, general discount offers involving percentage-based discounts on everything and for everyone in the period under review. This was the main reason why the Group's gross profit margin rose by 0.7 percentage points year-on-year to 30.8 percent.

### Other operating income

Other operating income declined slightly. In the previous year, this figure included insurance payments totalling 1.2 million euro, which primarily served to compensate the expenses and loss of income arising from the destruction by fire of the Praktiker store in Zabrze (Poland) in late 2008. These payments were not repeated in 2011.

### Selling expenses

Selling expenses declined slightly by 1.1 percent in the first quarter. Taking into account the extraordinary effects triggered by the "Praktiker 2013" programme, selling expenses fell by 2.4 percent. This development was primarily related to personnel and advertising expenses.

### Administrative expenses

Administrative expenses rose by 9.4 percent year-on-year. Extraordinary expenses were reported in administrative expenses in the amount of 1.6 million euro in the first quarter of 2011, reaching a similar level as in the previous year (1.4 million euro).

### Operating earnings (EBITA)

Despite improvements in the gross profit margin and cost reductions, the decline in sales had a significant impact on operating earnings. The operating loss which is typical for the first quarter due to seasonal effects increased from 52.1 million euro in the previous year to 71.6 million euro. Taking into account the extraordinary effects from the "Praktiker 2013" programme, EBITA amounted to minus 66.7 million euro (previous year minus 50.7 million euro).

As far as the segments are concerned, Praktiker Germany and International reported higher losses than in the same period of the previous year, whereas Max Bahr improved its operating earnings on the back of sales growth.

Exchange rate effects did not have a material impact on EBITA in the first quarter of 2011.

Other operating income, selling and administrative expenses, EBITA			
in € m			
	Q1 2011	Q1 2010	Change
<b>Gross profit on sales</b>	<b>205.2</b>	<b>224.9</b>	<b>-19.7</b>
<b>Other operating income</b>	<b>14.1</b>	<b>15.4</b>	<b>-1.4</b>
<b>Selling expenses</b>	<b>272.2</b>	<b>275.2</b>	<b>-3.1</b>
herein included extraordinary effects	3.3	0.0	3.3
<b>Administrative expenses</b>	<b>18.5</b>	<b>16.9</b>	<b>1.6</b>
herein included extraordinary effects	1.6	1.4	0.2
<b>EBITA</b>	<b>-71.6</b>	<b>-52.1</b>	<b>-19.5</b>
herein included extraordinary effects	4.9	1.4	3.5
<b>EBITA before extraordinary effects</b>	<b>-66.7</b>	<b>-50.7</b>	<b>-16.0</b>

### Net financial result

Changes in the net financial result primarily related to the restructuring of financial instruments.

The corporate bond placed in February will be used, among other things, for the repayment of the convertible bond in September 2011. There will be a corresponding negative effect on the net interest result until this date. In the first quarter, a similar double burden resulted from the promissory notes of 50.0 million euro. They were cancelled in February and paid back prematurely.

In contrast to several previous quarters, the impact of exchange rate fluctuations on the financial result in the first quarter were nearly identical to those of the comparable quarter 2010.

Net financial result			
in € m			
	Q1 2011	Q1 2010	Change
<b>Financial income</b>	<b>11.2</b>	<b>10.7</b>	<b>0.5</b>
thereof interest income	0.6	0.2	0.3
thereof exchange gains and derivatives	10.5	10.5	0.1
<b>Financial expenses</b>	<b>17.3</b>	<b>14.6</b>	<b>2.6</b>
thereof interest expenses from finance lease	5.8	6.1	-0.3
thereof accumulation of liabilities from convertible bonds	1.2	1.1	0.1
thereof other interest and similar expenses	4.2	1.9	2.3
thereof exchange losses and derivatives	4.6	4.5	0.1
<b>Net financial result</b>	<b>-6.0</b>	<b>-3.9</b>	<b>-2.1</b>

### Net loss for the quarter

An income tax rate of 80 percent is anticipated for 2011 as a whole. Applying this expected tax rate to earnings before taxes for the reporting period results in tax income of 62.1 million euro. A tax rate of 33 percent was applied in the same period of the previous year, resulting in tax income of 18.5 million euro.

The net loss for the quarter after taxes amounted to 15.5 million euro, compared with a net loss of 37.5 million euro in the previous year.

### Earnings per share

Undiluted earnings per share amounted to minus 0.27 euro (previous year minus 0.65 euro).

### Financial position

#### Capital expenditure

Capital expenditure in the first quarter of 2011 totalled 18.1 million euro (previous year 16.1 million euro). Of this

figure, 8.6 million euro related to measures in conjunction with the "Praktiker 2013" programme, particularly the conversion of the Praktiker Germany stores to reflect the new marketing concept. A new store was opened in Opole (Poland) in the first quarter, followed by three stores in Xanthi (Greece), Pila and Leszno (both Poland) in April.

Capital expenditure			
in € m			
Total	18.1		
Germany	12.7	5.4	International
Cash	16.5	1.6	Non-cash
Maintenance	16.0	2.1	Expansion

### Financing

Cash and cash equivalents increased significantly as a result of the restructuring of financial instruments.

On 10 February 2011, the Praktiker Group successfully placed a corporate bond with a volume of 250.0 million euro. The bond has a term of five years and an interest coupon of 5.875 percent. Less the agio and ancillary costs, the Praktiker Group received cash and cash equivalents of 246.7 million euro as a result.

This means that Praktiker obtained the funds to refinance the convertible bond maturing in September 2011 (147.1 million euro) earlier than required. Praktiker also cancelled and repaid the existing promissory notes of 50.0 million euro prematurely in February.

The existing syndicated credit facility of 200.0 million euro was also cancelled in February. Since this date, the existing cash and cash equivalents and extended, but unutilised bilateral credit facilities serve to secure the Group's liquidity requirements.

### Cash flow statement

In the first quarter, the operating cash flow was down significantly year-on-year at minus 100.1 million euro (previous year minus 0.1 million euro). This reflected the lower level of earnings as well as the substantial growth in inventories for which there are three main reasons: Firstly, the repositioning of the Praktiker brand in Germany that was completed in the first quarter will use new marketing variants and a considerably stronger advertising presence from April onwards. A corresponding – temporary – increase in inventories was required in order to meet the expected rise in demand. Secondly, the 2011 garden season started significantly earlier than in the previous year due to favourable weather conditions, meaning that the business volume increased year-on-year. This necessitated larger inventories of seasonal items at

the reporting date – particularly plants, which are procured at extremely short notice. Finally, inventories for the three new stores outside Germany that were opened in April had been established as of the reporting date.

At 16.3 million euro, net cash used in investing activities was higher than in the previous year. This was also primarily due to the repositioning of the Praktiker brand in Germany. The reorganisation of the stores required additional non-recurring capital expenditure which also had a corresponding impact on the cash position. On the other hand, the cash outflow for expansion projects in the first quarter of 2011 was significantly lower than in the previous year.

The cash flow from financing activities increased to 190.3 million euro. A cash inflow of 246.7 million euro resulted from the issue of the corporate bond. This was partly offset by the early repayment of the promissory notes in the amount of 50.0 million euro in the first quarter.

At the end of the period under review, the Praktiker Group reported liquid funds totalling 340.3 million euro (previous year 243.7 million euro).

Cash flow statement			
in € m			
	Q1 2011	Q1 2010	Change
Earnings before taxes	-77.6	-56.0	-21.6
Cash flow from operating activities	-100.1	-0.1	-99.9
Cash flow from investing activities	-16.3	-14.2	-2.2
Cash flow from financing activities	190.3	-5.8	196.1
Liquid funds at 31/03	340.3	243.7	96.6

## Asset position

### Balance sheet

Compared with the previous year (31 March 2010), the Praktiker Group's balance sheet increased by 155.6 million euro or 7.1 percent as of 31 March 2011. On the asset side, cash and cash equivalents rose by 93.8 million euro, while inventories increased by 60.2 million euro due to the reasons outlined above. Deferred tax assets decreased as a result of the adjustment already made at the end of the previous financial year. Other receivables and property, plant and equipment also declined slightly.

On the liability side, the most notable change related to the corporate bond that was issued in February, as a result of which financial liabilities – after the repayment of the promissory notes – increased by almost 200 million euro. Equity decreased as a result of the accumulated losses in the first

quarter. Finance lease obligations continued to decline, as they are subject to regular redemption and hence are automatically reduced unless new locations are required to be classified as finance leases in accordance with IFRS.

Balance sheet			
in € m			
	31/03/2011	31/03/2010	Change
Equity	824.3	843.3	-19.0
Balance sheet total	2,357.0	2,201.3	155.6
Net financial position	-305.6	-213.9	-91.8
Net working capital	405.3	342.9	62.4

### Net debt

Some of the cash and cash equivalents raised were used for the – temporary – increase in inventories and the slightly higher level of capital expenditure. Accordingly, net debt amounted to 305.6 million euro at the end of the reporting period, up significantly on the same period of the previous year (213.9 million euro).

Financial liabilities included finance lease liabilities in the amount of 254.3 million euro (previous year 267.0 million euro), the corporate bond placed in February 2011 (246.8 million euro), the convertible bond (144.9 million euro) and current liabilities to banks in the amount of 1.2 million euro (previous year 4.1 million euro). Net debt amounted to 184.7 million euro at the end of the 2010 financial year.

Non-current and current liabilities			
in € m			
	31/03/2011	31/03/2010	Change
<b>Non-current liabilities</b>	<b>657.1</b>	<b>608.2</b>	<b>48.8</b>
thereof financial liabilities	482.1	440.5	41.6
herein financial liabilities from finance lease	235.4	250.0	-14.6
<b>Current liabilities</b>	<b>875.6</b>	<b>749.8</b>	<b>125.8</b>
thereof financial liabilities	165.0	21.1	144.0
herein financial liabilities from finance lease	18.9	17.0	1.9

### Net working capital

Net working capital amounted to 405.3 million euro at the end of the first quarter (previous year 342.9 million euro). This increase is primarily due to the higher level of inventories at the end of the quarter as described above.

## MARKET ENVIRONMENT GERMANY

### German DIY market makes a sound start to the year

The indications to date suggest that the German DIY market grew by around 2 percent in the first quarter. Positive overall consumer sentiment and a comparatively mild winter bolstered the DIY business.

Praktiker with even simpler navigation, even clearer price and quality hierarchy of assortments and a greater emphasis on service. Furthermore, extensive marketing measures will be used to draw their attention to the attractive new product range.

## SEGMENT REPORT PRAKTIKER GERMANY

Key data Praktiker Germany			
Net sales, EBITA and capital expenditure in € m			
	Q1 2011	Q1 2010	Change in %
Net sales	314.9	388.1	-18.9
Like-for-like sales growth in %	-18.6	-7.2	-
EBITA	-49.3	-35.8	-37.8
in % of net sales	-15.7	-9.2	-
Capital expenditure	11.5	2.6	-
Number of stores (31/03)	236	239	-1.3
Selling space in 1,000 sq m (31/03)	1,424	1,429	-0.3
Number of employees, yearly average on a full-time basis (01/01 – 31/03)	7,958	8,456	-5.9

### Net sales

The first quarter of 2011 marked a transitional phase for Praktiker Germany in terms of market positioning, customer approach and central advertising measures. Praktiker Germany moved away from open, general discount campaigns based on the known model of “20 percent off everything”, i.e. discounts on everything for everyone. This offer, strongly associated with Praktiker, was applied on 15 days in the first quarter of 2010, but not on a single day in 2011 in preparation for the repositioning of the brand. Consequently, sales declined by 18.9 percent to 314.9 million euro in the first quarter as Praktiker did not launch a replacement for the advertising campaigns before the beginning of the second quarter. Although Praktiker also benefited from the early start to the gardening season and posted a double-digit increase in bedding plant sales, the weighting of plant sales in the first quarter was too low to make up for the overall decline in sales.

The new advertising campaign with Boris Becker has been supporting the repositioning of the brand since April. As all the conceptual elements for the repositioning have thus been put in place, the sales trend of the first quarter is not expected to continue for the rest of the year.

Praktiker used the first quarter to make the necessary preparations for its new market positioning. At the beginning of the second quarter, customers will discover the new

### Extraordinary effects

In the period under review, extraordinary expenses of 3.6 million euro were incurred by Praktiker Germany for the preparations for the new market positioning and other measures such as process improvement and corporate procurement, as well as the work of the programme office including external consulting. From January to March 2010, extraordinary expenses totalled 1.4 million euro.

### Operating earnings (EBITA)

The waiver of open, general discounts had a positive impact on the gross profit margin, although it was not enough to fully offset the negative volume effect. As is typical for the season, operating earnings for the first quarter were negative reaching minus 49.3 million euro, down on the same period of the previous year (minus 35.8 million euro).

### Capital expenditure

First quarter capital expenditure was also characterised by the preparations for the new market positioning which required capital expenditure for new signs, new shopping carts, shelf conversions and other preparatory measures. In total, measures for the “Praktiker 2013” programme accounted for 8.6 million euro.

2.6 million euro were invested in maintenance, such as renovation, modification and IT infrastructure. A total of 0.3 million euro were spent on expansion.

Overall, capital expenditure at Praktiker Germany in the first quarter thus amounted to 11.5 million euro (previous year 2.6 million euro).

At the end of the first quarter, Praktiker Germany operated 236 stores, three fewer than at the same point in the previous year.

## SEGMENT REPORT MAX BAHR

Key data Max Bahr			
Net sales, EBITA and capital expenditure in € m			
	Q1 2011	Q1 2010	Change in %
Net sales	156.2	148.0	5.5
Like-for-like sales growth in %	5.1	-6.4	-
EBITA	-0.9	-1.4	34.6
in % of net sales	-0.6	-0.9	-
Capital expenditure	0.9	3.6	-74.6
Number of stores (31/03)	78	78	0.0
Selling space in 1,000 sq m (31/03)	628	628	0.0
Number of employees, yearly average on a full-time basis (01/01 – 31/03)	2,924	3,084	-5.2

### Net sales

Max Bahr made a good start to the 2011 financial year. Against the background of a positive consumer sentiment and the comparatively mild winter, the brand increased its sales by 5.5 percent. Although no definitive sector figures are available yet, Max Bahr is likely to have outperformed the sector as a whole.

Max Bahr further intensified its direct addressing of loyal customers in the first quarter of 2011, putting greater emphasis on needs-oriented, seasonal campaigns.

The ongoing overhaul of assortments was continued in the reporting period. For instance, the second Max Bahr „garden oasis“ was opened at the Hamburg-Bramfeld location. This concept, which is mainly geared towards an appealing, clearly structured presentation of products, has been trialled at the Hamburg-Stellingen store for a year. On account of the highly positive customer response so far, Max Bahr plans to transfer the concept to further stores in future.

### Extraordinary effects

Expenses of 0.3 million euro were incurred at Max Bahr in the context of “Praktiker 2013” programme work.

### Operating earnings (EBITA)

The increase in sales was reflected in the improvement in operating earnings. Although, as is usual for the season, Max Bahr again posted a loss in the first quarter of 2011. It amounted to 0.9 million euro and was thus much lower than in the previous year (minus 1.4 million euro).

### Capital expenditure

Max Bahr invested a total of 0.9 million euro in the first quarter. This was much less than in the same quarter of the previous year (3.6 million euro), as there are no plans to open any new stores at present and no construction work was carried out. As at 31 March 2011, Max Bahr operated a total of 78 stores – exactly the same number as in the previous year.

## SEGMENT REPORT MISCELLANEOUS

The segment Miscellaneous comprises the German sales line extra BAU+HOBBY, a cross-divisional service company of the Praktiker Group and, since the end of 2010, the Praktiker online shop in Germany as well.

Owing to the relative insignificance of the sales, earnings and assets of this segment, no detailed comments on the segment are provided. The corresponding key data can be found in the explanatory notes.

## MARKET ENVIRONMENT INTERNATIONAL

### Still heterogeneous

International business was as heterogeneous in the first quarter of 2011 as it was in the 2010 financial year. In countries like the Ukraine and Turkey, sales increased as a result of sustained economic growth. By contrast, in countries like Greece and Romania, there is still no sign of an end to the consumer restraint caused by macroeconomic developments.

## SEGMENT REPORT INTERNATIONAL

### Net sales

Business has not yet picked up in all countries in the international segment. In the first quarter, the Ukraine and Turkey in particular posted good sales growth. The business volume in Poland, Hungary and Luxembourg was at roughly the same level as the previous year. By contrast, Bulgaria, Romania and Greece saw double-digit declines in sales due to the ongoing macroeconomic weakness. As Greece and Romania contribute high shares to the international business, total international sales declined by 8.0 percent overall.

In addition, in the first three months of the year, there was no positive impetus from the currencies of the countries outside the euro zone in which Praktiker operates. Overall, changes in exchange rates adversely affected sales by 0.7 percent (1.4 million euro).

Key data International			
Net sales, EBITA and capital expenditure in € m			
	Q1 2011	Q1 2010	Change in %
Net sales	176.6	192.0	-8.0
Like-for-like sales growth in %	-10.6	-9.4	-
EBITA	-18.9	-11.6	-63.0
in % of net sales	-10.7	-6.0	-
Capital expenditure	5.4	9.9	-44.6
Number of stores (31/03)	108	105	2.9
Selling space in 1,000 sq m (31/03)	761	742	2.6
Number of employees, yearly average on a full-time basis (01/01 – 31/03)	9,371	9,859	-4.9

### Extraordinary effects

Work in the programme office resulted in extraordinary expenses of 0.4 million euro.

### Operating earnings (EBITA)

The sales decline was only partially offset by measures aimed at strengthening the gross profit margin and cost adjustments. The customary operating loss for the first quarter increased to 18.9 million euro (previous year 11.6 million euro).

### Capital expenditure

In the first quarter of 2011, Praktiker invested a total of 5.4 million euro outside Germany (previous year 9.9 million euro). Maintenance and renovation of existing stores accounted for two thirds of the total, whilst 1.8 million euro was spent on expansion.

A new store was opened in Opole (Poland). At the end of the first quarter, Praktiker International operated 108 stores, three more than at the same time in the previous year.

### Organisational changes

At the beginning of the 2011 financial year, the nine countries in the international segment were pooled to form two regional sales units, thus streamlining and centralising the organisation. One region consists of Albania, Greece, Poland, Turkey and the Ukraine, and the other of Luxembourg, Bulgaria, Romania and Hungary. In addition, commercial managing directors were also appointed in each unit.

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	8.3	-0.8	-0.8	-0.8	-0.8	3
Greece	46.4	-10.5	-16.8	-10.5	-16.8	12
Poland	39.6	-1.4	-4.0	-2.4	-4.6	22
Hungary	19.9	-2.2	-6.3	-0.8	-4.8	20
Turkey	22.2	9.5	15.2	13.3	19.1	10
Romania	25.8	-29.5	-31.1	-27.7	-29.4	27
Bulgaria	8.5	-11.1	-11.1	-11.1	-11.1	9
Ukraine	5.1	31.3	20.1	28.3	18.2	4
Albania	0.8	-26.3	-26.3	-25.9	-25.9	1
<b>International<sup>1</sup></b>	<b>176.6</b>	<b>-8.0</b>	<b>-10.6</b>	<b>-7.4</b>	<b>-9.9</b>	<b>108</b>

<sup>1</sup>Consolidated

## RISK REPORT

### Risks

The Praktiker Group reported extensively on the various risks to which the Group is exposed in its 2010 annual report. The measures taken by the Group to counter the individual risks were also discussed there. There was no evidence of material risks above and beyond this risk catalogue in the period under review.

### Opportunities

The opportunities available to the Group were also described in detail in the 2010 annual report. There were no material changes in the period under review.

## OUTLOOK

### Second quarter decisive for 2011 figures

The targets for the year 2011 have been outlined with the publication of the 2010 financial statements. During the first quarter, sales and earnings did not develop in such a way that would make it easier to achieve these targets. Now, everything depends on how fast the repositioning of the Praktiker brand will translate into rising sales and when the main countries of Praktiker's international portfolio will stage a recovery. The second quarter, which typically features the highest contribution to the annual earnings, will therefore provide the decisive guidance for the full year.

## CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER 2011

in € thousands	01/01 – 31/03/2011	01/01 – 31/03/2010
<b>Net sales</b>	<b>666,396</b>	<b>747,860</b>
Cost of goods sold	-461,167	-522,953
<b>Gross profit on sales</b>	<b>205,229</b>	<b>224,907</b>
Other operating income	14,076	15,448
Selling expenses	-272,150	-275,221
Administrative expenses	-18,500	-16,915
Other operating expenses	-233	-337
<b>Operating earnings (EBITA)</b>	<b>-71,578</b>	<b>-52,118</b>
Financial income	11,247	10,716
Financial expenses	-17,283	-14,636
<b>Net financial result</b>	<b>-6,036</b>	<b>-3,920</b>
<b>Earnings before taxes</b>	<b>-77,614</b>	<b>-56,038</b>
Income taxes	62,122	18,492
<b>Group net loss</b>	<b>-15,492</b>	<b>-37,546</b>
thereof allocable to minority interests	228	223
thereof allocable to owners of the company	-15,720	-37,769

Earnings per share		
in €	01/01 – 31/03/2011	01/01 – 31/03/2010
Basic earnings per share	-0.27	-0.65
Dilutive effect	-	-
Diluted earnings per share	-0.27	-0.65

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER 2011

in € thousands	01/01 – 31/03/2011	01/01 – 31/03/2010
<b>Group net loss</b>	<b>-15,492</b>	<b>-37,546</b>
Loss (previous year gain) from currency translation recognised directly in equity	-448	3,945
Gain (previous year loss) from cash flow hedges recognised directly in equity (after taxes)	339	-493
<b>Other comprehensive income</b>	<b>-109</b>	<b>3,452</b>
<b>Comprehensive income</b>	<b>-15,601</b>	<b>-34,094</b>
thereof allocable to minority interests	228	223
thereof allocable to owners of the company	-15,829	-34,317

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS AS AT 31 MARCH 2011

in € thousands	31/03/2011	31/12/2010	31/03/2010
Goodwill	192,682	192,682	192,682
Other intangible assets	72,725	72,809	69,705
Property, plant and equipment	486,367	482,107	500,126
Other financial assets	12	13	13
Other receivables and other assets	10,689	11,813	13,015
Deferred tax assets	133,039	132,711	150,413
<b>Non-current assets</b>	<b>895,514</b>	<b>892,135</b>	<b>925,954</b>
Inventories	961,595	789,340	901,365
Trade receivables	15,498	12,462	20,468
Other receivables and other assets	77,846	68,502	83,451
Income tax receivables	64,997	2,224	22,363
Cash and cash equivalents	341,526	266,292	247,740
<b>Current assets</b>	<b>1,461,462</b>	<b>1,138,820</b>	<b>1,275,387</b>
<b>Total assets</b>	<b>2,356,976</b>	<b>2,030,955</b>	<b>2,201,341</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES AS AT 31 MARCH 2011

in € thousands	31/03/2011	31/12/2010	31/03/2010
Share capital	58,000	58,000	58,000
Reserves	713,109	713,218	714,800
Balance sheet profit	51,307	67,027	69,865
<b>Equity allocable to owners of the company</b>	<b>822,416</b>	<b>838,245</b>	<b>842,665</b>
Minority interests	1,886	1,642	618
<b>Equity</b>	<b>824,302</b>	<b>839,887</b>	<b>843,283</b>
Provisions for pensions	529	531	719
Other provisions	59,829	59,394	49,798
Financial liabilities	482,123	238,728	440,515
Other liabilities	2,992	3,817	5,609
Deferred tax liabilities	111,589	111,211	111,599
<b>Non-current liabilities</b>	<b>657,062</b>	<b>413,681</b>	<b>608,240</b>
Other provisions	31,035	31,709	34,009
Financial liabilities	165,039	212,269	21,089
Trade payables	589,644	450,827	598,141
Other liabilities	86,278	76,565	90,982
Current income tax liabilities	3,616	6,017	5,597
<b>Current liabilities</b>	<b>875,612</b>	<b>777,387</b>	<b>749,818</b>
<b>Total equity and liabilities</b>	<b>2,356,976</b>	<b>2,030,955</b>	<b>2,201,341</b>

## 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				
<b>31/12/2009</b>	<b>58,000</b>	<b>822,685</b>	<b>-18,084</b>	<b>-277</b>	<b>-92,976</b>	<b>-111,337</b>	<b>107,634</b>	<b>876,982</b>	<b>1,621</b>	<b>878,603</b>
Transactions directly recognised in equity			3,945	-493		3,452		3,452		3,452
Payments to minority interests									-1,242	-1,242
Group net loss							-37,769	-37,769	223	-37,546
Other changes in minority interests									16	16
<b>31/03/2010</b>	<b>58,000</b>	<b>822,685</b>	<b>-14,139</b>	<b>-770</b>	<b>-92,976</b>	<b>-107,885</b>	<b>69,865</b>	<b>842,665</b>	<b>618</b>	<b>843,283</b>
<b>31/12/2010</b>	<b>58,000</b>	<b>822,685</b>	<b>-15,980</b>	<b>-511</b>	<b>-92,976</b>	<b>-109,467</b>	<b>67,027</b>	<b>838,245</b>	<b>1,642</b>	<b>839,887</b>
Transactions directly recognised in equity			-448	339		-109		-109		-109
Group net loss							-15,720	-15,720	228	-15,492
Other changes in minority interests									16	16
<b>31/03/2011</b>	<b>58,000</b>	<b>822,685</b>	<b>-16,428</b>	<b>-172</b>	<b>-92,976</b>	<b>-109,576</b>	<b>51,307</b>	<b>822,416</b>	<b>1,886</b>	<b>824,302</b>

## CONSOLIDATED CASH FLOW STATEMENT

in € thousands	01/01 – 31/03/2011	01/01 – 31/03/2010
Earnings before taxes	-77,614	-56,038
Depreciation, amortisation and reversal of impairment losses	18,182	17,317
Decrease in provisions	-241	-774
Loss from the disposal of fixed assets	71	102
Exchange-rate-related effects	-5,015	-4,196
Increase in inventories	-172,255	-94,581
Increase in trade payables	138,818	140,531
Other non-cash transactions	-2,923	-2,761
Changes in current other assets and liabilities	-2,721	2,665
Changes in non-current other assets and liabilities	543	-730
Income taxes paid	-2,329	-4,640
Interest expenses from finance leases	-5,815	-6,122
Interest result	10,665	8,878
Interest received	581	244
<b>Cash flow from operating activities</b>	<b>-100,053</b>	<b>-105</b>
Proceeds from disposal of fixed assets	177	732
Cash outflow for investing activities	-16,517	-14,907
<b>Cash flow from investing activities</b>	<b>-16,340</b>	<b>-14,175</b>
Interest paid	-1,875	-149
Payment to minority interests	0	-1,242
Principal of liabilities from finance leases	-4,539	-4,409
Received payments from corporate bonds	246,677	0
Repayment of promissory note loans	-50,000	0
<b>Cash flow from financing activities</b>	<b>190,263</b>	<b>-5,800</b>
Change in cash, cash equivalents and bank overdrafts (aggregated)	73,870	-20,080
Effect of foreign exchange rate changes	110	792
Liquid funds at beginning of period (aggregated)	266,292	262,977
<b>Liquid funds at end of period (aggregated)</b>	<b>340,272</b>	<b>243,689</b>

Reconciliation of liquid funds		
in € thousands	31/03/2011	31/03/2010
<b>Liquid funds at beginning of period (total) according to consolidated cash flow statement</b>	<b>266,292</b>	<b>262,977</b>
Change in cash and cash equivalents	75,070	-16,029
Change in bank overdrafts	-1,200	-4,051
Effect of foreign exchange rate changes	110	792
<b>Liquid funds at end of period (total) according to consolidated cash flow statement</b>	<b>340,272</b>	<b>243,689</b>
Restraint on disposal of cash and cash equivalents at end of period	54	0
<b>Liquid funds at end of period (total) according to consolidated statement of financial position</b>	<b>340,326</b>	<b>243,689</b>
thereof cash and cash equivalents	341,526	247,740
thereof bank overdrafts	-1,200	-4,051

## 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 Southeastern 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 28 April 2011.

### Accounting principles

#### Basic comments to the consolidated interim financial statements

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 31 March 2011 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 2010 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 2010 (these are presented in the 2010 annual report from page 59 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 or income tax gain.

#### New standards, interpretations and amendments to published standards requiring mandatory application since 2011

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 2010 annual report on pages 60 and 61. The following interpretations and amendments to existing standards became mandatory for the Praktiker Group at the beginning of the 2011 financial year:

- IFRS 1 (amendment), “First-time Adoption of IFRS” and IFRS 7 (amendment), “Financial Instruments: Disclosures”
- IAS 24 (revised), “Related Party Disclosures”
- IAS 32 (amendment), “Financial Instruments: Presentation”
- IFRIC 14 (amendment), “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”
- IFRIC 19 (new), “Extinguishing Financial Liabilities with Equity Instruments”

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 2010:

In May 2010, the IASB published a collective standard to change various standards with the main aim of eliminating inconsistencies and clarifying formulations (improvement process 2010 – the standards concerned are listed on page 61 of the 2010 annual report). The amendment was endorsed by the EU on 18 February 2011 by way of Regulation (EU) No. 149/2011.

The application of the amended standards and interpretations has no significant impact on the net assets, financial position and results of operations or the cash flow of the Praktiker Group.

#### Scope of consolidated companies

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.

The following changes occurred to the scope of consolidated companies of the Praktiker Group in the reporting period:

By resolution of the shareholders’ meeting on 14 February 2011, BMH Baumarkt Holding GmbH, Kirkel, changed its name. The company now trades under the name “Praktiker International GmbH”. The new name was entered in the commercial register on 15 March 2011.

## Other important events in the interim reporting period

### Restructuring of financial instruments

On 10 February 2011, the Praktiker Group successfully placed a corporate bond with a volume of € 250.0 million. The bond has a term of five years and an interest coupon of 5.875 percent. In accordance with IAS 39.43, the corporate bond is carried at fair value in the amount of the proceeds less transaction costs.

With the issue of the corporate bond, the Group obtained the funds to refinance the convertible bonds maturing in September 2011 at an early stage. This will result in a cash outflow of € 147.1 million. Praktiker also terminated and repaid the existing promissory notes with a volume of € 50.0 million early in February 2011. The amount raised in excess of the refinancing volume of around € 50 million will be used as a general flexibility reserve.

The existing syndicated credit facility of € 200.0 million was also cancelled in February 2011. The existing cash and cash equivalents and extended, but unutilised bilateral credit facilities serve to secure the Group's liquidity requirements.

### Online shop opened in Germany

On 17 February 2011, Praktiker opened an online shop in Germany. The online shop has a range of around 7,500 items that can be ordered by customers and delivered to their homes.

## Notes to the consolidated income statement

### Selling and administrative expenses

In the first quarter 2011 the "Praktiker 2013" programme incurred expenses amounting to € 4,902 thousand thereof € 3,284 thousand are allocated within the selling expenses and € 1,618 thousand within the administrative expenses.

### Breakdown of the net financial result

in € thousands	01/01 – 31/03/2011	01/01 – 31/03/2010
Interest and similar income	581	244
Income from exchange gains	10,014	10,421
Valuation gains from derivatives	513	39
Miscellaneous financial income	139	12
<b>Financial income</b>	<b>11,247</b>	<b>10,716</b>
Interest and similar expenses	- 11,246	- 9,122
Expenses from exchange losses	- 4,304	- 1,750
Valuation losses from derivatives	- 292	- 2,737
Miscellaneous financial expenses	- 1,441	- 1,027
<b>Financial expenses</b>	<b>- 17,283</b>	<b>- 14,636</b>
Net interest result	- 10,665	- 8,878
Net other financial result	4,629	4,958
<b>Net financial result</b>	<b>- 6,036</b>	<b>- 3,920</b>

In the reporting period, the translation of liabilities from finance leases of international subsidiaries resulted in non-cash exchange gains of € 5,092 thousand (reporting period of the previous year € 4,953 thousand) and non-cash exchange losses of € 1,910 thousand (reporting period of the previous year € 395 thousand).

### Income taxes

An income tax rate of 80 percent is anticipated for 2011. The application of this tax rate to the earnings before taxes for the reporting period resulted in the reported tax income of € 62,122 thousand.

At the same time in the previous year, an income tax rate of 33 percent was calculated for the 2010 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.

	01/01 – 31/03/2011	01/01 – 31/03/2010
Earnings allocable to shareholders (in € thousands)	-15,720	-37,769
Average number of shares issued (in thousands)	58,000	58,000
<b>Basic earnings per share (in €)</b>	<b>-0.27</b>	<b>-0.65</b>

### 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 reporting period, 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 table above.

## Notes to the consolidated statement of financial position

### Breakdown of financial liabilities

Non-current financial liabilities have a term of more than one year and are broken down as follows:

in € thousands	31/03/2011	31/12/2010	31/03/2010
Liabilities from bonds	246,757	0	140,543
Liabilities from promissory note loans	0	0	50,000
Liabilities from finance leases	235,366	238,728	249,972
<b>Non-current financial liabilities</b>	<b>482,123</b>	<b>238,728</b>	<b>440,515</b>

Financial liabilities due within the next 12 months are reported as current liabilities. Current financial liabilities are broken down as follows:

in € thousands	31/03/2011	31/12/2010	31/03/2010
Bank overdrafts	1,200	0	4,051
Liabilities from bonds	144,913	143,797	0
Liabilities from promissory note loans	0	50,000	0
Liabilities from finance leases	18,926	18,472	17,038
<b>Current financial liabilities</b>	<b>165,039</b>	<b>212,269</b>	<b>21,089</b>

## Other notes

### Acquisition of real estate

In the first quarter of 2011, the Praktiker Group started project planning for a new property in ownership. This property and the continued development of existing DIY store projects taken into ownership resulted in additions to property, plant and equipment of € 211 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		31/03/2011	31/03/2010
Operating leases	< 1 year	290,656	289,481
	1 – 5 years	965,444	995,848
	> 5 years	954,021	1,092,823
	<b>Total</b>	<b>2,210,121</b>	<b>2,378,152</b>
Finance leases	< 1 year	41,518	40,806
	1 – 5 years	157,271	158,019
	> 5 years	201,073	235,724
	<b>Total</b>	<b>399,862</b>	<b>434,549</b>

### Related party transactions

In the period under review – as in the equivalent period of the previous year – 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. Sales of garden and building materials in particular are highest in the second and third quarter of the financial year. This is due to the favourable weather conditions. The results achieved in the first quarter 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.

Liquid funds include cash and cash equivalents that can be used by the Group without restriction less the amount of bank overdrafts. The cash and cash equivalents item comprises bank balances and cash on hand.

In the period under review, non-cash additions amounting to € 1,632 thousand (period under review of the previous year € 1,190 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 reported in the consolidated statement of financial position as of 31 March 2011 contain a limitation on the right of disposal with respect to customer receivables from gift cards at Praktiker Germany in the amount of € 54 thousand.

## Notes to the segment information

Segment information for the first quarter 2011 and the first quarter 2010 are shown in the following tables:

in € thousands	Praktiker Germany 01/01 – 31/03/2011	Max Bahr 01/01 – 31/03/2011	International 01/01 – 31/03/2011	Total of reportable segments 01/01 – 31/03/2011	Miscel- laneous 01/01 – 31/03/2011	Recon- ciliation 01/01 – 31/03/2011	Total 01/01 – 31/03/2011
Net sales from external customers	314,898	156,218	176,560	647,676	18,720	0	666,396
Net sales from other segments	1,598	0	0	1,598	0	-1,598	0
<b>Net sales total</b>	<b>316,496</b>	<b>156,218</b>	<b>176,560</b>	<b>649,274</b>	<b>18,720</b>	<b>-1,598</b>	<b>666,396</b>
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-42,051	2,446	-11,435	-51,040	-2,356	0	-53,396
Depreciation and impairment	-7,255	-3,351	-7,437	-18,043	-139	0	-18,182
thereof depreciation	-7,255	-3,351	-7,437	-18,043	-139	0	-18,182
thereof asset impairment	0	0	0	0	0	0	0
<b>Earnings before interest, taxes and amortisation (EBITA)</b>	<b>-49,306</b>	<b>-905</b>	<b>-18,872</b>	<b>-69,083</b>	<b>-2,495</b>	<b>0</b>	<b>-71,578</b>
Earnings before interest and taxes (EBIT)	-49,306	-905	-18,872	-69,083	-2,495	0	-71,578
Net financial result							-6,036
<b>Earnings before taxes (EBT)</b>							<b>-77,614</b>
Income taxes							62,122
<b>Group net loss</b>							<b>-15,492</b>

in € thousands	Praktiker Germany 01/01 – 31/03/2010	Max Bahr 01/01 – 31/03/2010	International 01/01 – 31/03/2010	Total of reportable segments 01/01 – 31/03/2010	Miscel- laneous 01/01 – 31/03/2010	Recon- ciliation 01/01 – 31/03/2010	Total 01/01 – 31/03/2010
Net sales from external customers	388,110	148,005	191,992	728,107	19,753	0	747,860
Net sales from other segments	1,178	0	6	1,184	0	-1,184	0
<b>Net sales total</b>	<b>389,288</b>	<b>148,005</b>	<b>191,998</b>	<b>729,291</b>	<b>19,753</b>	<b>-1,184</b>	<b>747,860</b>
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-28,906	1,785	-4,234	-31,355	-3,305	0	-34,660
Depreciation and impairment	-6,882	-3,170	-7,344	-17,396	-62	0	-17,458
thereof depreciation	-6,873	-3,170	-7,344	-17,387	-62	0	-17,449
thereof asset impairment	-9	0	0	-9	0	0	-9
<b>Earnings before interest, taxes and amortisation (EBITA)</b>	<b>-35,788</b>	<b>-1,385</b>	<b>-11,578</b>	<b>-48,751</b>	<b>-3,367</b>	<b>0</b>	<b>-52,118</b>
Earnings before interest and taxes (EBIT)	-35,788	-1,385	-11,578	-48,751	-3,367	0	-52,118
Net financial result							-3,920
<b>Earnings before taxes (EBT)</b>							<b>-56,038</b>
Income taxes							18,492
<b>Group net loss</b>							<b>-37,546</b>

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 result of Praktiker Finance B.V. (Netherlands) is also allocated to this segment in line with 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 “Praktiker Online GmbH” units are combined into a compound item “Miscellaneous”.

The results of the cross-divisional service company Praktiker Group Buying HK Ltd. (Hong Kong) attributable to Germany are also allocated to the compound item “Miscellaneous”. The results of this company attributable to countries outside Germany are allocated to the “International” segment. This allocation reflects the presentation applied in internal reporting.

The results of Praktiker International AG (Switzerland), which regulates supplier invoices, are distributed among the individual segments in line with their share in the central A/P clearing for sales divisions, as in amended internal reporting.

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 main income statement performance indicator by which the Praktiker Group measures the earnings strength of its segments is IFRS earnings before interest, taxes and amortisation (EBITA).

Kirkel, Germany, 28 April 2011

The management board

Wolfgang Werner      Michael Arnold      Markus Schürholz      Pascal Warnking

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