

# Praktiker Group

## Interim report

# 9M/11



## KEY DATA

	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
<b>Profit &amp; loss data</b>						
<b>Net sales in € m</b>	<b>844.4</b>	<b>911.1</b>	<b>-7.3</b>	<b>2,467.5</b>	<b>2,697.9</b>	<b>-8.5</b>
Germany	592.0	625.5	-5.4	1,779.2	1,937.8	-8.2
<i>thereof Praktiker Germany</i>	390.4	429.4	-9.1	1,171.9	1,343.1	-12.7
<i>thereof Max Bahr</i>	180.5	175.6	2.8	540.3	527.8	2.4
<i>thereof Miscellaneous</i>	21.1	20.5	2.8	67.0	66.8	0.3
International	252.5	285.6	-11.6	688.2	760.1	-9.5
<b>Like-for-like sales growth in %</b>	<b>-8.3</b>	<b>-7.1</b>	<b>-</b>	<b>-9.4</b>	<b>-7.4</b>	<b>-</b>
Germany	-6.0	-5.7	-	-8.4	-7.1	-
<i>thereof Praktiker Germany</i>	-9.3	-7.3	-	-12.7	-7.7	-
<i>thereof Max Bahr</i>	2.1	-1.9	-	2.2	-5.3	-
International	-13.6	-10.0	-	-11.8	-8.3	-
<b>Gross profit on sales in € m</b>	<b>273.0</b>	<b>315.9</b>	<b>-13.6</b>	<b>819.4</b>	<b>897.8</b>	<b>-8.7</b>
Gross profit margin on sales in %	32.3	34.7	-2.3 PP	33.2	33.3	-0.1 PP
<b>EBITA in € m</b>	<b>-10.1</b>	<b>32.0</b>	<b>-</b>	<b>-153.6</b>	<b>32.1</b>	<b>-</b>
Germany	-23.1	15.1	-	-114.3	26.8	-
<i>thereof Praktiker Germany</i>	-28.3	9.7	-	-125.4	6.1	-
<i>thereof Max Bahr</i>	6.4	5.4	18.3	15.3	23.1	-33.8
<i>thereof Miscellaneous</i>	-1.3	-0.1	-	-4.2	-2.4	-76.8
International	13.0	16.9	-22.9	-39.4	5.2	-
<b>Net financial result in € m</b>	<b>-22.1</b>	<b>-6.1</b>	<b>-</b>	<b>-46.3</b>	<b>-31.8</b>	<b>-45.5</b>
<b>Earnings before taxes in € m</b>	<b>-32.2</b>	<b>25.9</b>	<b>-</b>	<b>-359.4</b>	<b>0.3</b>	<b>-</b>
<b>Net income/loss in € m</b>	<b>-25.9</b>	<b>11.7</b>	<b>-</b>	<b>-348.4</b>	<b>-0.1</b>	<b>-</b>
Earnings per share in €	-0.45	0.19	-	-6.03	-0.03	-
<b>Balance sheet data</b>						
Cash and cash equivalents in € m				187.1	301.2	-37.9
Net financial position in € m				-314.3	-151.6	-
Net working capital in € m				408.1	352.0	15.9
<b>Further financial data</b>						
Capital expenditure in € m				59.4	44.3	34.0
Cash flow from operating activities in € m				-55.4	102.7	-
<b>Operative data</b>						
<b>Number of stores</b>				<b>441</b>	<b>436</b>	<b>1.1</b>
Germany				331	330	0.3
<i>thereof Praktiker Germany</i>				236	235	0.4
<i>thereof Max Bahr</i>				78	78	0.0
<i>thereof Miscellaneous</i>				17	17	0.0
International				110	106	3.8
<b>Number of employees, yearly average on a full-time basis (01/01 – 30/09)</b>				<b>20,184</b>	<b>21,717</b>	<b>-7.1</b>
Germany				11,321	11,947	-5.2
<i>thereof Praktiker Germany</i>				8,047	8,520	-5.6
<i>thereof Max Bahr</i>				2,892	3,050	-5.2
<i>thereof Miscellaneous</i>				382	377	1.3
International				8,863	9,770	-9.3

Due to rounding, slight discrepancies in totals and percentage figures may occur.

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## THE FIRST NINE MONTHS 2011 – SUMMARY

### Sales trends unchanged

The sales trends of the first half of the year continued in the third quarter. While sales for the Max Bahr brand are likely to have performed better than the German DIY industry in total, at Praktiker Germany sales were again clearly below the previous year's level. However, the decline was a little more moderate than in the first half of the year. The figure for the quarter also disguises the fact that a rising tendency was observed from month to month – with a significantly lighter decline in September than in July. In the international business, the general economic conditions remained difficult, particularly for Praktiker's key markets of Romania and Greece. Accordingly, international sales were also clearly down year-on-year once again in the third quarter. However, this is partly due to the fact that practically all Eastern European currencies came under stronger devaluation pressure again.

### Reduction of inventories with high priority

Operating earnings (EBITA) declined more sharply in the third quarter than in the first six months. Even before taking into account the extraordinary effects of the "Praktiker 2013" programme, the Praktiker Group achieved only slightly positive operating earnings in the third quarter. This was not due to the decline in sales alone. High priority in the second half of the year was given to efforts to reduce inventories. Inventories had reached a level by the middle of the year well in excess of that of the previous year as sales at Praktiker Germany in particular had fallen more heavily in the second quarter than anticipated. This imbalance was already largely corrected in the third quarter. Throughout the Group, and at Praktiker Germany in particular, marketing activities and corresponding discounts helped to accelerate the sale of surplus inventory. This had a positive effect on working capital and liquidity in particular, albeit at the expense of earnings.

In line with planning, Praktiker repaid the maturing convertible bonds from its own liquid funds in the amount of 147.1 million euro at the end of September.

### Change in management board influences strategic orientation

Thomas Fox and Josef Schultheis were appointed as members of the management board on 15 August 2011. Thomas Fox assumed the office of CEO effective 1 October 2011, succeeding Wolfgang Werner following his resignation in the third quarter. Josef Schultheis took on the newly created role of Chief Restructuring Officer. Josef Schultheis also temporarily took on the CEO position from 16 August 2011 until Thomas Fox assumed office. Thomas Fox and Josef Schultheis are proven experts in restructuring. In the past they have successfully restructured and repositioned companies from various sectors including retail. The appointment of a new CEO will mean changes in the strategic positioning of the Praktiker Group. These changes will be built on the work already accomplished by the "Praktiker 2013" programme. However, the individual measures will be reassessed, prioritised, fine-tuned and, if needed, supplemented.

### Sales and earnings down year-on-year in 2011

The management expects that the ongoing development of sales and earnings in the remaining months of the year will follow the trends of the first nine months and therefore fall significantly short of the previous year's levels.

## "PRAKTIKER 2013" – PRAKTIKER GERMANY REPOSITIONED

### Focus still on repositioning of Praktiker Germany

The work of the "Praktiker 2013" programme continued in the third quarter at different levels and with different activities but with unchanged focus on the repositioning of Praktiker in Germany. Key elements such as introducing customer greeters, a new navigation system in-store and better communication of the services available were launched at the start of the second quarter. This also applies to the "Praktiker" private label, which was initially developed as a key component of the product hierarchy in four high-selling assortments and positioned as the "smart choice". In the third quarter, work focused on the revision of further assortments, expanding the "triples" concept – a particularly effective form of in-store product presentation – and a fundamental modification of the pricing strategy with the aim of offering more attractive on-the-shelf prices and fewer discounts.

### Conversion of logistics chain initiated

Praktiker Germany also implemented the separation of store personnel into sales and in-house logistics. This division allows a more effective deployment of store employees while conveying to customers a more dependable service offer. The transition will be completed in the fourth quarter, thereby laying the foundations for a fundamental conversion of the logistics chain in Germany. The second element of the conversion, the automatic re-ordering project, reached the final stages in the third quarter. While the software still needs the finishing touches, training sessions and the roll-out of new processes are firmly scheduled for the start of 2012. Moreover, an initially Germany-based, multi-sales line, centrally managed logistics network is also being created in the process of supply chain optimisation. Preparatory work and planning have been concluded, the agreements needed with

logistics service providers and IT partners for implementation are under negotiation. Following technical testing at the start of 2012, the project will then be implemented swiftly in a multi-stage plan.

In order to facilitate data exchange with suppliers, the new Praktiker master data management system in Germany will go online at the end of 2011. Thus, it will be possible for master data on products to be taken from third-party data pools or transferred directly from suppliers to be used in the Praktiker system landscape. Praktiker is thereby taking an innovative direction and setting new standards in the DIY sector.

### Procurement company in Hong Kong started operations

From the middle of the year, the newly formed procurement company Praktiker Group Buying in Hong Kong started operations as planned. It is gradually assuming all services in support of procurement from the previous third-party service partner in Asia too, such as invoicing, payments and currency hedging. The company is also handling supplier certification, quality control and merchandise logistics.

### Harmonisation and standardisation in the International segment

The programme's work in international business focused on the harmonisation, standardisation and synchronisation of a wide range of different activities. For example, the number of purely local or country-specific suppliers is being gradually reduced. The long-term goal is to work predominantly with such suppliers that can deliver to all countries. This reduces complexity and allows a greater degree of communality in the goods offered. Decisions to simplify and synchronise logistics structures and to introduce internal standards internationally are based on the same principles.

#### Extraordinary effects "Praktiker 2013"

in € m

	Q3 2011	Q3 2010	Change	9M 2011	9M 2010	Change
<b>Praktiker Group</b>	<b>-13.6</b>	<b>-8.0</b>	<b>-5.6</b>	<b>-41.1</b>	<b>-12.8</b>	<b>-28.3</b>
<b>Germany</b>	<b>-12.6</b>	<b>-8.0</b>	<b>-4.6</b>	<b>-39.2</b>	<b>-12.8</b>	<b>-26.4</b>
Praktiker Germany	-11.7	-7.5	-4.2	-35.4	-12.3	-23.1
Max Bahr	0.4	0.0	0.4	-0.1	0.0	-0.1
Miscellaneous	-1.3	-0.5	-0.8	-3.7	-0.5	-3.2
<b>International</b>	<b>-1.0</b>	<b>0.0</b>	<b>-1.0</b>	<b>-1.9</b>	<b>0.0</b>	<b>-1.9</b>

### Review of activities following change in management board

The appointment of a new CEO will mean changes in the strategic outlook of the Praktiker Group. These changes will build on the work already accomplished by the "Praktiker 2013" programme. The individual measures will be reassessed, prioritised, fine-tuned and, if needed, supplemented.

### Ongoing extraordinary expenses

In the third quarter of 2011, extraordinary expenses relating to measures of the "Praktiker 2013" programme totalled 13.6 million euro. Overall, this meant an expense in the first nine months of 41.1 million euro – a figure in line with original plans. As in the preceding months, the biggest share of these expenses in the third quarter (11.7 million euro) related to Praktiker Germany, for the implementation of the new merchandising concept in the stores, for measures to enhance sales efficiency, central purchasing and for work by the programme office including external consultancy. The sum also includes the extraordinary expenses of 2.4 million euro for the change in the management board.

In the third quarter, 10.0 million euro (nine months 34.2 million euro) of the extraordinary expenses for "Praktiker 2013" were accounted for under selling expenses and 3.5 million euro (nine months 7.0 million euro) under administrative expenses.

In the previous year, extraordinary expenses of 8.0 million euro were incurred in the third quarter and 12.8 million euro in the first nine months.

The implementation of the measures for the "Praktiker 2013" programme required capital expenditure of 14.4 million euro in the third quarter (nine months 26.6 million euro). In the first nine months of the previous year capital expenditure had amounted to 1 million euro which fell exclusively in the third quarter.

## ADJUSTMENTS OF FUTURE PLANNING IN THE SECOND QUARTER 2011 LEAD TO FURTHER EXTRAORDINARY EFFECTS

As at the end of the first half of the year, the Praktiker Group recognised impairment losses on non-current assets of 43.7 million euro, added 47.3 million euro to provisions for onerous contracts and wrote down its goodwill by 159.5 million euro. In total, EBIT was reduced by a non-recurring expense of 250.5 million euro.

The impairment losses on goodwill and property, plant and equipment and the provisions for onerous contracts also resulted in adjustments to deferred tax assets (21.4 million euro) and deferred tax liabilities (29.9 million euro). The reassessment of future earnings prospects also led to write-down requirements on deferred tax assets on tax loss carryforwards (13.7 million euro) and temporary differences (15.3 million euro).

As at 30 September 2011 it was not necessary to adjust the impairment losses on non-current assets or the provisions for onerous contracts.

The information on the impairment losses, the additions to provisions and changes to taxes has already been presented in detail in the half-year financial report (pages 7 and 8).

### Q3 Extraordinary effects (Extr. eff.)

in € m	Praktiker Group		Praktiker Germany		Max Bahr		Miscellaneous		International	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010
EBITA before extr. eff.	3.5	40.0	-16.6	17.3	6.1	5.4	0.0	0.4	14.0	16.9
Extr. eff. "Praktiker 2013"	-13.6	-8.0	-11.7	-7.5	0.4	0.0	-1.3	-0.5	-1.0	0.0
EBITA after extr. eff. "Praktiker 2013"	-10.1	32.0	-28.3	9.7	6.4	5.4	-1.3	-0.1	13.0	16.9
Extr. eff. from impairments on non-current assets and additions to provisions for onerous contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA (reported)	-10.1	32.0	-28.3	9.7	6.4	5.4	-1.3	-0.1	13.0	16.9
Extr. eff. from impairments on goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-10.1	32.0	-28.3	9.7	6.4	5.4	-1.3	-0.1	13.0	16.9

### 9M Extraordinary effects (Extr. eff.)

in € m	Praktiker Group		Praktiker Germany		Max Bahr		Miscellaneous		International	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
EBITA before extr. eff.	-21.5	54.4	-48.7	18.5	22.7	23.1	-0.5	-1.9	5.1	14.7
Extr. eff. "Praktiker 2013"	-41.1	-12.8	-35.4	-12.3	-0.1	0.0	-3.7	-0.5	-1.9	0.0
EBITA after extr. eff. "Praktiker 2013"	-62.6	41.6	-84.2	6.1	22.6	23.1	-4.2	-2.4	3.1	14.7
Extr. eff. from impairments on non-current assets and additions to provisions for onerous contracts	-91.0	-9.5*	-41.2	0.0	-7.3	0.0	0.0	0.0	-42.5	-9.5*
EBITA (reported)	-153.6	32.1	-125.4	6.1	15.3	23.1	-4.2	-2.4	-39.4	5.2
Extr. eff. from impairments on goodwill	-159.5	0.0	-159.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-313.1	32.1	-284.9	6.1	15.3	23.1	-4.2	-2.4	-39.4	5.2

\*thereof 9.5 million euro extraordinary effects from additions to provisions for anti-trust risks in Poland

## INCOME, FINANCIAL AND ASSET POSITION

Q3 Profit & loss data			
in € m			
	Q3 2011	Q3 2010	Change in %
Net sales	844.4	911.1	-7.3
Gross profit on sales	273.0	315.9	-13.6
Gross profit margin on sales in %	32.3	34.7	-2.3 PP
Other operating income	16.1	15.3	5.1
Selling expenses	279.6	276.8	1.0
Administrative expenses	19.5	22.1	-12.1
EBITDA	6.7	49.5	-86.5
EBITA	-10.1	32.0	-
EBIT	-10.1	32.0	-
Net financial result	-22.1	-6.1	-
Earnings before taxes	-32.2	25.9	-
Net loss/income	-25.9	11.7	-

9M Profit & loss data			
in € m			
	9M 2011	9M 2010	Change in %
Net sales	2,467.5	2,697.9	-8.5
Gross profit on sales	819.4	897.8	-8.7
Gross profit margin on sales in %	33.2	33.3	-0.1 PP
Other operating income	45.5	48.7	-6.5
Selling expenses	960.5	855.8	12.2
Administrative expenses	57.4	57.8	-0.8
EBITDA	-56.0	84.8	-
EBITA	-153.6	32.1	-
EBIT	-313.1	32.1	-
Net financial result	-46.3	-31.8	-45.5
Earnings before taxes	-359.4	0.3	-
Net loss/income	-348.4	-0.1	-

## Income position

## Store portfolio

At the end of the third quarter, the Praktiker Group operated a total of 441 stores, five more than at the same time in the previous year. The Group's total selling space as at 30 September 2011 increased by 1.3 percent on the previous year's figure. Praktiker expanded its network of locations by four stores year-on-year outside Germany and by one location in Germany.

Number of stores			
	30/09/2011	30/09/2010	Change
<b>Praktiker Group</b>	<b>441</b>	<b>436</b>	<b>5</b>
<b>Germany</b>	<b>331</b>	<b>330</b>	<b>1</b>
Praktiker Germany	236	235	1
Max Bahr	78	78	0
extra BAU+HOBBY	17	17	0
<b>International</b>	<b>110</b>	<b>106</b>	<b>4</b>

Weighted selling space			
in 1,000 sq m			
	30/09/2011	30/09/2010	Change in %
<b>Praktiker Group</b>	<b>2,888.8</b>	<b>2,853.0</b>	<b>1.3</b>
<b>Germany</b>	<b>2,116.1</b>	<b>2,106.5</b>	<b>0.5</b>
Praktiker Germany	1,424.0	1,414.6	0.7
Max Bahr	627.8	627.8	0.0
extra BAU+HOBBY	64.3	64.1	0.3
<b>International</b>	<b>772.7</b>	<b>746.5</b>	<b>3.5</b>

## Net sales

In the third quarter of 2011, the Praktiker Group generated sales of 844.4 million euro, 7.3 percent less than in the same quarter of the previous year. Sales performance therefore improved slightly as against the first half of the year (down 9.2 percent).

In the international business, sales were down 11.6 percent in the third quarter. General economic conditions remained tough in the countries in which Praktiker traditionally generates large sales contributions. Sales were also negatively affected by the moderate to strong devaluation of Eastern European currencies in the third quarter. Had exchange rates remained unchanged, sales would have declined by only 9.0 percent.

In Germany, the sales performance of the Praktiker and Max Bahr brands was as divergent as in the first six months of the year. In a comparison with the same quarter of the previous year, the Praktiker brand achieved only 90.9 percent of sales. Thus, while the decrease was less than in the first half of the year (minus 14.5 percent), developments remained unsatisfactory. The repositioning implemented in the second quarter still failed to unfurl the effect on sales performance in the third quarter that had been originally anticipated at the start of the year.

At Max Bahr the positive sales trend of the first half of the year (up 2.1 percent) continued with growth of 2.8 percent

in the third quarter. At the same time, Max Bahr is likely to have outperformed the German DIY industry slightly.

Q3 Net sales			
in € m			
	Q3 2011	Q3 2010	Change in %
<b>Praktiker Group</b>	<b>844.4</b>	<b>911.1</b>	<b>-7.3</b>
<b>Germany</b>	<b>592.0</b>	<b>625.5</b>	<b>-5.4</b>
Praktiker Germany	390.4	429.4	-9.1
Max Bahr	180.5	175.6	2.8
Miscellaneous	21.1	20.5	2.8
<b>International</b>	<b>252.5</b>	<b>285.6</b>	<b>-11.6</b>

9M Net sales			
in € m			
	9M 2011	9M 2010	Change in %
<b>Praktiker Group</b>	<b>2,467.5</b>	<b>2,697.9</b>	<b>-8.5</b>
<b>Germany</b>	<b>1,779.2</b>	<b>1,937.8</b>	<b>-8.2</b>
Praktiker Germany	1,171.9	1,343.1	-12.7
Max Bahr	540.3	527.8	2.4
Miscellaneous	67.0	66.8	0.3
<b>International</b>	<b>688.2</b>	<b>760.1</b>	<b>-9.5</b>

Q3 Net sales			
Change in %, against previous year			
		Q3 2011	Q3 2010
Praktiker Group	absolute (in €)	-7.3	-5.9
	like-for-like (in €)	-8.3	-7.1
	absolute (in local currency)	-6.5	-6.4
	like-for-like (in local currency)	-7.5	-7.5
Germany	absolute	-5.4	-5.7
	Praktiker Germany	-9.1	-7.3
	Max Bahr	2.8	-1.3
	like-for-like	-6.0	-5.7
	Praktiker Germany	-9.3	-7.3
	Max Bahr	2.1	-1.9
International	absolute (in €)	-11.6	-6.2
	like-for-like (in €)	-13.6	-10.0
	absolute (in local currency)	-9.0	-7.8
	like-for-like (in local currency)	-11.1	-11.2

9M Net sales			
Change in %, against previous year			
		9M 2011	9M 2010
Praktiker Group	absolute (in €)	-8.5	-5.8
	like-for-like (in €)	-9.4	-7.4
	absolute (in local currency)	-8.1	-6.6
	like-for-like (in local currency)	-9.0	-8.2
Germany	absolute	-8.2	-6.3
	Praktiker Germany	-12.7	-7.5
	Max Bahr	2.4	-3.3
	like-for-like	-8.4	-7.1
	Praktiker Germany	-12.7	-7.7
	Max Bahr	2.2	-5.3
International	absolute (in €)	-9.5	-4.5
	like-for-like (in €)	-11.8	-8.3
	absolute (in local currency)	-8.0	-7.3
	like-for-like (in local currency)	-10.4	-10.9

Q3 Customer contacts and average purchase				
	Customer contacts		Average purchase	
	in million	Change in % to Q3/2010	in €	Change in % to Q3/2010
<b>Praktiker Group</b>	<b>30.9</b>	<b>-7.4</b>	<b>27.22</b>	<b>0.0</b>
<b>Germany</b>	<b>21.5</b>	<b>-6.8</b>	<b>27.42</b>	<b>1.4</b>
Praktiker Germany	14.6	-8.6	26.70	-0.6
Max Bahr	6.2	-2.7	29.47	5.2
Miscellaneous	0.6	-4.3	23.93	9.2
<b>International</b>	<b>9.4</b>	<b>-8.6</b>	<b>26.78</b>	<b>-3.1</b>

9M Customer contacts and average purchase				
	Customer contacts		Average purchase	
	in million	Change in % to 9M/2010	in €	Change in % to 9M/2010
<b>Praktiker Group</b>	<b>92.7</b>	<b>-7.8</b>	<b>26.49</b>	<b>-0.8</b>
<b>Germany</b>	<b>66.5</b>	<b>-8.6</b>	<b>26.57</b>	<b>0.4</b>
Praktiker Germany	45.2	-10.8	25.97	-2.1
Max Bahr	19.3	-3.0	28.26	5.2
Miscellaneous	2.0	-7.7	23.78	8.7
<b>International</b>	<b>26.2</b>	<b>-5.9</b>	<b>26.29</b>	<b>-3.6</b>

### Gross profit on sales

In the third quarter, the Group's gross profit margin dipped by 2.3 percentage points year-on-year to 32.3 percent. In the first six months it had climbed by 1.1 percentage points. There is one key reason for the reversal of the positive trend: the Praktiker Group's inventories accumulated too strongly in the first half of the year. In order to bring them back down to normal levels, excess stock was sold off at generous price reductions in special promotions in the third quarter with a correspondingly negative effect on the gross profit margin.

### Other operating income

Other operating income was up slightly on the previous year's level in the third quarter.

### Extraordinary effects within selling and administrative expenses

"Praktiker 2013" continued to result in extraordinary expenses in the third quarter. They amounted to 13.6 million euro, largely in line with original forecasts. Only 2.4 million euro of extraordinary expenses incurred in connection with the changes in the management board had not been foreseen. 10.0 million euro of extraordinary effects were allocated to selling expenses, 3.5 million euro to administrative ex-

penses. Other extraordinary effects, such as the impairment losses on non-current assets and additions to provisions for onerous contracts in the second quarter, were not repeated in the third quarter.

In the first nine months, "Praktiker 2013" caused extraordinary expenses of 41.1 million euro. In addition, the impairment losses and additions to provisions in the second quarter mentioned above led to further non-recurring expenses of 91.0 million euro. Thus, the negative extraordinary effects as at the end of the reporting period amounted to 132.1 million euro in total. At 125.2 million euro, these were predominantly assigned to selling expenses.

### Selling expenses

Selling expenses increased by 2.8 million euro to 279.6 million euro in the third quarter. Rising by 104.8 million euro to 960.5 million euro, the increase was significantly higher in the first nine months on account of the large extraordinary expenses in the second quarter.

Adjusted for these extraordinary effects, selling expenses declined by 1.4 percent or 3.8 million euro in the third quarter. The same calculation for the first nine months results in a reduction of 0.7 percent or 5.6 million euro.

### Administrative expenses

Administrative expenses fell by 12.1 percent in the third quarter to 19.5 million euro. Before extraordinary expenses they were down 9.2 percent or 1.6 million euro lower than in the same quarter of the previous year. For the first nine months, administrative expenses were roughly on par with the previous year's level both before and after extraordinary expenses.

### Operating earnings (EBITA)

The operating earnings of the Praktiker Group were reported at minus 10.1 million euro for the third quarter and minus 153.6 million euro for the first nine months of the year. After adjustment for all extraordinary effects arising from "Praktiker 2013" as well as from the impairment losses on non-current assets and the additions to provisions for onerous contracts from the first half of the year, EBITA amounted to minus 21.5 million euro in the first nine months and a plus of 3.5 million euro in the third quarter. Calculated in the same way, earnings had amounted to 40.0 million euro in the third quarter and 54.4 million euro in the first nine months of the previous year.

Max Bahr again generated positive EBITA in the third quarter amounting to 6.4 million euro (nine months 15.3 million euro). Praktiker Germany ended the third quarter with EBITA of minus 28.3 million euro (nine months minus 125.4 million euro), Praktiker International with a plus of 13.0 million euro (nine months minus 39.4 million euro).

Exchange rate effects again impacted on earnings in the third quarter. Had they remained unchanged, EBITA would have been up by 0.5 million euro in the third quarter and 0.8 million euro in the first nine months.

Q3 Other operating income, selling and administrative expenses, EBITA			
in € m			
	Q3 2011	Q3 2010	Change
<b>Gross profit on sales</b>	<b>273.0</b>	<b>315.9</b>	<b>-42.8</b>
<b>Other operating income</b>	<b>16.1</b>	<b>15.3</b>	<b>0.8</b>
<b>Selling expenses</b>	<b>279.6</b>	<b>276.8</b>	<b>2.8</b>
herein included extraordinary effects	-10.0	-3.4	-6.6
<b>Administrative expenses</b>	<b>19.5</b>	<b>22.1</b>	<b>-2.7</b>
herein included extraordinary effects	-3.5	-4.6	1.1
<b>EBITA</b>	<b>-10.1</b>	<b>32.0</b>	<b>42.1</b>
herein included extraordinary effects	-13.6	-8.0	-5.6
<b>EBITA before extraordinary effects</b>	<b>3.5</b>	<b>40.0</b>	<b>-36.5</b>

9M Other operating income, selling and administrative expenses, EBITA			
in € m			
	9M 2011	9M 2010	Change
<b>Gross profit on sales</b>	<b>819.4</b>	<b>897.8</b>	<b>-78.4</b>
<b>Other operating income</b>	<b>45.5</b>	<b>48.7</b>	<b>-3.2</b>
<b>Selling expenses</b>	<b>960.5</b>	<b>855.8</b>	<b>104.8</b>
herein included extraordinary effects	-125.2	-14.8	-110.4
<b>Administrative expenses</b>	<b>57.4</b>	<b>57.8</b>	<b>-0.5</b>
herein included extraordinary effects	-7.0	-7.5	0.6
<b>EBITA</b>	<b>-153.6</b>	<b>32.1</b>	<b>-185.7</b>
herein included extraordinary effects	-132.1	-22.3	-109.8
<b>EBITA before extraordinary effects</b>	<b>-21.5</b>	<b>54.4</b>	<b>-75.9</b>

### Goodwill impairment

After the first six months of the year, the reassessment of the prospects of individual business areas resulted in goodwill impairment of 159.5 million euro. No such impairment losses were incurred in the third quarter.

### Net financial result

The net financial result for the third quarter included for the last time the increased interest expenses that the Praktiker Group had incurred for two quarters as the refinancing of the convertible bonds maturing at the end of September had already been secured in February by issuing a corporate bond. The other net financial result was again affected by exchange rate differences as the depreciation of Eastern European currencies drove up the net present value of euro denominated rent liabilities in these countries.

Q3 Net financial result			
in € m			
	Q3 2011	Q3 2010	Change
<b>Financial income</b>	<b>5.6</b>	<b>7.4</b>	<b>-1.7</b>
thereof interest income	1.0	0.7	0.3
thereof exchange gains and derivatives	4.7	6.5	-1.8
<b>Financial expenses</b>	<b>27.7</b>	<b>13.4</b>	<b>14.3</b>
thereof interest expenses from finance lease	5.8	6.0	-0.2
thereof accumulation of liabilities from convertible bonds	1.2	1.0	0.2
thereof other interest and similar expenses	5.2	2.2	3.0
thereof exchange losses and derivatives	14.8	3.0	11.9
<b>Net financial result</b>	<b>-22.1</b>	<b>-6.1</b>	<b>-16.0</b>

9M Net financial result			
in € m			
	9M 2011	9M 2010	Change
<b>Financial income</b>	<b>20.3</b>	<b>23.2</b>	<b>-2.9</b>
thereof interest income	2.5	1.3	1.3
thereof exchange gains and derivatives	17.6	21.7	-4.0
<b>Financial expenses</b>	<b>66.5</b>	<b>55.0</b>	<b>11.5</b>
thereof interest expenses from finance lease	17.4	18.2	-0.8
thereof accumulation of liabilities from convertible bonds	3.7	3.2	0.5
thereof other interest and similar expenses	14.9	6.2	8.7
thereof exchange losses and derivatives	27.4	24.0	3.5
<b>Net financial result</b>	<b>-46.3</b>	<b>-31.8</b>	<b>-14.5</b>

### Net loss for the period

The adjustment to the forecast for the current financial year made with the report of the second quarter and additional extraordinary effects also influenced the tax result. The effects of the impairment losses on goodwill and property, plant and equipment and the additions to provisions for onerous contracts on deferred taxes were taken into account when incurred and have therefore already been included in the half-year financial statements. There were no adjustment requirements as at 30 September 2011.

Overall, in the first nine months a tax income of 11.0 million euro resulted, corresponding to a notional tax rate of 3.0 percent. After taking taxes into account, the net loss amounts to 25.9 million euro for the third quarter and to 348.4 million euro for the first nine months.

### Earnings per share

The basic earnings per share for the third quarter are reported at minus 0.45 euro (previous year plus 0.19 euro) and minus 6.03 euro for the first nine months (previous year minus 0.03 euro).

### Financial position

#### Capital expenditure

Capital expenditure in the third quarter of 2011 totalled 21.2 million euro (previous year 12.9 million euro). Thus, capital expenditure amounted to 59.4 million euro in the first nine months (previous year 44.3 million euro).

Capital expenditure in the third quarter was lower than originally planned at the start of the year, as the management decided to reduce expenditure in the second half of the year to the bare essentials. Non-cash capital

expenditure was slightly negative in the third quarter – an effect triggered by the depreciation of the Polish zloty on the value of the new store in Leszno (Poland).

Q3 Capital expenditure			
in € m			
Total	21.2		
Germany	20.3	0.9	International
Cash	21.4	-0.2	Non-cash
Maintenance	21.2	0.0	Expansion

9M Capital expenditure			
in € m			
Total	59.4		
Germany	42.5	16.9	International
Cash	52.7	6.7	Non-cash
Maintenance	49.0	10.4	Expansion

### Financing

At the end of the reporting period Praktiker repaid the maturing convertible bonds from its own cash and cash equivalents in the amount of 147.1 million euro. After the promissory notes had already been repaid early in February 2011 in the amount of 50.0 million euro, non-current financial liabilities – net of finance lease liabilities – are reduced to the corporate bond issued at the start of the year in the amount of 250.0 million euro. It matures in February 2016 and is not subject to any financial covenants that would entitle creditors to cancel in the event of non-compliance.

### Cash flow statement

In the first nine months of the year, the operating cash flow was down significantly year-on-year at minus 55.4 million euro (previous year plus 102.7 million euro). This mainly reflected the deterioration in earnings. Inventories, which had still substantially exceeded the prior-year levels by the middle of the year, were reduced significantly over the course of the third quarter. At the end of September 2011 they were slightly below the previous year's level. Trade payables increased by only 26.5 million euro as against the start of the year, a significantly lower rise than in the previous year. This reflects the adjustment of ordering volumes in line with sales performance.

Net cash used in investing activities amounted to 51.9 million euro in the first nine months. The increase as against the previous year is essentially due to investments in the Praktiker

stores in Germany and the renovations and expansion in international business.

The cash flow from financing activities amounted to 23.6 million euro. The inflow of 246.7 million euro resulted from the issue of the corporate bond in February. This was offset by the early repayment of the promissory notes (50.0 million euro) in the first quarter and the repayment of the convertible bonds (147.1 million euro) in September.

At the end of the period under review, the Praktiker Group reported liquid funds totalling 182.0 million euro (previous year 301.2 million euro). Adjusted for the planned repayment of the convertible bonds at the end of September, liquid funds were increased by over 30 million euro.

Cash flow statement			
in € m			
	9M 2011	9M 2010	Change
Earnings before taxes	-359.4	0.3	-359.7
Cash flow from operating activities	-55.4	102.7	-158.1
Cash flow from investing activities	-51.9	-39.7	-12.2
Cash flow from financing activities	23.6	-25.3	48.9
Liquid funds at 30/09	182.0	301.2	-119.2

## Net assets

### Statement of financial position

As against the previous year, the Praktiker Group's total assets were reduced by 357.6 million euro or 16.6 percent as at 30 September 2011. On the assets side, goodwill was lower as the goodwill concerning Praktiker Germany was completely written down after the first half of the year. The carrying amount of property, plant and equipment also fell significantly on account of the impairment requirements after the first six months. Cash and cash equivalents were substantially below the previous year's figure. Inventories were reduced to just below the prior-year level.

On the equity and liabilities side, equity was most noticeably diminished. This is as a result of the considerable losses that resulted from the remeasurement of assets in particular. After the restructuring of financing was concluded at the end of September, financial liabilities were up by around 50 million euro year-on-year. Finance lease obligations continued to decline as they are subject to regular amortisation and hence are automatically reduced unless new locations are required to be classified as finance leases under IFRS. Non-current provisions increased significantly on account of the addition to provisions for onerous contracts needed in the second quarter.

After the first six months, the impairment losses on goodwill and property, plant and equipment and the provisions for onerous contracts had already resulted in adjustments to deferred tax assets and liabilities. The reassessment of future earnings prospects had led to write-down requirements on deferred tax assets on tax loss carryforwards and temporary differences. This situation was unchanged in the third quarter.

Balance sheet			
in € m			
	30/09/2011	30/09/2010	Change
Equity	483.3	873.8	390.5
Balance sheet total	1,796.7	2,154.3	357.6
Net financial position	-314.3	-151.6	-162.6
Net working capital	408.1	352.0	56.1

### Net debt

As operating earnings deteriorated significantly year-on-year in the first nine months and capital expenditure was also up on the previous year's level, cash and cash equivalents were utilised more heavily in 2011 than in the previous year. Accordingly, the net financial position amounted to minus 314.3 million euro at the end of the reporting period, down significantly on the same period of the previous year (minus 151.6 million euro). The net financial position had amounted to minus 184.7 million euro as at the end of the 2010 financial year.

Financial liabilities included finance lease liabilities of 250.8 million euro (previous year 260.2 million euro), the corporate bond placed in February 2011 (247.1 million euro) and current liabilities to banks of 3.5 million euro (not utilised in the previous year).

### Net working capital

Net working capital amounted to 408.1 million euro as at the end of the third quarter (previous year 352.0 million euro). The rise was essentially due to the fact that trade payables declined more strongly than inventories.

## MARKET ENVIRONMENT GERMANY

### Good general economic environment

According to the industry association BHB, the German DIY market grew by 2.0 percent in absolute terms in the first six months of 2011 or 1.4 percent on a like-for-like basis. However, the third quarter appears to have lost some of this momentum on account of a strong slump in demand in July.

## SEGMENT REPORT PRAKTIKER GERMANY

### Q3 Key data Praktiker Germany

Net sales, gross profit, EBITA and capital expenditure in € m

	Q3 2011	Q3 2010	Change in %
Net sales	<b>390.4</b>	429.4	-9.1
Like-for-like sales growth in %	<b>-9.3</b>	-7.3	-
Gross profit on sales	<b>122.2</b>	151.8	-19.5
Gross profit margin on sales in %	<b>31.3</b>	35.4	-4.1 PP
EBITA	<b>-28.3</b>	9.7	-
in % of net sales	<b>-7.2</b>	2.3	-
Capital expenditure	<b>18.8</b>	6.6	-

### 9M Key data Praktiker Germany

Net sales, gross profit, EBITA and capital expenditure in € m

	9M 2011	9M 2010	Change in %
Net sales	<b>1,171.9</b>	1,343.1	-12.7
Like-for-like sales growth in %	<b>-12.7</b>	-7.7	-
Gross profit on sales	<b>376.8</b>	429.8	-12.3
Gross profit margin on sales in %	<b>32.2</b>	32.0	0.2 PP
EBITA	<b>-125.4</b>	6.1	-
in % of net sales	<b>-10.7</b>	0.5	-
Capital expenditure	<b>38.4</b>	15.0	-
Number of stores (30/09)	<b>236</b>	235	0.4
Selling space in 1,000 sq m (30/09)	<b>1,424.0</b>	1,414.6	0.7
Number of employees, yearly average on a full-time basis (01/01 – 30/09)	<b>8,047</b>	8,520	-5.6

### Net sales

In the third quarter, Praktiker Germany was again unable to match the previous year's sales. While the decline at 9.1 percent was no longer as sharp as in the first half of the year (down 14.5 percent), Praktiker Germany failed to meet its own forecasts again in the third quarter due mainly to the weak business in July. The figure for the quarter disguises the fact that a rising tendency was observed from month to month – with a significantly lighter decline in September than in July. The repositioning initiated in the second quar-

ter of the current year – moving away from being a solely discount-driven brand and towards being a provider with permanently good prices, an adequate service level, simply structured product ranges and a high share of private labels – has not yet had the impact on sales originally expected.

No new elements were added to the repositioning in the third quarter. However, the concept of “triples” – a particularly effective form of in-store product presentation – was expanded further and centred on such products especially suited to enabling customers to picture three products, three qualities and three prices always in the same structure at a glance. The work on product ranges continued in order to gradually launch “Praktiker” as a private label in all ranges by the end of 2012, to revise price, product and quality hierarchies and thereby to lay the foundations for a similarly gradual but permanent downward adjustment of on-the-shelf prices. In line with planning, seven stores were fully renovated, now providing an even more attractive face for the new concept.

### Gross profit

The strong increase in the gross profit margin of the first half year, which was achieved by deliberately not utilising open, general discount offers such as “20 percent off everything”, did not continue in the third quarter. By the middle of the year inventories had risen to a level well above the previous year as sales particularly at Praktiker Germany had declined more strongly than expected in the second quarter. Therefore efforts in the third quarter were largely targeted towards bringing them back down to a normal level. Surplus inventories were consequently sold off at big reductions in special promotions – with a correspondingly negative effect on the gross profit margin. In the third quarter, Praktiker Germany generated a gross profit margin of only 31.3 percent, 4.1 percentage points less than in the same quarter of the previous year. In the first nine months, the gross profit margin was 32.2 percent, up 0.2 percentage points on the previous year's figure.

### Extraordinary effects

As in previous quarters, the majority of the extraordinary effects caused by the “Praktiker 2013” programme were incurred at Praktiker Germany in the third quarter too. These focused mainly, as in the first half of the year, on the new positioning of the brand. In addition, expenses were incurred for measures to improve logistics processes and corporate procurement in addition to the work of the programme office including third-party consulting and the changes in the management board. In total, extraordinary expenses of 11.7 million euro were accounted for “Praktiker 2013” in the third quarter. From January to September, the extraordinary effects caused by “Praktiker 2013” amounted to a total of 35.4 million euro.

In addition, the segment recognised impairment losses on non-current assets of 14.2 million euro and additions to provisions for onerous contracts of 27.0 million euro. These had already been taken account of in the second quarter.

From January to September 2011, total extraordinary expenses therefore amounted to 76.6 million euro (previous year 12.3 million euro) and 11.7 million euro in the third quarter (previous year 7.5 million euro).

#### Operating earnings (EBITA)

In the third quarter, Praktiker Germany generated operating earnings before extraordinary effects of minus 16.6 million euro, clearly down on the previous year (plus 17.3 million euro).

Taking all extraordinary effects into account, operating earnings for the third quarter amounted to minus 28.3 million euro (previous year plus 9.7 million euro).

EBITA before extraordinary effects for the first nine months amounted to minus 48.7 million euro, which deteriorated to the reported result of 125.4 million euro on account of the extensive extraordinary effects.

#### Goodwill impairment

After the first six months of the year, the reassessment of the prospects of individual business areas resulted in goodwill impairment of 159.5 million euro. No such impairment losses were incurred in the third quarter.

#### Capital expenditure

In the first nine months of the year, capital expenditure was dominated by the repositioning of Praktiker Germany, which included new signs, new shopping carts and the need for shelf conversions. However, there were also investments in other areas, such as renovation, modification and IT infrastructure. In total, 38.4 million euro was invested in Praktiker Germany from January to September (previous year 15.0 million euro). A total of 0.9 million euro was spent on expansion.

In the third quarter, capital expenditure at Praktiker Germany amounted to 18.8 million euro (previous year 6.6 million euro).

At the end of the third quarter, Praktiker Germany operated 236 stores, one more than at the same date in the previous year. This increase is due solely to a reporting date effect. On account of its relocation, the store in Kempten was closed in the middle of September 2010. It was reopened at its new site four weeks later – therefore in the fourth quarter of 2010.

## SEGMENT REPORT MAX BAHR

Q3 Key data Max Bahr			
Net sales, gross profit, EBITA and capital expenditure in € m			
	Q3 2011	Q3 2010	Change in %
Net sales	180.5	175.6	2.8
Like-for-like sales growth in %	2.1	-1.9	-
Gross profit on sales	62.6	64.5	-3.0
Gross profit margin on sales in %	34.7	36.7	-2.1 PP
EBITA	6.4	5.4	18.3
in % of net sales	3.6	3.1	-
Capital expenditure	1.4	3.3	-55.9

9M Key data Max Bahr			
Net sales, gross profit, EBITA and capital expenditure in € m			
	9M 2011	9M 2010	Change in %
Net sales	540.3	527.8	2.4
Like-for-like sales growth in %	2.2	-5.3	-
Gross profit on sales	198.9	203.9	-2.5
Gross profit margin on sales in %	36.8	38.6	-1.8 PP
EBITA	15.3	23.1	-33.8
in % of net sales	2.8	4.4	-
Capital expenditure	3.7	10.2	-63.4
Number of stores (30/09)	78	78	0.0
Selling space in 1,000 sq m (30/09)	627.8	627.8	0.0
Number of employees, yearly average on a full-time basis (01/01 – 30/09)	2,892	3,050	-5.2

## Net sales

In the third quarter of the current financial year, Max Bahr continued to perform in line with the first six months, increasing its net sales by 2.8 percent to 180.5 million euro. Thus Max Bahr is likely to have again outperformed the German DIY sector as a whole. In the third quarter of 2011, Max Bahr expanded the updating of individual assortments and product ranges as described in the report on the first half of the year to include additional stores.

## Gross profit

The gross profit margin for the third quarter was again down year-on-year. This was due, amongst other reasons, to the fact that Max Bahr again provided more attractive special offers than in the previous year. Nonetheless, at 34.7 percent (previous year 36.7 percent), Max Bahr generated a better gross profit margin than the Praktiker Group as a whole in the third quarter. The gross profit margin for the first nine months amounted to 36.8 percent (previous year 38.6 percent).

## Extraordinary effects

Positive extraordinary effects of 0.4 million euro were incurred at Max Bahr in the third quarter in conjunction with “Praktiker 2013” programme work. They resulted from the partial release of a provision for personnel expenses. The corresponding expenses for the first nine months therefore decreased to 0.1 million euro as a result.

In addition to the extraordinary effects from “Praktiker 2013”, Max Bahr recognised provisions for onerous contracts and impairment losses on non-current assets totalling 7.3 million euro in the second quarter of 2011.

## Operating earnings (EBITA)

In the third quarter, Max Bahr recorded operating earnings before extraordinary effects of 6.1 million euro (previous year 5.4 million euro). In the first nine months, Max Bahr generated EBITA before extraordinary effects of 22.7 million euro (previous year 23.1 million euro). Including extraordinary effects, Max Bahr recorded operating earnings of 6.4 million euro in the third quarter (previous year 5.4 million) and 15.3 million euro in the first nine months (previous year 23.1 million euro).

## Capital expenditure

Capital expenditure at Max Bahr amounted to 1.4 million euro in the third quarter (previous year 3.3 million euro). Cumulative capital expenditure for the first nine months amounted to 3.7 million euro (previous year 10.2 million euro). The decline is due to the fact that Max Bahr invested significantly more in product ranges in the previous year, such as the development of the “Dream Bathrooms” concept. As at 30 September 2011, Max Bahr operated a total of 78 stores – exactly the same number as in the previous year.

## SEGMENT REPORT MISCELLANEOUS

The Miscellaneous segment comprises the German sales-line extra BAU+HOBBY, two cross-divisional service companies of the Praktiker Group and, since the end of 2010, the Praktiker Online Shop in Germany as well.

Owing to the relative immateriality 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 notes to the financial statements.

## MARKET ENVIRONMENT INTERNATIONAL

### Still uneven

The economic environment in the international business remained highly uneven in the third quarter of 2011 ranging from countries with high economic growth such as Turkey to countries with lingering economic difficulties and massive fiscal problems such as Greece. Here, like in Romania or Bulgaria, private consumption and retail sales continued to decline.

## SEGMENT REPORT INTERNATIONAL

Q3 Key data International			
Net sales, gross profit, EBITA and capital expenditure in € m			
	Q3 2011	Q3 2010	Change in %
Net sales	<b>252.5</b>	285.6	-11.6
Like-for-like sales growth in %	<b>-13.6</b>	-10.0	-
Gross profit on sales	<b>82.1</b>	93.0	-11.8
Gross profit margin on sales in %	<b>32.5</b>	32.6	-0.1 PP
EBITA	<b>13.0</b>	16.9	-22.9
in % of net sales	<b>5.2</b>	5.9	-
Capital expenditure	<b>0.9</b>	2.9	-69.2

9M Key data International			
Net sales, gross profit, EBITA and capital expenditure in € m			
	9M 2011	9M 2010	Change in %
Net sales	<b>688.2</b>	760.1	-9.5
Like-for-like sales growth in %	<b>-11.8</b>	-8.3	-
Gross profit on sales	<b>223.4</b>	244.8	-8.8
Gross profit margin on sales in %	<b>32.5</b>	32.2	0.2 PP
EBITA	<b>-39.4</b>	5.2	-
in % of net sales	<b>-5.7</b>	0.7	-
Capital expenditure	<b>16.9</b>	18.9	-10.7
Number of stores (30/09)	<b>110</b>	106	3.8
Selling space in 1,000 sq m (30/09)	<b>772.7</b>	746.5	3.5
Number of employees, yearly average on a full-time basis (01/01 – 30/09)	<b>8,863</b>	9,770	-9.3

### Measures to stabilise sales and earnings

In the third quarter, Praktiker International continued the efforts to stabilise sales and earnings that had already dominated the first half of the year. The product ranges in many countries were revised and revitalised with the addition of new, attractive products.

In addition, costs were reduced further in all countries as well – particularly in the context of “Praktiker 2013” activities. Furthermore, as at the end of the third quarter, 9.3 percent fewer people were employed in the International segment than one year ago, thereby reducing staff costs.

### Net sales

Business continued to decline in the International segment in the third quarter. The decrease was even slightly higher than in the first six months, some of which, however, being due to a negative development of exchange rates. In Greece, the sales trend of the first half of the year continued virtually unchanged from July to September. A slight improvement was observed in Romania. However, this was also due to a base effect as value added tax in Romania had been increased by five percentage points at the start of the third quarter of 2010, leading to dampened consumer spending. In Poland, the market environment deteriorated again. Following a temporary improvement in sales in the second quarter a drop was posted in the third which was more pronounced in euro than in zlotys on account of that currency’s devaluation. In local currency, Turkey and Ukraine were again the only country organisations to post sales growth in the third quarter. The first nine months saw a sales decline of 9.5 percent for the International segment.

In the first nine months, changes in exchange rates had a negative impact on sales of the International segment amounting to 11.9 million euro. The corresponding figure for the third quarter was 8.0 million euro.

### Gross profit

Most countries of Southeast and Eastern Europe in which Praktiker operates are seeing persistently weak demand and greater price sensitivity among customers as a consequence. Nonetheless, Praktiker succeeded in generating a gross profit margin of 32.5 percent, up slightly on the previous year, by revising its product ranges, adjusting prices and negotiating with suppliers. The January to September figure was also 32.5 percent (previous year 32.2 percent).

### Extraordinary effects

The work accomplished under “Praktiker 2013” generated extraordinary expenses of 1.0 million euro in the third quarter and 1.9 million euro in the first nine months. In the previous year, the non-recurring effect of an addition to provisions for anti-trust risks in Poland had reduced earnings by 9.5 million euro. There was no such expense in 2011.

In addition to the extraordinary effects in connection to the “Praktiker 2013” programme, the segment recognised impairment losses on non-current assets of 22.9 million euro and additions to provisions for onerous contracts of 19.6 million euro. These became necessary after the earnings forecasts for individual locations were reassessed in the course of the half year report on account of the lingering difficulties in the general economic settings in the respective countries.

The total extraordinary effects therefore amounted to 44.4 million euro in the first nine months of 2011 (previous year 9.5 million euro). From July to September 2011 they totalled 1.0 million euro. No similar extraordinary expenses were incurred in the third quarter of 2010.

### Operating earnings (EBITA)

In the third quarter, Praktiker generated operating earnings of 13.0 million euro in international business. In the previous year it had reported a figure of 16.9 million euro. Before extraordinary effects, the International segment generated operating earnings in this period of 14.0 million euro (previous year 16.9 million euro). The considerable decline in sales was therefore largely compensated by the measures described. They helped to keep operating earnings stable in Greece and to partially offset persistently negative developments in Romania with earnings improvements in Poland, Hungary and Bulgaria.

As at the end of the first nine months, an operating loss of 39.4 million euro was recorded (previous year earnings 5.2 million euro). Before extraordinary effects, EBITA amounted to 5.1 million euro in the first nine months (previous year 14.7 million euro).

### Capital expenditure

Praktiker’s capital expenditure in the International segment totalled 0.9 million euro in the third quarter of 2011 (previous year 2.9 million euro). From January to September, capital expenditure reached 16.9 million euro, down 10.7 percent year-on-year (18.9 million euro).

A new location was opened in Opole (Poland) in the first quarter with new stores in Pila and Leszno (both in Poland), and Xanthi (Greece) in the second. One of the two stores in Szekesfehervar (Hungary) was closed. As a result, the number of stores in international business increased to 110.

#### Q3 International – the countries

	Net sales in € m	Change in %, in €		Change in %, in local currency	
		absolute	like-for-like	absolute	like-for-like
Luxembourg	8.7	-4.2	-4.2	-4.2	-4.2
Greece	65.0	-10.2	-12.7	-10.2	-12.7
Poland	54.7	-6.7	-14.6	-3.7	-12.1
Hungary	30.6	-9.8	-5.1	-11.5	-7.3
Turkey	22.9	-20.5	-18.8	1.1	2.4
Romania	47.4	-17.0	-19.2	-16.8	-18.8
Bulgaria	14.7	-14.5	-14.5	-14.5	-14.5
Ukraine	7.5	-0.5	3.5	9.1	14.5
Albania	1.1	-12.5	-12.5	-10.2	-10.2
<b>International<sup>1</sup></b>	<b>252.5</b>	<b>-11.6</b>	<b>-13.6</b>	<b>-9.0</b>	<b>-11.1</b>

<sup>1</sup>Consolidated

#### 9M 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	27.1	-2.7	-2.7	-2.7	-2.7	3
Greece	177.0	-7.9	-12.9	-7.9	-12.9	13
Poland	153.5	-0.9	-7.8	-0.6	-7.5	24
Hungary	80.2	-6.1	-3.5	-7.3	-5.1	19
Turkey	74.3	-8.5	-5.9	4.7	8.3	10
Romania	116.1	-24.4	-26.1	-24.0	-25.9	27
Bulgaria	37.1	-12.9	-12.9	-12.9	-12.9	9
Ukraine	19.9	3.0	4.7	10.1	14.0	4
Albania	3.1	-12.5	-12.5	-10.6	-10.6	1
<b>International<sup>1</sup></b>	<b>688.2</b>	<b>-9.5</b>	<b>-11.8</b>	<b>-8.0</b>	<b>-10.4</b>	<b>110</b>

<sup>1</sup>Consolidated

## RISK REPORT

### Risks

Sales performance in the second quarter fell significantly short of expectations. This resulted in a substantial rise in inventories as at 30 June 2011. The deterioration in working capital this entailed led to a greater outflow of cash and cash equivalents in the first half of the year than originally intended. Praktiker countered this development in the third quarter with various measures. For example, inventories were reduced significantly, capital expenditure scaled back to the bare essentials and spending reduced further wherever possible. Adjusted for the planned repayment of the convertible bonds at the end of September, cash and cash equivalents were increased by over 30 million euro thanks to these measures between July and September.

In international business, the third quarter again proved that sometimes general economic conditions prevail which simply do not lend themselves to a positive business performance. If, as in Greece for example, total economic output declines by more than five percent and disposable private income is also slashed by tax hikes, rising unemployment and cutbacks in transfer payments, DIY sector sales are also bound to decline. In such cases a decline in earnings can hardly be prevented, at most it can be slowed with cost measures. In addition, foreign currency risks also had a negative impact on sales in international business in the third quarter in particular.

Praktiker Germany has deliberately embarked on a new strategic path with its repositioning. Generally, it is not safe to predict how customers will react to changes in the goods on offer and the style of advertising. While the original planning at the start of the year had not assumed sales growth in the second and third quarter, it also did not anticipate a decline to the extent subsequently seen.

In terms of risk analysis, 2011 is a year for the Praktiker Group in which the risks of the general economic situation outside Germany and the risks of the repositioning of Praktiker in Germany have accumulated in a way that could not be matched sufficiently by cost-cutting activities.

### Opportunities

“Praktiker 2013” has been laid out in a way that the measures taken will unfurl their full potential in the coming years. This applies equally to the repositioning of the Praktiker brand in Germany, the optimisation of the logistics chain, efforts to standardise and harmonise international business and the establishment of an own procurement office in Hong Kong.

Moreover, the two new members of the management board have extensive experience in corporate restructuring. This also means new opportunities for Praktiker. The individual measures of “Praktiker 2013” will be reassessed, prioritised, fine-tuned and, if needed, supplemented. The management board is also expected to generate further ideas and suggestions for a sales and earnings recovery in the short to medium term that go beyond the measures already planned for “Praktiker 2013”.

## OUTLOOK

### Outlook: Sales and earnings down year-on-year in 2011

The management expects that the ongoing development of sales and earnings in the remaining months of the year will follow the trends of the first nine months and therefore fall significantly short of the previous year's levels.

## CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER 2011

in € thousands	01/07 – 30/09/2011	01/07 – 30/09/2010
<b>Net sales</b>	<b>844,436</b>	<b>911,120</b>
Cost of goods sold	-571,390	-595,266
<b>Gross profit on sales</b>	<b>273,046</b>	<b>315,854</b>
Other operating income	16,073	15,297
Selling expenses	-279,604	-276,814
Administrative expenses	-19,466	-22,145
Other operating expenses	-154	-217
<b>Operating earnings before goodwill impairment (EBITA)</b>	<b>-10,105</b>	<b>31,975</b>
Goodwill impairment	0	0
<b>Operating earnings after goodwill impairment (EBIT)</b>	<b>-10,105</b>	<b>31,975</b>
Financial income	5,649	7,382
Financial expenses	-27,736	-13,437
<b>Net financial result</b>	<b>-22,087</b>	<b>-6,055</b>
<b>Earnings before taxes</b>	<b>-32,192</b>	<b>25,920</b>
Income taxes	6,326	-14,260
<b>Group net loss/income for quarter</b>	<b>-25,866</b>	<b>11,660</b>
thereof allocable to minority interests	336	469
thereof allocable to owners of the company	-26,202	11,191

Earnings per share		
in €	01/07- 30/09/2011	01/07- 30/09/2010
Basic earnings per share	-0.45	0.19
Dilutive effect	-	-
Diluted earnings per share	-0.45	0.19

## STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER 2011

in € thousands	01/07 – 30/09/2011	01/07 – 30/09/2010
<b>Group net loss/income for quarter</b>	<b>-25,866</b>	<b>11,660</b>
Loss from currency translation recognised directly in equity	-682	-1,160
Gain (previous year loss) from cash flow hedges recognised directly in equity (after taxes)	600	-17
<b>Other comprehensive income</b>	<b>-82</b>	<b>-1,177</b>
<b>Comprehensive income</b>	<b>-25,948</b>	<b>10,483</b>
thereof allocable to minority interests	336	469
thereof allocable to owners of the company	-26,284	10,014

## CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS 2011

in € thousands	01/01 – 30/09/2011	01/01 – 30/09/2010
<b>Net sales</b>	<b>2,467,461</b>	<b>2,697,889</b>
Cost of goods sold	-1,648,061	-1,800,068
<b>Gross profit on sales</b>	<b>819,400</b>	<b>897,821</b>
Other operating income	45,529	48,716
Selling expenses	-960,530	-855,755
Administrative expenses	-57,360	-57,831
Other operating expenses	-679	-861
<b>Operating earnings before goodwill impairment (EBITA)</b>	<b>-153,640</b>	<b>32,090</b>
Goodwill impairment	-159,454	0
<b>Operating earnings after goodwill impairment (EBIT)</b>	<b>-313,094</b>	<b>32,090</b>
Financial income	20,267	23,202
Financial expenses	-66,546	-55,009
<b>Net financial result</b>	<b>-46,279</b>	<b>-31,807</b>
<b>Earnings before taxes</b>	<b>-359,373</b>	<b>283</b>
Income taxes	10,951	-416
<b>Group net loss for period</b>	<b>-348,422</b>	<b>-133</b>
thereof allocable to minority interests	1,160	1,325
thereof allocable to owners of the company	-349,582	-1,458

Earnings per share		
in €	01/01 – 30/09/2011	01/01 – 30/09/2010
Basic earnings per share	-6.03	-0.03
Dilutive effect	-	-
Diluted earnings per share	-6.03	-0.03

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST NINE MONTHS 2011

in € thousands	01/01 – 30/09/2011	01/01 – 30/09/2010
<b>Group net loss for period</b>	<b>-348,422</b>	<b>-133</b>
Loss (previous year gain) from currency translation recognised directly in equity	-2,296	2,737
Gain (previous year loss) from cash flow hedges recognised directly in equity (after taxes)	1,145	-380
<b>Other comprehensive income</b>	<b>-1,151</b>	<b>2,357</b>
<b>Comprehensive income</b>	<b>-349,573</b>	<b>2,224</b>
thereof allocable to minority interests	1,160	1,325
thereof allocable to owners of the company	-350,733	899

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

in € thousands	30/09/2011	31/12/2010	30/09/2010
Goodwill	33,228	192,682	192,682
Other intangible assets	72,631	72,809	70,769
Property, plant and equipment	437,898	482,107	485,297
Other financial assets	11	13	13
Other receivables and other assets	8,682	11,813	10,712
Deferred tax assets	123,838	132,711	149,553
<b>Non-current assets</b>	<b>676,288</b>	<b>892,135</b>	<b>909,026</b>
Inventories	814,804	789,340	820,896
Trade receivables	17,896	12,462	13,191
Other receivables and other assets	96,716	68,502	103,526
Income tax receivables	3,851	2,224	6,390
Cash and cash equivalents	187,100	266,292	301,221
<b>Current assets</b>	<b>1,120,367</b>	<b>1,138,820</b>	<b>1,245,224</b>
<b>Total assets</b>	<b>1,796,655</b>	<b>2,030,955</b>	<b>2,154,250</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

in € thousands	30/09/2011	31/12/2010	30/09/2010
Share capital	58,000	58,000	58,000
Reserves	712,067	713,218	713,705
Balance sheet loss/profit	-288,355	67,027	100,376
<b>Equity allocable to owners of the company</b>	<b>481,712</b>	<b>838,245</b>	<b>872,081</b>
Minority interests	1,576	1,642	1,719
<b>Equity</b>	<b>483,288</b>	<b>839,887</b>	<b>873,800</b>
Provisions for pensions	529	531	712
Other provisions	103,970	59,394	56,587
Financial liabilities	477,870	238,728	292,193
Other liabilities	5,721	3,817	3,798
Deferred tax liabilities	81,065	111,211	110,982
<b>Non-current liabilities</b>	<b>669,155</b>	<b>413,681</b>	<b>464,272</b>
Other provisions	33,505	31,709	27,491
Financial liabilities	23,488	212,269	160,640
Trade payables	477,304	450,827	531,154
Other liabilities	97,917	76,565	93,521
Current income tax liabilities	11,998	6,017	3,372
<b>Current liabilities</b>	<b>644,212</b>	<b>777,387</b>	<b>816,178</b>
<b>Total equity and liabilities</b>	<b>1,796,655</b>	<b>2,030,955</b>	<b>2,154,250</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousands	Share capital	Capital reserves	Other reserves				Balance sheet profit/loss	Owners of the company	Minority interests	Total equity
			Other comprehensive income			Total				
			Currency translation	Cash flow hedges (after taxes)	Sundry other reserves					
<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			2,737	-380		2,357		2,357		2,357
Payments to owners of the company							-5,800	-5,800		-5,800
Payments to minority interests									-1,242	-1,242
Group net loss							-1,458	-1,458	1,325	-133
Other changes in minority interests									15	15
<b>30/09/2010</b>	<b>58,000</b>	<b>822,685</b>	<b>-15,347</b>	<b>-657</b>	<b>-92,976</b>	<b>-108,980</b>	<b>100,376</b>	<b>872,081</b>	<b>1,719</b>	<b>873,800</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			-2,296	1,145		-1,151		-1,151		-1,151
Payments to owners of the company							-5,800	-5,800		-5,800
Payments to minority interests									-1,243	-1,243
Group net loss							-349,582	-349,582	1,160	-348,422
Other changes in minority interests									17	17
<b>30/09/2011</b>	<b>58,000</b>	<b>822,685</b>	<b>-18,276</b>	<b>634</b>	<b>-92,976</b>	<b>-110,618</b>	<b>-288,355</b>	<b>481,712</b>	<b>1,576</b>	<b>483,288</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS 2011

in € thousands	01/01 – 30/09/2011	01/01 – 30/09/2010
Earnings before taxes	–359,373	283
Depreciation, amortisation and reversal of impairment losses	53,987	52,175
Asset impairment	43,695	0
Goodwill impairment	159,454	0
Increase (previous year decrease) in provisions	46,370	–510
Gain from the disposal of fixed assets	–83	–68
Exchange-rate-related effects	3,554	1,003
Increase in inventories	–25,464	–14,112
Increase in trade payables	26,477	73,544
Other non-cash transactions	–4,907	–2,444
Changes in current other assets and liabilities	–13,871	–7,596
Changes in non-current other assets and liabilities	4,969	–141
Income taxes paid	–8,805	–8,810
Interest expenses from finance leases	–17,379	–18,153
Interest result	33,410	26,227
Interest received	2,530	1,264
<b>Cash flow from operating activities</b>	<b>–55,436</b>	<b>102,662</b>
Proceeds from disposal of fixed assets	754	1,817
Cash outflow for investing activities	–52,701	–41,524
<b>Cash flow from investing activities</b>	<b>–51,947</b>	<b>–39,707</b>
Interest paid	–5,798	–5,427
Payment to minority interests	–1,243	–1,242
Payment to owners of the company	–5,800	–5,800
Principal of liabilities from finance leases	–13,140	–12,865
Received payments from corporate bonds	246,677	0
Repayment of convertible bonds	–147,100	0
Repayment of promissory note loans	–50,000	0
<b>Cash flow from financing activities</b>	<b>23,596</b>	<b>–25,334</b>
Change in cash, cash equivalents and bank overdrafts (aggregated)	–83,787	37,621
Effect of foreign exchange rate changes	–527	623
Liquid funds at beginning of period (aggregated)	266,292	262,977
<b>Liquid funds at end of period (aggregated)</b>	<b>181,978</b>	<b>301,221</b>

Reconciliation of liquid funds		
in € thousands	30/09/2011	30/09/2010
<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	–80,242	37,621
Change in bank overdrafts	–3,545	0
Effect of foreign exchange rate changes	–527	623
<b>Liquid funds at end of period (total) according to consolidated cash flow statement</b>	<b>181,978</b>	<b>301,221</b>
Restraint on disposal of cash and cash equivalents at end of period	1,577	0
<b>Liquid funds at end of period (total) according to consolidated statement of financial position</b>	<b>183,555</b>	<b>301,221</b>
thereof cash and cash equivalents	187,100	301,221
thereof bank overdrafts	–3,545	0

## EXPLANATORY NOTES

### Introductory remarks

Praktiker AG is a stock corporation under German law and is based in Kirkel, Saarland, Federal Republic of Germany. Praktiker 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 AG have been traded publicly since November 2005.

Slight discrepancies in totals and in percentage figures may occur due to rounding differences.

This quarterly financial report was approved for publication by the management board on 25 October 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 30 September 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 annual rate of income tax is calculated on the basis of the best possible estimate of forecast earnings before taxes and forecast income taxes, which are determined taking into account the individual earnings and tax rates of the individual countries. Individual effects that can be clearly assigned to individual periods are taken into account in the period in which they are incurred. This tax rate is applied to the earnings before income taxes for the period under review.

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

In the reporting period, changes only affected the names of individual companies included in the scope of consolidation, which are explained in more detail overleaf:

By way of resolution of the Annual General Meeting of Praktiker Bau- und Heimwerkermärkte Holding AG dated 27 May 2011, the name of the company was changed to “Praktiker AG”. This was entered in the commercial register on 21 June 2011.

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.

The name of Praktiker GmbH was changed by way of resolution of the Shareholders’ Meeting on 19 April 2011. The name of the company is now “Praktiker DIY GmbH”. The responsible court of registration entered this in the commercial register on 9 May 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 at an early stage. The convertible bonds matured in September 2011 and caused 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 is 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. Meanwhile, the online shop has a range of around 8,000 items that can be ordered by customers and delivered to their homes.

### Import office in Hong Kong begins work

Praktiker Group Buying HK Ltd. – the import office based in Hong Kong – commenced operations as at 1 July 2011 and, as an independent company, is responsible for the procurement of goods specifically from the Far East and other non-European countries. Goods from the Far East were previously sourced for the Praktiker Group through MGB Metro Group Buying HK Ltd.

### Personnel changes in the management board

The CEO of Praktiker AG, Wolfgang Werner, had announced his resignation on 20 July 2011. The chairman of the supervisory board then asked Mr. Werner to continue to perform his duties until the supervisory board had made arrangements for his replacement.

On 15 August 2011, the supervisory board of Praktiker AG appointed Thomas Fox as its CEO effective 1 October 2011. Josef Schultheis was also appointed to the management board as Chief Restructuring Officer effective 16 August 2011. Wolfgang Werner resigned as at 15 August 2011. Josef Schultheis was the acting CEO until Thomas Fox took office.

## Notes to the consolidated income statement

### Selling and administrative expenses

In the first nine months 2011 the “Praktiker 2013” programme incurred expenses amounting to € 41,120 thousand thereof € 34,169 thousand are allocated within the selling expenses and € 6,951 thousand within the administrative expenses. The expenses incurred by the “Praktiker 2013” programme in the months July to September 2011 amounted to € 13,569 thousand. An amount of € 10,025 thousand related to selling expenses and € 3,544 thousand to administrative expenses.

### Severance pay

Personnel expenses for the first nine months 2011 include severance pay in the amount of € 13,508 thousand (previous year € 6,688 thousand). € 4,410 thousand of this related to the third quarter 2011 (previous year € 2,771 thousand).

### Breakdown of the net financial result

The financial result for the third quarter breaks down as follows:

in € thousands	01/07 – 30/09/2011	01/07 – 30/09/2010
Investment income	0	16
Interest and similar income	973	650
Income from exchange gains	1,229	6,467
Valuation gains from derivatives	3,506	69
Miscellaneous financial income	- 59	180
<b>Financial income</b>	<b>5,649</b>	<b>7,382</b>
Interest and similar expenses	- 12,130	- 9,249
Expenses from exchange losses	- 14,185	- 1,237
Valuation losses from derivatives	- 657	- 1,726
Miscellaneous financial expenses	- 764	- 1,225
<b>Financial expenses</b>	<b>- 27,736</b>	<b>- 13,437</b>
Net investment result	0	16
Net interest result	- 11,157	- 8,599
Net other financial result	- 10,930	2,528
<b>Net financial result</b>	<b>- 22,087</b>	<b>- 6,055</b>

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

in € thousands	01/01 – 30/09/2011	01/01 – 30/09/2010
Investment income	0	16
Interest and similar income	2,530	1,264
Income from exchange gains	13,606	19,313
Valuation gains from derivatives	4,022	2,343
Miscellaneous financial income	109	266
<b>Financial income</b>	<b>20,267</b>	<b>23,202</b>
Interest and similar expenses	- 35,940	- 27,491
Expenses from exchange losses	- 24,029	- 18,710
Valuation losses from derivatives	- 3,413	- 5,258
Miscellaneous financial expenses	- 3,164	- 3,550
<b>Financial expenses</b>	<b>- 66,546</b>	<b>- 55,009</b>
Net investment result	0	16
Net interest result	- 33,410	- 26,227
Net other financial result	- 12,869	- 5,596
<b>Net financial result</b>	<b>- 46,279</b>	<b>- 31,807</b>

In the reporting period, the translation of liabilities from finance leases of international subsidiaries resulted in non-cash exchange gains of € 8,046 thousand (reporting period of the previous year € 7,953 thousand) and non-cash exchange losses of € 11,611 thousand (reporting period of the previous year € 7,785 thousand).

#### Income taxes

Overall, a calculated income tax rate of 2.7 percent is anticipated for 2011. Taking into account the effects of impairment on goodwill and non-current assets, the additions to provisions for onerous contracts and the remeasurement of deferred tax assets on loss carryforwards and temporary differences, which resulted in deferred tax income of € 22,235 thousand for the period from 1 January until 30 September, the reported tax income for the first nine months of 2011 amounts to € 10,951 thousand. This corresponds to a tax rate of 3.0 percent.

The reassessment of the future earnings prospects as of 30 June 2011 led to a write-down requirement on deferred tax assets on tax loss carryforwards of € 13,650 thousand in Germany. In addition, deferred tax assets on temporary differences of € 15,337 thousand were also written down. The impairment losses due to the remeasurement of other intangible assets, property, plant and equipment as well as goodwill and the addition to provisions for onerous contracts resulted in deferred tax assets of € 39,607 thousand, € 21,397 thousand of which was recognised after impairment testing. The remaining € 18,210 thousand of deferred tax assets was not recognised. In addition, the impairment due to the remeasurement of goodwill resulted in a reduction of deferred tax liabilities of € 29,864 thousand. In net terms, this led to deferred tax income of € 22,274 thousand in the first half year of 2011 which reduced due to exchange rates to € 22,235 thousand as at 30 September 2011.

#### Earnings per share

##### a) Basic

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

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

	01/07 – 30/09/2011	01/07 – 30/09/2010
Earnings allocable to shareholders (in € thousands)	-26,202	11,191
Average number of shares issued (in thousands)	58,000	58,000
<b>Basic earnings per share (in €)</b>	<b>-0.45</b>	<b>0.19</b>

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

	01/01 – 30/09/2011	01/01 – 30/09/2010
Earnings allocable to shareholders (in € thousands)	-349,582	-1,458
Average number of shares issued (in thousands)	58,000	58,000
<b>Basic earnings per share (in €)</b>	<b>-6.03</b>	<b>-0.03</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 dilutive effects would have arisen from the convertible bonds issued by the Praktiker Group in September 2006. However, the convertible bonds were repaid in September 2011 without the bearers having exercised their conversion rights. Thus, there are currently no affairs at Praktiker that could have a dilutive effect.

In the first nine months and in the third quarter of the previous year, there would have been better earnings per share taking into account the potential ordinary shares in connection with the convertible bonds than without them. The convertible bonds thus offered protection against dilution and therefore did not have to be included in the determination of the diluted earnings per share in line with IAS 33.41.

The diluted earnings per share are therefore equal to the basic earnings per share as shown in the tables above.

## Notes to the consolidated statement of financial position

### Goodwill impairment

As sales and earnings fell short of expectations in both the second quarter and the first half of 2011, the management performed impairment tests as at 30 June 2011. The methodological principles are presented in detail on page 32 of the half-year financial report.

As a result of the impairment tests, the management recognised an impairment loss for Praktiker Germany of € 159,454 thousand. This is equal to the full value of the goodwill previously assigned to this segment.

The management did not identify any impairment requirements for Max Bahr.

### Impairment of other intangible assets and property, plant and equipment

The reassessment of earnings for the 2011 financial year also resulted in impairment testing of intangible assets and property, plant and equipment as at 30 June 2011. Please see pages 32 and 33 of the half-year financial report for details of these impairment tests.

Resulting from these impairment tests, total impairment losses of € 43,695 thousand were recognised on property, plant and equipment and intangible assets with a limited useful life as at 30 June 2011. € 22,921 thousand of this related to the International segment, € 14,174 thousand to Praktiker Germany and € 6,600 thousand to Max Bahr.

### Provisions for onerous contracts

The adjustment of the forecast for future business performance also had significant effects on the amount of provisions for onerous contracts. As at 30 June 2011, a total of € 47,300 thousand was recognised as an expense on account of additions to provisions for onerous contracts. € 19,574 thousand of this related to the International segment, € 27,026 thousand to Praktiker Germany and € 700 thousand to Max Bahr.

### Breakdown of financial liabilities

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

in € thousands	30/09/2011	31/12/2010	30/09/2010
Liabilities from bonds	247,051	0	0
Liabilities from promissory note loans	0	0	50,000
Liabilities from finance leases	230,819	238,728	242,193
<b>Non-current financial liabilities</b>	<b>477,870</b>	<b>238,728</b>	<b>292,193</b>

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

in € thousands	30/09/2011	31/12/2010	30/09/2010
Bank overdrafts	3,545	0	0
Liabilities from bonds	0	143,797	142,652
Liabilities from promissory note loans	0	50,000	0
Liabilities from finance leases	19,943	18,472	17,988
<b>Current financial liabilities</b>	<b>23,488</b>	<b>212,269</b>	<b>160,640</b>

### Other notes

#### Dividend payment

On 27 May 2011, the Annual General Meeting of the company under review resolved to allocate the balance sheet profit of Praktiker AG (separate financial statements) for the 2010 financial year in the amount of € 5,917 thousand as follows: a dividend of € 0.10 per share will be paid, resulting in a total dividend sum of € 5,800 thousand. The remaining amount of € 117 thousand will be carried forward to new account.

#### Acquisition of real estate

In the first nine months 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 € 727 thousand in the period under review.

### Material changes in contingent liabilities and other financial obligations

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

in € thousands		30/09/2011	31/12/2010	30/09/2010
Operating leases	< 1 year	289,713	290,125	287,987
	1–5 years	941,912	977,113	985,682
	> 5 years	939,394	981,090	1,010,804
	<b>Total</b>	<b>2,171,019</b>	<b>2,248,327</b>	<b>2,284,473</b>
Finance leases	< 1 year	42,191	41,392	41,169
	1–5 years	157,456	157,605	157,974
	> 5 years	189,417	209,212	217,461
	<b>Total</b>	<b>389,064</b>	<b>408,209</b>	<b>416,604</b>

### Related party transactions

In the period under review – as in the equivalent period of the previous year – the Praktiker Group had no reportable transactions to related companies.

Praktiker Group related parties encompass members of the management board and the supervisory board. In the period under review the supervisory board appointed two new members of the management board. Josef Schultheis was appointed effective 16 August 2011 and Thomas Fox effective 1 October 2011.

Wolfgang Werner resigned as CEO of Praktiker AG at the end of 15 August 2011. On the occasion of the termination of his employment expenses of € 2,400 thousand arose in the period under review.

### 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 nine months were dominated by seasonal effects and cannot necessarily be used as a basis for business forecasts over the rest of the year.

### Important events after the end of the interim reporting period

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

## Notes to the consolidated cash flow statement

The consolidated statement of cash flows was prepared in accordance with IAS 7 and is broken down into cash flows from operating activities (calculated indirectly), investing and financing activities (calculated directly).

Cash includes cash and cash equivalents that can be used by the Group without restriction less current liabilities to banks, which constitute cash management. The cash and cash equivalents consist of bank balances and cash on hand.

In the period under review, non-cash additions of € 6,702 thousand (previous year € 2,816 thousand) were reported as non-current assets from finance leases. For the period under review and the same period of the previous year, there were no non-cash disposals from finance lease assets and no non-cash disposals from finance lease liabilities.

The cash and cash equivalents reported in the consolidated statement of financial position as at 30 September 2011 include a restriction on disposal of € 1,577 thousand in connection with customer receivables from gift cards at Praktiker Germany.

## Notes to the segment information

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

in € thousands	Praktiker Germany 01/07 – 30/09/2011	Max Bahr 01/07 – 30/09/2011	International 01/07 – 30/09/2011	Total of reportable segments 01/07 – 30/09/2011	Miscel- laneous 01/07 – 30/09/2011	Recon- ciliation 01/07 – 30/09/2011	Total 01/07 – 30/09/2011
Net sales from external customers	390,417	180,504	252,456	823,377	21,059	0	844,436
Net sales from other segments	376	0	0	376	1,888	-2,264	0
<b>Net sales total</b>	<b>390,793</b>	<b>180,504</b>	<b>252,456</b>	<b>823,753</b>	<b>22,947</b>	<b>-2,264</b>	<b>844,436</b>
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-21,180	9,544	19,486	7,850	-1,156	0	6,694
Depreciation and impairment	-7,116	-3,110	-6,459	-16,685	-114	0	-16,799
thereof depreciation	-7,116	-3,110	-6,459	-16,685	-114	0	-16,799
thereof asset impairment	0	0	0	0	0	0	0
<b>Earnings before interest, taxes and amortisation (EBITA)</b>	<b>-28,296</b>	<b>6,434</b>	<b>13,027</b>	<b>-8,835</b>	<b>-1,270</b>	<b>0</b>	<b>-10,105</b>
Goodwill impairment	0	0	0	0	0	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>-28,296</b>	<b>6,434</b>	<b>13,027</b>	<b>-8,835</b>	<b>-1,270</b>	<b>0</b>	<b>-10,105</b>
Net financial result							-22,087
<b>Earnings before taxes (EBT)</b>							<b>-32,192</b>
Income taxes							6,326
<b>Group net loss for quarter</b>							<b>-25,866</b>

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

Segment information for the first nine months of 2011 and the same period of the previous year are shown in the following tables:

in € thousands	Praktiker Germany 01/01 – 30/09/2011	Max Bahr 01/01 – 30/09/2011	International 01/01 – 30/09/2011	Total of reportable segments 01/01 – 30/09/2011	Miscel- laneous 01/01 – 30/09/2011	Recon- ciliation 01/01 – 30/09/2011	Total 01/01 – 30/09/2011
Net sales from external customers	1,171,923	540,283	688,225	2,400,431	67,030	0	2,467,461
Net sales from other segments	2,908	0	0	2,908	1,891	-4,799	0
<b>Net sales total</b>	<b>1,174,831</b>	<b>540,283</b>	<b>688,225</b>	<b>2,403,339</b>	<b>68,921</b>	<b>-4,799</b>	<b>2,467,461</b>
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-89,056	31,748	5,123	-52,185	-3,773	0	-55,958
Depreciation and impairment	-36,299	-16,470	-44,490	-97,259	-423	0	-97,682
thereof depreciation	-22,125	-9,870	-21,569	-53,564	-423	0	-53,987
thereof asset impairment	-14,174	-6,600	-22,921	-43,695	0	0	-43,695
<b>Earnings before interest, taxes and amortisation (EBITA)</b>	<b>-125,355</b>	<b>15,278</b>	<b>-39,367</b>	<b>-149,444</b>	<b>-4,196</b>	<b>0</b>	<b>-153,640</b>
Goodwill impairment	-159,454	0	0	-159,454	0	0	-159,454
<b>Earnings before interest and taxes (EBIT)</b>	<b>-284,809</b>	<b>15,278</b>	<b>-39,367</b>	<b>-308,898</b>	<b>-4,196</b>	<b>0</b>	<b>-313,094</b>
Net financial result							-46,279
<b>Earnings before taxes (EBT)</b>							<b>-359,373</b>
Income taxes							10,951
<b>Group net loss for period</b>							<b>-348,422</b>

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

Kirkel, Germany, 25 October 2011

The management board

Thomas Fox    Michael Arnold    Markus Schürholz    Josef Schultheis    Pascal Warnking

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).

**Praktiker AG**

Investor Relations

Am Tannenwald 2

D – 66459 Kirkel

Tel.: + 49 (0) 68 49 / 95 37 02

Fax: + 49 (0) 68 49 / 95 37 09

E-Mail: [investorrelations@praktiker.de](mailto:investorrelations@praktiker.de)[www.praktiker.com](http://www.praktiker.com)**Publisher**

Praktiker AG

Am Tannenwald 2

D – 66459 Kirkel

Tel.: + 49 (0) 68 49 / 95 00

Fax: + 49 (0) 68 49 / 95 22 85

[www.praktiker.com](http://www.praktiker.com)**Design and PrePress**

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