



## Quarterly report I/2003

### **DEAR SHAREHOLDERS,**

in spite of the continued difficult global economic environment, first-quarter turnover of the TAKKT Group increased by 1.4 percent excluding currency effects. Due to the weak US dollar, turnover reported in euros, however, declined by 7.2 percent to EUR 191.2 (206.0) million. Given the circumstances, this can be considered a satisfactory result.

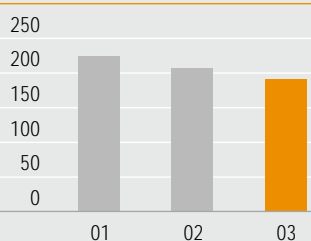
» The positive earnings trend continued. In the first quarter of 2003, profit after tax improved by 15.9 percent to EUR 8.0 (6.9) million. At EUR 14.7 (14.3) million, the cash flow remained almost unchanged compared to the same period of the previous year.

### **TAKKT HIGHLIGHTS DURING THE FIRST QUARTER OF 2003**

- Turnover up 1.4 percent, excluding currency effects
- Profit after tax improved by 15.9 percent to EUR 8.0 million
- Move into the new administrative building in Stuttgart successfully completed
- Equity ratio improved to 29.0 percent
- Positive response to the first catalogues mailed in Japan and Mexico
- Road shows in the UK, France and Germany extended the circle of interested investors



**Turnover first quarter TAKKT Group  
in Euro million**



**THE TAKKT GROUP.** Like the previous year, the first quarter of 2003 remained under the influence of negative economic parameters around the world.

» Assuming stable year-on-year exchange rates, turnover increased by 1.4 percent. However, turnover reported in euros declined by 7.2 percent to EUR 191.2 (206.0) million. Parity changes only have a limited impact on the profitability of the TAKKT Group because profitability is largely consistent across the different currency regions. Moreover, only a small percentage of deliveries are made to other currency areas.

» Accordingly, the value and growth drivers of the TAKKT Group developed as expected; while the average order size declined slightly, the number of orders showed a slight increase, due to successful advertising of new customers.

» The previous year's gratifying turnover performance of KAISER + KRAFT EUROPA as well as K + K America continued almost unabated. Topdeq was not able to fully meet the company's expectations.

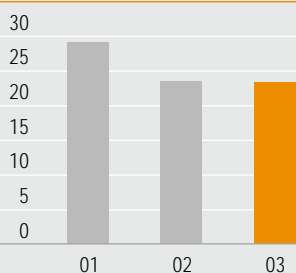
» Given the global economic imponderables, a detailed forecast of the probable development of the TAKKT Group in fiscal 2003 can currently not be given. Due to TAKKT's strategic portfolio approach which focuses on different products, regions and customer groups, the Group is, however, less dependent on economic influences. Based on stable exchange rates, zero growth is a realistic target. This is reflecting TAKKT's philosophy to focus on quality rather than quantity. At the current EUR/USD exchange rate, a decline in turnover reported in euros is, however, to be expected.

**RESULTS OF THE TAKKT GROUP.** The profitability of the TAKKT Group reached a stable high level in the first quarter of 2003. Compared to the first three months of 2002, the gross profit margin increased slightly to 40.9 (40.6) percent.

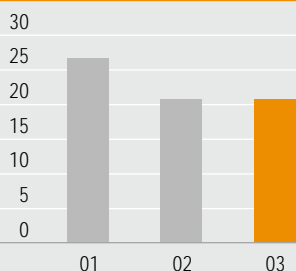
» EBITDA (earnings before amortisation of goodwill, depreciation of other fixed assets, interest and income taxes) remained almost unchanged at EUR 23.5 (23.7) million. The EBITDA margin improved to 12.3 percent – up 0.8 percentage points on the first quarter of 2002 (11.5 percent).



**EBITDA first quarter TAKKT Group  
in Euro million**



**EBITA first quarter TAKKT Group  
in Euro million**



For 2003, the company expects an EBITDA margin between 10 and 12 percent.

» Depreciation of tangible assets and other intangible assets remained almost unchanged. EBITA (earnings before amortisation of goodwill, interest and income taxes) reached the previous year's level of EUR 21.0 million. This corresponds to an EBITA margin of 11.0 (10.2) percent. For the full year, the TAKKT Group expects an EBITA margin between 9 and 11 percent.

» Scheduled amortisation of goodwill reached the same level as in the previous year. The year-on-year decline in euro terms is due to the parity change against the US dollar.

» EBIT improved by a slight 3.1 percent to EUR 16.8 (16.3) million, which corresponds to an EBIT margin of 8.8 (7.9) percent. Earnings before tax amounted to EUR 13.1 (11.5) million – up 13.9 percent. The tax rate remained almost unchanged compared to 2002. Profit after tax rose to EUR 8.0 (6.9) million – a 15.9 percent increase. At EUR 14.7 (14.3) million, the cash flow remained largely unchanged.

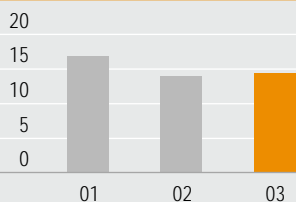
» Capacity adjustments in volume-oriented areas initiated last year made a key contribution to this development. As planned, start-up losses reached about the same level as in the same period of the previous year.

» Interest expenses fell by EUR 1.1 million compared to the first quarter of 2002 as TAKKT benefited from the lower total level of debt as well as lower reference interest rates than in the first three months of the previous year.

» In the first quarter of 2003, the company moved into a new administrative building in Stuttgart. The new building rented by the company now



Cashflow first quarter TAKKT Group  
in Euro million



houses all employees who were previously working in various buildings; this will allow for efficiency gains.

**BALANCE SHEET OF THE TAKKT GROUP.** The continued good profitability and high cash flow resulted in a further optimisation of the company's balance sheet ratios. The equity ratio of the TAKKT Group rose from 27.7 percent as at December 31, 2002 to 29.0 percent as at the end of the first quarter of 2003. Thanks to the high cash flow, debt was reduced by EUR 6.8 million. The active management of stock and trade receivables is also playing a key role. In the first quarter of 2003, the receivables turnover remained, for instance, almost unchanged at 39 days.

» As at March 31, 2003, total net financial debt was reduced to EUR 271.3 million. Given that funds are raised in the same currencies as expected cash flows, this decline was also attributable to parity changes. Currency effects – especially of the US dollar – resulted in a decline of net financial debt by EUR 5.4 million.

» In the first three months of 2003, expansion and replacement investments totalled EUR 2.1 (2.6) million.

**KAISER + KRAFT EUROPA.** In spite of the continued unfavourable economic environment – especially in Germany – KAISER + KRAFT EUROPA's first-quarter turnover increased by 1.9 percent to EUR 98.1 (96.3) million, meaning that KAISER + KRAFT EUROPA accounted for 51.3 percent of the total turnover of the TAKKT Group.

» The positive profitability trend continued with the Group reporting an EBITA margin of 16.9 (16.0) percent. The established companies in France, Poland and Spain developed particularly favourably. The expansion of KWESTO has increased the presence of the TAKKT Group in eastern Europe. The company targets small and mid-sized customers in this growth region with a catalogue developed especially for this market.



» The mailing of the first KAISER + KRAFT catalogue in Japan met with a positive response.

**TOPDEQ.** In the first three months of 2003, Topdeq posted another decline in turnover. At EUR 19.2 (21.1) million, turnover was down 9.0 percent on the first quarter of the previous year. Topdeq thus contributed 10.0 percent to the Group's total turnover..

» The EBITA margin fell to -2,6 (4.3) percent especially due to the continued disappointing performance of the German, Dutch and Swiss companies, reflecting the weak economic environment in these countries. In contrast, business in the USA and France continued to develop favourably.

» Start-up losses incurred by new Topdeq companies were reduced slightly. The decline in return of the still profitable companies could, however, not be offset.

**K + K AMERICA.** Following a largely stable turnover development in fiscal 2002, K + K America's turnover rose by 2.1 percent to US\$ 79.3 (77.7) million in the first quarter of 2003. However, turnover reported in euros fell to EUR 73.9 (88.6) million as a result of the parity change. This is a decline of 16.6 percent.

» The Canadian subsidiary, Avenue Industrial Supply, as well as the US companies, Conney Safety Products and Hubert, reported above-average turnover figures. The new company in Mexico also developed favourably. The company, which mailed its first Spanish catalogue in the first quarter of 2003, exceeded the Group's expectations.

» The profitability of K + K America improved as well, with the EBITA margin rising to 8.7 (7.2) percent.

**THE TAKKT SHARE.** The changeover to IFRS (International Financial Reporting Standards) for the 2002 Annual Report of TAKKT AG was very well received by the capital market which welcomed both the new level of transparency and the continued high profitability of the Group.

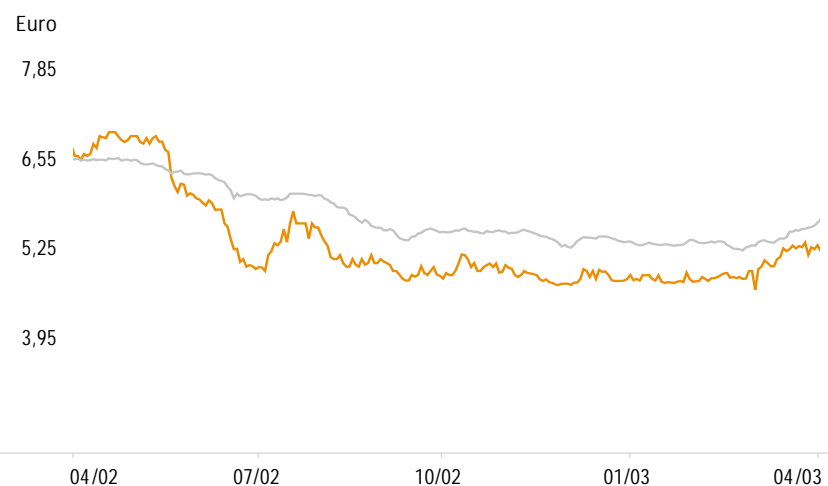


» Deutsche Börse AG admitted the TAKKT share to the new Prime Standard segment on January 1, 2003. This segment focuses on companies which target both national and international investors. For admission to the Prime Standard, companies have to meet particularly high transparency standards.

» At road shows held in Frankfurt, London, Edinburgh and Paris, TAKKT AG informed over 25 international investors about the strategy, profit and growth outlook of the Group. These meetings permitted to intensify existing contacts with institutional investors and expand the contact base.

» The Annual General Meeting on May 6, 2003 in Ludwigsburg is another opportunity for TAKKT AG's shareholders, investors and analysts to enter into a direct dialogue with the company. The Group will publish its report on the second quarter of 2003 on July 31, 2003. In addition, up-to-date information on current trends and developments of the TAKKT Group is available on the Internet at [www.takkt.de](http://www.takkt.de).

#### Performance of the TAKKT share for 52 weeks



■ TAKKT share ■ SDAX (indexed)

Source: Xetra



### Consolidated Profit and Loss Account of TAKKT AG, Stuttgart

(in EUR million)

	01.01.2003 - 31.03.2003	01.01.2002 - 31.03.2002
Turnover	<b>191.2</b>	<b>206.0</b>
Changes in inventories of finished goods and work in progress	0.0	- 0.2
Own fixed assets capitalised	0.0	0.0
	<b>191.2</b>	<b>205.8</b>
Cost of sales	113.0	122.2
<b>Gross profit</b>	<b>78.2</b>	<b>83.6</b>
Other income	1.8	2.2
Personnel expenses	24.3	25.9
Amortisation of goodwill	4.2	4.7
Depreciation of other intangible and tangible assets	2.5	2.7
Other operating expenses	32.2	36.2
Financial result	- 3.7	- 4.8
<b>Profit before tax</b>	<b>13.1</b>	<b>11.5</b>
Income taxes	5.1	4.6
<b>Net income before minority interest</b>	<b>8.0</b>	<b>6.9</b>
Minority interest	0.2	0.2
<b>Net income</b>	<b>7.8</b>	<b>6.7</b>
Earning per share in EUR	0.11	0.09
Number of issued shares in millions	72.9	72.9
EBITDA	23.5	23.7
EBITA	21.0	21.0
EBIT	16.8	16,3
Average no. of employees (full-time equivalent)	1,908	1,961



### Segment information

(in EUR million)

01.01. – 31.03.2003	K+K Europa group	Topdeq group	K+K America group	Other	Total
Turnover	98.1	19.2	73.9	0.0	191.2
EBITDA	17.9	0.0	7.1	-1.5	23.5
EBITA	16.6	-0.5	6.4	-1.5	21.0
EBIT	14.9	-0.8	4.2	-1.5	16.8
Profit before tax	13.3	-0.9	1.9	-1.2	13.1
Profit after tax before minority interests	8.8	-1.2	1.1	-0.7	8.0
Average no. of employees (full-time equivalent)	874	231	777	26	1,908
Employees (full-time equivalent) at 31.03.2003	875	229	784	26	1,914

01.01. – 31.03.2002	K+K Europa group	Topdeq group	K+K America group	Other	Total
Turnover	96.3	21.1	88.6	0.0	206.0
EBITDA	16.9	1.2	7.3	-1.7	23.7
EBITA	15.4	0.9	6.4	-1.7	21.0
EBIT	13.7	0.6	3.7	-1.7	16.3
Profit before tax	12.2	0.3	0.5	-1.5	11.5
Profit after tax before minority interests	8.2	-0.3	0.0	-1.0	6.9
Average no. of employees (full-time equivalent)	899	234	799	29	1,961
Employees (full-time equivalent) at 31.03.2002	899	234	798	29	1,960





### Consolidated statement of changes in shareholders equity

(in EUR million)

	Share capital	Capital reserves	Other comprehensive income	Total equity
<b>Balance at 01.01.2003</b>	<b>72.9</b>	<b>83.9</b>	<b>- 7.2</b>	<b>149.6</b>
Currency translation differences	0.0	- 3.2	0.3	- 2.9
Dividend	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0
Net income for the period	0.0	7.8	0.0	7.8
Changes in derivative financial instruments	0.0	0.0	0.9	0.9
<b>Balance at 31.03.2003</b>	<b>72.9</b>	<b>88.5</b>	<b>- 6.0</b>	<b>155.4</b>
	Share capital	Capital reserves	Other comprehensive income	Total equity
<b>Balance at 01.01.2002</b>	<b>72.9</b>	<b>80.8</b>	<b>- 5.3</b>	<b>148.4</b>
Currency translation differences	0.0	1.0	0.0	1.0
Dividend	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0
Net income for the period	0.0	6.7	0.0	6.7
Changes in derivative financial instruments	0.0	0.0	0.4	0.4
<b>Balance at 31.03.2002</b>	<b>72.9</b>	<b>88.5</b>	<b>- 4.9</b>	<b>156.5</b>



### Consolidated Cash Flow Statement

(in EUR million)

	01.01.2003 - 31.03.2003	01.01.2002 - 31.03.2002
Net income (incl. minority interests)	8.0	6.9
Fixed asset depreciation	6.7	7.4
Change in provisions	1.1	3.7
Other income/expenditure not affecting the movement of funds	- 0.2	0.0
Profit/loss on disposal of fixed assets	- 0.3	0.0
Change in stocks	0.8	- 2.1
Change in trade debtors and other assets not part of investing and financing activities	- 8.0	- 10.2
Change in trade liabilities and other liabilities not part of investing and financing activities	2.7	4.2
<b>Net cash flow from operating activities</b>	<b>10.8</b>	<b>9.9</b>
Proceeds from disposal of tangible and intangible assets	0.3	0.2
Investment in tangible and intangible assets	- 2.1	- 2.6
<b>Net cash flow from investing activities</b>	<b>- 1.8</b>	<b>- 2.4</b>
Change in gross borrowings	- 6.8	- 5.0
Dividends to group shareholders and minority interests	0.0	0.0
Other changes in shareholders' equity	0.2	0.0
<b>Net cash flow in financing activities</b>	<b>- 6.6</b>	<b>- 5.0</b>
Net change in funds	2.4	2.5
Effects of exchange rate changes	- 0.1	0.0
Funds at beginning of period	5.5	4.0
<b>Funds at end of period</b>	<b>7.8</b>	<b>6.5</b>



### Consolidated Balance Sheet of TAKKT AG, Stuttgart

(in EUR million)

	31.03.2003	31.12.2002
Assets		
<b>Fixed assets</b>		
Goodwill	266.7	276.6
Other intangible assets	6.0	6.5
Tangible assets	74.2	75.4
Financial assets	0.1	0.1
	<b>347.0</b>	<b>358.6</b>
<b>Current assets</b>		
Stocks	58.6	60.7
Trade and other debtors	95.8	88.2
Cash and cash equivalents	7.8	5.5
	<b>162.2</b>	<b>154.4</b>
<b>Deferred taxes</b>	<b>9.5</b>	<b>11.2</b>
<b>Prepaid expenses</b>	<b>16.5</b>	<b>16.2</b>
<b>Total assets</b>	<b>535.2</b>	<b>540.4</b>
Equity and liabilities	31.3.2003	31.12.2002
<b>Shareholders' equity</b>		
Issued capital	72.9	72.9
General reserves	80.7	60.1
Other comprehensive income	- 6.0	- 7.2
Retained earnings	7.8	23.8
	<b>155.4</b>	<b>149.6</b>
<b>Minority interest</b>	<b>3.9</b>	<b>3.7</b>
<b>Provisions</b>	<b>30.2</b>	<b>29.3</b>
Short and long-term borrowings	279.1	291.3
Trade and other liabilities	66.6	66.5
<b>Total assets</b>	<b>535.2</b>	<b>540.4</b>



Chairman of the Supervisory Board:  
Günther Hülse

Management Board:  
Georg Gayer  
Alfred Michael Milanello  
Franz Vogel  
Dr. Felix A. Zimmermann

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