



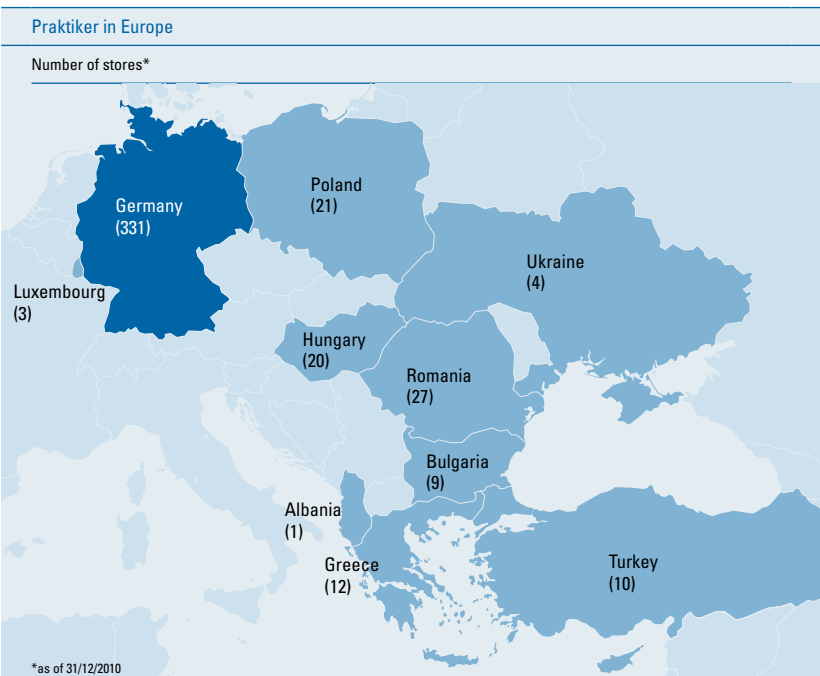
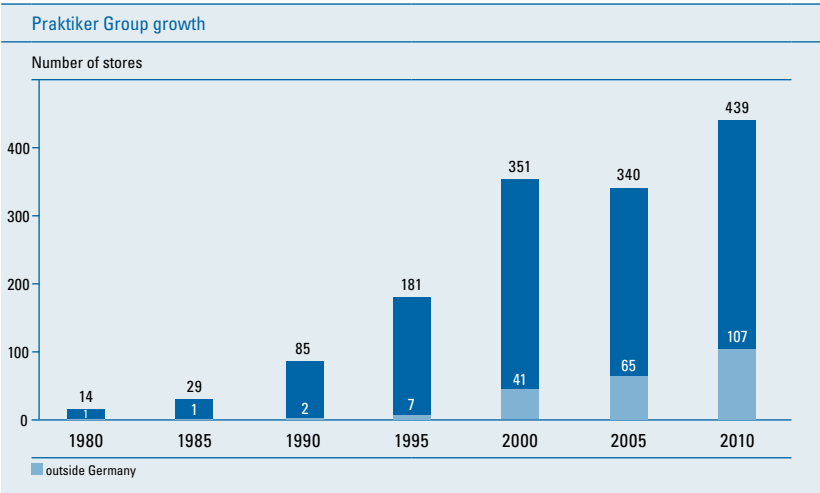
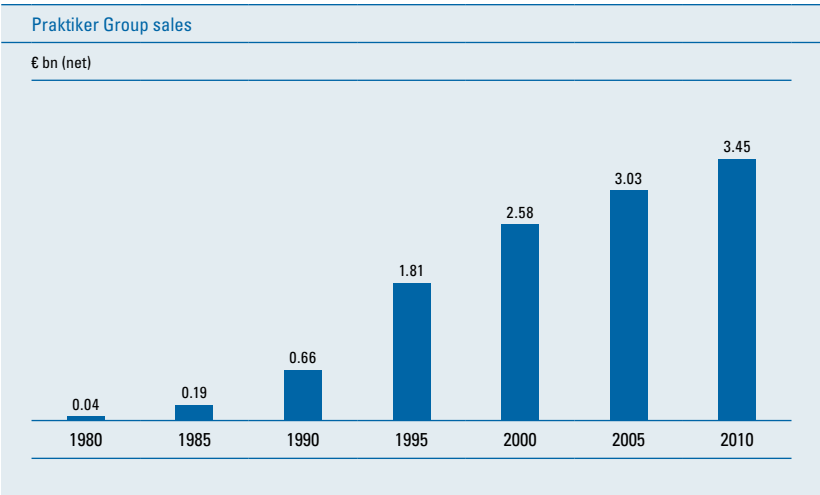
Praktiker Group  
Profile



# The ladder of success

Located in ten countries and boasting nearly 440 outlets, Praktiker ranks in the top five among European home-improvement retail groups. It is also one of the few DIY companies to be listed on a stock-exchange. Employees totalling 25,000, including approximately 10,000 based outside Germany, all contribute to the company's success and make Praktiker quite unique in its international orientation. At annual sales of nearly 3.5 billion euros, we are justifiably proud of that success. Eastern and South-Eastern Europe still harbour potential for further growth and here, we are winning over customers with a range of products and services specifically tailored to their needs. In Germany, we significantly strengthened our market position with the acquisition of the Max Bahr chain.

The drivers of our success are a value-oriented Group strategy, a distinctive profile for the Praktiker and Max Bahr brands and a high degree of customer acceptance in markets abroad. In 2010, we initiated a transformation of the Praktiker Group with the programme "Praktiker 2013". We returned to the drawing board and have renewed structures and processes; the Praktiker brand in Germany has been repositioned and a general overhaul of the complete Group is to ensure a sustainable increase in sales and earnings.





# Customer needs lead the way

Praktiker – the name says it all. Think practically, shop conveniently, and pay little. This is what our customers expect. We offer competence and quality at attractive prices – in Germany and in every country in which we operate. Our success proves: we know what customers want.

The best concepts are the simplest: provide customers with what they need in a pleasant, easy-to-shop environment. Household items, professional tools, tailor-made project solutions, customer service and expert advice where it's needed, when it's needed – without having to make any compromises and always at attractive prices. Customers benefit from this strategy each and every time they shop in any of our stores.

Do-it-yourself – with Praktiker's help. As a one-stop shop for DIY supplies, Praktiker offers a full range of products for building and renovation, for workshops, homes, gardens and leisure. Our customers – ordinary consumers, DIY enthusiasts and professional craftsmen – appreciate our practical, inexpensive and reliable solutions. We stock attractively priced entry-level products, high-quality products from renowned brands, as well as private label products that offer optimal value for money.



Germany is Europe's biggest market for DIY products, but it's a tough one. Nowhere else are competitors and sales space found in greater quantity than in Germany. This makes price a decisive factor, but it is not everything. Equally important are the quality of the goods, the services and the shopping experience. We respond to these demands. The strategy of Praktiker on its domestic market traditionally provides for a simple, well-structured and attractively-priced assortment. Over and above this, we also provide a range of additional services, such as wood-cutting, paint mixing, ordering and transport services, financing options as well as special promotions for large-volume and regular customers.

Furthermore, no two countries are alike. We carefully tailor our product and services range to the needs and demands of each individual country. In some countries in Eastern and South-Eastern Europe, for example, we go beyond the standard range of a DIY store, and offer other products such as consumer electronics, furniture, household goods and white goods. We adapt to national particularities, offer intensive expert advice and competent project support. No one else caters to these needs the way we do – and that's what gives us our competitive edge.



# Two brands – tools to success

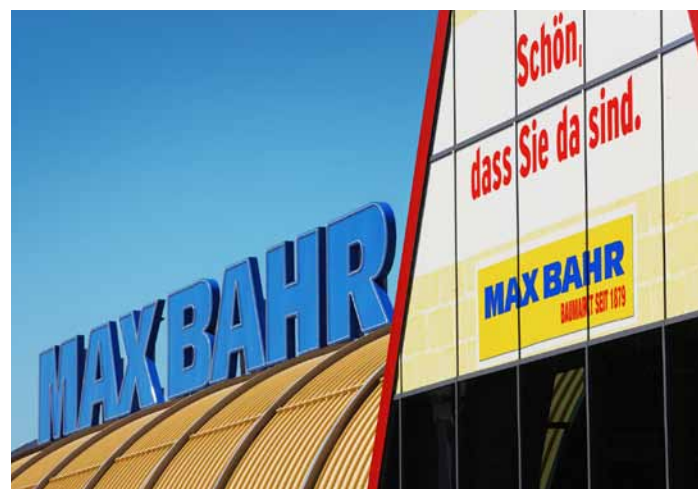
Germany is the homeland of DIY. It therefore comes as no surprise that the DIY market in Germany is the most competitive in Europe. Some 2,400 DIY stores with more than 1,000 square metres of sales floor compete for customers nationwide. Indeed customers are willing to pay for DIY: in 2010 alone, they spent around 18.4 billion euro on improving their homes and gardens – more than ever before.

Here, Praktiker benefits from a home advantage: this is where the Praktiker success story started out in 1978 and still continues today. In terms of sales volume, the Praktiker Group is the number two in Germany while its store network of around 330 outlets is larger than that of most other DIY retailers. And there is one further, crucial competitive advantage: with Praktiker and Max Bahr, two strong brands cater to the needs of different customer groups.

The acquisition of Max Bahr in 2007 was a great leap forward for the Group. It opened the way for a carefully balanced two-brand strategy, with Max Bahr ideally complementing Praktiker. Each part of this powerful duo has different strengths and different target groups. Praktiker operates mainly small and medium-sized stores. Max Bahr's core competence lies in large-space outlets. Praktiker is the attractively priced destination for swift, convenient and easy shopping. Max Bahr is the premium home-improvement centre for the discerning customer. With an extensive range, high competence in customer advice and a broad services portfolio, Max Bahr

is a Hamburg-based company with a long tradition founded in 1879 whereas Praktiker is a newcomer by comparison with its headquarters in the Saarland – the youngest of the old German federal states.

Two brands – two strategies for success. With this range, no requirement is left wanting.





### Praktiker – simply more practical

Good, inexpensive, easy: this triad characterises the customer proposition of Praktiker – in nearly 240 stores in Germany and since February 2011 also on the Internet.

Over the years the distinctive blue-yellow brand has established itself in the customers' perception as the price leader of the DIY sector with permanently low shelf prices, creative promotions and attractive special offers. Shopping at Praktiker is not only inexpensive, it is simply hassle-free. Here, the customer gets everything he needs and quickly finds what he is looking for. An open, well-structured store layout, intuitive in-store-navigation systems with numbered aisles and merchandise presentation that is strictly sorted by price categories make for relaxed shopping. This is also supported by well-versed and expert staff and by the customer greeter in the lobby area who shows customers the way and is their first contact for all questions. No other DIY store in Germany offers this service.

A positive shopping experience also includes the best combination of performance and value for money. This means that also the quality of the products on offer must be right. Among other factors, this is ensured by the new Praktiker private label which offers "A brand" quality at Praktiker prices in the main assortment areas – strictly controlled and certified. Our manifold guarantees equally contribute to differentiating Praktiker from the competition. A prime example of this is our guarantee on all plants for growth or winter hardiness, or an unlimited exchange guarantee for products returned in their original package upon presentation of the sales slip or a product warranty extended to five years on all electrical products.

### Max Bahr – quality and services

As a premium home-improvement retailer with a long tradition (it was founded back in 1879) Max Bahr is an ideal complement to Praktiker. Max Bahr has a reputation for offering top product selection, service, customer advice and quality at nearly 80 Max Bahr stores, located predominantly in the north of Germany.

Top rankings in regional and national market surveys confirm the popularity of the brand. At Max Bahr, it's all about meeting the individual wishes and demands of the customers. Only the best is good enough for them – right across the store.

At Max Bahr, appetites are whetted for renovating, decorating and designing. In the home and also in the garden. Carefully designed in-store navigation, high-quality brand presentations, extensive assortments, style tips and an extensive range of services are the special features of the Max Bahr brand. Rigorous quality management consistently guarantees high product quality. Competent, friendly advisors are on hand to help customers find just the right product for the job. The service portfolio certified by the TÜV technical inspectorate every year, in addition to traditional DIY store services also comprises special extras such as the hire of

machinery and assistance in finding local craftsmen. Max Bahr offers its customers help in order to help themselves, but also one-stop solutions from the planning of a project through to its completion. This way, the traditional do-it-yourself idea was transformed into a comprehensive “do-it-for-me” concept.

A responsible approach to the use of natural resources is a fundamental principle in the corporate philosophy of Max Bahr. Max Bahr continues to be the only DIY retailer in Germany to have an environmental management system certified to a European environmental standard.





# Tailor-made concepts for various markets

Praktiker is also a strong international brand. We consistently started expanding abroad in a big way in 1991. Outside Germany, Praktiker now operates around 110 stores in nine different countries across Europe: in Luxembourg, Bulgaria, Greece, Poland, Romania, Turkey, Hungary, Ukraine and Albania. Our international operations most recently contributed nearly 30 percent to Group sales. And the prospects for further profitable growth are good in the medium to long term despite the temporary dampening effect of the international financial and economic crisis. Demand for renovation, rehabilitation and modernisation remains strong, especially in Eastern Europe.

We want to rank among the best in every market we enter. Our strategy is simple – we go to those markets where the home-improvement sector is still underdeveloped and where demand is high. This is the case in particular in the emerging economies of Eastern and South-Eastern Europe. But we are strong in the traditional markets, too. In Poland, where the competition is particularly fierce, we rank among the top four. In Hungary, Romania, Bulgaria and Greece we have been



the market leader or number two for many years. And of course in Luxembourg, where the success story of Germany's largest listed home-improvement group started out a good 30 years ago, under the brand name *bâtiself*.

Being the number one is not a virtue in itself. It is, however, a sign of trust and loyalty on the part of our customers. Praktiker means "Made in Germany" and especially abroad this is a seal of approval in itself. It stands for quality, performance and progress – not only in the product range, but also in competence, customer-orientation and management.

In every country where we operate, Praktiker has a distinctive regional identity. 70 to 80 percent of all goods are sourced from local suppliers. In addition to a broad range of products from well-known international manufacturers, Praktiker customers can also find familiar regional brands. Our employees are well trained and local, and we keep them up to date with intensive training courses. In Eastern Europe in particular, Praktiker stores are not just an attractive place to shop, they are also a popular employer and an economic factor that contributes to expanding the respective domestic economy and supporting the labour market.



### Expanding in Eastern Europe

Eastern Europe remains one of the most important economic regions for the future. The global recession did not erase the enormous demand potential, but it did temporarily mask it. This is why this region continues to be an important growth market for the Praktiker Group over the long-term. The recipe for success is not a matter of coincidence it is the result of a consistent services concept. Modern stores, a carefully balanced assort-

ment mix featuring local products, well known international brands and German quality, plus competent, friendly advice – that's what puts us ahead in these markets. Because we know what the customers want. And because we speak their language. In this context we benefit from the fact that we often find ourselves in a pioneering role. We establish a new DIY culture in areas where the local retailers have little or no service competence, and in markets that international competitors have not yet discovered.

By the year 2013 we want to extend our international portfolio to around 130 stores. The focus of Praktiker's expansion plans is on the Ukraine and Poland.

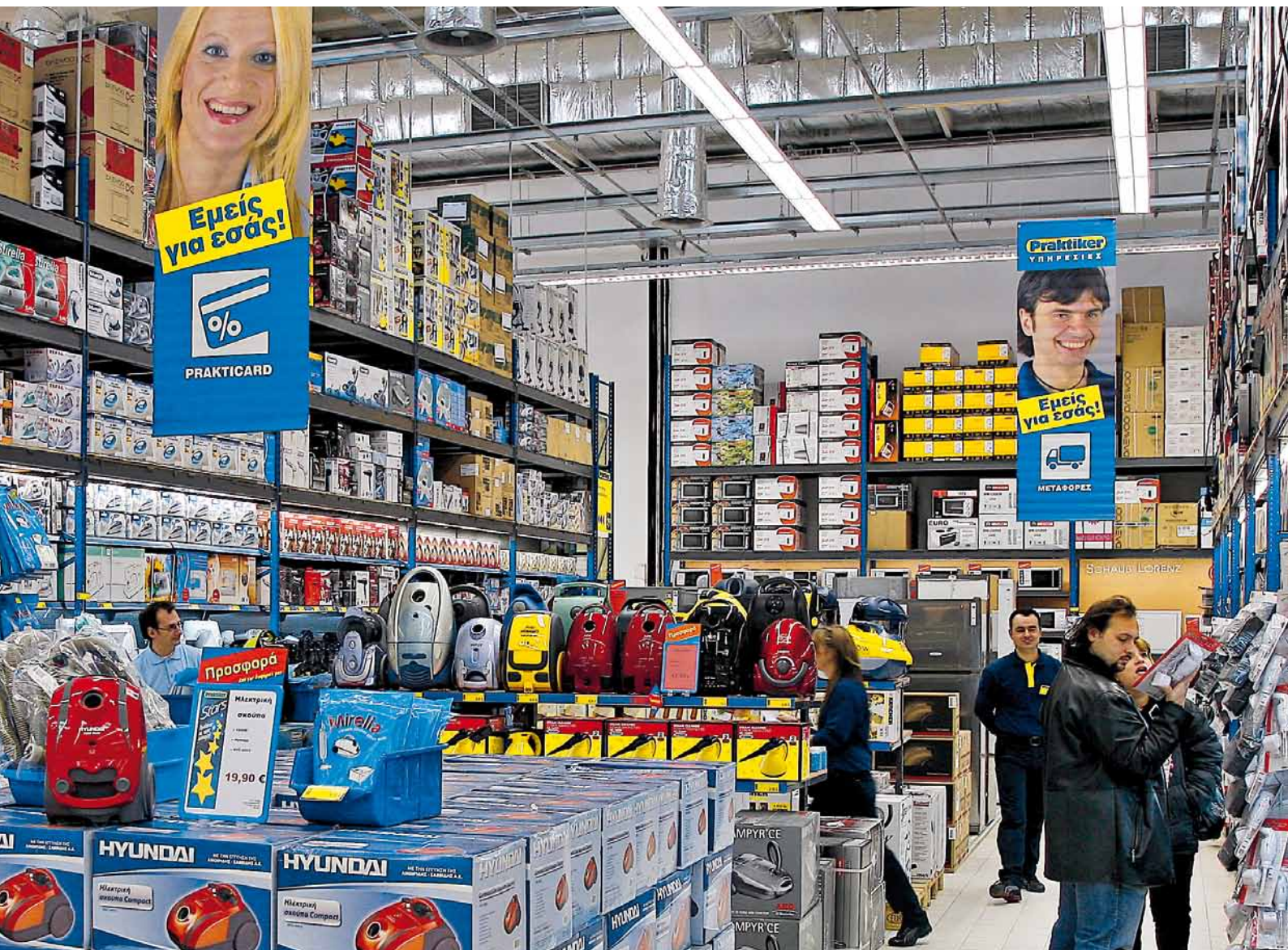


### Different countries – different concepts

Our expansion programme is based on clear, targeted concepts. We conduct a thorough analysis and develop a tailor-made sales strategy for each and every country. Praktiker adapts its range of products and services to the different markets. Frequently, this means reliable service, extensive customer advice and competent project support. Add to this an assortment tailored to the specific needs of the regional market demands and individual customer

needs. In the emerging economies, top of the list of customer needs are tools and materials for building, interior fittings, renovating and modernising. In countries with different consumer expectations we extend our product range. For example in Greece, another country where Praktiker leads the field, we also offer our customers consumer electronics, furniture, household goods

and kitchen appliances. This, too, helps improve the quality of life for our customers' homes and Praktiker takes great pleasure in playing its part here. And what if the price sensitivity of consumers grows in times of crisis? No problem: we are also experienced in the low-price segment – this is what we have learnt and demonstrated in the German market.





# Growth through many roots

**1978**

Praktiker Bau- und Heimwerkermarkt GmbH founded by ASKO Deutsche Kaufhaus AG and renamed Praktiker Bau- und Heimwerkermärkte GmbH. bâtiself home-improvement retail company founded in Luxembourg.

**1979**

Four DIY stores opened in Germany under the name of Praktiker and acquisition of nine “BayWa” stores.

**1983**

Take-over and integration of the Luxembourg-based ASKO subsidiary bâtiself.

**1985**

Take-over of 12 “Wickes” DIY stores.

**1991**

Take-over of “esbella” and “Continent”. Market launch in Greece.

**1992**

Take-over of the “Realkauf” and “Extra” DIY stores. Strategic orientation as a discounter.

**1993**

Take-over of the “BLV”, “MAB”, “Massa” and “Huma” DIY stores.

**1995**

Following the spin-off of ASKO, integration into METRO Group. Stock-market flotation of Praktiker Bau- und Heimwerkermärkte AG.

**1996**

Take-over of 27 “Bauspar” DIY stores.

**1997**

Take-over of 60 “Wirichs” DIY stores. Market launch in Poland.

**1998**

Take-over of 25 “extra” franchise DIY stores. Market launch in Turkey and Hungary.



**2000**

Take-over of 27 “TopBau” stores. Optimisation of product range. Introduction of a modular system in 256 outlets.

**2001**

Optimisation of personnel and cost structures.

**2002**

METRO AG acquires 100% of Praktiker AG shares. Revocation of stock-market listing. Market launch in Romania. Price campaign and new advertising concept in Germany.

**2003**

Praktiker celebrates its 25<sup>th</sup> anniversary. Introduction of new loyalty cards for large-volume customers. First special-offer campaigns: “20% off everything – except pet food”.

**2004**

Market launch in Bulgaria. Optimisation of the store network in Germany.

**2005**

Successful stock-market flotation of Praktiker Bau- und Heimwerkermärkte Holding AG on 22<sup>nd</sup> November 2005. Spin-off from METRO Group.

**2006**

Acquisition of the Hamburg-based competitor Max Bahr, comprising nearly 80 DIY stores. Start of the Easy-to-Shop concept in six German pilot stores. New Praktiker slogan: “The Price is Key”.

**2007**

Integration of the Max Bahr stores, following official approval of the acquisition by the Federal Cartel Authority. Conversion of stores to the Easy-to-Shop concept continued. Market launch in Ukraine. Record sales and best operating result in the Group’s history.

**2008**

30 years of Praktiker and bâtiself, 10<sup>th</sup> anniversary of international operations in Turkey and Hungary. Expansion abroad continues: 100<sup>th</sup> store opened in the Ukrainian town of Mykolaiv.

**2009**

130 years of Max Bahr. Market launch in Albania despite economic crisis and decelerated international expansion.

**2010**

The value enhancement programme “Praktiker 2013” marks the start of the fundamental restructuring of the Group and the strategic realignment of Praktiker Germany.

**Praktiker AG**  
Press & Communication

Am Tannenwald 2  
66459 Kirkel  
Germany  
Phone: + 49 (0) 68 49 / 95 00  
Fax: + 49 (0) 68 49 / 95 22 85  
e-mail: [kontakt@praktiker.de](mailto:kontakt@praktiker.de)  
[www.praktiker.com](http://www.praktiker.com)