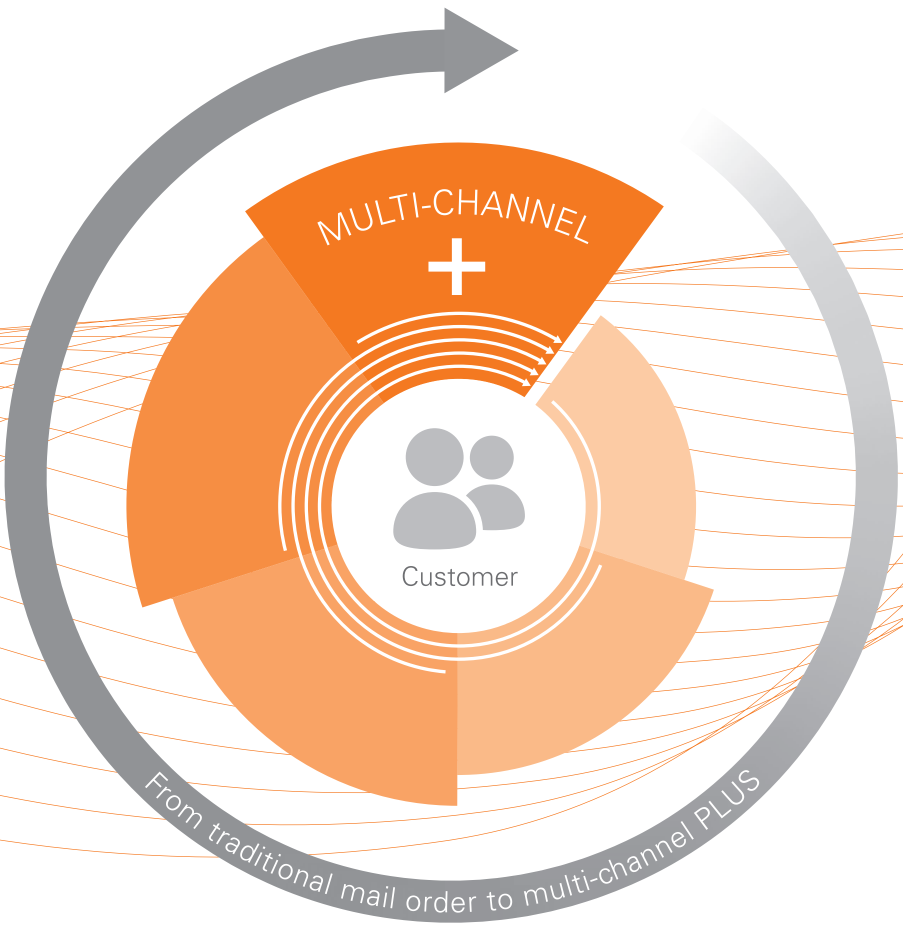
TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

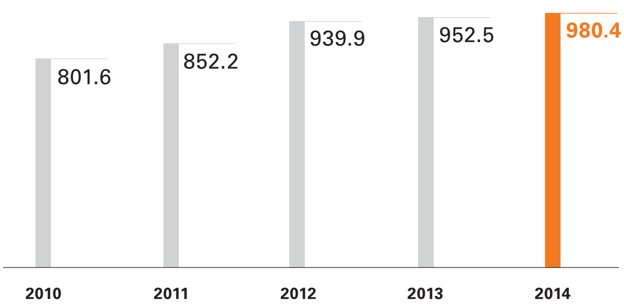
ANNUAL REPORT OF TAKKT GROUP 2014



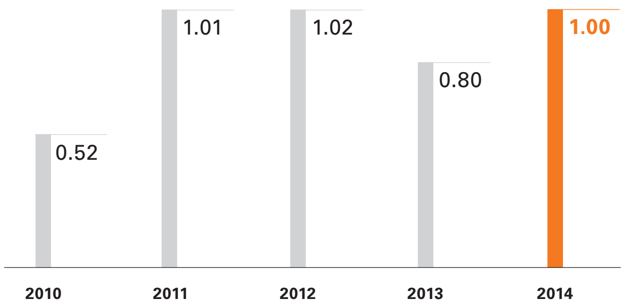
MULTI-CHANNEL PLUS – THE PLUS IN VALUE FOR OUR CUSTOMERS

SELECTED KEY FIGURES

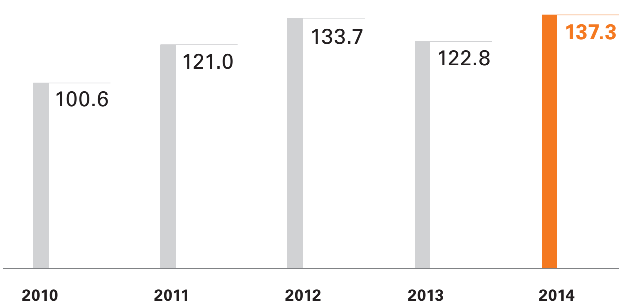
TURNOVER *in EUR million*



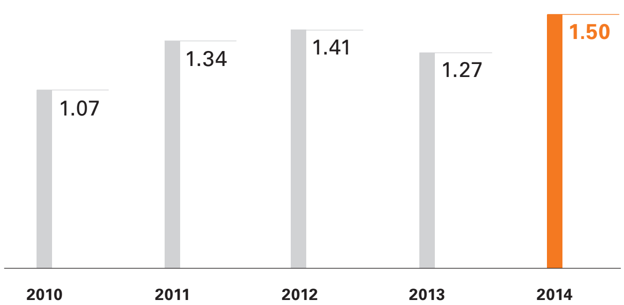
EARNINGS PER SHARE *in EUR*



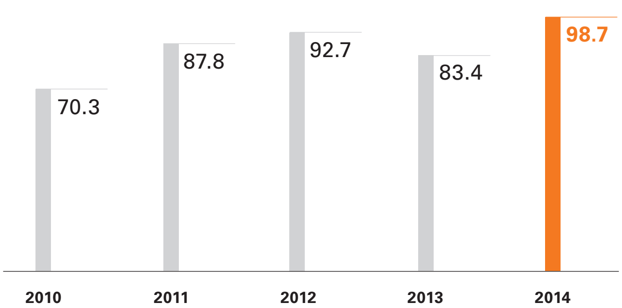
EBITDA *in EUR million*



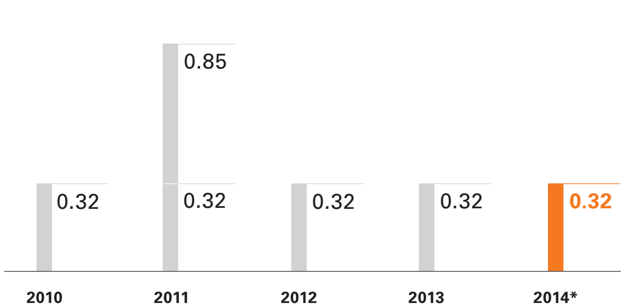
TAKKT CASH FLOW PER SHARE *in EUR*



TAKKT CASH FLOW *in EUR million*



DIVIDEND PER SHARE *in EUR*



* *Dividend proposal for the fiscal year 2014.*

KEY FIGURES OF TAKKT GROUP

in EUR million	2010	2011	2012	2013	2014
Turnover	**801.6**	**852.2**	**939.9**	**952.5**	**980.4**
Change in %	9.6	6.3	10.3	1.3	2.9
EBITDA	**100.6**	**121.0**	**133.7**	**122.8**	**137.3**
in % of turnover	12.6	14.2	14.2	12.9	14.0
EBIT	**68.0**	**104.1**	**111.6**	**95.8**	**110.8**
in % of turnover	8.5	12.2	11.9	10.1	11.3
Profit before tax	**59.0**	**95.6**	**100.0**	**81.2**	**99.3**
in % of turnover	7.4	11.2	10.6	8.5	10.1
Profit	**34.6**	**66.0**	**67.0**	**52.5**	**65.7**
in % of turnover	4.3	7.7	7.1	5.5	6.7
TAKKT cash flow	70.3	87.8	92.7	83.4	98.7
Capital expenditure for investments	6.7	9.3	8.5	9.6	13.6
Capital expenditure for acquisitions	0.0	1.8	204.6	0.1	0.1
Depreciation, amortization and impairment	32.7	16.8	22.2	26.9	26.5
TAKKT cash flow per share in EUR	1.07	1.34	1.41	1.27	1.50
Earnings per share in EUR	0.52	1.01	1.02	0.80	1.00
Dividend per share in EUR*	0.32	0.85	0.32	0.32	0.32
Non-current assets	**377.8**	**376.9**	**679.9**	**649.0**	**663.6**
in % of total assets	69.8	68.5	77.7	76.2	75.2
Total equity	**251.7**	**301.0**	**303.7**	**332.5**	**386.8**
in % of total assets	46.5	54.7	34.7	39.0	43.8
Net borrowings	**139.2**	**93.7**	**324.9**	**273.0**	**217.5**
Total assets	**541.4**	**549.8**	**874.5**	**851.8**	**882.5**
ROCE (Return on Capital Employed) in %	14.8	23.0	18.1	12.5	14.4
TAKKT value added in EUR million	8.7	40.7	32.4	9.7	18.9
Employees (full-time equivalent) at 31.12.	**1,807**	**1,869**	**2,351**	**2,389**	**2,357**

* *Dividend proposal for the fiscal year 2014.*

COMPANY STRUCTURE

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

BEG	PSG	PEG*	SPG	OEG
KAISER+KRAFT EUROPA	RATIOFORM	C&H SERVICE	HUBERT SERVICE	NBF SERVICE
KAISER+KRAFT gaerner Gerdmans KWESTO	ratioform	C&H AVENUE INDUSTRIAL SUPPLY CO. LTD.	HUBERT Central RESTAURANT PRODUCTS	National Business Furniture DALLAS MIDWEST
certeo.com	Davpack	INDUSTRIAL SUPPLIES.com	DISPLAYS2GO	officefurniture.com
TAKKT EUROPE		TAKKT AMERICA		

Multi-channel brands

Web-focused brands

* The division Plant Equipment Group (PEG) has been sold as of January 30, 2015.

OUR MISSION STATEMENT

TAKKT Group is the market-leading B2B direct marketing specialist for business equipment in Europe and North America. TAKKT has almost three million customers in over 25 countries around the world. We enter new markets wherever we see positive prospects for success, by either founding new companies or acquiring existing ones. Our success is based on an efficient and strong system business, which the Group continuously optimises.

TAKKT acts as a one-stop shop, supplying its customers with everything they need for their business. Our Group companies use hundreds of suppliers to compile a comprehensive range of around 300,000 high-quality products. Our portfolio is complemented by an exemplary service. For us, customer focus begins before an order is placed and does not finish once the goods have been delivered.

Our actions are guided by the principles of sustainability. We actively contribute towards protecting the environment and preventing climate change in our core business. We take responsibility for our products, in manufacturing, marketing and distributing them. We are dedicated to pursuing the interests of our employees and society. We are aware that long-term economic success is not possible without acting sustainably.

OUR OBJECTIVE

We want to be the world's leading B2B direct marketing specialist for business equipment. The TAKKT companies, therefore, rely on the different marketing media print, online, tele and field in the context of an efficient and integrated multi-channel approach. We aim to become a worldwide role model in terms of sustainability in our industry by 2016.

CORPORATE VALUES

TAKKT obtains its unique character from its employees and its specific business model. It is vital to the success of the company to acknowledge the role each individual plays and their contribution. TAKKT's corporate values provide a touchstone and form the basis for internal collaboration as well as cooperation with business partners.

01 RESPECTING REALITY

At TAKKT, we ensure that corporate reality is immediately visible and perceptible to staff and management. This means that we communicate transparently and clearly, act in a direct and straightforward manner and managers and employees know how their performance is contributing to the success of the company.

02 ACTING SYSTEMATICALLY

At TAKKT, we are constantly working on making our actions measurable, scalable and more efficient. The combination of judgement and consistency in the implementation of the TAKKT business model makes it possible to actively manage our profitability and value creation for the benefit of all stakeholders.

03 PRACTISING PARTNERSHIP

At TAKKT, we strive to do everything we can to ensure that our customers and suppliers regard us as a partner for our mutual success and that they are highly motivated to work closely together with us. Consistent very high customer satisfaction, outstanding service quality and promoting our mutual benefit are all top priorities for us. We want to be better than the competition.

04 ENSURING CONTINUITY

At TAKKT, we stand for continuity and reliability, especially in times of change. Our actions are always undertaken with medium- and long-term goals in mind. We are committed to growth with substance, continuous learning and consistent adaptation to changes and new conditions.

05 TAKING RESPONSIBILITY

At TAKKT, we actively accept our social responsibility and are committed to calling for and promoting ecological and human values. We take care to respect individual and cultural characteristics and consider sustainability an important element of our competitive advantage.

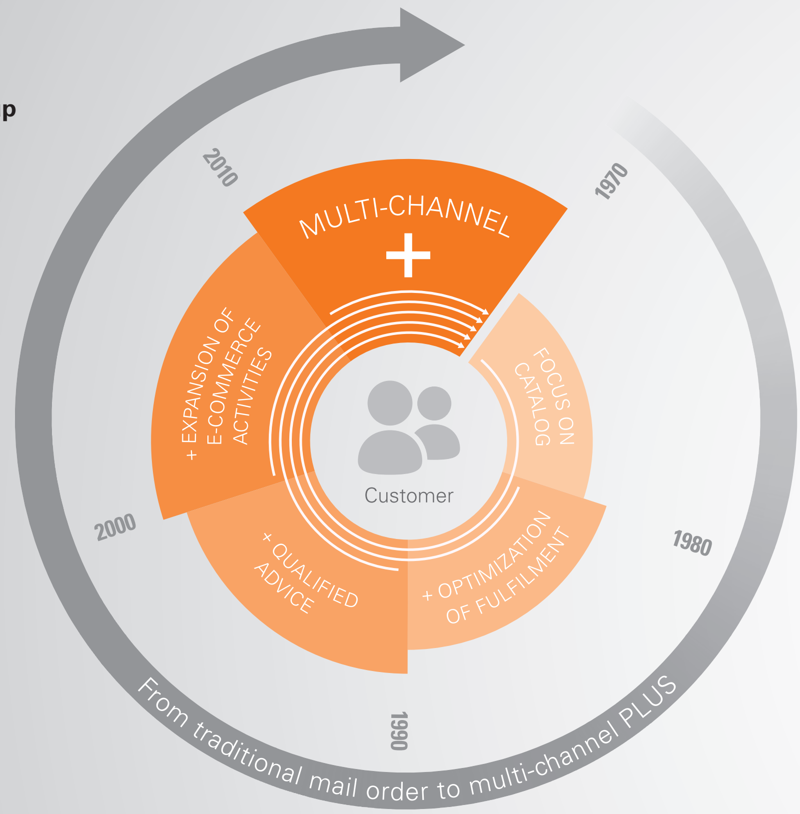
06 ACTING IN TRUST

At TAKKT, we are true to our word. With that in mind, reliability and transparent behaviour are the benchmark for our actions. Even in case of conflicts, we assume good intentions, provide support and search together for workable solutions. Trust, respect and meeting others on equal terms are essential values for us.

CONTENT

MULTI-CHANNEL PLUS –
THE PLUS IN VALUE FOR OUR CUSTOMERS

Evolution of the business models in the TAKKT Group



DYNAMIC: ON THE WAY TO MULTI-CHANNEL PLUS

To keep up the rate of solid organic growth in the future as well, TAKKT is currently developing from a traditional mail order group to a multi-channel PLUS company – the logical next step in the evolution of the business models in the TAKKT Group.

With this aim in mind, TAKKT launched DYNAMIC, the Group-wide growth and modernization initiative focusing on the areas of purchasing, marketing, sales and IT. The individual projects that make up the initiative – around 50 Group-wide – are tailored to the specific needs of the customers of the Group companies, but are also managed according to uniform standards across the Group. The objective is to develop the relationship to the customers and increase customer loyalty through optimized service across all sales channels.

On the following pages, we introduce selected projects of the DYNAMIC initiative in different Group companies.

SELECTED DYNAMIC-PROJECTS:

1 Virtual showroom

2 Private labels

3 Direct imports

4 ERP system

1 Virtual showroom

WE ALSO **MAKE** OUR PRODUCTS COME **ALIVE** VIRTUALLY. AND **BUILD THE BRIDGE** FROM STORE-BASED RETAIL TO WEB SHOP.

We provide our customers with targeted support to help them make the right selection

We offer our online customers a personalized purchasing experience

LIVE presentation

Find out more:

We facilitate interactive product presentations in the web shop

OVER 1,000 OFFICE FURNITURE ITEMS AND OTHER PRODUCTS IN A 1,400-SQUARE METER SHOWROOM

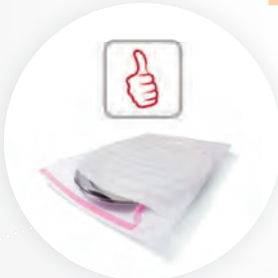
TAKKT follows innovative paths in its customer service. The virtual showroom of Milwaukee-based National Business Furniture (NBF) offers web shop customers an innovative purchasing experience.

Direct contact with furniture experts through video chat allows a high degree of interaction. The product presentation in real time by customer service representatives enables buyers to fully acquaint themselves with the features of the actual product and obtain targeted advice in order to make better purchase decisions. With this novel concept in the office furniture business in the USA, TAKKT bridges the gap from traditional store-based retail to online shopping and that way reaches a higher percentage of customers, who then also place an order via the web shop.

2 Private labels

WE **DEVELOP** ATTRACTIVE **IN-HOUSE PRODUCT LINES.** AND **ENSURE** LONG-TERM CUSTOMER **LOYALTY.**

+ We offer interesting products for every customer group



+ We offer 100% optimized product recommendations

ADDITION OF OVER 1,000 NEW PRODUCTS WITH RATIOFORM ECONOMY

TAKKT expands its range of private labels. With private labels such as Ratioform Economy at our Group company in Pliening near Munich, we offer an attractive introduction to the world of Ratioform.

Ratioform rounds off its product range with over 1,000 new Ratioform Economy products. With an attractive, calculated price-performance ratio, the products are suitable for simple applications and standard purposes.

Should the customer have higher product performance or functionality requirements, high-quality alternatives are suggested either directly through ustomer support or targeted recommendations in the web shop.

Ratioform therefore lives up to its claim of providing the exact product quality for every packaging application that customers need.

+ We reduce the procurement costs

3 Direct imports

WE **USE** THE ADVANTAGES OF
GLOBAL PROCUREMENT MARKETS.
THAT'S HOW WE **PROVIDE**
HIGH **QUALITY** AT ATTRACTIVE PRICES.

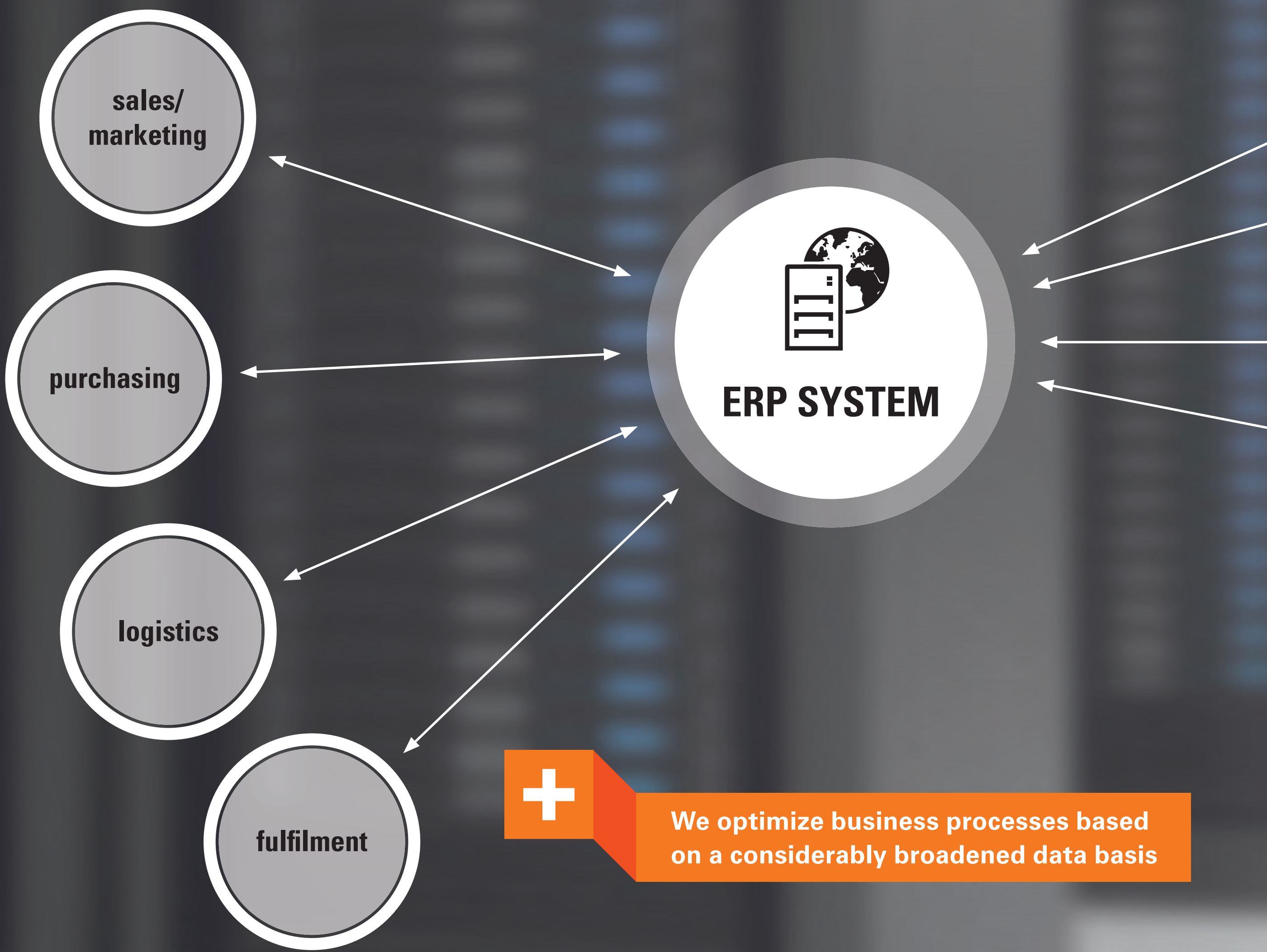
We expand our sourcing know-how further

We ensure the customary high level of quality

TAKKT strengthens relationships with suppliers in international procurement markets such as Asia. Hubert opened a purchasing office in Hong Kong.

By contacting the local sourcing partner directly, for example the Harrison-based food service supplier Hubert (USA) can generate cost savings in purchasing for an increasing number of products in the newly opened Hong Kong office, while ensuring that the high quality requirements are met. The procurement process will be leaner, more direct and faster – an important building block to provide our customers with attractive products at attractive prices.

WE STANDARDIZE AND **INTEGRATE INFORMATION.** AND **USE** IT TO THE CUSTOMER'S **ADVANTAGE.**



We integrate our information flows across all sales channels

We can address our customers in a more targeted manner across different channels

TAKKT relies on technical solutions. KAISER+KRAFT EUROPA creates a uniform database for all subsidiaries to present the business figures from purchasing, marketing, sales and logistics.

Using the online interface of the ERP system, direct customer support, telesales and the web shop are linked so that sales data from all the channels is centrally available. Through increasing automation, we aim to boost the efficiency and effectiveness of our processes. The centralized collection and intelligent integration of data enables us to have a more targeted customer approach and focus more effectively on the needs of the customer.

OUR DIVISIONS

The products we sell

FIVE DIVISIONS AND AROUND 300,000 PRODUCTS

In 2014, the TAKKT Group comprised five divisions in two segments. The TAKKT EUROPE segment consists of the BEG (customers from the industrial, trade, crafts and services sectors) and PSG (customers from different industries) divisions. The TAKKT AMERICA segment consists of the PEG (customers from industry and trade), SPG (focusing on the food service sector and retail) and OEG (supplying service providers, public institutions, government agencies, schools and churches) divisions. In each division, a service company provides centralized services for the individual sales companies, which includes managing the areas of purchasing, marketing, logistics and IT. The sales companies are organized locally with their various brands, however, in order to enable them to remain close to the market and customer. As a management holding company, TAKKT AG is responsible for managing all the companies according to the same value and growth drivers and developing the Group strategy. In addition, the holding company promotes and organizes the transfer of knowledge between the divisions.

BEG – BUSINESS EQUIPMENT GROUP

DIVISION

THE SPECIALIST FOR PLANT, WAREHOUSE AND OFFICE

BRANDS

Multi-channel brands

KAISER+KRAFT

gaerner

Gerdmans

KWESTO

Web-focused brand

certeo.com

FACTS

1,034 EMPLOYEES

61,000 PRODUCTS

1.1 MILLION CUSTOMERS

SALES REGIONS

23 EUROPEAN COUNTRIES, CHINA, JAPAN

PRODUCT EXAMPLES

The Business Equipment Group (BEG) success story began in Stuttgart in 1945. Walter Kaiser and Helmut Kraft founded a company that went on to become Europe's leading B2B direct marketing company for plant, warehouse and office equipment in the following decades. Today, over 1,000 employees in more than 20 European countries as well as China and Japan work for the brands KAISER+KRAFT, gaerner, Gerdmans, KWESTO and Certeo, which sell their range of products via catalog, the internet, telephone and field sales. The companies develop customized items, small batches and products in the corporate design of their customers on request. As the operational service holding company based in Stuttgart, KAISER+KRAFT EUROPA GmbH is in charge of the central functions such as catalog production, web shop support and purchasing. The BEG is the largest division in the TAKKT Group.

PSG – PACKAGING SOLUTIONS GROUP

DIVISION

THE SPECIALIST FOR PACKAGING SOLUTIONS

BRANDS

Multi-channel brand

ratioform

Web-focused brand

Davpack

FACTS

328 EMPLOYEES

6,500 PRODUCTS

150,000 CUSTOMERS

SALES REGIONS

GERMANY, AUSTRIA, SWITZERLAND, SPAIN, ITALY, GREAT BRITAIN

PRODUCT EXAMPLES

The Packaging Solutions Group (PSG) comprises the operational companies of the Ratioform and Davpack sales brands. Both brands sell a complete range of transport packaging solutions to B2B customers from different industries. Ratioform Verpackungen GmbH, which is based in Pliening near Munich, was acquired in the 2012 financial year and is Germany's market leader in multi-channel direct marketing for transport packaging and also operates in five other European countries. All of the company's products are available in stock. A high quality of service is guaranteed by the high level of stock availability and quick delivery to customers.

PEG – PLANT EQUIPMENT GROUP*

DIVISION

THE STORAGE AND MATERIAL HANDLING SPECIALIST

BRANDS

Multi-channel brands

C&H

AVENUE INDUSTRIAL SUPPLY CO. LTD.

Web-focused brand

INDUSTRIAL SUPPLIES.com

FACTS

211 EMPLOYEES

54,000 PRODUCTS

500,000 CUSTOMERS

SALES REGIONS

USA, CANADA, MEXICO

PRODUCT EXAMPLES

The Plant Equipment Group (PEG) combines the direct marketing activities of C&H in the USA and Mexico, Avenue in Canada and the web-focused brand IndustrialSupplies.com. C&H and Avenue rank among the leading specialist B2B direct marketing companies in North America. The companies see themselves as full-service suppliers and sell products in the areas of transport, storage and plant equipment. PEG expanded its scope in 2010 through the online-only brand IndustrialSupplies.com, aimed at smaller companies. With warehouses in the USA, Canada and Mexico, PEG is able to offer a fast delivery service.

* The division Plant Equipment Group (PEG) has been sold as of January 30, 2015.

SPG – SPECIALTIES GROUP

DIVISION

THE SPECIALIST FOR FOOD SERVICE SUPPLIES AND SALES PROMOTION

BRANDS

Multi-channel brands

HUBERT®

Central RESTAURANT PRODUCTS

Web-focused brand

DISPLAYS2GO

FACTS

723 EMPLOYEES

143,000 PRODUCTS

500,000 CUSTOMERS

SALES REGIONS

USA, CANADA, GERMANY, SWITZERLAND, FRANCE

PRODUCT EXAMPLES

The Specialties Group (SPG), which is part of the TAKKT AMERICA segment, comprises the Hubert brand in the USA, Canada, Germany, France and Switzerland as well as Central Restaurant Products and Displays2Go in the USA. Its customers are mainly from the food service and retail sectors. Established in 1946, Hubert is the leading direct marketing group for supplies and equipment for these two sectors in the US. Hubert provides comprehensive solutions including current merchandising products and creative promotional ideas. Central offers products for the restaurant industry via a roughly 300-page catalog and a web shop. This is supported by a strong telesales team. This product range is aimed primarily at satisfying the needs of smaller customers. The web-focused selection from GPA/Displays2Go is the latest sales brand in this successful division and the leading B2B direct marketing specialist for displays in the USA.

OEG – OFFICE EQUIPMENT GROUP

DIVISION

THE SPECIALIST FOR OFFICE EQUIPMENT

BRANDS

Multi-channel brands

National Business Furniture

DALLAS MIDWEST

Web-focused brand

officefurniture.com

FACTS

166 EMPLOYEES

20,000 PRODUCTS

600,000 CUSTOMERS

SALES REGIONS

USA, CANADA

PRODUCT EXAMPLES

TAKKT AMERICA operates its B2B direct marketing for office equipment via the Office Equipment Group (OEG). The Group's customer base consists mainly of service companies, public institutions, government agencies, schools and churches. The NBF brand sells classic American office furniture and has also been operating in Canada since late 2010. Like NBF, the Dallas Midwest brand has been part of the TAKKT Group since 2006. Its range of office furniture and equipment is aimed predominantly at non-profit organizations such as schools, universities, churches and government agencies. OEG also owns the web-focused brand OfficeFurniture.com – the first TAKKT Group company to market products solely on the internet. It was also taken over in 2006 as part of the NBF acquisition.

TO THE SHAREHOLDERS

LETTER FROM THE CEO

Dr. Felix A. Zimmermann
CEO

Ladies and Gentlemen

We can look back on a successful 2014 financial year. Despite the waning economic momentum in Europe during the year, we can report favorable figures. This can be attributed to the very positive business performance in the USA. In addition to the organic increase in turnover of 5.5 percent to EUR 980.4 million, our earnings before interest, tax, depreciation and amortization (EBITDA) also increased to EUR 137.3 million. At 14.0 percent, the EBITDA margin reached the upper range of our long-term target corridor of 12 to 15 percent. Accordingly, our key earnings figures came in at the upper end of the forecast from spring 2014.

Our portfolio concept has proved its worth once again. Based on the successful and profitable multichannel direct marketing business model, TAKKT's portfolio consists of a balanced mix of different product ranges, sales regions and channels as well as customer groups and industries. On account of this diversification, TAKKT is less dependent on individual industries or regions and can report satisfactory figures even when individual target markets fall below expectations. This was also the case last year: Thanks to the strong North American business, we were able to more than offset the effects of the weak European economy on our business. We were able to demonstrate a favorable result in Europe, however, thanks to the positive development of companies such as KAISER+KRAFT and Ratioform.

With regard to the strategic development of the Group, I also have good news to report. TAKKT is currently taking the next logical step in the evolution of the business models – with good judgment and a systematic approach, as well as a fair dose of enthusiasm. On the way from a traditional direct marketing group to a multi-channel PLUS company, TAKKT has therefore once again made considerable progress in recent months. We rolled out our DYNAMIC growth and modernization initiative in the year under review, which encompasses around 50 projects individually tailored to the respective Group companies. Individual projects have already been concluded and the first successes could be realized in the year just ended. In the current annual report, it is the first time that we are announcing concrete goals for 2016 as part of the DYNAMIC initiative. We will be measured by this and I am confident that we will achieve these goals. Since the start of the initiative, I have observed a cultural change in our company. In several workshops, I was able to witness the enthusiasm with which our employees contribute their own ideas and how much responsibility each of them is ready to take for the overall success. It is wonderful to see how much positive energy is generated in the process and channeled into the development of our company.

We have also made definitive progress with our portfolio management in 2014. The discontinuation of the Topdeq business was concluded in the summer of 2014 as planned. At this point, I would like to take the opportunity to once again thank the former employees of the Topdeq companies for their long-standing commitment to the TAKKT Group. I also wish to express my gratitude to the employees of the Plant Equipment Group. Effective as of January 30, 2015, we sold this division to Global Industrial. We are confident that selling the division to a strategic competitor was an advantageous decision for all parties. The sales companies of the Plant Equipment Group can respond better to the opportunities and challenges of the market as part of the Global Industrial Group. At the same time, TAKKT can further dedicate the resources to developing into a multi-channel PLUS company.

We have made a good stride in the past financial year with regard to sustainability as an integral component of our corporate strategy. It is our goal to become the worldwide role model of sustainability in our industry by 2016. In view of our continuous efforts and progress, we, as the TAKKT Management Board, are optimistic that we will reach our ambitious goal. Also, for us, sustainability does not stop at the company's doors. In fact, we also demand sustainable action from our business partners. Our supplier evaluation program stipulates criteria, which we want to use to systematically record, document and improve sustainability in our supply chain. In addition to our parcels, we have also been working with our logistics partner Schenker since January 2014 for carbon neutral shipping of general cargo dispatched from our central warehouse in Kamp-Lintfort. The compensation payments benefit a project in India for the climate-friendly generation of electricity. In 2014, we summarized our progress in the area of sustainability in our second sustainability report under the theme of "We deliver", and in the interest of continuity will again publish an interim report in spring 2015.

Prof. Dr. Klaus Trützschler resigned from the Supervisory Board of TAKKT AG at the end of June 2014. He guided the Supervisory Board expertly and very successfully over many years in his role as Chairman and most recently as Deputy Chairman. With his profound expertise and long-term strategic thinking, he provided stability and rendered a great service at TAKKT. On behalf of myself and also my colleagues and the employees, I would like to express my thanks to Mr. Trützschler. I would like to extend a warm welcome to Dr. Dorothee Ritz, who has been a new member of the Supervisory Board since October 2014. Ms. Ritz, Senior Director Business Strategy at Microsoft International, Unterschleißheim, is an asset, who will provide assistance and support in facing the challenges of the digital changes.

I want to thank our business partners for the good working relationship as well as our customers and shareholders for their ongoing trust. A special thanks is due to our employees, who perform outstanding work every day and showed extraordinary dedication this past financial year in relation to the DYNAMIC initiative. On behalf of my colleagues on the Management Board as well, I sincerely thank you for this excellent performance. We look forward to continuing the development of TAKKT successfully with you in the years to come.

We are looking to the coming 2015 financial year with cautious optimism. Considering the economic outlook, we should be able to further increase our turnover and achieve good profitability. With regard to our further strategic development, we are pursuing a clear plan, which we will implement consistently in 2015.

Stuttgart, March 2015

Dr. Felix A. Zimmermann
(CEO of TAKKT AG)

MEMBERS OF THE MANAGEMENT BOARD

Dr. Felix A. Zimmermann
Chairman of the Management Board, CEO

Dr. Claude Tomaszewski
Management Board, CFO

Dirk Lessing
Management Board

TAKKT SHARE AND INVESTOR RELATIONS

TAKKT places great importance on quick, reliable and transparent communication with the capital market participants and continuously informs the shareholders of current developments. In the 2014 stock market year, the TAKKT share reached an interim new high. After the bleak economic forecast in Europe in the second half of the year, share performance over the year was only slightly positive.

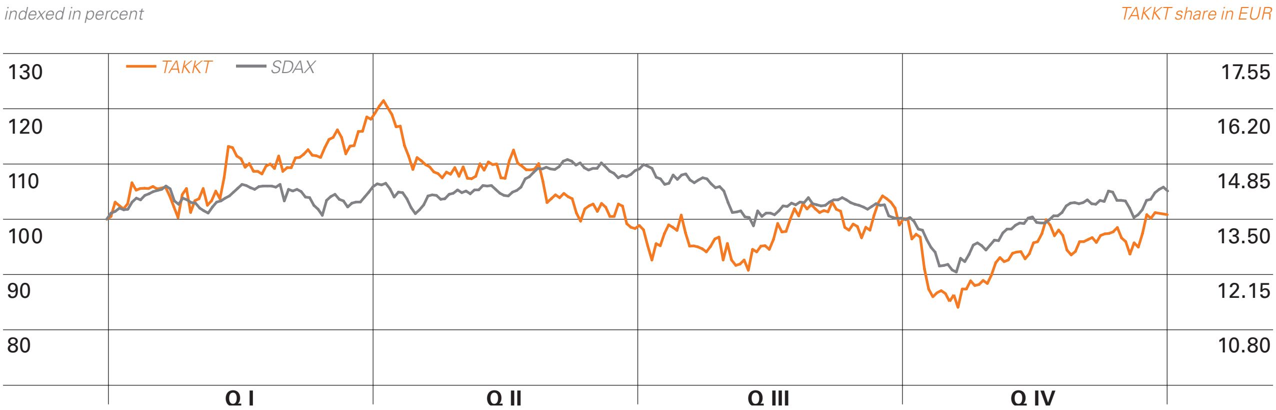
TAKKT SHARE AFFECTED BY ECONOMIC EXPECTATIONS

The German stock markets in the year under review remained volatile and were marked by the expansive monetary policy of the ECB and deteriorating economic expectations during the course of the year. At the end of December, the DAX and SDAX closed at 2.7 and 5.7 percent higher, respectively, than the previous year. In 2014, both indexes reached the highest level in their history.

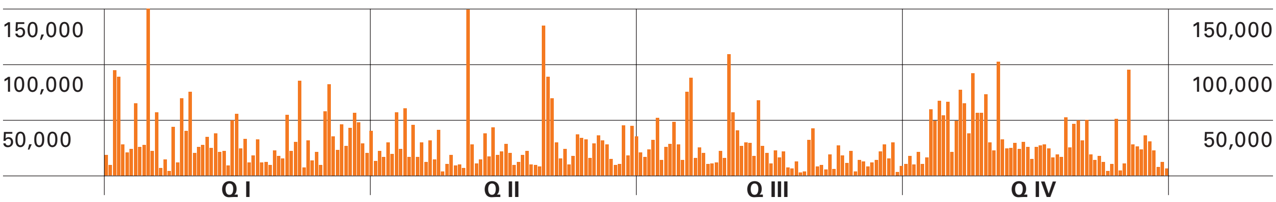
After investors had realized a better performance with the TAKKT share, including the dividends paid in the years 2012 and 2013, than with the relevant SDAX benchmark, the development in 2014 was somewhat worse than the SDAX, in which TAKKT was listed with a share of 2.30 percent at the end of the year. Including dividends paid, the annual return was 3.3 percent. The share started with a rate of EUR 13.50 in the year under review and reached a closing price of EUR 16.40 on April 04, the highest since TAKKT AG went public in 1999. In the following months, the share recorded a decrease, falling to the annual low of EUR 11.34 on October 20. At the end of the year, the share made up for part of these losses and closed at EUR 13.61. All of the data is based on Xetra daily closing prices. The market capitalization of TAKKT AG came to EUR 893.0 (885.1) million at the end of the year.

The trading volume of the TAKKT share saw a decline in 2014, after the significant increase in 2013 due to the placement of shares of major shareholder Franz Haniel & Cie. GmbH. On the most important trading platform, Xetra, an average of 30.6 thousand (49.8 thousand) TAKKT shares were traded on each trading day. In a Deutsche Börse ranking list encompassing all 100 companies listed on the MDAX and SDAX, this represents a stable development in market capitalization on the basis of the free float from place 67 to 68, and a decrease in trading volume from place 74 to 94. The block trades entered in trading systems in 2014 indicate that the TAKKT share is traded on off-exchange platforms in a considerably greater volume than on Xetra.

Performance of the TAKKT share *(52-week comparison, SDAX as benchmark)*



Trading volume of the TAKKT share *(daily volume on Xetra in number of shares in 2014*)*

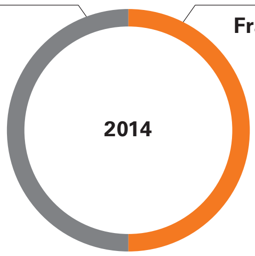


** On individual days, more than 150 thousand TAKKT shares were traded on Xetra.*

Shareholder structure and regional distribution of free-float shares of institutional investors as of December 31, 2014*

49.8 %
Free float shares

50.2 %
Franz Haniel & Cie. GmbH, Duisburg



9 %
Others

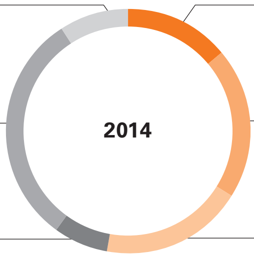
14 %
UK

31 %
Benelux

20 %
USA

7 %
France

19 %
Germany



** For regional distribution approximation values, based on: Bloomberg data*

Basic data of the TAKKT share	
WKN (securities identification code, Wertpapierkennnummer)	744600
ISIN	DE0007446007
Ticker symbol	TTK
Reuters symbol	TTKG.F (Frankfurt)
Bloomberg symbol	TTK.GR
Number and type of shares	65,610,331 no-par-value bearer shares
Share capital	EUR 65,610,331
First listing	September 15, 1999
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Oddo Seydler Bank Kepler Capital Markets

Key figures relating to TAKKT share *(five year perspective)*

	Unit	2010	2011	2012	2013	2014
Trade date						
Year end closing price*	EUR	10.80	8.52	10.50	13.49	13.61
Highest price*	EUR	11.10	12.44	11.88	15.52	16.40
Lowest price*	EUR	7.20	8.21	8.50	9.71	11.34
Market value at year end	EUR million	708.6	559.0	688.9	885.1	893.0
Average daily turnover*	thousand shares	19.7	23.8	32.6	49.8	30.6
Issued shares at year end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share in EUR**	EUR	0.32	0.85	0.32	0.32	0.32
thereof ordinary dividend in EUR	EUR	0.32	0.32	0.32	0.32	0.32
thereof special dividend in EUR	EUR	-	0.53	-	-	-
Payout ratio	percent	61.2	84.5	31.3	40.0	32.0
Dividend yield***	percent	4.5	7.9	3.8	3.0	2.4
Valuation ratios						
Earnings per share (EPS)	EUR	0.52	1.01	1.02	0.80	1.00
TAKKT cash flow per share	EUR	1.07	1.34	1.41	1.27	1.50

** Xetra trading.*

*** Dividend proposal for the fiscal year 2014.*

**** At prior year's closing rate.*

INVESTOR RELATIONS

EQUAL INFORMATION FOR THE FINANCIAL COMMUNITY

TAKKT's investor relations work focuses on providing shareholders, analysts and potential investors with information quickly, transparently and reliably. The company places great importance on informing all participants in the capital market with the same thoroughness and openness.

COMPREHENSIVE INFORMATION

The range of information provided on the TAKKT website is designed to meet the information needs of all capital market participants and financing partners. Besides financial reports, ad hoc announcements, press releases and share information, interested persons can also find roadshow and analyst presentations as well as explanations of the company's strategy and Corporate Governance. In addition, telephone conferences, which are accessible to all interested parties, are held when quarterly results are published or for important corporate events such as acquisitions. These enable every participant to put their questions directly to the Management Board.

SPEED AND TRANSPARENCY OF FINANCIAL REPORTING

TAKKT places great importance on timely and informative reporting and therefore presents interim results within one month after the end of each quarter at the latest. The management also places great value in the quality of the published information. To make it easier to analyze data, details are always presented in financial reports in the same way and, whenever possible, in the same section. If significant variations in comparison with previous years occur, these are explained. TAKKT presents special effects on key figures resulting from acquisitions, divestments or currency changes in a transparent manner.

CLOSE COMMUNICATION WITH INVESTORS AND ANALYSTS

TAKKT seeks to communicate regularly and transparently with institutional and private investors, financial analysts, potential investors and financial journalists:

- In March of each year, TAKKT presents its consolidated financial statements at a press briefing on annual results in Stuttgart and an analyst conference in Frankfurt.

- The Management Board regularly takes part in capital market conferences and investor days, including the German Equity Forum in Frankfurt held by Deutsche Börse AG every year in November. In addition, at the beginning of the year under review, the Management Board and investor relations team once again participated in the capital market conference of Kepler Cheuvreux and Unicredit in Frankfurt. At the end of September, TAKKT was represented at the capital market conference of Berenberg and Goldman Sachs in Munich.

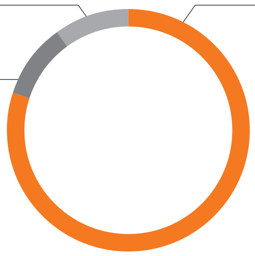
- In addition, the company once again held numerous talks with investors during roadshows in London, Paris, Zurich, Edinburgh and Frankfurt, among other places.

- Investors gathered information in one-to-one talks and group presentations at the company's headquarters in Stuttgart with regard to the current business development, the corporate strategy and growth prospects of the TAKKT Group.

All the information published during these and similar events can be found on the TAKKT website.

The perception of the company on the capital market is reflected in the number of financial analysts who regularly observe the TAKKT share. Of this total of ten analysts, eight recommend buying the share as of February 23, 2015.

Institution	Analyst
Berenberg Bank	Anna Patrice
Commerzbank	Daniel Gleim
Deutsche Bank	Mario Becherer
DZ Bank	Thomas Maul
Hauck & Aufhäuser	Christian Schwenkenbecher
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Barbara Ambrus
M.M. Warburg & CO	Thilo Kleibauer
Montega	Tim Kruse
Quirin Bank	Mark Josefson



DIVIDEND POLICY CHARACTERIZED BY CONTINUITY

Approximately 300 shareholders and guests attended the fifteenth ordinary Shareholders' Meeting of TAKKT AG in Ludwigsburg on May 06, 2014. The Shareholders' Meeting approved the payment of an unchanged dividend of EUR 0.32 per share for the 2013 financial year for a total distribution of EUR 21.0 million. The payout ratio for the 2013 financial year was 40.0 percent. The TAKKT Group is thus following its sustainable dividend policy, with which it pursues two goals. First, the shareholders are to benefit directly from the operational success of the company through distributions. Second, TAKKT wants to maintain the financial scope for external growth. Therefore, approximately 30 percent of the profit for the period are generally to be paid out as an ordinary dividend. The amount paid out should, however, not be less than the ordinary dividend of the previous year. If the total equity ratio reaches or exceeds the upper end of the Group's own target corridor (30 to 60 percent), TAKKT would also distribute a special dividend in light of the strong cash flow generated by its business model. The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2015 the payment of an unchanged dividend of EUR 0.32 per share for the 2014 financial year. This would correspond to a payout ratio of 32.0 percent of the result for the 2014 period.

In addition, at the Shareholders' Meeting the shareholders granted the Management Board of TAKKT AG a new authorization until 2019 to acquire treasury shares worth up to ten percent of the share capital. Furthermore, they also authorized the creation of new approved capital of approximately EUR 32.8 million. The Shareholders' Meeting adopted all other agenda items by a large majority too. The detailed voting results can be found at www.takkt.com in the section Shareholders' Meeting.

In addition, it was announced at the Shareholders' Meeting that the Deputy Chairman of the Supervisory Board, Prof. Dr. Klaus Trützschler, would resign from his post effective June 30, 2014. Effective October 13, 2014, Dr. Dorothee Ritz, Senior Director Business Strategy at Microsoft International, Unterschleißheim, succeeded him as member of the Supervisory Board. At the Supervisory Board meeting held on September 15, 2014, Dr. Johannes Haupt was elected Deputy Chairman of the Supervisory Board.

2015 FINANCIAL CALENDAR

The financial calendar for the 2015 stock market year is shown on the last page of this annual report and can also be accessed on the TAKKT website, where it is regularly updated.

INVESTOR RELATIONS CONTACT

The investor relations team is available to answer any questions related to the TAKKT share and can be reached at:

Finance / Investor Relations
Dr. Christian Warns / Benjamin Bühler
Presselstrasse 12, 70191 Stuttgart
Telephone: +49 711 3465-8222
Fax: +49 711 3465-8104
Email: investor@takkt.de
Internet: http://www.takkt.com

SUPERVISORY BOARD REPORT

Stephan Gemkow
Chairman of the Supervisory Board

Ladies and Gentlemen,

The 2014 financial year was positive overall for TAKKT: Notwithstanding the declining momentum, the economic situation in the European target markets was slightly better than the previous year. The business in North America performed better than expected. TAKKT was therefore also able to further increase turnover and earnings in 2014. At the same time, the Group is looking to the future and made considerable progress with the Group-wide strategic DYNAMIC initiative. By means of this initiative, TAKKT will gradually develop from a traditional direct marketing group to a multi-channel PLUS company in the years to come and permanently secure its strong position in the B2B area. The Supervisory Board has closely followed and supported the company and Management Board at all stages of this process.

WORK OF THE SUPERVISORY BOARD AND PERSONNEL CHANGES

In the 2014 financial year, the Supervisory Board met four times. The meetings mainly focused on the current business performance, the new strategic orientation of the TAKKT Group in the direction of a multi-channel PLUS company as well as the Group-wide DYNAMIC initiative, sale of the PEG division and other potential acquisitions. In addition, the Supervisory Board addressed strategy and business performance planning, the risk situation including the quantification of significant risks, the risk management system, the internal control system and audit planning. Issues of Corporate Governance and compliance were also on the agenda. In addition, the Management Board informed the Supervisory Board on a regular basis on the current status regarding the discontinuation of the Topdeq activities. Furthermore, an external efficiency review of the Supervisory Board's activities by the consulting firm Spencer Stuart Associates GmbH was carried out for the first time in the 2014 financial year. Its findings can be viewed as a positive result. »Governance« at TAKKT is at a high level. The Supervisory Board works in a professional, efficient and goal-oriented manner in the interest of the company. Its methods are predominantly in line with »best practices«. The optimization recommendations from the efficiency review were discussed at length and will be implemented successively where appropriate.

The personnel committee met three times in the year under review. The issues were components of the Management Board compensation within the scope of the existing remuneration system, the age-related retirement of Board Member Franz Vogel as well as succession planning in the TAKKT Group.

There were also personnel changes in the Supervisory Board in the year under review. At the Shareholders' Meeting, it was announced that the Deputy Chairman of the Supervisory Board, Prof. Dr. Klaus Trützschler, would resign from his post effective June 30. We would like to express our heartfelt thanks to Mr. Trützschler for the successful work he has done for the TAKKT Group and wish him all the best for the future. The new member of the Supervisory Board is Dr. Dorothee Ritz, Senior Director Business Strategy at Microsoft International, Unterschleißheim. She was appointed on October 13, 2014 by order of the Stuttgart local court at the request of TAKKT AG for the remaining term of Prof. Dr. Trützschler. At the Supervisory Board meeting held on September 15, 2014, Dr. Johannes Haupt was elected Deputy Chairman of the Supervisory Board as well as of the personnel committee of the Supervisory Board.

CONSTRUCTIVE COOPERATION IN A SPIRIT OF PARTNERSHIP

As usual, the cooperation between the Supervisory Board and Management Board was transparent and open in the year under review. The Management Board regularly informed the Supervisory Board verbally and in writing in a timely manner – including outside of Supervisory Board meetings – about all points relevant to the Group. The meetings of the Management Board and Supervisory Board were always carried out in a constructive and open manner. When necessary, the Chairman of the Supervisory Board and the CEO discussed matters in more detail. If issues needed to be decided by the Supervisory Board, it always passed resolutions in a timely manner.

ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board attaches importance to conducting its control tasks continuously and with great intensity. This commitment will also mark its work in the future since it contributes significantly to responsible corporate management at TAKKT. In this connection, effective December 31, 2014, the Management and Supervisory Boards have again signed the declaration of conformity to the recommendations made by the German Corporate Governance Code Government Commission. There was one significant change. In the year under review, the Supervisory Board resolved to disclose its remuneration for the first time, which also corresponds to the recommendation of the German Corporate Governance Code regarding this item. Additional information in relation to this can be found in the Corporate Governance report of this annual report and on the TAKKT website.

UNCHANGED DIVIDENDS

The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2015 the payment of an unchanged dividend of EUR 0.32 per share. This corresponds to a payout ratio of 32.0 percent of profits for the period. The shareholders thus continue to benefit directly from the good earnings and high cash flow.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF TAKKT AG APPROVED

The Shareholders' Meeting has followed the proposal of the Supervisory Board and appointed Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2014 financial year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board reviewed the independence of the auditor as per section 107(3) sentence 3 of the Stock Corporation Act (AktG) and point 7.2.1 of the German Corporate Governance Code.

Auditing focal points set by the Supervisory Board for the 2014 consolidated financial statements were contingent liabilities, the scope of consolidation in accordance to IFRS 10, especially the treatment of leasing companies and the at-equity accounting in the Group. In addition, the purpose of the audit of the consolidated financial statements was the reporting of the foreign auditors, the goodwill impairment tests, the consolidation measures, the notes to the consolidated financial statements as well as the combined management report and Group management report. The auditors reviewed the financial statements and the consolidated financial statements of TAKKT AG as well as the combined management report and Group management report, and issued an unqualified audit opinion. The TAKKT Group's early warning system for risks was also audited and its suitability confirmed.

The auditors in charge took part in the Supervisory Board's annual accounts meeting. They informed the members about the key findings of the audit and answered more detailed questions. The Supervisory Board discussed the auditors' findings at length and approved them. In addition, the Supervisory Board also reviewed and approved the consolidated financial statements, the financial statements of TAKKT AG and the combined management report for TAKKT AG and the Group as well as the proposed profit appropriation. The financial statements of TAKKT AG are thus adopted and the consolidated financial statements approved.

SUPERVISORY BOARD APPROVES DEPENDENCE REPORT

Franz Haniel & Cie. GmbH, Duisburg, with 50.2 percent, also held the majority of TAKKT shares in the 2014 financial year. In accordance to section 312 of the German Stock Corporation Act (AktG), the Management Board therefore prepared a report on relations with affiliated companies for the past financial year. Ebner Stolz GmbH & Co. KG, Stuttgart, prepared an auditors' report as required under section 313 of the German Stock Corporation Act (AktG). No reservations were expressed as a result of the audit. The auditor issued the following audit opinion: "Having conducted a proper audit and appraisal, we confirm that, first, the actual disclosures set out in the report are correct, second, payments made by the company for transactions covered in the report were not unduly high and, third, no circumstances covered in the report indicate a substantially different assessment than that given by the Management Board." The Supervisory Board reviewed the report on the relations of the company to affiliated companies and the corresponding auditors' report and approved them according to section 314 of the German Stock Corporation Act (AktG). The Board had no objections to the dependence report and the closing statement made by the Management Board therein, which can be found in the Corporate Governance report of this annual report.

We would like to thank the TAKKT AG shareholders for the trust they have once again placed in us in 2014. We would like to thank all the employees of the TAKKT Group for their ongoing high level of commitment and excellent performance in 2014. Our thanks also go to the Management Board for their continued and trusting cooperation founded on partnership.

Stuttgart, March 2015

Stephan Gemkow

Stephan Gemkow
(Chairman of the Supervisory Board of TAKKT AG)

MEMBERS OF THE SUPERVISORY BOARD

Stephan Gemkow Chairman	Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Dr. Johannes Haupt Deputy Chairman since September 15, 2014	Chairman of the Management Board (CEO) of E.G.O. Blanc and Fischer & Co. GmbH, Oberderdingen
Prof. Dr. Klaus Trützschler Deputy Chairman and Supervisory Board member until June 30, 2014	Graduate business mathematician and graduate mathematician, Essen
Dr. Florian Funck	Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Thomas Kniehl	Employee for claims/research/returns at KAISER+KRAFT GmbH, Stuttgart
Prof. Dr. Dres. h.c. Arnold Picot	University professor at the Ludwig-Maximilians-Universität München
Dr. Dorothee Ritz Member since October 13, 2014	Senior Director Business Strategy at Microsoft International, Unterschleißheim

MANAGEMENT REPORT

MANAGEMENT REPORT FOR TAKKT AG AND THE TAKKT GROUP

BUSINESS MODEL

BUSINESS AREAS AND ORGANIZATION

TAKKT operates with the brands and portfolio companies of the Group in attractive markets in the area of B2B direct marketing. Sustainable business opportunities come about through the structural market trends that the group of companies take advantage of by means of consistent market development.

B2B DIRECT MARKETING SPECIALIST FOR BUSINESS EQUIPMENT

TAKKT mainly concentrates on the sale of long-lasting equipment at stable prices to business customers. The product portfolio mostly encompasses durables that businesses use for their business activities. Products that TAKKT supplies include pallet lifting trucks to German automotive suppliers, computer cabinets to Swiss mechanical engineers and food service supplies to US-american commercial kitchens. Sales are carried out as part of an integrated multi-channel approach through the sales and marketing channels print (catalogs and brochures), online (web shops and e-procurement solutions), telephone (telephone customer service) as well as field sales (personal assistance through field sales employees).

TAKKT's business model can be grouped in the market environment based on the following criteria:

- The customers can be categorized as consumers (B2C) and businesses (B2B).

- Brick and mortar businesses, direct sales from manufacturers and direct marketing make up the different sales models. There are also hybrid forms.

- In terms of product range, a differentiation is made between department store-like generalists and specialist distributors.

- In terms of sector segmentation, there are horizontally aligned distributors who – regardless of their customer groups – concentrate on certain product groups such as warehouse and plant equipment, packaging or office furniture (product specialist). There are also vertically aligned distributors, who tailor their product range to the needs of a certain sector or customer group, such as the food service industry (industry or customer specialist).

- With regard to services, we differentiate between pure distributors and providers who offer services beyond just the distribution of goods to provide additional benefits for the customer.

The companies of the TAKKT Group position themselves in this market environment as B2B direct marketing specialists for business equipment that have a comprehensive range of services and predominantly horizontal alignment. The companies operate mainly in Europe and North America as well as in Asia to a smaller extent.

CLEAR ORGANIZATIONAL STRUCTURE

The organizational structure of the TAKKT Group is shown on the following page:

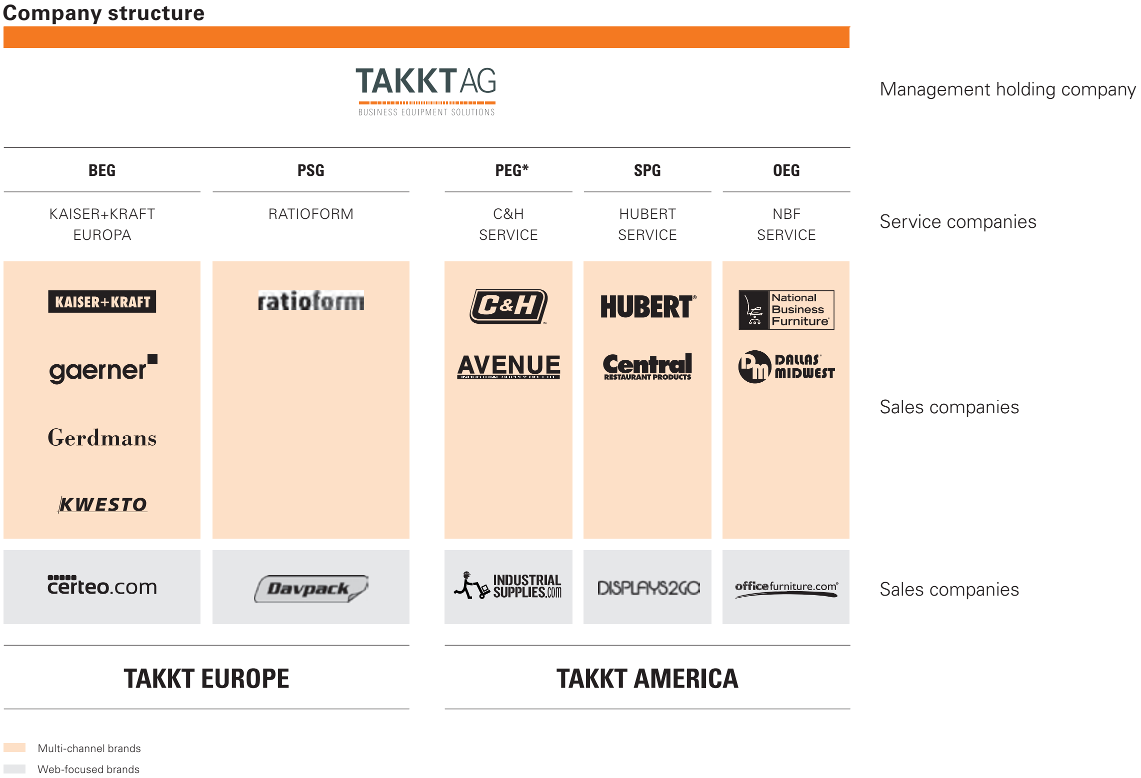
- TAKKT AG as a management holding company is responsible for the management of the companies according to identical value and growth drivers. Its responsibilities lie in classical holding functions and the development of the Group strategy. In addition, the holding company promotes and organizes the transfer of knowledge between the divisions. For purposes of reporting, the individual divisions are arranged by segment. Thus, the Business Equipment Group (BEG) and Packaging Solutions Group (PSG) belong to the TAKKT EUROPE segment. The Plant Equipment Group (PEG), Specialties Group (SPG) and Office Equipment Group (OEG) are combined in the TAKKT AMERICA segment.

- The Group is divided into five divisions with differently aligned business models as can be seen in the chart on the following page. In each division, the service companies provide central services for the individual sales companies and manage purchasing, marketing, logistics and IT. The sales companies are either multi-channel or web-focused brands.

The TAKKT EUROPE segment has more than 50 locations, three central warehouses and 16 regional warehouses.

- As a supplier of business equipment, the Business Equipment Group (BEG) offers around 61,000 products for transportation, plant, warehouse and office equipment in 23 European countries as well as in Japan and China. Its customers include industrial enterprises such as automotive suppliers as well as companies from the areas of service, trade and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and office chairs as well as special products such as environmental cabinets and containers for hazardous materials. The BEG pursues a centralized warehouse strategy and relies on two central warehouses in Germany, which are supplemented by five regional warehouses for the delivery of products that are more tailored to serve local requirements.

Company structure



* The division Plant Equipment Group (PEG) has been sold as of January 30, 2015. For additional information refer to the Subsequent events.

- As a packaging specialist, the Packaging Solutions Group (PSG) offers around 6,500 different kinds of transport packaging in six European countries for companies in different industries as well as customer-specific packaging solutions. Some examples of products are collapsible boxes, package padding, shipping pallets and stretch film. This is why the division pursues a decentralized warehouse strategy with one central warehouse near Munich and eleven regional warehouses in the different sales regions.

The TAKKT AMERICA segment has over 20 locations and, due to the physical size of the market on the division level, follows a less centralized warehouse location strategy than the BEG within TAKKT EUROPE. In order to ensure prompt delivery to the different regions, TAKKT AMERICA operates nine central warehouses and four regional warehouses.

- As an industry supplier, the Plant Equipment Group (PEG) sells over 54,000 products for transportation, storage and operations to companies in the USA, Canada and Mexico. Some examples of products are container systems, shelf trolleys and heavy load racking. Delivery is carried out from a central warehouse in Pleasant Prairie, Wisconsin, as well as regional warehouses in Reno, Nevada, in Mexico and two in Canada. The division Plant Equipment Group (PEG) has been sold as of January 30, 2015.

- As a specialist for food service supplies and sales promotion, the Specialties Group (SPG) sells around 143,000 items like fixtures and fittings for hotels, restaurants and retailers in the USA and Canada as well as in three European countries. Some examples of products are buffet and kitchen equipment and sales displays. The different companies of the SPG use a total of five central warehouses.

- The Office Equipment Group (OEG) offers around 20,000 office furniture products in the United States and Canada. In addition to businesses, its customers also include schools, churches, government agencies and the healthcare sector. Some examples of products are office chairs and desks, conference tables and furniture for reception areas. The OEG operates three central warehouses, which supply customers in different regions of the USA.

An overview of all the Group companies is provided by the share ownership list of the TAKKT Group, which can be found in the Notes to the consolidated financial statements under "Other notes" in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual report.

MULTI-BRAND STRATEGY AND EFFICIENT CUSTOMER COMMUNICATION AS SUCCESS FACTORS

In selling its products, TAKKT pursues a multi-brand strategy which includes multi-channel and web-focused brands and is geared to the different needs of the respective customer groups:

- Multi-channel brands combine the traditional catalog business, which is more attractive to medium-sized and larger companies, with an online service and – where appropriate – employees for direct sales calls and field sales to form an integrated approach. The customer can choose from different channels. As soon as the order is entered in the enterprise resource planning (ERP) system, it is handled using standardized processes. For key accounts, product information can also be entered directly into their own in-house IT systems. Individually customized e-procurement solutions like these allow the TAKKT companies to have direct access to the individual systems of the customers, resulting in even lower transaction costs for them. Customers can compile their own range of frequently ordered products and see their ordering history as well as a detailed overview of their business relationship with the TAKKT company. Through e-procurement, TAKKT is able to add real value for the customer as well as build and develop a sustainable customer relationship.
- With the web-focused brands, TAKKT targets customers who cannot be reached efficiently by the traditional catalog business and corresponding online offers. These are mainly smaller businesses with comparatively low demand. Ideally, an internet-only customer relationship is profitable as soon as the first order is placed. In contrast, multi-channel brands are only profitable after a certain number of orders and therefore rely more on repeatedly purchasing customers. However, the product range and prices for web-focused brands can be adjusted more flexibly according to the rapidly changing needs of this customer group. Important success factors for sales are effective search engine optimization and internet advertising to position the online shop prominently and thus gain the attention of potential customers.

ADDED VALUE FOR THE CUSTOMER – BEYOND PURE DIRECT MARKETING

TAKKT operates in an attractive niche market. In B2B direct marketing, the customer considers the price in relation to a package that includes product, quality and service. For customers, good direct marketing means finding high-quality products quickly and being able to order them easily. Furthermore, they expect a high level of service with respect to the actual product. It is exactly in this area that the strengths of the Group companies lies. The services that the TAKKT companies offer their customers in order to retain them for the long-term include the listing in the chart on page 39 in particular.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side. Inclusion in the product range of a TAKKT company brings considerable benefits for these suppliers compared to the independent distribution of their products. They obtain direct access to a very large number of customers in different countries and thus circumvent the natural market barriers of entry that result from the different currencies, languages and legal frameworks, especially in Europe.

ATTRACTIVE MARKET NICHE

The market niche of B2B direct marketing specialist is also advantageous from TAKKT's perspective in the following ways:

- TAKKT uses an extremely fragmented supplier pool and maintains supplier relationships that are well-established and last many years. TAKKT's customer base is also broadly diversified, meaning that it caters to customers of various sizes and from different industries and is therefore not dependent on single large orders or major customers.

- The market environment of many TAKKT companies is protected by considerable market barriers of entry. A potential new competitor first has to make significant investments in marketing, IT and logistics and incur several years of start-up losses before it can achieve the margins that are standard in the sector. These investments only pay off when a company manages to develop a loyal customer base that provides repeat business at regular intervals.

Added value for the customer	
Careful pre-selection of high-quality products and a clearly organized presentation	The TAKKT companies create added value for the customer by subjecting a carefully selected range of hundreds of suppliers to rigorous quality control standards, bundling them efficiently and presenting them in an organized manner. In addition, the TAKKT companies offer a broad range of high-quality products from their private labels, which are tailored to the needs of the customer. The Group companies categorize their product ranges mainly by criteria relating to their use such as size, volume or load-bearing capacity instead of by manufacturer. Customers can therefore find the right product more easily this way, saving them time and money.
Easy ordering and fast delivery	Customers can simply order through the channel that is best for them. To make this possible, TAKKT is connecting the ordering channels more and more closely to one another. The sales companies also offer their customers fast delivery via sophisticated logistics systems that are specifically tailored to the destination countries. TAKKT has the majority of products available in stock. This is an important competitive advantage compared to direct sales and physical retail outlets – particularly in light of the fact that companies are increasingly focused on process costs in procurement.
Individual offers and support with selection process	The employees in the sales companies advise customers by phone in the selection of suitable products. Individual quotes are prepared upon customer request. For instance, in order to make it easy for the customer to select the right product, the sales teams send material samples. Through targeted questions and the comprehensive product knowledge of the TAKKT employees, the customers get tailored solutions that match their individual needs.
Customized solutions	If the TAKKT product range does not offer a direct solution to fit the customer's needs, the requirements are first precisely defined in a dialogue process and afterwards a tailor-made solution is found with a suitable supplier. Custom-made products are also possible due to the long-standing established relationships with suppliers.
Project business	Customer inquiries for projects are handled on an individual basis by the telesales and field sales employees in order to take special service requirements such as specific delivery times into consideration. The American Group company NBF, for example, supplies multi-location accounts with furnishings for all of their branches. In line with the claim "Furniture that works. People who care", the sales representatives also assist customers with planning their spaces when needed.
Long warranty periods	Generally, products sold by the TAKKT companies have warranty periods that are several years longer than the legal requirements. In addition, TAKKT also offers customers the option of buying the same exact item for several years after and obtaining replacements that fit precisely. The customer thus receives a high level of security, especially with products that must be available to their company for a long period of time.

MARKET TRENDS SUPPORT PROVEN BUSINESS MODEL

The Management believes that six structural market trends provide sustainable opportunities, which TAKKT makes use of with the corresponding competitive strengths (see table below). These trends also underpin the company's business model with its focus on corporate customers, the multi-channel sales approach, specialization of the product ranges and an extensive range of services for the customer.

Market trend	Competitive edge
Supplier concentration among customers: Large companies are increasingly consolidating their business relationships to a small number of competent partners. Concentrating on a limited number of suppliers reduces the number of contact partners and the orders can be managed more efficiently.	TAKKT compiles product ranges that cover the demand of its customers for long-lasting durables. In doing so, TAKKT positions itself as a B2B direct marketing specialist for business equipment that provides customers with a one-stop solution for a comprehensive range of products.
Optimization of process costs: Businesses are increasingly focusing on process costs. It is uneconomical to put a great deal of effort into finding the lowest price for products worth a few hundred euros. In terms of procurement, it is becoming increasingly important to be able to find goods quickly, order them easily and obtain good service.	TAKKT creates added value for the customer by efficiently bundling the ranges of hundreds of suppliers and presenting them in an organized manner. This shortens processes and reduces transaction costs. TAKKT also offers a selection of high-quality products, well-developed service, attractive conditions and fast delivery through sophisticated logistics systems that are specifically tailored to the destination countries.
Electronic ordering system: Companies are increasingly turning to electronic ordering channels for purchasing. They submit their orders via email, the internet or an in-house e-procurement system.	TAKKT offers e-commerce solutions aimed at different customer needs ranging from a classic web shop to the electronic incorporation of the product range in the customer's ERP system (e-procurement).
Multi-channel orientation of the customers: Companies make use of catalogs and the internet when searching for the products they need, and may also wish to be advised in face-to-face meetings and over the telephone. They are increasingly using different sources of information before making a purchase decision. To remain successful, a company must understand this move towards a customer-managed relationship and be present wherever the purchase is to be made.	TAKKT combines and integrates all sales channels in multi-channel marketing that may induce the recipient to make a purchase decision. The companies and their offerings are present wherever customers are looking for products. Each order is processed uniformly using efficient IT systems – regardless of how the order was initiated or placed.
Internationalization: Due to globalization, companies increasingly expect to receive supplies anywhere in the world. If they relocate their production sites abroad or establish new branches, they want to be able to fall back on known suppliers, products and services.	With more than 50 sales companies in over 25 countries, TAKKT is close to the market and customer. Under the umbrella of a unified concept, the individual divisions and their service companies pursue their own marketing and sales strategies, which are tailored to their specific regional market conditions, products and target groups.
Sustainability: Companies are increasingly opting for sustainably operating business partners, whose value added chain is managed according to environmental, economic and social concerns.	TAKKT considers the requirements of the customers with respect to sustainability at all levels of value creation, including in purchasing, marketing and logistics. A Group-wide program integrates the issue of sustainability in the day-to-day business and bundles the individual measures to also document the sustainable business practices of the Group with regard to the customer.

CORPORATE GOALS AND STRATEGY

It is the declared goal of the TAKKT Group to be the world's leading B2B direct marketing specialist for business equipment. To do this, the Group companies use the marketing and sales channels of print, online, telesales and field sales as part of a multi-channel PLUS approach. By 2016, TAKKT also wants to be a role model for sustainability in its industry. The strategic objectives of the TAKKT Group are presented in the following overview. They remain unchanged with respect to the previous year.

Strategic goals	
Grow profitably	• Long-term turnover growth by an average of ten percent per year – around half organically and half through acquisitions • An EBITDA margin of between 12 and 15 percent
Diversify risk	• Significant contributions to sales on at least two continents • Diversified share of sales with the manufacturing, trade and service sector industries as well as government institutions • Balanced product range
Act sustainably	• Industry role model for sustainability by 2016 • Sustainability as "built-in" rather than an "add-on" in day-to-day corporate management

GROW PROFITABLY

In the past 15 years, a new start-up or acquisition was carried out almost every year. TAKKT plans to keep up this pace of expansion over the long term. TAKKT aims to continue its profitable growth and increase its turnover by an average of ten percent each year, with an EBITDA margin of 12 to 15 percent. Considered over a long period of time, around 50 percent of this growth is expected to be organic, with the other 50 percent developing through acquisitions.

Organic growth is being driven by the following initiatives:

- Expansion of e-commerce: Since e-commerce simplifies business relationships and streamlines procurement processes, this form of business will also become increasingly significant in B2B direct marketing. TAKKT is therefore consistently developing the e-commerce activities further and intensifying the establishment of customized e-procurement systems, content management in the web shop and search engine optimization. In addition, the Group is increasingly using instruments such as search engine optimization (SEO) and search engine advertising (SEA) in order to be visible on the internet for customers. By 2016, TAKKT wants to increase the share of order intake via e-commerce from the current 30.1 percent to 35 to 45 percent.

- Expansion of additional multi-channel activities: An appropriate mix of print, online, telemarketing and field activities and their integrated use is becoming increasingly important for a successful sales operation in B2B direct marketing. The reason for this multi-channel PLUS approach is the observation that the behavior of corporate customers is changing worldwide. Just a few years ago, the catalog was the predominant sales medium. Today, businesses can make use of considerably more sources of information in searching for products. TAKKT is developing the multi-channel PLUS strategy bit by bit – with the objective of using all sales media in an integrated manner, which can trigger a purchase decision with the customer. The Group companies are thus present with their range wherever the customer gathers information about the products: from a catalog, online, on the telephone or through employees in field marketing.

- Building and developing web-focused brands: With sales brands that are predominantly online, products and prices can be more flexibly adjusted to the quickly changing needs of the customer than by using other sales media. Smaller businesses in particular can be catered to more efficiently in this fashion. The TAKKT Group is constantly expanding this sales channel by developing existing web-focused brands further and creating new ones.

- Expansion of the product range: The expansion of the product range is carried out along two lines. The first is the intensified expansion of existing product ranges. Second, the expansion into new product categories is driven forward in order to add to existing product ranges or to tap into new buyer groups.

- Expansion of private labels: With private labels TAKKT aims to acquire new customers and retain existing customers for the long term. For example, in order to achieve this, individual TAKKT companies introduce new products at the best value for money to also meet the needs of the entry-level segment for lower requirements. Using performance brands, other Group companies offer products that at least meet the industry standard or even satisfy higher quality standards. These brands improve customer loyalty and generate above-average margins. The company aims to increase the share of turnover with private labels from the current 14.7 percent to 20 to 25 percent by 2016.

- International roll-out of successful business models: Up to now, some Group companies have followed their successful business model only in certain countries or regions. TAKKT is building on the existing platforms and establishing other companies in new promising regions.

Further details on the implementation of the organic growth target through the DYNAMIC initiative can be found in the Innovation and development section on pages 46 to 48.

In addition, the Group is expected to grow through acquisitions. Potential takeover candidates are mainly medium-sized companies that are often family owned. In view of this, TAKKT cultivates long-term relationships to possible target companies. In order to be able to act at any time, sufficient credit lines are always available for the acquisition of medium-sized companies. The following factors also play a role in the decision to make an acquisition:

- For the target company, a positive development of the business-specific value and growth drivers is expected, which TAKKT uses to manage its subsidiaries. The EBITDA margin should at least be within TAKKT's target corridor or have the potential to develop in that direction in the medium term.

- The target company is an established, market-leading company, which fits in with the positioning of the TAKKT Group explained above. It should be a company with a scalable business model in B2B direct marketing that acts as product or customer specialist, focuses on durables and specialized goods and which has a fragmented customer base and supplier pool. It is desirable for the Management of the acquired company to continue in its function.

- The acquisition provides TAKKT with the opportunity to diversify, develop the product portfolio, tap into new customer groups or expand regionally. In addition, TAKKT makes sure to gain as much new expertise as possible through the acquisition, such as in the areas of field sales (NBF 2006), telesales (Central 2009), online marketing and direct imports from Asia (GPA 2012) or integrated multi-channel marketing (Ratioform 2012).

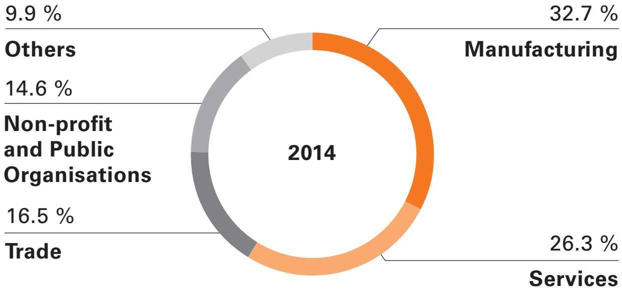
In order to realize an increase in value after inclusion in the Group, TAKKT supports the newly acquired companies in the continuation and intensification of their course for growth, helps in the expansion of the business model in new markets and promotes the exchange of organizational, logistics, IT, marketing and sales expertise across the different companies.

DIVERSIFY RISK

TAKKT strives to further diversify the risks of the Group and become more independent of economic influences. The following levels are taken into consideration here.

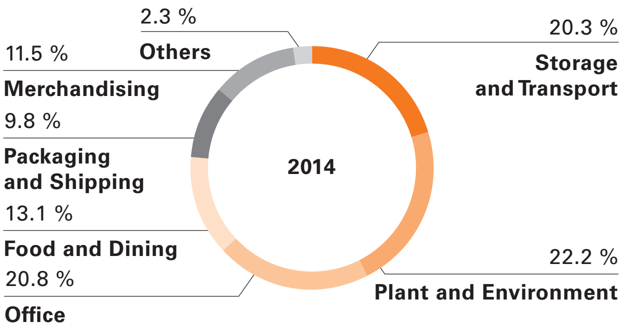
At the customer level, the company serves manufacturing businesses, distributors and service providers as well as non-profit organizations and governmental institutions to compensate for the cyclical fluctuations experienced by the individual target groups. Orders from manufacturing businesses – the original core business of the TAKKT Group – are still representing roughly one-third of the sales volume, whereas the share of the other customer groups has increased continuously in the past 15 years. In the medium term, the Group's objective is to generate diversified share of turnover with the manufacturing industry, the trade and service sectors as well as non-profit and government institutions. This increasing diversification according to customer group stabilizes the TAKKT business through decreased dependence on the cyclical business with the manufacturing industry. In addition, the Group benefits from the ordering of government institutions, which strengthens the development of turnover during downturns.

Diversification of customer groups



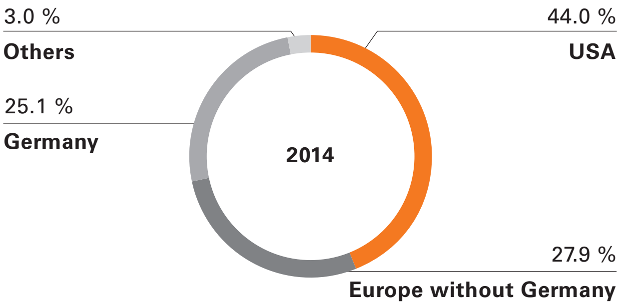
At the product level, TAKKT differentiates between products for plant & environment, storage & transport, office, packaging & shipping, food & dining and merchandising. TAKKT diversifies heavily here to actively compensate for fluctuations in demand. Through the acquisition of Hubert (2000), NBF (2006), Central (2009), GPA (2012) and Ratioform (2012), the company has specifically expanded its product portfolio to product groups for food service, merchandising, American office furniture and packaging. This allows TAKKT to participate in the growth trends of these industries.

Diversification of product ranges



At the regional level, TAKKT differentiates between Germany, Europe without Germany, the USA and other countries such as Canada, China and Japan. In particular, the share of US business has increased significantly since 2000. In the past, regional diversification has proven to be a pillar of TAKKT's business model. This way, economic fluctuations in certain target markets can be partially offset by opposite developments in other regions. The Group will continue this path and aims to generate significant long-term contributions to sales on at least two continents.

Diversification of regions



ACT SUSTAINABLY

With regard to the distribution of goods, direct marketing is significantly more resource-efficient than brick and mortar businesses. This is why the TAKKT business model is sustainable in and of itself. Sustainability is therefore not a new concept for TAKKT. It has long been an entrepreneurial tradition in the Group to handle resources carefully. TAKKT has incorporated the goal of sustainability – the long-term balance between economic, environmental and social concerns – as an integral part of its corporate strategy since 2011 and wants to be the global role model in the industry by 2016.

With this move, TAKKT has positioned itself early in the competitive environment. Companies are paying increasing attention to making their individual contribution to the conservation of resources and expect their business partners to also manage their value added chain according to sustainability considerations. TAKKT therefore takes the requirements of customers into account with regard to sustainability, especially in the areas of purchasing, marketing and logistics. The Group-wide program (SCORE) incorporates the issue of sustainability in the day-to-day business and bundles the individual measures.

The goals and important measures of the TAKKT Group with respect to sustainability are summarized on page 49 et seq. in the Sustainability and employees section of this annual report.

MANAGEMENT SYSTEM

STANDARDIZED KEY FIGURES FOR MANAGEMENT OF THE DIVISIONS AND INDIVIDUAL COMPANIES

The business models of the TAKKT companies are comparable across regions, product ranges, customer groups and sales approaches. Therefore, the Management manages the Group and the individual divisions as well as all the subsidiaries according to the same value and growth drivers. If the key indicators of one Group company do not develop satisfactorily, the TAKKT Management reacts promptly with suitable initiatives and countermeasures. To this end, all the internal key management indicators mentioned below are reported to the Management Board on a regular basis.

- The organic development of turnover of the TAKKT Group serves as a measure for the growth potential of the company without the inclusion of company acquisitions and disposals or the impact of fluctuating exchange rates. The short-term development of turnover is strongly influenced by the economic cycles. In the long term, TAKKT wants to achieve an average organic increase in turnover of four to five percent with the help of the growth initiatives.

- The organic turnover trend results from the development of the value and growth drivers number of orders and average order value. Both parameters are subject to cyclical fluctuations in the economic cycle and are also influenced by acquisitions or divestments on a structural level. In the long term and adjusted for these effects, TAKKT plans to increase the annual number of orders by two to four percent. The average order value is expected to at least grow in line with the inflation rate.

- The gross profit is calculated by deducting the material costs (cost of sales and freight costs) from turnover and adding other changes in inventory whose sum is not significant and own work capitalized. The TAKKT Group has achieved a gross profit margin – a gross profit in relation to turnover – of over 40 percent and its objective is to maintain this stability in the future as well. The reason for this is the company's focus on benefit to the customer and the provision of versatile additional services as opposed to the mere distribution of goods.

- The EBITDA margin serves as an important benchmark for the short-term operating earning power of the individual Group companies because the effects of the country-specific differences in tax rates and financing structures are not relevant for this key figure. As the figure does not include depreciation and amortization of non-current assets, it permits a direct comparison between existing and newly acquired companies. TAKKT has defined a long-term target corridor of 12 to 15 percent for the Group's EBITDA margin.

- The TAKKT cash flow is calculated from EBITDA less financial result and less current income tax. This value shows the operational cash flow earned in the reporting period before the effects from the changes in net working capital. The TAKKT cash flow margin should come to over eight percent.

- The capital requirements for maintenance, expansion and modernization of the business operations is comparatively small at the established companies of the TAKKT Group. Accordingly, the long-term investment ratio average is

Definition and target values of key financial indicators

Key figure	Statement	Target value
Organic development of turnover	Benchmark for company growth without acquisitions	Long-term average growth of between 4 and 5 percent
Number of orders and average order value	Important drivers of organic development of turnover	Growth of between 2 and 4 percent on average in the long term; Increasing slightly between EUR 400 and 500 (increase at least at level of inflation adjustment)
Gross profit margin	Measure for provided added value (e.g., for customers and suppliers)	Over 40 percent of turnover
EBITDA margin	Measure for operating profitability	Between 12 and 15 percent of turnover
TAKKT cash flow	Measure for self-financing capability	Over 8 percent of turnover
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Between 1 and 2 percent of turnover on average in the long term
ROCE (Return on Capital Employed)	Measure for profitability of total capital before tax	Significantly over 12 percent
TAKKT value added	Measure for added value earned after deduction of total capital costs	Significantly greater than zero

between one and two percent of turnover. In financial years in which the warehouse capacities of a division are expanded, this ratio is significantly higher, whereas in periods without larger investment projects it is at the lower end of the specified range. Due to the DYNAMIC initiative, it is expected that by 2016 the annual capital expenditure share of consolidated turnover could be up to one percentage point higher than the long-term Group average.

- The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to the average capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed. A ROCE target value of significantly more than 12 percent has been determined for the TAKKT activities.

- TAKKT value added serves as an important key figure for a longer term, value-based controlling in the Group. It is defined as the difference between the profit generated and the cost of capital on the average capital employed. The profit generated is determined on the basis of the EBIT, which is reduced by the income tax expense and increased by the other financial result. The cost of capital is determined by multiplying the average capital employed with the weighted average of costs, which factors in equity as well as borrowed capital. The average capital is calculated as the mean value of both capital expenditures at the beginning and end of the respective calendar year. The capital as of the respective reporting date corresponds to the total assets reduced by the non-interest bearing current liabilities and deferred tax liabilities. On the whole, the TAKKT value added allows a statement to be made about the value added of the Group after consideration of the costs of borrowed and equity capital, e.g., after meeting the requirements on return on investment of the debt capital provider and investor. TAKKT aims for a significant positive value contribution.

INTERNAL COVENANTS FOR MANAGEMENT OF THE FINANCIAL STRUCTURE

For monitoring and managing the financial structure, the TAKKT Group sees to the compliance of four internal key figures (covenants) that it has set for itself. These are shown in the following overview:

Key figure	Definition	Target value
Equity ratio	Total equity to total assets	30 to 60 percent
Debt repayment period	Average net borrowings to TAKKT cash flow	< 5 years
Interest cover	Operating result before amortization of goodwill to net financing costs	> 4
Gearing (debt-equity ratio)	Net borrowings to equity	< 1.5

The internal covenants are not stipulated in the credit agreements but rather serve only the internal management in order to safeguard the financial solidity of the Group. The financial scope for acquisitions can also be derived from the key figures. In addition, the equity ratio provides an orientation in the decision regarding the possible distribution of a special dividend within the scope of the dividend policy (see TAKKT share and investor relations section).

INNOVATION AND DEVELOPMENT

As a direct marketing company, TAKKT does not carry out traditional research and development the way a technology-based manufacturer does. The business environment, however, is continuously in flux. The needs of the customer continue to evolve, the relationship between supplier and buyer is changing, and new procurement, storage and sales processes are becoming established. The Group is therefore continuously working on developing product ranges, processes, services and market cultivation and anticipating the future requirements of the market before they have become a general standard. In addition, in the year under review TAKKT consistently pressed ahead with the DYNAMIC growth and modernization initiative and has already made considerable progress.

INNOVATION FORMATS

TAKKT's goal is to gradually develop the Group companies and Group as a whole from a traditional mail order business to a multi-channel PLUS company. To do this, TAKKT mainly utilizes four innovation formats:

- Internal transfer of knowledge: The Management encourages the transfer of expertise within the Group. It motivates employees to share their knowledge with colleagues, especially those in the other divisions, according to the motto of "learning from the best". This is important and productive because the companies of the TAKKT Group have different focuses with regard to sales approaches, product ranges or customer groups. At the annual FUTURE@TAKKT Group conference, the executive personnel of the Group companies exchange views on best practices solutions.

- Exchange with external experts: The Management initiates regular exchanges between external experts and employees of the TAKKT Group ("outside-in" approach). Once or twice a year, the TAKKT Forum is held in collaboration with the Advisory Board of TAKKT AG. Together with the high-level external speakers, the top executive personnel and Advisory Board of TAKKT AG discuss core issues of market development there. In 2014, the core topics of the forums were search engine optimization and pricing.

- Market analyses and surveys: TAKKT regularly involves outside specialists in market and customer analyses. In this way, the methodological competence is continuously developed. For example, TAKKT analyzes the customer behavior at certain companies together with a market research institute and compares it over longer periods of time and across different companies.

- Stakeholder dialogue: TAKKT regularly communicates with its stakeholders about their demands and needs. To this end, customer and employee surveys are conducted, and supplier conferences and investor relations activities are held. TAKKT makes the results of these exchanges quantifiable and integrates them into the development of the company. In the course of this, measures were derived which are documented in the sustainability report of the TAKKT Group.

ON THE WAY TO A MULTI-CHANNEL PLUS COMPANY

As part of the strategic growth initiatives, TAKKT is especially focusing on expansion of the multi-channel activities. The reason for this approach is the observation that the behavior of the customer is changing worldwide. Just a few years ago, the catalog was the main sales medium in the business model used by the company. Today, businesses can make use of considerably more sources of information in searching for products. Consequently, digital media and company services such as web shops and blogs now play a greater role than before for the customer in the information and procurement process. In view of this, e-commerce and new forms of marketing such as SEO (search engine optimization) and SEA (search engine advertising) are gaining importance and thus developing into a significant distinguishing feature in terms of competition.

Over the coming years, TAKKT therefore aims to develop from a traditional direct marketing group to a multi-channel PLUS company in order to take the next logical step in the evolution of the business models. With this in mind, TAKKT had already developed a multi-channel concept as early as 2012 (multi-channel PLUS). This strategic concept mainly includes intensification of the dynamic customer cultivation through different marketing channels, targeted extension of the product range and expansion of the private labels.

The Group-wide growth and modernization initiative DYNAMIC, which follows from the multi-channel concept and mainly extends to the areas of purchasing, marketing, sales and IT. DYNAMIC comprises close to 50 projects, which are carried out in a decentralized manner within the individual divisions and in some cases over several years. By means of the decentralized method, the individual divisions can gear their multi-channel PLUS approach to the particular requirements of their customer segments and regional characteristics. The divisions therefore differ from each other in terms of their individual transformation needs. For example, outbound sales channels in certain companies within the TAKKT Group are already an integral part of marketing while in others they are now intensified as part of the DYNAMIC initiative. Through the internal exchange of knowledge, the decentralized areas of the

TAKKT Group benefit from each other and can therefore also apply examples of best practices across divisions.

Uniform project management standards are used across the Group in order to execute the projects in a structured and transparent manner. The measures initiated affect the divisions to varying extents and, if needed, will be accompanied by a professional change management. If necessary, the companies take measures with regard to communication as well as mobilization and qualification of the employees. To this end, TAKKT has built and established internal competencies in change and project management.

The goal of the initiative is to achieve the targeted organic growth in the Group of four to five percent. As part of a decentralized process, TAKKT has identified seven important growth drivers. The success of DYNAMIC is measured with indicators that reflect the development of these growth drivers. The indicators, growth drivers and Group-wide targets to give orientation are as follows:

DYNAMIC indicators	Growth drivers	Objectives 2016
Share of new products in order intake	Topicality and expansion of product range	20–25 percent
Share of private labels in order intake	More private labels	20–25 percent
Share of direct imports in purchase volume	More direct imports	10–15 percent
Share of web-only products in entire product range	Expansion of web-only products	40–60 percent
Share of SEO in order intake via search engines	Profitable expansion of e-commerce activities	30–35 percent
Share of e-commerce in order intake	General expansion of e-commerce activities	35–45 percent
Share of telesales/field sales in order intake	More outbound calling & field sales	20–25 percent

- Share of new products in order intake: TAKKT wants to continue increasing the share of new products in order intake. New products are those that were introduced in the last three years, starting from January 01, 2013. They are expected to make up a share of between 20 and 25 percent of order intake in the medium term.

- Share of private labels in order intake: With private labels, TAKKT wants to improve customer loyalty and achieve above-average margins. In addition, the Group offers new customers a well-priced introduction to the product range through specific private labels. The company therefore aims to increase the share of private labels in order intake to 20 to 25 percent by 2016.

- Share of direct imports in purchase volumes: Direct imports at TAKKT are products that come from countries outside the home market of the respective Group company. In the case of the European divisions, these are all countries outside of Europe as well as Turkey and Eastern Europe. In order to secure profitability for the long term, TAKKT wants to increase the direct import share of purchase volumes to between 10 and 15 percent by 2016 without a change in product quality.

- Share of web-only products in entire product range: At TAKKT, web-only products are those that are only offered through the web shop and not additionally via print media. In contrast to other sales media, web-based products and prices can be adapted more quickly to the needs of the customer. The share of web-only products in the entire product range is therefore expected to be between 40 and 60 percent by 2016.

- Share of SEO-generated order intake via search engines: Online search engines redirect potential customers to web shops in two ways: through the organic search results or paid advertisements. By means of SEO (search engine optimization), web shops can gain more customers through the organic results of the search engines. Successful online marketing combines the use of SEO with SEA (search engine advertising), i.e., paid ad placement in search engines. TAKKT is aiming for a share of order intake generated through organic search results between 30 and 35 percent by 2016.

- Share of e-commerce in order intake: E-commerce already plays a very significant role in B2B direct marketing and continues to gain importance through the increasing dissemination of new technologies and standards, such as e-procurement. TAKKT wants to increase order intake via e-commerce – that is the share of orders received via electronic channels – to between 35 and 45 percent by 2016.

- **Share of telesales and field sales in order intake:** In the context of developing into a multi-channel PLUS company, all TAKKT companies are to be present wherever the customer gathers information about products. This includes an even stronger focus on outbound calls to customers (telesales) and on sales reps (field sales). By 2016, TAKKT wants to increase the share of telesales and field sales in order intake to between 20 and 25 percent.

The DYNAMIC indicators are identical for all divisions, whereas the targets are specific to the division and, to some extent, the companies. The focus of the DYNAMIC projects of the individual divisions is achieving the objectives of the indicators until completion of the DYNAMIC initiative. Individual projects have already been successfully concluded:

- At the BEG a project for the expansion and strategic positioning of the performance brands was carried out. In the course of this, the BEG revised the product and service features of the performance brands EUROKRAFT, QUIPO and office akktiv. It also placed the products of these brands via the different marketing channels.

- In the US Group company NBF, the "Virtual Showroom" has been in use since 2014. This is a virtual exhibition space that is accessible via NBF's web shop. In the Virtual Showroom, customers can have the products demonstrated and explained to them online via live video sessions. The goal of these innovative selling methods is to familiarize the customer with the practical use of the products first-hand and convince more visitors to the web shop to place an order.

- In different areas of the Group, the TAKKT Group companies are involved in projects for the introduction of new ERP systems, media-neutral databases, new web shops and databases suitable for multi-channel. The purpose is to create a uniform data pool for a more targeted customer approach and focus more effectively on the needs of the customer. These kinds of IT projects often require substantial investment. Investments for improving and developing the IT systems came to EUR 6.8 (6.2) million in the year under review, corresponding to 0.7 (0.7) percent of turnover.

Information on the target achievement of the DYNAMIC indicators to date can be found in the Corporate performance section of this annual report.

CONTINUOUS QUALITY ASSURANCE

The Group's quality management focuses on the requirements and expectations of the customers. TAKKT records all customer queries and complaints electronically. Specially trained staff process, analyze and categorize all suggestions and complaints. The company uses this to systematically develop improvements in its products, advertising material and business processes. Suppliers and service providers for the Group are included in this improvement process and their quality is also continuously monitored. This also applies to direct imports in particular, which TAKKT will continue to expand within the scope of the DYNAMIC initiative: All additional suppliers also have to satisfy the strict selection criteria and continuous tests in relation to product quality.

In Europe, all the major locations of the TAKKT Group are certified according to DIN ISO 9001:2008 or comparable standards. Non-certified companies maintain appropriate and equally high quality levels through internal targets, training and supervision. Annual audits check the current status of the quality assurance system. TAKKT's competitive advantage is tangible, not just due to its falling complaints rate, but also because more customers are buying exclusively from companies with demonstrably high quality standards.

SUSTAINABILITY AND EMPLOYEES

TAKKT has permanently established sustainability as part of the corporate strategy. The corporate management defines sustainability as the long-term balance between economic, ecological and social concerns and is aware that only this balance enables long-term corporate success. Sustainability is therefore an integral part of the corporate strategy and daily collective duty at all levels of the Group. TAKKT has committed itself to becoming the worldwide role model for sustainability in the industry by 2016.

SUSTAINABILITY IS A MATTER OF COMMON SENSE

Direct marketing of plant and office equipment offers corporate customers more advantages than just transparency in the selection of high-quality products and simple ordering channels. In comparison with two-stage trading systems with local stores, direct marketing is also more carbon efficient. As a direct marketing company, TAKKT therefore already has a sustainable business model. Sustainability for TAKKT is not a new concept or trend word. It has long been an entrepreneurial tradition in the Group of companies to handle resources carefully. Sustainability and profitable growth are not mutually exclusive – they go hand in hand. The company has therefore established sustainability activities along the value added chain as part of the corporate strategy. Since 2011, the different measures are incorporated into the structure and essence of the company in six identified focus areas through the SCORE sustainability initiative. With this, TAKKT creates the conditions for coordinating and implementing these measures across all Group divisions in the day-to-day business. SCORE stands for "sustainable corporate responsibility." In order to send a clear signal both within and outside of the company, the Management Board is directly responsible for the sustainability initiative.

In 2012, TAKKT had already committed to complying with and disseminating the ten universally recognized principles of the United Nations Global Compact from the areas of human rights, working standards, environmental protection and anti-corruption. In the context of adhering to the Global Compact principles, TAKKT has been summarizing the innovations in this area in a progress report since 2013. With the 2014 sustainability report, TAKKT was one of a few German companies to achieve the Global Compact "Advanced Level" status. The reporting is therefore very results orientated and contains a variety of key figures. The sustainability report is available in print form and can be downloaded from the TAKKT website. In addition to the condensed presentation in the printed report, comprehensive detailed information can be found on the internet.

MAKING SUSTAINABILITY QUANTIFIABLE

The TAKKT Group regularly informs its stakeholders about how it lives up to its corporate responsibility. The Management is convinced that sustainability creates competitive advantage across all stages of the value chain and enhances company value for the long term.

TAKKT has drawn up the expectations of the stakeholders and challenges of the business model and categorized them according to the following six focus areas: sourcing, marketing, logistics, resources & climate, employees and society. Specific measures and goals were formulated for each field of activity, which are integrated ("built-in") into the Group's management system. By incorporating the principle of sustainability at the organizational level, solution approaches are developed across all levels of the value added chain, which contribute to improved sustainability performance.

In particular, TAKKT has defined the following measures and goals for 2016:

- With a supplier evaluation program for sustainability, TAKKT wants to systematically assess, document and improve sustainability in the supply chain. By 2016, TAKKT wants to obtain 50 percent of the Group's purchase volume from evaluated suppliers. In addition, the Group also wants to have ten percent of all its suppliers certified by this time.
- The share of turnover generated through sustainable products is expected to come to at least ten percent of consolidated turnover.
- Paper consumption per turnover of EUR one million is to be reduced by 35 percent compared to 2011.
- With regard to advertising material, 100 percent is to originate from certified sustainable paper sources.
- The amount of carbon emissions emitted per kilogram of printed advertising materials is expected to be 40 percent less than in 2011.
- TAKKT wants to offer customers shipping options for parcel and general cargo that offset the carbon emissions related to the delivery of goods.
- Carbon footprints are to be prepared for ten major companies.

- TAKKT wants to have introduced a certified environmental management system in at least seven Group companies.
- TAKKT wants to reduce energy consumption by 15 percent at all German and US locations that were already in existence in 2011.
- TAKKT wants to have implemented a systematic human resources development in all divisions for the recruitment and advancement of additional talents.
- Support of the local voluntary social involvement of employees as part of paid leave is to be made available to at least 30 percent of the staff.

The progress with regard to reaching these goals is presented in the Corporate performance section of this annual report.

SUSTAINABILITY REPORTING AT TAKKT

Since 2012, TAKKT has been publishing sustainability reports prepared according to the international standards of the Global Reporting Initiative (GRI). In the reports, the TAKKT Group provides information on the current status regarding the most important milestones and interim goals. The 2014 sustainability report was the first to be produced in line with the updated GRI-G4 guideline for sustainability reporting. As one of the first German companies, TAKKT is at the "Comprehensive" application level and thus provides exhaustive information on the material aspects of sustainability. The current progress report will be published in spring 2015.

TAKKT also annually participates in the ranking of the Carbon Disclosure Project (CDP) international initiative. Every year, the CDP asks more than 3,000 companies worldwide in around 60 countries about their carbon emissions as well as their strategies to counteract the greenhouse effect. It aims to make companies' climate strategies more comparable and to encourage companies to sustainably reduce their emissions. In the year under review, TAKKT's ranking in the Disclosure Score, which measures the transparency of environmental reporting, is once again very good with 76 out of a possible 100 points, which is significantly above the SDAX average of 52 points. In the Performance Score, which measures a company's climate protection efforts and is only awarded after a minimum disclosure score of 50, the Group was one of the few SDAX companies to receive a rating of "C."

"LIFT" HUMAN RESOURCES DEVELOPMENT PROGRAM AS PART OF DYNAMIC INITIATIVE

TAKKT's development into a multi-channel PLUS company as part of the Group-wide DYNAMIC growth and modernization initiative has created new requirements for the company in terms of the skills of the employees, teamwork in the company and personnel management.

In order to support this change process, TAKKT launched the LIFT human resources development project, which takes into account the new demands placed on human resources management as part of DYNAMIC and focuses on improvement of the systematic personnel recruitment and development process. LIFT includes human resources marketing and applicant management, the onboarding process for new colleagues, talent recognition as well as ongoing continuing education and further training of the employees. At the end of the 2014 financial year, important milestones in personnel recruitment and development were already achieved. These relate to addressing external target groups and working out a modular concept for the development of skills for employees and executive personnel.

They can make use of a comprehensive CPD program for this purpose. This includes the following:

- External training to acquire additional expertise or training in soft skills
- Internal training, e.g., within the scope of achieving the overall strategic goals of DYNAMIC
- Seminars and workshops for specialists and executive personnel, for example at the Haniel Academy.

TRAINING AND DEVELOPMENT

TAKKT recruits by focusing on training qualified personnel from within the company. In 2014, a total of 47 (previous year: 48) young professionals were in training Group-wide. Of these, 12 (11) students completed an in-service course of study at the Baden-Wuerttemberg Cooperative State University (DHBW). In the year under review, 2 (3) university graduates began a Group-wide trainee program, in which they are introduced to different areas of the company in Germany and abroad. In the companies, new employees undergo an established onboarding process, which ensures quick professional and social integration of the employees. In addition to getting to know their own teams and familiarizing themselves with their own responsibilities, the first weeks and months also focus on the interface areas, the business model and corporate values.

The TAKKT Group also fosters the long-term loyalty of employees by investing in training and human resources development. This minimizes employee fluctuation across the Group. Expenditures for employee training and development in the previous financial year came to EUR 900 (675) thousand and serve to achieve the sales objectives of the DYNAMIC initiative, especially the further expansion of e-commerce.

ADVANCEMENT OF WOMEN AND DIVERSITY

TAKKT's identity as a global company includes acknowledging the diverse experiences of the employees from different cultures as equal and showing them respect. This is based on fair treatment across all levels. Anti-discrimination guidelines are an integral part of the compliance handbook. The "think global, act local" principle practiced across the Group is reflected in TAKKT's recruitment guidelines. The company relies on local employees and executive personnel, who in addition to their proximity to the market and customer, also speak the language and possess cultural sensitivity. At the same time, TAKKT relies on a balanced mix of long-term, experienced employees and young talent. The local teams also receive regular incentives through the exchange of experiences throughout the Group within the scope of the executive and trainee program. As part of its succession planning, TAKKT also aims to continuously increase the percentage of women in executive positions in the years to come in order to create a more balanced gender ratio. In the year under review, the total share of women in the Group was 47.0 (47.2) percent, and the share of women in executive positions was 26.0 (26.7) percent.

Share of women *in %*

	31.12.2013	31.12.2014
Employees (without executives)	49.3	49.1
Executives	29.4	29.0
Top executives*	3.8	3.7

* *Group managing directors, heads of central departments at TAKKT AG.*

SLIGHT DECLINE IN NUMBER OF EMPLOYEES

The number of employees in the year under review was 2,515 (2,565) and slightly lower than in the previous year, which is attributable to the reduction in staff resulting from discontinuation of the Topdeq business. Regardless of this, a restructuring of personnel took place in order to achieve a slight increase in the important areas of sales and online compared to the previous year. This increase in personnel serves to achieve the sales goals as part of the increased focus on a multi-channel PLUS company. In the American subsidiary GPA, additional positions were created as a result of the favorable business environment. In the other American Group companies, the number of employees remained at a level comparable to that of the previous year. In total, a little over half of the employees still work in the European subsidiaries. More than three quarters of TAKKT employees work in Germany and the USA. Executives and top executives make up 9.0 (9.4) percent of the staff.

Number of employees

	31.12.2013	31.12.2014
in full-time equivalent	**2,389**	**2,357**
thereof TAKKT EUROPE	1,292	1,234
thereof TAKKT AMERICA	1,061	1,090
thereof TAKKT AG	36	33
in headcount	2,565	2,515

Employee structure *(based on headcounts)*

	31.12.2013	31.12.2014
Employees (without executives)	2,325	2,261
Executives	214	227
Top executives*	26	27

* *Group managing directors, heads of central departments at TAKKT AG.*

The average age of all Group employees in the year under review was around 42 (42), the average years of service was 10.9 (10.9). The age structure was subject to only slight changes compared to the previous year. Not least due to the demographic change, the share of employees over the age of 50 grew in particular. With regard to the breakdown of employees, TAKKT aims at a balanced distribution between age groups through various recruitment strategies and an improvement of personnel recruitment and development within DYNAMIC.

Age structure of staff

	31.12.2013	31.12.2014
up to 30 years	467	445
from 31 to 50 years	1,397	1,326
from 51 years	701	744

SHARING IN SUCCESS AT MULTIPLE LEVELS

TAKKT's employees make a decisive contribution to the company's success, which the Group rewards with performance-related staff bonus models. If a company achieves or exceeds certain turnover targets, the staff share in its success in the form of a cash bonus, which can amount up to one month's gross salary per year.

As TAKKT executives accept an especially high degree of responsibility within the Group, special remuneration models are used for them. Middle managers' remuneration depends on the operational results of their company and whether they have fulfilled their individual targets. The Management Board incentives are based on the operating result in the form of the EBIT, the TAKKT value added (TVA) and the earnings per share in the form of the Total Shareholder Return (TSR). Detailed information on this is included in the Remuneration report of this annual report.

In Germany, employees may also buy employee shares. In 2014, 38.6 (41.2) percent of all authorized signatories took advantage of this opportunity and bought a total of 18,000 (19,575) shares. The program will be continued in 2015.

ADDITIONAL BENEFITS

In addition to the work-related benefits for the employees, the Group has established a range of development programs. Employees in foreign countries in particular, where the standard of care is below that in Germany, may utilize additional benefits that vary based on local conditions. They include company health insurance and pension schemes for countries where the statutory provisions are insufficient.

Additional services such as preventive health care and family guidance are offered in Germany as well.

FINANCIAL YEAR

GENERAL CONDITIONS

As in the previous year, the global economy was characterized by different growth dynamics in Europe and the USA in 2014. Especially in Germany, Europe experienced a recovery from the economic slump of the previous year and concluded the year with slight overall economic growth. However, there was a loss of momentum during the course of the year. The economic situation in North America once again developed better than in Europe and could build on the strong previous year. Important industry indicators showed mostly favorable developments in North America, while a significant slowdown could be observed in Europe after positive figures at the beginning of the year.

OVERALL ECONOMIC CONDITIONS

In the 2013 annual report, TAKKT had predicted different growth paths for Europe and North America. The actual data of the year under review confirms these forecasts. Despite the weaker than expected development, especially in Germany, the gross domestic product (GDP) growth rate in Europe and the USA as a whole were on about the level expected.

In Europe, after a weak previous year with minus 0.4 percent, a slight increase of 0.8 percent in economic performance was achieved. In this context, the economic area benefited from a promising start in 2014. As of the second quarter, growth slowed down successively due to geopolitical risks as well as the restrained development, especially of certain major member countries of the eurozone.

With GDP growth of 1.5 (0.4) percent, Germany once again developed better than Europe during the year under review. However, comparable to the development in Europe, a significant weakening trend could also be seen in Germany during the course of the year. Overall, the expectations expressed in the 2013 annual report of 1.7 percent GDP growth were not met.

In the USA, GDP growth for 2014 was 2.4 (1.9) percent and therefore in the expected range of TAKKT. The economic momentum thus slightly improved compared to the previous year's level. At the beginning of the year, growth was initially adversely affected by the extraordinarily hard winter in North America. Positive countermovements then followed in the subsequent quarters. In addition, the settlement of the budget dispute at the beginning of the year had a positive impact on the economic development of the USA.

GDP growth for Europe, Germany and the USA

	GDP growth in percent		
	Actual 2013	Forecast 2014	**Actual 2014**
Europe	–0.4	0.9	0.8
Germany	0.4	1.7	1.5
USA	1.9	2.3	2.4

Source: Institute for the World Economy, Kiel (IfW), German Institute for Economic Research (DIW), Federal Bureau of Statistics, US Department of Commerce

INDUSTRY-SPECIFIC GENERAL CONDITIONS

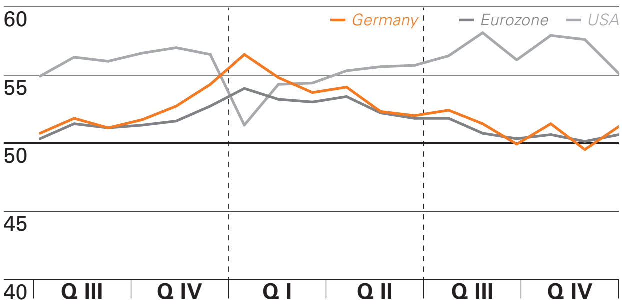
TAKKT uses different Purchasing Managers' Indexes (PMI) in order to better assess the anticipated development in the sales regions in the medium term. This refers to data from the manufacturing industry, which is compiled by different research institutes together with national associations and aggregated in an index. For TAKKT, purchase manager indexes with a lead time of three to six months are reliable indicators for order intake from the manufacturing industry. At TAKKT, the PMI values are especially relevant for the equipment business of the BEG European division as well as the US division PEG. The business development of the PSG also aligns itself more or less according to these indexes. It does so, however, with a shorter time delay and less closely than in the case of the BEG and the PEG due to the less cyclical nature.

- Values below the reference level of 50 points indicate that market volumes are in decline and that sales potential is deteriorating.

- In contrast, values over 50 suggest increased market volume and a better business outlook.

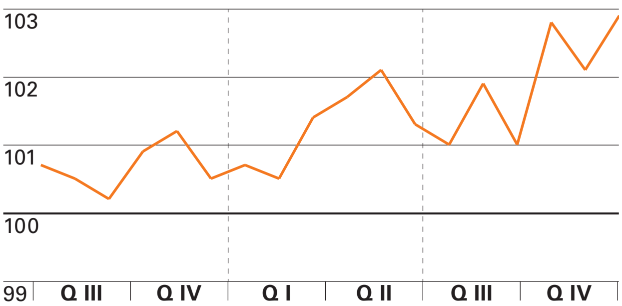
The PMI for the eurozone was consistently over the reference value of 50 from July 2013 to December 2014. The highest index values could be recorded at the beginning of 2014. During the course of the year, a downward tendency could be observed – as of the end of the year even to values that were just above the reference value. The result in Germany was similar, however the values here were almost always slightly higher. Only in September and November 2014 was a value of below 50 reported in Germany. The PMI in the USA was significantly above the level in Europe over most of the period under examination. The only recognizable slowdown at the beginning of 2014 was mainly due to the weather. As time went on, the index increased again to values significantly over 50.

Purchasing Managers' Indices July 2013 to December 2014



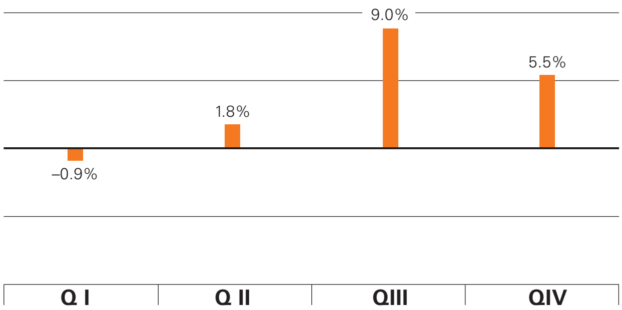
For the US division SPG, the Restaurant Performance Index (RPI) is a relevant early warning indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments on the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. Throughout all of 2014, a favorable development of the index could be seen. Compared to 2013, the RPI increased and was consistently above the 100-point mark, indicating a favorable industry climate. The December value of 102.9 represented the twenty-second month in a row with values above the reference of 100.

Restaurant Performance Index July 2013 to December 2014



With a view to the environment of the US OEG division, BIFMA's assessment on order intake is an industry indicator. BIFMA ("Business and Institutional Furniture Manufacturers Association") gathers the approximate order intake of the respective past month or quarter by means of a survey of companies in its industry. This order intake, which covers a good portion of the industry according to BIFMA, is compared with the figure of the previous year. A forecast function like the PMI, and to a lesser extent also the RPI, is not part of the BIFMA assessment. For the full year of 2014, the order intake reported by BIFMA was 3.8 percent above the previous year's level. Order intake in the first quarter of the year was below, in the three following quarters above the previous year's level. Especially in the third quarter a significant increase over the previous year was recorded, which can be attributed to demand from federal institutions. Their fiscal period ends in September, which is why numerous orders are usually placed in the weeks before. Demand, however, decreased significantly in the previous year due to the budget dispute, while in 2014 demand from government customers was just slightly below its original level.

BIFMA order intake in 2014 compared to the corresponding quarter of the previous year



As a whole, the economic situation in the year under review was at the lower end of expectations. However, the GDP growth rates improved over the previous year, which corresponds to the likely scenario described in the 2013 annual report. While after a harsh winter economic development in North America progressed strongly during the course of the year, momentum in Europe slowed down.

BUSINESS DEVELOPMENT

Despite the divided economic development in the core markets of Europe and North America, TAKKT can look back on a good 2014 financial year. The European economy continued to recover slowly from the recession of the previous years. In contrast, the business in North America grew stronger than expected, while demand from the public sector also increased significantly against the previous year. TAKKT was able to increase organic turnover by 5.5 percent and improve the growth rate during the course of the year.

GOOD BUSINESS DEVELOPMENT IN EUROPE, DISCONTINUATION OF TOPDEQ BUSINESS CONCLUDED

In view of the geopolitical uncertainty, the development of the European division Business Equipment Group (BEG) was rather restrained in the second quarter following a positive start to the year. It was, however, able to make progress again with regard to the growth rate in the second half of the year. As a supplier for business and industry, the companies of the BEG represent a business that is relatively dependent on economic trends. The revised web shop of the Group company KAISER+KRAFT EUROPA was rolled out across Europe and additions were made to the product range, such as absorbent sheeting and granulate for the effective absorption and containment of spilled liquids, for example.

The Packaging Solutions Group (PSG), the specialist for individual packaging solutions, developed positively as expected. In comparison with the plant and industrial equipment business, the packaging solutions business is less cyclical. The Group company Ratioform showed a favorable development, especially in the final quarter.

As planned, the Topdeq companies' operations were discontinued effective September 01, 2014. TAKKT was able to sell the Topdeq brand rights to a competitor.

NORTH AMERICAN BUSINESS EXCEEDS EXPECTATIONS

Of the divisions of the TAKKT AMERICA segment, the Office Equipment Group (OEG) grew particularly strongly. In 2014, the office equipment business for federal facilities normalized. During the previous year, the division recorded a significant decrease in turnover as a result of the US budget dispute. The business with companies, local government and educational institutions as well as the health sector developed very satisfactorily. In the year under review, the Group company NBF also started the Virtual Showroom, an industry-wide unique virtual exhibition space in which customers can have the features of the products offered on the web shop demonstrated to them live by trained personnel via interactive video chat.

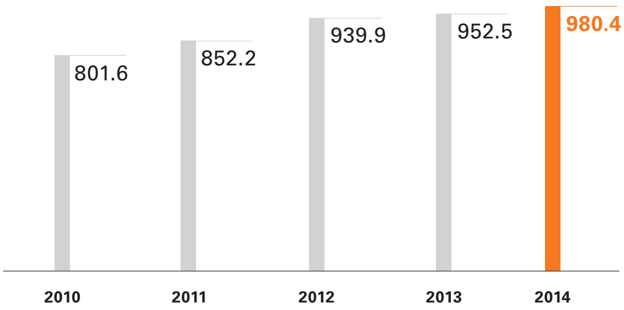
The Specialties Group (SPG) also developed very favorably. The Group company GPA with its web-focused Displays2Go brand experienced especially strong growth. In order to maintain the above-average growth rate in the TAKKT Group and avoid capacity bottlenecks, GPA began operation of a new warehouse in the year under review in Fall River, Massachusetts. Hubert, the US direct marketing leader for the food service industry and hotels, opened up a new purchasing office in Hong Kong in the year under review in order to drive forward the direct import strategy. In contrast, the Hubert business started in the previous year in the Netherlands was discontinued because the development of the value and growth drivers was considerably below expectations.

The Plant Equipment Group (PEG), provider of transport, storage, and plant equipment predominately for the manufacturing industry, performed increasingly better in the second half of 2014, but as a whole fell below expectations due to the intensely competitive environment. TAKKT's sale of the PEG to a North American competitor was effective as of January 30, 2015. Further information on this transaction can be found in the Subsequent events section on page 71.

TURNOVER AND EARNINGS REVIEW

In the year under review, the TAKKT Group was able to increase turnover by 2.9 percent. Without taking into account the expected negative effects from discontinuation of the Topdeq business and the slight negative currency effects, turnover even increased significantly by 5.5 percent. Organic growth was recorded in Europe as well as in the USA, where development of the businesses was particularly positive. The EBITDA margin increased to 14.0 percent in the year under review, placing it at the upper end of TAKKT's target corridor of 12 to 15 percent.

Turnover *in EUR million*



SIGNIFICANT INCREASE IN TURNOVER IN BOTH SEGMENTS

The TAKKT Group was able to increase turnover in the year under review to EUR 980.4 (952.5) million. This corresponds to year-on-year growth of 2.9 percent. The reported increase in turnover was adversely affected by the discontinuation of the Topdeq business as well as the slightly negative currency effects. The greatest negative impact on turnover in the reporting currency of euros resulted from the Canadian dollar as well as the Swedish krona and Norwegian krone. Adjusted for these two effects, turnover increased organically by 5.5 percent.

The development of turnover could even exceed the expected organic increase of three to five percent stated in the previous year's forecast report. The projected and particularly positive performance of TAKKT AMERICA could be attributed to reasons such as the favorable economic conditions as well as the catch-up effects in the business with federal institutions. However, TAKKT EUROPE also increased turnover organically compared to the previous year as was expected.

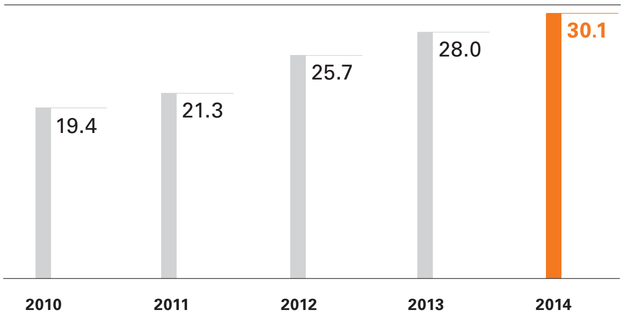
ORDER INTAKE VIA E-COMMERCE AS WELL AS TELESALES AND FIELD SALES CONTINUE TO GAIN IMPORTANCE

As part of the multi-channel PLUS strategy, a differentiation is made between marketing and sales impulses on the one hand and, on the other hand, the entry type of the order intake. In the allocation of order entries to the individual sales channels, only the intake method can be determined directly. Indirect conclusions about marketing or sales impulses can, however, be a valuable source of information with respect to the various links in multi-channel models. The order intake breakdown shows that the e-commerce business performed above average also in 2014. In the year under review, order intake via e-commerce amounted to EUR 295.4 (267.9) million. Its share of total order intake thus increased once again to 30.1 (28.0) percent. This also includes order intakes that were placed with TAKKT by telephone but initiated via the internet. This renewed increase in orders via e-commerce can be attributed to the positive development of the web-focused brands as well as the further intensification of e-commerce activities related to the multi-channel brands.

Key turnover and earnings figures

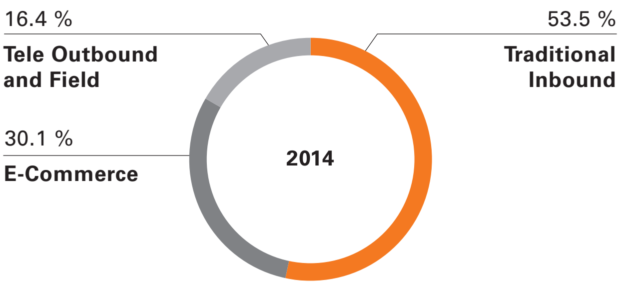
	2010	2011	2012	2013	2014
Turnover (in EUR million)	**801.6**	**852.2**	**939.9**	**952.5**	**980.4**
TAKKT EUROPE	467.1	507.3	515.1	525.4	519.8
TAKKT AMERICA	334.7	345.2	425.2	427.5	460.9
EBITDA (in EUR million)	**100.6**	**121.0**	**133.7**	**122.8**	**137.3**
TAKKT EUROPE	79.1	101.0	101.9	89.3	99.1
TAKKT AMERICA	28.9	28.6	41.3	42.2	47.6
EBITDA margin (in percent)	**12.6**	**14.2**	**14.2**	**12.9**	**14.0**
TAKKT EUROPE	16.9	19.9	19.8	17.0	19.1
TAKKT AMERICA	8.6	8.3	9.7	9.9	10.3

E-commerce share in order intake 2010–2014 *in %*



Order intake resulting from field sales and telesales orders could be increased further to 16.4 percent of consolidated turnover. This reflects the intensification of outbound activities carried out within the scope of the DYNAMIC initiative. Field activities include the traditional sales measures of field staff such as sales reps. Included in the orders that TAKKT allocates to tele-outbound are those that result from active telephone sales. The traditional order acceptance via the usual intake channels like telephone, fax or letters (traditional inbound) was still behind the bulk of the order volume with a share of 53.5 percent.

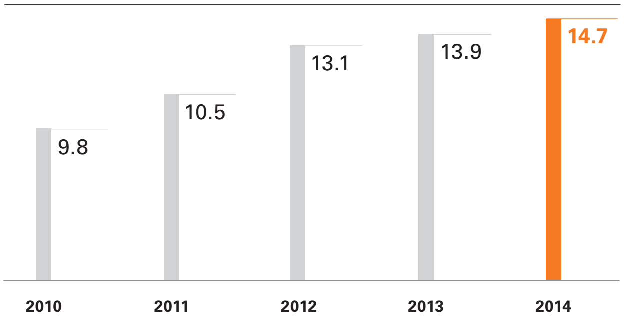
Order intake by intake method



HIGHER SHARE OF PRIVATE LABELS IN TOTAL ORDER INTAKE

The share of turnover of private labels was increased once again in 2014 to 14.7 (13.9) percent. TAKKT currently has 19 such brands, of which one was newly established in the financial year. It should be noted that with regard to GPA and Ratioform, which were acquired in 2012, the former has not yet introduced private labels, and the latter only recently. Adjusted for turnover generated by GPA and Ratioform, the share of private labels could be increased to 17.6 percent. TAKKT expects to considerably exceed the goal stated in 2011 of increasing the share of turnover with private labels to 20 percent by 2016 without the influence of GPA and Ratioform.

Share of private labels in order intake 2010–2014 *in %*



INCREASE IN ORDER NUMBERS AND AVERAGE ORDER VALUE

The number of orders in the year under review at 2.2 (2.2) million was slightly above the previous-year level. In contrast, the average order value in the Group increased more significantly. On average, the volume of one individual customer order came to EUR 450 (440). Both of these developments are adversely affected by discontinuation of the Topdeq business and, in the case of average order intake, by the somewhat negative currency effects. Without the Topdeq activities, the number of orders would have increased by around two percent. The average order value recorded an organic increase of around 3.5 percent. An organic improvement of both order intake value drivers was also projected for 2014 in last year's annual report.

Key figures for order intake

	2010	2011	2012	2013	2014
Number of orders in thousand	1,746	1,780	2,016	2,171	2,182
Average order value in euros	462	479	465	440	450

TAKKT EUROPE: GOOD PERFORMANCE IN BOTH DIVISIONS

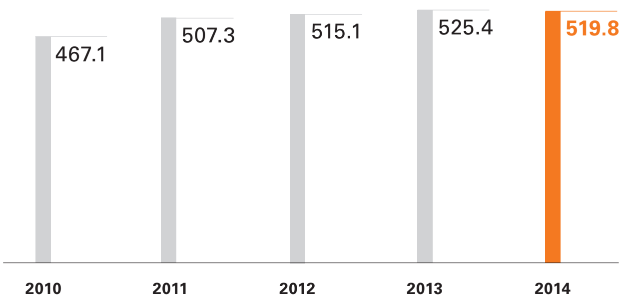
In 2014, turnover in the TAKKT EUROPE segment came to EUR 519.8 (525.4) million, which corresponded to a slight decline of minus 1.1 percent. The share in consolidated turnover thus decreased to 53.0 (55.1) percent. The decrease in turnover can be attributed to the discontinuation of the Topdeq business. As expected, turnover for the Topdeq business was impacted by the phase-out process and therefore significantly lower in the year under review than in the previous year. Currency effects, including those due to the weaker Swedish krona, Norwegian krone, Turkish lira and Czech koruna, also had a slightly negative impact on turnover for TAKKT EUROPE in the reporting currency of euros. In total, there were negative effects on the turnover development of the segment amounting to 4.2 percentage points due to the discontinuation of Topdeq and 0.2 percentage points due to currency effects. Adjusted for both of these effects, turnover for the TAKKT EUROPE segment increased by 3.3 percent. Based on this organic development of turnover, the number of orders remained at the level of the previous year, while the average order value increased.

Both divisions of TAKKT EUROPE contributed to this positive development of organic turnover. The BEG, which specializes in plant, warehouse and business equipment, recorded an increase in organic turnover in the low single-digit percentage range, which is attributable to the growth in virtually all brands and regions of the company. While the core market of Germany developed satisfactorily, the countries of Western Europe fell below expectations. The development in Eastern and Southern Europe was particularly positive. In the Chinese company as well, which is part of the BEG's sales region in the TAKKT EUROPE segment, positive double-digit growth could be achieved again in the country's currency.

The PSG division, which comprises the Ratioform group and specializes in the packaging solutions business, developed better than the BEG with turnover growth in the mid-single-digit percentage range. In this regard, the division benefited from measures including its intensified field sales activities in the German market. Development in Italy was also exceptionally strong compared to the previous year.

As announced in the previous year, activities under the Topdeq brand were gradually discontinued until September 01, 2014. The phase-out process at Topdeq was more successful than originally expected. The remaining activities in Germany and Switzerland in 2014 for the liquidation of existing inventories resulted in turnover of EUR 8.5 million, which was higher than initially expected. The phase-out process was thus successfully concluded in 2014.

Turnover TAKKT EUROPE *in EUR million*



TAKKT AMERICA: ABOVE-AVERAGE TURNOVER GROWTH IN SPG AND OEG DIVISIONS

In the 2014 financial year, turnover in the TAKKT AMERICA segment increased by 7.8 percent to EUR 460.9 (427.5) million. The share in consolidated turnover increased to 47.0 (44.9) percent. The positive increase in turnover was mainly spurred by the good economic situation, the normalization of demand from federal customers of the OEG division as well as the exceptional growth strength of Central and GPA, acquired in 2009 and 2012, respectively.

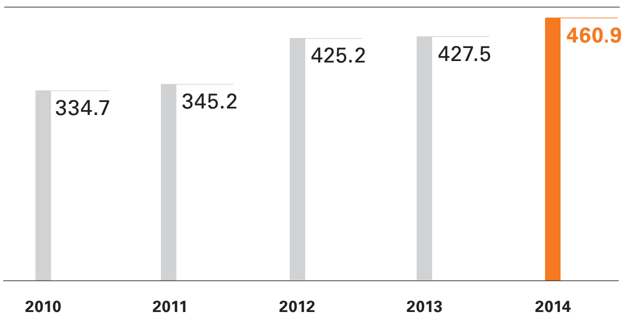
A slight opposing effect on turnover arose from the weaker average exchange rate of the Canadian dollar for the year as compared to the previous year, which took a toll on the turnover of TAKKT AMERICA in the reporting currency of euros. In organic terms, i.e., adjusted for currency effects, the increase in turnover of 8.1 percent was even higher. The organic growth in turnover was due in roughly equal measure to an increase in both the average order value and order numbers.

Within TAKKT AMERICA, virtually all divisions contributed to the strong business performance. Only the industry supplier PEG, which predominately serves the manufacturing industry, had to deal with a challenging market environment once again and recorded an organic decrease in turnover in the low single-digit percentage range.

In contrast, the SPG realized turnover growth in the high-single-digit percentage range in the country's currency. In addition to the positive development in the North American restaurant, food service and food retail area, as in the previous year the division benefited from the high growth trend at the Group company GPA, which specializes in display items.

The OEG division contributed strongly to the increase in turnover in the TAKKT AMERICA segment. Increase in turnover in US dollars was in the low double-digit percentage range. While demand from the American federal agencies was adversely affected by the unresolved budget situation in the previous year, the original level of demand was almost reached again in the year under review as a result of the solution to the budget dispute. This had a significant positive effect on the OEG's business with government customers. Outside of this customer group, the OEG could also record positive growth over the previous year.

Turnover TAKKT AMERICA *in EUR million*



TURNOVER BY REGION: SLIGHT INCREASE IN US SHARE

Due to currency and acquisition effects as well as the different general economic conditions in North America and Europe, the regional turnover spread developed as follows:

- Turnover of the business in Germany increased to EUR 245.7 (243.3) million. The share in consolidated turnover decreased slightly to 25.1 (25.5) percent.

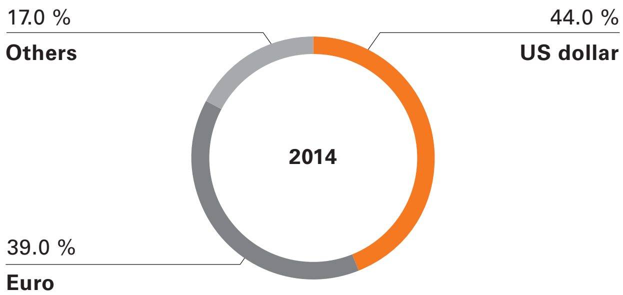
- Turnover of the other European business decreased to EUR 273.5 (282.4) million. The share in consolidated turnover of 27.9 (29.6) percent was slightly below the previous-year level.

- In the USA, turnover increased amounted to EUR 431.9 (397.3) million. The share in consolidated turnover therefore increased to 44.0 (41.7) percent.

- The share of turnover for the other regions – China, Japan, Mexico and Canada – decreased slightly to 3.0 (3.1) percent, corresponding to EUR 29.3 (29.6) million.

- 39.0 (40.7) percent of the consolidated turnover was realized in the reporting currency of euros. The US dollar portion came to 44.0 (41.7) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, had a total share of 17.0 (17.6) percent.

Turnover by currency



SLIGHT DECLINE IN GROSS PROFIT MARGIN OF GROUP

In the year under review, the gross profit margin of the Group decreased to 42.6 (43.6) percent. This decrease can be partially attributed to the planned discontinuation of the Topdeq business. The share of orders with a traditionally high gross profit margin as a result of the business model was considerably lower in 2014 than in the previous year. In addition, the liquidation of inventories in 2014 was also associated with comparatively low gross profit margins. Without Topdeq, the gross profit margin of the Group would have been 42.7 (43.5) percent.

The gross profit margins at the segment level were also lower in the year under review after adjusting for the Topdeq effect. One of the reasons for this is the change in the product and customer mix at the individual sales companies. At TAKKT EUROPE, this can be seen especially in the PSG division. In the TAKKT AMERICA segment, the PEG was not able to achieve the gross profit margin of the previous year due to the intense market environment and increasing share of turnover of lower margin activities. In addition, the gross profit margin decrease at the Group level is attributable to a slight structural shift. In 2014 TAKKT AMERICA achieved a higher growth than TAKKT EUROPE, but generated a lower gross profit margin in structural terms. This has to do with the different product ranges and markets of both segments.

The expectations stated in last year's forecast report, in which stable gross profit margins were forecast at the division level, could thus not be fully achieved. As a whole, the gross profit margin was nevertheless significantly above the long-term target value of more than 40 percent.

COSTS FOR PERSONNEL AND MARKETING: DISCONTINUATION OF TOPDEQ AS WELL AS STRUCTURAL SHIFT DUE TO MULTI-CHANNEL STRATEGY

Personnel expenses increased in the year under review by 3.3 percent to EUR 145.5 (140.9) million. Without the effects from the discontinuation of Topdeq, personnel expenses would have increased by 6.0 percent.

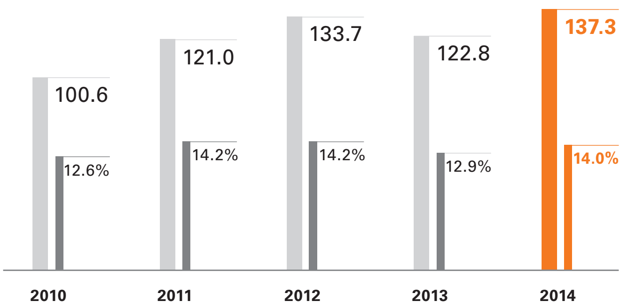
Due to the intensified expansion of multi-channel telesales and field sales activities as part of the DYNAMIC initiative, a structural shift from advertising to personnel expenses can be observed. In 2014, these personnel-intensive sales activities did thus far result in comparatively low turnover. The personnel expenses ratio (in percent of turnover) remained stable compared to the previous year at 14.8 (14.8) percent; however, without Topdeq it would have increased slightly from 14.5 to 14.6 percent.

Through the structural shift from advertising to personnel expenses, the expenses for print and online marketing once again developed disproportionately to turnover. In addition, the effects due to the significantly lower advertising costs at Topdeq can be seen here.

GROUP EBITDA MARGIN IN UPPER RANGE OF TARGET CORRIDOR

The important key performance indicator for the TAKKT Group for operational profitability is the EBITDA (earnings before interest, taxes, depreciation and amortization). In the year under review, EBITDA increased over the previous year by 11.9 percent to EUR 137.3 (122.8) million due to the positive development of turnover as well as lower one-off costs. In relation to consolidated turnover (EBITDA margin), an increase to 14.0 (12.9) percent could be achieved. The margin was thus in the upper range of the target corridor of 12 to 15 percent.

EBITDA *in EUR million*/**Margin** *in %*



Compared to the previous year, it should be mentioned that 2013 was adversely affected by one-off costs. The effects from the discontinuation of Topdeq's operating business, the adjustment of the purchase price liability for payment to the former owners of the Group company GPA as well as the compensation payment in connection with the option to expand the mail order center in Kamp-Lintfort came to roughly EUR twelve million in the previous year.

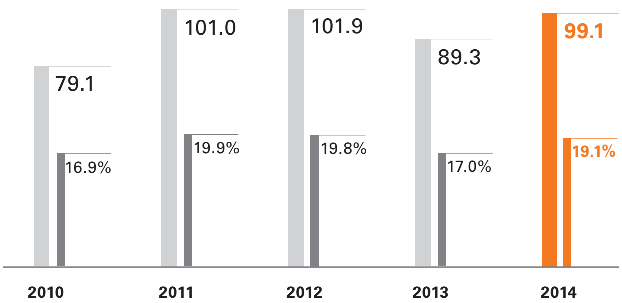
In the year under review, the realized turnover growth and associated better utilization of the direct marketing infrastructure had a particularly positive effect. In contrast, transaction costs of EUR 1.3 million from the contractually agreed sale of the PEG division at the end of 2014 had an adverse impact on earnings. The initiatives started within DYNAMIC resulted in expenditures of around EUR 4.6 million. The negative impact from the discontinuation of the Topdeq business was considerably less than expected at the beginning of the year and below EUR one million for 2014.

Another adverse effect on the EBITDA margin is due to the turnover-related increase of the share in profit of the TAKKT AMERICA segment, whose margin is below the Group average.

TAKKT EUROPE: INCREASE OF EBITDA MARGIN DUE TO DISCONTINUATION OF TOPDEQ BUSINESS

In the year under review, EBITDA in the TAKKT EUROPE segment rose by 11.0 percent to EUR 99.1 (89.3) million. This is primarily attributable to the discontinuation of Topdeq's unprofitable activities. This was offset in the year under review by expenses for DYNAMIC in the amount of around EUR 2.3 million. Compared to the previous year, it should also be noted that EBITDA in 2013 was affected by the compensation payment for not exercising the expansion option in Kamp-Lintfort as well as the one-off costs in connection with the discontinuation of Topdeq's operations. These effects amounted to EUR 8.2 million in total.

EBITDA TAKKT EUROPE *in EUR million*/**margin** *in %*

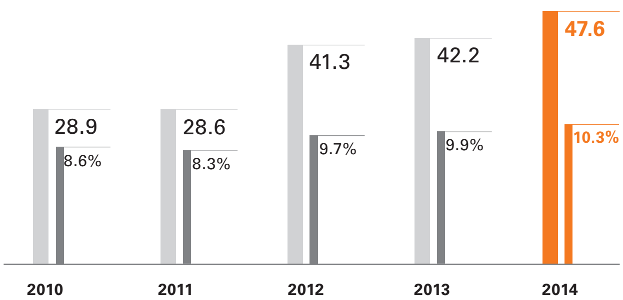


The EBITDA margin increased to 19.1 (17.0) percent, so that it once again fell significantly above the upper end of the target corridor for the Group. Also adjusted for the referred to one-off costs of the previous year, the profitability of TAKKT EUROPE could be increased by 0.5 percentage points. This was mainly attributable to the discontinuation of the Topdeq business, which previously only made a small contribution to the operating result. Adjusted for one-off costs, profitability in the year under review saw a slight decrease in the remaining divisions. In addition to the expenses in relation to DYNAMIC, the declining gross profit margin was also responsible for the decrease in profitability in the divisions, especially in the PSG. The higher level of capacity utilization had a positive impact due to the favorable development of turnover. With regard to profitability, the PSG is still the front-runner of the segment. The EBITDA margin for the BEG also remains significantly above the target corridor for the Group as a whole.

TAKKT AMERICA: EBITDA MARGIN IN DOUBLE-DIGIT PERCENTAGE RANGE

In the TAKKT AMERICA segment, EBITDA increased by 12.6 percent to EUR 47.6 (42.2) million. This increase encompassed all divisions of the segment. In contrast, along with the aforementioned transaction costs for the sale of the PEG division of EUR 1.3 million, expenses in connection with the DYNAMIC initiative at TAKKT AMERICA, too, had a negative effect on earnings of EUR 2.3 million. In the previous year, there were negative effects on earnings in the amount of EUR 3.6 million due to the adjustment and stipulation of the variable purchase price liability in connection with GPA.

EBITDA TAKKT AMERICA *in EUR million*/**margin** *in %*



The EBITDA margin of the TAKKT AMERICA segment increased to 10.3 (9.9) percent, putting it in the double-digit percentage range. Adjusted for expenses from the adjustment of the purchase price liability in the previous year as well as the transaction costs in 2014 in connection with the sale of the PEG, the EBITDA margin of 10.6 (10.7) percent was 0.1 percentage point lower than in the previous year. This decrease is attributable to the expenses in connection with DYNAMIC and a slightly lower gross profit margin. PEG's EBITDA margin in the low single-digit range was still significantly below the average. Despite the slight decline of the SPG's EBITDA margin adjusted for the one-off costs of the previous year, its profitability was still the highest. The profitability of the OEG remained constant at just below the double-digit margin range.

COMPARISON WITH PREVIOUS-YEAR FORECAST

In the report for the 2013 financial year, a slight decline in the margin performance after adjusting for the one-off effects of 2013 as well as the positive effect resulting from the Topdeq closing had not been ruled out at the segment level for 2014. The reason given for this was the adverse effect relating to the DYNAMIC initiative. This development was confirmed in 2014. As forecast, profitability for TAKKT AMERICA was in the double-digit percentage range and that of TAKKT EUROPE significantly above the target corridor of the Group. In the forecast report of the previous year, an EBITDA margin in the middle range of the target corridor was expected for the TAKKT Group. This expectation was exceeded due to the fact that organic growth was above projections and that the discontinuation of Topdeq's operations went better than anticipated. In fact, TAKKT's EBITDA margin of 14.0 percent was in the upper range of the target corridor.

DEPRECIATION AND INTEREST BELOW PREVIOUS-YEAR LEVEL

Depreciation and amortization decreased slightly to EUR 26.5 (26.9) million in the year under review. Foremost, planned amortization of intangible assets from past acquisitions decreased. It came to EUR 11.0 (12.1) million in the year under review. In contrast, there was an increase in depreciation and amortization in relation to both capital expenditure and DYNAMIC.

Extraordinary expenses such as on impairment of recognized goodwill were not incurred in 2014 or in the previous year. Earnings before interest and tax (EBIT) of EUR 110.8 (95.8) million represent a significant increase of 15.6 percent over the previous-year figure. The EBIT margin rose to 11.3 (10.1) percent.

Financial debt could be significantly reduced in the year under review, which resulted in lower interest payments. Overall, the financial result came to minus 11.5 (minus 14.6) million. This resulted in profit before tax of EUR 99.3 (81.2) million.

INCREASE IN PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

The tax ratio decreased from 35.3 percent in the previous year to 33.9 percent. This is mainly due to one-time effects resulting from restructuring costs related to the discontinuation of the foreign operations of Topdeq division in the previous year that could not be claimed against tax.

In total, the profit for the period increased by 25.1 percent to EUR 65.7 (52.5) million. Earnings per share increased accordingly to EUR 1.00 (0.80) based on the unchanged weighted average number of shares of 65,610,331.

FINANCIAL POSITION

TAKKT has centralized financial management, which ensures the creditworthiness and financing capability of the Group for the long term. The Group can make use of expansion opportunities on short notice at any time. The financing structure of the Group is balanced and optimized. In the year under review, TAKKT was able to repay parts of the outstanding promissory note (Schuldschein) early and refinance at considerably more favorable conditions. TAKKT cash flow and free TAKKT cash flow were significantly higher than the previous year.

CENTRALIZED FINANCIAL MANAGEMENT LIMITS FINANCIAL RISKS

The financial management of the TAKKT Group includes the management and allocation of all financial resources with the primary goal of securing liquidity at any time. In addition, TAKKT pursues the following goals within the scope of financial management:

- Safeguarding the independence and flexibility of the Group as well as all the Group companies through a diversified financing structure with sufficient available credit lines at all times,

- limiting financial risks through hedging of interest and currency risks as well as limiting counterparty risks,

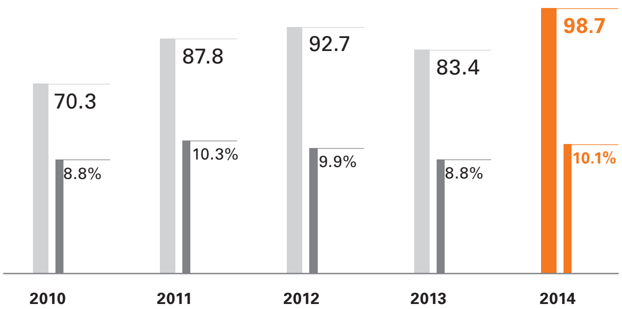
- optimization of financing conditions through an appropriate mix of short- and long-term financing instruments,

- efficient use of intercompany cash and cash equivalents through the use of cash pooling agreements, whereby liquidity surpluses of the individual companies are used for financing the liquidity requirements of other Group companies.

SIGNIFICANT INCREASE OF TAKKT CASH FLOW

One of the important strengths of the TAKKT business model consists in the high internal financing power. In the year under review, the Group once again generated a high surplus of cash. TAKKT cash flow – defined as the result for the period plus depreciation and amortization, impairment of non-current assets and deferred taxes affecting profit and loss – totaled EUR 98.7 (83.4) million. TAKKT cash flow per share increased to EUR 1.50 (1.27), and the TAKKT cash flow margin in relation to turnover to 10.1 (8.8) percent. From 2010 to 2014, it ranged between 8.8 and 10.3 percent, which underscores the sustainable cash flow strength of the business model.

TAKKT cash flow *in EUR million* **and cash flow margin** *in %*



On account of the positive development of TAKKT cash flow, the cash flow from operating activities in the year under review increased significantly to EUR 101.2 (77.7) million. In addition, in the year under review, a total of EUR 2.5 million was freed up in terms of liquidity due to the development of net working capital and other adjustments, while EUR 5.7 million were committed in the previous year. The increase in net working capital of EUR 4.4 million due to the operational development in 2014 was compensated by other non-cash expenses and income in the TAKKT cash flow amounting to EUR 6.9 million.

Managerial presentation of free TAKKT cash flow *in EUR million*

	2010	2011	2012	2013	2014
TAKKT cash flow	**70.3**	**87.8**	**92.7**	**83.4**	**98.7**
Change of net working capital as well as other adjustments	18.1	–8.4	10.6	–5.7	2.5
Cash flow from operating activities	**88.4**	**79.4**	**103.3**	**77.7**	**101.2**
Capital expenditure in non-current assets	–6.7	–9.3	–8.5	–9.6	–13.6
Divestitures from non-current assets	0.4	2.2	0.5	0.3	0.5
Free TAKKT cash flow	**82.1**	**72.3**	**95.3**	**68.4**	**88.1**

The business model of the TAKKT Group is not very capital intensive, which is why capital expenditure in non-current assets are generally rather low. TAKKT's long-term goal is a capital expenditure rate (capital expenditure for the maintenance, expansion and modernization of the business operations in relation to turnover) of one to two percent. The capital expenditure rate in the year under review was in the middle of this range with 1.4 (1.0) percent also due to the Group-wide DYNAMIC growth and modernization initiative.

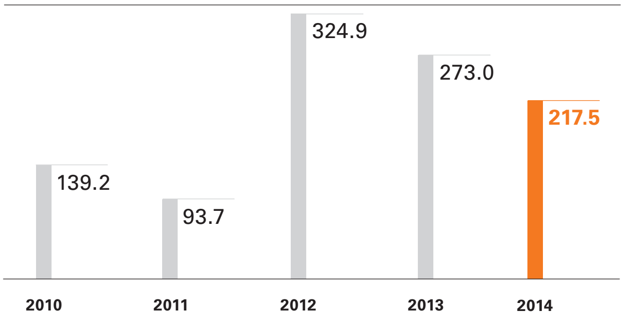
In the year under review, TAKKT invested a total of EUR 13.6 (9.6) million, of which EUR 8.2 (5.5) million related to the TAKKT EUROPE segment and EUR 5.3 (4.0) million to the TAKKT AMERICA segment. TAKKT invested EUR 4.5 million in connection with DYNAMIC. In addition, EUR 2.6 million were allocated to setting up a new warehouse for the Group company GPA, which supports its strong growth.

After deducting the investments in non-current assets and the inflows from divestitures of non-current assets, the remaining free TAKKT cash flow in the year under review was EUR 88.1 (68.4) million. In 2014, this available cash flow was offset by the payment of a dividend totaling EUR 21.0 million or 40.0 percent of the profit for the period in the 2013 financial year. In principle, TAKKT distributes at least 30 percent of profit for the period as a dividend. The remaining amount was used for repayment of the financial debt.

Taking into account all of the financing activities of the Group, cash and cash equivalents came to EUR 4.0 (5.9) million as of December 31, 2014. Details on the generation and use of cash flow are shown in the cash flow statement of this annual report.

Net borrowings (i.e., borrowings less cash and cash equivalents) were reduced by EUR 55.5 million to EUR 217.5 (273.0) million due to the high free TAKKT cash flow after deducting the dividend. This decrease resulted mainly from repayment of borrowings in the amount of EUR 68.7 million. This was counteracted mainly by currency effects. The business model of the TAKKT Group, which features strong cash flows, allows a significant reduction of net borrowings in years without acquisitions. In years with acquisition activities, generally there is an increase.

Development of net borrowings *in EUR million*



DIVERSIFIED FINANCING, BALANCED MATURITY PROFILE

TAKKT places great importance on the conservative, long-term oriented and diversified financing of the business. The financing activities of the Group are centrally managed and are mainly in the EUR and USD currency areas. TAKKT primarily uses the following financing instruments:

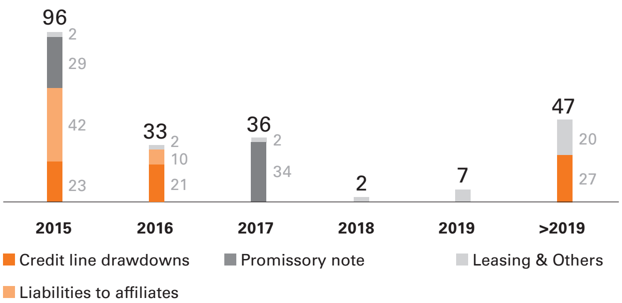
- Committed bilateral credit lines with 13 financial institutions are the focus of the financing portfolio. In particular, short-term (terms of less than 18 months) and long-term (terms of more than 18 months) credit lines are concluded, which are renewed for an additional year on an annual basis. With long-term commitments, the agreements are almost exclusively for five years. The credit agreements are unsecured and do not include any financial covenants. As of the reporting date, liabilities to financial institutions came to EUR 71.2 (97.6) million.

- Since October 2012, TAKKT has been using a promissory note (Schuldschein) of EUR 140 million consisting of four tranches with terms of three to five years as well as fixed and variable interest rates. In September 2014, TAKKT exercised its right to cancel the variable rate promissory notes (Schuldschein) of EUR 77.5 million, effective October 20, 2014. By taking this step, TAKKT was able to benefit from the improved financing environment. The refinancing was carried out at significantly more favorable conditions. As of the reporting date, the recognized liabilities related to the promissory note (Schuldschein) came to EUR 62.4 (139.7) million.

- Individual leased buildings and plant installations are used at TAKKT through finance leases. The liabilities from finance leases as of the reporting date came to EUR 35.4 (37.4) million.

The average remaining terms and interest rates of the borrowings in the TAKKT Group are shown in the Notes to the consolidated financial statements in section 22. The maturity structure of the borrowings as of the reporting date is as follows:

Maturity profile borrowings of the TAKKT Group
in EUR million



In addition to the credit line drawdowns, the Group also had free committed credit lines of EUR 173.0 (153.7) million available to it, of which EUR 72.1 (67.4) million are short-term credit lines and EUR 100.9 (86.3) million are long-term credit lines. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

Due to the diversification of the financing portfolio with regard to financing sources and terms, the independence and entrepreneurial scope of action of the TAKKT Group is ensured in the long term. The relationship of trust that the company has built with the creditors over many years also contributes to this. Regular face-to-face conversations and an annual Bankers' Day take place, in which detailed information on the current development of the company is provided.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS ONLY FOR HEDGING PURPOSES

As a global player, TAKKT is exposed to risks arising from fluctuations in exchange rates and market interest rates. The goal of finance risk management is to regularly monitor these financial risks and limit them provided it is economically feasible. In dealing with derivative financial instruments, harmonized regulations ensure that no financial transactions outside of an established framework are carried out without the prior approval of the Management Board. Derivative financial instruments are only concluded for hedging purposes in relation to the hedged item. In addition, financial transactions are carried out exclusively with business partners who have been approved for this purpose and meet a certain credit rating. In line with the hedging policy, TAKKT's goal for interest rate risks is a hedge ratio of 60 to 80 percent. Currency risks are hedged to around 70 percent of the net position. Details on the use and evaluation of these financial instruments can be found in the Risk report as well as the Notes to the consolidated financial statements.

INTERNAL COVENANTS ON CAPITAL MANAGEMENT IN THE TARGET CORRIDOR

All covenants, which TAKKT uses internally for the long-term management of its financial structure, are within the internally set target corridor as of the reporting date. They thus underscore the solid financing of the Group and provide the framework for future growth. TAKKT strives to achieve a balance between security and profitability. The objective is to ensure sufficient financial scope for growth and difficult times on the one hand as well as an appropriate interest return on total capital employed on the other.

As of the reporting date, the equity ratio of 43.8 (39.0) percent was significantly over the value of the previous year and thus within the middle range of the target corridor of 30 to 60 percent. The main reason for the higher equity ratio was the increase in shareholders' equity due to the positive result for the year with virtually unchanged total assets. Due to the simultaneous significant decrease in net borrowings, gearing also improved to 0.6 (0.8). The debt repayment period is 2.5 (3.6) years. In the year under review, TAKKT was able

Internal covenants

	Self-imposed target	2010	2011	2012	2013	2014
Equity ratio	30 to 60 percent	46.5	54.7	34.7	39.0	43.8
Debt repayment	< 5 years	2.4	1.2	2.2	3.6	2.5
Interest cover	> 4	9.0	12.2	9.5	6.4	9.8
Debt-equity-ratio (gearing)	< 1,5	0.6	0.3	1.1	0.8	0.6

to decrease net financing expenses over 2013; at the same time, the operating result before amortization of goodwill increased, whereby the interest cover is now 9.8 (6.4). The method of calculation and definition of the key figures are presented in the Notes to the consolidated financial statements.

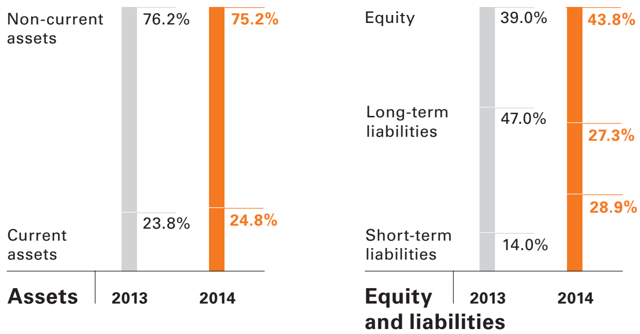
ASSETS POSITION

On December 31, 2014, TAKKT concluded an agreement with the American company Global Industrial to dispose of the membership interests in companies belonging to the Plant Equipment Group (PEG). PEG's assets and liabilities were therefore reported under separate current balance sheet items on both the assets and liabilities side as held for sale. Balance sheet ratios of the TAKKT Group in the year under review remained largely unaffected. The replacement of long-term credit lines with more cost-efficient short-term credit lines, which did not have an impact on the general solidity of the Group, resulted in a higher share of current liabilities in total equity and liabilities. As a result of the virtually complete coverage of non-current assets through shareholders' equity and non-current liabilities, TAKKT continues to have a solid long-term financing structure.

LITTLE CHANGE ON ASSETS

Due in particular to currency effects of EUR 44.7 million, total assets in the year under review increased by 3.6 percent to EUR 882.5 (851.8) million.

Balance sheet structure of the TAKKT Group



As of the reporting date, non-current assets of EUR 663.6 (649.0) million made up 75.2 (76.2) percent of the assets. While amortization and depreciation for intangible assets and property, plant and equipment in the amount EUR 26.5 million was offset by capital expenditures in the amount of EUR 13.6 million and the non-current assets of the PEG in the amount of EUR 3.8 million were reclassified as current assets, positive currency effects totaling EUR 33.3 million resulted in an increase in non-current assets. No impairment of goodwill was necessary on the basis of the impairment tests performed. With 53.8 (52.8) percent, goodwill continues to makes up the major part of assets recognized on the balance sheet.

Leased assets appear as assets in the balance sheet if they are classified as finance leases in economic terms. In the TAKKT

Group, this especially applies to the mail order center of the BEG division in Kamp-Lintfort as well as the central warehouse of the PSG division in Munich. They are shown under non-current assets with EUR 33.7 (36.1) million.

Customer and supplier relationships, brand values or internal expertise can, regardless of their significance for the TAKKT Group, only be recognized as intangible assets if they are in accordance with the conditions of IAS 38. This is not the case with regard to the intangible assets generated within the TAKKT Group. Accordingly, these figures are not recognized. In the case of the acquisition of entire companies, some of the intangible assets are recognized in the consolidated financial statements within the scope of first-time consolidation in accordance to IFRS 3 if they are identifiable and can be measured independently. The corresponding recognition in the balance sheet represents a good indicator for the value potential of these assets. For example, an amount of US dollars 35.5 million was recognized for customer relationships for the acquisitions of NBF (2006), Central (2009) and GPA (2012) and of EUR 42.1 million for the acquisition of Ratioform (2012). The reduced amortized value of these customer relationships as of the reporting date comes to EUR 31.4 (38.7) million. The value of the brands in the TAKKT Group recognized as of December 31, 2014 came to EUR 27.3 (25.2) million.

Current assets came to EUR 218.9 (202.8) million or 24.8 (23.8) percent of total assets as of December 31, 2014. The reclassification of inventories and trade receivables of the PEG according to IFRS 5 and in the amount of EUR 9.4 million and EUR 7.7 million respectively, did not have an impact on the reported amount of current assets. Despite positive currency effects of EUR 6.3 million and EUR 3.4 million as well as an operating increase of EUR 2.2 million and EUR 1.2 million, reported inventories instead decreased from EUR 83.4 million to EUR 82.6 million and reported trade receivables from EUR 86.3 million to EUR 83.3 million as of the reporting date. Customers' payment behavior was reliable as usual with an accounts receivable term of 31 (32) days, and the loss of receivables remained low as in the previous year with a write-off rate of below 0.2 percent. Consequently, there was no impact on the development of trade receivables.

In the TAKKT Group, there are no off-balance-sheet financial instruments such as the sale of accounts receivable or asset-backed securities. The Group concluded operating leasing agreements with future payment obligations totaling EUR 54.1 (46.5) million, e.g., for warehouses, office buildings, plant and office equipment and vehicles. These leasing agreements were not capitalized under IAS 17 and are therefore not reported under assets.

Key figures for assets position *(in EUR million)*

	2010	2011	2012	2013	2014
Non-current assets	**377.8**	**376.9**	**679.9**	**649.0**	**663.6**
in % of Total assets	69.8	68.6	77.7	76.2	75.2
Current assets	**163.6**	**172.9**	**194.6**	**202.8**	**218.9**
in % of Total assets	30.2	31.4	22.3	23.8	24.8
Total assets	**541.4**	**549.8**	**874.5**	**851.8**	**882.5**
Total Equity	**251.7**	**301.0**	**303.7**	**332.5**	**386.8**
in % of Total equity and liabilities	46.5	54.7	34.7	39.0	43.8
Non-current liabilities	**161.0**	**127.4**	**440.7**	**400.0**	**241.0**
in % of Total equity and liabilities	29.7	23.2	50.4	47.0	27.3
Current liabilities	**128.7**	**121.4**	**130.1**	**119.3**	**254.8**
in % of Total equity and liabilities	23.8	22.1	14.9	14.0	28.9
Total equity and liabilities	**541.4**	**549.8**	**874.5**	**851.8**	**882.5**

INCREASE OF EQUITY RATIO, REDUCTION OF LIABILITIES

In light of profit for the period of EUR 65.7 (52.5) million, the unchanged dividend payout of EUR 21.0 million, the positive currency effects of EUR 19.6 million as well as the negative effects from the remeasurement of pension provisions of EUR 10.1 million, total equity increased to EUR 386.8 (332.5) million as of December 31, 2014. The total equity ratio increased significantly to 43.8 (39.0) percent, leaving it in the middle of the target corridor of 30 to 60 percent.

Accounting for 27.3 (47.0) percent of the liabilities side were non-current liabilities in the amount of EUR 241.0 (400.0) million. The most significant item was still represented by non-current borrowings, which, however, decreased to EUR 125.3 (253.1) million in the year under review. In September 2014, TAKKT exercised its cancellation right for the floating rate part of the promissory note (Schuldschein) in the amount of EUR 77.5 million. The fixed tranches of the promissory note (Schuldschein) in the amount of EUR 29.0 million due in 2015 were reclassified as current. In addition, drawdowns on long-term credit lines were reduced by EUR 42.0 million and replaced by drawdowns on more favorable short-term ones. Deferred tax liabilities increased from EUR 51.8 million to EUR 57.5 million, which is mainly attributable to the increase in the difference between the goodwill balance in tax and IFRS balance sheet in the American Group companies due to scheduled tax amortization. The share of provisions for pension obligations increased to 6.0 (4.2) percent of total assets. This is mainly attributable to the further decrease in interest rates in the eurozone, resulting in an increase in these provisions without an effect on profit or loss.

Other non-current liabilities of EUR 0.4 (52.3) million in the previous year mainly involved the purchase price liability related to the former owners of the American Group company GPA. Since the second tranche of the purchase price is due in the first quarter of the 2015 financial year, the corresponding purchase price liability of EUR 61.0 million was now reclassified from other non-current liabilities to other current liabilities.

Due to the replacement of long-term credit lines with short-term credit lines as well as reclassification of the purchase price liability and parts of the promissory note (Schuldschein), current liabilities increased to EUR 254.8 (119.3) million, which corresponds to 28.9 (14.0) percent of total assets. In contrast, current provisions decreased from EUR 18.9 million to EUR 17.0 million. Income tax payables of EUR 6.2 (6.1) million continued to be of minor significance.

COMPANY PERFORMANCE

The target values of all financial performance indicators were reached in the year under review. With regard to the DYNAMIC initiative and the sustainability targets, the Group is also on course.

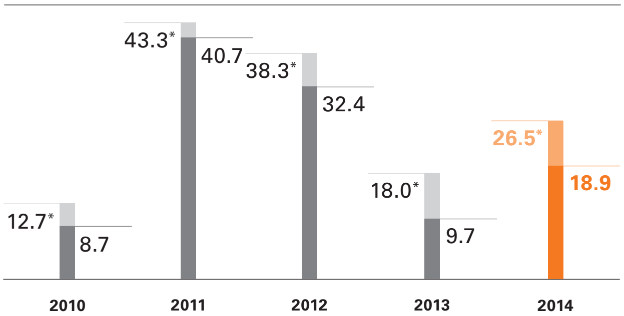
SOLID FINANCIAL KEY MANAGEMENT FIGURES

The financial key figures that TAKKT uses for internal management of the Group were defined in the Management system section of this annual report. The development of these key indicators is shown in the table on page 69.

The development of the key figures organic turnover development, gross profit margin and EBITDA margin, as well as order intake were explained in detail in the Turnover and earnings review section of this annual report. The development of TAKKT cash flow and the capital expenditure rate can be found in the Financial position section.

The TAKKT value added increased significantly by EUR 9.2 million to EUR 18.9 (9.7) million. The resulting operating result after tax generated for calculation of the TAKKT value added increased over the previous year by a total of EUR 9.4 million and amounted to EUR 77.0 (67.6) million. This development is mainly attributable to the general positive business development, the absence of one-off costs compared to the previous year and the effect from the discontinuation of the Topdeq business (for more information, see the Turnover and earnings review section). An opposite effect resulted from the transaction costs in connection with the agreed sale of the PEG division in 2014 as well as expenses for the DYNAMIC initiative. Compared to the previous year, the TAKKT value added also benefited from the scheduled decrease of the amortization of intangible assets resulting from company acquisitions by a total of EUR 1.1 million. With regard to the absolute value of the TAKKT value added, the amortization of intangible assets mentioned had a negative impact on the generated operating result after tax in the year under review of EUR 7.6 (8.4) million. Without amortization of intangible assets and the related tax effect, the TAKKT value added would have come to EUR 26.5 (18.0) million. The average capital employed remained virtually unchanged in 2014 compared to the previous year. Using the weighted average cost of capital after tax of 8.1 (8.1) percent, the total cost of capital came to EUR 58.1 (57.9) million.

TAKKT value added *in EUR million*



* *Adjusted for amortization of intangible assets resulting from acquisitions and the related tax effect.*

In the year under review, the Return on Capital Employed (ROCE) of 14.4 (12.5) percent was also significantly above the figure of the previous year. The reasons for this development were also the positive market environment, the absence of the one-off costs of the previous year as well as the positive effect from the discontinuation of the Topdeq business. As forecast in the 2013 annual report, the key figures of both the TAKKT value added and ROCE could thus be increased significantly. At the same time, the target values stated in the Management system section were exceeded.

DYNAMIC INDICATORS WITHIN SCOPE OF EXPECTATIONS

In order to be able to measure the success of the strategic DYNAMIC growth and modernization initiative, TAKKT has defined seven growth drivers which are measured with indicators. Each of these indicators has Group-wide targets to give orientation, which are described in the Innovation and development section on page 47. The development of these key indicators is shown in the table on page 70.

- In the 2014 financial year, the share of new products in order intake increased in all divisions of the Group. This increase is partly due to the definition of the indicator: It includes the turnover with products that were incorporated into the range as of the beginning of 2013. Consequently, orders for products that were newly established in the previous two years will be recorded for 2014 and only those in one year for 2013. In addition, the TAKKT companies introduced more new products in 2014 than in the previous year.

- With the exception of the PEG, the share of private labels in order intake increased in all divisions. In assessing this key figure, it should be noted that GPA and Ratioform, which have recorded extraordinarily rapid growth, have not yet realized significant turnover with private labels in the year under review. At the end of 2014, Ratioform introduced one private brand, which will generate relevant turnover for the first time in 2015.

- The direct import share of purchase volume increased slightly in the year under review at the Group level. This is attributable to a slight fluctuation of this percentage at the Group company GPA, which purchases around three-quarters of its volume from overseas and is thus responsible for nearly half of the direct imports of the Group. In the other divisions, this figure developed positively. The Group company Hubert opened a new purchasing office in Hong Kong, which allowed it to further increase the share of direct imports.

- The share of web-only products in the entire product range grew significantly in nearly all divisions. An exception here is the PSG, for which the web-only products are of minimal strategic importance.

Development of key financial indicators

	2010	2011	2012	2013	2014
Organic turnover in percent	4.8	7.3	–2.8	–2.6	5.5
Number of orders in thousands	1,746	1,780	2,016	2,171	2,182
Average order value in EUR	462	479	465	440	450
Gross margin in percent	42.9	43.3	43.3	43.6	42.6
EBITDA margin in percent	12.6	14.2	14.2	12.9	14.0
TAKKT cash flow in EUR million	70.3	87.8	92.7	83.4	98.7
Capital expenditure ratio in percent	0.8	1.1	0.9	1.0	1.4
ROCE (Return on Capital Employed) in percent	14.8	23.0	18.1	12.5	14.4
TAKKT value added in EUR million	8.7	40.7	32.4	9.7	18.9

- In the year under review the share of order intake generated via organic search results in total order intake via search engines was on the level of the previous year. It still fell within the target corridor of 30 to 35 percent. In addition to optimization of the web shop, the share of organically generated orders is also greatly affected by the advertising activity on search engines (SEA).

- In contrast, the share of e-commerce in order intake grew in the year under review across all divisions of the Group. The increase mainly resulted from the above-average growth of the web-focused brands. More information on order intake via e-commerce can be found in the Turnover and earnings review on page 56 et seq.

- With the exception of the SPG, the share of telesales and field sales in order intake also increased in all divisions of the TAKKT Group in the year under review. This figure developed particularly well in the PSG and PEG divisions. Order intake via the aforementioned channels plays a particularly important role at Ratioform and Central.

SUSTAINABILITY INDICATORS: FURTHER SIGNIFICANT PROGRESS ACHIEVED

The aim of the TAKKT sustainability indicators is to systematically document the progress in this area as well. In the year under review, TAKKT has again made good progress toward its goal of becoming a worldwide role model for sustainability in its industry by 2016. Management and staff at all levels of the TAKKT Group work on achieving the objectives in the six focus areas first identified in 2011. Progress could once again be achieved in virtually all the areas of activity. The current multi-year overview for the key figures and initiatives that are relevant for these fields of activity is shown in the Sustainability indicators table on page 71.

- Sourcing: For TAKKT, as a commercial enterprise with diverse supplier relationships, an important part of the value chain already exists in the manufacturing and procurement of goods. For this reason, TAKKT places a strong emphasis on sustainability in its supply chain. In the year under review, a supplier evaluation program for measuring sustainability performance, which was launched as a pilot project in 2013, was expanded to include additional suppliers as well as other Group companies. The percentage of turnover of sustainable product ranges such as environmentally friendly packaging solutions, carbon neutral products and office furniture made from recycled materials has increased strongly since 2011 and reached 6.6 percent in 2014.

- Marketing: Advertising efforts are always connected with the use of non-renewable resources. TAKKT is working to reduce their use. In the year under review, the more efficient use of advertising materials enabled the Group to reduce the volume of printed advertising materials sent out per million euros of turnover to 20.8 tons and thus already realize its self-imposed goal of 22.7 tons for 2016. In addition, the paper for catalogs and other print media now comes almost exclusively from certified sustainable sources.

DYNAMIC indicators

DYNAMIC indicator	Growth driver	2013	2014
Share of new products in order intake	Topicality and expansion of product range	3.0%	9.0%
Share of private labels in order intake	More private labels	13.9%	14.7%
Share of direct imports in purchase volume	More direct imports	9.6%	10.0%
Share of web-only products in entire product range	Expansion of web-only products	29.6%	42.0%
Share of SEO in order intake via search engines	Profitable expansion of e-commerce activities	32.1%	32.1%
Share of e-commerce in order intake	General expansion of e-commerce activities	28.0%	30.1%
Share of telesales/field sales activities in order intake	More outbound calling & field sales	14.2%	16.4%

- **Logistics:** The direct marketing of goods is proven to cause significantly less carbon emissions than sales through local distributors. Nevertheless, TAKKT is increasing efforts to make delivery of the products as low on emissions as possible and is now handling its parcel delivery carbon neutrally through its logistics partners in 15 European countries. In 2014, carbon neutral deliveries were carried out in Germany for general cargo as well which, after parcel delivery, makes up the major part of shipments.

- **Resources and Climate:** Conserving resources and reducing emissions is ideally achieved based on reliable data. Since 2011, TAKKT has been creating carbon footprints for an increasing number of Group companies. In addition, TAKKT aims to gradually introduce certified environmental management systems. Due in part to various measures to conserve energy, the Group has been able to reduce energy consumption by 13.9 percent at the already existing locations since 2011.

- **Employees:** TAKKT has made additional progress with regard to the implementation of a new human resources program for the systematic recruitment, development and advancement of employees. For instance, a mentoring program was set up.

- **Society:** The social commitment of its employees is also a matter of importance for TAKKT. In 2014, over 18 percent of the employees had the opportunity to be given paid leave to engage in volunteer work.

SUBSEQUENT EVENTS

The purchase agreement concluded on December 31, 2014 for the sale of the North American Group division Plant Equipment Group (PEG) to Global Industrial Holdings LLC, Port Washington, NY (USA) and Global Industrial Mexico Holdings Inc., Mexico D.F. (Mexico) was completed on January 30, 2015. The purchase price amount is USD 25 million, free of financial debt. At this point, around USD 27 million of assets as well as around USD eleven million in liabilities are expected to be removed from the balance sheet as a result of the sale. Taking into account currency reserves as well as transaction costs, the Management Board expects a positive result from the sale in the low single-digit million euro range. The effects on net assets, financial position and results of operations are not significant.

Sustainability indicators

Focus area	Key figure	2011	2012	2013	2014
Sourcing	Share of certified suppliers			Pilot project launched	1.9%
	Share of purchase volume from certified suppliers			Pilot project launched	23.7%
	Percentage of turnover from sustainable product ranges	1.7%	3.1%	4.4%	6.6%
Marketing	Paper use per EUR million turnover	34.9t	29.2t	24.9t	20.8t
	Percentage of paper advertising materials from certified sustainable sources	57.0%	77.2%	88.5%	95.3%
	Carbon emissions per kg of paper advertising materials	2.35kg	2.17kg	1.56kg	1.80kg
Logistics	Number of EU countries in which carbon neutral shipping is offered	0	15	15	15
Resources and Climate	Major companies with carbon footprints	1	1	7	7
	Major companies with a certified environmental management system	1	1	1	1
	Energy use in thousand gigajoules*	114.9	103.4	106.5	98.9
Employees	Expansion of talent promotion			New program launched	Program partially implemented
Society	Percentage of employees who have the opportunity to take a paid leave of absence to engage in volunteer work	5.9%	4.5%	8.5%	18.4%

**At German and US locations already in existence in 2011.*

OUTLOOK

RISK AND OPPORTUNITIES REPORT

In the course of its business activities, TAKKT is exposed to opportunities and risks. The opportunities and risk management of the Group serve to detect and assess them early and to adopt appropriate measures. The Management Board and Supervisory Board are regularly informed of the current risk situation of the Group and all the Group companies. The entire risk situation of the TAKKT Group is manageable in the foreseeable future, and there are no risks to the Group as a going concern.

SYSTEMATIC MANAGEMENT OF RISKS AND OPPORTUNITIES

TAKKT has an opportunity and risk management system that systematically identifies, quantifies, manages and monitors all material risks and opportunities. In accordance with German Accounting Standard 20, a risk is defined as the danger of a negative deviation from the goals of the company, while an opportunity is defined as the possibility of exceeding these goals. TAKKT strives to achieve a balance of risks and opportunities in all activities for the purpose of sustainably increasing the value of the company in the interest of all stakeholders.

Organizationally, the opportunities and risk management is structured as follows:

- The Management Board is responsible for establishing and overseeing the opportunities and risk management system.

- It is supported by the managing directors of the Group companies as well as by the central departments of the Group holding – accounting, business administration, finance/IR, legal, human resources, internal auditing and consulting and market and business development.

- Important components of the opportunities and risk management system are a uniform risk management directive, a process integrated into planning for the standardized recording, evaluation and reporting of risks and opportunities, the thorough controlling of all companies, a uniform code of business procedure with an established ad hoc risk reporting process and the two-man rule applied throughout the Group.

- The Supervisory Board deals with the effectiveness of the opportunities and risk management system within the scope of its monitoring function.

- As an independent entity, the external auditor reviews the setup and suitability of the early risk detection system according to section 317(4) HGB.

- The internal auditing department continuously supervises the major processes of all Group companies to ensure that they perform well, are cost-effective and satisfy internal directives.

EFFICIENT MANAGEMENT AND CONTROL SYSTEMS

The TAKKT Group's management relies on a range of effective management and control systems to manage the operating companies. Each year the Management Board holds discussions with the subsidiaries on the operational planning for the coming year and the results of the risk monitoring. It is also regularly informed about the current order intake levels. The analysis and discussion of the monthly reports between the Management Board and the central Corporate Controlling department help to actively manage risks and opportunities with respect to gross profit. Special report formats that provide information on significant cost blocks such as HR and advertising costs also provide a basis for the effective management of cost risks. The strategic management rests on detailed planning for several years ahead, which is done each year for all divisions and the company as a whole.

In principle, all control and reporting structures begin at the level of the subsidiaries and lead up to the Management Board and Supervisory Board. Its approval is required with regard to important decisions. Internal controls have been established at all levels and at every stage of the process. Companies that have been newly founded or acquired are included in the controlling system and risk and opportunity management system in accordance with a structured integration process. They have to meet exactly the same requirements as the established companies in the Group.

INTERNAL CONTROL SYSTEM FOR THE FINANCIAL REPORTING PROCESS IN ACCORDANCE TO SECTIONS 289(5), 315(2) NO. 5 HGB

The internal control system related to financial reporting extends to the financial reporting of the entire TAKKT Group and is to ensure the correctness and reliability of the internal and external accounting, including the necessary consolidation processes for the consolidated financial statements. It is part of the entire internal control system of the TAKKT Group and aligns itself with the internationally recognized "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission). In addition, TAKKT has a uniform Group-wide risk management system for the management of opportunities and risks.

The effectiveness of accounting processes is documented by way of a recurrent process comprising risk analysis, control analysis and an assessment of the effectiveness of these controls. In the process, the collection, updating and review of the key risk areas is first carried out according to predefined qualitative and quantitative criteria. Building on that, existing controls are identified and new control measures which are designed to limit the risks are implemented. The effectiveness of the controls is reviewed and documented at regular intervals through a self-assessment of the control officers. In addition, the results are verified by the auditor and presented to the Supervisory Board on a regular basis.

TAKKT ensures the Group-wide application of the Generally Accepted Accounting Principles (GAAP) and the current International Financial Reporting Standards (IFRS) by means of mandatory requirements, including accounting guidelines that are updated on an ongoing basis, a standardized chart of accounts for reporting purposes, a Group-wide schedule for the preparation of financial statements, and various handbooks. If necessary, external experts or qualified consultants are called in, for example for the evaluation of pension obligations or to obtain an expert opinion on the purchase price allocation for company acquisitions. All employees who are responsible for accounting and financial reporting receive regular training.

The financial statements of the individual companies are prepared with the help of standardized IT systems. The consolidation of the individual financial statements for the consolidated financial statements is carried out by means of a modern and highly efficient standard software solution. For preparation of the notes to the consolidated financial statements, a centrally managed form-based recording and consolidation instrument is used.

Comprehensive testing procedures in the IT systems are designed to ensure the completeness and reliability of the information contained in the consolidated financial statements. The IT systems in accounting are protected against unauthorized access. In addition, the separation of functions is implemented to prevent or reduce risks that result from errors and irregularities, to identify problems and to ensure that corrective measures are taken. This guarantees that no individual employee acquires sole control over all phases of a business transaction. IT change management systems ensure that no data is lost when changes are made to the IT infrastructure. With all accounting-related processes, the principle of cross-checking through a second person is the main foundation of the internal control system.

The Group's compliance with its control systems and accounting regulations is checked on a regular basis, including by the local managers and auditors, central group accounting, internal audit and the Group auditors. Monitoring includes the identification of weaknesses, the introduction of improvement measures as well as checking whether the weaknesses can be eliminated.

Within the scope of the audit of the consolidated financial statements, external auditors report on the significant audit results and weaknesses in the control system for the units included in the consolidated financial statements.

CONTINUOUS ANALYSIS AND MONITORING OF OPPORTUNITIES AND RISKS

The opportunities and risk management system of the TAKKT Group categorizes opportunities and risks as shown in the table on page 74. The opportunities and risks of the TAKKT Group are explained further on in the risk report. The process for the evaluation of all opportunities and risks is as follows:

- The TAKKT Group analyzes the market and competitive environment of the segments and companies continuously and regularly reviews its own potential to determine whether adjustments to the business model could lead to a better market position. This systematic observation enables it to identify opportunities and risks at an early stage.

- The goal of the evaluation is to reveal the anticipated negative or positive effect. The evaluation of the opportunities and risks is carried out based on the criteria of probability of occurrence and the extent of the loss or opportunity. Company measures for the management of opportunity or risk that have already been introduced are taken into account in the evaluation. With respect to the extent of opportunity or loss, materiality thresholds are used depending on the level of analysis in order to ensure the relevance of the opportunities and risks under discussion.

- As a result of this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks and allow the opportunities to be used.

	Economy and competition	Corporate strategy and positioning	Operating processes	Finance and legal
Assessment of the risks	Economic downturn as a significant risk in the business model Risk resulting from new competitors is calculable	Calculable acquisition and integration risks No dependence on individual suppliers or customers E-commerce with higher risk than traditional catalog business Flexible reaction to increasing purchasing prices	Systematic protection of the production and distribution of advertising material Low inventory risk Calculable logistics risks Low write-offs on receivables and guarantee claims Few personnel-related risks Reliable address database Reliable and powerful IT, e-commerce and communication systems	Exchange rate risks: Transaction risks primarily hedged, translation risks primarily from fluctuating US dollar Limiting interest rate risks through interest rate hedging Marginal liquidity risk – long-term financing secured Legal and tax risks without material impact on the economic situation of the Group
Possible opportunities	Economic upswing as a significant opportunity in the business model	Multi-channel PLUS concept: Group-wide initiative DYNAMIC Demographic change: New opportunities with online channels and e-procurement Increasing diversification of the business model Additional potential acquisitions and start-ups Sustainability initiatives	Further development of IT applications	Good access to capital

ECONOMIC AND COMPETITION RISKS

Economic downturn as a significant risk in the business model

The B2B direct marketing business for office equipment is generally dependent on the economic situation. TAKKT's business model is therefore subject to general economic risk. The Group has managed thus far to stave off the effects of economic cycles in individual countries, sectors and fields through diversification.

- With its multi-channel and web-focused sales brands, TAKKT addresses customers of all sizes from various industries.
- TAKKT has a very broad range, which includes around 300,000 products.
- Through its presence in more than 25 countries and the focus on North America, Europe and Asia, TAKKT reduces its independence on individual markets.
- In addition, the sales companies are in different phases of growth. Start-ups and young companies experience vigorous growth and are generally less affected by economic fluctuations. Established sales companies, however, reflect the general economic cycle in their development.
- The investment behavior of the customer groups of each of the groups varies depending on the economic cycle. Risk diversification ensues from the fact that only customers from certain industries or regions, or only specific product groups of the product range are usually affected by a downturn in the business cycle.

Only in particularly severe crises, such as the last one in 2009, is TAKKT not able to benefit from diversification of the business because every customer group, industry and region strongly refrains from making investments in these circumstances. For example, in 2009 turnover fell organically by a little more than 25 percent. With a margin of around ten percent, EBITDA decreased by around 50 percent compared to the previous year. The economic risk in the 2014 year under review remained virtually unchanged compared to the situation in the previous year.

Risk resulting from new competitors is calculable

The Group is also potentially subject to the risk of losing market share as a result of new competitors entering the market (competition risk). In B2B direct marketing for business equipment, TAKKT still sees this as a calculable risk. The market entry barriers are high even for purely online providers because setting up the supplier structures, logistics and customer base is costly and time intensive. New competitors must expect many years of initial start-up losses. Compared to start-up companies, established providers like the TAKKT companies have economies of scale in purchasing and distribution.

The risk that its integrated multi-channel business model of the TAKKT Group will be replaced by open, web-based marketplaces is also still considered to be calculable. While the success of such marketplaces in the B2C sector is mainly attributable to the pricing of the individual transaction and ordering convenience, it is further customer needs in the B2B sector that take priority. Corporate customers are generally interested in a high-quality product range, professional advice and comprehensive after-sales service. This includes, for example, fulfilling guarantees, re-orders and replacements. The TAKKT products are intended to make commercial activities more productive and ensure a smooth process so that the customer can focus on their core business. Furthermore, corporate customers are interested in flexible, tailored pricing, depending on their needs, the product and the volume of their order. Electronic market places can only provide such flexibility, differentiation and additional product-related services to a limited extent. Despite the strengths of marketplaces such as price setting and the bundling of many different product ranges, they are at a disadvantage compared to product specialists because they cannot fully meet the requirements of providing an attractive comprehensive package of product, service and price. In order to maintain this competitive advantage, TAKKT focuses on continuously improving the services around the actual product.

RISKS ARISING FROM CORPORATE STRATEGY AND POSITIONING

Calculable acquisition and integration risks

As part of the growth strategy, the TAKKT Group makes strategic acquisitions that are a suitable complement to the portfolio. On the one hand, this is associated with a host of opportunities, which are covered further on in this section. On the other hand, acquisition and integration risks could result from the following:

- The integration of acquired companies or their products and services into TAKKT's business activities may take longer or incur higher costs than expected.
- The development of growth and earnings that was assumed would take place with the acquisition does not occur.
- Goodwill or the remaining intangible assets may need to be impaired due to worse than expected business performance.

TAKKT has decades of experience with acquisitions and is therefore well equipped to handle these risks. Acquisitions are carefully prepared and only carried out if there is a sufficient likelihood of the acquired company contributing to the success of the TAKKT Group in the long run. In view of this, the Group imposes stringent return requirements and conducts thorough due diligence before the purchase.

Furthermore, companies are integrated into the Group according to clearly defined processes that are based on past experience. If a company does not develop satisfactorily, TAKKT reacts quickly and introduces initiatives and countermeasures if necessary. In principle, all operational and strategic options are open, from continuing investments or changing the marketing strategy to repositioning, selling or phasing out the brand. The annual impairment tests performed on goodwill in the year under review once again confirmed the value of these assets. No impairments had to be carried out in the past year. There are no apparent corresponding significant impairment risks.

No dependence on individual suppliers or customers

TAKKT is still not subject to any substantial risk with respect to dependency on individual suppliers (supplier risk). The company relies on an extremely fragmented pool of around 4,000 suppliers, can fall back on alternative suppliers for nearly every product and ensures that nothing will change in this situation, even in the long term. Even in past crises, there was no consolidation of suppliers for the TAKKT Group's product range.

Dependency is also low on the sales side because the customer structure of the business model in the TAKKT Group is strongly diversified (customer risk). Only with two customers does the Group generate turnover, each of which accounts for more than two percent of Group turnover. The impact of the loss of individual customers would therefore be minor. TAKKT also diversifies in terms of its customer base. This includes companies from many different industries, such as the service sector, public authorities and the manufacturing industry. The focus has been shifting. While the majority of the Group's customers came from manufacturing just 25 years ago, this share has since decreased to 32.7 percent. TAKKT pursues the goal of achieving diversified turnover share with the manufacturing industry, the trade and service sector as well as non-profit and government institutions.

TAKKT also caters to customers of many different sizes – from self-employed individuals to hotel chains and public authorities as well as single repair shops to large-scale manufacturing facilities. Thanks to e-commerce, the customer base will broaden even further in the future. Smaller buyers can be better reached thanks to online channels and addressed more efficiently. In turn, key customers are more closely tied to TAKKT by means of e-procurement as purchasing is made easier and more efficient for them via this channel.

E-commerce with higher risk than traditional catalog business

E-commerce tends to be exposed to a higher risk at first than traditional catalog business because it is much easier to compare ranges and prices. In addition, technological progress on the internet forces business models to undergo constant change (technical innovations risk). Consequently, the content and structure of the web shop have to constantly be adapted to the changing algorithms of the search engines so that its own offering does not fall behind in the ranking and the shops lose potential customers. TAKKT addresses this risk through the continuous management of online marketing measures and optimizing them with regard to the constantly changing general conditions. By constantly developing its online marketing – currently through the Group-wide DYNAMIC initiative – the TAKKT Group closely observes technological trends and new developments and can implement them in its own solutions.

Flexible reaction to increasing purchasing prices

TAKKT is subject to the risk of not being able to pass on rising purchasing prices to the customers (price adjustment risks). The Group's multi-channel brands address this risk by revising their catalogs and web shops several times a year. This enables them to react flexibly to changes in product availability and purchasing prices in most cases, if the competitive situation permits. For web-focused brands, changes can be made even more quickly and more frequently. If the cost of steel rises, for example, TAKKT can usually change its price quickly or offer an alternative product. Furthermore, the company intentionally trades in durable goods that are neither perishable nor subject to risks from significant changes in technology or trends. The risk presented by rising prices is therefore still limited on the whole.

OPERATING RISKS

Systematic protection of the production and distribution of advertising material

The printed catalog is an important sales medium for the TAKKT Group. There is a risk that this advertising material could be damaged or lost before reaching the customer (advertising material risks). The company therefore selects all of its service providers carefully and pays particular attention that the advertising material remains undamaged during production and distribution. To minimize the risk of failure, the Group has its catalogs produced by several printers in different locations. Any loss or destruction of advertising media is covered by insurance.

Fluctuations in the price of paper and printing services also present a risk for TAKKT. Because the company has around 39 million advertising materials printed each year, these costs are fairly significant. To ensure that short-term price fluctuations cannot impact on earnings, the Group has mostly longer-term printing contracts with reliable partners. TAKKT companies were not significantly affected by potential financial difficulties of individual printers in the year under review.

Low inventory risk

TAKKT still does not deem risks from inventory assets to be significant. These encompass risks arising from aging as well as technical developments and changes in the pricing of the products (inventory risk). Tables, chairs and cabinets are standard articles that are always needed. In B2B business in particular, they are not subject to seasonal price fluctuations or short-term fads. Since the Group continually updates the product range, an item may be dropped from the catalog in the medium term yet still remain stocked in the warehouse. In this case, the product is sold at a special price or the company falls back on contractual return clauses that are generally arranged with a large number of suppliers for remnant stock.

Calculable logistics risks

TAKKT generally stores products in large warehouses and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. The divisions only develop smaller regional warehouses to provide optimum delivery services if necessary, such as in Scandinavia, Eastern Europe, the USA, Canada or China. By bundling product purchases, TAKKT is able to profit from better pricing. This also reduces procurement costs and thus benefits the customer. These advantages far outweigh the disadvantages that exist with a central warehouse, e.g., the event of a fire (logistics risks). These risks are also sufficiently covered by insurances including fire, theft and business disruption.

Each TAKKT division regularly reviews its warehouse concepts, thereby ensuring consistent high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the companies can also deliver the majority of their goods by drop shipment. If necessary, the warehouses are adapted to new requirements.

TAKKT usually contracts external logistics companies to deliver its goods and, in choosing its logistics partners, pays particular attention to how attractive the costs are and their comprehensive expertise in delivering products to the very different regions. Fluctuations in fuel prices, road tax and tolls have hardly any impact on the Group's earnings. Shipping costs account for much less than ten percent of consolidated turnover

Low write-offs on receivables and guarantee claims

The risk of write-offs on receivables at TAKKT remains extraordinarily low with a write-off rate of less than 0.2 percent of turnover. First, the company checks the creditworthiness of its customers carefully and actively manages its receivables. Second, the average order value is low with a highly diversified customer structure. The rate of receivables that are written off therefore remains stable regardless of the economic cycle. The same applies to the average collection period. It measures the average period between the invoice issue date and payment receipt date. This came to 31 (32) days in the year under review.

The number of customers claiming warranties and guarantees has also remained consistently low for several years. The right to return goods is only rarely exercised. TAKKT primarily sells durable products that are less likely to develop faults. The company gains additional security through contractual return clauses arranged with the majority of its suppliers. TAKKT protects itself against product liability risks through insurance policies.

Few personnel-related risks

The long-term success of TAKKT is largely dependent on qualified and motivated employees. Their expertise and dedication have a direct effect on business. In order to grow profitably in the future, TAKKT also relies on always being able to acquire highly qualified employees and retain them for the long term. The Group therefore places great emphasis on a target-oriented personnel policy that includes training and continuing education. Personnel risks due to employee turnover are by and large minimal because TAKKT has substitution and successor solutions in place in the event that an employee becomes ill or leaves the company. However, if staff illness or resignation occurs in key positions within the company that require special and more unusual qualifications, this could lead to longer vacancies.

Reliable address database

The loss of customer data also presents potential risks for TAKKT. A high-quality and secure address database forms the foundation of the TAKKT companies. The Group thus takes great care in protecting data relating to existing and potential customers. Security systems also ensure that only authorized personnel, as permitted by law, can access and process the addresses. The TAKKT Management Board assumes that possible tightening of data protection regulations driven by consumer protection will also take into consideration the special requirements of the B2B area in the future and not cause significant damage to the TAKKT business model.

Reliable and powerful IT, e-commerce and communication systems

TAKKT depends on powerful and reliable IT systems, such as database servers, enterprise resource planning (ERP) software, product management systems and web shops. Data security and the smooth operation of systems therefore play an important role in the risk management of the Group (IT risks).

TAKKT's internal IT departments and outside specialists check the systems on an ongoing basis to ensure that they are working properly, are secured against unauthorized access and that the data can be restored without any problems. The Group has developed measurement systems and an IT security management plan based on a security analysis. For example, guidelines regulate all use of e-mail, internet and IT systems. All staff members are required to agree in writing to comply with these rules.

Risks can also result from the introduction of new IT systems. TAKKT's strategy in addressing these risks includes using project organizations and back-up solutions. At TAKKT EUROPE, the companies predominantly make use of central high-availability systems to protect data and functionality. A server processes day-to-day business, while special software copies all files to a backup system. This system provides services only in the event of server failure. At TAKKT AMERICA, the same risks are reduced with continual backups and external hardware capacity.

For business performance, it is also crucial that the sales companies be reachable via their web shops as well as by telephone 24/7. In addition to continuous availability with regard to the web shops, performance (i.e., the technologically determined navigation speed in the web shop) is also important. In this regard, the TAKKT companies always rely on current web shop technologies, thus providing a reliable and comfortable shopping facility for their customers. The Group uses non-interruptible power supply and back-up systems in order to ensure telephone availability and protect itself against failures and faults. Calls can also be rerouted to other sites. The company continuously monitors how easy it is for customers to contact the companies' sales offices. Through these checks, TAKKT is able to flexibly align the telesales capacities with business volumes.

FINANCIAL AND LEGAL RISKS

As a globally operating company, TAKKT is exposed to financial risks. This concerns risks arising from fluctuations in exchange rates and market interest rates as well as from financing and securing liquidity. The goal of financial management is to monitor these risks continuously and limit them by means of operational and financial activities. Derivative financial instruments are only used for hedging. In addition, derivatives are carried out only with approved financial counterparties from the bank portfolio of the Group. These counterparties have to meet a specific creditworthiness rating. Counterparty default risk is continuously monitored.

Exchange rate risks: Transaction risks primarily hedged, translation risks primarily from fluctuating US dollar

Currency risks arise from transactions not processed in euros, which is the reporting currency. When it comes to volatility in exchange rates, a distinction should be made between transaction risks and translation risks.

- Transaction risks result primarily from buying and selling goods and services in different currencies. The Group protects itself against these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated turnover – mainly from intercompany transactions. The open net items are identified based on the individual companies' turnover forecasts. The resulting currency risks are generally assumed by the respective service provider and hedged through derivative financial instruments to an amount of around 70 percent, preferably with forward foreign exchange contracts. As a result, the transaction risk arising from exchange rate fluctuations is low on the whole. In general, forecast turnovers and cash flows are considered for one catalog cycle.

- Translation risks arise for the TAKKT Group's balance sheet and income statement when the individual financial statements of foreign subsidiaries are translated into euros, the reporting currency. The fluctuations of the US dollar in particular therefore influence the absolute value of the financial key figures reported in euros (also see the explanations on page 82). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

Limiting interest rate risks through interest rate hedging

An interest rate risk results from market-based fluctuations in general interest rates. It affects the amount of interest payments as well as the market values of financial instruments. TAKKT protects itself against this risk through interest rate swaps. In order to ensure that the interest rates of long-term borrowings are hedged in the long term, the maturity periods of the hedges are based on the terms of the borrowings. The target hedge level is generally between 60 and 80 percent of the finance volume. This is how the negative effects of interest rate rises are contained. However, there is also the potential to profit from falling interest rates. The development of the hedging volume is mainly determined by the planned debt volume.

The hedging instruments held as of the reporting date are described in the Notes to the consolidated financial statements starting on page 147. Quantitative information on all exchange rate and interest rate risks is also provided there, including sensitivity analyses on exchange and interest rate fluctuations. By using the above-mentioned currency and interest rate hedges, TAKKT does not face any material financial risks from changes in prices.

Marginal liquidity risk – long-term financing secured

Financing may also present TAKKT with potential risks (financing risks). The Group monitors and manages the financial structure by means of long-term financial planning and self-imposed key figures (covenants), which are explained in the Management system and Financial position sections.

In order to secure liquidity, the company relies on a diversified financing structure with different maturity dates. In addition to contractually committed credit lines from a broad pool of banks, TAKKT issued a promissory note (Schuldschein) in 2012 and also uses finance leases. As of year-end 2014, the long-term, committed undrawn credit lines have a volume of EUR 173.0 million. The company can therefore virtually rule out a liquidity risk arising from financing issues.

Legal and tax risks without material impact on the economic situation of the Group

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. These proceedings do not have a material impact on the economic situation of the Group, neither individually nor as a whole (legal risks).

The increased sovereign debt results in a greater number of tax audits in certain countries. However, TAKKT does not regard this as posing any significant additional tax risks.

OVERALL ASSESSMENT OF THE MANAGEMENT BOARD: NO RISKS THAT WOULD JEOPARDIZE THE GROUP AS A GOING CONCERN

In the 2014 financial year, the risk landscape of the TAKKT Group remained largely unchanged compared to the previous year. Based on the information currently available, the Management Board does not believe that there are any risks at present or in the forecast period that may put the Group at jeopardy as a going concern or significant risks that go beyond the ordinary business risks. The business model generates strong cash flows and the company has solid financing, meaning that neither the risks as a whole nor a renewed global recession would threaten the viability of the Group as a going concern.

The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy. It is generally regarded as equally likely that the economy will boom or will go into recession. In the event of a recession of the same scale as in 2009 with an organic decrease in sales of slightly more than 25 percent, the EBITDA decreased by about 50 percent.

A second important risk for the turnover and earning indicators reported in euros is the pure translation risk from exchange rate changes – especially the relationship of the US dollar to the euro. The risk of an increase or decrease in value of the US dollar in comparison to the euro is regarded as equally likely. A decrease in value of the US dollar in comparison to the euro of five percent would lead to a reduction in turnover of approximately two percentage points.

Risks from the failure of the IT or direct marketing infrastructure are also important for the company since a functioning IT infrastructure and logistics are decisive for carrying out the operational business. The likelihood of these risks occurring is considered to be very low, with a possible adverse effect on earnings up to a low double-digit amount in millions of euros.

Other significant risks are the introduction of a new competitor as well as an error of judgment in the acquisition of a company. The likelihood of these risks occurring is estimated to be low and could have a possible effect on earnings with a low double-digit amount in millions of euros.

As a whole, TAKKT places the highest priority on the monitoring and limitation of controllable risks and has therefore taken precautionary measures to detect and limit these early. Risks from economic and currency fluctuations due to external factors can only be controlled by TAKKT to a limited extent.

OPPORTUNITIES OF THE TAKKT GROUP

Attractive growth opportunities continue to arise for TAKKT. Within the scope of the integrated opportunities and risk management system, the TAKKT Group has identified a series of opportunities for the development of the company for the years to come. In addition to the opportunities arising from an economic upswing outlined in detail in the forecast report, the significant additional opportunities are explained in the following section.

Multi-channel PLUS concept: Group-wide DYNAMIC initiative

TAKKT expects growth opportunities by developing from a traditional mail-order company to a multi-channel PLUS company. Through the skillful combination of the sales and marketing media of print, online, tele and field, the company can distinguish itself as a competent, reliable partner to the customer. The Group already has long-standing experience in this area and is developing this marketing strategy further, especially by intensifying the tele and field activities and combining the different online and offline marketing media even better. Among other things, TAKKT launched the Group-wide DYNAMIC initiative for this purpose in 2013. DYNAMIC consists of around 50 projects across all divisions.

Demographic change: New opportunities with online channels and e-procurement

Through the expansion of online and e-procurement activities, TAKKT expects opportunities for increasing order intake and turnover. The number of users who grew up with the internet ("digital natives") is constantly increasing. Targeted product selection will become increasingly easier with better search functionality. TAKKT is responding to these trends with a sophisticated online strategy. TAKKT's traditional business via the familiar multi-channel brands and the use of web shops and e-procurement addresses customers who have greater service and consulting demands and for whom process costs are a predominant concern. In 2014, the Group adopted this approach through the continued roll-out of a new web shop within the BEG as well as a further improved online marketing in the area of multi-channel brands. Walk-in customers with lower service and consulting requirements are served via the web-focused brands and their web shops. TAKKT has a competitive advantage here compared to new purely online competitors because the Group is able to use the back-end infrastructure at its disposal to tap into additional target groups by means of new sales brands and alternative sales channels.

Increasing diversification of the business model

TAKKT plans to use an active portfolio management strategy for broad diversification of the business model at product, customer and regional level. This affords the Group the opportunity to minimize their dependence on individual industries and regions and thereby ensure stability and continuity even in difficult economic times.

- Through the regional diversification, economic fluctuations and loss of sales in individual target markets can be partially offset by turnover growth in other regions. For example, in the year under review TAKKT once again benefited from the strong performance in North America compared to Europe and consequently was able to record an overall very positive development of turnover.

- In addition, TAKKT has expanded its business model through the acquisitions of Hubert (2000), National Business Furniture (2006), Central (2009), GPA (2012) and Ratioform (2012) to other product groups for the food service industry, American office furniture, sales promotion and packaging.

The Group aims to diversify even further by acquiring market-leading B2B direct marketing companies in other sectors as well as by expanding existing business models to other regions and adding more product groups.

Additional potential acquisitions and start-ups

Other opportunities for consolidated turnover and profitability will be created through potential additional acquisitions in the years to come. TAKKT has long-standing experience with the integration of new companies and business models into the Group. High demands are put on the growth prospects, profitability and business model of the target company. TAKKT can participate in growth trends in selected industries through targeted company acquisitions and record above-average gains. In recent years, TAKKT has benefited greatly from the additional contributions to sales and earnings through acquisitions. In addition, the company gained special expertise through the acquisitions, which can now be used Group wide. After the completion of both the phase-out of Topdeq's operating business and the sale of the PEG, TAKKT will refocus on continuing with the acquisition strategy. In addition, TAKKT plans to expand existing business models through roll-outs to new markets. Apart from acquisitions and start-ups, active portfolio management also includes the periodic review of existing activities and the discontinuation of local subsidiaries whose performance with respect to the value and growth drivers does not meet the long-term requirements of the Group.

Sustainability initiatives

TAKKT's goal is to be the role model for sustainability in its industry by 2016 and has permanently established sustainability as part of the corporate strategy. This undertaking is not an end in itself. B2B customers are increasingly deciding in favor of sustainably operating business partners who actively manage their entire value added chain according to economic, environmental and social concerns. TAKKT sees the great opportunity of being able to use its role as a trail blazer in sustainability early on as a unique selling point in the competition and is convinced that providers who focus on sustainability will be better able to survive the competition in the long run.

Further development of IT applications

In numerous Group companies, TAKKT has already begun to optimize the complex IT processes for enterprise resource planning and purchasing and to build media-neutral product databases that deliver uniform product data regardless of the sales and marketing channel. This is an important requirement for the smooth implementation of multi-channel PLUS marketing and realization of the related growth opportunities.

Good access to capital

Due to a diversified and long-term oriented financing structure, TAKKT has good access to capital. For short-term acquisition opportunities, there are sufficient undrawn credit lines available with a volume of over EUR 170 million. As a stock-listed company, TAKKT can also use the equity market for the raise of capital in the event that the opportunity arises for the Group to make an acquisition, which cannot be solely financed with debt capital.

FORECAST REPORT

DIFFERENT BUSINESS EXPECTATIONS IN EUROPE AND NORTH AMERICA FOR 2015

The economic improvement of the sales market is a significant factor with respect to the extent that the TAKKT Group will be able to use the opportunities described in the risk and opportunities report. According to the company, Europe and North America, the most important regions for TAKKT, will also develop differently in 2015:

- For Europe, TAKKT expects a slight increase in economic growth for 2015 which, however, after a cautious beginning will likely first become apparent during the course of the year. According to current projections, the growth rates for France and Italy will lag behind the average economic development level in Europe. In addition, the current forecasts are affected by the uncertainties in connection with the crisis in the Ukraine and the resulting geopolitical risks as well as the potential effects of the monetary policy measures of the European Central Bank. The economic forecast of the German Institute for Economic Research anticipates that GDP growth for the eurozone will come to a total of around 0.9 percent in the forecast period, following an increase of 0.8 percent in 2014. Slightly higher GDP growth of 1.3 percent is predicted in Germany.

- In North America, the favorable economic situation should continue in 2015. TAKKT expects that with 3.0 percent, the growth rate for the USA could be above that of 2014 (2.4 percent). Along with the positive signs from the labor market, the effects of the expansionary monetary policy give reason to expect such a positive development. After the negotiated compromise in the US budget debate in 2014, which led to a recovery in demand from government customers, TAKKT does not anticipate any relevant effects on the US economy from the budgetary situation in 2015.

SHORT-TERM EARLY INDICATORS INDICATE SUBDUED START IN EUROPE IN 2015

The statements regarding the business forecasts are supported by the performance of significant industry indicators. For example, purchasing manager indexes are reliable indicators of the order trend in the European BEG division with a time delay of three to six months. Values under 50 points generally result in a decline, while values above 50 points bring about a year-on-year increase in order intake. Expectations for the coming year in Europe and Germany have gradually been dampening since mid-2014. In January 2015, the figures for Germany (50.9) and Europe (51.0) were just above the 50-point threshold according to the research institute Markit Economics. TAKKT therefore expects a comparatively cautious start in 2015 for the BEG, accompanied by an upturn during the course of the year.

The other indicators indicate a positive development in the individual industries. The RPI, an indicator for the TAKKT division SPG, was once again above the expansion threshold of 100 in January and thus points to continued market growth for restaurant operators in the USA. For order intake of the trade association BIFMA, an alliance of American companies in the office furniture industry, analysts project growth of around four percent for 2015 compared to the previous year.

LONG-TERM ORGANIC GROWTH PATH EXPECTED TO CONTINUE

In the past 27 years, the Group has grown by almost ten percent each year on average – including the sharp decline in 2009. Organic and acquisition-related growth each contributed around half to this. The long-term average derived from organic growth is a result of periods of average growth (such as 2010, 2011 and 2014), phases with below-average or negative performance (such as 2009, 2012 and 2013) and in periods such as 2006 and 2007 in which TAKKT experienced above-average organic growth. The Management is convinced that the TAKKT Group will remain on this growth path in the medium and long-term. Developments in the years to come are strongly dependent on the performance of the economy in the USA and Europe due to the cyclical nature of the business.

In analyzing the development of turnover of the Group, it should be noted that Topdeq was still realizing turnover up to August 2014 as part of the phase-out process. In 2015, however, there will no longer be any equivalent matching turnover. This divestiture effect will have a negative effect of around one percentage point on reported turnover growth. In addition, the sale of the Group division PEG effective January 30, 2015 will have a negative impact on reported turnover growth. While the entire financial year of the PEG still contributed to the turnover of the TAKKT Group in 2014, for 2015 only the turnover for the month of January will be included. The effect on reported turnover growth from the sale of the PEG will come to around seven percentage points without taking into account any currency effects. Organic turnover growth is shown with the adjustment for the effects mentioned as well as currency effects.

The Management Board currently considers the following scenario for 2015 to be probable. TAKKT expects the GDP growth rate in Europe and especially the USA to improve compared to 2014. Under these circumstances, the Group should be able to achieve an increase in organic turnover of three to five percent. Due to the above-average turnover growth expected with large customers, the average order value should develop more strongly than the number of orders. In the organic analysis for 2015, both key figures are expected to be above the values of the previous year.

Should the business environment not develop as expected and the GDP growth rate remain at or even fall below the level of 2014, TAKKT will only be able to achieve a stable or slight decrease in organic turnover in 2015. In the event of positive economic data with an unexpected strong improvement of the GDP growth rate, TAKKT should benefit from this economic upturn and be able to increase organic turnover by over five percent.

US DOLLAR AFFECTS KEY FIGURES

TAKKT generates more than 40 percent of its turnover in North America. Fluctuations in the exchange rate of the US dollar therefore have a significant impact on the Group's key figures reported in euros (translation risk). When translated into the reporting currency of euros, a strong US dollar leads to higher turnover. When the dollar is weak compared with the euro, consolidated turnover is diminished. This can be illustrated using the following scenarios:

- If the EUR/USD exchange rate increases by five percent against the previous year (i.e., the US dollar becomes weaker), the increase in reported turnover (in euros) will be a good two percentage points below the currency-adjusted growth.

- If the EUR/USD exchange rate decreases by five percent against the previous year (i.e., the US dollar becomes stronger), the increase in reported turnover (in euros) will be a good two percentage points higher than the currency-adjusted growth.

Based on the USD exchange rate observed at the beginning of 2015, the reported turnover in 2014 in euros would have been considerably higher. For example, at an exchange rate of US dollar 1.14, the positive currency effect on the reported turnover of the TAKKT Group would have come to EUR 60 million without taking the turnover of the PEG into account.

Along with a deviation in the exchange rate of the US dollar, the appreciation of the Swiss franc against the euro could also have an impact on reported turnover in 2015.

To illustrate currency effects clearly and depict business performance objectively, the Group does not only report turnover changes in the reporting currency but also adjusts for currency effects. TAKKT also transparently shows the effects of acquisitions and divestments on turnover in all financial reporting. The turnover forecast in this case – unless stated otherwise – always refers to organic data, i.e., data adjusted for currency, divestiture and acquisition effects. The forecast for 2015 is, as explained above in detail, adjusted for the effects from the discontinuation of the Topdeq business, the sale of the PEG and currency fluctuations.

LONG-TERM TARGET LEVEL OF EBITDA MARGIN EXPECTED AGAIN

The Management Board confirmed its goal of keeping the gross profit margin of the Group above the 40 percent mark for the long term. TAKKT expects stable or only slightly declining gross profit margins at the segment level for 2015. In the event of an additional increase in the business share of TAKKT AMERICA, a slight negative effect on the gross profit margin at the Group level cannot be ruled out. TAKKT AMERICA generates structurally lower margins than TAKKT EUROPE. In contrast, the sale of the PEG will have a positive effect on the reported gross profit margin of the TAKKT Group since this division generated a gross profit margin below the Group average in the past.

In the expected business environment, the EBITDA margin of the Group should come in at the upper boundary of the target corridor of 12 to 15 percent and thus above the level of the year under review (14.0 percent). At the segment level, a small improvement of the EBITDA margin compared to the 2014 financial year is expected for TAKKT EUROPE (19.1 percent). The positive effect from the expected turnover growth and the related increasing capacity utilization should be higher than the negative effect from the expected expenses in connection with the DYNAMIC initiative. Profitability for TAKKT EUROPE is still expected to be significantly above the Group average. A significant improvement of the EBITDA margin is expected for TAKKT AMERICA. Along with the expected operational improvement, the sale of the PEG will also have a positive effect in this respect. On the one hand, PEG's profitability was considerably below the average of TAKKT AMERICA in the past. On the other hand, the sale of the PEG division in 2015 is expected to result in a deconsolidation gain in the low single-digit million euro range. In total, the EBITDA margin at TAKKT AMERICA should approximately reach the lower end of the Group's target corridor of 12 to 15 percent. Due to a higher rate of operational growth for TAKKT AMERICA compared to TAKKT EUROPE, as well as a greater impact from this segment due to currency effects, the EBITDA margin could be adversely affected at the Group level. The aforementioned positive effects at the level of both segments should clearly outweigh this deterioration of the Group margin.

If the business environment is worse than expected, an EBITDA margin of the Group in the lower half of the target corridor cannot be ruled out. In the event that business performance exceeds expectations, the EBITDA margin could reach the upper end of the target corridor or even exceed it. Similarly, the EBITDA margin of TAKKT EUROPE and TAKKT AMERICA are positively or negatively affected by a corresponding deviation from the expected general conditions.

CONTINUED INCREASE OF TAKKT CASH FLOW – INVESTMENTS SHAPED BY DYNAMIC INITIATIVE

The development of TAKKT cash flow should be in line with the projected development of earnings in 2015. TAKKT cash flow would thus increase again compared to 2014 and the related TAKKT cash flow margin should be above the target value of eight percent as in 2014. In the 2015 financial year and the subsequent year, capital expenditures for the expansion, modernization and rationalization of the existing business are expected to be at the upper end of the long-term targeted benchmark of between one and two percent of turnover. One focus for the years to come involves the expansion and restructuring of the European IT infrastructure as well as other measures from the DYNAMIC initiative, which is described in the section Innovation and development. The orientation of the companies to the market and their internal processes will be adapted via this long-term initiative such that they will be able to react quickly and flexibly to changed circumstances. This especially applies to businesses processes in the e-commerce area, active customer contact through telesales and field sales as well as to adapting the product ranges to different market trends. In addition, investments in the warehouse structure in the TAKKT AMERICA segment are expected for 2015. For the years ahead, an increase in the capital expenditure rate of one percentage point compared to the long-term average is therefore expected.

IMPROVEMENT IN ROCE AND TAKKT VALUE ADDED

The development of the key figures for ROCE and TAKKT value added should also be influenced by the positive development of earnings as well as the sale of the PEG division in 2015. From today's perspective and if no company acquisitions are made, no further relevant effects on either key figures are anticipated in 2015. Given the general conditions expected, a further increase is anticipated for ROCE and the TAKKT value added compared to 2014. This corresponds to the target value stated in the Management system section, which anticipates a ROCE of well over twelve percent as well as markedly positive TAKKT value added.

STABLE BORROWINGS AND IMPROVEMENT OF INTERNAL COVENANTS

In the 2015 financial year, the traditionally high free cash flows are expected to once again benefit from the fact that no extraordinarily high capital expenditures are planned for the expansion, modernization or rationalization of the infrastructure. Moreover, the sale of the PEG resulted in a positive cash inflow on January 30, 2015. In addition to the dividend payment, the free cash flow will primarily be used for the second purchase price tranche from the acquisition of GPA in the amount of around USD 75 million, which is due in February and March 2015. Without other company acquisitions, which can occur at any time, borrowings should remain virtually unchanged until the end of 2015. However, the self-imposed covenants will probably improve. If TAKKT does make an acquisition in 2015, changes in equity ratio and gearing as well as the debt equity and interest cover ratio will occur depending on the amount and financing of the purchase price. TAKKT also expects that the internal covenants will fall within the self-imposed target corridors in the event of company acquisitions. The definition and target corridors of the covenants are described in greater detail in the Management system and Financial position sections of this annual report.

DIVIDEND POLICY CHARACTERIZED BY CONTINUITY

TAKKT pursues a sustainable dividend policy, which is described in the TAKKT share and investor relations section. Since the equity ratio will most likely not reach the upper end of the 30 to 60 percent target corridor in 2015, it is believed that a dividend of around 30 percent of the profit or at least EUR 0.32 per share will be distributed for the 2014 financial year. The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2015 the payment of an unchanged dividend of EUR 0.32 per share for the 2014 financial year.

GENERAL STATEMENT ON ANTICIPATED DEVELOPMENT OF THE GROUP

In view of the opportunities presented, TAKKT anticipates a continued positive development of business performance in the years to come. This assumes economic conditions that are characterized by increasing growth rates in the target markets of Europe and North America as projected. Based on the current economic forecasts, the Management Board anticipates increased GDP growth rates. Under these conditions, organic turnover growth of between three and five percent and an EBITDA margin at the upper boundary of the target corridor of 12 to 15 percent is expected. TAKKT cash flow as well as the TAKKT value added and ROCE are expected to be above the corresponding figures from 2014.

GUARANTEE

This annual report and the forecast report in particular include forward-looking statements and information. These statements are estimates made by TAKKT Management based on all the information available to them when the annual report went to press. Should the basic assumptions not be realized or other opportunities and risks arise, the actual results may differ from those expected. TAKKT Management cannot therefore accept any liability for these statements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Good Corporate Governance increases the company's value in the long run. Values like responsibility, reliability and trust are therefore a priority at TAKKT. The Group views transparent dialogues with its interest groups as the foundation of corporate success.

COMMITMENT TO THE GERMAN CORPORATE GOVERNANCE CODE

TAKKT expressly supports the aims and requirements of the German Corporate Governance Code (DCGK). This underlines the value placed upon responsible corporate management at TAKKT. In December 2014, the Management and Supervisory Boards therefore renewed their declaration of general conformity with the latest version of the recommendations made by the German Corporate Governance Code according to section 161 of the German Stock Corporation Act (AktG). The declaration of conformity is reproduced verbatim at the end of this Corporate Governance report and its latest version can also be found at www.takkt.com.

There are only a few cases where TAKKT does not follow the Code's recommendations:

- TAKKT does not disclose the remuneration paid to individual Management Board members. The total remuneration and breakdown into the individual, mainly fixed and variable components are described in the remuneration report of this annual report. In TAKKT's opinion, more detailed information is not considered any more useful. TAKKT's shareholders agree with this view and resolved at the Shareholders' Meeting in 2011 that the compensation of Management Board members will not be published on an individualized basis up to and including the 2015 financial year. As in the past, TAKKT AG did not disclose the individual remuneration paid to the members of the Supervisory Board or remuneration or benefits for services rendered personally in the notes or management report for up to and including the 2013 financial year. The Shareholders' Meeting on May 07, 2013 decided to change the compensation of the Supervisory Board to solely a fixed amount. The recommendation in the code will be observed for financial years after 2014 and the compensation of the Supervisory Board will be disclosed on an individualized basis in this annual report for the first time.
- The Supervisory Board considers it unnecessary to also establish an audit committee and a nomination committee. The Supervisory Board is lean and efficient with only six members, as per the articles of association.
- Moreover, the Supervisory Board does not consider it necessary for the whole Supervisory Board to discuss the quarterly and half-year financial reports before they are published because the Chairman of the Supervisory Board is constantly informed of business developments and all members receive detailed written monthly updates from the Management Board.

PARTICIPATION AT THE SHAREHOLDERS' MEETING

Shareholders have the opportunity to exercise their statutory rights at the annual Shareholders' Meeting of TAKKT AG. They can either vote personally or by proxy on the relevant items on the agenda. They may also cast votes by mail. The procedure for registration and proof of eligibility used at the Shareholders' Meeting of TAKKT AG is in accordance with the stipulations of German stock corporation law and with international standards. All shareholders wishing to attend a Shareholders' Meeting of TAKKT AG and exercise their right to vote must register and prove that they are eligible to participate and vote at the meeting. Details of the conditions for registration and participation are announced in the invitation to every Shareholders' Meeting.

CLOSE COLLABORATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

TAKKT's internal management structures are characterized by clear organization and direct reporting lines. The company also operates a value-based remuneration and incentive system. Detailed information on the remuneration of the Management Board at TAKKT can be found in the Remuneration report of this annual report.

The Management and Supervisory Boards at TAKKT work together in keeping with the motto of "together, we can achieve more". The Management Board steers the company, develops strategies, implements these strategies in the company's operating business and ensures effective risk management. Important decisions are made by the Management Board in coordination with the Supervisory Board, which it also informs regularly about important changes in companies, the business environment, strategy and business development.

It is the duty of the Supervisory Board to oversee and advise the Management Board in its management of the company. It carries out this duty with dedication and thus makes a substantial contribution to the company's success. It supports the Management Board in fulfilling its responsibilities completely and in good time and is involved in the most important decisions. The Supervisory Board also appoints the auditors in accordance with the resolution passed at the Shareholders' Meeting.

In accordance with the articles of association, the Supervisory Board of TAKKT AG consists of six members. The personnel committee consists of three members and one of its tasks is to prepare issues in connection with the employee contracts of the Board Members. If members of the Supervisory Board intend to have additional contracts of service with the company, its approval is also required. There are currently no such contracts of service. The personnel committee currently consists of Mr. Stephan Gemkow (Chairman), Dr. Johannes Haupt (Deputy Chairman since September 15, 2014), and Prof. Dr. Dres. h.c. Arnold Picot. Prof. Dr. Klaus Trützschler was Deputy Chairman of the personnel committee until his resignation from the Supervisory Board on June 30, 2014.

A D&O (directors and officers) insurance policy with the legally stipulated deductibles has been taken out for the Management Board and Supervisory Board members. TAKKT AG shareholders decide on the Supervisory Board members' remuneration. The remuneration principles are set out in the company's articles of association, which can be found on the TAKKT website www.takkt.com.

DIVERSITY ON THE SUPERVISORY BOARD

Given the operating purpose of the company, its size and the share of international business, the Supervisory Board of TAKKT AG strives to take the various principles into account in its make-up as per clause 5.4.1 of the German Corporate Governance Code. First and foremost, the Supervisory Board should select duly qualified, suitable candidates when making nominations. A further goal is for women to have a long-term involvement in the Supervisory Board by holding one seat. This is currently the case. Given the current make-up of the Supervisory Board, the experience and qualifications of its members, the environment in which TAKKT AG operates and the existing rules of procedure for the Supervisory Board, TAKKT believes that it fulfills the requirements of the German Corporate Governance Code. The Supervisory Board will continue to take account of the above-mentioned goals and the principles associated with it in the future. In compliance with 5.4.2 of the DCGK, the Supervisory Board also resolved that it should have at least two independent members.

Additional information about the corporate management in accordance with section 289a of the German Commercial Code [HGB] (Declaration on Corporate Governance) can be found online at www.takkt.com.

COMPLIANCE

TAKKT AG attaches the highest priority to its compliance with all statutory and contractual obligations associated with responsible Corporate Governance. The Management Board also takes care to ensure that internal corporate guidelines are adhered to. TAKKT has a compliance system of ordinary scope, which is checked by the specialist departments and the Group's compliance officer. As a rule, these measures allow possible breaches of compliance to be identified quickly. In addition to the existing standard compliance rules (e.g., relating to anti-corruption, anti-discrimination, etc.), TAKKT has also set up a whistle-blower hotline with an external service provider where employees can anonymously report compliance violations. In addition, TAKKT is establishing a system where each employee can train himself in all compliance-related issues by means of an electronic platform and receive a certificate after successful completion of a test.

RISK MANAGEMENT

Taking a responsible approach to business-related risks is a fundamental principle of good Corporate Governance. The Management Board and Management of TAKKT AG make use of Group-wide reporting and control systems to record, assess and manage these risks. The systems are continuously enhanced, adapted to changes in underlying conditions and checked by the Group auditor. The Management Board regularly informs the Supervisory Board about risks and their development. Details on risk management as well as the accounting-related internal control system are described in depth in the Risk and opportunities report.

INTERNAL CONTROL SYSTEM

The internal control system at TAKKT includes aspects related to financial accounting as well as operational procedures. The TAKKT Management Board and Supervisory Board are committed to the establishment, control and monitoring of the internal control system. At TAKKT, the internal control system is documented in a systematic and understandable structure and checked for effectiveness on a regular basis. The results of these checks are documented and measures for eliminating control weaknesses are implemented in a reproducible manner.

INTERNAL AUDIT

The internal audit department acts on behalf of and reports to the Management Board of TAKKT AG. As an independent and objective auditing and advisory body, it is to support the Management Board in its management and control functions. The task of internal audit is to review the correctness, effectiveness and economic feasibility of the compliance, risk management and internal control systems of all significant business processes. By performing these audit activities, internal auditing creates transparency, identifies risks and where there is room for improvement, develops solution recommendations and contributes to the success of the TAKKT Group. The Management Board of TAKKT reports to the Supervisory Board of TAKKT once a year on the audit system, audit plan and auditing activities and has the audit plan approved for the following year.

DIRECTORS' DEALINGS AND SHARE OWNERSHIP

On December 31, 2014, the members of the Management and Supervisory Boards held a total of 3,676 (8,676) shares in TAKKT AG. This is much less than one percent of the TAKKT shares issued. According to section 15a of the German Securities Trading Act (WpHG), executives (as well as natural and legal persons closely related to them) of a company listed on the regulated market must notify the respective issuer and the German Federal Financial Supervisory Authority (BaFin) if they buy or sell shares or related financial instruments at a value exceeding EUR 5,000 in the course of a calendar year. The company was not informed of any such notifiable transactions in the year under review. Information on share ownership can be found at the end of the Notes to the consolidated financial statements.

SEGMENTS SHAPE THE DEVELOPMENT OF TAKKT AG

The Group's parent company TAKKT AG operates purely as a management holding company and is responsible for managing all of the companies according to the same value and growth drivers as well as for developing the Group strategy. The operating business is handled within the segments. Their results therefore have the greatest influence on the net assets, financial position and results of operations as well as the opportunities and risks for the future development of TAKKT AG.

INFORMATION REQUIRED UNDER TAKEOVER LAW

According to section 289 (4) and section 315 (4) no. 1–9 of the German Commercial Code (HGB), the following details must be disclosed regarding TAKKT AG and the TAKKT Group:

TAKKT AG's share capital totaling EUR 65,610,331 corresponds to 65,610,331 no-par-value bearer shares. These are not subject to any restrictions regarding voting rights or the transfer of shares.

As of December 31, 2014, TAKKT AG is a 50.2 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, Germany. There are no other shareholders holding more than ten percent of voting rights.

Sections 84 and 85 of the German Stock Corporation Act (AktG) and section 5 of the company's articles of association apply for appointing and removing members of the Management Board, while sections 179 and 133 of the German Stock Corporation Act apply for changing the articles of association.

In accordance with the resolution passed at the Shareholders' Meeting of May 06, 2014, the Management Board is authorized to increase the share capital subject to the approval of the Supervisory Board, once or several times, by an amount of up to EUR 32,805,165 by issuing new no-par-value bearer shares by May 05, 2019, taking shareholders' subscription rights into account.

In addition, the Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 6, 2014, subject to section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares up to an amount of ten percent of issued capital. A reverse subscription right or a right to tender in the case of purchasing and the subscription right of shareholders in the case of selling are excluded. The company can exercise this authorization in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until May 05, 2019.

Members of the Management Board have the right to terminate their contracts of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG from Franz Haniel & Cie. GmbH within the meaning of sections 29 et seqq. of the German Securities Acquisition and Takeover Act (WpÜG). Further details concerning this can be found in the Remuneration report.

On the reporting date, borrowings from Schuldschein investors and various financial institutions came to over EUR 123.4 million which were subject to a change of control clause as per sections 289(4) no. 8 and 315(4) no. 8 of the German Commercial Code (HGB). No further disclosures are provided according to the second half-sentence of the relevant regulation.

The disclosures as required by section 315(4) no. 2 of the German Commercial Code (limitation of voting rights), no. 4 (shares with special rights), no. 5 (controlling voting rights of employees) and no. 9 (compensation agreement with the Management Board or staff in case of a takeover offer) are not relevant for TAKKT AG or the TAKKT Group.

DEPENDENCE REPORT SUBMITTED

Franz Haniel & Cie. GmbH, Duisburg is the majority shareholder of TAKKT AG. The Management Board has therefore provided the Supervisory Board with a report on relations with affiliated companies, as stipulated in section 312 of the German Stock Corporation Act. The dependence report comes to the following conclusion: "In summary, we can state that TAKKT AG has received adequate payment for every transaction, according to the circumstances known at the time when the transactions were undertaken, and was not put at a disadvantage as a result of the measures."

DECLARATION OF COMPLIANCE PURSUANT TO PARAGRAPH 161 GERMAN STOCK CORPORATION ACT (AKTG) AS PER 31 DECEMBER 2014:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the Government Commission on the German Corporate Governance Code, published by the Federal Ministry of Justice in the official part of the Federal Gazette, as amended on 24 June 2014, are being complied with. The Management and Supervisory Boards further declare that the recommendations of the Government Commission on the German Corporate Governance Code, as amended from time to time, have been complied with since the last declaration. The following exceptions apply:

1. The German Corporate Governance Code provides under Clause 4.2.4 that the total remuneration of each member of the Management Board is to be disclosed stating the member's name and broken down into fixed and variable remuneration components. The same applies to promises of payments or benefits in the event of early or regular termination of the services as a member of the Management Board, which have been granted or amended during the course of the financial year. No such disclosure is made if the General Meeting passes a resolution to this effect with a three-quarters majority. At TAKKT AG, said disclosure is not made individually as the General Meeting of 04 May 2011 passed such a resolution for a period of five years. Therefore, the recommendations of the German Corporate Governance Code under Clause 4.2.5(3) are not relevant for TAKKT AG. These recommendations suggest which information concerning the compensation of individual members of the Management Board should be included in the remuneration report and how this information is to be presented in the model tables provided by the Government Commission.

2. The German Corporate Governance Code recommends under Clause 5.3.2 that the Supervisory Board establish an Audit Committee ("Prüfungsausschuss"). No such Audit Committee has been established at TAKKT AG. As, with six members, the Supervisory Board of TAKKT AG is comparatively small, the Management and Supervisory Boards still see no need to establish an Audit Committee for the Board.

3. The German Corporate Governance Code recommends under Clause 5.3.3 that the Supervisory Board establish a Nomination Committee ("Nominierungsausschuss"). No such Nomination Committee has been established at TAKKT AG. As, with six members, the Supervisory Board of TAKKT AG is comparatively small, the Management and Supervisory Boards also see no need to establish a Nomination Committee for the Board.

4. Under Clause 5.4.6(3), the German Corporate Governance Code recommends that the remuneration of the members of the Supervisory Board as well as the fees paid to or benefits granted to the members of the Supervisory Board for services rendered personally, especially consulting and agency services, be disclosed individually in the notes to the accounts (Anhang) or in the annual report (Lagebericht). As before, TAKKT AG has not followed this recommendation in the 2014 financial year for the 2013 annual report since the publication of the Management Board and of the Supervisory Board remuneration was intended to be handled in the same way. Since the Supervisory Board remuneration has been changed over to an solely fixed remuneration in the meantime, the Supervisory Board has decided to follow this recommendation now for financial years beginning after 31 December 2013 (financial years from 2014 onwards).

5. The German Corporate Governance Code recommends under Clause 7.1.2 that half-yearly financial reports and any quarterly financial reports be discussed by the Supervisory Board or its Audit Committee with the Management Board prior to publication. At TAKKT AG, the Chairman is continuously informed by the Management Board about the course of business. Moreover, all of the members of the Supervisory Board receive a written monthly report. Therefore, the Supervisory Board does not consider it necessary that the quarterly financial reports be additionally and separately discussed by the plenary Supervisory Board or by an Audit Committee.

Stuttgart, 31 December 2014

On behalf of the Supervisory Board of TAKKT AG
Stephan Gemkow, Chairman of the Supervisory Board

On behalf of the Management Board of TAKKT AG
Dr. Felix Zimmermann, Chairman of the Management Board

REMUNERATION REPORT

The remuneration report details the principles that are used to determine the remuneration of the Management Board of TAKKT AG. It also outlines the structure, composition and amount of the remuneration components. In addition, it describes the principles and amount of the remuneration of the Supervisory Board.

PRINCIPLES OF THE REMUNERATION SYSTEM OF THE MANAGEMENT BOARD

The Management Board of TAKKT AG is primarily responsible for the sustained success of the company and therefore receives remuneration that is appropriate for its duties and the economic position of the Group. The remuneration paid is based on the company's size, its economic and financial position, and the amount and structure of the remuneration paid to Board members at comparable companies. It comprises non-performance-related and performance-related components. The Supervisory Board regularly reviews the structure of the remuneration system and examines whether the amounts paid are appropriate based on the recommendation of the Personnel Committee.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

The non-performance-related remuneration of the Management Board consists of three parts: a fixed basic salary, fringe benefits and a pension scheme.

The Management Board members are paid a fixed basic monthly salary.

The fringe benefits comprise the use of company cars, accident insurance, foreign travel health insurance, luggage insurance and D&O insurance. The excess of the D&O liability insurance for the individual members of the Management Board, in accordance with section 93(2) sentence 3 of the German Stock Corporation Act (AktG), corresponds to ten percent of the damage in question though no more than one and a half times the fixed annual basic salary. The Board Members pay tax on their use of a company car as this constitutes a remuneration component.

The Management Board Members are provided with a pension commitment with annual contributions amounting to ten percent of the sum of their basic salary and target bonus. Contributions are only paid as long as the individual is appointed to the Management Board. The performance-related bonus corresponds to a target achievement of one hundred percent. Interest rates of six percent p.a. are guaranteed for contributions until pension payments begin. Board Members are entitled to pension payments when they leave the company but no earlier than the member's 60th birthday. In the case of disability or death, the amount from the pension plan is paid out that would have been paid out if contributions had been made up to the age of 63.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

The performance-related components comprise a bonus paid annually and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan.

The operating result of the financial year in question in form of the EBIT (earnings before interest and taxes) serves as the basis of valuation for the annual bonus. The annual bonus is based on a sharing model, which means that a sharing rate is set based on the basis of valuation, the EBIT. The sharing rate is specific to each person and calibrated based on a long-term target EBIT. The figures from the strategic planning laid out each year which arise from a set time period of four years as well as the current figures from the past completed financial years form the basis for this. This consideration in the long-term development serves the orientation of a sustainable corporate development. It is aimed to prevent that incentivization of the Management Board is influenced too much by the annual budget or short-term measures to increase earnings or added value.

The amount paid out in the annual bonus is capped at 200 percent of the target EBIT. The Supervisory Board also has the right to increase or reduce the bonus by 20 percent in accordance with its duties. Possible reasons for this may be special services provided by a Board Member or unusual circumstances. Management Board Members may convert parts of their bonus into additional pension components, graded by age band.

The performance cash plans are redefined each year and paid out in cash after a period of four years if the relevant targets are met. A performance cash plan has been granted for 2015 that is valid until 2018. The Supervisory Board decides in accordance with its duties about the conditions and scope of the performance cash plan to be paid for the year in question. These have not changed significantly compared to the previous year. The amount of the cash performance plan to be paid out in 2015 depends on two predefined performance goals:

- The performance of Total Shareholder Return (TSR) over the term of the four-year plan. The TSR corresponds to the total return of the TAKKT share, taking paid dividends into account.

- The amount of the cumulative TAKKT value added (TVA) over the term of the four-year plan. The TVA indicator is used for value-based corporate management and shows whether the interest demands of equity and debt investors are met.

The performance cash plans represent a clear orientation of the remuneration of the Management Board along a sustainable increase of the external and internal value of the company. The amount paid out under the performance cash plans is also capped. For the performance cash plans, the cap is at 200 percent for 2011 and for plans as of 2012 at 300 percent of the target value.

The expenditure for the benefits received or liability to settle these benefits is recorded after the claim is vested. The component which is linked to share performance is classified as a cash-settled share-based payment transaction under IFRS 2. It is valued using a binomial probability method of share valuation. The liability from the performance cash plan is reassessed on each reporting date and on the due date. Changes in fair value are recognized in the income statement of the corresponding calendar year. Independent of this, outgoing payments from each performance cash plan are made only after the term of four years in accordance with the final assessment that is then available.

Based on the current contractual agreements, the beneficiary has full entitlement to payment of the performance cash plan if the period of employment began at least twelve months before the beginning of the term of the performance cash plan. If an individual reaches retirement age or begins or terminates his/her Management Board membership within a calendar year, a pro rata calculation is made in the case of the recently established plan.

Stock options are not considered part of the remuneration of the Management Board at TAKKT AG and there are no plans for this in the future.

REMUNERATION EXPENSES IN THE YEAR UNDER REVIEW

With the exception of the planned changes in personnel on the Management Board as well as the periodic adjustment of individual remuneration components, the remuneration of the fixed salaries in the year under review corresponded to the level of the previous year.

The reported expenditures for the annual bonus of EUR 1,288 thousand (EUR 953 thousand) include a provision release of EUR 63 thousand (EUR 335 thousand). Without this provision release, the expenditure for the annual bonus was EUR 1,351 thousand (EUR 1,288 thousand).

The expenditure for the long-term performance cash plans amounted to EUR 125 thousand (EUR 1,331 thousand). In the past financial year, this expenditure was reduced by the release of previously created provisions for the current performance cash plans in the amount of EUR 501 thousand (EUR 0 thousand). This is attributable in part to the share price development in 2014 and the resulting future expectation for the performance cash plans. In the year under review, the performance cash plan approved for 2010 amounting to EUR 784 thousand was paid out to one current and two former members of the Management Board. The fair value of the ongoing performance cash plans from 2011 to 2014 (2010 to 2013) as well as the respective provision come to EUR 2,119 thousand (EUR 3,315 thousand) as of the reporting date. This valuation is based on the expected development of the relevant success factors.

The reported provision for benefits after end of employment includes a voluntary addition of the Board Members in the amount of EUR 70 thousand (EUR 70 thousand) which was carried out by means of a conversion.

OTHER DISCLOSURES

As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 4,078 thousand (EUR 4,214 thousand).

In the current contracts of the Management Board Members, the limit of possible severance payments corresponds to the recommendations of the German Corporate Governance Code. According to the Code, the payments that could be paid in the event of a premature termination of the membership of the

Remuneration of the Management Board *in EUR thousand*

	2013	2014
Fixed salaries and benefits	1,123	1,048
Expenses for annual bonus	953	1,288
Expenses for the performance cash plans	1,331	125
Provisions for benefits after end of employment	414	421
	3,821	**2,882**

Management Board without cause may at most remunerate the remaining term and also not exceed the amount of two annual salaries.

Members of the Management Board have the right to terminate their contracts of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG from Franz Haniel & Cie. GmbH within the meaning of sections 29 et seqq. of the German Securities Acquisition and Takeover Act (WpÜG). In exercising this right of termination, the Board Member has the right of a severance payment amounting to a maximum of two years' annual salaries. Other sources of income are not taken into account. The right to a severance payment will not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

As of December 31, 2014, the Management Board members of TAKKT AG held 536 (5,536) shares. With the exception of EVA® certificates of EUR 0 thousand (EUR 247 thousand) as well as the usual amounts due in accordance with the employment contracts, no further claims or obligations to the Management Board members exist. Payments to retired Management Board members amounted to EUR 342 thousand (EUR 302 thousand). The pension provisions for former members of the Management Board amount to EUR 6,494 thousand (EUR 4,806 thousand).

REMUNERATION OF THE SUPERVISORY BOARD

Each member of the Supervisory Board of TAKKT AG receives a fixed annual salary of EUR 50,000 and an additional fixed salary of EUR 2,500 for membership in a Supervisory Board committee. The Chairman of the Supervisory Board or of a committee receives double that amount; the Deputy Chairman of the Supervisory Board receives one and a half times that amount. In addition, for each meeting of the Supervisory Board or a committee that they attend, each member receives an attendance fee of 500 euros per day in attendance. TAKKT AG offers compensation for expenses to the members of the Supervisory Board and also reimburses them for the VAT due on their remuneration and compensation for expenses. The company has also taken out D&O liability insurance for the members of the Supervisory Board to cover any statutory liability related to their activity on the Supervisory Board.

In total, the payments of the Supervisory Board in the year under review came to EUR 376 thousand (EUR 390 thousand), of which EUR 355 thousand (EUR 371 thousand) were for activities in relation to the Supervisory Board, EUR 11 thousand (EUR 11 thousand) for activities in relation to the committees as well a EUR 10 thousand (EUR 8 thousand) for attendance fees.

There are no further claims or obligations to members of the Supervisory Board. As of December 31, 2014, the Supervisory Board members held 3,140 (3,140) shares of TAKKT AG stock.

Remuneration of the Supervisory Board *in EUR thousand*

2014

	Fixed payments	Participation in a committee	Attendance fees	Total
Stephan Gemkow	100.0	5.0	2.0	107.0
Dr. Johannes Haupt	57.3	1.1	1.0	59.4
Prof Dr. Klaus Trützschler	37.2	1.9	1.0	40.1
Dr. Florian Funck	50.0	0.0	2.0	52.0
Thomas Kniehl	50.0	0.0	2.0	52.0
Prof. Dr. Dres. hc Arnold Picot	50.0	2.5	2.0	54.0
Dr. Dorothee Ritz	10.8	0.0	0.0	10.8

2013

	Fixed payments	Participation in a committee	Attendance fees	Total
Stephan Gemkow	93.8	4.6	1.4	99.8
Dr. Johannes Haupt	50.0	0.0	1.4	51.4
Prof Dr. Klaus Trützschler	77.1	3.9	1.4	82.4
Dr. Florian Funck	50.0	0.0	1.4	51.4
Thomas Kniehl	50.0	0.0	0.9	50.9
Prof Dr. Dres. hc Arnold Picot	50.0	2.5	1.4	53.9

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income of the TAKKT Group *in EUR thousand*

	Notes	2014	2013
Turnover	(1)	980,385	952,542
Changes in inventories of finished goods and work in progress		346	188
Own work capitalised		383	48
Gross performance		**981,114**	**952,778**
Cost of sales		563,646	537,118
Gross profit		**417,468**	**415,660**
Other operating income	(2)	7,902	9,412
Personnel expenses	(3)	145,524	140,939
Other operating expenses	(4)	142,512	161,375
EBITDA		**137,334**	**122,758**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	26,532	26,924
Impairment of goodwill	(6)	0	0
EBIT		**110,802**	**95,834**
Income from associated companies		99	99
Finance expenses	(7)	–11,302	–15,093
Other finance result	(8)	–258	347
Financial result		**–11,461**	**–14,647**
Profit before tax		**99,341**	**81,187**
Income tax expense	(9)	33,677	28,695
Profit		**65,664**	**52,492**
attributable to owners of TAKKT AG		65,664	52,492
attributable to non-controlling interests		0	0
Weighted average number of issued shares in million		65.6	65.6
Earnings per share (in EUR)	(10)	1.00	0.80

Consolidated statement of comprehensive income of the TAKKT Group *in EUR thousand*

	2014	2013
Profit	**65,664**	**52,492**
Actuarial gains and losses resulting from pension provisions recognized in equity	–14,397	75
Deferred tax on actuarial gains and losses resulting from pension provisions	4,316	–13
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**–10,081**	**62**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–682	–51
Income recognized in the income statement	901	1,852
Deferred tax on subsequent measurement of cash flow hedges	–95	–666
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**124**	**1,135**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	19,563	–3,915
Income recognized in the income statement	0	0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**19,563**	**–3,915**
Other comprehensive income after tax for items that are reclassified to profit and loss	**19,687**	**–2,780**
Other comprehensive income (Changes to other components of equity)	**9,606**	**–2,718**
attributable to owners of TAKKT AG	9,606	–2,718
attributable to non-controlling interests	0	0
Total comprehensive income	**75,270**	**49,774**
attributable to owners of TAKKT AG	75,270	49,774
attributable to non-controlling interests	0	0

Detailed information on other comprehensive income can be found on page 130.

Consolidated statement of financial position of the TAKKT Group *in EUR thousand*

Assets	Notes	31.12.2014	31.12.2013
Property, plant and equipment	(11)	112,162	114,928
Goodwill	(12)	474,720	449,845
Other intangible assets	(13)	74,061	80,375
Investment in associated companies		20	20
Other assets	(14)	739	639
Deferred tax	(15)	1,907	3,147
Non-current assets		**663,609**	**648,954**
Inventories	(16)	82,557	83,429
Trade receivables	(17)	83,254	86,349
Other receivables and assets	(18)	21,316	23,317
Income tax receivables		5,377	3,861
Cash and cash equivalents	(19)	4,043	5,857
Assets held for sale	(20)	22,321	0
Current assets		**218,868**	**202,813**
Total assets		**882,477**	**851,767**

Equity and liabilities	Notes	31.12.2014	31.12.2013
Share capital		65,610	65,610
Retained earnings		340,732	296,063
Other components of equity		–19,586	–29,192
Total equity	(21)	**386,756**	**332,481**
Borrowings	(22)	125,328	253,071
Deferred tax	(15)	57,511	51,811
Other liabilities	(23)	396	52,338
Pension provisions and similar obligations	(24)	52,652	36,176
Other provisions	(25)	5,079	6,599
Non-current liabilities		**240,966**	**399,995**
Borrowings	(22)	96,247	25,771
Trade payables	(26)	26,594	26,631
Other liabilities	(27)	99,949	41,917
Provisions	(25)	17,005	18,850
Income tax payables		6,156	6,122
Liabilities held for sale	(20)	8,804	0
Current liabilities		**254,755**	**119,291**
Total equity and liabilities		**882,477**	**851,767**

Consolidated statement of changes in total equity of the TAKKT Group *in EUR thousand*

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 01.01.2014	**65,610**	**296,063**	**–29,192**	**332,481**
Transactions with owners	0	–20,995	0	–20,995
thereof dividends paid	0	–20,995	0	–20,995
Total comprehensive income	0	65,664	9,606	75,270
thereof Profit	0	65,664	0	65,664
thereof Other comprehensive income (Changes to other components of equity)	0	0	9,606	9,606
Balance at 31.12.2014	**65,610**	**340,732**	**–19,586**	**386,756**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01.01.2013	**65,610**	**264,566**	**–26,474**	**303,702**
Transactions with owners	0	–20,995	0	–20,995
thereof dividends paid	0	–20,995	0	–20,995
Total comprehensive income	0	52,492	–2,718	49,774
thereof Profit	0	52,492	0	52,492
thereof Other comprehensive income (Changes to other components of equity)	0	0	–2,718	–2,718
Balance at 31.12.2013	**65,610**	**296,063**	**–29,192**	**332,481**

For further information on Total equity, refer to page 130.

Consolidated statement of cash flows of the TAKKT Group *in EUR thousand*

	Notes	2014	2013
Profit		65,664	52,492
Depreciation, amortization and impairment of non-current assets	(5)/(6)	26,532	26,924
Deferred tax expense	(9)	6,479	3,984
TAKKT cash flow		**98,675**	**83,400**
Other non-cash expenses and income		6,883	4,846
Profit and loss on disposal of non-current assets and consolidated companies		121	–4
Change in inventories		–1,980	–6,982
Change in trade receivables		–2,711	–1,451
Change in other assets not included in investing and financing activities		705	–965
Change in non-current and current provisions		–1,260	4,761
Change in trade payables		2,057	–3,711
Change in other liabilities not included in investing and financing activities		–1,268	–2,220
Cash flow from operating activities		**101,222**	**77,674**
Proceeds from disposal of non-current assets		462	360
Capital expenditure on non-current assets		–13,553	–9,599
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)		–118	–69
Cash flow from investing activities		**–13,209**	**–9,308**
Proceeds from borrowings		136,939	77,672
Repayments of borrowings		–205,611	–125,002
Dividends to owners of TAKKT AG		–20,995	–20,995
Cash flow from financing activities		**–89,667**	**–68,325**
Net change in cash and cash equivalents		–1,654	41
Effect of exchange rate changes		–160	–129
Cash and cash equivalents at 01.01.		5,857	5,945
Cash and cash equivalents at 31.12.	(19)	**4,043**	**5,857**

The statement of cash flows has been derived from the consolidated financial statements of the TAKKT Group and prepared according to IAS 7. It shows changes in cash and cash equivalents during the financial year on the basis of cash transactions. Cash flows are reported separately according to source and application in operating, investing, and financing activities. Operating cash flows are presented according to the indirect method, cash flows from investing and financing activities according to the direct method. To adjust for exchange rate effects, the individual items of the opening balance were translated at the respective exchange rates at the closing date. These figures were compared with the closing statement of financial position.

The TAKKT cash flow figure is used in all financial communications. TAKKT defines this as profit plus depreciation, amortization and impairment of non-current assets and deferred tax affecting profit. It is shown as a subtotal within the cash flow from operating activities.

The cash flow from operating activities includes interest receipts of EUR 30 thousand (EUR 47 thousand), interest payments of EUR 8,496 thousand (EUR 10,799 thousand) as well as payments from associated companies in the amount of EUR 99 thousand (EUR 99 thousand). In 2014, income taxes of EUR 28,674 thousand (EUR 27,815 thousand) were paid.

Capital expenditure relates to maintenance, expansion and modernization of the business. Cash outflows for the acquisition of consolidated companies relate to a yearly partial payment of the contingent consideration in connection with the acquisition of UBEN Unternehmensberatung Enzinger GmbH in the 2011 financial year.

Financial liabilities include interest-bearing liabilities; please see page 131 et seqq. for additional details. In the year under review, dividends in the amount of EUR 20,995 thousand (EUR 20,995 thousand) were paid out to TAKKT AG shareholders. This constitutes a total dividend of EUR 0.32 (EUR 0.32) per share.

Cash and cash equivalents disclosed as of the reporting date include checks, cash on hand and bank balances with an original term of up to three months and corresponds to the balance sheet item cash and cash equivalents. These were not netted off with short-term borrowings. The cash and cash equivalents are not subject to any restrictions on disposal.

Segment reporting 2014 of the TAKKT Group *in EUR thousand*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	519,508	460,877	980,385	0	0	980,385
Inter-segment turnover	300	4	304	0	–304	0
Segment turnover	519,808	460,881	980,689	0	–304	980,385
Other non-cash expenses (+) and income (–)	90	6,569	6,659	224	0	6,883
EBITDA	99,138	47,574	146,712	–9,378	0	137,334
Depreciation and amortization of segment assets	17,806	7,979	25,785	149	0	25,934
Impairment of segment assets	107	491	598	0	0	598
EBIT	81,225	39,104	120,329	–9,527	0	110,802
Income from associated companies	99	0	99	0	0	99
Finance expenses	–4,844	–3,342	–8,186	–6,103	2,987	–11,302
Interest and similar income	129	1	130	2,887	–2,987	30
Profit before tax	76,358	35,726	112,084	–12,743	0	99,341
Income tax expense	22,266	15,003	37,269	–3,592	0	33,677
Profit	54,092	20,723	74,815	–9,151	0	65,664
TAKKT cash flow	72,795	35,429	108,224	–9,549	0	98,675
Segment assets	550,136	394,130	944,266	121,933	–183,722	882,477
thereof investment in non-current assets	8,231	5,270	13,501	52	0	13,553
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables*	2,234	1,500	3,734	8,188	–4,638	7,284
Segment liabilities	223,932	221,194	445,126	234,317	–183,722	495,721
thereof deferred tax and income tax payables*	30,684	36,509	67,193	1,112	–4,638	63,667
thereof borrowings (non-current and current)*	120,817	72,188	193,005	207,217	–178,647	221,575
Average no. of employees (full-time equivalent)	1,241	1,091	2,332	34	0	2,366
Employees at the closing date (full-time equivalent)	1,234	1,090	2,324	33	0	2,357

* *Corresponds to the balance sheet position excluding Assets and Liabilities held for sale.*

Segment reporting 2013 of the TAKKT Group *in EUR thousand*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	525,067	427,475	952,542	0	0	952,542
Inter-segment turnover	315	1	316	0	–316	0
Segment turnover	525,382	427,476	952,858	0	–316	952,542
Other non-cash expenses (+) and income (–)	–34	4,794	4,760	86	0	4,846
EBITDA	89,344	42,249	131,593	–8,835	0	122,758
Depreciation and amortization of segment assets	17,562	8,916	26,478	146	0	26,624
Impairment of segment assets	300	0	300	0	0	300
EBIT	71,481	33,333	104,814	–8,980	0	95,834
Income from associated companies	99	0	99	0	0	99
Finance expenses	–6,078	–6,925	–13,003	–6,345	4,255	–15,093
Interest and similar income	143	1	144	4,158	–4,255	47
Profit before tax	65,979	26,375	92,354	–11,167	0	81,187
Income tax expense	20,469	11,164	31,633	–2,938	0	28,695
Profit	45,510	15,212	60,722	–8,230	0	52,492
TAKKT cash flow	65,280	26,451	91,731	–8,331	0	83,400
Segment assets	596,035	341,659	937,694	173,582	–259,509	851,767
thereof investment in non-current assets	5,479	4,012	9,491	108	0	9,599
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	3,769	924	4,693	4,675	–2,360	7,008
Segment liabilities	273,962	211,999	485,961	292,834	–259,509	519,286
thereof deferred tax and income tax payables	33,383	25,670	59,053	1,240	–2,360	57,933
thereof borrowings (non-current and current)	169,746	94,822	264,568	271,354	–257,080	278,842
Average no. of employees (full-time equivalent)	1,305	1,039	2,344	33	0	2,377
Employees at the closing date (full-time equivalent)	1,292	1,061	2,353	36	0	2,389

Segment reporting by geographical region 2014 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Turnover to third parties	245,685	273,505	431,919	29,276	980,385
Non-current assets*	374,214	10,911	275,744	133	661,002

Non-current assets excluding financial instruments and deferred tax assets.

Segment reporting by geographical region 2013 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Turnover to third parties	243,289	282,426	397,252	29,575	952,542
Non-current assets*	383,349	12,297	249,393	191	645,230

Non-current assets excluding financial instruments and deferred tax assets.

SEGMENT INFORMATION

Within the scope of segment reporting under IFRS 8, the activities of the TAKKT Group are broken down according to the different divisions in line with the organizational structure. The breakdown is carried out according to the management approach and takes the internal management and reporting to the Management Board of TAKKT AG as the chief operating decision maker into consideration. The fundamental segment result for controlling purposes is the EBITDA.

Segment reporting uses the same accounting standards as the consolidated financial statements. Intra-group transfers are valued at internal prices calculated on the basis of the cost-plus method and checked for plausibility using an arm's-length comparison wherever possible. This cost-plus method complies with OECD (Organisation for Economic Co-operation and Development) principles. The same system was used in the previous year.

On-balance sheet investment in non-current segment assets comprise additions to Property, plant and equipment, to Other intangible assets and to long-term financial assets.

The **TAKKT EUROPE** segment is divided into two divisions:

The Business Equipment Group (BEG), consisting of the KAISER+KRAFT, gaerner, Gerdmans, KWESTO and Certeo brands, offers products for office, plant and business equipment in more than twenty countries in Europe as well as in Japan and China.

The Packaging Solutions Group (PSG) consisting of the Ratioform and Davpack brands, offers different transport packaging products in six European countries.

TAKKT EUROPE operates 3 (3) central warehouses and 16 (19) regional warehouses.

The **TAKKT AMERICA** segment is divided into three divisions:

The Plant Equipment Group (PEG), consisting of the brands C&H in the USA and Mexico, IndustrialSupplies.com in the USA, Products for Industry in the USA and Canada as well as Avenue in Canada, sells products in the area of transport, storage and plant equipment. The division PEG has been sold as of January 30, 2015.

The Specialties Group (SPG), consisting of the brands Hubert in the USA, Canada, Germany, France and Switzerland as well as Central Restaurant Products and Displays2Go in the USA, sells supply and equipment items for the food service, hotel and retail sectors.

The Office Equipment Group (OEG), consisting of the brands National Business Furniture (NBF) in the USA and Canada as well as Dallas Midwest and officefurniture.com in the USA, offers products in the area of office equipment.

TAKKT AMERICA operates 9 (8) central warehouses and 4 (4) regional warehouses.

The segment reporting´s column **Others** mainly discloses TAKKT AG, in which the key functions of the Group are concentrated and which does not satisfy the definition of a reportable segment according to IFRS 8.

Geographical information
Turnover to third parties is allocated according to where the selling unit is located; non-current assets are allocated according to where the owning unit is located.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2014

1. GENERAL INFORMATION

ACCOUNTING PRINCIPLES

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and section 315a of the German Commercial Code (HGB). The interpretations (IFRIC – International Financial Reporting Interpretations Committee and SIC – Standards Interpretations Committee) by the International Financial Reporting Standards Interpretations Committee (IFRS IC) have been taken into account. All International Financial Reporting Standards (IFRS) valid at the closing date and approved by the Commission of the European Union (EU) have been applied.

The consolidated financial statements and the combined management report of TAKKT AG and the Group were approved by the Management Board for submission to the Supervisory Board on February 23, 2015.

New reporting standards

The following reporting standards and interpretations have been passed or amended by IASB and IFRS IC and endorsed by the EU. Their application is compulsory from the 2014 financial year:

Standard		Status	Applicable from
IFRS 10	Consolidated Financial Statements	new	01.01.2014
IFRS 11	Joint Arrangements	new	01.01.2014
IFRS 12	Disclosure of Interests in Other Entities	new	01.01.2014
IAS 27 rev.	Separate Financial Statements	amended	01.01.2014
IAS 28 rev.	Investments in Associates and Joint Ventures	amended	01.01.2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	amended	01.01.2014
Amendments to IAS 39 and IFRS 9	Novation of Derivatives and Continuation of Hedge Accounting	amended	01.01.2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	amended	01.01.2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	amended	01.01.2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	amended	01.01.2014

In May 2011, the IASB issued three new standards that provide guidance concerning the accounting of investments of the reporting entity in other entities within the consolidated financial statements. The standards were endorsed from the EU in December 2012 and must be applied retrospectively to financial years starting on or after January 01, 2014. In particular, IFRS 10 and IFRS 12 are relevant for the TAKKT Group.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the regulations with regard to the accounting of consolidated financial statements in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation - Special Purpose Entities. IFRS 10 contains a new definition of control and introduces a standardized consolidation model based on control. According to the new model, the investee is consolidated if the parent company has control over the investee, i. e. if the parent company holds decision-making power over the relevant activities of the investee based on voting or other rights, if it has exposure or rights to the variable returns from its involvement with the investee and if it has the ability to use its decision-making power over the investee to affect the amount of the variable returns. The application of the new standard has no effect on the scope of consolidation at TAKKT.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 provides comprehensive disclosure requirements for interests in other entities. The application of IFRS 12 should enable users of financial statements to evaluate the nature of and risks associated with the interests in other entities as well as the effects of those interests on its financial position, financial performance and cash flows. The application will result in additional disclosures in the annual consolidated financial statements, especially disclosures concerning interests in unconsolidated structured entities.

None of the other new or amended IFRSs requiring first-time application in the current financial year had a significant impact on the net assets, financial position and results of operations of the Group or the presentation of the consolidated financial statements.

The IASB has passed new and revised standards which must be applied starting January 01, 2015 or later. Some of these standards still have to be approved by the EU prior to their application. Specifically, these include the following IFRS:

Standard		Status	Applicable from
IFRS 9	Financial Instruments	new	01.01.2018
IFRS 14	Regulatory Deferral Accounts	new	01.01.2016
IFRS 15	Revenue from Contracts with customers	new	01.01.2017
IFRIC 21	Levies	new	17.06.2014
Amendments to IAS 1	Disclosure Initiative	amended	01.01.2016
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	amended	01.07.2014
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	amended	01.01.2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	amended	01.01.2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	amended	01.01.2016
Amendments to IFRS 10 and IAS 28	Investment Entities: Applying the Consolidation Exemption	amended	01.01.2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	amended	01.01.2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	amended	01.01.2016
AIP 2010–2012	Annual Improvements Project IASB 2010–2012	amended	01.07.2014
AIP 2011–2013	Annual Improvements Project IASB 2011–2013	amended	01.07.2014
AIP 2012–2014	Annual Improvements Project IASB 2012–2014	amended	01.07.2016

The option of applying standards already approved by the IASB early was not utilized. Based on current assessments, the effects of an earlier adoption of the new or revised standards, especially IFRS 9 and IFRS 15 will not have a significant impact on net assets, financial position or results of operations. Earlier adoption would have entailed extended disclosures in the notes.

Apart from that, the consolidated financial statements have been prepared using the same accounting and valuation principles as in the previous year. The consolidated financial statements have been prepared in euros. Unless specified differently, figures are rounded on the nearest thousand.

In order to improve clarity, various items are grouped in the balance sheet and statement of income. A breakdown of the individual amounts is provided in the notes. The balance sheet has been divided into current and non-current items in accordance with IAS 1. Assets and liabilities are classified as current if they are due within twelve months. The statement of income was prepared in accordance with the nature of expense method.

SCOPE OF CONSOLIDATION

TAKKT AG, Stuttgart, Germany, registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's parent company. The consolidated financial statements as of December 31, 2014, prepared in accordance with IFRS, the Group management report, the separate financial statement of TAKKT AG prepared in accordance with the HGB and all other required documentation according to section 325 of HGB will be submitted to the Electronic Federal Gazette (elektronischer Bundesanzeiger).

TAKKT is a B2B direct marketing specialist for business equipment and is active in more than 25 countries. Besides TAKKT AG, 12 (13) domestic and 60 (64) foreign companies are included in the consolidated financial statements. The consolidated financial statements include all companies that are controlled by TAKKT according to IFRS 10. The fully consolidated subsidiaries are 100 percent investments.

Scope of consolidation has changed as follows in comparison to December 31, 2013:

Event	Subsidiary	Segment
Foundation	Products for Industry LLC, Milwaukee/USA	TAKKT AMERICA
	Hubert Hong Kong Ltd., Hong Kong/China	TAKKT AMERICA
Merger	Quip24 GmbH, Stuttgart/Germany	TAKKT EUROPE
	Topdeq S.A.S., Tremblay en France/France	TAKKT EUROPE
	Topdeq N.V., Diegem/Belgium	TAKKT EUROPE
	Topdeq B.V., Mijdrecht/The Netherlands	TAKKT EUROPE
	Topdeq Nederland B.V., Mijdrecht/The Netherlands	TAKKT EUROPE
	DMZ Design Möbelvertrieb Zug AG, Zug/Switzerland (formerly: Topdeq AG, Zug/Switzerland)	TAKKT EUROPE
Liquidation	Gaerner S.r.l., Cadorago/Italy	TAKKT EUROPE

There is one domestic associated company.

On December 31, 2014, TAKKT AG was a 50.2 (50.3) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg/Germany. The TAKKT Group will therefore be included in the latter's consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

Subsidiaries are fully consolidated from the date the Group has obtained control over the investee according to IFRS 10 either directly or indirectly. Control exists if TAKKT holds decision-making power over the relevant activities of the investee based on voting or other rights, if it has exposure or rights to the variable returns from its involvement with the investee and if it has the ability to use its decision-making power over the investee to affect the amount of the variable returns. A subsidiary is deconsolidated at the date TAKKT has lost control of the subsidiary.

The consolidated financial statements and all separate financial statements have the same balance sheet date, 31 December 2014. The separate financial statements of the domestic and foreign subsidiaries included in the financial statements were prepared using uniform accounting and valuation principles.

The capital consolidation is carried out in accordance with IFRS 3 using the acquisition method on the basis of the fair values at the date on which TAKKT Group obtained control over the acquired company. The part of the purchase price which was transferred in a business combination in the expectation of future positive inflows of funds from the business combination and which cannot be allocated to the fair value of identified or identifiable assets within the scope of the complete new valuation method is reported as goodwill in non-current assets.

In accordance with IFRS 3, the respective goodwill is not amortized but subjected to an impairment test according to IAS 36 once a year or during the year if indicated by the occurrence of triggering events. Additional details on this can be found on page 109 et seq.

Incidental costs incurred during a business combination are recorded as expense.

Intercompany profits and losses, turnover, expenses and income as well as all receivables and liabilities between the Group subsidiaries were eliminated. Guarantees and warranties that TAKKT AG or a consolidated subsidiary issues in favour of other consolidated subsidiary are eliminated provided they do not have an external effect.

Intercompany profits contained in current and non-current assets resulting from intercompany deliveries and services were eliminated, provided they were material.

Differences arising from the intercompany debt consolidation are recorded in the statement of income, if material.

Deferred taxes were recognized for consolidation transactions in accordance with IAS 12, provided that the tax differences are expected to reverse in future financial years.

Within TAKKT Group there are no non-controlling interests in equity, profit and comprehensive income.

CURRENCY TRANSLATION

TAKKT AG's reporting currency is the euro. In accordance with IAS 21, currency is translated using the functional currency method. Since all companies manage their businesses financially autonomously, the respective local currency is identical to the functional currency. Under the functional currency concept, assets and liabilities of all subsidiaries not reporting in euros are translated using the closing rate on the reporting date, whereas income and expenses are translated using the average exchange rate for the year. Currency differences from the translation of foreign financial statements into the Group currency are recorded in Total equity respectively Other comprehensive income without any effect on profit. Goodwill on consolidation was calculated applying the exchange rate at the time of acquisition.

If a foreign business operation is disposed of, currency differences, which until then were recorded in equity respectively other comprehensive income without any effect on profit, are recorded in the statement of income as part of the capital gain or loss realized on the sale.

The TAKKT Group does not operate subsidiaries in high-inflation countries.

In the separate financial statements of the TAKKT Group companies, transactions in foreign currencies are translated at the rate prevailing at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate prevailing at the reporting date. Exchange differences are primarily recognized under Other operating expenses in the statement of income of the separate financial statements.

Material exchange rates for TAKKT Group

		Year-end rates		Average rates	
Currency	Country	**2014**	2013	**2014**	2013
USD	USA	1.2141	1.3791	1.3262	1.3276
CHF	Switzerland	1.2024	1.2276	1.2145	1.2310
GBP	UK	0.7789	0.8337	0.8058	0.8491
SEK	Sweden	9.3930	8.8591	9.0983	8.6481
CAD	Canada	1.4063	1.4671	1.4652	1.3670

ACCOUNTING AND VALUATION PRINCIPLES

Turnover includes sales of products and services less cash discounts, rebates and accruals from customer loyalty programs. Turnover from sales is realized when the risks and rewards of ownership have been transferred to the customer, the amount of the turnover can be reliably determined and collectability can be reasonably expected. It is recorded at the fair value of the consideration received. Provisions are made to reflect the customers' rights of return. According to IFRIC 13, loyalty award credits which are granted as part of a customer loyalty program are accounted for with the fair value as deferred income in Other liabilities and result in a decrease in turnover.

Other operating income is realized if the incoming economic benefit is probable and the amount can be determined reliably.

Advertising costs are expensed as soon as the company has the right to access the advertising material and/or has received the service associated with the advertising activities.

Impairments are carried out if the asset's recoverable amount has fallen below the book value (amortized cost). The recoverable amount is defined as the higher value of its fair value less cost to sell and the present value of future cash flows from the usage of the asset (value in use).

Borrowing costs are capitalized when assets are acquired, constructed or produced which have a lengthy acquisition or manufacturing process (qualifying asset).

Income tax expense includes income tax as well as deferred taxes. The income tax for the year is determined based on the taxable income according to the tax regulations of the specific countries and taking the respective applicable tax rate into account.

Government grants are recorded at fair value according to IAS 20 if there is reasonable assurance of compliance of the conditions attached to them and that the respective grants will also be received. Grants to cover expenses are recognized as income and offset in the periods during which the designated expenses are incurred. Grants to cover capital expenditure are deducted from the acquisition cost of the funded assets.

Property, plant and equipment is capitalized at acquisition or manufacturing costs less scheduled depreciation and any impairments. If the reasons for an impairment no longer exist, the impairment is reversed. The new value must not exceed the amortized cost. The costs of self-constructed property, plant and equipment include direct costs as well as those portions of overhead costs directly attributable to the construction.

Property, plant and equipment is depreciated using the straight-line method over its useful economic life. Depreciation is based on the following useful lives in the Group:

	Useful life in years	
	2014	2013
Buildings (incl. leasehold improvements)	5 – 50	5 – 50
Plant, machinery and equipment	2 – 16	2 – 16

Net book values and useful lives are reviewed at each reporting date and adjusted, if necessary.

The requirements of finance leases pursuant to IAS 17 are satisfied if the TAKKT Group bears all the significant opportunities and risks in leasing transactions as lessee and can therefore be considered the economic owner. In these cases, the respective assets in property, plant and equipment are capitalized at fair value or at the lower present value of the minimum lease payments and depreciated using the straight-line method over their useful lives or the shorter duration of the leasing contract, which is between 10 and 25 years. The present value of obligations for future lease installments is disclosed under current and non-current borrowings.

For some buildings under a finance lease contract, standard market renewal and purchase options at the end of the general lease term exist. The option price usually corresponds to the residual book value at the end of the contract period. In order to determine the present value, the interest rate underlying the lease contracts was applied to the extent possible. If this rate was not available, the incremental borrowing rate was applied.

In addition to finance leases, the TAKKT Group also concluded rental contracts in which the economic ownership of rental goods remains with the lessor (operating leasing). Leasing payments are distributed evenly throughout the lease duration and recognized as expense. Depending on the subject of the lease, typical lease and lease extension rights apply as well as price adjustment clauses.

For goodwill and intangible assets with an indefinite useful life, as these do not generate any independent cash flows, recoverability of the capitalized book value is reviewed once a year or, if indicated by triggering events also during the year, at the level of cash generating units in accordance with IAS 36. In the year under review, the TAKKT Group had a total of 5 (6) cash generating units.

The impairment test is based on a detailed plan of the future operating cash flows before interest and taxes less capital expenditure on maintenance and replacements less changes in the net current assets for a period of five years and perpetuity following the detailed planning period. This detailed planning is based on financial plans approved by the responsible management, which are also used for internal purposes. The main assumptions for planning relate to the underlying turnover growth and operational margin in the detailed planning period as well as the growth in perpetuity for the years following it. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. The growth in perpetuity is determined that it lies below the long-term average organic growth and below the long-term average expected future market growth. The determined cash flows are discounted individually with the weighted average cost of capital (WACC) before tax calculated for every cash generating unit in order to determine the value in use of the cash generating unit. Based on a WACC rate derived from the Capital Asset Pricing Model, the WACC rate after tax is calculated using an iterative procedure for which the value in use before tax equals the value in use after tax. Cost of equity was determined using a risk-free interest rate as well as a risk markup per cash generating unit resulting from a market risk premium and an average relevered beta factor of the peer group. Cost of debt consist of a risk-free interest rate plus a risk markup (credit spread).

The recoverable amount – i. e. the higher of value in use or fair value less costs to sell, which may be calculated subsequently – is then compared with the respective book value. If this amount is below the book value of the cash generating unit, an impairment is recognized on goodwill and, if required, on the other assets of the cash generating unit concerned.

Brands are entered with an indeterminate useful life because the right of use for the brands can be utilized indefinitely and the level of awareness is permanently maintained by advertising.

Purchased **intangible assets with a determinable useful life** are valued at acquisition cost plus incidental acquisition costs less amortization using the straight-line or declining balance method in line with usage and any impairment. The net book values and useful lives are reviewed at every reporting date and adjusted if necessary. Amortization was based on the following useful lives:

	Useful life in years	
	2014	2013
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3 – 11	3 – 11
Supplier relationships	5	5
Domain names	10	10
Catalog-/web design	5 or 10	5 or 10
Software, licenses and similar rights	2 – 5	2 – 5

If not subject to capitalization according to IAS 38, **research and development costs** are recognized in the statement of income when incurred. Development costs are capitalized when the recognition criteria of IAS 38 are met. These **internally generated intangible assets** are recognized at acquisition and manufacturing costs less scheduled amortization and impairment. Capitalized development costs include all directly attributable costs and proportionate overhead costs and are amortized over the expected useful life using the straight-line method.

A valuation of **investments in associated companies** per IAS 28 was not deemed necessary due to reasons of materiality. They are recognized in the balance sheet at acquisition costs.

Inventories are recognized at the lower of acquisition or manufacturing costs or net realizable value. In general, a value based on the FIFO method (first in, first out) is applied. The manufacturing costs include not only the directly attributable materials used for production and wages but also appropriate portions of the indirect material and production overhead costs. There are no relevant borrowing costs due to the nature of the company's business. Obsolescence reserves were made, taking into account the expected selldown period of the inventories. If the reasons for the write-downs no longer apply, the original reserves are released.

Financial assets and liabilities are categorized as follows:

- Available-for-sale financial assets
- Held-to-maturity investments
- Loans and receivables
- Assets recognized at fair value through profit and loss
- Liabilities recognized at fair value through profit and loss
- Financial liabilities measured at amortized costs

Financial assets and liabilities are classed on initial disclosure and reviewed for reporting at each reporting date. All purchases and sales of financial assets are recognized on settlement date (settlement date accounting).

Financial assets in the available-for-sale category are initially reported at fair value plus transaction costs and subsequently at their respective fair value at the reporting date. The resulting unrealized gains and losses are recorded in Other comprehensive income under consideration of deferred taxes without any effect on profit. If there is no listed market value or if a market value cannot be reliably determined, assets are recorded at their purchase price. If there are substantial indications for a loss of value, an impairment affecting profits is made. If the reasons for an impairment no longer exist, the impairment is reversed accordingly. In the case of equity instruments this is done without an effect on profits, and in the case of debt instruments with an effect on profits provided that the conditions of IAS 39 are fulfilled. With respect to the disposal of assets, expenses and income previously recognized with no effect on profits in Other comprehensive income are recognized through profit or loss.

Financial assets in the held-to-maturity category as well as loans and receivables are initially recorded at their fair value plus transaction costs and subsequently at the amortized cost (nominal value, using the effective interest method, where appropriate) or at their lower fair value (using the original effective interest rate where appropriate). Risks are taken into consideration by allowances. In addition to the required individual value adjustments, trade receivables are subject to a general allowance for identifiable general credit risks, the age of the receivables and past experience (e. g. collection costs and cash discounts received). This general allowance is necessary because of the large number of trade debtors in the direct marketing business.

Financial assets and liabilities in the fair value through profit and loss category are initially recorded at their fair value and subsequently at their respective fair value at the reporting date. Attributable transaction costs are recognized through profit and loss. Fluctuations in fair values are recorded in the statement of income. This solely includes derivatives which, in the Group's view, are not subject to an effective hedge relationship.

Financial liabilities which are not in the fair value through profit and loss category are measured at amortized cost, using the effective interest method where appropriate.

Financial assets and liabilities are reported net in the balance sheet if there is currently a legal enforceable right to offset. In addition, there must be an intention to settle on a net basis or to settle the associated liability and realize the financial asset simultaneously. Otherwise, the financial asset and liability are shown without offsetting in the balance sheet. Accordingly, related expenses and income are reported net to a limited extent.

Fair values for every financial instrument category according to IFRS 7 generally correspond book values. This applies directly to assets in the available-for-sale categories, financial instruments in the fair value through profit and loss category, derivatives in a hedging relationship as well as contingent considerations from company acquisitions that are shown in the balance sheet at fair value. In the case of loans and receivables as well as financial liabilities, the book value is usually a sufficient approximation of the fair value. If this is not the case, additional details are provided. The other receivables and payables are either current or subject to a variable market interest rate.

The input factors used for the valuation techniques to measure fair value are divided into the following levels:

Level 1: Quoted prices in active markets accessible to the company for the identical asset or liability.

Level 2: Input factors other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Input factors for the asset or liability that are unobservable.

Sometimes, the input factors used to measure the fair value of an asset or liability might be categorized within different levels of the valuation hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments at TAKKT recognized at fair value as of the reporting date relate to derivative financial instruments and contingent considerations. They are subject to a recurring fair value measurement. Derivative financial instruments are included in Other current receivables and assets as well as in Other current liabilities and relate to level 2. Contingent considerations are included in Other current and non-current liabilities and relate to level 3.

Should it prove necessary to reclassify assets and liabilities carried at fair value on a recurring basis into a different level – for example because an asset is no longer traded on an active market or is being traded for the first time – they are reclassified at the end of the reporting period.

The fair value of financial instruments traded on an active market is based on the prices quoted on the reporting date. When level 2 and 3 assets and liabilities are measured at fair value on a recurring basis, the discounted cash flow method is used. This means that the future cash flows which the financial instruments are expected to generate are discounted using maturity-matched market interest rates. TAKKT takes the relevant debtor's creditworthiness into account by means of credit value adjustments (CVA) or debt value adjustments (DVA). The CVA and DVA are determined based on the observable prices for credit derivatives available on the market.

The fair value of contingent consideration is calculated by discounting the expected value derived from probability-weighted scenarios for the amount to be paid.

Derivative financial instruments such as forward foreign exchange contracts and interest rate swaps are generally used for hedging purposes to reduce currency and interest risks from operating activities or the financing requirements resulting from these activities. At TAKKT, derivative financial instruments are used to either hedge the fair value of a balance sheet asset or liability (fair value hedge) or to hedge a future cash flow from a firm commitment or forecast transaction (cash flow hedge). They are not undertaken for trading purposes or for reasons of speculation.

In accordance with IAS 39, the Group documents all relationships between hedging instruments and the associated underlying transactions. As part of this approach, a relationship is established between all derivatives used as hedging instruments and specific assets, liabilities, firm commitments or forecast transactions. At TAKKT, both prospective and retrospective effectiveness monitoring for cash flow hedges are proved via a high statistical correlation. For a statistical series, a ratio is created between changes in the value of the underlying transaction and the hedging instruments. If the ratio is within the bandwidth of 80 to 125 percent as defined by IAS 39, the hedge is regarded as effective.

Accounting for derivative financial instruments occurs in Other receivables and assets or in Other liabilities as soon as purchase or sales contracts are made. In accordance with IAS 39, all derivatives have to be reported at their fair value, regardless of the purpose or intention for which they were concluded.

The market value of a forward foreign exchange contract corresponds to the difference in the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate at the reporting date. The market value of an interest rate swap is equal to the present value of the future cash flows resulting from this derivative instrument. The cash flows are discounted using maturity-matched interest rates in line with the interest rate curves of the respective currency.

In the case of cash flow hedges, market value changes in the part of the hedging instrument that are deemed effective are initially reported in Other comprehensive income under consideration of deferred taxes as part of the Accumulated changes to other components of equity with no effect on profit until the future hedged cash flow occurs. A transfer to the statement of income is made when the hedged transaction is recognized in profit or loss. The portion of the changes in fair value not covered by the underlying hedged transaction (hedge ineffective portion) is recognized in profit or loss.

Changes in the fair value of an effective fair value hedge are recorded in the statement of income with an effect on profits as are changes in the fair value of the underlying transaction. These normally contrary changes almost offset each other in the statement of income.

Changes in the fair value of derivative financial instruments that do not meet the requirements for hedge accounting according to IAS 39 are recognized directly in the statement of income.

Other assets are capitalized at their nominal value. Staff loans and deposits are valued at amortized cost. Pension plan reinsurance valuation is derived from a coverage capital calculation.

Income tax receivables and payables are measured using the amount expected to be received from or paid to the tax authorities. Calculation of the amount is based on the tax rates and laws applicable as of the closing date in the countries in which the taxable income is generated.

Deferred taxes are recognized for all temporary differences between the relevant tax balance sheet and the IFRS balance sheet – with the exception of goodwill on consolidation, which is not tax deductible – as well as for loss carry forwards. Deferred tax assets are impaired if their realization cannot be expected with a significant degree of confidence. For the probable use of losses, the five-year budget of the individual company and its loss history are considered. Deferred taxes were calculated using the respective local tax rates. Tax rate changes determined at the reporting date have been taken into account for the calculation of deferred taxes. The netting of deferred taxes is carried out according to the rules of IAS 12 if they relate to the same tax authority and the right to offset current tax refund claims and liabilities is legally enforceable. Provided that items were entered in Other comprehensive income with no effect on profits and loss and imply a change in deferred taxes, these deferred taxes were also recognized in Other comprehensive income with no effect on profit and loss. All other changes in deferred taxes are recognized in the statement of income.

A non-current asset or a group of assets and associated liabilities (disposal group) are classified as **held for sale** pursuant to IFRS 5 if their carrying amount is realized largely through sale rather than through continued use. For this to be the case, the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and its sale must be highly probable. In the balance sheet these are disclosed separately under current assets and liabilities. Assets held for sale are no more subject to scheduled depreciation and are valued at the lower of book value and fair value less costs to sell. Gains and losses resulting from the valuation of single assets held for sale or disposal groups are recognized in profit from continuing operations until they are finally sold.

In accordance with IAS 19, **pension provisions and similar obligations** are calculated using the actuarial projected unit credit method. Determination of the defined benefit obligations is carried out by independent actuaries on an annual basis. In calculating these contractual obligations, prevailing long-term capital market interest rates as well as current assumptions about future salary and pension increases are considered in addition to biometric calculation bases. The actuarial interest rate is based on high-quality fixed-rate corporate bonds with an AA rating from at least one recognized rating agency. The probability of employee fluctuation was considered, depending on the job tenure in the company and the age of the beneficiaries. Direct pension commitments in Germany are derived using Prof. Dr Klaus Heubeck's biometric calculation tables 2005 G.

Actuarial gains and losses resulting from changes in actuarial assumptions and/or from deviations between previous actuarial assumptions and actual developments are recognized immediately in equity respectively Other comprehensive income as soon as they are incurred with no effect on profits and taking deferred taxes into account. The actuarial gains and losses immediately recorded in equity respectively Other comprehensive income and associated deferred taxes are not reclassified to profit and loss in subsequent periods. The actuarial gains and losses recorded in a given reporting period and the applicable deferred taxes are presented separately in the statement of comprehensive income.

Net interest expense is determined by applying the actuarial interest rate determined at the end of the prior financial year to the pension provisions calculated at this point. The same interest rate is used for pension obligations and plan assets. Net interest expense is reported in Finance expenses. Current and past service costs are reported in Personnel expenses. Past service costs arising from plan amendments and curtailments are recognized in profit and loss in the period in which they occur.

With the exception of other personnel-related provisions calculated in accordance with IAS 19 respectively IFRS 2, **Other provisions** are made on the basis of IAS 37 at the best estimate of the amount to be paid if a current legal or factual external obligation exists which is based on transactions or incidents in the past. The outflow of resources must be probable and calculable. Other provisions with a maturity of over one year are discounted using maturity-matched interest rates. Provisions are reviewed on a regular basis and adjusted to the best estimate currently available if new insights are obtained or circumstances have changed. If it is not probable any more that fulfilling the obligation is connected to the outflow of resources with an economic value, a provision is released. Restructuring provisions are created if a detailed, formal restructuring plan has been approved and those affected have valid expectation that it will be implemented. The restructuring provisions only include costs that are directly related to the measures.

In accordance with IFRS 2, the share-based component of the annually new established long-term performance cash plans of the Management Board are classified as **cash-settled share-based payment** which is dependent on the development of total shareholder return (TSR). The development of the share price and the dividend payment is taken into account in the calculation of the TSR. The measurement of the share-based component is carried out by using a binomial method. The expense for the benefits received or liability to settle these benefits is recorded after the claims are earned. The liability is reassessed on each reporting date and on the settlement date. Changes in fair value are recorded in the respective year under review through profit and loss.

Liabilities are initially recognized at the amount to be paid and, with the exception of derivative financial instruments and contingent considerations, subsequently measured at amortized costs (using the effective interest method where appropriate). Liabilities from **finance lease** contracts are disclosed at the present value of future lease installments. The fair value of the fixed-rate liabilities from finance leases is determined by discounting the future lease installments using current maturity-matched interest rates and taking interim repayment into account.

The short-term portions of non-current assets and liabilities whose remaining terms are less than one year are generally disclosed under the current balance sheet items.

If IFRS 3 is not applicable, **contingent liabilities and assets** are generally not recognized in the balance sheet but stated and explained in the notes.

When preparing the consolidated financial statements, **assumptions** are made and **estimates** are used which have an effect on the amount and presentation of assets and liabilities, income and expenses and the contingent liabilities and assets. The assumptions and estimates are based on the current information available to management. With regard to the expected business development, the assumed realistic future development of the economic environment of the Group at the time of preparation of the consolidated financial statements is considered. The assumptions and estimates relate primarily to the useful lives used for property, plant and equipment and intangible assets as well as for the purchase price allocation, the performance of annual impairment tests and the valuation of inventories, receivables, provisions, contingent purchase price liabilities, other deferred income and deferred taxes and are based on the situation on the reporting date. In particular, estimates are made for the interest rates, probabilities and turnover or cash flow forecasts underlying the calculations. Even though the estimates and assumptions are made to the best of the management's knowledge, the actual future values may differ. In the case of deviations, the book values of the affected assets and liabilities are adjusted accordingly (through profit and loss) if necessary.

2. NOTES TO THE INCOME STATEMENT

(1) Turnover *in EUR thousand*

	2014	2013
Turnover with third parties	979,854	952,156
Turnover with affiliated companies	531	386
	980,385	**952,542**

The turnover with affiliated companies related to majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany, as well as to subsidiaries of the majority shareholder that are not included in the consolidated financial statements of TAKKT AG. A listing of turnover with affiliated companies can be found under related-party transactions on page 155. A breakdown of turnover by segment and geographical region is shown in the segment reporting on page 100 et seqq.

(2) Other operating income *in EUR thousand*

	2014	2013
Rental income	335	210
Income from the release of allowances	332	1,523
Income from the disposal of non-current assets	87	96
Income from the reversal of impairments	0	226
Operating income	3,281	3,307
Other income	3,867	4,050
	7,902	**9,412**

(3) Personnel expenses *in EUR thousand*

	2014	2013
Wages and salaries	119,824	116,510
Social security costs	21,718	21,522
Retirement costs	3,924	3,326
Release of personnel-related provisions	–851	–1,294
Other expenses	909	875
	145,524	**140,939**

The segment reports on page 100 et seq. refer to the number of employees in the Group.

(4) Other operating expenses *in EUR thousand*

	2014	2013
Valuation allowances on current assets	1,878	1,931
Release of provisions	–1,598	–1,056
Operating leasing and rents	13,720	13,421
Foreign exchange differences	–94	873
Adjustments to contingent considerations	0	3,626
Restructuring cost	250	6,245
Operating taxes	1,493	1,378
Operating expenses	103,805	112,501
Administrative expenses	23,058	22,456
	142,512	**161,375**

Further information concerning the purchase price liability respectively the restructuring cost can be found on page 153 respectively page 139.

Valuation allowances mainly relate to trade receivables and full write-offs of trade receivables where they cannot be recovered. Write-offs amounted to EUR 1,200 thousand (EUR 1,703 thousand).

A major part of operating expenses is print and online advertising costs.

Non-capitalizable expenses that incur in the course of the development of the new enterprise resource planning system at BEG, such as expenses for the preliminary study or training, are recognized in Other operating expenses under Operating expenses. In the 2014 financial year, these expenses came to EUR 411 thousand (EUR 147 thousand).

In prior year the position administrative expenses includes expenses amounting to EUR 2,034 thousand that result from the declaration of non-execution the opportunity to expand the central warehouse in Kamp-Lintfort.

Operating taxes include real estate tax, car tax, taxes on capital and assets and the French taxe professionnelle for example.

(5) Depreciation, amortization and impairment of property, plant and equipment and other intangible assets *in EUR thousand*

	2014	2013
Property, plant and equipment	11,950	12,111
Other intangible assets	14,582	14,813
	26,532	**26,924**

Depreciation and amortization comprises scheduled amortization amounting to EUR 10,999 thousand (EUR 12,085 thousand) relating to intangible assets recorded in conjunction with purchase price allocations.

In the segment TAKKT EUROPE, impairments according to IAS 36 in the amount of EUR 35 thousand (EUR 300 thousand) were made on property, plant and equipment and impairments in the amount of EUR 72 thousand (EUR 0 thousand) were made on prepayments on property, plant and equipment. These relate to leasehold improvements in premises that are abandoned prematurely in the current and previous year.

In the TAKKT AMERICA segment, impairments on prepayments on intangible assets in the amount of EUR 491 thousand (EUR 0 thousand) are recorded. These relate to a release change for an ERP software that is used from PEG and that will not be fully implemented due to the sale of the PEG.

The recoverability of the capitalized book value of intangible assets with an indefinite useful life, as these do not generate any independent cash flows, is reviewed together with the goodwill at the level of cash generating units. No need for impairment was derived from the impairment tests in both the 2013 and 2014 financial years. Further information can be found in the following section Impairment of goodwill. Please refer to the details on page 125 et seq. for information about the book values of intangible assets with an indefinite useful life.

(6) Impairment of goodwill

No need for impairment was derived from the impairment tests in both the 2013 and 2014 financial years. Please refer to the details on page 109 et seq. for information about the general procedure with regard to impairment testing.

The following table shows the book values of goodwill as well as the key assumptions used for the purpose of impairment testing:

	Net book values of goodwill *(in EUR thousand)*		WACC *(in percent)*		Growth of Perpetuity rate *(in percent)*	
	2014	2013	**2014**	2013	**2014**	2013
Business Equipment Group	96,999	96,999	9.8	9.4	2.0	2.0
Packaging Solutions Group	152,656	152,656	9.7	9.1	2.0	2.0
Plant Equipment Group	0	2,053	10.7	10.9	2.0	2.0
Specialties Group	186,660	164,327	11.3	10.6	2.0	2.0
Office Equipment Group	38,405	33,810	11.1	11.1	2.0	2.0

The compound annual growth rate in external turnover in the detailed planning period is between 1.2 (3.4) percent and 6.4 (6.0) percent for the cash generating units. The gross profit margins were assumed to be virtually unchanged.

The evidence for recoverability at all cash generating units is based on the value in use. Performing the impairment tests sensitivity analyses were carried out. Increasing the weighted average cost of capital (WACC) before tax by one percentage point or decreasing perpetuity rate by one percentage point would not have resulted in an impairment of goodwill.

Goodwill of PEG was reclassified into Assets held for sale.

Additional details on goodwill can be found in the corresponding notes on page 123 et seq.

(7) Finance expenses *in EUR thousand*

	2014	2013
Interest portion of finance leases	–1,685	–1,857
Interest portion of pension provisions	–1,336	–1,268
Interest portion of purchase price liabilities	–1,556	–2,907
Interest on borrowings	–6,725	–9,061
	–11,302	**–15,093**

The Interest portion of purchase price liabilities results from accruing interest expense relating to the discounted purchase price liability recorded in connection with the acquisition of GPA on April 01, 2012, which becomes payable in the beginning of 2015.

The Interest on borrowings also includes interest resulting from the promissory notes. Further information can be found in the table for net result of the financial instruments categories on page 144 and interest rate hedges on page 149.

(8) Other finance result *in EUR thousand*

	2014	2013
Valuation of intercompany loans and financial instruments	–288	300
Interest and similar income	30	47
	–258	**347**

More details on the use of derivative financial instruments are disclosed in the risk report on page 78 as well as in the notes on page 141 et seqq.

(9) Income tax expense
Income tax expense includes income tax paid and due in the individual countries as well as deferred taxes recognized in the income statement. The income tax rates applied for the individual countries range between 10.0 (10.0) percent and 39.0 (39.0) percent.

Breakdown of income tax expense *in EUR thousand*

	2014	2013
Income tax	27,198	24,711
Deferred tax	6,479	3,984
	33,677	**28,695**

Income tax expense includes expenses of EUR 100 thousand (EUR 327 thousand) relating to prior periods. Deferred tax expense of EUR 2,392 thousand (EUR 2,717 thousand) results from the changes of allowances on deferred tax assets. Deferred tax loss of EUR 6 thousand (income: EUR 3 thousand) results from tax rate changes. In the financial year, write-downs on deferred tax assets in the amount of EUR 62 thousand (EUR 169 thousand) were reversed.

The difference between the actual income tax expense and the income tax expense calculated at a rate of 30.7 (30.7) percent for TAKKT AG is made up as follows:

Tax rate reconciliation *in EUR thousand*

	2014	2013
Profit before tax	**99,341**	**81,187**
Expected average tax expense	30,498	24,924
Changes in tax rates	6	–3
Differences between local and Group tax rates	255	–463
Non-deductible expenses	930	1,165
Non-taxable income	–475	–641
Allowance for deferred tax assets	2,392	2,717
Taxes relating to prior years	100	327
Other differences	–29	669
Income tax expense per the consolidated income statement	**33,677**	**28,695**
Tax ratio (in percent)	33.9	35.3

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2014. A corporation tax of 15.0 percent, the solidarity surcharge of 5.5 percent and the average municipal trade tax rate for the German Group companies were taken into account.

The Group tax ratio decreased to 33.9 (35.3) percent in the reporting period. This was mainly due to one-time effects resulting from restructuring cost in the course of the discontinuation of the foreign operations of Topdeq division in prior year, that could not be claimed against tax.

(10) Earnings per share

	2014	2013
Number of shares issued (in thousand)	65,610	65,610
Weighted average number of shares issued (in thousand)	65,610	65,610
Profit (in EUR thousand)	65,664	52,492
Earnings per share (in EUR)	1.00	0.80
TAKKT cash flow (in EUR thousand)	98,675	83,400
TAKKT cash flow per share (in EUR)	1.50	1.27

Earnings per share are calculated by dividing the profit by the weighted average number of shares issued.

Potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued. The diluted and undiluted earnings per share are therefore identical.

3. NOTES TO THE BALANCE SHEET

(11) Property, plant and equipment *in EUR thousand*

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2014	133,654	75,512	178	209,344
Currency translation	2,496	2,667	13	5,176
Changes in scope of consolidation	0	0	0	0
Additions	2,241	5,210	581	8,032
Transfers	140	488	−628	0
Reclassification into assets held for sale	−214	−5,477	−7	−5,698
Disposals	−531	−4,165	0	−4,696
Balance at 31.12.2014	**137,786**	**74,235**	**137**	**212,158**
Cumulative depreciation and impairment				
Balance at 01.01.2014	46,135	48,281	0	94,416
Currency translation	1,134	2,201	0	3,335
Additions	5,492	6,386	72	11,950
Transfers	0	0		0
Reclassification into assets held for sale	−176	−5,307	0	−5,483
Disposals	−531	−3,691		−4,222
Balance at 31.12.2014	**52,054**	**47,870**	**72**	**99,996**
Net book values				
Balance at 31.12.2014	**85,732**	**26,365**	**65**	**112,162**

Details on impairments in accordance with IAS 36 can be found on page 117 et seq.

The book value of property, plant and equipment acquired under a finance lease came to EUR 33,668 thousand (EUR 36,091 thousand) as of the closing date. Leased assets are shown under land and buildings with EUR 31,651 thousand (EUR 33,796 thousand) and under equipment with EUR 2,017 thousand (EUR 2,295 thousand).

Since the takeover of the assets capitalized as finance leases at the end of the lease term is uncertain, the finance lease properties continue to be depreciated over the lease term. Overall, there was no need to change the parameters used.

As in the previous year, tangible assets legally and economically owned by the Group, with the exception of the capitalized finance lease assets, were not subject to any restraints on disposal rights.

Purchase commitments for property, plant and equipment amount to EUR 278 thousand (EUR 440 thousand).

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2013	134,651	75,061	324	210,036
Currency translation	–1,392	–1,041	–11	–2,444
Changes in scope of consolidation	0	0	0	0
Additions	317	3,888	616	4,821
Transfers	221	530	–751	0
Reclassification into assets held for sale	0	0	0	0
Disposals	–143	–2,926	0	–3,069
Balance at 31.12.2013	**133,654**	**75,512**	**178**	**209,344**
Cumulative depreciation and impairment				
Balance at 01.01.2013	40,858	45,591	0	86,449
Currency translation	–470	–863	0	–1,333
Additions	5,825	6,286	0	12,111
Transfers	0	0	0	0
Reclassification into assets held for sale	0	0	0	0
Disposals	–78	–2,733	0	–2,811
Balance at 31.12.2013	**46,135**	**48,281**	**0**	**94,416**
Net book values				
Balance at 31.12.2013	**87,519**	**27,231**	**178**	**114,928**

(12) Goodwill *in EUR thousand*

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2014	279,569	183,136	462,705
Currency translation	27,207	0	27,207
Additions	0	0	0
Reclassification into assets held for sale	–2,332	0	–2,332
Disposals	0	0	0
Balance at 31.12.2014	**304,444**	**183,136**	**487,580**
Cumulative impairment			
Balance at 01.01.2014/31.12.2014	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2014	**304,444**	**170,276**	**474,720**

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2013	288,627	183,136	471,763
Currency translation	–9,058	0	–9,058
Additions	0	0	0
Reclassification into assets held for sale	0	0	0
Disposals	0	0	0
Balance at 31.12.2013	**279,569**	**183,136**	**462,705**
Cumulative impairment			
Balance at 01.01.2013/31.12.2013	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2013	**279,569**	**170,276**	**449,845**

The accumulated scheduled amortization of goodwill until 2004 in the amount of EUR 99,879 thousand was offset against acquisition costs due to the impairment-only approach that is applied since 2005 at TAKKT.

Some of the past acquisitions had to be reported as so-called asset deals. In these cases, all assets were acquired separately by the buyer. If the costs of acquisition exceeded the fair value of the individual identifiable assets and liabilities, the difference was capitalized as goodwill in the individual balance sheet of the respective acquirer.

Net book value of goodwill *in EUR thousand*

Cash generating units	2014	2013
Business Equipment Group	79,379	79,379
Plant Equipment Group	0	2,053
Specialties Group	186,660	164,327
Office Equipment Group (America)	38,405	33,810
	304,444	**279,569**

If acquisitions had to be reported as so-called share deals, the portion of acquisition costs which exceeded the fair value of the equity at the time of purchase was capitalized as goodwill on consolidation.

Net book value of goodwill on consolidation *in EUR thousand*

Cash generating units	2014	2013
Business Equipment Group	17,620	17,620
Office Equipment Group (Europe)	–	0
Packaging Solutions Group	152,656	152,656
	170,276	**170,276**

Subsequent consolidation

In accordance with the introduction of the impairment-only approach in spring of 2004, goodwill is no longer amortized since January 01, 2005 at TAKKT, but subject to an impairment test once a year or during the course of the year if necessary. No impairment charge on goodwill was necessary in the 2014 or 2013 financial years. Taxable goodwill is still amortized over a period of 15 years. At the reporting date, the resulting deferred taxes amounted to EUR 68,225 thousand (EUR 59,190 thousand). No deferred taxes result from goodwill on consolidation.

(13) Other intangible assets *in EUR thousand*

	Brands	Customer lists	Other (purchase price allocation)	Software, licences and similar rights	Payments on account	**Total**
Acquisition costs						
Balance at 01.01.2014	25,391	82,961	21,364	33,575	2,377	165,668
Currency translation	2,065	5,553	2,549	2,466	48	12,681
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	1,829	3,482	5,311
Transfers	0	0	0	560	–560	0
Reclassification into assets held for sale	0	–17,214	0	–4,446	–31	–21,691
Disposals	0	0	0	–1,957	0	–1,957
Balance at 31.12.2014	**27,456**	**71,300**	**23,913**	**32,027**	**5,316**	**160,012**
Cumulative amortization and impairment						
Balance at 01.01.2014	145	44,232	12,582	28,334	0	85,293
Currency translation	20	4,916	1,793	2,287	45	9,061
Additions	0	7,959	3,040	3,092	491	14,582
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassification into assets held for sale	0	–17,214	0	–3,817	0	–21,031
Disposals	0	0	0	–1,954	0	–1,954
Balance at 31.12.2014	**165**	**39,893**	**17,415**	**27,942**	**536**	**85,951**
Net book values						
Balance at 31.12.2014	**27,291**	**31,407**	**6,498**	**4,085**	**4,780**	**74,061**

	Brands	Customer lists	Other (purchase price allocation)	Software, licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2013	26,897	85,327	23,634	30,898	1,669	168,425
Currency translation	–723	–1,871	–910	–828	–56	–4,388
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	1,673	3,015	4,688
Transfers	0	0	0	2,251	–2,251	0
Reclassification into assets held for sale	0	0	0	0	0	0
Disposals	–783	–495	–1,360	–419	0	–3,057
Balance at 31.12.2013	**25,391**	**82,961**	**21,364**	**33,575**	**2,377**	**165,668**
Cumulative amortization and impairment						
Balance at 01.01.2013	1,198	37,796	10,945	26,825	0	76,764
Currency translation	–44	–1,589	–568	–806	0	–3,007
Additions	0	8,520	3,565	2,728	0	14,813
Reversal of impairment	–226	0	0	0	0	–226
Transfers	0	0	0	0	0	0
Reclassification into assets held for sale	0	0	0	0	0	0
Disposals	–783	–495	–1,360	–413	0	–3,051
Balance at 31.12.2013	**145**	**44,232**	**12,582**	**28,334**	**0**	**85,293**
Net book values						
Balance at 31.12.2013	**25,246**	**38,729**	**8,782**	**5,241**	**2,377**	**80,375**

Details on impairments in accordance with IAS 36 can be found on page 117 et seq.

In the 2014 financial year, an addition of EUR 1,724 thousand (EUR 1,427 thousand) was recognized in payments on account for a new BEG enterprise resource planning system that will be implemented in subsequent years.

As in the previous year, intangible assets were not subject to any restraints on disposal. The acquired brands are reported at their book value of EUR 27,291 thousand (EUR 25,246 thousand) as intangible assets with an indefinite life. These relate to the cash generating unit PSG in the amount of EUR 10,200 thousand (EUR 10,200 thousand), to the cash generating unit SPG in the amount of EUR 10,378 thousand (EUR 9,136 thousand) and to the cash generating unit OEG in the amount of EUR 6,713 thousand (EUR 5,910 thousand). The important customer lists relate to the cash generating unit PSG in the amount of EUR 26,656 thousand (EUR 32,834 thousand) and to the SPG in the amount of EUR 4,751 thousand (EUR 5,896 thousand) and have a remaining useful life between 1 and 8 years.

Purchase commitments for intangible assets amount to EUR 219 thousand (EUR 82 thousand).

(14) Other assets

Other assets mainly include staff loans, deposits and pension plan reinsurances.

(15) Deferred taxes

Deferred tax on loss carry forwards *in EUR thousand*

	2014	2013
Deferred tax on loss carry forwards – gross	8,574	10,987
Allowance	–8,447	–9,817
Deferred tax on loss carry forwards – net	**127**	**1,170**

Expiration of impaired loss carry forwards *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2014	3,611	15,613	7,070	5,209	31,503
2013	4,645	13,739	12,515	8,897	39,796

Deferred tax assets and liabilities result from recognition and valuation differences for the following balance sheet positions:

Deferred tax assets and liabilities *in EUR thousand*

	Assets		Liabilities	
	2014	2013	2014	2013
Property, plant and equipment and other intangible assets	7,319	5,243	23,406	24,404
Goodwill	139	0	68,364	59,190
Inventories	2,868	2,972	139	17
Receivables and other assets	2,148	2,406	447	880
Non-current provisions	11,300	6,541	0	0
Current provisions	900	1,149	37	129
Borrowings	10,889	11,468	31	103
Other liabilities	1,114	4,983	29	0
Market value of derivative financial instruments	117	168	72	41
Loss carry forwards	127	1,170	0	0
Subtotal	**36,921**	**36,100**	**92,525**	**84,764**
Netting	–35,014	–32,953	–35,014	–32,953
Consolidated balance sheet	**1,907**	**3,147**	**57,511**	**51,811**

Deferred taxes of EUR 41 thousand (EUR 125 thousand) on the market value of derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 7,804 thousand (EUR 3,481 thousand) on actuarial gains and losses for the evaluation of pension provisions were recorded with no effect on profit and loss.

Of the deferred tax assets in the amount of EUR 1,907 thousand (EUR 3,147 thousand), EUR 134 thousand (EUR 723 thousand) relate to companies which generated losses in the year under review or the previous year. The recognition of deferred tax assets is based on the positive results of the rolling five-year budget of the respective company taking into account the future expectations as well as the specific business development respectively the loss history in the past.

In accordance with IAS 12, no deferred tax liabilities are reported for the retained earnings of subsidiaries. In the event of future dividend payouts, there would be a tax liability of EUR 3,582 thousand (EUR 2,944 thousand). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

As in the previous year, deferred taxes for temporary differences in associated companies between the IFRS approach and the tax accounting approach are not reported for reasons of materiality.

(16) Inventories *in EUR thousand*

	2014	2013
Raw materials and supplies	1,612	1,391
Work in progress	1,167	1,128
Finished goods and purchased merchandise	78,418	80,132
Payments on account	1,360	778
	82,557	**83,429**

An obsolescence reserve of EUR 8,436 thousand (EUR 9,183 thousand) has been made on finished goods and purchased merchandise, taking the expected sell-down period of the inventories into consideration. Intercompany profits of EUR 238 thousand (EUR 307 thousand) were eliminated in the inventories.

(17) Trade receivables

Development of allowances on trade receivables *in EUR thousand*

	2014	2013
Balance at 01.01.	3,015	4,202
Additions	610	212
Release	–266	–1,361
Currency translation and other changes	–43	–38
Balance at 31.12.	**3,316**	**3,015**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (page 141 et seqq.).

All goods delivered were subject to customary ownership retention rights. TAKKT has not capitalized any overdue receivables that are not impaired.

(18) Other receivables and assets *in EUR thousand*

	2014	2013
Market value of derivative financial instruments	233	514
Other tax receivables	2,259	3,301
Bonus claims against suppliers	12,263	10,436
Deferred expenses	4,785	6,042
Other	1,776	3,024
	21,316	**23,317**

In prior year a claim for reimbursement against the vendors in the amount of EUR 739 thousand that was acquired as part of the purchase of the Ratioform division was included under Other. Due to the settlement of the lawsuit in the fiscal year 2014, the reimbursement claim amounting to EUR 647 thousand was derecognized. The corresponding liability that was shown under current provisions in the same amount was released accordingly.

(19) Cash and cash equivalents *in EUR thousand*

	2014	2013
Cheques, cash balances	160	120
Bank balances	3,883	5,737
	4,043	**5,857**

Bank balances comprises funds with a maturity of up to three months.

(20) Assets and Liabilities held for sale

On December 31, 2014 TAKKT Group has entered into a purchasing agreement to sell the membership interests of all companies belonging to the PEG to Global Industrial Holdings LLC, Port Washington, NY/USA, and Global Industrial Mexico Holdings Inc., Mexico D.F./Mexico, both group companies of the NYSE (New York Stock Exchange)-listed Systemax Inc., New York/USA. The closing of the transaction happened January 30, 2015. The agreed purchase price (free of financial debt) is 25 million US dollars. As a storage and material handling specialist, the PEG division, which previously belonged to the TAKKT AMERICA segment, mainly offers products for transport, storage and plant equipment and consists of the brands C&H in the USA and Mexico, Products for Industry in the USA and Canada, Avenue in Canada and IndustrialSupplies.com in the USA. With this step TAKKT will focus its activities to become an integrated multichannel company.

Assets and liabilities of the disposal group *in EUR thousand*

	2014
Property, plant and equipment	215
Intangible assets	2,992
Deferred tax asset	569
Inventories	9,364
Trade receivables	7,697
Other receivables and assets	1,295
Cash and cash equivalents	189
Assets held for sale	**22,321**
Borrowings	892
Provisions	514
Trade payables	3,808
Other liabilities	3,590
Liabilities held for sale	**8,804**
Net assets	**13,517**

Gains and losses immediately recognized in equity respectively Other comprehensive income that relate to the disposal group amount to EUR 1,722 thousand and result from currency translation effects.

(21) Total equity

The consolidated statement of changes in total equity can be found on page 97. The fully paid-in share capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331) and is divided into 65,610,331 (65,610,331) no-par-value bearer shares with a nominal value of EUR 1.00. The Management and Supervisory Boards authorization of the Shareholders´ Meeting on May 04, 2010 to purchase own shares was in effect until May 03, 2015. The Shareholders´ Meeting on May 06, 2014 cancelled this authorization and replaced it by a new one that is in effect until May 05, 2019. In accordance with the resolution of the Shareholders´ Meeting amending the statutes on May 06, 2009, the Management Board was authorized until October 29, 2014 to increase the issued capital by an amount of up to EUR 32,805,165.50 once or several times by issuing new no-par-value bearer shares, taking the subscription rights of the shareholders into account. This was subject to approval of the Supervisory Board. With the resolution of the Shareholders´ Meeting on May 06, 2014, this authorization was cancelled, too, and replaced by a new authorization that entitles the Management Board to increase the issued capital by an amount of up to EUR 32,805,165.00 once or several times until May 05, 2019. This is subject to approval of the Supervisory Board and has to take into consideration the subscription rights of the shareholders. With the approval of the Supervisory Board, the Management Board is, however, entitled to exclude residual amounts from the shareholders' statutory subscription right. No use was made of all these mentioned authorizations in 2014. Please refer to page 87 in the Management Report.

Retained earnings include earnings contributed by the Group as well as the consolidation adjustments and related deferred taxes affecting profit.

Other components of equity *in EUR thousand*

	Pension provisions	Derivative financial instruments	Deferred tax	Foreign currency reserves	Total
Balance at 01.01.2013	**–12,135**	**–2,165**	**4,317**	**–16,491**	**–26,474**
Changes in the scope of consolidation	0	0	0	0	0
Other comprehensive income	75	1,816	–711	–3,898	–2,718
thereof currency translation effects	0	15	–32	–3,898	–3,915
Balance at 31.12.2013/01.01.2014	**–12,060**	**–349**	**3,606**	**–20,389**	**–29,192**
Changes in the scope of consolidation	0	0	0	0	0
Other comprehensive income	–14,433	219	4,239	19,581	9,606
thereof currency translation effects	–36	0	18	19,581	19,563
Balance at 31.12.2014	**–26,493**	**–130**	**7,845**	**–808**	**–19,586**

The shareholders have a claim to the unappropriated profits of TAKKT AG, provided that the latter is not excluded from distribution to the shareholders by law or the statutes of the company, by way of a shareholders' resolution or as additional charge to the retained earnings.

Subject to the approval of the Supervisory Board, the Management Board together with the Supervisory Board propose to pay a dividend of EUR 20,995 thousand (EUR 20,995 thousand) for the 2014 financial year. The 65.6 million no-par-value bearer shares will therefore correspond to a total dividend per share of EUR 0.32 (EUR 0.32).

(22) Non-current and current borrowings *in EUR thousand*

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	**31.12.2014**
Liabilities to banks	22,678	21,119	27,413	71,210
Promissory notes	29,000	33,399	0	62,399
Finance leases	2,019	13,756	19,641	35,416
Finance liabilities to affiliated companies	41,920	10,000	0	51,920
Other	630	0	0	630
	96,247	**78,274**	**47,054**	**221,575**
thereof non-current (maturity > 1 year)				125,328

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	31.12.2013
Liabilities to banks	19,648	36,981	40,993	97,622
Promissory notes	0	139,664	0	139,664
Finance leases	1,922	8,492	26,941	37,355
Finance liabilities to affiliated companies	3,171	0	0	3,171
Other	1,030	0	0	1,030
	25,771	**185,137**	**67,934**	**278,842**
thereof non-current (maturity > 1 year)				253,071

The remaining terms of the liabilities to banks are equivalent to the terms of the respective utilized financing commitments. Additionally, TAKKT has unused credit lines amounting to EUR 173.0 million (EUR 153.7 million). The liabilities to banks are unsecured. Liabilities resulting from finance lease contracts refer to the central warehouse in Kamp-Lintfort/Germany and the three rental properties of Ratioform Verpackungen GmbH in Pliening/Germany as well as a racking system.

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 155.

Development of non-current and current borrowings *in EUR thousand*

	01.01.2014	Currency translation	Other changes	Additions	Repay-ments	31.12.2014
Liabilities to banks	97,622	12,096	–892	88,125	–125,741	71,210
Promissory notes	139,664	0	235	0	–77,500	62,399
Finance leases	37,355	0	0	0	–1,939	35,416
Finance liabilities to affiliated companies	3,171	–65	0	48,814	0	51,920
Other	1,030	0	31	0	–431	630
	278,842	**12,031**	**–626**	**136,939**	**–205,611**	**221,575**

	01.01.2013	Currency translation	Other changes	Additions	Repay-ments	31.12.2013
Liabilities to banks	141,840	–4,730	0	77,672	–117,160	97,622
Promissory notes	139,526	0	138	0	0	139,664
Finance leases	39,204	0	0	0	–1,849	37,355
Finance liabilities to affiliated companies	8,716	–17	0	0	–5,528	3,171
Other	1,580	0	–85	0	–465	1,030
	330,866	**–4,747**	**53**	**77,672**	**–125,002**	**278,842**

Average net borrowings for the financial year amounted to EUR 243,546 thousand (EUR 302,418 thousand). Debt was weighted by months and converted using the average exchange rates as used in the statement of income.

Promissory notes of EUR 140,000 thousand were issued in the fourth quarter of 2012, which were divided into four tranches. The tranches had terms of three and five years respectively, each with a fixed and variable interest rate respectively. The part of the promissory notes with the variable interest rate amounting to EUR 77.500 thousand was cancelled in 2014 and refinanced with better conditions.

At the reporting date, Other includes the EVA® certificates issued to TAKKT Group executives.

Due to netting agreements within the clearing agreements for intercompany clearing accounts with Haniel Finance Deutschland GmbH, Duisburg/Germany, and Haniel Finance B.V. Venlo/The Netherlands, receivables from affiliated companies of EUR 4,122 thousand (EUR 5,744 thousand) were offset against financial liabilities to affiliated companies of EUR 56,042 thousand (EUR 8,915 thousand) in accordance with IAS 32.

Borrowings by currency and interest rate hedges *in EUR thousand*

	31.12.2014	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**65,685**	**29.6**		
– Liabilities to banks	29,032	13.1	2.8	1.0
– Other	36,653	16.5	0.9	1.2
EUR liabilities	**155,836**	**70.4**		
– Liabilities to banks	42,124	19.0	2.8	0.9
– Promissory notes	62,399	28.2	1.9	3.0
– Finance leases (fixed interest rate)	35,416	16.0	8.1	4.5
– Other	15,897	7.2	0.9	1.7
Liabilities other currencies	**54**	**0.0**	**n/a**	**n/a**
	221,575	**100.0**	**n/a**	**n/a**
thereof hedged	140,761	63.5		

	31.12.2013	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**88,929**	**31.9**		
– Liabilities to banks	88,929	31.9	3.0	3.3
– Other	0	0.0	n/a	n/a
EUR liabilities	**189,577**	**68.0**		
– Liabilities to banks	8,456	3.0	3.0	1.9
– Promissory notes	139,664	50.1	2.4	3.0
– Finance leases (fixed interest rate)	37,355	13.4	8.8	4.9
– Other	4,102	1.5	n/a	n/a
Liabilities other currencies	**336**	**0.1**	**n/a**	**n/a**
	278,842	**100.0**	**n/a**	**n/a**
thereof hedged	220,526	79.1		

The calculation of the weighted average remaining term of borrowings is based on the used and unused credit lines as of the balance sheet date.

Additional information on interest rate hedges can be found on page 149 et seq.

(23) Other non-current liabilities

In prior year, other non-current liabilities consisted exclusively of purchase price liabilities. These included contingent considerations of EUR 116 thousand. As the second installment of the purchase price for George Patton Associates, Inc., Rhode Island/USA, acquired on April 01, 2012, as well as the last part of the purchase price of UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany, is due in 2015 fiscal year, the corresponding purchase price liability was transferred from other non-current liabilities into other current liabilities in 2014.

Additional information can be found on page 153.

(24) Pension provisions and similar obligations

For many employees of the TAKKT Group, different pension commitments are in place depending on the legal, economic and tax situation of the particular country, which usually take the length of service as well as salary or final salary of the employee into consideration. These include defined benefit as well as defined contribution pension plans that cover retirement, disability and surviving dependents. The pension provisions include obligations from current pensions as well as the present value of obligations for pensions payable in the future.

The key defined benefit pension plans that apply to the TAKKT Group relate to German companies and are in place for the Management Board, executives and other employees. The resulting obligation is financed exclusively through provisions.

The Management Board Members are provided with a pension commitment with annual contributions amounting to ten percent of the sum of their basic salary and target bonus. Contributions are only paid as long as the individual is appointed to the Management Board. The performance-related bonus corresponds to a target achievement of 100 percent. An interest rate of six percent per year is guaranteed for contributions until pension payments begin. Board Members are entitled to pension payments when they leave the company but not earlier than the member's 60th birthday. In the case of disability or death, the amount from the pension plan is paid out that would have been paid out if contributions had been made up to the age of 63.

For certain executives, pension commitments are in place that cover retirement pension upon reaching the age of 65, disability and widow's/widower's and orphan´s pension. The annual contribution to the pension plan is eight percent of the annual fixed income of the respective executive. The German Accounting Law Reform Act (BilMoG) reference interest rate of the German Federal Bank is used for the annual interest yield of the defined benefit component. Payments may be made annuitized or paid out as a lump sum as agreed upon. Pension payments are still being made to former executives based on a plan that has been discontinued.

For many of the other employees of the German Group companies, there is a pension plan in place that regulates retirement pension upon reaching the age of 65, disability as well as widow's/widower's and orphan's pension. Depending on the completed years of service and the average remuneration of the last three work years subject to pension contributions and in accordance with the current valid works agreement, monthly fixed amounts in euros for each year of service will become due at the time of pension payout. In addition, specific employees have the option of converting salary into pension contributions. These amounts, which are referred to as deferred compensation, are converted into benefit components and paid out as pension benefits.

In addition, there are ten other individual commitments, in particular, resulting from former acquisitions. Pension payments related to the majority of these other individual commitments are already being made.

In Switzerland, pension commitments exist according to the BVG (Bundesgesetz über die berufliche Vorsorge; Swiss Federal Act on Occupational Retirement, Survivors´and Disability Pension Plans) for employees and executives, that cover retirement, disability and surviving dependents. The pension plans are financed by contributions from employees and the employer to a pension fund (collective foundation), that represent the plan assets. Contributions as a percentage of the pensionable salary vary depending on salary and age. Payments are made annuitized or as a lump sum. To cover the pension claims, the plans are subject to minimum funding requirements from which future additional contribution obligations may arise.

In one Dutch company, there is a pension plan in place for 11 (11) employees that covers retirement pension after the age of 65 as well as disability and widow's/widower's and orphan´s pension. The amount of the pension is based on the employee's remuneration less the state pension plan. These pension commitments are financed through contributions paid to an insurance company. Plan assets created in this process solely involve qualifying insurance policies. With effect on January 01, 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

The value of the pension provisions reported in the balance sheet is derived as follows:

Development of pension provisions *in EUR thousand*

	2014	2013
Present value of funded obligations	11,553	9,621
Present value of unfunded obligations	49,741	34,168
Total present value of obligations	**61,294**	**43,789**
Fair value of plan assets	–8,642	–7,613
Pension provision at 31.12.	**52,652**	**36,176**

For the pension plans described above, the following parameters are applied for the calculation of the present value of obligations:

Parameters *in percent*

	2014		2013	
	EUR	CHF	EUR	CHF
Actuarial interest rate	2.00	1.30	3.70	2.10
Salary trend	2.75	1.50	2.75	1.50
Pension trend	1.75	0.00	1.90	0.00

The actuarial interest rate is based on high-quality fixed-rate corporate bonds with a rating of at least AA from a recognized rating agency.

The weighted duration of the pension provisions as of December 31, 2014 is 20.6 (19.0) years.

All other commitments are not material and are determined using specific local accounting principles and parameters.

Development of pension provisions in the 2014 financial year *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01.01.2014	**43,789**	**7,613**	**36,176**
Current service cost	1,968	0	1,968
Past service costs and gains and losses on settlements and curtailments	–72	0	–72
Personnel expenses	**1,896**	**0**	**1,896**
Net interest expense	**1,530**	**194**	**1,336**
Return on plan assets	0	0	0
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	0	0	0
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	14,696	0	14,696
Experience gains/losses	–265	34	–299
Changes to other components of equity	**14,431**	**34**	**14,397**
Effect of changes in foreign exchange rates	162	116	46
Transfer of obligation	275	275	0
Changes in scope of consolidation	0	0	0
Contributions of plan participants	213	213	0
Contributions of employer	0	293	–293
Benefit payments	–1,003	–97	–906
Other effects	**–353**	**800**	**–1,153**
Balance at 31.12.2014	**61,293**	**8,641**	**52,652**

Development of pension provisions in the 2013 financial year *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01.01.2013	**42,699**	**8,376**	**34,323**
Current service cost	1,954	0	1,954
Past service costs and gains and losses on settlements and curtailments	–362	0	–362
Personnel expenses	**1,592**	**0**	**1,592**
Net interest expense	**1,464**	**196**	**1,268**
Return on plan assets	0	0	0
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	10	0	10
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	409	0	409
Experience gains/losses	–377	117	–494
Remeasurements of the pension provisions	**42**	**117**	**–75**
Effect of changes in foreign exchange rates	0	0	0
Transfer of obligation	–1,481	–1,536	55
Changes in scope of consolidation	0	0	0
Contributions of plan participants	224	224	0
Contributions of employer	0	308	–308
Benefit payments	–751	–72	–679
Other effects	**–2,008**	**–1,076**	**–932**
Balance at 31.12.2013	**43,789**	**7,613**	**36,176**

The plan assets do not include any of the Group's financial instruments or assets used by the Group. Employer contributions to plan assets are expected to come to EUR 292 thousand in 2015.

Gains and losses on settlements in the current and prior year mainly result from the discontinuation of operations of Topdeq division and the related reduction of employees that are included in the pension plan.

The following table shows the effect of the change of a significant actuarial assumption on the present value of the defined benefit obligations. All other assumptions regarding the original calculation remain unchanged, i. e., possible interactions between the individual assumptions are not taken into account.

Sensitivity analysis of present value of obligation *in EUR thousand*

	Present value of obligation	
	2014	2013
Actuarial interest rate		
Increase of 0.5 percent	55,773	40,177
Decrease of 0.5 percent	67,660	47,931
Salary trend		
Increase of 0.5 percent	62,430	44,547
Decrease of 0.5 percent	60,271	43,089
Pension trend		
Increase of 0.5 percent	64,049	45,212
Decrease of 0.5 percent	58,826	42,485
Mortality / Life expectancy		
Increase of 1 year	62,944	44,698
Decrease of 1 year	59,695	42,866

The following table shows the expected future pension benefit payments:

Expected maturity of pension benefits 2014 *in EUR thousand*

	2015	**2016–2019**	**2020–2024**
Expected payments	1,032	4,625	7,424

Expected maturity of pension benefits 2013 *in EUR thousand*

	2014	2015–2018	2019–2023
Expected payments	936	4,445	7,055

The risks associated with the defined benefit obligations relate to actuarial risks such as longevity as well as financial risks such as market price risks which influence the actuarial interest rate or inflation risks which could have an effect on the development of salary and pension trend. There is no intention to hedge these risks.

DEFINED CONTRIBUTION PLANS

Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under personnel expenses amounted to EUR 8,039 thousand (EUR 7,865 thousand) during the reporting period. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in the United States, have voluntary defined contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after a certain time of service. Employer contributions depend on voluntary employee contributions and are limited up to 5.0 (5.0) percent of the employee's salary. Moreover, there are plans for certain US companies, that can lead to further employer contributions to an external fund depending on the turnover development of the respective company. The companies cannot derive any claims from their contribution payments; accordingly there are no plan assets to be capitalized by these companies. Expenses for defined contribution plans amounted to EUR 2,028 thousand (EUR 1,734 thousand) in the year under review.

(25) Non-current other and Current provisions *in EUR thousand*

Development of Non-current other and Current provisions *in EUR thousand*

	01.01.2014	Currency translation	Usage	Transfers	Release	Additions	Re-classification into liabilities held for sale	31.12.2014
Personnel obligations	5,274	0	–1,260	–744	–503	1,065	0	3,832
Other	1,325	52	–78	0	–79	173	–146	1,247
Non-current other provisions	**6,599**	**52**	**–1,338**	**–744**	**–582**	**1,238**	**–146**	**5,079**
Staff bonuses	6,523	518	–6,446	744	–330	9,131	–254	9,886
Personnel obligations	272	45	–270	0	–18	926	–2	953
Customer credit notes	1,333	127	–929	0	–126	1,077	–113	1,369
Restructuring cost	6,246	8	–5,243	0	–410	250	0	851
Other	4,476	34	–379	0	–983	798	0	3,946
Current provisions	**18,850**	**732**	**–13,267**	**744**	**–1,867**	**12,182**	**–369**	**17,005**

	01.01.2013	Currency translation	Usage	Transfers	Release	Additions	Re-classification into liabilities held for sale	31.12.2013
Personnel obligations	5,062	0	–1,439	0	–61	1,712	0	5,274
Other	1,275	0	–19	0	–1	70	0	1,325
Non-current other provisions	**6,337**	**0**	**–1,458**	**0**	**–62**	**1,782**	**0**	**6,599**
Staff bonuses	8,410	–274	–7,424	0	–1,019	6,830	0	6,523
Personnel obligations	1,106	–5	–743	0	–213	127	0	272
Customer credit notes	1,537	–58	–1,479	0	0	1,333	0	1,333
Restructuring cost	0	0	0	0	0	6,246	0	6,246
Other	5,470	–15	–295	0	–1,056	372	0	4,476
Current provisions	**16,523**	**–352**	**–9,941**	**0**	**–2,288**	**14,908**	**0**	**18,850**

Non-current personnel obligations mainly comprise obligations for the long-term performance cash plans of the Management Board amounting to EUR 2,119 thousand (EUR 3,315 thousand) and obligations for early retirement part-time working arrangements amounting to EUR 903 thousand (EUR 974 thousand).

In 2013 current other provisions included provisions for lawsuits against the former vendors of Ratioform division amounting to EUR 739 thousand. Due to the settlement of the lawsuit in 2014, the provision amounting to EUR 647 thousand was released. The corresponding reimbursement claim recognized in Other receivables and assets with the same amount was derecognized accordingly.

Provisions for restructuring, that haven been recognized in the course of discontinuing the operations of the Topdeq division, amount to EUR 851 thousand (EUR 6,246 thousand) as of the balance sheet date. These comprise severance payments amounting to EUR 315 thousand (EUR 3,496 thousand), expenses from rental obligations amounting to EUR 536 thousand (EUR 2,100 thousand) as well as deconstruction obligations amounting to EUR 0 thousand (EUR 494 thousand) and other expenses amounting to EUR 0 thousand (EUR 156 thousand).

Obligations from working-time accounts amounting to EUR 43 thousand (EUR 69 thousand) were offset with the corresponding pension plan reinsurance in the same amount.

(26) Trade payables
With regard to trade payables, most of the goods delivered are subject to customary ownership retention rights.

(27) Current other liabilities *in EUR thousand*

	2014	2013
Customer payments on account	4,809	4,239
Market value of derivative financial instruments	620	719
Uninvoiced goods and services	10,529	10,484
Other tax payables	6,622	7,412
Personnel liabilities	3,914	4,257
Accrued interest	377	750
Social security contributions	904	1,065
Bonus liabilities to customers	2,166	1,921
Audit fees	882	1,020
Deferred income	795	910
Purchase price liabilities	61,135	118
Other	7,196	9,022
	99,949	**41,917**

As the second installment of the purchase price for George Patton Associates, Inc., Rhode Island/USA, acquired on April 01, 2012, as well as the last part of the purchase price of UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany, is due in 2015, the corresponding purchase price liabilities were transferred from Non-current other liabilities into Current other liabilities in 2014.

In the financial year 2013 the contract including the option to expand the central warehouse in Kamp-Lintfort was abandoned. As a result a payment of compensation amounting to EUR 2,034 thousand was due in January 2014. The relating liability was recognized in the position Other.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the risk report contained in the Group management report on page 72 et seqq., TAKKT details the possible financial risks that pose a threat to the success of the TAKKT Group as well as its strategy to manage these risks. In addition to the liquidity and credit risks in the area of financial risks, TAKKT is also exposed to both opportunities and risks from fluctuations in exchange rates and interest rates on international capital markets due to its international presence. The Group's risk management system covers the uncertainties of future development of financial markets accordingly. Derivatives are used to reduce these risks. With this strategy, the risk management system supports the Group's financial performance.

Financial instruments held by TAKKT are classified according to the following IAS 39 categories:

I. Financial assets or liabilities at fair value through profit and loss

II. Loans and receivables (at amortized cost)

III. Financial liabilities measured at amortized cost

Financial instrument categories as of December 31, 2014 *in EUR thousand*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	**Balance sheet item total**
	I.	II.	III.			
Non-current assets						
Other assets	0	679	0	0	60	739
Current assets						
Trade receivables	0	83,254	0	0	0	83,254
Other receivables and assets	11	14,040	0	221	7,044	21,316
Cash and cash equivalents	0	4,043	0	0	0	4,043
Assets	**11**	**102,016**	**0**			
Non-current liabilities						
Borrowings	0	0	91,931	33,397	0	125,328
Other liabilities	0	0	396	0	0	396
Current liabilities						
Borrowings	0	0	94,228	2,019	0	96,247
Trade payables	0	0	26,594	0	0	26,594
Other liabilities	252	0	64,725	484	34,488	99,949
Liabilities	**252**	**0**	**277,874**			

Financial instrument categories as of December 31, 2013 *in EUR thousand*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	Balance sheet item total
	I.	II.	III.			
Non-current assets						
Other assets	0	557	0	0	82	639
Current assets						
Trade receivables	0	86,349	0	0	0	86,349
Other receivables and assets	332	13,460	0	182	9,343	23,317
Cash and cash equivalents	0	5,857	0	0	0	5,857
Assets	**332**	**106,223**	**0**			
Non-current liabilities						
Borrowings	0	0	217,638	35,433	0	253,071
Other liabilities	0	0	52,222	116	0	52,338
Current liabilities						
Borrowings	0	0	23,849	1,922	0	25,771
Trade payables	0	0	26,631	0	0	26,631
Other liabilities	136	0	5,597	701	35,483	41,917
Liabilities	**136**	**0**	**325,937**			

The financial assets and liabilities in category I. relate to derivatives, which are classified as held for trading according to IAS 39. These derivatives are solely used for hedging purposes.

The column 'No IAS 39 category' includes derivatives with a positive fair value of EUR 221 thousand (EUR 182 thousand) and a negative fair value of EUR 368 thousand (EUR 583 thousand), finance lease liabilities with a book value of EUR 35,416 thousand (EUR 37,355 thousand) and contingent considerations at a fair value of EUR 116 thousand (EUR 234 thousand).

The calculation method used for all the other receivables and assets and the other liabilities measured at fair value except for the valuation of contingent liabilities relates to level 2. The reconciliation of the contingent consideration that relates to level 3 can be found on page 153. A definition of the levels can be found on page 112.

In the year under review, no reclassifications were made between the individual levels.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for fair value as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to the liabilities under finance lease contracts and the fixed-interest tranches of promissory notes. The disclosures for these financial liabilities as of the closing date are as follows:

Borrowings by book values and fair value *in EUR thousand*

	Book Value 31.12.2014	Fair Value 31.12.2014	Book Value 31.12.2013	Fair Value 31.12.2013
Finance leases	35,416	37,199	37,355	36,643
Promissory notes and relating accrued interests	62,776	63,495	140,421	140,420
	98,192	**100,694**	**177,776**	**177,063**

In these cases, fair value is determined using the same method as for assets and liabilities that are measured at fair value on a recurring basis.

As the part of the promissory notes with the variable interest rate amounting to EUR 77,500 thousand was terminated and paid back on October 20, 2014, book value as well as fair value have declined compared to prior year.

The net result of the financial instrument categories recognized in the income statement is broken down as follows:

Net result of the financial instruments categories *in EUR thousand*

	From interest	At fair value	Currency translation	Valuation allowance	2014
Financial assets or liabilities at fair value through profit and loss	0	–437	0	0	–437
Loans and receivables	30	0	–18	–1,546	–1,534
Financial liabilities measured at amortized cost	–7,206	0	149	0	–7,057
	–7,176	**–437**	**131**	**–1,546**	**–9,028**

	From interest	At fair value	Currency translation	Valuation allowance	2013
Financial assets or liabilities at fair value through profit and loss	0	–329	0	0	–329
Loans and receivables	47	0	–1,081	–408	–1,442
Financial liabilities measured at amortized cost	–8,095	0	629	0	–7,466
	–8,048	**–329**	**–452**	**–408**	**–9,237**

CREDIT RISK

TAKKT is exposed to credit risk both from operating business as well as from financial instruments. Credit risk in the operating business results from possible write-offs due to customer default. The possible loss cannot exceed the book value of the receivable from an individual customer. Given the high number of existing customer relationships, the risk can generally be seen as being comparatively low. As a result of the strong diversification of the customer structure described in the risk report on page 76 et seq., there is no exceptional concentration of risk in the operating business. Due to consistent creditworthiness assessments prior to transactions as well as stringent collection systems, write-offs on trade receivables of unchanged less than 0.2 percent of turnover are very low in the financial year. Risks of write-offs are accounted for by creating allowances.

Trade receivables *in EUR thousand*

	01.01.2014	Currency translation	Other changes	31.12.2014
Nominal value of receivables	89,364	3,510	–6,305	86,569
Valuation allowances	–3,015	–91	–209	–3,315
Book value of receivables	**86,349**	**3,419**	**–6,514**	**83,254**

	01.01.2013	Currency translation	Other changes	31.12.2013
Nominal value of receivables	91,284	–1,822	–98	89,364
Valuation allowances	–4,202	38	1,149	–3,015
Book value of receivables	**87,082**	**–1,784**	**1,051**	**86,349**

The credit risk from derivative financial instruments consists in the risk of default of a contractual partner and therefore in the maximum amount of the recognized positive fair values less the negative fair values with the same contractual partner. Since financial transactions are only concluded and maintained with counterparties with good creditworthiness, the actual risk of default can be considered as rather low. Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of banks with good ratings. The banks' creditworthiness is checked continuously.

LIQUIDITY RISK

Liquidity risk is understood as the risk of not being able to meet payment obligations at any time. The following table lists the contractually agreed interest payments and repayments from original financial liabilities as well as incoming and outgoing payments from derivative financial liabilities and assets at December 31, 2014. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the reporting date.

Maturity analysis as of December 31, 2014 *in EUR thousand*

	Cash flow 2015	Cash flow 2016	Cash flow 2017 – 2019	Cash flow 2020 – 2024	Cash flow 2025…
Original financial liabilities					
Liabilities to banks	–22,979	–21,260	–395	–27,438	0
Promissory notes	–30,876	–1,109	–34,612	0	0
Finance leases	–3,597	–3,597	–15,675	–14,935	–13,306
Finance liabilities to affiliated companies	–42,203	–10,090	0	0	0
Trade payables	–26,594	0	0	0	0
Other liabilities	–65,389	0	0	0	0
Derivative financial receivables					
Outgoing payments	–13,360	0	0	0	0
Connected incoming payments	13,526	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–61,999	–177	–88	0	0
Connected incoming payments	61,415	0	0	0	0

Maturity analysis as of December 31, 2013 *in EUR thousand*

	Cash flow 2014	Cash flow 2015	Cash flow 2016 – 2018	Cash flow 2019 – 2023	Cash flow 2024…
Original financial liabilities					
Liabilities to banks	–28,534	–37,438	–1,303	–41,032	0
Promissory notes	–3,831	–100,331	–46,281	0	0
Finance leases	–3,706	–3,706	–11,120	–22,696	–14,553
Finance liabilities to affiliated companies	–3,171	0	0	0	0
Trade payables	–26,631	0	0	0	0
Other liabilities	–5,997	–54,094	0	0	0
Derivative financial receivables					
Outgoing payments	–33,697	0	0	0	0
Connected incoming payments	34,170	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–46,081	–511	–204	0	0
Connected incoming payments	45,269	114	0	0	0

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 173,0 million (EUR 153,7 million). Thus, the liquidity risk resulting from the maturities is largely negligible.

MARKET PRICE RISK

The term 'market price risk' relates to the risk that the fair value or the future cash flows of a financial instrument change as a result of fluctuations in market prices. In the case of TAKKT, market price risk mainly comprises currency and interest rate risks. In the following paragraphs, for each type of risk, the financial instruments on the books at the reporting date will be described in detail.

The following sensitivity analyses of market price risks show which effects on profits and equity there would have been if financial instruments recorded at the closing date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the closing date was representative for the full year and that the assumed changes in risk variables at the closing date were reasonable.

CURRENCY RISK

The table below shows the hedged nominal volumes and the market values of the respective currency hedges. Contracts have maturities of up to one (two) years. No netting of currency derivatives was undertaken.

Currency hedging *in EUR thousand*

	Nominal value		Market value	
	2014	2013	**2014**	2013
Assets				
Currency derivatives designated as cash flow hedges	7,972	11,044	221	182
Currency derivatives without hedge accounting	5,500	22,110	11	332
Liabilities				
Currency derivatives designated as cash flow hedges	18,576	22,831	–68	–72
Currency derivatives without hedge accounting	42,906	22,732	–252	–136
	74,954	**78,717**	**–88**	**306**

CURRENCY DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

TAKKT is exposed to currency risks because a limited volume of purchases and sales of products and services (less than ten percent of consolidated turnover) is in different currencies. Around 70 percent of the net foreign currency cash flows expected in TAKKT Group are hedged with currency instruments which can be designated as effective cash flow hedges and did not show any material ineffectiveness at the closing date. Exchange rate differences of the underlying currencies impact other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in equity-related sensitivity calculations.

In the 2014 financial year, gains after deferred taxes totaling EUR 102 thousand (EUR 70 thousand) resulting from changes in the fair values of foreign exchange derivatives were recorded in other comprehensive income without affecting profit. These changes in valuation represent the effective part of the hedge relationship. In addition, gains of EUR 69 thousand (EUR 145 thousand) recorded in equity were transferred to the statement of income (under Other operating expenses). With payments that take place within the next twelve months, TAKKT expects that gains recorded in equity amounting to EUR 102 thousand after deferred taxes will be transferred to the statement of income.

Broken down by currency, the designated transactions underlying the cash flow hedges have the following maturities:

Underlying currency derivative transactions *in EUR thousand*

	2014		2013	
	Cash flow 2015	Cash flow 2016…	Cash flow 2014	Cash flow 2015…
CAD	2,846	0	9,080	0
CHF	14,127	0	14,816	0
CZK	192	0	160	0
DKK	0	0	0	0
GBP	1,942	0	2,094	0
HUF	1,684	0	1,539	0
JPY	0	0	0	0
MXN	0	0	168	0
NOK	1,664	0	1,720	0
PLN	72	0	424	0
RON	427	0	446	0
RUB	258	0	0	0
SEK	2,369	0	2,934	0
TRY	489	0	494	0
USD	478	0	0	0

CURRENCY DERIVATIVES WITHOUT HEDGE ACCOUNTING

Intercompany loans involving more than one currency are hedged with forward foreign exchange contracts. This locks in prices for intercompany financing transactions. Accordingly, the Group is not exposed to any risk from exchange rate movements. While the individual company can establish a relationship between the derivative instrument and the underlying transaction, the underlying transaction is eliminated in the context of the Group's debt consolidation. From the Group's perspective, the derivative is therefore no longer used for hedging purposes. Fluctuations in exchange rates in the underlying currencies trigger changes in market values with regard to the derivatives and the related intercompany loans causing counteracting changes in Other finance result and are therefore included in the profit-based sensitivity calculation.

Foreign currency receivables or payables against third parties at individual companies are also hedged economically using forward foreign exchange contracts, if necessary. Here, fluctuations in exchange rates of the underlying currencies also lead to counteracting fluctuations in profit through changes in market value of the derivative instrument as well as the corresponding receivables and payables and are therefore also included in the profit-based sensitivity calculation.

No fair value hedge accounting is applied.

The following table lists the effects of a theoretical change in the EUR/CHF exchange rate on the profit before tax as well as on equity at the reporting date. Other exchange rate fluctuations have no material effect on profit or equity. Influences on the balance sheet and statement of income resulting from the translation of separate financial statements into the reporting currency euro (known as translation risks) are not included.

Sensitivity analysis for currency fluctuations *in EUR thousand*

31.12.2014	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+10%	0	+1,414
EUR/CHF	–10%	0	–1,414

31.12.2013	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+10%	0	+1,482
EUR/CHF	–10%	0	–1,482

INTEREST RATE RISK

The table below shows the hedged nominal volumes and the market values of the respective interest rate hedges. A netting of these instruments does not occur.

Interest rate hedges *in EUR thousand*

	Nominal value		Market value	
	2014	2013	**2014**	2013
Assets				
Interest rate derivatives designated as cash flow hedges	0	0	0	0
Interest rate derivatives without hedge accounting	0	0	0	0
Liabilities				
Interest rate derivatives designated as cash flow hedges	42,946	121,007	–299	–511
Interest rate derivatives without hedge accounting	0	0	0	0
	42,946	**121,007**	**–299**	**–511**

To hedge future interest payments for the US dollar debt subject to a floating interest rate, TAKKT classified interest rate swaps with a nominal volume of USD 40,000 thousand with a maturity date of June 30, 2016, as cash flow hedges. In the previous year, the nominal volume was USD 20,000 thousand with a maturity date of June 30, 2014, and USD 40,000 thousand with a maturity date of June 30, 2016.

In September 2014 TAKKT AG exercised the right to cancel the part of the promissory notes with variable interest rates and a volume of EUR 77,500 thousand. The effective date was October 20, 2014. In the course thereof, interest rate swaps with a nominal volume of EUR 67,500 thousand were sold. As of the balance sheet date, an interest rate swap with a nominal volume of EUR 10,000 thousand and a maturity date of October 19, 2017, is classified as cash flow hedge. In prior year, nominal volume amounted to EUR 67,500 thousand with a maturity date of October 19, 2015 and EUR 10,000 thousand with a maturity date of October 19, 2017.

TAKKT's objective with contracting interest rate swaps is to transform floating rate into fixed rate financing.

A potential change in creditworthiness and therefore the credit margin of the debtor is not part of this hedge. The effective part of the interest rate swaps is recorded at fair value without an effect on profits. In the case of interest rate swaps which qualify as cash flow hedges, changes in market interest rates cause fluctuations in both the other components of equity (changes in fair value) and the finance expense (compensation payments). These financial instruments are therefore taken into account in equity and profit-related sensitivity calculations.

In 2014, losses of EUR 566 thousand (EUR 94 thousand) after deferred taxes resulting from the change of fair values were recorded in equity without an effect on profits. Losses after deferred taxes recorded in equity amounting to EUR 658 thousand (EUR 1,304 thousand) were transferred to the statement of income (Finance expenses). These amounts represent the change in valuation of the effective part of the hedge relationship. As in the previous year, there has been no material ineffectiveness.

UNDERLYING INTEREST RATE DERIVATIVE TRANSACTIONS

The TAKKT Group is financed by means of long-term bilateral credit lines, which are usually made use of on a revolving basis with a short-term fixed-rate period and since 2012 also through promissory notes which were partly repaid in October 2014. TAKKT uses derivative financial instruments to hedge against rising market interest rates and therefore potentially increasing future interest payments. The target hedge level for the interest rate risk is between 60 and 80 percent of the financing volume.

The table below shows the reporting periods in which the cash flows hedged as of December 31, 2014 are expected to occur. The anticipated hedged interest outpayments are the result of floating-rate US dollar liabilities with a nominal volume of USD 40,000 thousand (USD 60,000 thousand) and of floating-rate EUR liabilities with a nominal volume of EUR 10,000 thousand (EUR 77,500 thousand).

Underlying interest rate derivative transactions *in USD thousand /EUR thousand*

2014	Cash flow 2015	Cash flow 2016	Cash flow 2017-2019	Cash flow 2019-2024	Cash flow 2025...
USD	103	51	0	0	0
EUR	16	13	13	0	0

2013	Cash flow 2014	Cash flow 2015	Cash flow 2016–2018	Cash flow 2019–2023	Cash flow 2024...
USD	134	98	49	0	0
EUR	285	304	79	0	0

Other financial instruments

Floating rate financial instruments are included in the profit-related sensitivity calculation because interest rate changes affect the financial result.

Non-interest-bearing financial instruments (e. g. trade receivables and payables) are generally not subject to interest rate risks. Only if changes in market interest rates have an influence on financial instruments recognized at fair value they are considered in the sensitivity calculation.

The following table lists the sensitivity of the profit before tax and equity in case of a theoretical change in the level of market interest rates relating to the financial instruments at the closing date which would have been exposed to such a change in the interest rate level. It is assumed, that the level is representative for the whole year and that the assumed change of the market interest level was possible.

Sensitivity analysis for interest rate fluctuations *in EUR thousand*

31.12.2014	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	-693/+693	+191/-201
USD	+100/–100	-271/+271	+396/-408

31.12.2013	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	-68/+67	+1,273/-1,323
USD	+100/–100	-405/+405	+623/-648

5. OTHER NOTES

CONTINGENT LIABILITIES AND RECEIVABLES

As in prior year, material contingent liabilities and receivables do not exist.

CAPITAL MANAGEMENT

The overriding goal of the TAKKT Group's capital management is to optimize and maintain a solid capital structure in order to secure the necessary flexibility and scope for value-adding investments. Total equity and net borrowings constitute the basic values for the capital management. In principle, the instruments available for capital management include dividend payments and measures relating to equity and debt financing. TAKKT is not subject to any external minimum capital requirements.

The Group monitors and steers its capital structure based on long-term financial planning and specific self-imposed covenants. For each of these key figures, TAKKT has internally determined critical thresholds. The Group's total equity ratio target is between 30 and 60 percent. For gearing, the long-term target is below 1.5, though exceeding a value of two for a short time is still tolerated. The target for the debt repayment period is less than five years. For the interest cover ratio, another index for the company's financial stability, the aim is a figure above four. The Management Board is regularly informed of the development of these key figures.

Internal covenants *in EUR thousand*

	2014	2013
Total equity	386,756	332,481
/ Total assets	882,477	851,767
Equity ratio (in percent)	**43.8**	**39.0**
Borrowings	221,575	278,842
./. Cash and cash equivalents	4,043	5,857
Net borrowings	217,532	272,985
/ Total equity	386,756	332,481
Gearing	**0.6**	**0.8**
Average net borrowings	243,546	302,418
/ TAKKT cash flow	98,675	83,400
Debt repayment period (in years)	**2.5**	**3.6**
Operating result before goodwill impairment	110,802	95,834
/ Net interest expense (= Finance expenses less Interest and similar income)	11,272	15,046
Interest cover	**9.8**	**6.4**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of financial key management figures. In this context, the EBITDA margin with a long-term target corridor of 12 to 15 percent serves as benchmark for the short-term operating profitability; and the TAKKT value added, for which a positive value is sought, serves as benchmark for the long-term value-based controlling. For more details on value-based corporate management, please refer to sections management system and company performance on page 44 et seqq. and page 68 et seq. of the annual report.

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. A structured entity´s activities are often limited, its objective is narrow and well-defined or its equity is insufficient. The entity is subject to consolidation if TAKKT controls it according to IFRS 10.

TAKKT has leased two warehouses from leasing companies, that are classified as unconsolidated structured entities. The two companies have built up the warehouses especially for TAKKT and rent them to the Group. TAKKT has neither interests in these companies nor has TAKKT the power to decide about the activities relevant for the variable returns on the basis of contractual regulations. The companies are fully financed by external banks.

The leasing contracts are recognized as finance leases according to IAS 17. The assets and liabilities resulting from these finance leases are presented in the following table.

Book values associated with unconsolidated structured entities *in EUR thousand*

	2014	2013
Land, buildings and similar assets	15,826	17,301
Non-current finance leases	16,841	18,159
Current finance leases	1,317	1,279

As of the balance sheet date other financial obligations that correspond to the minimum lease payments amount to EUR 20,966 thousand (EUR 22,793 thousand). There are no exposures to loss according to IFRS 12.

CHANGES IN CONTINGENT CONSIDERATIONS *in EUR million*

	2014	2013
Balance at 01.01.	**0.2**	**14.1**
Additions	0.0	0.0
Disposals	0.1	18.2
Currency translation	0.0	–0.8
Accrued interest	0.0	1.5
Revaluation	0.0	3.6
Balance at 31.12.	**0.1**	**0.2**

The purchase price due in spring of 2015 for GPA, acquired on April 01, 2012, included a not contingent and a contingent part until the end of 2013. The contingent part depended on the achievement of turnover targets for 2014. Since the company's development significantly exceeded expectations, an increased payment compared to the date of first-time consolidation was assumed. For that reason, expenses of EUR 3,626 thousand from the adjustment of the purchase price liability affecting net income were recognized in accordance with IFRS 3 in 2013. Due to a contract adjustment with the previous owners of GPA at the end of the year 2013, the contingent consideration had to be shown as disposal. Now, the purchase price liability for GPA amounting to EUR 61,019 thousand completely includes that obligation and is included in current other liabilities.

The amount of EUR 116 thousand (EUR 118 thousand) relating to contingent considerations is payable within one year in full.

SUBSEQUENT EVENTS

The purchase agreement concluded on December 31, 2014 for the sale of the North American Group division Plant Equipment Group (PEG) to Global Industrial Holdings LLC, Port Washington, NY/USA, and Global Industrial Mexico Holdings Inc., Mexico D.F./Mexico, was completed on January 30, 2015. The purchase price amount is 25 US dollar million, free of financial debt. At this point, around 27 US dollar million of assets as well as around 11 US dollar million in liabilities are expected to be removed from the balance sheet as a result of the sale. Taking into account currency reserves as well as transaction costs, the Management Board expects a positive result from the sale in the low single-digit million euro range . The effects on net assets, financial position and results of operations are not significant.

LEASING AND OTHER FINANCIAL OBLIGATIONS 2014 *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,597	19,274	28,239	51,110
Discounting	–1,578	–5,518	–8,598	–15,694
Present value	**2,019**	**13,756**	**19,641**	**35,416**
Operating leases				
Minimum lease payments	11,260	31,043	11,751	54,054

LEASING AND OTHER FINANCIAL OBLIGATIONS 2013 *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,706	14,826	37,249	55,781
Discounting	–1,784	–6,334	–10,308	–18,426
Present value	**1,922**	**8,492**	**26,941**	**37,355**
Operating leases				
Minimum lease payments	10,317	27,511	8,622	46,450

The obligations from operating lease contracts mainly refer to rental obligations for office and warehouse facilities. These contracts are usually subject to price adjustment clauses.

STAFF PARTICIPATION MODEL

Until 2005, the executives of the TAKKT Group had the option of subscribing for EVA® certificates. EVA® certificates are bonds whose market value depends on three factors: the absolute added value generated, calculated using the formula [(return on capital – cost of capital) x capital], the EVA® change from the previous year and a risk premium on the capital employed.

The owners of the certificate are financially involved in the increase or decrease in value of the company for which they work. In addition to the chance of generating a return, the owners may lose their entire investment depending on development. The certificates have a maturity of ten years each. The certificate owners are entitled to cash in the certificates after five years at the earliest. The EVA® certificates issued by the TAKKT Group amounting to EUR 630 thousand (EUR 1,030 thousand) are disclosed as Other under Borrowings. An expense of EUR 31 thousand (income: EUR 85 thousand) was posted in the year under review.

Additionally, German employees again had the opportunity to purchase employee shares in the year under review. Shares acquired at the stock exchange for this purpose were sold to employees in early 2014. In total, 18,000 (19,575) shares were acquired by 415 (445) employees. This corresponds to a participation of 38.6 (41.2) percent of all eligible persons. The shares were bought at an average market price of EUR 13.83 (EUR 10.33) and sold to the employees at an average market price of EUR 10.72 (EUR 7.28). This resulted in a total expense of EUR 56 thousand (EUR 60 thousand).

GERMAN CORPORATE GOVERNANCE CODE

The declaration on the recommendations made by the Government Commission of the German Corporate Governance Code required under section 161 AktG was issued as of December 31, 2014 and made available to the shareholders on the web site of TAKKT AG (see page 88 in this annual report).

INFORMATION ON DIRECTORS' DEALINGS

According to section 15a (Directors' Dealings) of the German Securities Trading Act (WpHG), persons who perform management functions at a company that is an issuer of shares as well as natural and legal persons closely related to that person must notify both the issuer and the Federal Financial Supervisory Authority (BaFin) of their own dealings involving the issuer's shares or related financial instruments, especially derivatives, if they exceed the amount of EUR 5 thousand within a calendar year.

TAKKT AG received no such notifications for the year under review.

RELATED PARTY DISCLOSURES

Related parties in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these Boards), TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany, (including its subsidiaries, associated companies, Management and Supervisory Board members). Related-party transactions mainly relate to the cash management system, ongoing delivery and settlement transactions and service contracts. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related parties are contractually agreed and performed on terms that are customary for transactions with third parties.

Related-party transactions *in EUR thousand*

	Franz Haniel & Cie. GmbH/service companies		Divisions of Haniel Group		Associated companies of Haniel Group/Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Turnover	22	11	509	375	325	324	856	710
Other expenses	651	600	40	47	0	0	691	647
Finance expenses	259	205	0	0	0	0	259	205
Receivables	0	0	120	40	9	2	129	42
Non-current payables	10,000	0	0	0	0	0	10,000	0
Current payables	41,920	3,171	1	3	0	0	41,921	3,174
Other financial obligations	656	693	0	0	0	0	656	693

Disclosures concerning remuneration of the Management Board and Supervisory Board are made on page 156 et seq.

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and/or suppliers. Those customers and/or suppliers include companies that have a connection with members of the Management Board or of the Supervisory Board of TAKKT.

MANAGEMENT BOARD REMUNERATION SYSTEM

The total remuneration paid to Board members is made up of non-performance-related and performance-related components. The non-performance-related remuneration of the Management Board consists of three parts: a fixed basic salary, fringe benefits and a pension scheme. The performance-related components comprise a bonus paid annually and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan. The performance cash plans comprise a share price-based component, that is classified as a cash-settled share-based payment transaction under IFRS 2. The amount paid out under the performance cash plans is capped and dependent on the achievement of objectives. These objectives are mainly based on the performance of share price (total shareholder return) and value-based covenants (TAKKT value added). A more detailed explanation of the remuneration system can be found in the Corporate Governance section of the Management Report on page 89 et seqq.

Remuneration of the Management Board *in EUR thousand*

	2014	2013
Fixed salaries and benefits	1,048	1,123
Expenses for annual bonus	1,288	953
Expenses for the performance cash plans	125	1,331
Provisions for benefits after end of employment	421	414
	2,882	**3,821**

With the exception of the planned changes in personnel on the Management Board as well as the periodic adjustment of individual remuneration components, the remuneration of the fixed salaries in the year under review corresponded to the level of the previous year.

The reported expenditure for the annual bonus of EUR 1,288 thousand (EUR 953 thousand) include a provision release of EUR 63 thousand (EUR 335 thousand). Without this provision release, the expenditure for the annual bonus was EUR 1,351 thousand (EUR 1,288 thousand).

The expenditure for the long-term performance cash plans amounted to EUR 125 thousand (EUR 1,331 thousand). In the past financial year, this expenditure was reduced by the release of previously created provisions for the current performance cash plans in the amount of EUR 501 thousand (EUR 0 thousand). This is attributable in part to the share price development in 2014 and the resulting future expectation for the performance cash plans. The decrease in provision expenses is attributable in part to the share price development in 2014 and the resulting future expectation for the performance cash plans. In the year under review, the performance cash plan approved for 2010 amounting to EUR 784 thousand was paid out to one current and two former members of the Management Board. The fair value of the ongoing performance cash plans from 2011 to 2014 (2010 to 2013) as well as the respective provision come to EUR 2,119 thousand (EUR 3,315 thousand) as of the reporting date. This valuation is based on the expected development of the relevant success factors.

The reported provision for benefits after the end of employment includes a voluntary addition to provisions of the Board Members in the amount of EUR 70 thousand (EUR 70 thousand) which was carried out by means of a conversion.

As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 4,078 thousand (EUR 4,214 thousand).

As of December 31, 2014, the TAKKT Management Board members held 536 (5,536) shares. With the exception of liabilities from EVA® certificates of EUR 0 thousand (EUR 247 thousand) as well as the usual amounts due in accordance with employment contracts, no further claims or obligation to the Management Board members exist.

Payments to retired Management Board members amounted to EUR 342 thousand (EUR 302 thousand). The pension provision for former members amounts to EUR 6,494 thousand (EUR 4,806 thousand).

REMUNERATION OF SUPERVISORY BOARD

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 376 thousand (EUR 390 thousand), of which EUR 355 thousand (EUR 371 thousand) were for their activities in the Supervisory Board, EUR 11 thousand (EUR 11 thousand) were for their work in committees and EUR 10 thousand (EUR 8 thousand) for attendance fees. The employee representative on the Supervisory Board is also entitled to a regular salary as set out in his employment contract which represents an appropriate remuneration for his function respectively work in the Company. The Shareholders´ Meeting 2013 of TAKKT AG agreed to shift the compensation of the Supervisory Board to a purely fixed salary. There are no further claims or obligations to members of the Supervisory Board. As of December 31, 2014, the Supervisory Board members held 3,140 (3,140) shares in TAKKT AG.

FEES FOR GROUP AUDITOR *in EUR thousand*

	2014	2013
Audit (individual companies and Group)	379	445
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	111	118
	490	**563**

Other services primarily include audit-related services.

DECLARATION OF SHAREHOLDERS' HOLDINGS

Outside the reporting requirements of the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, voluntarily notified us in January 2015 that it owned 50.2 (50.3) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2014.

We have been notified of the following as per section 21(1) of WpHG:

On October 16, 2013, Franklin Templeton Investment Funds, Luxembourg, Grand-Duchy of Luxembourg, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Germany, have exceeded the 5 percent threshold of the Voting Rights on October 15, 2013 and on that day amounted to 6.55 percent (this corresponds to 4,294,587 Voting Rights).

On July 04, 2014, Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Germany, have exceeded the 3 percent threshold of the Voting Rights on July 01, 2014 and on that day amounted to 3.03 percent (this corresponds to 1,990,962 Voting Rights). 0.97 percent of Voting Rights (this corresponds to 637,163 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 of the WpHG.

On September 24, 2014, Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany, has informed us according to Article 21, Section 1 of the WpHG that its percentage of voting rights in TAKKT AG, Stuttgart, Germany, fell below the 3 percent threshold on September 23, 2014, and on that day amounted to 2.98 percent. This corresponds to 1,953,339 voting rights out of a total of 65,610,331 voting rights issued by TAKKT AG. 0.93 percent of these voting rights is to be attributed to Allianz Global Investors Europe GmbH according to Article 22, Section 1, Sentence 1, No. 6 of the WpHG. This corresponds to 612,893 voting rights out of a total of 65,610,331 voting rights issued by TAKKT AG.

On October 16, 2014, Franklin Templeton Investment Management Limited (FTIML), London, England, has informed us according to Article 21, Section 1 of the WpHG that via shares its voting rights on TAKKT AG, Stuttgart, Germany, have exceeded the 10 percent threshold of the voting rights on October 15, 2014, and on that day amounted to 10.0001 percent (this corresponds to 6,561,087 voting rights). 10.0001 percent of the voting rights (this corresponds to 6,561,087 voting rights) is to be attributed to the company according to Article 22, Section 1, Sentence 1, No. 6 of the WpHG. Voting rights are attributed from the following shareholder who directly holds more than 3 percent of the voting rights: Franklin Templeton Investment Funds managed by FTIML holds more than 5 percent.

On October 22, 2014, Franklin Templeton Investment Management Limited (FTIML), London, England, has informed us according to Article 21, Section 1 of the WpHG that via shares its voting rights on TAKKT AG, Stuttgart, Germany, have fallen below the 10 percent threshold of the voting rights on October 21, 2014 and on that day amounted to 9.99 percent (this corresponds to 6,555,413 voting rights). 9.99 percent of the voting rights (this corresponds to 6,555,413 voting rights) is to be attributed to the company according to Article 22, Section 1, Sentence 1, No. 6 of the WpHG. Voting rights are attributed from the following shareholder who directly holds more than 3 percent of the voting rights: Franklin Templeton Investment Funds managed by FTIML holds more than 5 percent.

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For more details, please refer to our website.

EXEMPTION FROM DISCLOSURE OBLIGATIONS

Pursuant to section 264(3) HGB, the following companies included in the consolidated financial statements are exempt from the obligation to disclose their financial statements:

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
Gaerner GmbH, Duisburg
Certeo Business Equipment GmbH, Stuttgart
Versandhandelszentrum Pfungstadt GmbH, Pfungstadt
Design Möbelvertrieb Pfungstadt GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt
UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen
Ratioform Holding GmbH, Pliening
Ratioform Verpackungen GmbH, Pliening
BEG GmbH, Stuttgart

SUBSIDIARIES WITHIN TAKKT AG, STUTTGART, AS OF DECEMBER 31, 2014

TAKKT AG, Stuttgart, described as number 1 in the following overview, holds interests in the following companies.

No.	Group companies	held by no.	interest %
2	KAISER+KRAFT EUROPA GmbH, Stuttgart/Germany	1	100.00
3	KAISER KRAFT GmbH, Stuttgart/Germany	2	100.00
4	KAISER+KRAFT Gesellschaft m.b.H., Salzburg/Austria	2	100.00
5	KAISER+KRAFT N.V., Diegem/Belgium	2/13	50,00/50,00
6	KAISER+KRAFT AG, Zug/Switzerland	2	100.00
7	KAISER+KRAFT s.r.o., Prague/Czech Republic	2/31	99,80/0,20
8	KAISER+KRAFT S.A., Barcelona/Spain	2	100.00
9	FRANKEL S.A.S., Morangis/France	2	100.00
10	KAISER+KRAFT Ltd., Hemel Hempstead/Great Britain	2	100.00
11	KAISER+KRAFT Kft., Budaörs/Hungary	2	100.00
12	KAISER+KRAFT S.r.l., Lomazzo/Italy	2	100.00
13	Vink Lisse B.V., Lisse/The Netherlands	2	100.00
14	KAISER+KRAFT S.A., Lisbon/Portugal	2	100.00
15	KAISER+KRAFT Sp. z o.o., Warsaw/Poland	2	100.00
16	KAISER+KRAFT OOO, Balashikha/Russia	2/3	99,00/1,00
17	KAISER+KRAFT s.r.o., Nitra/Slovakia	2/3	99,90/0,10
18	KAISER+KRAFT Ltd. STI., Istanbul/Turkey	2/3	99,40/0,60
19	Gaerner GmbH, Duisburg/Germany	2	100.00
20	Gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
21	Gaerner AG, Zug/Switzerland	2	100.00
22	Gaerner S.A.S., Réau/France	2	100.00
23	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
24	Gaerner B.V.B.A, Diegem/Belgium	2/19	99,00/1,00
25	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
26	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
27	Gerdmans Kontor-og Lagerudstyr A/S, Nivaa/Denmark	26	100.00
28	Gerdmans Innredninger AS, Sandvika/Norway	26	100.00
29	Gerdmans OY, Espoo/Finland	26	100.00
30	KWESTO Service s.r.o., Prague/Czech Republic	2/7	99,93/0,07
31	KWESTO s.r.o., Prague/Czech Republic	30	100.00
32	KWESTO Kft., Györ/Hungary	30	100.00
33	KWESTO Sp. z o.o., Wroclaw/Poland	30	100.00
34	KWESTO Service s.r.l., Ramnicu Valcea/Romania	30	100.00
35	KWESTO s.r.o., Nitra/Slovakia	30	100.00
36	KAISER+KRAFT (China) Commercial Co. Ltd., Shanghai/People's Republic of China	2	100.00
37	KAISER+KRAFT K.K., Chiba/Japan	2	100.00
38	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	2	100.00
39	BEG GmbH, Stuttgart/Germany	2	100.00
40	Certeo Business Equipment GmbH, Stuttgart/Germany	2	100.00
41	VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt/Germany (formerly: Topdeq Service GmbH)	1	100.00
42	DMP Design Möbelvertrieb Pfungstadt GmbH, Pfungstadt/Germany (formerly: Topdeq GmbH)	41	100.00
43	Ratioform Holding GmbH, Pliening/Germany	1	100.00

No.	Group companies	held by no.	interest %
44	Ratioform Verpackungen GmbH, Pliening/Germany	43	100.00
45	Ratioform Imballaggi S.r.l., Mombretto di Mediglia/Italy	43	100.00
46	Ratioform Embalajes, S.A., Sant Esteve Sesrovires/Spain	44	100.00
47	Ratioform Verpackungen AG, Dällikon/Switzerland	44	100.00
48	Davenport Paper Co. Ltd., Derby/Great Britain	44	100.00
49	TAKKT America Holding, Inc., Milwaukee/USA	1	100.00
50	C&H Service LLC, Milwaukee/USA	49	100.00
51	C&H Distributors LLC, Milwaukee/USA	49	100.00
52	Avenue Industrial Supply Co. Ltd., Richmond Hill/Canada	49	100.00
53	C&H Productos Industriales SRLCV, Mexico City/Mexico	49/51	99,97/0,03
54	IndustrialSupplies.com, LLC, Milwaukee/USA	49	100.00
55	Products for Industry LLC, Milwaukee/USA	49	100.00
56	Hubert Service North America LLC, Harrison/USA	49	100.00
57	Hubert Company LLC, Harrison/USA	49	100.00
58	Hubert Hong Kong Ltd., Hong Kong/China	56	100.00
59	SPG U.S. Retail Resource LLC, Harrison/USA	49	100.00
60	Hubert Distributing Company Ltd., Markham/Canada	49	100.00
61	Foodserviceplanet.com, LLC, Harrison/USA	49	100.00
62	Central Products LLC, Indianapolis/USA	49	100.00
63	George Patton Associates, Inc., Rhode Island/USA	49	100.00
64	Hubert Europa Service GmbH, Pfungstadt/Germany	2	100.00
65	Hubert GmbH, Pfungstadt/Germany	64	100.00
66	Hubert AG, Zug/Switzerland	64	100.00
67	Hubert S.A.S., Morangis/France	64	100.00
68	Hubert B.V., Lisse/The Netherlands	64	100.00
69	NBF Service LLC, Milwaukee/USA	49	100.00
70	National Business Furniture LLC, Milwaukee/USA	49	100.00
71	Dallas Midwest LLC, Dallas/USA	49	100.00
72	Officefurniture.com LLC, Milwaukee/USA	49	100.00
73	National Business Furniture Ltd., Richmond Hill/Canada	49	100.00

No.	Associated companies	held by no.	interest %
74	Simple System GmbH & Co. KG, Munich/Germany	2	33.00

REPRESENTATIVE BODIES AS OF DECEMBER 31, 2014

SUPERVISORY BOARD

Stephan Gemkow, Overath, born January 23, 1960
Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Chairman of the Supervisory Board of Celesio AG, Stuttgart, until March 13, 2014
Member of the Supervisory Board of EVONIK Industries AG, Essen
Member of the Supervisory Board of JetBlue Airways Corp., New York/USA

Dr. Johannes Haupt, Karlsruhe, born June 29, 1961
Deputy Chairman, since September 15, 2014
Chairman of the Management Board (CEO) of E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen
Chairman of the Supervisory Board of Elektro-Kontakt d.d., Zagreb/Croatia
Chairman of the Advisory Board of DEFENDI Italy S.r.l., Ancona/Italy
Chairman of the Advisory Board of ETA d.o.o., Cerkno/Slovenia
Member of the Advisory Board of BLANCO GmbH & Co. KG, Oberderdingen
and of BLANCO Professional GmbH & Co. KG, Oberderdingen
Member of the Advisory Board of ARPA S.A.S., Niedermodern/France

Prof. Dr. Klaus Trützschler, Essen, born December 11, 1948, until June 30, 2014
Deputy Chairman, until June 30, 2014
Graduate business mathematician and graduate mathematician, Essen
Chairman of the Supervisory Board of Wuppermann AG, Leverkusen
Chairman of the Supervisory Board of Zwiesel Kristallglas AG, Zwiesel
Member of the Supervisory Board of Sartorius AG, Göttingen
Member of the Advisory Board of Wilh. Werhahn KG, Neuss
Member of the Supervisory Board of Deutsche Bank AG, Frankfurt am Main

Dr. Florian Funck, Essen, born March 23, 1971
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of Celesio AG, Stuttgart, until March 13, 2014
Member of the Supervisory Board of METRO AG, Düsseldorf
Member of the Supervisory Board of Deutsche Annington SE, Bochum, since August 21, 2014

Thomas Kniehl, Stuttgart, born June 11, 1965
Employee for claims/research/returns at KAISER+KRAFT GmbH, Stuttgart
Chairman of the Joint Works Council of KAISER+KRAFT GmbH, Stuttgart,
and KAISER+KRAFT EUROPA GmbH, Stuttgart

Prof. Dr. Dres. h.c. Arnold Picot, Gauting, born December 28, 1944
University professor at the Ludwig-Maximilians-Universität München
Chairman of the Supervisory Board of Sartorius AG, Göttingen and of Sartorius Stedim Biotech GmbH, Göttingen
Member of the Supervisory Board of WIK GmbH, Bad Honnef and of WIK-Consult GmbH, Bad Honnef
Member of the Advisory Board of Sartorius Stedim Biotech S.A., Aubagne/France

Dr. Dorothee Ritz, Pullach, born March 31, 1968, since October 13, 2014
Senior Director Business Strategy Microsoft International, Unterschleißheim

MANAGEMENT BOARD

Dr. Felix A. Zimmermann, Stuttgart, born June 27, 1966
Chairman of the Management Board, CEO
Member of the Advisory Board of Müller Ltd. & Co. KG, Ulm

Dirk Lessing, Bad Homburg, born March 16, 1963, since January 01, 2014
Member of the Management Board

Dr. Claude Tomaszewski, Stuttgart, born April 25, 1969
Member of the Management Board, CFO

Franz Vogel, Stuttgart, born October 22, 1948, until February 28, 2014
Member of the Management Board

Responsibility statement by the Management Board
To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined Management report for TAKKT AG and the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, February 23, 2015
TAKKT AG
The Management Board

Dr. Felix A. Zimmermann | Dirk Lessing | Dr. Claude Tomaszewski

Independent auditors' report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, comprising the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows, segment reporting and the notes to the consolidated financial statements, together with the Group Management report, which is combined with the Management report of TAKKT AG, for the financial year from January 01 to December 31, 2014. The preparation of the consolidated financial statements, combined management report and Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) HGB and supplementary provisions of the articles of association is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined Management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit in a way that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and in the combined Management report in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the combined Management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by Management as well as evaluating the overall presentation of the consolidated financial statements and the combined Management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315a (1) HGB and supplementary articles of association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined Management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, February 23, 2015
Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Berger

Wolfgang Berger	Uwe Harr
German Public Auditor	German Public Auditor

GLOSSARY

AVERAGE ORDER VALUE
The average order value is the value of all incoming orders divided by the number of all orders. The average order value is influenced by the product range featured in the advertising media and by the economic development. If the average order value for the entire TAKKT Group is calculated, the exchange rate changes are also an influencing factor.

B2B OR BUSINESS-TO-BUSINESS
Supplier and customer relationships are deliberately established only between corporate customers.

CORPORATE GOVERNANCE
Company management according to specific rules, regulations, statutes and recommendations.

DERIVATIVE FINANCIAL INSTRUMENTS
Certificate or contract which refers to another – usually tradable – asset. Derivatives include interest rate swaps, interest rate caps, foreign exchange contracts and foreign currency options.

DIRECT MARKETING
Direct marketing in distance selling refers to addressing potential customers directly via target group-specific sales channels. Within TAKKT this includes catalog mailings, email, the provision of a customized e-procurement solution, phone calls or personal visits to the customer. The sale of the products is made exclusively via direct marketing.

DROP SHIPMENT BUSINESS
Goods ordered by the customer – including bulky items – are delivered from the supplier directly to the customer. The invoicing procedure is the same as with stock shipment.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EQUITY RATIO
The equity ratio is determined by dividing total equity by the total assets.

DEBT REPAYMENT PERIOD
This figure defines the arithmetical duration of debt repayment in years. TAKKT defines this as average net borrowings divided by the TAKKT cash flow.

E-PROCUREMENT
The electronic catalog available on the internet is edited for the sourcing system or intranet of the customer or for electronic marketplaces. This procurement approach allows the customer to save on transaction costs.

FIELD SALES
The term field sales integrates several classical external sales activities. TAKKT differentiates between two kinds of sales employees. The sales rep acquires new customers and manages major project-based orders. The tasks of a customer relationship manager are similar to those of a key account manager who individually supports customers with a greater turnover potential.

GEARING
Gearing measures the ratio between total equity and net borrowings. This ratio is calculated by dividing net borrowings by total equity.

HEDGING
Protection against interest rate, currency and price risks, etc. by using original or derivative financial instruments such as option or forward deals which (largely) cover the risks of the underlying transaction.

INTEREST COVER
This figure shows the relation between the EBITA and net finance expense.

MARKET VALUES
Certain balance sheet items are recognized at the value that can be realized in or be derived from a market – e.g. the stock exchange – at the closing date.

MULTI-CHANNEL BRANDS
Multi-channel brands combine traditional catalog business with e-commerce activities. Where appropriate, employees for telesales and field sales are part of this approach.

NET BORROWINGS
Net borrowings are the balance of all financial liabilities and liquid funds reported in the balance sheet.

PERFORMANCE BRANDS
Under the performance brands, the TAKKT companies carry products that at least meet the industry standard or even satisfy higher quality standards. The profiles of these brands are complemented by the extremely high level of customer support. Performance brands lead to long-lasting customer loyalty and achieve above-average margins.

PRIVATE LABELS
Private labels at TAKKT are the in-house product lines of the Group companies. With these product lines, the companies aim to acquire new customers and retain existing customers for the long term. See also "performance brands".

RISK MANAGEMENT
Systematic approach to identifying and assessing potential risks for a company and choosing and implementing measures to avoid or reduce these risks.

ROCE
The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed.

SEA
Search Engine Advertising. Part of online marketing. The term SEA describes running paid advertisements in online search engines. The advertisements are purchased for certain key search terms. The advertisement generally appears on the first page of the search results.

SEO
Search Engine Optimization. Part of online marketing. SEO is the optimization of the content of the web shops for search engines. This is done to gain a higher ranking in their organic results.

STOCK SHIPMENT BUSINESS
Goods ordered by the customer are delivered from the warehouse. The products are kept in stock by the TAKKT companies.

TAKKT CASH FLOW / FREE TAKKT CASH FLOW
The TAKKT cash flow is defined as profit for the period plus depreciation, goodwill impairment and deferred tax affecting profit. In this definition, the key figure shows the operational cash flow earned in the period before changes in net working capital. The TAKKT cash flow is a good indicator for the operational profitability and self-financing capability of a company.

After adjusting the TAKKT cash flow for the change in net working capital and deducting investments as well as adding divestments, the free TAKKT cash flow can be derived. This free TAKKT cash flow can generally be used for acquisitions, payments to shareholders and repayment of borrowings.

TAKKT VALUE ADDED
TAKKT value added serves as an important key figure for a longer term, value-oriented controlling. It is defined as the difference between the profit generated and the cost of capital on the average capital employed.

TELEMARKETING / TELESALES
Telemarketing and telesales are sales activities made by calling customers by phone (outbound). TAKKT distinguishes between telesales, which are sales made over the telephone, and telemarketing, which is the preparatory telephonic analysis of potential of customers and arrangement of meetings with them. This is in contrast to the typical inbound activities of direct marketing companies for accepting orders by telephone.

TOTAL SHAREHOLDER RETURN (TSR)
This is also referred to as yield on shares. TSR corresponds to the total return of a share, taking into account share price changes and any dividends distributed.

WEB-FOCUSED BRANDS
Web-focused brands mainly distribute their products over the internet and address smaller businesses with lower demand. Here the range and prices of products can be adapted more specifically to the rapidly changing needs of this customer group.

LOCATIONS SEGMENT TAKKT EUROPE

BELGIUM Diegem **DENMARK** Nivaa **GERMANY** Berlin | Duisburg | Groß-Gerau | Haan | Halle | Hannover | Kamp-Lintfort | Köln | Leinfelden-Echterdingen | Marl | Merklingen | München | Nürnberg | Pfungstadt | Pliening/Landsham | Reinbek | Remda-Teichel | Schönaich | Schöneiche | Stuttgart | Waldkirchen | Weil der Stadt **FINLAND** Espoo **FRANCE** Morangis | Réau **GREAT BRITAIN** Derby | Hemel Hempstead | Llanelli **ITALY** Lomazzo | Mombretto di Mediglia **NETHERLANDS** Lisse | Zeist **NORWAY** Sandvika **AUSTRIA** Elixhausen | Salzburg | Wien **POLAND** Warszawa | Wrocław **PORTUGAL** Lisboa **ROMANIA** Râmnicu Vâlcea **RUSSIA** Balashikha **SWEDEN** Markaryd **SWITZERLAND** Regensdorf | Steinhausen/Zug | St. Sulpice **SLOVAKIA** Nitra **SLOVENIA** Ljubljana **SPAIN** Barcelona | Sant Esteve Sesrovires **CZECH REPUBLIC** Jihlava | Praha **TURKEY** Mecidiyeköy – Sisli/Istanbul **HUNGARY** Budaörs | Györ **CHINA** Shanghai **JAPAN** Chiba

LOCATIONS SEGMENT TAKKT AMERICA

CANADA Calgary, AB | Markham, ON | Richmond Hill, ON **MEXICO** Mexico, D.F. **USA** Atlanta, GA | Austell, GA | Bristol, RI | Cleveland, OH | Dallas, TX | Fall River, MA | Harrison, OH | Indianapolis, IN | Los Angeles, CA | Milwaukee, WI | New York, NY | Pleasant Prairie, WI | Reno, NV **GERMANY** Pfungstadt **FRANCE** Morangis **SWITZERLAND** Steinhausen/Zug

FINANCIAL CALENDAR 2015

21 JANUARY	KEPLER CHEUVREUX AND UNICREDIT GERMAN CORPORATE CONFERENCE, FRANKFURT
19 FEBRUARY	PUBLICATION OF PRELIMINARY FIGURES FOR 2014
20 MARCH	FINANCIAL STATEMENTS PRESS CONFERENCE, STUTTGART ANALYST CONFERENCE, FRANKFURT
24–26 MARCH	SPRING ROADSHOW
24 APRIL	BANKERS' DAY, FELLBACH
30 APRIL	INTERIM FINANCIAL REPORT FIRST QUARTER 2015
06 MAY	SHAREHOLDERS' MEETING, LUDWIGSBURG
30 JULY	INTERIM FINANCIAL REPORT FIRST HALF-YEAR 2015
22 SEPTEMBER	BERENBERG AND GOLDMAN SACHS GERMAN CORPORATE CONFERENCE, MUNICH
29 OCTOBER	INTERIM FINANCIAL REPORT FIRST NINE MONTHS 2015
09–12 NOVEMBER	FALL ROADSHOW
23–25 NOVEMBER	GERMAN EQUITY FORUM, FRANKFURT

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