



Bau- und Heimwerkermärkte Holding AG

Speech by the CEO Wolfgang Werner

**6th Ordinary General Meeting
of Praktiker Bau- und Heimwerkermärkte Holding AG**

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Saarbrücken, “Congresshalle”**

The spoken word shall be binding – Check for delivery

Ladies and Gentlemen,
Dear Shareholders and Shareholder Representatives,

In the name of the Management Board I, too, cordially welcome you to this year's General Meeting of Praktiker Bau- und Heimwerkermärkte Holding AG, here at the Congresshalle in Saarbrücken. I thank you for your interest in our or, better said, in your company. In 2010, this company underwent fundamental changes in terms of its organization, structure and orientation. Prompted by the low profitability of Praktiker in Germany which became evident in 2009, prompted also by the fact that the general economic trends in important countries of our international portfolio led to declining sales and earnings, we initiated a comprehensive transformation process with the programme "Praktiker 2013".

This transformation process has in the meantime left clearly visible traces. And not only in the company itself which in future – with your consent – will be named simply and concisely Praktiker AG. As item 7 on the Agenda, the Management Board submitted the application for the name change of our Holding with a view to the international perception of the Group. The streamlining of the so far rather cumbersome German name is at the same time also an expression of the new simplicity targeted by our transformation programme at all levels.

This transformation process is so important and groundbreaking for the further development of the Group that I will dedicate a major part of today's speech to it. For a start, let me just say that, if you have recently been in a German Praktiker store, you will have seen for yourself that we are now offering a completely new shopping experience to the customers. And if you sometimes watch the commercial breaks on TV then you were able to notice that, here too, we are emphasizing on a new, emotional customer address with Boris Becker as our brand testimonial. This is also part of the afore-mentioned transformation process.

But let us first turn to the actual issue at hand - the annual financial statements 2010 of our Group and what lies behind the stark numbers. Wherever appropriate, I will refer to the financial statements of the Holding.

Review 2010

Ladies and Gentlemen,

Allow me to start by giving you some orientation for our walk through the complex figures of the annual financial statements. In the process, I will focus on some issues that best illustrate what we have achieved in 2010.

Overall, the financial year under review was certainly not satisfactory.

First, we have sales. In 2010, the Praktiker Group generated sales of close to 3.5 billion euro. Although this is less than the year before, this drop in sales – as strange as it may sound at first – is the result of a courageous decision. I am referring to the beginning of the end of our open discount campaigns. "20 percent on everything" for everyone had reached the end of its life cycle. This is why only 49 such discount days were organized in 2010 following more than 60

discount days one year earlier. And we will have not a single such day in the current financial year. The same applies, by the way, also for all other forms of open, general discounts – be it discounts on product categories or 25 percent on everything with or without a plug’.

What we introduced instead in order to improve customer satisfaction and strengthen customer loyalty is something that I will explain in the second part of my speech.

The gradual pullout from the discount trap has of course left its traces in the sales volume of Praktiker Germany, and thus also in Group sales. Traces that could still be felt also in the first quarter of the current financial year and will continue to be felt for as long as we are comparing our figures against the basis of the prior-year discounts. However, we have knowingly accepted this and, instead, focused on raising the gross product margin and preparing our repositioning. With this decision, we clearly gave preference to leveraging mid-term earnings potential over maximizing short-term sales.

Secondly, we have the operating earnings: at the close of the year, we reported EBITA of 35.3 million euro. Although this is only half of the year-earlier figure, at the same time it also reflects only half of the truth as operating earnings look quite different if we consider the extraordinary effects which had an extraordinary effect on earnings. Net of these extraordinary effects, we get Group EBITA of 67.7 million euro. This is a year-on-year rise of 4.2 million euro or 6.6 percent. And it falls in line with the expectations which we had reiterated in the course of the financial year under review.

Thirdly, – and this is a point which I consider to be most important – we invested into the future in 2010. And here I am not only referring to the capital expenditure in the amount of 62.1 million euro which we used for store maintenance, assortment changes and also for new locations in Germany and abroad. In particular, I am referring to the 24.3 million euro stated as one-time expenses in the context of the programme “Praktiker 2013”. With this money, we optimised our organisational structures and streamlined our hierarchies, prepared the repositioning of Praktiker Germany and developed a series of other concepts that will strengthen the profitability of our Group in future.

These 24.3 million euros, by the way, account for the largest part of the afore-mentioned extraordinary effects. Add to this also 8.1 million euro from the addition to provisions for anti-trust risks in Poland. As explained in detail on page 25 of our Annual Report, this relates to a total of three penalty proceedings on account of alleged illegal price rigging with suppliers which also involves other Polish DIY chains. We have taken legal action against all three penalty notices. However, it may take several years for a legally binding decision to be reached. And we have of course also taken action in all countries where we are active to raise the sensitivity of all employees concerned for possible anti-trust risks in supplier relationships.

In this context, for example, we conducted competition cartel law audits in the Eastern European subsidiaries as well as in Germany last year. Also in future, we will regularly conduct group-wide trainings and audits on this topic in the framework of our Compliance programme.

In total, extraordinary effects of 32.4 million euro were incurred which have to be included in the reported EBITA.

Fourthly: despite challenging general conditions and manifold one-time expenses we have been able not only to maintain our company's sound financial position but even to consolidate it. Liquidity was slightly up year-one year, the net working capital was improved and the net debt was further reduced. This way, we managed to retain our capability to act also in the long-term perspective.

2010 was thus a year of crucial decisions, a year of structural renewal and a year of safeguarding the future because the decisions which we took in 2010 will return our company to its former strength in the coming years. That we are on the right track is something that has been demonstrated by some indicators already during the year under review – namely by the development of operating earnings of Praktiker Germany which we have been able to raise by nearly 20 million euro before extraordinary effects.

This was also an important aspect when we had to decide about the dividend proposal. Another aspect was the desire for maximum continuity which has characterised our dividend policy since our going public in the year 2005. This means that, every year anew, we are trying to find a balance between the profitability interests of our shareholders, the present business situation, the anticipated financing needs and the company's debt situation. The Management Board and the Supervisory Board therefore propose to you a dividend that is unchanged from the previous year of 10 Cent per share. This can also be justified by the fact that, dividend distribution is not based on the Group's IFRS financial statements, but on the financial statement of the Holding prepared according to the German accounting standard HGB. And this financial statement again reported a net profit for the year also in 2010. This was the fifth and last point of my summary of the main issues that occurred during the financial year under review.

Allow me to now take a closer look at the figures serving as a basis for these findings.

The Praktiker Group – as already mentioned – generated sales of close to 3.5 billion euro in 2010. This is down 5.9 percent on the previous year. The individual segments contributed in different degrees to this development of sales.

- Praktiker Germany reported a decline in sales of 8.4 percent in absolute terms and 8.7 percent in like-for-like terms in 2010. I already explained the reasons for this decline.
- Max Bahr did better as it missed the prior-year sales figure by only 0.7 percent in absolute terms and by 2.7 percent in like-for-like terms. Our Hamburg-based subsidiary had to struggle especially in the first half of the year because the gardening season left very much to be desired due to poor weather conditions. This is why Max Bahr was not able to take full advantage of its particular strength, which lies precisely in its gardening assortment. However, Max Bahr was able to largely catch up on this backlog from the first two quarters in the second half of the year – with a targeted personal advertising that addressed loyalty card holders, among other measures.
- At the outset of the year 2010 we clearly had higher expectations regarding our International segment. But, unfortunately, sales missed the year-earlier value by 4.8 percent absolute and 8.2 percent like-for-like. This was owed to one main reason: in Greece and Romania we had to shoulder a very strong decline in sales on account of the

continued economic crisis, the restrictive fiscal measures and the strong increase of the VAT which took effect almost simultaneously in both countries towards the middle of the year. To be exact: sales declined by 6.1 percent in Greece and by as much as 21.8 percent in Romania. This was a bitter pill which we had to digest. Here, the fact that we managed to boost sales by 9 percent in Poland, by 21.7 percent in Turkey and by even 63.1 percent in the Ukraine was not sufficient. After all, Greece and Romania are our main sales and earnings drivers – in good times and bad times.

What does that mean for our gross profit? Already last year we reiterated that we need to phase out the discount campaigns at Praktiker Germany in order to be able to raise the gross profit margin. In 2010, we succeeded in this endeavour with a group-wide plus of 1.3 percentage points. Gratifyingly, this improvement primarily originates from Praktiker in Germany. At Max Bahr and in our International segment, the gross profit margin remained almost unchanged.

Although we succeeded in raising the gross profit margin, our gross profit came in 27.4 million euro below the year-earlier value due to lower sales volumes. The other operating income, by contrast, rose by 4.1 million euro – mainly because we were able to generate higher earnings from supplier payments.

I already mentioned operating earnings. At Group level, EBITA came in at 67.7 million euro before extraordinary effects and at 35.3 million euro including extraordinary effects. Here, too, the individual segments contributed in different degrees to EBITA.

According to the figures reported, Praktiker Germany came in slightly below the year-earlier EBITA. Before extraordinary effects, however, we see a substantial improvement from almost zero in the year 2009 to 18.5 million euro in the year 2010. This increase is mainly attributable to strict cost control. Before extraordinary effects, this represents an EBITA margin of 1.1 percent – which represents about one third of the margin targeted for the year 2013 under the programme “Praktiker 2013”.

At Max Bahr there were only minor changes to operating earnings. Before extraordinary effects they stood at 31.4 million which corresponds exactly to the prior-year level and to an EBITA margin of 4.6 percent. With this result, we have already achieved in 2010 the value which we had targeted for 2013 thereby making an early precision landing, so to speak. Of course, this does not mean that there is no more room to grow.

Operating earnings of the International segment came in a good two thirds lower than one year earlier as a result of the decline in international sales and the provisions set up in Poland. Net of extraordinary effects, however, EBITA generated abroad came in at 20.3 million euro. This corresponds to an EBITA margin of 2.0 percent – which equally represents a good third of the margin targeted for 2013.

The financial result improved by 3.3 million euro to minus 41 million euro compared to the year-earlier value. This is completely attributable to an improved balance of currency gains and losses which is exclusively dependent on the development of exchange rates. Including the financial result, we get earnings before taxes on income in the amount of minus 5.7 million euro.

At 27.9 million euro, the tax expenses remained almost unchanged as compared to the previous year although the Praktiker Group reported positive EBIT in 2009 as compared to negative EBIT in 2010. This is explained by the fact that

- in Germany, you have trade tax additions independent of a company's earnings situation,
- also in 2010, an extraordinary tax was again levied on prior-year profits in Greece which amounted to 2.5 million euro,
- the additions to provisions in Poland on the grounds of anti-trust risks were not tax-deductible,
- deferred taxes on unused loss carry-forward were re-valued, and
- tax loss carry-forwards in 2010 have not been fully capitalised.

As a consequence, a group net loss of 33.6 million euro remains. In this context, we must remember that the tax expenses do not fully relate to an outflow of cash. In 2010 and against the backdrop of the afore-mentioned tax expenses of 27.9 million euro, the Praktiker Group remitted income tax in the amount of only 11.4 million euro. One year earlier, the tax remitted had still amounted to 19.4 million euro.

In 2010, investments totalled 62.1 million euro. This is 11.2 million euro less than in the previous year – a decline that is attributable at about equal shares to Germany and to the International segment. If we only consider the cash-effective investments into new locations and replacement locations, capital expenditure in 2010 fell even 13.2 million euro behind the year-earlier value. On the one hand, this is owed to the fact that distinctly fewer new stores were opened than in 2009 while part of the related expenses had already been incurred in the prior years, on the other.

Among others, lower tax payments and the lower outflow of cash for investments have resulted in a situation where the Praktiker Group generated a free cash flow in 2010 and was able to slightly increase the level of cash and cash equivalents.

The cash flow from operating activities amounted to 90.6 million euro. This is 7.3 million up from the year earlier. This increase is in particular owed to the fact that the working capital has improved, i.e. that inventories declined stronger than trade payables. Overall, the operating cash flow was sufficient to make up for the cash outflow from investing and financing activities. Consequently, the level of cash and cash equivalents climbed 3.3 million euro to 266.3 million euro.

At the close of 2010, the financial liabilities of the Praktiker Group consisted of convertible bonds with a repayment volume of around 147 million euro as well as promissory notes for a value of 50 million euro - in total, close to 200 million euro.

In February 2011, we placed a corporate bond with a volume of 250 million euro thereby ensuring the refinancing of the outstanding liabilities ahead of time. In the meantime, we have

redeemed the promissory notes and the convertible bonds will be repaid in September. And, something that is equally important: the corporate bond has a maturity of five years. This gives us sufficient freedom to fully focus on operating business. Hence, also in this regard we are well positioned to master the challenges of the future.

I will now explain to you what we believe this future will look like and go into the details of our programme "Praktiker 2013".

"Praktiker 2013"

Ladies and Gentlemen,

On the same occasion one year ago I explained to you in detail why we launched this programme at the end of 2009 and which targets we are pursuing. I do not want to repeat this today but, instead, report to you what we have achieved so far and what we still want to achieve.

We can break down the transformation programme into three phases. The first phase is basically over. This was the phase of structural renewal and of paving the way for new strategic concepts. The second phase is now - in 2011 - being implemented. This is the phase of realigning our core business, especially at Praktiker Germany, a process that also requires substantial investments. It will probably reach into the next year. After that, we will reap the fruits of our labour in the third phase.

What is this expectation based on and what exactly did we work on?

First of all, the structural renewal of our Group started at the very top: the Management Board was downsized from five to four members and the allocation of responsibilities on the Board was streamlined. In addition, we combined central units, outsourced or gave up areas of activity and for the first time created a harmonised management and reporting structure that spans all distribution channels in Germany and abroad.

This means that both, the two German sales divisions and also the newly created regions International 1 and International 2, are each managed by a three-member board of directors. The management level below this board was completely scrapped. It is only retained in an aggregate form in the cross-company functions at Group level. In Germany, there will be no more heads of section at the sales divisions Praktiker and Max Bahr and at the international level there will be no more country managers. Instead, the afore-mentioned operational boards of directors have been put in place whose commercial competence was significantly strengthened by one additional board member who is responsible for exactly these duties.

For the Group as a whole, this gives the following picture: compared to the status quo in 2009, the number of section heads at Praktiker Group dropped from 28 to 22 and that of department heads from 120 to 96. During the same period, the total number of employees at Praktiker Group dropped from over 26,500 to around 25,000.

In other words: Since the start of the programme "Praktiker 2013", the management levels of the Company have been downsized by around 20 percent and the total workforce by six percent.

This way, the complexity of the organisation was reduced, the reporting lines were shortened and the responsibilities more clearly assigned. At the same time, we also sent a clear signal to our employees: the cuts run right across the organisation from top to bottom within the hierarchies, motivated solely by economic aspects – to sustainably strengthen our corporate success. Until today this has been the guiding principle for all our actions.

What else did we achieve? We drove the optimisation and automation of processes. One focus was on logistics, another one was on procurement. We are in the meantime well positioned or well on track with regard to both. We have bundled the Group's central purchasing function under Corporate Procurement and purposefully extended our Quality Management. We founded an import company for products from the Far East that will gradually take up operations in Hong Kong as from July. These measures will enhance the quality of our procurement processes and help us save costs.

We have also reseted the switches in Logistics: following the example of Max Bahr we are presently introducing an automatic merchandise planning system. It will increase goods availability, reduce inventories and curb personnel expenses. In the second half of the year, we will in addition also implement the separation of In-house Logistics and Sales in the German Praktiker stores. This measure - to which I will come back in a moment - will reduce the workload in goods sorting and at the same time also improve customer service and advice.

I would like to mention a third topic in this context which is also under preparation but will still take one or two years to be realised. I am referring to the establishment of a central Logistics function. The major part of our flow of goods will in future be handled via three logistics centres in Germany. This will reduce transport and transshipment costs and facilitate our incoming goods inspection.

In addition, we will set new standards for the optimisation of our workflows by centralising the article master data management. I will not bother you with the details of this topic which is certainly very important for a retailer but at the same time also highly specialised. But we can save a lot of time and work if, together with all suppliers, we use master data that have been created according to a harmonised structure. This will reduce the complexity of data acquisition and maintenance, increase transparency and ensure a high level of data quality.

As you can see, we have already initiated many improvements relating to the key processes.

Ladies and Gentlemen,

Streamlining the organisational structures and optimising the processes will help us improve efficiency. Although this is important and necessary, it will not get us a single new customer. This is why – as I already mentioned – the repositioning of the Praktiker brand in Germany plays an absolute key role in the transformation of our company. Therefore, this Herculean task also kept us busy throughout the whole year 2010. Since April the result of our work is now visible for the customers in all German stores.

In the run-up to this measure we intensively analysed our identity, our image and in particular also the customers' expectations. Nowadays, one would say that we subjected our brand core to a stress test. The result was a fundamental revaluation of our offer and of the way we address our customers. Today, we are summarising the brand core of Praktiker in a catchy phrase: simply more practical. We do not want to be the most beautiful or the biggest DIY store operator, but the most efficient. This means that simplicity, attractive prices and reliability will in future constitute the identity of the Praktiker brand.

The levers used to this fundamental turnaround were work on

- the assortment, which was restructured and increasingly features the performance brand "Praktiker" in all price categories,
- the price which will in future not convince with open, general discount campaigns, but with permanently low shelf prices and attractive special offers,
- the quality of the products and services as well as
- the store design with a central focus on orderliness and orientation.

And what is the result of our work? Take the example of the optimised customer navigation system which now also includes numbered aisles and navigation displays on all shopping carts showing the way to the main product categories. Take the example of a clearly structured, three-layer price and product hierarchy which we are gradually implementing in all departments.

Or the so-called "triples", a compact decision-making aid that allows for ultra-fast purchases and in the most simple way reflects the new price category and product hierarchy. "Triples" means: three products, three categories, three prices. All offered conveniently on a compact display - up to 29 times, depending on the store size. Our Entry-level price brand Budget is placed on the left, the established A-brand on the right and at the centre – and hence not coincidentally in focus – is the new private label Praktiker. Whether looking for paints, dowels, garden rakes, halogen lamps, laminate flooring or high-pressure cleaners: the Praktiker product in the "triple" display is the clever choice, Budget the low-priced choice and the A-brand the familiar choice.

This sounds simple but is brilliant. You just have to come up with it. In our case, the "triples" are the result of six months of project work involving several employees from Sales, Category Management, Marketing and Construction.

Another eye-catching innovation in the New Praktiker stores is the so-called customer greeter. In Germany – which is notorious for its poor customer service – we re-invented him: an employee positioned at a mobile advisory desk directly in the store lobby.

This is a key position, ladies and gentlemen. It is, so to speak, the impersonated calling card of Praktiker. This is where the first contact with the customer takes place; this is where he finds information and where he is shown the way to the assortment he is looking for. The customer greeter is the one who answers the most frequently asked question in a DIY store: where to find what?

Simply by this, the staff working on the sales floor will get more time for customer advice and sales. The same goal – namely improved service for the customers – is pursued by the structural changes in the store organisation which for example relieve the employees at the central information desk from answering telephone calls and their colleagues working in sales from logistics work.

All these changes were intensively and ultimately successfully negotiated with the pertinent works councils. Recently, also the separation of in-house logistics and sales was finalised. This change was the biggest bottleneck as it involved pay-scale downgrading in a considerable magnitude and severance pay regulations for possible redundancies for operational reasons. I would like to use this occasion to thank our negotiation partners from the employee side who fought hard but with a focus on the issue at hand and negotiated a compromise that is acceptable for both sides. A few days ago the pertinent framework social compensation plan was signed by the Management Board, the Group Works Council and the Central Works Councils.

As we are talking about human resources: also the new uniforms of our store employees form part of the new marketing concept of Praktiker. Whereas, in the past, customers had searched in vain to find a sales person, this was, among other reasons, owed to the fact that the sales persons were difficult to make out on the sales floor in their light blue shirts. The bright yellow uniforms which our employees are now wearing will not be overlooked.

Another thing that cannot be overlooked is that Praktiker is pursuing a new, pro-active private label strategy. One year ago I had announced on the same occasion that we planned to streamline our broad private label portfolio in the framework of the repositioning of Praktiker Germany and replace all existing own brands in the middle price segment by products of the Praktiker private label. At the same time, we also want to significantly extend the share of private label products in total sales. 40 percent are targeted for the medium term and 30 percent were achieved last year.

There are two reasons for this strategy: first, private labels are a key factor for improving margins. Secondly, they lead to a positive image transfer in the direction of the company brand – provided that they are good enough.

This is why an increasing number of products now bear the name Praktiker - because they are good products, ladies and gentlemen, and because they are good value for money. After a certain learning phase the customer will know: our name is our guarantee that we will comply with our product promise which reads as follows: top quality basically at A-brand level, strictly controlled and certified, but offered at a much better price.

As a private label, Praktiker was successfully launched in the gardening assortment in early 2010. Plants were followed by fertilizers, soils and grass seeds as well as a small series of designer garden furniture. Meanwhile, the Praktiker assortments extend to paints, laminate and parquet flooring as well as small hardware and various single products within the “triples”. In the medium term, all assortment ranges will feature Praktiker private label products. All other own brands will gradually disappear from the shelves. Only Budget will continue to be offered on the shelves and in the “triples” displays as an entry-level price brand in the different assortments. In

the field of paints, we plan to develop the brand Faust, which also belongs to the Praktiker family, into an independent A-brand.

Quality is a claim that is firmly embedded in the new Praktiker concept – and this does not only refer to the Praktiker private label. Guarantees have proven to be a successful means to document quality. Up until 2009, Praktiker had little to offer in this regard with the exception of the price guarantee. This situation changed in spring 2010 when the first new guarantees were introduced for plants sold under the Praktiker private label: a growth guarantee, a winter hardiness guarantee and a care instruction guarantee. At the concept stores, further guarantees that are not commonplace were added and have in the meantime been rolled out to all our stores across Germany:

- an unlimited exchange guarantee upon presentation of the sales slip provided that the product is in sound condition, is returned in its original package and is not an order item,
- a promotion price guarantee which ensures that all promotion items which are not on stock can be ordered and, if in exceptional cases it should not be possible to order them, the customer will be offered a superior-quality article for the same price,
- a product warranty under which Praktiker extends the manufacturer's warranty for "all devices with a plug" to five years.

In addition, Praktiker will in future offer its customers permanently competitive shelf prices in all product categories and assortments. Extended advertising supplements, temporary special promotions as well as top prices on select best sellers will create additional buying incentives. This is our price concept to drive customers away from open, cross-the-board discount campaigns. But I must also add in this context that this does preclude that, just like other retailers, we will continue to occasionally offer customer- or article-related purchasing advantages of the most diverse kind.

As you will already have noticed, since the beginning of April this new marketing strategy is also supported by a multimedia campaign that focuses even more than before on an emotional customer address, but continues to be combined with concrete advertising messages. Tennis legend Boris Becker accompanies the New Praktiker as a brand testimonial in traditional print advertisements, on the Internet and in TV spots - with a twinkle but, in my opinion, in likeable and catchy way.

In addition to all these changes in our stores we were also active in the field of eCommerce. As you know, the Praktiker Online Shop was launched as planned on February 17. Business started smoothly – something that is not always a matter of course in this kind of distribution channel. The click rates are good with meanwhile more than two million visitors of this website. Also the dwell times, the number of orders and the average order value are rising continuously. Sales, however, are not yet sufficiently stable as to allow for a forecast for the full year. But we are confident that, step by step and as planned, we will be able to attract new customer groups with an affinity to the Internet whom we have not been able to serve so far and who have not yet found a permanent home with our competitors.

The conditions for this are good. Why don't you pay a visit to the new, virtual shopping world of praktiker.de if you have not done this yet? You will notice that we are positively differentiating ourselves from the competition. Those who enjoy shopping on the Internet are most likely to enjoy this with us. It did not come as a surprise that our Online Shop was immediately rated "very good" in a practical test conducted by the leading German DIY magazine "Selbst ist der Mann". And it is no coincidence that our Online Shop is so far the only online shop in the DIY sector to have been certified by the TÜV inspectorate right from the beginning.

Ladies and Gentlemen,

Although the repositioning of Praktiker Germany required the bulk of our attention, we did not neglect Max Bahr and the international business operations during the year under review. At Max Bahr, however, there was less need for action because, as I already explained in the first part of my speech, the quality of earnings at Max Bahr was again exceedingly good in 2010.

Activities at Max Bahr in the framework of the programme "Praktiker 2013" mainly focused on further developing the profile of this strong brand, meaning: to adapt the assortment and services to the needs of a more demanding clientele. The central aspect was, and still is, to integrate complete service packages into the offer, including installation and mounting at the customer's home. Presently, this offer extends to bathrooms, doors and windows and high-end laminate flooring.

With this offer, we differentiate ourselves from the other players in the market – and we plan to further extend this competitive edge. We believe that "trading-up" is the key to future sales growth at Max Bahr.

Allow me to say a final word about our international activities: although the deep recession in many Eastern European countries has affected the development of our sales figures and in some countries continues to do so today, we are nevertheless convinced that the economy in this part of Europe will recover and pick up speed again soon. We are also convinced that, especially in this region, there is still a great backlog demand in terms of renovation, refurbishment and modernisation.

Those who, like Praktiker, had a strong position among the competition already before the crisis will have it easier to gain momentum once the market environment improves. This is why we are also continuing with our expansion at an adequate pace and plan to extend our international store network by around 20 stores until 2013.

To strengthen the profitability of our international business, we are at the same time also reducing the complexity of our international organisation and strengthening its clout. Measures include the centralisation of the management functions, the harmonisation of structures and assortments, the reduction in the number of suppliers and the stronger involvement of Corporate Procurement in the procurement processes of the country organisations.

Outlook

Ladies and Gentlemen,

With this detailed presentation of the changes – one you could even say revolutions – that result from the programme “Praktiker 2013”, we have long since arrived in the present. Therefore, please allow me to conclude with some remarks on the current financial year. On April 29, we reported about the first quarter results. They came in below the prior-year values in terms of sales and earnings.

This did not come as a surprise and is largely attributable to the fact that we did virtually no advertising at Praktiker in Germany during the first quarter 2011 while we ignited a real firework of category-related discount activities and “20 percent on everything” campaigns the year before. Add to this the fact that all activities to reposition the Praktiker brand – including the Boris Becker campaign – only started at the beginning of April. We had thus been in a transition phase which we have now left behind. However, we should not expect any miracles in the short term. It always takes a while until new concepts are perceived by the customers, and then also rewarded. This is why the result of our efforts will only show with a time lag. But let me assure you: it will show.

The example of Max Bahr demonstrates the potential inherent in the recovered domestic market when business runs as usual, the brand profile is coherent and a consistent customer orientation is pursued: with a sales growth of 5.5 percent, our Hamburg-based subsidiary was one of the winners in our industry during the first quarter.

Unfortunately, the international business was as mixed during the first quarter 2011 as it had already been during the full financial year 2010. While the Ukraine and Turkey reported very good sales growth, the business volume in Poland, Hungary and Luxembourg remained approximately at the prior-year level whereas, in Bulgaria, Romania and Greece, we had to shoulder significant sales declines on the grounds of the continued challenging general economic situation in these countries. When and how fast the situation will turn for the better is not yet clear today. During the past few weeks we have been able to report a certain stabilisation of our sales revenues in Greece, on the one hand, while the country’s continuing debt crisis continues to be a reason for concern, on the other. So, all in all, there is no reason for giving the all-clear.

This generally also applies for the course of business in the highly important second quarter. Certainly: in our domestic business we recorded a slight plus over the prior year in April, but abroad this was not yet the case. A reliable trend cannot be inferred from this. Only one thing is sure: after the close of the second quarter we will have a better guidance for the development of the full financial year.

Ladies and Gentlemen,

Even if the course of business of the current financial year is very important, I would like to conclude by directing your attention a little more into the future. Because also 2011 is still a year of transition during which we will invest more money into the programme “Praktiker 2013” than

we will get back as a profit. We knew this from the outset when we launched the programme. But in the same way we are also certain that everything we have invested and will still invest into the programme is money well spent. These funds are investments into the future that will pay off in the medium and long term. Sales, earnings and cash flows will improve - starting from 2012. Then, "Praktiker 2013" will bring our Group back on the road to success.

You, the shareholders, have travelled with us this far. Please also accompany us on the remaining stretch so that, together, we can reap the fruits of this labour in the years to come.

Thank you for your attention.