TAKKT AG

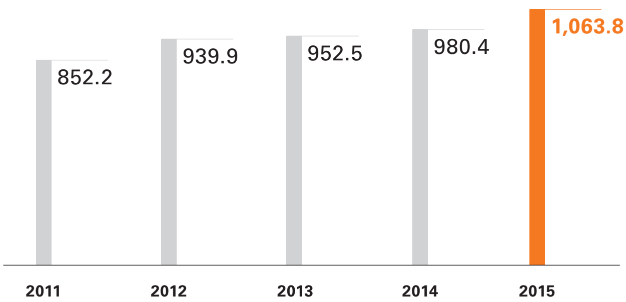
BUSINESS EQUIPMENT SOLUTIONS

OPPORTUNITIES OF DIGITALIZATION

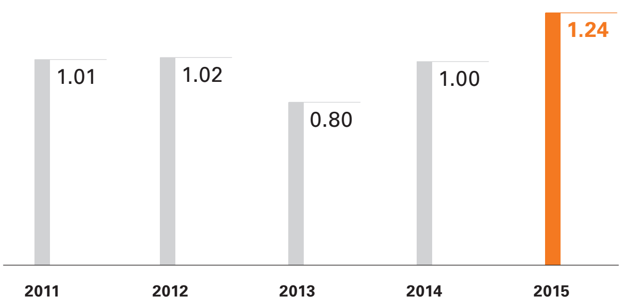
ANNUAL REPORT OF TAKKT GROUP 2015

SELECTED KEY FIGURES

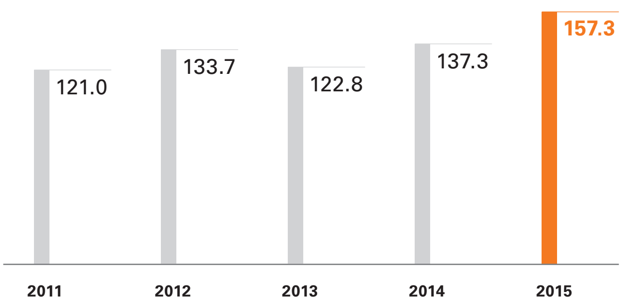
SALES *in EUR million*



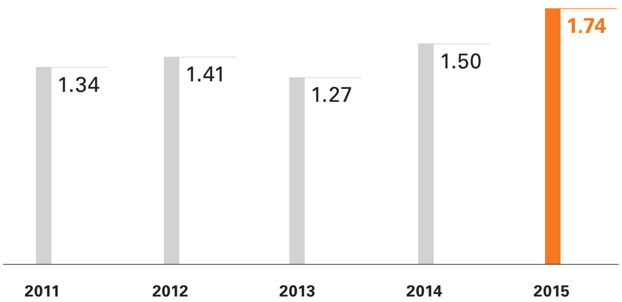
EARNINGS PER SHARE *in EUR*



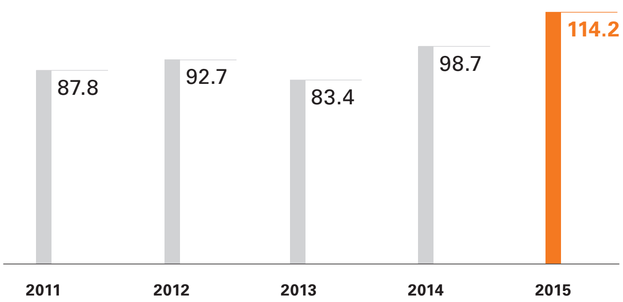
EBITDA *in EUR million*



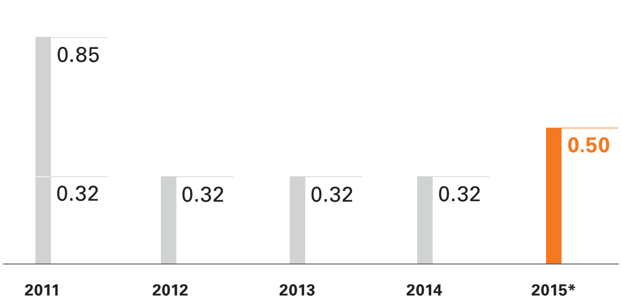
TAKKT CASH FLOW PER SHARE *in EUR*



TAKKT CASH FLOW *in EUR million*



DIVIDEND PER SHARE *in EUR*



* *Dividend proposal for the fiscal year 2015.*

KEY FIGURES OF TAKKT GROUP

in EUR million	2011	2012	2013	2014	2015
Sales	**852.2**	**939.9**	**952.5**	**980.4**	**1,063.8**
Change in %	6.3	10.3	1.3	2.9	8.5
EBITDA	**121.0**	**133.7**	**122.8**	**137.3**	**157.3**
in % of sales	14.2	14.2	12.9	14.0	14.8
EBIT	**104.1**	**111.6**	**95.8**	**110.8**	**129.4**
in % of sales	12.2	11.9	10.1	11.3	12.2
Profit before tax	**95.6**	**100.0**	**81.2**	**99.3**	**119.9**
in % of sales	11.2	10.6	8.5	10.1	11.3
Profit	**66.0**	**67.0**	**52.5**	**65.7**	**81.0**
in % of sales	7.7	7.1	5.5	6.7	7.6
TAKKT cash flow	87.8	92.7	83.4	98.7	114.2
Capital expenditure for investments	9.3	8.5	9.6	13.6	14.2
Capital expenditure for acquisitions	1.8	204.6	0.1	0.1	92.3
Depreciation, amortization and impairment	16.8	22.2	26.9	26.5	28.0
TAKKT cash flow per share in EUR	1.34	1.41	1.27	1.50	1.74
Earnings per share in EUR	1.01	1.02	0.80	1.00	1.24
Dividend per share in EUR	0.85	0.32	0.32	0.32	0.50*
Non-current assets	**376.9**	**679.9**	**649.0**	**663.6**	**735.6**
in % of total assets	68.5	77.7	76.2	75.2	76.3
Total equity	**301.0**	**303.7**	**332.5**	**386.8**	**473.4**
in % of total assets	54.7	34.7	39.0	43.8	49.1
Net financial liabilities	**93.7**	**324.9**	**273.0**	**217.5**	**244.0**
Total assets	**549.8**	**874.5**	**851.8**	**882.5**	**964.2**
ROCE (Return on Capital Employed) in %	23.0	18.1	12.5	14.4	15.7
TAKKT value added in EUR million	40.7	32.4	9.7	18.9	28.5
Employees (full-time equivalent) at year-end	**1,869**	**2,351**	**2,389**	**2,357**	**2,304**

* *Dividend proposal for the fiscal year 2015.*

GROUP STRUCTURE

TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

BEG	PSG	SPG	OEG
KAISER+KRAFT EUROPA	RATIOFORM	HUBERT SERVICE	NBF SERVICE
KAISER+KRAFT gaerner Gerdmans KWESTO	ratioform	HUBERT Central Restaurant Products RETAIL RESOURCE WHERE STORES SHOP	National Business Furniture Dallas Midwest
certeo.com BiGDUG	Davpack	DISPLAYS2GO POSTUP STAND	officefurniture.com
TAKKT EUROPE		TAKKT AMERICA	

Multi-channel brands

Web-focused brands

CONTENT

OUR MISSION STATEMENT

We are a portfolio of globally operating B2B direct marketing specialists for business equipment with the goal of becoming leaders in our markets through our portfolio companies. While the companies follow a business model that is, at its heart, similar, they each have a different focus in terms of their customer groups, product ranges and countries. All use the marketing media of print, online, telesales and field activities as part of a multi-channel PLUS approach. Anchored by this successful business model, we thus position ourselves broadly throughout the Group. This enables us to diversify the risks of the individual markets in our portfolio. We enter new markets wherever we see positive prospects for success, either by founding new companies or through acquisitions.

The customer is the focus of our activities. Our portfolio is complemented by exemplary service in addition to our high-quality product preselection. Our portfolio companies have made it their goal to offer our customers the most efficient method for purchasing business equipment. We are continually adjusting our business model to suit changing customer needs for this reason. To achieve this, trends such as growing digitalization are identified and made tangible and usable for our customers and business partners.

Our actions are guided by our corporate values as well as our principles of sustainability. We actively contribute to protecting the environment and preventing climate change. We take responsibility for our products, in purchasing, marketing and logistics. We are also committed to the concerns of our employees and those in our social environment. We want to be the role model for sustainability in our industry by taking a targeted and systematic approach.

OUR 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.

OUR ADDED VALUE ON THE MARKET

TAKKT GROUP IN FIGURES

1 PORTFOLIO

2 SEGMENTS

4 DIVISIONS

16 BRANDS

OVER **70** LOCATIONS WORLDWIDE

OVER **300,000** PRODUCTS

AROUND **3 MILLION** CUSTOMERS

PORTFOLIO OF B2B DIRECT MARKETING SPECIALISTS FOR BUSINESS EQUIPMENT

The TAKKT Group is a globally operating portfolio of B2B direct marketing specialists for business equipment. TAKKT AG as a management holding company is responsible for the strategic management and monitoring of the portfolio companies as well as the control of the companies according to the same value and growth drivers. A key aim of TAKKT AG is to ensure a stable, profitable, growth-oriented portfolio of direct marketing specialists in different complementary target markets, product areas and regions for the long term. Besides the strategic orientation of the portfolio, TAKKT AG is also responsible for the classical holding company functions, such as, for example, financing, controlling and legal. In addition, the holding company promotes and organizes the transfer of knowledge between the divisions.

OUR SUPPLIERS

FRAGMENTED SUPPLIER STRUCTURE:

- PLANT AND WAREHOUSE EQUIPMENT
- OFFICE EQUIPMENT
- PACKAGING SOLUTIONS
- DISPLAY ARTICLES
- FOOD SERVICE SUPPLIES AND SALES PROMOTION

SEVERAL HUNDRED SUPPLIERS PER DIVISION

OUR PORTFOLIO COMPANIES

ADDED VALUES:

- PRESELECTION OF QUALITY PRODUCTS
- INDIVIDUAL QUOTES
- PROJECT CONSULTING
- CUSTOM-MADE PRODUCTS
- DIGITAL SOLUTIONS (E-PROCUREMENT)
- REAL-TIME TRACK AND TRACE
- SUSTAINABILITY

CUSTOMER SOLUTIONS ALONG THE VALUE CHAIN

OUR CORPORATE CUSTOMERS

FRAGMENTED CUSTOMER STRUCTURE:

- CORPORATIONS
- MEDIUM-SIZED COMPANIES
- SMALL BUSINESSES

UP TO 1 MILLION CUSTOMERS PER DIVISION

ADDED VALUE FOR CUSTOMERS AND SUPPLIERS

The portfolio companies and their brands operate in attractive, fragmented markets in the area of B2B direct marketing. The portfolio companies mainly sell durable equipment at stable prices to business customers in different industries and regions.

Our customers value high-quality products, fast and easy order processing, and exceptional service. This is precisely the strength of the TAKKT companies because they offer customers a whole range of added values that go beyond just direct marketing. As product experts, we make a professional preselection from a wide range of offers on the market and tailor this to suit individual customer needs. We help our customers make an informed purchasing decision and also create customized solutions. Our customers can use multiple ordering channels. For example, our product range can be linked to different e-procurement solutions in addition to the catalog and web shop. Long warranty periods and availability guarantees round off the range of services.

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

OUR SEGMENTS

THE PRODUCTS WE SELL

The TAKKT Group consists of two segments with a total of four divisions. The TAKKT EUROPE segment is divided into the divisions BEG (products include, e.g., pallet lifting trucks, universal cabinets, desk chairs, environmental cabinets and containers for hazardous materials) and PSG (e.g., collapsible boxes, package padding, shipping pallets and stretch film). TAKKT AMERICA, the second segment, is divided into the divisions SPG (e.g., buffet and kitchen equipment, sales displays, roll-up displays, portable trade fair booths and customized advertising banners) and OEG (e.g., desk chairs, desks, conference tables and furniture for reception areas). In each division, a service company provides central services for each of the sales companies and manages procurement, marketing, logistics and IT, for example. The sales companies are organized locally with their various brands in order to enable them to remain close to the market and to the customer. TAKKT pursues a multi-brand strategy with multi-channel and web-focused brands that are geared to the respective needs of the different customer groups.

BEG – BUSINESS EQUIPMENT GROUP

DIVISION

THE SPECIALIST FOR PLANT, WAREHOUSE AND OFFICE

BRANDS

Multi-channel brands

KAISER+KRAFT

gaerner

Gerdmans

KWESTO

Web-focused brands

certeo.com

BiGDUG

FACTS

1,100 EMPLOYEES

105,000 PRODUCTS

1.3 MILLION CUSTOMERS

SALES REGIONS

23 EUROPEAN COUNTRIES, CHINA

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 more than 1,000 employees in more than 20 European countries and China work for the brands KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and BiGDUG. These companies sell their range of products via catalog, internet, telephone and field sales. On request, the companies create custom orders, small batches and products in their customers' corporate design. BiGDUG, the leading online direct marketing specialist for business equipment in the UK, has been part of BEG, the largest division of the TAKKT Group, since July 2015.

PSG – PACKAGING SOLUTIONS GROUP

DIVISION

THE SPECIALIST FOR PACKAGING SOLUTIONS

BRANDS

Multi-channel brand: ratioform

Web-focused brand: Davpack

FACTS

330 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 operating companies of the Ratioform and Davpack sales brands. Both brands sell a complete range of transport packaging solutions to B2B customers from various industries. Ratioform Verpackungen GmbH is based in Pliening near Munich. It is Germany's market leader in multi-channel direct marketing for transport packaging and also operates in five other European countries. Nearly all products offered by Ratioform are available in stock. A high quality of service is guaranteed by the high level of stock availability and quick delivery to customers.

TAKKT AMERICA

SPG – SPECIALTIES GROUP

DIVISION

THE SPECIALIST FOR FOOD SERVICE SUPPLIES AND SALES PROMOTION

BRANDS

Multi-channel brands

HUBERT

Central RESTAURANT PRODUCTS

RETAIL RESOURCE WHERE STORES SHOP

Web-focused brands

DISPLAYS2GO

POST UP STAND

FACTS

810 EMPLOYEES

196,000 PRODUCTS

650,000 CUSTOMERS

SALES REGIONS

USA, CANADA, GERMANY, SWITZERLAND, FRANCE

PRODUCT EXAMPLES

The Specialties Group (SPG) within the TAKKT AMERICA segment includes the sales brands Hubert in North America and Europe as well as Central Restaurant Products, Displays2Go and Post-Up Stand in the USA. Its customers are in the food service and retail sectors. Hubert is the leading US direct marketing group for supplies and equipment in both of these sectors and provides comprehensive solutions for its customers. Central offers products for the restaurant industry via a web shop and catalog. This is supported by a strong telesales team. This product range is aimed primarily at satisfying the needs of smaller customers. The web-focused brand Displays2Go is a leading specialist in the USA for display products. With Post-Up Stand, an additional direct marketing specialist for customized printed displays in the USA was added in April 2015.

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

170 EMPLOYEES

21,000 PRODUCTS

620,000 CUSTOMERS

SALES REGIONS

USA, CANADA

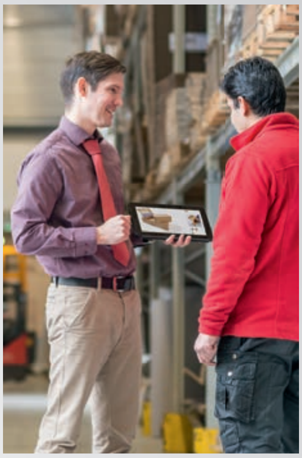
PRODUCT EXAMPLES

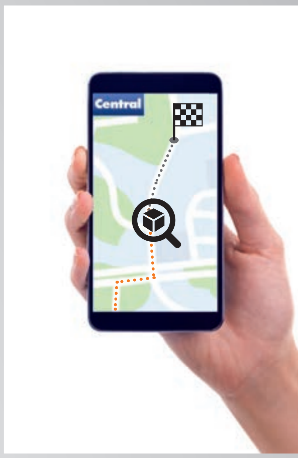
TAKKT AMERICA operates its B2B direct marketing for office equipment via the Office Equipment Group (OEG). The Group's customer base consists mainly of service companies, public institutions, government agencies, the health care sector, schools and churches. The NBF brand sells classic North American office furniture in the USA and Canada. The range of office furniture and equipment of the Dallas Midwest brand is aimed predominantly at non-profit organizations such as schools, universities, churches and government agencies. The web-focused brand officefurniture.com is also part of the OEG.

SEIZING OPPORTUNITIES OF DIGITALIZATION

TO INCREASE THE CUSTOMER EXPERIENCE

KAISER+KRAFT | National Business Furniture, BiG DUG, POST UP STAND | ratioform | Central RESTAURANT PRODUCTS





PURCHASING → **MARKETING** → **SALES** → **LOGISTICS**

Increasing digitalization affects the purchasing behavior of TAKKT customers and their expectations of the purchasing experience. The first digital topics are already being addressed within DYNAMIC. TAKKT now wants to utilize and experience the opportunities of digitalization in its business models for its customers and business partners to an even greater extent. As a result, TAKKT will develop a digital agenda with specific digitalization activities in 2016. Differentiation of the digitalization activities involves three key aspects: The digitalization of the value chain, agile organization models and innovative business models.

Digitalization of the value chain: Due to the growing prevalence of mobile devices, customers are increasingly using smartphones and tablets to gather information. For example, they are accustomed to receiving additional offers and services via mobile applications. For TAKKT as a company, it is important to identify the potential of digitalization at all steps of the value chain and use it to shape the information and purchasing experience of the customer as best as possible.

Agile organization models: Digitalization is redefining how work is done within organizations. Innovations have to be tested, implemented or possibly even discarded faster. This requires the right organizational conditions in addition to developing the necessary internal digital competencies to promote networked thinking and interdisciplinary teamwork. A technological foundation in the form of a modern, powerful IT architecture and innovative software solutions must also be in place.

Innovative business models: Increasing data volumes, higher bandwidths and new devices as drivers of digitalization also offer opportunities for establishing new business models. The current trend is to think in terms of networks rather than chains, solutions instead of products. As a B2B direct marketing specialist for business equipment, this also provides starting points for TAKKT that will be systematically identified and implemented.

The following examples from our Group companies show how the first digital activities have already been implemented along the value chain.

QUICKER INTRODUCTION OF NEW PRODUCTS

THROUGH THE AUTOMATED PROVISION OF PRODUCT INFORMATION

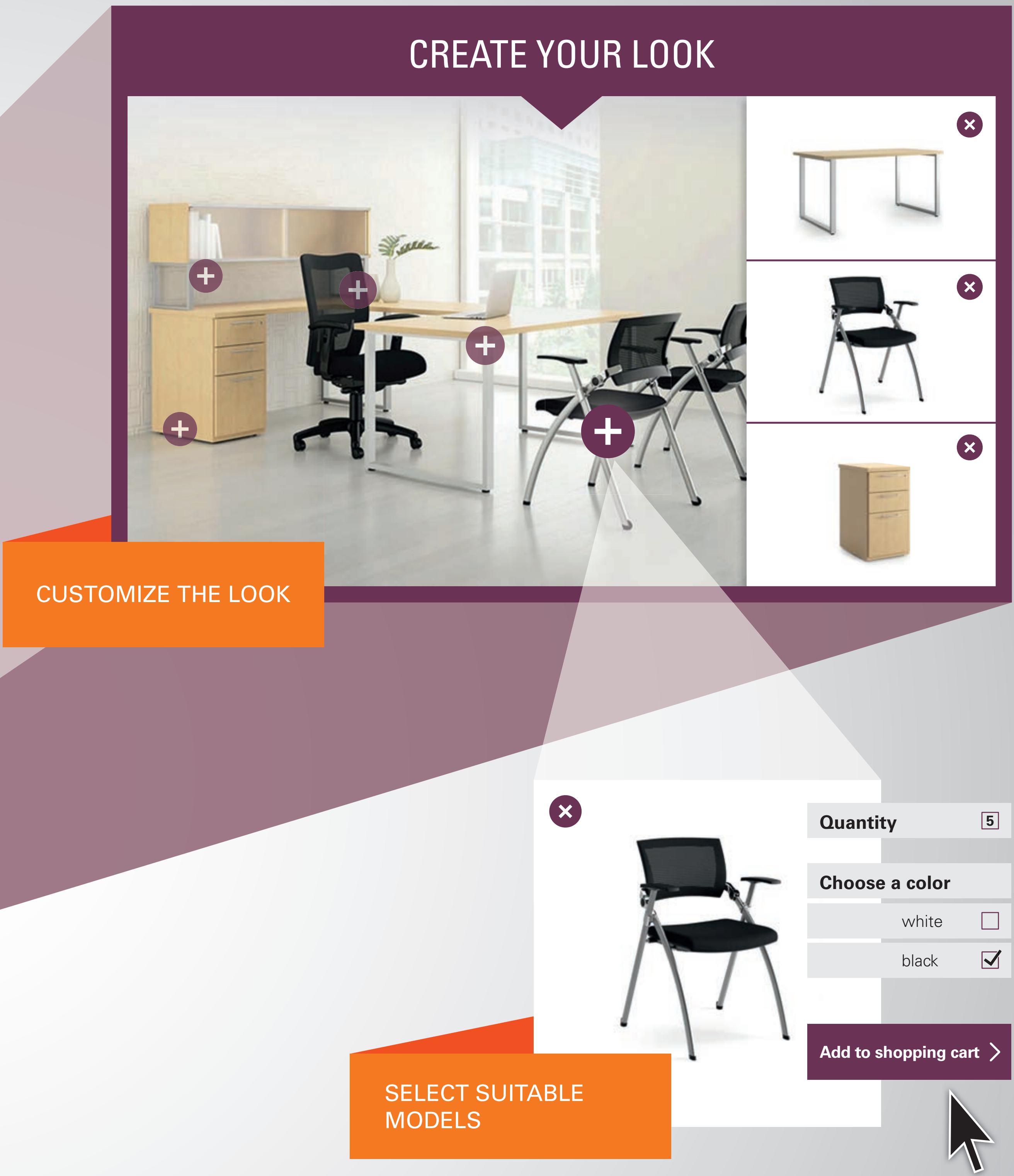
Standard product information at KAISER+KRAFT is digitally imported using a newly created data interface to the supplier. The product data is then enriched with additional content such as product information text and pictures and centrally released for media-neutral use in channels like the web shop, e-procurement or the catalog.

Integrating suppliers in the internal system landscape reduces data maintenance costs for us. At the same time, our customers benefit from the faster time-to-market for new products. The system-supported process chain for data processing reduces the time-to-market for new products, i.e., the time it takes to get a product from availability to market.

SUPPORTING THE CUSTOMER'S CHOICE WHEN PLACING THEIR ORDER

DUE TO A MORE TANGIBLE SHOPPING EXPERIENCE IN THE WEB SHOP

EXPLORE OVER **20** LOOKS ONLINE



National Business Furniture has made its web shop even more attractive with "Shop the look". The furniture for offices, conference rooms and break rooms is not just listed separately by product category but also presented as complete ensembles in one harmonious overall look. This allows the customer to get a feel for the furniture in that space and to arrange it in a way that makes sense for the intended purpose. NBF product specialists are on hand to help with advice on the telephone or via video or live chat. The result is that the customer can be more certain the item they are ordering precisely matches their needs as well as a digital purchase with maximum transparency and certainty. The conversion of visits to orders on NBF.com has also increased because of this innovative digital web shop feature.

INDIVIDUAL SOLUTIONS FOR OUR CUSTOMERS

IN THE WEB SHOPS OF THE NEW PORTFOLIO COMPANIES

BiGDUG and Post-Up Stand have been part of the TAKKT Group since 2015. Both companies are known for their expertise in web shop solutions, which they bring to the portfolio of B2B direct marketing specialists. Post-Up Stand sells customized printed banners and displays and offers its customers fast and convenient all-round service via the web shop. The turnaround time from uploading the templates to production and delivery usually takes less than 48 hours.

BiGDUG, as the leading online supplier of business equipment in the UK, is known for its extensive range of products. In its web shop, product specialists help customers find the right product and offer comprehensive service such as assistance with warehouse planning and assembly. Both TAKKT companies offer an excellent purchasing experience in the digital world.

PROFESSIONAL ADVICE ON SITE WITH REAL-TIME DATA

USING A SPECIAL SALES APP FOR FIELD SALES

Ratioform has equipped its around 40 field sales employees all over Germany with powerful tablets. The digital aids allow them to offer customers even better service quality on site. The devices are connected to the centrally managed customer documents and product information of the ERP system via an internally developed app. This equips field sales reps with the tools they need to give customers individualized expert advice as well as real-time access to inventory, delivery or invoicing information. The customer benefits from the greater transparency and we benefit from better prepared, more targeted customer visits, which then translates to more on-site sales.


APP WITH CUSTOMER DATA AND PRODUCT INFORMATION
MORE SERVICE AND TRANSPARENCY FOR THE CUSTOMER
ENTIRE PRODUCT RANGE ACCESSIBLE VIA MOBILE

KNOWING EXACTLY WHEN THE SHIPMENT WILL ARRIVE – DOWN TO THE MINUTE

WITH REAL-TIME DIGITAL TRACK AND TRACE

Customers of the US Group company Central can now check the status of their shipped products in real-time through track and trace. A GPS device enclosed with the shipments enables our food service customers to track and trace product routes and deliveries regardless of the external logistics partner. Central as well as other TAKKT companies rely on a sophisticated stocking system that continuously analyzes data on the ordering behavior of the customer in order to ensure fast delivery along with optimized warehousing.


Central
THE CUSTOMER KNOWS WHERE THEIR SHIPMENT IS AT ALL TIMES
GPS TRACKING DEVICE SENDS REAL-TIME DATA TO THE CUSTOMER
"TrackIt" device included in parcel
TrackIt

TO THE SHAREHOLDERS

LETTER FROM THE CEO

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

Ladies and Gentlemen

The 2015 financial year for TAKKT was characterized by continued profitable growth. After a cautious start in 2015, business in Europe improved slightly during the course of the year. Conversely, we were able to report strong gains in North America and continue the good performance of the previous year. Total sales in the year under review came to EUR 1,063.8 million. It is the first time in the history of the company that we sold over EUR 1 billion in goods in one year. This is another milestone that we are proud of. Organic sales, adjusted for the effects of exchange rate fluctuations, acquisitions and disposals, increased by 4.7 percent. Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 157.3 million and the EBITDA margin increased to 14.8 percent. Accordingly, our key figures were at the upper end of the targets announced at the beginning of 2015.

In addition to the organic increase in sales, both of the acquisitions made during the financial year, Post-Up Stand and BiGDUG, also contributed to our growth. The companies contributed to sales for the first time in the second and third quarters, respectively. Their business also adds to the diversified composition of the Group according to customer groups, products and regions. Post-Up Stand, a direct marketing specialist for customized printed displays in the USA, is now part of the Specialties Group (SPG). BiGDUG, the leading online direct marketing specialist for business equipment in the UK, now belongs to the European Business Equipment Group (BEG). As such, both acquisitions represent add-ons to the existing company platforms. Our goal for the future as well is to tap into new markets and regions through additional acquisitions while also extending the product range of the existing divisions in an efficient way.

All in all, the portfolio concept proved its worth for us again in 2015. We were able to offset the restrained economic development in Europe with the positive performance in the USA. Active portfolio management also means discontinuing business branches that do not meet our growth and profitability requirements. That is why we sold the Plant Equipment Group (PEG) division in North America to a strategic competitor as of January 30, 2015. In addition, we discontinued the activities of KAISER+KRAFT in the Japanese market due to the lack of long-term prospects.

We made additional progress in many areas with the DYNAMIC initiative for growth and modernization throughout the Group in 2015. We want to continue to be measured by our specific target goals in 2016. These goals relate to the seven key growth drivers that we defined for our organic growth. We have already been able to successfully complete many of the projects that have been implemented in a decentralized manner within our divisions. Others are currently in progress. For example, we were able to significantly increase the share of private labels across all divisions in the past financial year through targeted measures. And the share of order intake via electronic ordering channels of 36.5 percent is now within the target range. In addition, we introduced a new and more efficient ERP system at Ratioform. A similar system is being set up within BEG.

Digitalization is a key strategic issue for TAKKT. In times of fast-paced technology-driven transformation, the workplace and customer behavior are changing rapidly. That is why digitalization was the main theme of our last Group conference. Along with the changing interaction with the customer, we are also interested in the new possibilities that the entire value chain offers – not only in marketing but in purchasing, sales and logistics as well. With that in mind, our goal for 2016 is to look at the processes in our company from a different perspective by developing a digital agenda. In doing so, we also want to identify and pursue new opportunities in a more targeted manner. Starting on page 12 of this annual report, you will find selected examples from our core line of business. We already use these opportunities here in everyday business.

We are serious about sustainability. We defined the topic as an integral part of our corporate strategy early on and are committed to becoming the global role model for sustainability in the industry by the end of 2016. We are optimistic that we will realize this ambitious goal. Sustainable action affects not only our company but also our entire supply chain. That is why KAISER+KRAFT has made over 90 percent of its shipments within Germany carbon neutral, setting a high standard in the industry. Carbon-neutral shipping includes not only parcels but also general cargo. The emissions associated with a shipment by our providers are offset by us through a compensation. This compensation is used to support climate projects around the world such as reforestation or wastewater treatment. This model has been very successful in Europe and we have recently also applied it in the American market. You can read about additional progress achieved in our focus areas in the 2016 Sustainability Report, which is published at the same time as this annual report. It has once again been prepared in accordance with the "Comprehensive" option, the highest application level of the international standards of the Global Reporting Initiative (GRI).

The financial markets have been highly volatile since the beginning of the year. We cannot exclude the possibility that the nervousness this volatility represents could spill over into investment behavior in the real economy. Some of the indicators that are relevant for TAKKT have recently shown a downward trend, which points to a slowing momentum. For the year 2016 as a whole, however, we expect the economic performance of our target markets to remain solid. With economic growth in Europe and the USA showing some limited improvement, we anticipate continued good organic sales growth with corresponding strong profitability. We will also continue to drive forward our strategic measures and active portfolio management.

Our business model offers an excellent quality of earnings and a strong cash flow. We have decided as a result, in consultation with the Supervisory Board, to change our dividend policy. We want future payouts to our shareholders to amount to between 35 to 45 percent of our profit for the period. This means we will be sharing our success with shareholders more generously. Together with the Supervisory Board, we will therefore propose to the 2016 Shareholders' Meeting that a payment of a dividend of EUR 0.50 per share be made for the 2015 financial year.

Ms. Dorothee Ritz, General Manager of Microsoft Austria, was elected to the Supervisory Board at the Shareholders' Meeting in May 2015 by a wide majority. She has supported us on the Supervisory Board since the end of 2014. We are very pleased with the skilled support she provides in the development and implementation of our digital agenda.

I want to thank our business partners for the good working relationship as well as our customers and shareholders for their ongoing trust. I especially want to thank our employees, who perform outstanding work day after day and who are a force of positive energy with regard to the DYNAMIC initiative.

Stuttgart, March 2016

Dr. Felix A. Zimmermann
(Chairman of the Management Board of TAKKT AG)

MEMBERS OF THE MANAGEMENT BOARD

Dr. Claude Tomaszewski
Management Board, CFO

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

Dirk Lessing
Management Board

TAKKT SHARE AND INVESTOR RELATIONS

TAKKT places great importance on quick, reliable and transparent communication with capital market participants. Because of this, it continuously informs shareholders of current developments. The TAKKT share started out with considerable gains in the 2015 stock market year. After a volatile price development at year-end, it outperformed the SDAX nicely.

TAKKT SHARE REACHES A NEW ALL-TIME HIGH

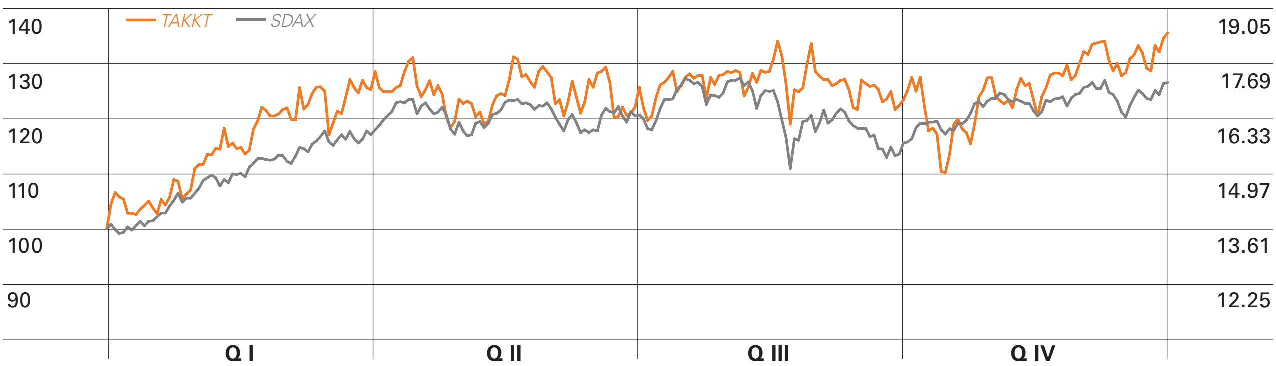
The German stock markets in the year under review remained volatile. They were marked by the expansive monetary policy of the ECB and in the second half of the year also by the increased uncertainty in China. At the end of December, the DAX and SDAX closed 9.6 percent respectively 26.6 percent higher than in the previous year. In 2015, both indexes reached the highest level in their history. On the whole, performance of the TAKKT share was better than both indexes and recorded a price increase of 35.6 percent during the course of the year. Including dividends paid, the return on the share was 37.9 percent. At the end of the year, TAKKT was listed on the SDAX with a share of 2.19 percent.

The share closed with a price of EUR 13.61 at the end of the year 2014 and, following sustained price increases, marked a temporary all-time high of EUR 18.25 in mid-August 2015. As the year continued, share price performance was volatile due to a weaker overall market. At the end of the year, the TAKKT share closed at EUR 18.45. All data is based on Xetra daily closing prices. The market capitalization of TAKKT AG came to EUR 1,210.5 (893.0) million at the end of the year. When the new year began, the TAKKT share price dropped significantly, as did the benchmarks.

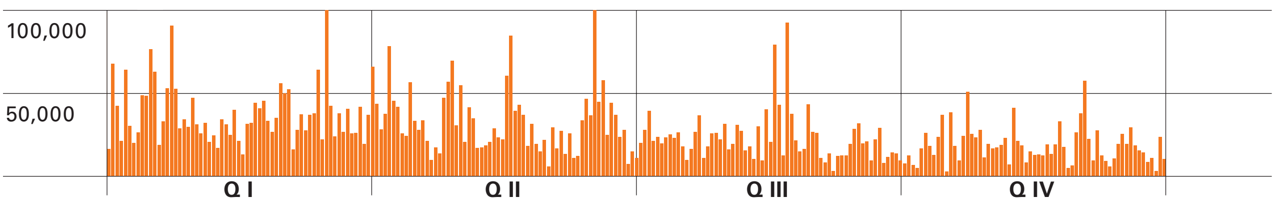
The trading volume of the TAKKT share slowed down slightly in 2015. An average of 28.4 thousand (30.6 thousand) TAKKT shares were traded each trading day on Xetra, the most important trading platform. In a Deutsche Börse ranking that encompasses all 100 companies listed on the MDAX and SDAX, this represents an improvement from 68th to 65th place in market capitalization on the basis of the free float, and a decline in trading volume from 94th to 98th place. The block trades entered in the trading systems in 2015 indicate that almost twice as many TAKKT shares are traded on off-exchange platforms (OTC) as on Xetra.

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

indexed in percent *TAKKT share in EUR*

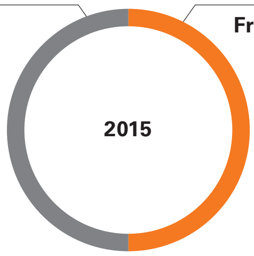


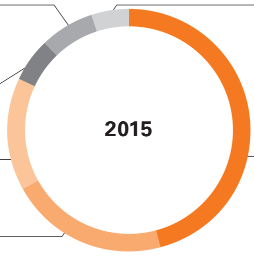
Trading volume of the TAKKT share *(daily volume on Xetra in number of shares in 2015*)*



* On individual days, more than 100 thousand TAKKT shares were traded on Xetra.

Shareholder structure and regional distribution of free-float shares of institutional investors as of December 31, 2015*





** For regional distribution approximation values, based on Thomson Financial 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	2011	2012	2013	2014	2015
Trade data						
Year-end closing price*	EUR	8.52	10.50	13.49	13.61	18.45
Highest price*	EUR	12.44	11.88	15.52	16.40	18.45
Lowest price*	EUR	8.21	8.50	9.71	11.34	13.97
Market value at year-end	EUR million	559.0	688.9	885.1	893.0	1,210.5
Average daily turnover*	thousand shares	23.8	32.6	49.8	30.6	28.3
Issued shares at year-end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share in EUR**	EUR	0.85	0.32	0.32	0.32	0.50
thereof ordinary dividend in EUR	EUR	0.32	0.32	0.32	0.32	0.50
thereof special dividend in EUR	EUR	0.53	-	-	-	-
Payout ratio	percent	84.5	31.3	40.0	32.0	40.5
Dividend yield***	percent	7.9	3.8	3.0	2.4	3.7
Valuation ratios						
Earnings per share (EPS)	EUR	1.01	1.02	0.80	1.00	1.24
TAKKT cash flow per share	EUR	1.34	1.41	1.27	1.50	1.74

* *Xetra-Trading.*

** *Dividend proposal for the fiscal year 2015.*

*** *At prior years closing rate.*

INVESTOR RELATIONS

EQUAL INFORMATION FOR THE FINANCIAL COMMUNITY

TAKKT's investor relations work focuses on providing information to shareholders, analysts and potential investors in a quick, transparent and reliable manner. 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 find roadshow and analyst presentations there. It also provides explanations of the company's strategy and Corporate Governance. In addition, telephone conferences that 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 REPORTING

TAKKT places great importance on timely and informative reporting. It 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 in the same section whenever possible. Significant variations in comparison with previous years are explained if they occur. TAKKT presents 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:

- TAKKT presents its consolidated financial statements at an annual press conference in Stuttgart and an analyst conference in Frankfurt in March of each year.

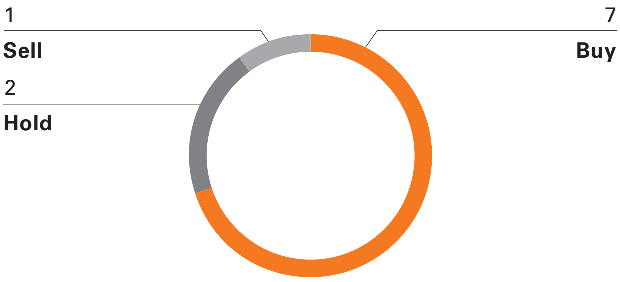
- The Management Board regularly takes part in capital market conferences and investor days. These include the German Equity Forum in Frankfurt held by Deutsche Börse AG every year in November. TAKKT attended the Kepler Cheuvreux/UniCredit capital market conference at the beginning of the financial year as well as the Berenberg and Goldman Sachs capital market conference in Munich in the third quarter.

- The company also held numerous talks with investors once again during roadshows in London, Paris, Zurich, Edinburgh, Dublin and Frankfurt, among other places.

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

All the information published during these and similar events can be found on the TAKKT website. The number of financial analysts who regularly observe the TAKKT share reflects the perception of the company on the capital market. Seven of these ten analysts recommend buying the share as of February 22, 2016.

Institution	**Analyst**
Berenberg Bank	Anna Patrice
Deutsche Bank	Adrian Rott
DZ Bank	Thomas Maul
Hauck & Aufhäuser	Christian Schwenkenbecher
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Thomas Hofmann
M.M. Warburg	Thilo Kleibauer
Metzler	Christian Bruns
Montega	Timo Buss
Quirin Bank	Felix Lutz



CHANGE IN DIVIDEND POLICY

Approximately 300 shareholders and guests attended the 16th ordinary Shareholders' Meeting of TAKKT AG in Ludwigsburg on May 6, 2015. The Shareholders' Meeting approved the payment of an unchanged dividend of EUR 0.32 per share for the 2014 financial year for a total distribution of EUR 21.0 million. The payout ratio for the 2014 financial year was 32 percent. In March 2016, the Management and the Supervisory Boards decided upon a dividend policy that differs from previous years. From now on, the payout ratio will be set in a corridor between 35 and 45 percent of the profit for the period. With this, TAKKT strives for a dividend stream that is as consistent and reliable as possible, and it wants its shareholders to partake even more strongly in its success. The Management Board and Supervisory Board will therefore propose to the Shareholders' Meeting in May 2016 that a dividend of EUR 0.50 per share be paid for the 2015 financial year. This would correspond to a payout ratio of 40 percent of the profit for the 2015 period.

All agenda items were adopted by a large majority at the Shareholders' Meeting in May 2015. The detailed voting results can be found at www.takkt.com in the section "Shareholders' Meeting." At the Shareholders' Meeting, Dr. Dorothee Ritz, General Manager of Microsoft Austria in Vienna, was also elected to the Supervisory Board by a large majority. She had been appointed as a member of the Supervisory Board by the Stuttgart local court on October 13, 2014.

FINANCIAL CALENDAR 2016

The financial calendar for the 2016 stock market year is shown on the last page of this annual report. It 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,

In 2015, TAKKT was able to show profitable growth and implement the strengths of its portfolio strategy once again. Good organic growth was seen, and the acquisitions Post-Up Stand and BiGDUG also contributed to sales and profits for the first time in the past financial year. We saw the continuation of the very positive development of the previous year in North America. In Europe, business was marginally positive after a cautious start to the year. Further projects could be concluded over the course of the strategic Group-wide DYNAMIC initiative, through which TAKKT is developing from a traditional mail order company to a multi-channel PLUS company. The Supervisory Board closely assisted and supported the company and Management Board as customary.

BUSINESS DEVELOPMENT AND PERSONNEL CHANGES

The Supervisory Board met seven times in the 2015 financial year. This consisted of four regular and three extraordinary meetings, including a strategy meeting. The main topics of the meetings were the current business performance and the strategic development of the Group as well as the respective projects. The Supervisory Board also dealt with the acquisitions of Post-Up Stand and BiGDUG, the possibility of other company acquisitions, the acquisition strategy and the significance of digitalization for the business model of TAKKT AG. Other topics covered at the meetings were business planning, the risk situation including the quantification of significant risks, the risk management system, the internal control system and the activities of the internal audit. The agenda also included important Corporate Governance and compliance matters.

The Personnel Committee met four times in the year under review. Topics were the structure of the Management Board compensation within the existing remuneration system, setting a target for the share of women on the Supervisory Board and Management Board, regular limits for the length of membership in the Supervisory Board as well as succession planning in the TAKKT Group. Corresponding recommendations were submitted to the Supervisory Board for consideration and resolution.

After Dr. Dorothee Ritz was appointed member of the Supervisory Board by court order in October 2014, the shareholders approved her appointment at the 16th ordinary Shareholders' Meeting on May 6, 2015.

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 of all important matters – also outside of Supervisory Board meetings. The meetings of the Supervisory Board and Management Board were always carried out in a constructive and open manner. The Chairman of the Supervisory Board and the CEO discussed matters in more detail when necessary. If issues needed to be decided by the Supervisory Board, it always passed resolutions promptly.

ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board places importance on conducting its control tasks continuously and with great intensity. This commitment will also mark its work in the future since it makes a significant contribution to responsible corporate management at TAKKT. As part of this, the Management and Supervisory Boards again signed, effective December 31, 2015, the declaration of conformity to the recommendations made by the German Corporate Governance Code (DCGK) Government Commission. Additional information in relation to this can be found in the Corporate Governance report of this annual report and on the TAKKT website. A decision was made during the September meeting of the Supervisory Board on the target for the percentage of women on the Supervisory Board and Management Board of TAKKT AG. In the December meeting, a regular limit of three terms was determined for the length of membership on the Supervisory Board in accordance with the new version of the DCGK. A justified deviation from this procedure is reserved in individual cases and does not represent a deviation from the regular limit.

HIGHER PAYOUT RATIO

The Management and Supervisory Boards have decided to change the dividend policy and want to distribute a future payout of between 35 and 45 percent of the profit for the period. As a result, they will propose the payment of a dividend of EUR 0.50 per share to the Shareholders' Meeting in May 2016. This corresponds to a payout ratio of 40 percent of profits. The shareholders thus partake even more strongly 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 2015 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 DCGK.

The audit of the Supervisory Board for the 2015 consolidated financial statements focused on accounting for provisions (without pension provisions), tax reconciliation, accounting for deferred taxes and the management report, especially reporting on key financial and non-financial performance indicators. With regard to the Group, the auditors focused on the reporting of the foreign auditors, the goodwill impairment tests, the purchase price allocation for the acquired companies Post-Up Stand and BiGDUG, the deconsolidation of the Plant Equipment Group, the consolidation measures as well as the notes to the consolidated financial statements and the combined management report of TAKKT AG and the Group. The auditors reviewed the TAKKT AG financial statements and the consolidated financial statements as well as the combined management report and Group management report, and issued an unqualified audit certificate. The TAKKT Group's system for early risk detection 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, the combined management report of TAKKT AG and the Group, and 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, also held the majority of TAKKT shares in the 2015 financial year with 50.2 percent. 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. This statement 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 once again placed in us in 2015. We would like to thank all the employees of the TAKKT Group for their ongoing high level of commitment and excellent performance in 2015. Thanks also go to the Management Board for their trusting cooperation founded on partnership.

Stuttgart, March 2016

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	Chairman of the Management Board (CEO) of E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen
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	General Manager of Microsoft Austria, Vienna

MANAGEMENT REPORT

MANAGEMENT REPORT FOR TAKKT AG AND THE TAKKT GROUP

BUSINESS MODEL

The TAKKT Group is a portfolio of B2B direct marketing specialists for business equipment. TAKKT AG as a management holding company is responsible for the strategic management and monitoring of the portfolio companies as well as the control of the companies according to the same value and growth drivers. A key aim of TAKKT AG is to ensure a stable, profitable and growth-oriented portfolio of direct marketing specialists in different complementary markets, product areas and regions in the long term. Besides the strategic management of the portfolio, TAKKT AG is also responsible for the classical holding company functions such as financing, controlling and legal. In addition, the holding company promotes and organizes the transfer of knowledge between the divisions.

BUSINESS AREAS AND ORGANIZATION

B2B DIRECT MARKETING SPECIALIST FOR BUSINESS EQUIPMENT

The portfolio companies and brands of TAKKT operate in attractive, fragmented markets in the area of B2B direct marketing and mainly concentrate on the sale of long-lasting equipment at stable prices to business customers. The product ranges mostly encompass durables that businesses use for their business activities. Products that TAKKT companies supply include pallet lifting trucks to German automotive suppliers, computer cabinets to Swiss mechanical engineers and food service supplies to commercial kitchens in the USA. 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), telesales (telephone customer service) and field activities (personal assistance from field sales).

TAKKT's market environment can be defined by means of different criteria (see table above). 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.

Market differentiation…	Market attributes	TAKKT
…by customer	• B2B • B2C	• B2B
…by type of distribution	• Store-based retailing • Direct sales • Direct marketing	• Multi-channel direct marketing
…by product range depth	• Generalists • Specialists	• Specialists for business equipment
…by industry focus	• Horizontal alignment (product specialists) • Vertical alignment (industry specialists)	• Mainly horizontal alignment
…by range of services	• Pure distribution • Distribution of goods and additional services	• Distribution of goods and comprehensive range of services

CLEAR ORGANIZATIONAL STRUCTURE

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

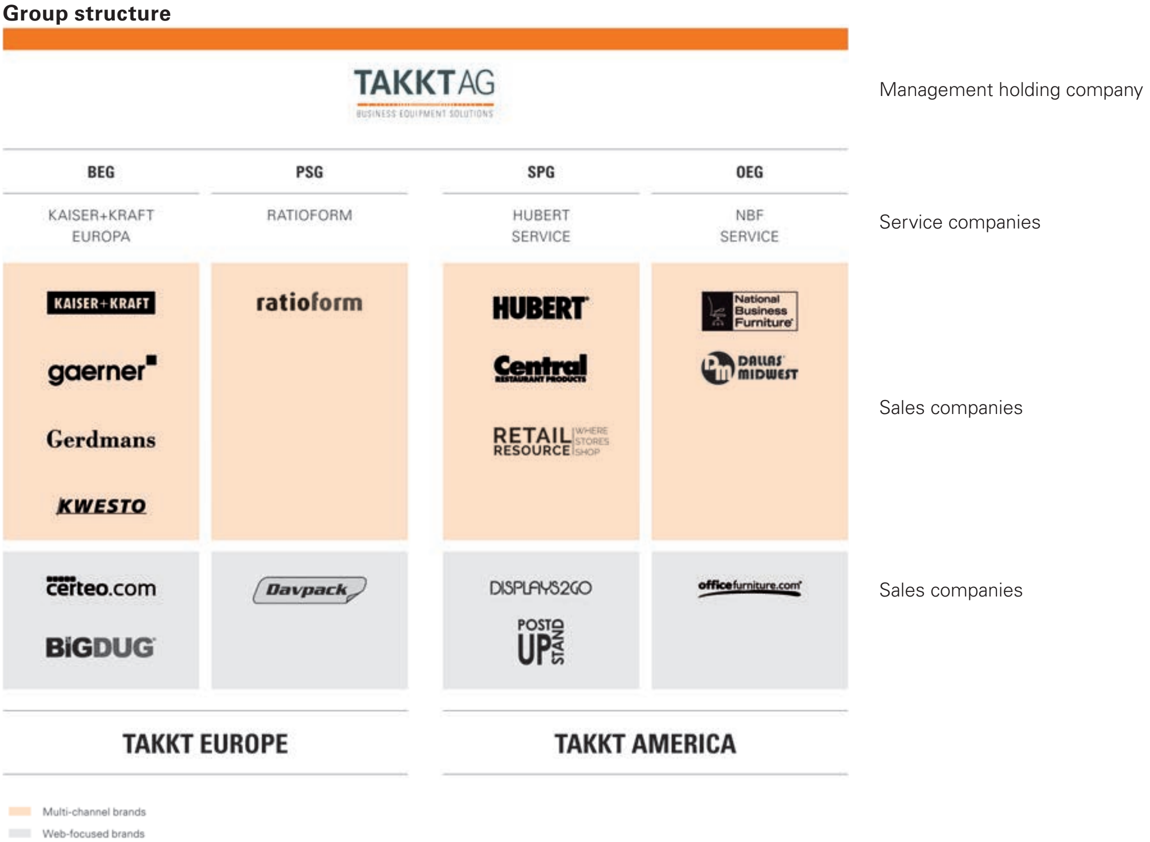
TAKKT AG as a management holding company leads the Group and is responsible for managing the companies as well as developing the Group strategy. The portfolio companies are divided into four divisions that operate in different markets. In each division, the service companies provide central services for the individual sales companies and manage purchasing, marketing, logistics and IT. The sales companies are positioned either as a multi-channel or web-focused brand.

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 TAKKT AMERICA segment consists of the Specialties Group (SPG) and Office Equipment Group (OEG).

After the acquisition of BiGDUG on July 2, 2015, the TAKKT EUROPE segment has more than 50 locations as well as four central warehouses and 15 regional warehouses.

- As a supplier of business equipment, the Business Equipment Group (BEG) offers around 105,000 products for transportation, plant, warehouse and office equipment in 23 European countries as well as in China. Diversification of the division was stepped up even more through the acquisition of BiGDUG, the leading online direct marketing specialist for business equipment in the UK. BEG's customers include industrial enterprises such as automotive suppliers as well as companies from the areas of service, retail and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and swivel chairs as well as special products such as environmental cabinets and containers for hazardous materials. BEG pursues

Group structure



a mostly centralized warehouse strategy and relies on three central warehouses, which are supplemented by five regional warehouses for the delivery of products that are more oriented towards local requirements.

- 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. The division pursues a decentralized warehouse strategy with one central warehouse near Munich and ten regional warehouses in the different sales regions.

After the sale of the PEG division as of January 30, 2015 and the acquisition of the Post-Up Stand company as of April 1 in the year under review, the TAKKT AMERICA segment has just under 20 locations. It follows a less centralized warehouse facility strategy than BEG within TAKKT EUROPE due to the physical size of the market at the division level. TAKKT AMERICA operates nine central warehouses and one regional warehouse in order to ensure prompt delivery to the different regions.

- As a specialist for food service supplies and sales promotion, the Specialties Group (SPG) sells around 196,000 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 as well as sales displays. The division also sells customized printed advertising material such as roll-up displays, portable trade fair booths and advertising banners through the new Group company Post-Up Stand. The different companies of SPG use a total of six central warehouses and one regional warehouse.

- The Office Equipment Group (OEG) offers around 21,000 office furniture products in the US and Canada. In addition to corporates, its customers include government agencies, the health care sector, schools and churches. Some examples of products are office chairs and desks, conference tables and furniture for reception areas. 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

TAKKT pursues a multi-brand strategy for the sale of its products. This 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 – sales representatives for outbound calls and for 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 ranges can also be digitally uploaded to their own in-house IT systems. Individually customized e-procurement solutions like these allow certain TAKKT companies to have a direct link to the individual systems of the customers, resulting in even lower transaction costs for them. Customers can add 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 have 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 customers making repeat purchasing. 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	
High-quality products and well-organized presentation	• Professional preselection from a broad market range • Strict quality control for all products • Comfortable, user-friendly and customer-specific presentation on different channels • Media-neutral handling of product information • Broad range of high-quality private labels
Easy ordering and fast delivery	• Customer order placed via his preferred channel • Better integration of order channels through digitalization • Fast delivery through logistics partners in the individual countries • Immediate availability of most products
Individual quotes	• Advice provided to the customer by sales employees through different channels and media • Individual quotes and support with product selection process
Customized solutions	• Custom-made products possible, if there is no immediate solution available for the specific customer request
Project business	• Coordination of specific customer projects by employees in telesales and field activities • Special service requirements taken into consideration (e.g., when equipping several facilities)
Long warranty periods	• The warranty periods are usually longer than the legal requirements and up to ten years for private labels • Availability guarantee of several years

ADDED VALUE FOR THE CUSTOMER – BEYOND PURE DIRECT MARKETING

The companies of the TAKKT Group operate in an attractive market niche. 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. They also 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 lie. The services that the TAKKT companies offer their customers to retain them for the long-term mainly include those listed in the table on page 42.

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 independently distributing their products. They obtain direct access to a very large number of customers in different countries and thus circumvent the natural market entry barriers 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 of product specialists and maintains long-term relationships with suppliers that they work well with. TAKKT's customer base is also broadly diversified, meaning that it caters to customers of various sizes and from different industries and is therefore relatively independent of single large orders or major customers.
- The market environment of many TAKKT companies is protected by considerable market entry barriers. 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.

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 customers	Competitive strength of TAKKT portfolio companies
Concentration on a small number of suppliers: Corporate customers in particular want to reduce complexity and look for reliable, long-term partnerships.	Product range from a single source as well as extensive preselection.
Focus on process costs: For merchandise of low value, the emphasis is on the ordering process.	Bundling of the product ranges of hundreds of suppliers, well-organized presentation of quality products and fast delivery.
Increased use of digital ordering systems: Customers increasingly expect to have electronic ordering options that can be connected to their own systems.	Range of e-commerce solutions from a classic web shop to electronic integration of product range in customer's ERP system.
Use of numerous channels: The channels are used for obtaining information and ordering.	Combination and integration of all sales channels in multi-channel marketing as well as uniform ordering processes using efficient IT systems.
International positioning: Customers want to have access to reliable providers and products regardless of location.	Customer proximity with more than 50 sales companies in over 25 countries.
Consideration of sustainability aspects: Environmental and social aspects are playing an increasing role in the selection of business partners.	A comprehensive sustainability strategy that covers all processes throughout the Group.

CORPORATE GOALS AND STRATEGY

In view of the goal of becoming the leading global B2B direct marketing specialist for business equipment, the TAKKT Group brings together specialized companies with different strengths in one portfolio. To do this, the Group companies use the marketing and sales channels of print, online, tele and field as part of a multi-channel PLUS approach. By the end of 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 sales 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 • 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, but focus more on acquisitions in the future. TAKKT aims to continue its profitable growth and increase its sales 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:

- Expanding 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's sales companies are therefore consistently developing their e-commerce activities further and intensifying the development of customized e-procurement systems and content management in the web shop. The Group also uses instruments such as search engine optimization (SEO) and search engine advertising (SEA) to achieve high search engine visibility for online customers. With 36.5 percent of order intake, the share of e-commerce in 2015 reached the target corridor of 35 to 45 percent for the first time.

- Expanding additional multi-channel activities: An appropriate mix of print, online, telesales 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 worldwide is changing. 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.

- Expanding 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.

- Expanding private brands: 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 lesser needs of the entry-level segment. 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 usually generate above-average margins. The company aims to increase the share of sales with private labels from the current 16.3 percent to between 20 and 25 percent by 2016.

- Intensification of digitalization activities: The ever-increasing digitalization has a significant impact on the purchasing behavior of customers and their order fulfillment expectations. On the one hand, the use of e-commerce channels for initiating orders is growing. At the same time, customers want to be informed of the ordering process at all times and receive their goods even faster. In view of this, TAKKT wants to proceed further with digitalization in the company. As a result, TAKKT will develop a digital agenda with specific digitalization activities along the value chain in 2016 to derive measures, which will become an integral part of the organization. TAKKT thereby creates the technological and organizational foundation to offer its customers the best shopping experience in the future.

- 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 as well as our digitalization activities can be found in the "Innovation and development" section on pages 48 to 52.

In addition, the Group is expected to grow through acquisitions. Potential takeover candidates are broken down into three areas: Smaller companies that generate sales in the low double-digit million euro range and proven strong profitable growth are the new focus of the acquisition strategy. Medium-sized, market-leading companies as a platform acquisition serve as the starting point for further organic growth or additional strategic purchases. Large companies are also still a possibility; however, the likelihood of this is very low. Companies that are attractive takeover candidates for TAKKT are often family-owned companies. In view of this, TAKKT cultivates long-term relationships with possible target companies. In order to be able to act at any time, sufficient credit lines are always available for the acquisition of small and 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 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 develop the product portfolio, tap into new customer groups or expand regionally and increase diversification. In addition, TAKKT makes sure to gain as much new expertise as possible through an acquisition, such as in the areas of field activities (NBF 2006), telesales (Central 2009), online marketing and direct imports from Asia (GPA 2012), integrated multi-channel sales (Ratioform 2012), customized products (Post-Up Stand 2015) or cost-effective entry-level product segments (BiGDUG 2015).

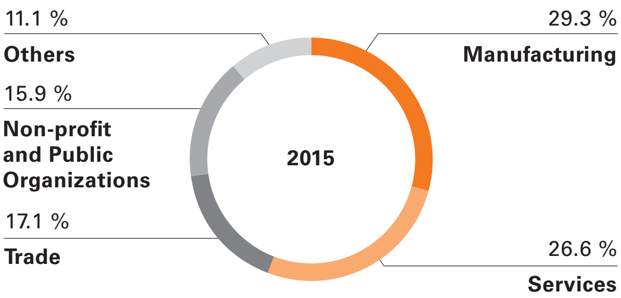
In order to realize an increase in value after inclusion in the Group, TAKKT supports the newly acquired companies in the continuation and intensification of their course for growth, helps in the expansion of the business model in new markets and promotes for example the exchange of organizational, logistics,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

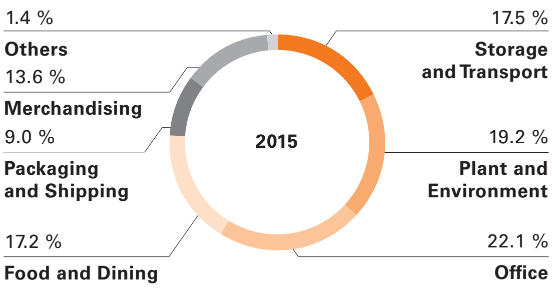
At the customer level, the company serves manufacturing businesses, distributors and service providers as well as non-profit and public organizations to compensate for the cyclical fluctuations experienced by the individual target groups. Orders from manufacturing businesses – the original core business of the TAKKT Group – provide just below one-third of sales volume, whereas the share of the other customer groups has increased continuously in the past 15 years. The medium-term goal of the Group is to achieve a balanced share of sales 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.

Diversification of customer groups



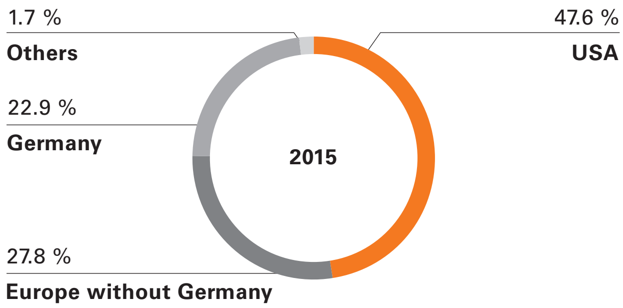
At the product level, TAKKT differentiates between products for plant & environment, storage & transport, offices, packaging & shipping, food & dining and merchandising. TAKKT diversifies heavily here to actively compensate for fluctuations in demand. Through the acquisition of Hubert (2000), NBF (2006), Central (2009), GPA (2012), Ratioform (2012) and Post-Up Stand (2015), the company has specifically expanded its product portfolio to product groups for food service, sales promotion, North 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 and China. 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 portfolio. 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

Direct marketing is considerably more resource efficient than store-based retailing. This is why the TAKKT business model per se is more sustainable than other competition models. 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 the end of 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 chain according to sustainability considerations. TAKKT therefore takes the requirements of customers into account with regard to sustainability. The Group-wide SCORE program 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 described on pages 52 et seq. in the "Sustainability and employees" section of this annual report and the recently published sustainability report.

MANAGEMENT SYSTEM

STANDARDIZED KEY FIGURES FOR MANAGEMENT OF THE DIVISIONS AND INDIVIDUAL COMPANIES

Despite the different focus of the TAKKT companies with respect to regions, product ranges, customer groups and sales approaches, the core of their business model is similar. 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 sales of the TAKKT Group serves as a measure for the growth of the company without the inclusion of company acquisitions and disposals or the impact of fluctuating exchange rates. The short-term development of sales is influenced by the economic cycles. In the long term, TAKKT wants to achieve an average organic increase in sales of four to five percent with the help of the growth initiatives.

- The organic sales 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 sales 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 sales – 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 are comparatively small at the established companies of the TAKKT Group. Accordingly, the long-term investment ratio average is between one and two percent of sales. In financial years in which the warehouse capacities of a division are expanded significantly, this ratio is higher, whereas in periods without larger investment projects it is at the lower end of the specified range.

- 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 twelve 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 expense	> 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.

INNOVATION AND DEVELOPMENT

As a direct marketing company, TAKKT does not carry out traditional research and development the way a technology-based manufacturer does. However, the market environment in which TAKKT operates as B2B direct marketing specialist for business equipment is subject to constant change. Digitalization plays an important role in this context. It has been a key element of the business model of the TAKKT companies for many years and will also create many opportunities in the future. Ever-increasing data volumes, higher bandwidths and new devices as technical drivers have also led to changes in behavior at the societal level. Customers are becoming increasingly more demanding, the cooperation between purchasing and suppliers more efficient through digital interfaces, and new procurement, storage and sales processes are gaining acceptance. In light of this, TAKKT will develop a digital agenda with specific digitalization activities in 2016. The Group is also 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 the year under review, the Group was able to make further progress with regard to the ongoing DYNAMIC growth and modernization initiative, which also covers these areas in the form of projects. TAKKT is thus making good headway toward its goal of becoming a multi-channel PLUS company.

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:

Definition and target values of key financial indicators

Key figure	Statement	Target value
Organic development of sales	Benchmark for company growth without acquisitions	Between 4 and 5 percent on average in the long term
Number of orders and average order value	Important drivers of organic development of sales	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 added value (e.g., for customers and suppliers)	Over 40 percent of sales
EBITDA margin	Measure for operating profitability	Between 12 and 15 percent of sales
TAKKT cash flow margin	Measure for self-financing capability	Over 8 percent of sales
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Between 1 and 2 percent of sales on average in the long term
ROCE (Return on Capital Employed)	Measure for profitability of total capital before taxes	Significantly over 12 percent
TAKKT value added	Measure for added value earned after deduction of total capital costs	Significantly greater than zero

- **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 sometimes have different focuses with regard to sales and marketing 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. The impact of digitalization on the value chain of the individual companies was the focus of the conference in the year under review.

- **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 high-level external speakers, the top executive personnel and Advisory Board of TAKKT AG discuss core issues of market development there. The main topic of the TAKKT Forum in 2015 was digitalization.

- **Market analyses and surveys:** TAKKT regularly involves outside specialists in market and customer analyses. The methodological competence is continuously developed in this way. 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 integrates the results of these exchanges 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 a regular basis.

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. 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 and create greater transparency. In view of this, more recent forms of marketing such as SEO (search engine optimization) and SEA (search engine advertising) are gaining importance and thus developing into significant distinguishing features in terms of competition.

TAKKT therefore is on the way to develop from a traditional mail order business 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 dynamic customer relationship management through different marketing and sales 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, mainly extends to the areas of purchasing, marketing, sales and IT. DYNAMIC originally comprised around 50 projects, which were and are carried out in a decentralized manner within the individual divisions and in some cases over several years. Taking into consideration the sale of the Plant Equipment Group, the initiative includes around 40 projects, of which several have already been successfully completed. 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, such as active telephone sales to the customer and personal assistance provided by field sales employees are already an established part of marketing at certain companies within the TAKKT Group. In others it is now being intensified within the scope of the DYNAMIC initiative. The decentralized areas of the TAKKT Group benefit from each other through the internal exchange of knowledge and can therefore also apply examples of best practices across divisions.

In different areas of the Group, the TAKKT Group companies are involved in projects to introduce new ERP systems, media-neutral databases and new web shops. The purpose of these activities 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 9.6 (6.8) million in the year under review, corresponding to 0.9 (0.7) percent of sales.

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 continue to achieve the targeted organic growth in the Group of four to five percent. TAKKT has identified seven important growth drivers as part of a decentralized process. 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	Target goals 2016
Share of new products in order intake	Topicality and expansion of product range	20 to 25 percent
Share of private labels in order intake	More private labels	20 to 25 percent
Share of direct imports in purchase volume	More direct imports	10 to 15 percent
Share of web-only products in entire product range	Expansion of web-only products	40 to 60 percent
Share of SEO in order intake via search engines	Profitable expansion of e-commerce activities	30 to 35 percent
Share of e-commerce in order intake	General expansion of e-commerce activities	35 to 45 percent
Share of telesales/field sales activities in order intake	More outbound calling & field sales	20 to 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 1, 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 brands in order intake:** TAKKT wants to improve customer loyalty and achieve above-average margins with private labels. 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 between 20 and 25 percent by the end of 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 the end of 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 the end of 2016.

- **Share of SEO in 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 of between 30 and 35 percent by the end of 2016.

- **Share of e-commerce in order intake:** E-commerce already plays a very significant role in B2B direct marketing as well 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 35 and 45 percent by the end of 2016.

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

- At BEG the web shops of KAISER+KRAFT, gaerner and KWESTO were migrated to a new platform within the scope of the “Boost” project. There is now greater flexibility, which allows continuous development of the web shops in line with the needs of the customer. The focus of the update was the layout relaunch and the implementation of additional user-friendly functions. Indicators such as website visits and completed orders have improved significantly since the relaunch.

- Microsoft Dynamics was used for the new ERP software installed at Ratioform within the scope of the “Xperience” project. This means that management now has additional information available in one place, which provides a broader data basis for improved customer relationship management. In addition, customers can now receive deliveries even more quickly thanks to a modern quote management system and reduced order processing times.

- The US Group company NBF offers a “Virtual Showroom”. 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.

- Hubert opened a new warehouse in 2015 in North America. The company already had a central warehousing facility in the eastern USA. In order to provide faster shipping to as many customers in North America as possible, Hubert began searching for a location for a second facility in the west. The company decided upon Reno, Nevada. This new distribution center improves Hubert´s customer service and expands their warehousing capacity for future growth.

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

DIGITALIZATION

The advancing technology of digitalization is changing everyday business routines, the availability of information and our entire social existence. It has also a significant impact on the purchasing behavior of TAKKT customers and their expectations towards the company. The Group wants to take even greater advantage of these new opportunities. Since 2013 the first digital areas were already addressed within the scope of the DYNAMIC initiative, such as the ongoing efforts to connect suppliers electronically. In the second step, TAKKT now wants to utilize and experience the opportunities of digitalization for its customers and business partners to an even greater extent. Therefore, TAKKT will develop a digital agenda with specific digitalization activities in 2016. These activities will be carried out in a decentralized manner because the individual divisions and companies are at different levels of digital maturity. This is due to the organizational complexity of the business unit or the historical development of the company. Operational aspects like differences in the business model may also play a role in some cases. The decentralized units will define their digitalization activities by means of a structure that is as uniform as possible. Such a structure comprises three main aspects:

- **Digitalization of the value chain:** Advancing technology is changing the information and purchasing behavior of TAKKT customers. Due to the growing prevalence of mobile devices, customers are increasingly using smartphones and tablets to gather information. For example, they are accustomed to receiving additional offers and services via mobile applications. For TAKKT as a company, it is important to identify the potential of digitalization at all steps of the value chain and use it to shape the information and purchasing experience of the customer as best as possible. The new opportunities of digitalization also allow faster and more efficient internal company processes.

- **Agile organization models:** Transforming existing processes and tasks and establishing new ones will change the demands placed on the organization and employees. Successful digital transformation means that new skills and capabilities will be needed, which have to be built up internally or by external providers. At the same time, the existing areas of responsibilities of employees may change or new positions and roles may be added. In addition, a technological foundation in the form of a modern IT infrastructure and innovative software solutions must be in place in order to use the growing availability of information in an efficient way for the company.

- **Innovative business models:** Increasing data volumes, higher bandwidths and new devices as drivers of digitalization also offer opportunities for establishing new business models. The current trend is to think in terms of networks rather than chains, solutions instead of products. As a B2B direct marketing specialist for business equipment, this also provides starting points for TAKKT which will be systematically identified and implemented. This requires the right conditions and expertise, especially for developing and implementing these innovations. For example, the fast pace of change driven by digitalization increasingly calls for the quick development and implementation of customer solutions, which can be used as a prototype for market tests.

The first step in 2016 will be to define the digital agendas of the individual divisions and companies in a decentralized manner. The accompanying measures will be implemented in the coming years.

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's management defines sustainability as the long-term balance between economic, ecological and social concerns and is aware that only then is lasting corporate success possible. Sustainability is therefore an established integral part of the corporate strategy and a 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 the end of 2016.

SUSTAINABILITY IS A MATTER OF COMMON SENSE

Direct marketing of business and office equipment in B2B direct marketing offers corporate customers transparency in the selection of high-quality products and simple ordering channels. In comparison with two-stage trading models with local stores, direct marketing is also more carbon efficient. For TAKKT as a direct marketing company, sustainable business activities are per se integrated in the business model and are not just a fad. 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 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 "Sustainable Corporate Responsibility" (SCORE) initiative. Through SCORE, TAKKT creates the conditions for coordinating and implementing measures for sustainable corporate management across all Group divisions in the day-to-day business. The sustainability initiative is managed directly by the Management Board in order to send a clear signal both within and outside of the company.

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 results and developments in this area in a progress report since 2013. In 2014, TAKKT was already one of the few German companies to achieve the Global Compact "Advanced Level" status. This classification was confirmed in the 2015 Sustainability Update. The report is results-oriented and contains multiple key figures. The sustainability reports are 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 also be found on the TAKKT website.

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 focus area, 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 at all points of the value chain, which contribute to improved sustainability performance.

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

- With an expanded supplier evaluation program, TAKKT wants to systematically assess, document and improve sustainability in the supply chain. By the end of 2016, TAKKT wants to obtain 50 percent of the Group's purchasing 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 sales generated through sustainable products is expected to come to at least ten percent of consolidated sales.

- Paper consumption per sales of EUR 1 million is to be reduced by 35 percent compared to 2011.

- 100 percent of advertising material 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.

- In selected countries, TAKKT wants to introduce shipping methods for parcels and general cargo for which the carbon emissions from the delivery of goods has been offset.

- Certified 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.

- At all German and US locations that were already in existence in 2011, TAKKT wants to reduce energy consumption by 15 percent.

- TAKKT wants to have implemented a systematic human resources development in all divisions for the recruitment and advancement of talents.

- Support of the local, voluntary and 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 "Company 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. In the 2014 Sustainability Report, TAKKT followed the GRI-G4 reporting guidelines. In 2014, TAKKT was one of the first companies to report at the "Comprehensive" application level. TAKKT thus provides detailed information on the material aspects of sustainability. This annual report is published together with the current sustainability report, which was again prepared at the "Comprehensive" application level.

TAKKT also annually participates in the ranking of the international Carbon Disclosure Project (CDP) 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 86 out of a possible 100 points. This represents an improvement of ten points compared to the previous year. TAKKT achieved the status of "Sector Leader Consumer Discretionary" within the DACH region (Germany, Switzerland, Austria) and scored much higher than the average Disclosure Score of 64 in the respective sector, under which the company is classified. 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 once again received a rating of "C". TAKKT is thus in the mid-range of those companies that were eligible to participate.

"LIFT" HUMAN RESOURCES DEVELOPMENT PROJECT CONCLUDED IN LARGEST DIVISION BEG

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.

BEG launched the LIFT human resources development project as part of DYNAMIC in order to support this change process. The core of this project was to focus on the new demands placed on human resource management and to further the systematic recruitment and development of personnel. LIFT included human resourcesmarketing and applicant management, the onboarding process for new colleagues, talent recognition as well as ongoing continuing education and further training of the employees. The LIFT project was completed in the middle of the 2015 financial year.

Examples of the results of the project in the area of personnel marketing are the new career pages of TAKKT AG and KAISER+KRAFT EUROPA GmbH. In addition, a new IT system to manage the entire application process was implemented. A talent program and new training concepts to identify high potential individuals in the company were also introduced and systematic employee development driven forward. Most of the measures implemented have already been evaluated for the first time and are now in a continuous improvement process.

The results of the project lay the foundation for realizing additional ambitious goals which TAKKT set for itself within the SCORE sustainability initiative, such as the creation of a comprehensive Group-wide human resource development system. The progress made in this area is published regularly in the sustainability reports of TAKKT AG. The current Sustainability Report is published at the same time as this annual report.

TRAINING AND DEVELOPMENT

TAKKT recruits by focusing on training qualified personnel from within the company. In 2015, a total of 59 (53) young professionals were in training throughout the Group. Of these, 17 (13) students completed an in-service course of study at the Baden-Wuerttemberg Cooperative State University (DHBW). In the year under review, 3 (2) university graduates throughout the Group began a trainee program, in which they are introduced to different areas of the company in Germany and abroad. In the companies, new employees undergo an optimized onboarding process, which ensures quick professional 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 TAKKT's values.

The TAKKT Group also fosters the long-term loyalty of employees by investing in training and human resource development. This minimizes employee fluctuation across the Group. Expenditures for employee training and development in the previous financial year came to EUR 943 thousand (EUR 900 thousand) and serve to build competencies within the scope of the DYNAMIC initiative as well as the further development of cooperation and leadership.

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 at all levels. Anti-discrimination guidelines are an integral part of the compliance handbook of the TAKKT Group. The "think global, act local" principle practiced across the Group is reflected in the 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 talents. The local teams also receive regular impulses through the exchange of experiences throughout the Group within the scope of the executive and trainee programs.

As part of its succession planning, TAKKT's aim for several years now has been to continuously increase the percentage of women in management positions in order to create a more balanced gender ratio. Women currently make up 47.8 percent of the employees in the TAKKT Group. This represents a slight decrease over the previous year. The share of women in executive positions improved over the previous year to 34.3 percent. At the top management level, the share of women remained virtually unchanged from 2014.

Share of women in the TAKKT Group *in %*

	12/31/2014	12/31/2015
Employees (without executives)	49.1	47.8
Executives	32.2	34.3
Top executives*	3.7	3.6

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

The law on equal opportunities for women and men in management positions passed by the German Bundestag in May 2015 encourages us to press ahead with our past efforts in this area.

In accordance with the legal requirements, which affect TAKKT AG as a listed company without co-determination, binding targets were set for the Supervisory Board, the Management Board and the top management levels of the management holding. The attainment of these target quotas will be documented in future annual reports. The following was agreed for the individual levels:

- Supervisory Board: The target set for the share of female members on the Supervisory Board of TAKKT AG was at least one woman if there are six members. This target has been met with the membership of Dr. Dorothee Ritz in the Supervisory Board.

- Management Board: The Management Board of TAKKT AG wants to continue the process of transforming the company into a multi-channel PLUS company together with the employees in a sustainable manner for the long term. In the complex process of digital transformation, TAKKT's value "ensuring continuity" is of the utmost importance at the top management level. Therefore, no changes were specified for the composition of the three-member governing body.

- Top Management Level: As of December 31, 2015, there is no female representation at the relevant management levels of TAKKT AG. We expect to maintain this status until 2017. The target for 2022 is to have at least ten percent of the positions at these levels filled by women.

TAKKT is convinced of the added value of having mixed management teams and considers it a Group-wide duty to ensure the same career development opportunities for women and men across countries and divisions. TAKKT is not content with simply meeting the minimum legal requirements but rather seeks to achieve sustainable development in this area across the entire Group. Gradual targets for all divisions will thus be defined over the next few years. The achievement of these goals will be regularly documented and actively pursued. In this respect, the Group's aims extend beyond the legal requirements, which only apply to TAKKT AG.

BEG will be the first division to launch a pilot project that aims at setting binding internal targets for its share of female employees. Within the division, it wants to keep the current female quota of 10.0 percent at the top management levels until 2017 and raise it to at least 15 percent by 2022. For middle management positions, which are currently held by 13.4 percent female executives, the targets for 2017 and 2022 are 20 and 30 percent, respectively. With respect to the lowest management level, the current female representation of 47.1 percent will remain until 2017. The aim is to achieve a balanced gender ratio by 2022.

Supporting measures to achieve targets will be developed in 2016 and implemented during the course of the year.

SLIGHT DECLINE IN NUMBER OF EMPLOYEES

The number of employees in the year under review was 2,464 (2,515), which is slightly lower than in the previous year. The portfolio effects from the sale of PEG as well as the initial consolidation of the acquisitions Post-Up Stand and BiGDUG in the 2015 financial year need to be taken into account in the comparison with the previous year. Without these effects, the number of employees would have risen by 25. The implementation of the sales targets within the scope of becoming a multi-channel PLUS company is also reflected in the employee distribution structure. For example, the sales and online areas were expanded in the past few years. Altogether, over half of the employees work in the European subsidiaries. More than three quarters of TAKKT employees work in Germany and the USA.

Number of employees

	12/31/2014	12/31/2015
in full-time equivalent	**2,357**	**2,304**
thereof TAKKT EUROPE	1,234	1,297
thereof TAKKT AMERICA	1,090	972
thereof TAKKT AG	33	35
in headcount	2,515	2,464

MANAGEMENT REPORT

Employee structure *(based on headcount)*

	12/31/2014	12/31/2015
Employees (without executives)	2,230	2,159
Executives	258	227
Top executives*	27	28

* *Group managing directors, sales 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 job tenure was 10.5 (10.9) years. With regard to the breakdown of employees, TAKKT aims at a balanced distribution between age groups through various recruitment strategies and the improvement of personnel recruitment and development.

Age structure of staff

	12/31/2014	12/31/2015
up to 30 years	445	486
from 31 to 50 years	1,326	1,282
from 51 years	744	696

PROFIT-SHARING 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. There are different bonus systems in the companies for the various employee groups, which reward the attainment of specific sales targets as well as team or personal work goals.

Since TAKKT executives accept an especially high degree of responsibility within the Group, special remuneration models are used for them. Remuneration of middle managers depends on the operational results of their company and whether they have fulfilled their individual targets. The incentives of the Management Board of TAKKT AG 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 the 2015 financial year, 41.7 (38.6) percent of all eligible employees took advantage of this opportunity and bought a total of 20,205 (18,000) shares. The program will be continued in 2016. A new addition is the issuance of TAKKT performance bonds, a participation offer for TAKKT executives. These bonds will allow them to take part in the economic development of the TAKKT Group. The TAKKT value added is used to measure this instrument's returns. This was first offered in 2015 and is to be continued in 2016.

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 US in 2015. The eurozone continued to recover and concluded the year with slight overall economic growth. While Germany's growth rate remained above the average in the eurozone, the growth increase was below average. The economic situation in North America once again developed better than in the eurozone and could build on the strong previous year.

OVERALL ECONOMIC CONDITIONS

In the 2014 annual report, TAKKT had predicted different growth paths for the eurozone and North America for 2015. The actual data of the year under review confirms these forecasts. The growth rate of the gross domestic product (GDP) in the eurozone was able to exceed the forecast. Despite falling short of the forecast, the growth rate in the USA was at an expected high level and well above that of the eurozone.

After rather weak growth in the previous year, economic performance in the eurozone in the year under review was positive with an increase of 1.5 (0.8) percent. Following a further strengthening of the economy at the beginning of the year, recovery also continued in the remaining months despite some global economic turbulence. Unlike the eurozone, Switzerland experienced a significant economic slowdown with GDP growth of only 0.9 percent in the year under review compared to 2.0 percent in the previous year.

With GDP growth of 1.7 (1.5) percent, Germany once again developed better than the eurozone in the year under review. Comparable to the development in the eurozone, Germany's economy also strengthened further. Compared with the previous year, however, the increase in growth was not as strong as in the eurozone. Overall, the expectations expressed in the 2014 annual report of 1.3 percent GDP growth could be exceeded.

GDP growth of 2.5 (2.4) percent in the USA for 2015 was at the previous-year level, though still below that projected by TAKKT. At the beginning of the year, growth was adversely affected by a drop in production in the winter months. Positive countermovements followed in the subsequent quarters, however. These contributed to slightly improved growth at year-end compared to the previous year.

GDP growth for the eurozone, Germany and the USA

	GDP growth in percent		
	Actual 2014	Forecast 2015	**Actual 2015**
Eurozone	0.8	0.9	1.5
Germany	1.5	1.3	1.7
USA	2.4	3.0	2.5

Source: German Institute for Economic Research (DIW), International Monetary Fund

INDUSTRY-SPECIFIC CONDITIONS

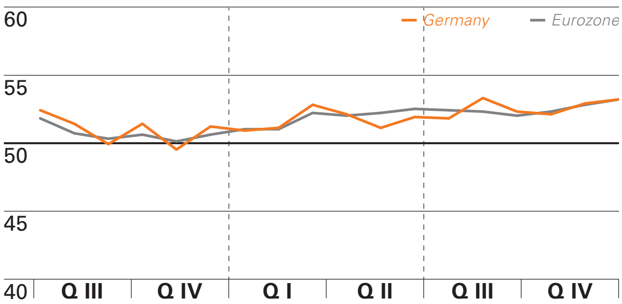
TAKKT also uses different Purchasing Managers' Indexes (PMI) in order to better assess the anticipated development in the sales regions in the medium term. This refers to data from the manufacturing industry, which is compiled by different research institutes together with national associations and aggregated in an index. For TAKKT, purchasing 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 European BEG division. The business development of 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 BEG 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.

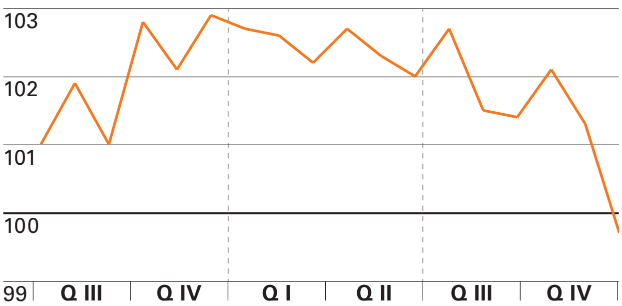
As in the previous year, the PMI for the eurozone was consistently over the reference value of 50 in the year under review. The highest index values could be recorded in the middle and at the end of 2015. After values of only slightly over the reference value, an increase was recorded from the end of 2014 to the middle of 2015. Since then, the values reported have consistently been over 52. The result in Germany was similar. The PMI was also over the reference value for all months in 2015, with higher values for Germany also recorded especially in the second half of the year.

Purchasing manager indexes July 2014 to December 2015



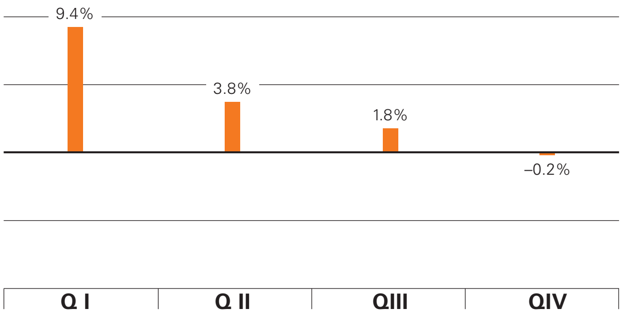
For the US division SPG, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments on the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. Favorable development of the index could be seen during the course of 2015. Compared to 2014, the RPI increased and was consistently above the 102-point mark until July. The index values were somewhat lower from August onwards. With 99.7 points, December marked the first time since the beginning of 2013 that the RPI stood below 100. According to the trade association National Restaurant Association, the significant slowdown seen at the end of the year can also be tied to what is perceived as economic uncertainty.

Restaurant Performance Index July 2014 to December 2015



BIFMA's assessment on order intake of the furniture manufactures is an industry indicator for the environment of the US OEG division. 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 2015, the order intake reported by BIFMA was 3.5 percent above the previous year's level. Order intake in the first three quarters was higher than in the corresponding previous year's period. The fourth quarter, however, was slightly below. A significant increase over the previous year was recorded in the first quarter in particular. When compared to the prior year's figures, it has to be taken into account that order intake in the second half of 2014 grew particularly well, resulting in a notable and expected baseline effect starting mid-2015.

BIFMA order intake in 2015 compared to corresponding quarter of the previous year



As a whole, the economic conditions in the year under review were in line with expectations. The eurozone and Germany in particular showed an improvement in GDP growth over the previous year. North America continued the strong growth of the previous year. An improvement in GDP growth rates corresponds to the most likely scenario noted in the 2014 annual report. The pickup in GDP growth in North America had, however, been expected to be stronger. In addition, the economic slowdown in Switzerland took a greater toll on conditions in Europe than originally predicted.

BUSINESS DEVELOPMENT

The 2015 financial year was once again characterized by very different business developments in both core markets of Europe and North America. The unexpected freeing and subsequent sharp rise of the Swiss franc against the euro negatively affected business development in Europe. Business development in North America, however, greatly surpassed expectations. The phase-out of the business of the US division PEG sold at the end of January 2015 was more than offset by positive currency effects due to the strong US dollar. In addition, with Post-Up Stand in the US and BiGDUG in the UK, two smaller companies were acquired in the financial year.

TAKKT EUROPE: DAMPENED PERFORMANCE DUE TO SPECIAL SITUATION IN SWITZERLAND

In the TAKKT EUROPE segment, business development over the course of the year showed a different momentum in the two divisions. The BEG started out with a decline in the first quarter, while the two following quarters showed slight growth. The fourth quarter was characterized by solid organic growth. Business activity in general was clouded by the development in Switzerland. After the Swiss National Bank unpegged the country's currency from the euro in a surprise move in January, the Swiss franc soared against the euro. This led to a noticeable investment reluctance at companies. As a result, the Swiss sales companies of BEG – as well as many competitors – decided to grant so-called currency rebates to customers. Despite the increase in the number of orders compared to the previous year's period, sales in Switzerland decreased as a result of the currency rebates.

At the beginning of July, BiGDUG, the leading online direct marketing specialist for business equipment in the UK, was acquired by KAISER+KRAFT EUROPA. Since then, it has been part of the BEG division. The company mainly sells storage and shelving systems. Over the course of the year, the Group phased out the sales activities of KAISER+KRAFT in the Japanese market due to a lack of long-term prospects.

PSG showed a solid organic growth in the first nine months. In contrast, performance in the final quarter was negative due to a weak development in Germany. This was caused by a drop in productivity following the implementation of the planned new ERP system. Furthermore, PSG carried out a reorganization of the warehouse facilities and sales offices in Germany during the year. In addition, PSG also had to contend with the effects of the aforementioned adverse market conditions in Switzerland during the course of the year albeit its businesses showed a lower decline compared to BEG due to their more cyclically robust product range.

Ratioform acquired 100 percent of the shares of its former franchise partner in Austria effective January 1, 2016.

TAKKT AMERICA: ABOVE AVERAGE ORGANIC GROWTH IN BOTH DIVISIONS

The companies in the TAKKT AMERICA segment benefited from the positive economic environment in the USA and developed very favorably in the year under review. SPG recorded consistently high growth rates throughout the whole year and grew organically by low double digits. Particularly notable is the performance of the SPG company Central, which recorded growth of over 20 percent for the full year.

The April acquisition of Post-Up Stand, a direct marketing specialist for customized printed displays, complements the existing display business in the SPG division in the USA. Also after integration into the TAKKT Group, Post-Up Stand was able to sustain its previous growth rates and develop according to expectations.

Hubert added to their central warehouse in Harrison, Ohio, USA, by opening a second warehouse in Reno, Nevada. This allows it to provide faster delivery to customers on the west coast.

OEG performed very well in the first half of the year with clear double-digit percentage growth in organic sales. As expected, growth slowed down in the second half of the year due to the baseline effect from the strong previous year's period. Overall, OEG also achieved low double-digit organic growth for the year as a whole.

At the end of January, the Plant Equipment Group (PEG) division was sold to a North American competitor. By taking this step, TAKKT has concentrated its resources even more on developing into an integrated multi-channel company.

SALES AND EARNINGS REVIEW

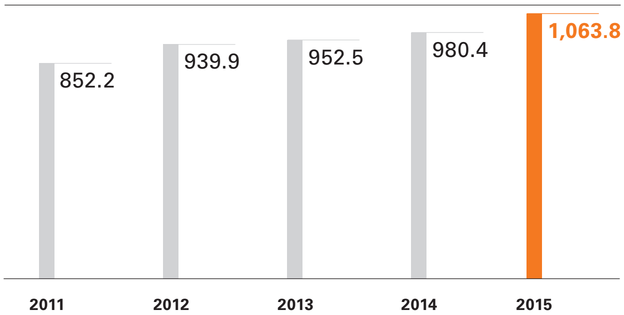
In the year under review, the TAKKT Group was able to increase sales significantly by 8.5 percent. Without taking into account the effects from the acquisitions and disposals or the positive currency effects, sales increased organically by 4.7 percent. The organic growth was supported by the strong organic development at TAKKT AMERICA. At TAKKT EUROPE it was just above the level of the previous year. The EBITDA margin increased to 14.8 percent in the year under review, placing it at the upper end of TAKKT's target corridor of 12 to 15 percent.

SIGNIFICANT SALES INCREASE ESPECIALLY IN TAKKT AMERICA

The TAKKT Group increased sales in the year under review to EUR 1,063.8 (980.4) million, thereby exceeding the EUR 1 billion threshold for the first time in the history of the company. Year-on-year reported sales growth thus came to 8.5 percent. For one, reported sales growth was adversely affected by the disposal of the North American division PEG on January 30, 2015. Secondly, in contrast to 2014, the phased-out Topdeq business no longer generated contributions to sales. Conversely, the sales contribution from the company acquisitions Post-Up Stand on April 1 and BiGDUG on July 2 had a positive effect on reported sales growth. In total, portfolio effects negatively impacted sales by 5.8 percentage points. In addition, there were positive currency effects of 9.6 percentage points in the year under review. The strongest positive effects on sales in the reporting currency of euros resulted from the US dollar as well as the Swiss franc. Adjusted for the mentioned effects, sales increased organically by 4.7 percent in comparison to the previous year.

The development of sales was thus in line with the expected organic increase of three to five percent stated in the previous year's forecast report. As predicted, the TAKKT AMERICA segment experienced particularly strong growth, due among other things to the positive economic conditions.

Sales *in EUR million*



ORDER INTAKE VIA E-COMMERCE AS WELL AS TELESALES AND FIELD ACTIVITIES CONTINUE ABOVE-AVERAGE GROWTH

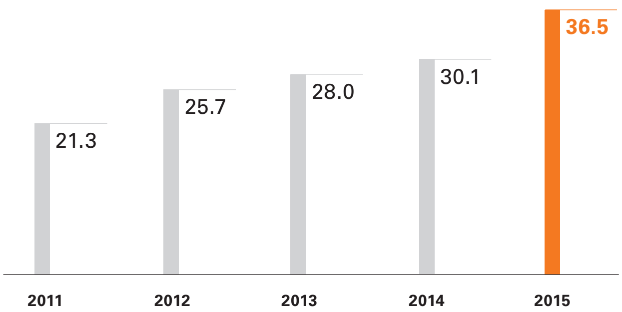
As part of the multi-channel PLUS strategy, a differentiation is made between marketing and sales impulses on the one hand and, on the other hand, the entry type of the order intake. In the allocation of order entries to the individual sales channels, only the intake method can be determined directly. 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 once again performed above average in 2015. In the year under review, order intake via e-commerce amounted to EUR 391.3 (295.4) million. Its share of total order intake thus increased once again to 36.5 (30.1) percent. This also includes orders that were placed with TAKKT through traditional channels but initiated via the internet. This renewed increase in orders through e-commerce can be attributed to the intensified e-commerce activities of the multi-channel brands. In addition, the

Key sales and earnings figures

	2011	2012	2013	2014	2015
Sales (in EUR million)	**852.2**	**939.9**	**952.5**	**980.4**	**1,063.8**
TAKKT EUROPE	507.3	515.1	525.4	519.8	538.3
TAKKT AMERICA	345.2	425.2	427.5	460.9	525.8
EBITDA (in EUR million)	**121.0**	**133.7**	**122.8**	**137.3**	**157.3**
TAKKT EUROPE	101.0	101.9	89.3	99.1	98.4
TAKKT AMERICA	28.6	41.3	42.2	47.6	68.9
EBITDA margin (in percent)	**14.2**	**14.2**	**12.9**	**14.0**	**14.8**
TAKKT EUROPE	19.9	19.8	17.0	19.1	18.3
TAKKT AMERICA	8.3	9.7	9.9	10.3	13.1

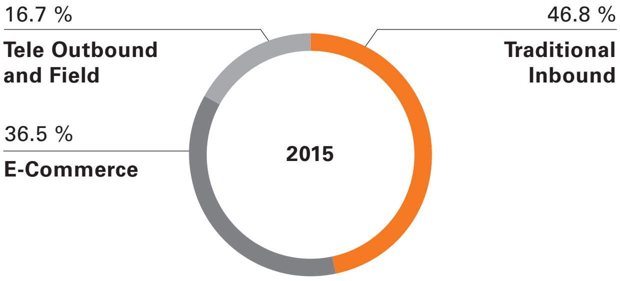
e-commerce share of order intake of the newly acquired activities of Post-Up Stand and BiGDUG is also higher. The disposed PEG division, on the other hand, was below the Group average.

E-commerce share in order intake *in %*



Order intake resulting from field sales and telesales orders could be increased further to 16.7 (16.4) percent of Group sales. Field activities include the traditional sales measures of field staff such as sales reps. Orders that result from active telephone sales are included in the orders that TAKKT allocates to tele-outbound. The traditional order acceptance via the usual intake channels like telephone, fax or letters (traditional inbound) with an order share of 46.8 (53.5) percent for the first time accounted for less than half of the order intake.

Order intake by intake method



ORGANIC INCREASE IN ORDER NUMBERS

The number of orders in the year under review of 2.2 (2.2) million remained unchanged from the level of the previous year. This development was negatively influenced by the phase-out of the Topdeq business in 2014 as well as the sale of PEG. By contrast, the activities of Post-Up Stand and BiGDUG acquired in 2015 had a positive effect. Excluding the mentioned changes to the portfolio of the TAKKT Group, the number of orders increased by around 5.2 percent. The average order value in the Group increased significantly. On average, the volume of one individual customer order came to EUR 482 (450) in the year under review. In addition to the portfolio changes, the development of average order intake was influenced by positive currency effects. In organic terms, the average order value was approximately at the level of the previous year. In the forecast for 2015, both order intake value drivers were expected to be above the corresponding values for the previous year, whereby the improvement in average order value at the time was estimated to be greater than the increase in order number.

Key figures for order intake

	2011	2012	2013	2014	**2015**
Number of orders in thousands	1,780	2,016	2,171	2,182	2,225
Average order value in EUR	479	465	440	450	482

MANAGEMENT REPORT

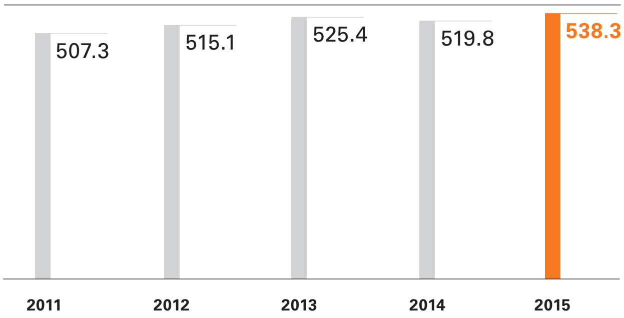
TAKKT EUROPE: RESTRAINED DEVELOPMENT IN BOTH DIVISIONS

Sales for the TAKKT EUROPE segment in 2015 were 3.6 percent above the level of the previous year and came to EUR 538.3 (519.8) million. The share in Group sales thus decreased to 50.6 (53.0) percent. The phase-out of the Topdeq business had an adverse effect on reported sales for TAKKT EUROPE. While Topdeq realized sales in the course of the phase-out process in 2014, there were no longer corresponding sales in 2015. This was offset by the acquisition of BiGDUG through its contribution to the sales of TAKKT EUROPE since July. Sales for the segment in the reporting currency of euros were also positively influenced by currency effects, especially as a result of the stronger Swiss franc. In total, there were positive effects on the sales development of the segment amounting to 0.8 percentage points due to the portfolio changes and 2.1 percentage points due to currency effects. Adjusted for both of these effects, sales for the TAKKT EUROPE segment increased slightly by 0.7 percent. Based on this organic development of sales, the number of orders could be increased compared to the previous year. The average order value, on the other hand, decreased.

Both divisions of the TAKKT EUROPE segment achieved a comparable organic development. In BEG, which specializes in plant, warehouse and business equipment, the newly acquired Group company BiGDUG contributed to sales in the second half of the year. A slight organic increase in sales was recorded on the whole although the individual sales regions developed differently. The activities of BEG in Scandinavia as well as Southern and Eastern Europe showed very positive growth. While Germany achieved moderately positive growth, development in the other West European markets such as France, the UK and Benelux was slightly declining. A significant negative influence on the organic sales development of BEG came from the general investment reluctance in the Swiss market due to the strength of the Swiss franc against the euro. Sales in the local currency declined significantly due to the issuance of currency rebates. The development of the Swiss activities described above had a significant adverse effect of 1.3 percentage points on the organic growth of TAKKT EUROPE. In addition, the sales activities in Japan were phased out due to the lack of long-term prospects. As a result, no sales have been generated since summer.

The PSG division, which comprises the Ratioform group and specializes in the packaging solutions business, achieved modestly positive growth. The adverse effects of the Swiss activities as well as the rather restrained development in the segment's most important market of Germany were offset by higher growth rates in Spain, Italy and the UK.

Sales TAKKT EUROPE *in EUR million*



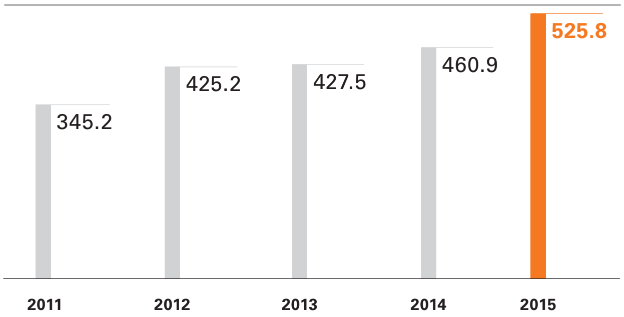
TAKKT AMERICA: ABOVE-AVERAGE SALES GROWTH AGAIN

In the 2015 financial year, sales in the TAKKT AMERICA segment increased by 14.1 percent to EUR 525.8 (460.9) million. The share of Group sales increased to 49.4 (47.0) percent. Sales growth in the reporting currency of euros benefited from the stronger US dollar as well as the first-time consolidation of the acquired activities of Post-Up Stand as of April. On the other hand, the disposal of the North American division PEG on January 30, 2015 had an opposite effect on sales compared to the previous year. The effects from the portfolio changes came to minus 14.1 percentage points while reported sales growth for the segment was influenced by positive currency effects with 18.2 percentage points. Organic sales growth for TAKKT AMERICA compared to the previous year, without portfolio and currency effects, was an excellent 10.0 percent. The organic sales growth was mainly attributable to the higher order numbers. To a lesser extent, the average order value could also be increased compared to the previous year.

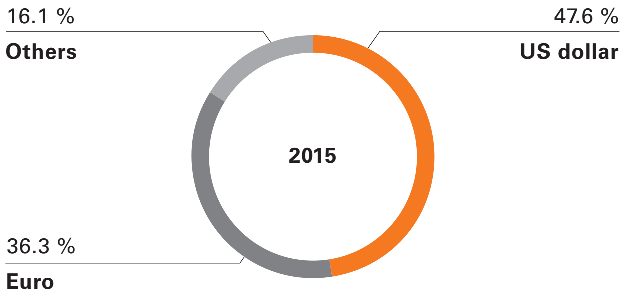
Within TAKKT AMERICA, both divisions contributed to the strong business development. SPG realized just over double-digit sales growth in the local currency without the influence of the newly acquired Group company Post-Up Stand. In the year under review, the division saw a positive development in the North American food service and food retail sector as well as in the Group company GPA specializing in display items. Above all, however, it especially benefited from the extremely strong growth trend at Central, specialist supplier for the restaurant industry.

The OEG division reported even stronger sales growth. The sales increase in US dollars was in the low double-digit percentage range as in the previous year. In 2015, OEG enjoyed strong growth as a result of the good business with government customers and even more so because of the high demand from private companies.

Sales TAKKT AMERICA *in EUR million*



Sales by currency



SALES BY REGION: FURTHER INCREASE IN US SHARE DUE ALSO TO CURRENCY EFFECTS

Due to currency and acquisition effects as well as the different organic business developments in North America and Europe, the regional sales spread developed as follows:

- Sales of the business in Germany decreased to EUR 243.6 (245.7) million because of the loss of Topdeq sales. The share of Group sales dropped to 22.9 (25.1) percent.

- Sales of the other European business increased to EUR 296.0 (273.5) million. The share of Group sales compared to the previous year remained almost constant at 27.8 (27.9) percent.

- Despite the disposal of PEG, sales in the US increased dramatically to EUR 506.2 (431.9) million due to the positive currency effects, the acquisition of Post-Up Stand and the favorable business development. The share in Group sales therefore increased to 47.6 (44.0) percent.

- Sales for the other regions – China, Japan, Mexico and Canada – decreased significantly to EUR 18.0 (29.3) million. This is attributable to the phase-out of the activities in Japan as well as the loss of sales resulting from the disposal of the Plant Equipment Group in Mexico and Canada at the end of January 2015. The share of these regions in Group sales therefore decreased to 1.7 (3.0) percent.

36.3 (39.0) percent of Group sales were realized in the reporting currency of euros. The portion in US dollars came to 47.6 (44.0) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, had a total share of 16.1 (17.0) percent.

STABLE GROSS PROFIT MARGIN IN THE GROUP

In the year under review, the gross profit margin of the Group of 42.6 (42.6) percent was at the level of the previous year. The reported gross profit margin benefited from the absence of sales figures from Topdeq and from the disposal of PEG, whose gross profit margin was below the Group average. The company acquisitions also had a positive effect because the business models of BiGDUG and especially Post-Up Stand make it possible to achieve comparatively high gross profit margins. Without the disposals and acquisitions, the gross profit margin of the Group would have been 42.2 (43.2) percent.

Adjusted for the mentioned portfolio effects, the gross profit margin at the level of both segments decreased in the year under review. One of the reasons for this is the change in the product and customer mix at the individual sales companies, as in the case of the PSG division. At TAKKT EUROPE, the development in Switzerland also contributed to the lower gross profit margin. Due to the decision of the Swiss National Bank to unpeg the Swiss franc in January 2015, customers were granted currency rebates. This in turn reduced sales and the gross profit margin. In the TAKKT AMERICA segment, the additional effect of the price adjustment for a range of products at Hubert in North America should also be mentioned. This led to decreases in the gross profit margin as expected.

In addition, a negative effect on the gross profit margin resulted from structural shifts. In 2015, TAKKT AMERICA achieved higher growth than TAKKT EUROPE once again, 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 expectation stated in last year's forecast report to maintain the gross profit margin, adjusted for portfolio effects, stable or only slightly down at the segment level, could thus not be fully met. 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: CONTINUING STRUCTURAL SHIFT DUE TO MULTI-CHANNEL STRATEGY

Personnel expenses increased in the year under review by 6.0 percent to EUR 154.2 (145.5) million. One factor to take into account here is the increasing impact of the stronger US dollar on the value of the Group's reporting currency stated in euros. In addition, there were effects as a result of the disposals and acquisitions. Without these, personnel expenses would have increased by 4.3 percent compared to the previous year.

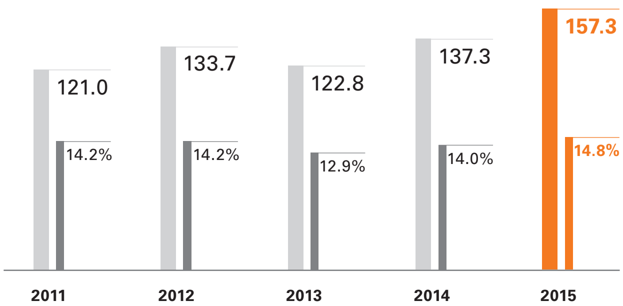
A structural shift from advertising to personnel expenses could still be seen due to the intensified expansion of multi-channel telesales and field activities as part of the DYNAMIC initiative. The personnel expenses ratio (in percent of sales) decreased slightly to 14.5 (14.8) percent compared to the previous year despite the mentioned shifting effect. The main reason for this in 2015 was the good utilization of the infrastructure with regard to the strong growth of the activities at TAKKT AMERICA.

As expected and due to the structural shift from advertising to personnel expenses, the expenses for print and online marketing once again developed organically at a slightly lower rate than sales.

GROUP EBITDA MARGIN IN UPPER RANGE OF TARGET CORRIDOR ONCE AGAIN

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 by 14.6 percent compared to the previous year to EUR 157.3 (137.3) million. The reasons for this positive development are the sales increase as well as the positive currency effects from translation of the realized earnings contributions in US dollars into the reporting currency of euros. In addition, a positive contribution to earnings of EUR 3.3 million was realized in the year under review due to the deconsolidation of PEG. The initiatives started within DYNAMIC, on the other hand, resulted in expenditures of around EUR 5.2 million.

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



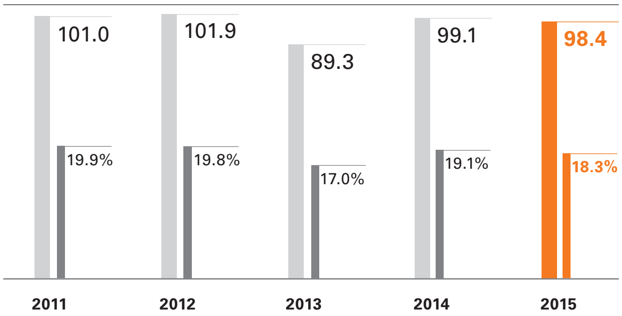
In relation to Group sales (EBITDA margin), an increase to 14.8 (14.0) percent could be achieved. The margin in 2015 was thus in the upper range of the target corridor of 12 to 15 percent. In the year under review, the EBITDA margin especially benefited from the realized sales growth and associated better utilization of the direct marketing infrastructure as well as the aforementioned contribution to earnings from the deconsolidation of PEG. Compared to the profitability of the previous year, it should also be noted that the improved EBITDA margin is positively affected by the phase-out of the less profitable PEG business and the contribution of Post-Up Stand. Adjusted for the one-off income from the deconsolidation, the EBITDA margin in 2015 amounted to 14.5 percent.

An adverse effect on the EBITDA margin in the year under review is due to the sales-related increase of the share of profit of the TAKKT AMERICA segment, whose margin is below the Group average.

TAKKT EUROPE: LOWER EBITDA DUE TO RESTRAINED BUSINESS DEVELOPMENT

In the year under review, EBITDA in the TAKKT EUROPE segment decreased by 0.8 percent to EUR 98.4 (99.1) million. This is mainly due to the fact that the restrained business development of TAKKT EUROPE in 2015 resulted in only slightly higher sales while the costs increased as planned because of the multi-channel PLUS approach. In addition, as described earlier, there were negative effects on the gross profit for TAKKT EUROPE. The expenses associated with DYNAMIC in the year under review came to EUR 3.1 million. The positive effect due to the first-time consolidation of BiGDUG was partly offset by the incurred transaction costs in the year under review.

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

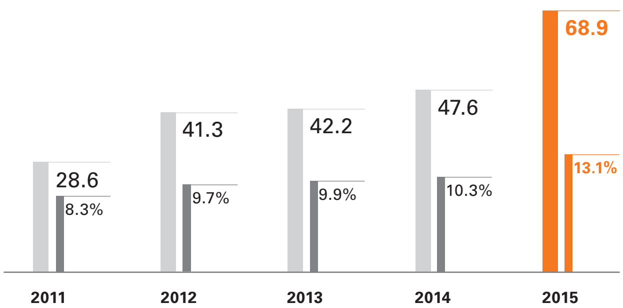


The EBITDA margin thus fell to 18.3 (19.1) percent. Despite the decrease, the margin was well above the upper end of the target corridor for the Group. Adjusted for the effect from the acquisition of BiGDUG, the EBITDA margin decreased by 0.5 percentage points. PSG is still the front-runner of the division in terms of profitability. The EBITDA margin for 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 44.9 percent to EUR 68.9 (47.6) million. This increase was also currency- and acquisition-related. TAKKT AMERICA also profited from the positive contribution to earnings from the sale of PEG. Both segment divisions, however, were also able to significantly increase their EBITDA organically due to the positive business development in 2015. In contrast, the expenditures related to the DYNAMIC initiative had an adverse effect on the result in the amount of EUR 2.1 million.

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



The EBITDA margin of the TAKKT AMERICA segment increased to 13.1 (10.3) percent, putting it in the double-digit percentage range as in the previous year. After adjusting for the positive effect from the deconsolidation of PEG, the EBITDA margin would have amounted to 12.5 percent. Compared to the previous year, it was notable that the sold-off PEG was less profitable and that a company with an above-average EBITDA margin was acquired for the segment with Post-Up Stand. The profitability of SPG within TAKKT AMERICA was the highest once again. As in the previous year, OEG's profitability was just below the double-digit margin range.

COMPARISON WITH PREVIOUS-YEAR FORECAST

In the report for the 2014 financial year, a slightly better margin performance at the level of the TAKKT EUROPE segment and a significant increase in profitability for TAKKT AMERICA was forecast for 2015. While the development for TAKKT EUROPE in particular did not materialize due to the restrained development of sales, the expectations for TAKKT AMERICA could be exceeded. As forecast, the profitability of TAKKT EUROPE was still well above the target corridor of the Group and the margin of TAKKT AMERICA at the lower end of the Group's target corridor of 12 to 15 percent. In the previous year's forecast report, an improvement of the EBITDA margin compared to 2014 was expected for the TAKKT Group as well as a value at the upper limit of the target corridor of 12 to 15 percent. This forecast could be achieved in the year under review with an EBITDA margin of 14.8 percent.

DEPRECIATION AND AMORTIZATION HIGHER THAN PREVIOUS YEAR DUE TO CURRENCY EFFECTS

Depreciation and amortization increased in the year under review to EUR 28.0 (26.5) million. Amortization of intangible assets from acquisitions came to EUR 12.2 (11.0) million. The increase in depreciation and amortization is mainly attributable to both company acquisitions as well as the stronger US dollar. Adjusted for currency effects, depreciation and amortization decreased slightly in 2015. Extraordinary expenses such as on impairment of recognized goodwill were not incurred in 2015 or in the previous year. Earnings before interest and tax (EBIT) of EUR 129.4 (110.8) million represent a significant increase of 16.8 percent over the previous-year figure. The EBIT margin rose to 12.2 (11.3) percent.

Financial liabilities in the year under review increased as a result of the purchase price liability from the acquisition of GPA in 2012 that became due as well as the purchase price payments for both acquisitions in 2015. However, the interest expense was lower due in part to the more favorable refinancing terms of the variable rate promissory note (Schuldschein) that was terminated in October 2014. Overall, the financial result came to EUR minus 9.5 (minus 11.5) million. This resulted in profit before tax of EUR 119.9 (99.3) million.

INCREASE IN PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

The tax ratio decreased from 33.9 percent in the previous year to 32.4 percent. This was mainly attributable to the non-taxable deconsolidation gain from the sale of PEG. Adjusted for this effect, the tax ratio of the Group would have increased to 34.1 percent compared to the previous year's period.

In total, the profit for the period increased by 23.4 percent to 81.0 (65.7) million. Earnings per share increased accordingly to EUR 1.24 (1.00) 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. Liabilities in the year under review increased slightly as a result of the purchase price liability from the acquisition of GPA in 2012 that became due as well as the purchase price payments for both acquisitions in 2015. TAKKT cash flow was significantly higher than the previous year due to the good business development.

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.

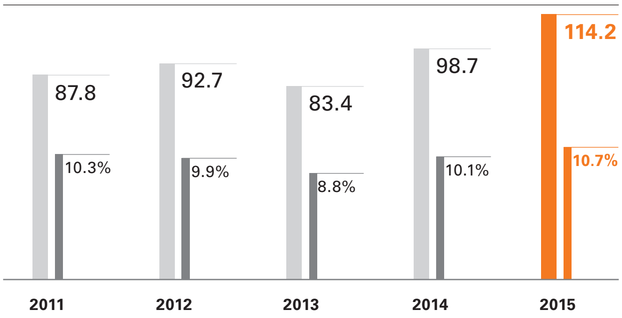
- Optimization of financing conditions through an appropriate mix of short and long-term financing instruments.

- 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 IN TAKKT CASH FLOW

One of the key strengths of the TAKKT business model is its high internal financing power. In the year under review, the Group once again generated a high surplus of cash. TAKKT cash flow – defined as profit plus depreciation and amortization, impairment of non-current assets and deferred taxes recognized in income – totaled EUR 114.2 (98.7) million. TAKKT cash flow per share increased to EUR 1.74 (1.50) and the TAKKT cash flow margin in relation to sales to 10.7 (10.1) percent. From 2011 to 2015, it ranged between 8.8 and 10.7 percent. This underscores the sustainable cash flow strength of the business model.

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



Despite the higher TAKKT cash flow, cash flow from operating activities fell to EUR 87.3 (101.2) million. This was mainly attributable to an extraordinary effect from the payment of the outstanding purchase price liability for the acquisition of George Patton Associates (GPA) in 2012. In the first quarter, EUR 69.2 million was paid to the previous owners. Of this, the portion attributable to accrued interest as well as to the income-affecting adjustments of the originally expected purchase price liability is reflected in the cash flow statement (i.e., as cash flow from operating activities) in the amount of EUR 16.2 million. After adjusting for this effect, cash flow from operating activities would have amounted to EUR 103.5 million. The operational development of working capital in the amount of EUR 12.3 million was mainly due to the buildup of

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

	2011	2012	2013	2014	2015
TAKKT cash flow	**87.8**	**92.7**	**83.4**	**98.7**	**114.2**
Change in net working capital as well as other adjustments	-8.4	10.6	-5.7	2.5	-26.9*
Cash flow from operating activities	**79.4**	**103.3**	**77.7**	**101.2**	**87.3**
Capital expenditure in long-term assets	–9.3	–8.5	–9.6	–13.6	–14.2
Proceeds from disposal of non-current assets	2.2	0.5	0.3	0.5	0.3
Proceeds from the disposal of consolidated companies	0.0	0.0	0.0	0.0	16.1
Free TAKKT cash flow	**72.3**	**95.3**	**68.4**	**88.1**	**89.5**

* *as mentioned in the text, this includes the partial amount of EUR 16.2 million from the payment made for the remaining purchase price liability for GPA*

inventories in the amount of EUR 13.2 million, which primarily took place at different facilities in the US. This increase in inventories is attributable to the high demand, the addition of a new warehouse at Hubert on the west coast and the goal to ensure quick availability for an even broader part of the product range.

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 sales) of one to two percent. The capital expenditure rate in the year under review, including the Group-wide DYNAMIC growth and modernization initiative, was still in the middle of this range with 1.3 (1.4) percent.

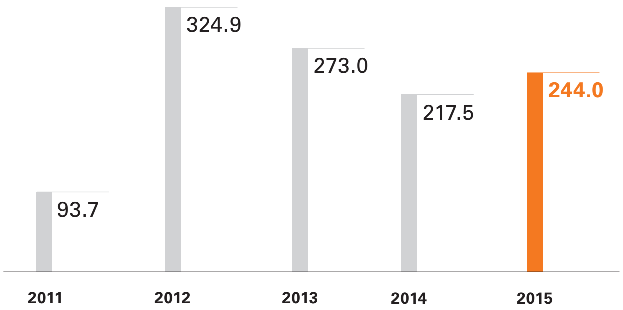
In the year under review, TAKKT invested a total of EUR 14.2 (13.6) million, of which EUR 9.4 (8.2) million related to the TAKKT EUROPE segment and EUR 4.7 (5.3) million to the TAKKT AMERICA segment. Significant capital expenditures resulted from equipping a new warehouse at SPG and the preparation and implementation of new ERP systems at BEG and PSG. TAKKT invested a total of EUR 7.0 (4.5) million in connection with DYNAMIC.

The sale of PEG, which was concluded on January 30, 2015, resulted in positive cash flow of EUR 16.1 million. 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 89.5 (88.1) million. The free TAKKT cash flow was countered by the remaining purchase price payments for the acquisition of GPA, the purchase price payments for the acquisition of Post-Up Stand and BiGDUG totaling EUR 92.3 million, and dividend payments of EUR 21.0 million. The additional amount, above what was available from the free TAKKT cash flow, came to EUR 23.8 million and was financed by free credit lines. This, along with currency effects resulting from translating the debt from US dollars to the reporting currency of euros, increased net financial liabilities (i.e., financial liabilities less cash and cash equivalents) to EUR 244.0 (217.5) million.

The business model of the TAKKT Group, which features strong cash flows, allows a significant reduction of net financial liabilities in years without acquisitions. In years with acquisition activities, generally there is an increase.

Taking into account all of the financing activities of the Group, cash and cash equivalents came to EUR 3.3 (4.0) million as of December 31, 2015. Details on the generation and use of cash flow are shown in the cash flow statement of this annual report.

Development of net financial liabilities *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 mainly in the EUR, USD and GBP currency areas. TAKKT primarily uses the following financing instruments:

- Committed bilateral credit lines with 14 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. These 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 end of the reporting period, liabilities to banks came to EUR 136.9 (71.2) million.

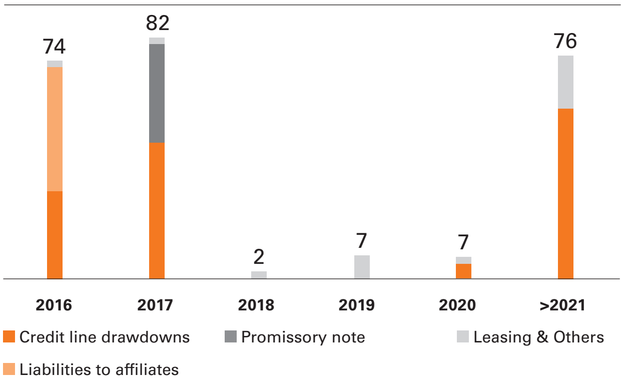
- Since October 2012, TAKKT has been using a promissory note (Schuldschein) of over EUR 140 million consisting of four tranches with terms of three to five years as well as fixed and variable interest rates. In the previous year, TAKKT exercised its right to terminate the variable rate promissory notes (Schuldschein) of EUR 77.5 million. In the year under review, an additional tranche of EUR 29.0 million was due. As of the end of the reporting period, the recognized liabilities related to the promissory note (Schuldschein) still came to EUR 33.5 (62.4) million.

- Individual leased buildings and plant installations are used at TAKKT through finance leases. The liabilities from finance leases as of the end of the reporting period came to EUR 33.4 (35.4) million.

- Financing of the BiGDUG acquisition was done with a loan in GBP obtained from an affiliated company. It was valued at EUR 30.9 million as of the end of the reporting period. In addition, there was another loan with an affiliated company in the amount of EUR 10.0 million.

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

Maturity profile of financial liabilities of the TAKKT Group
in EUR million



In addition to the credit line drawdowns, the Group had free committed credit lines of EUR 135.8 (173.0) million available to it, of which EUR 68.5 (72.1) million are short-term credit lines and EUR 67.3 (100.9) 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.

The independence and entrepreneurial scope of action of the TAKKT Group is ensured in the long term through the diversification of the financing portfolio with regard to financing sources and terms. 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 end of the reporting period. 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 end of the reporting period, the

Internal covenants

	Self-imposed target	2011	2012	2013	2014	2015
Equity ratio	30 to 60 percent	54.7	34.7	39.0	43.8	49.1
Debt repayment	< 5 years	1.2	2.2	3.6	2.5	2.2
Interest cover	> 4	12.2	9.5	6.4	9.8	14.4
Debt-equity-ratio (gearing)	< 1.5	0.3	1.1	0.8	0.6	0.5

MANAGEMENT REPORT

equity ratio of 49.1 (43.8) 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 period. Equity increased considerably stronger than total assets. Despite the increase in net financial liabilities, gearing also improved slightly to 0.5 (0.6) thanks to the higher shareholders' equity. The debt repayment period is 2.2 (2.5) years. In the year under review, TAKKT was able to decrease net financing expenses over 2014; at the same time, the operating result before amortization of goodwill increased, whereby the interest cover is now 14.4 (9.8). The method of calculation and definition of the key figures are presented in the notes to the consolidated financial statements.

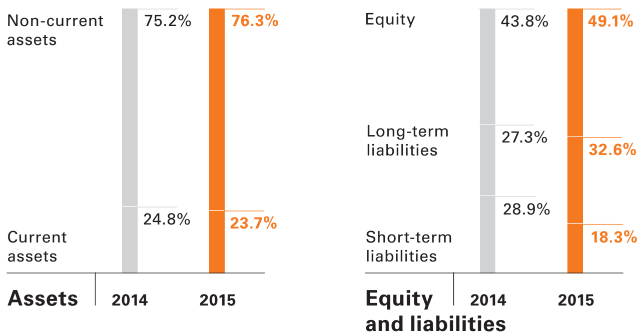
ASSETS POSITION

The acquisitions of the financial year as well as the currency effects, especially due to the development of the stronger US dollar, resulted in a significant increase of goodwill of EUR 65.5 million. With 56.0 percent, they make up over half of the assets. On the equity and liabilities side the financial liabilities represent 25.6 percent and the shareholder equity 49.1 percent of the balance sheet total. Both items together make up about three-quarters of equity and liabilities.

ASSETS INCREASE AS A RESULT OF ACQUISITIONS

In 2015, the assets of the TAKKT Group increased mainly as a result of the acquisitions as well as the currency effects. Due to the first-time consolidation of Post-Up Stand and BiGDUG, assets in the amount of EUR 66.2 million were recognized. Positive currency effects in the amount of EUR 43.1 million, resulting primarily from the change in the US dollar closing rate, were partially offset by the disposed assets as part of the disposal of the shares of the companies belonging to the Plant Equipment Group (PEG) in the amount of EUR 23.9 million. Total assets in the year under review increased by 9.3 percent to EUR 964.2 (882.5) million.

Balance sheet structure of the TAKKT Group



As of the end of the reporting period, non-current assets of EUR 735.6 (663.6) million made up 76.3 (75.2) percent of the assets. In particular, the acquisitions resulted in a recognition of goodwill in the amount of EUR 40.6 million and intangible assets in the amount of EUR 13.8 million in the year under review. In addition, positive currency effects of EUR 24.9 million also contributed to a further increase in goodwill. Depreciation and amortization in the amount of EUR 28.0 million were countered by capital expenditures of EUR 14.2 million.

No impairment of goodwill was necessary on the basis of the impairment tests performed. With 56.0 (53.8) percent, goodwill continues to makes up the major part of assets recognized on the statement of financial position.

Leased assets appear as assets in the statement of financial position if they are classified as finance leases in economic terms. In the TAKKT Group, this especially applies to the warehouse 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 31.2 (33.7) 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 balance sheet. 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 statement of financial position represents a good indicator for the value potential of these assets. For example, an amount of USD 36.2 million was recognized for customer relationships for the acquisitions of NBF (2006), Central (2009), GPA (2012) and Post-Up Stand (2015), an amount of GBP 0.6 million for the acquisition of BiGDUG (2015) and an amount of EUR 42.1 million for the acquisition of Ratioform (2012). The reduced amortized value of these customer relationships as of the end of the reporting period comes to EUR 25.3 (31.4) million in total. The value of the brands in the TAKKT Group recognized as of December 31, 2015 came to EUR 29.3 (27.3) million.

Current assets came to EUR 228.6 (218.9) million or 23.7 (24.8) percent of total assets as of December 31, 2015. The disposal of PEG's assets in the amount of EUR 23.9 million was partially offset by acquisition-related effects in the amount of EUR 10.7 million as well as currency effects. Acquisition-related cash and cash equivalents of EUR 6.4 million and inventories of EUR 3.3 million were recognized as material individual items.

Not only have inventories expanded due to acquisitions, but they have also grown organically by EUR 12.1 million. This is primarily due to increased demand in the US divisions SPG and OEG, the addition of a new warehouse for Hubert on the west coast and the preparation of an even broader selection of the product range for faster shipping. In addition to the accompanying positive currency effects amounting to EUR 5.8 million, these new warehousing and shipping benefits caused inventories to rise to EUR 103.8 (82.6) million. Trade receivables increased mainly due to currency effects of EUR 3.6 million as well as the operational development of EUR 7.0 million to EUR 94.0 (83.3) million. Customers' payment behavior was reliable as usual with an accounts receivable term of 30 (31) days. 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 52.5 (54.1) 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)*

	2011	2012	2013	2014	2015
Non-current assets	**376.9**	**679.9**	**649.0**	**663.6**	**735.6**
in % of Total assets	68.6	77.7	76.2	75.2	76.3
Current assets	**172.9**	**194.6**	**202.8**	**218.9**	**228.6**
in % of Total assets	31.4	22.3	23.8	24.8	23.7
Total assets	**549.8**	**874.5**	**851.8**	**882.5**	**964.2**
Total Equity	**301.0**	**303.7**	**332.5**	**386.8**	**473.4**
in % of Total equity and liabilities	54.7	34.7	39.0	43.8	49.1
Non-current liabilities	**127.4**	**440.7**	**400.0**	**241.0**	**314.8**
in % of Total equity and liabilities	23.2	50.4	47.0	27.3	32.6
Current liabilities	**121.4**	**130.1**	**119.3**	**254.8**	**176.0**
in % of Total equity and liabilities	22.1	14.9	14.0	28.9	18.3
Total equity and liabilities	**549.8**	**874.5**	**851.8**	**882.5**	**964.2**

INCREASE OF EQUITY, REDUCTION OF LIABILITIES

In light of profit for the period of EUR 81.0 (65.7) million, the unchanged dividend payout of EUR 21.0 million, the positive currency effects of EUR 23.3 million and the positive effects from the remeasurement of pension provisions of EUR 4.0 million, total equity increased to EUR 473.4 (386.8) million as of December 31, 2015. The total equity ratio increased significantly to 49.1 (43.8) percent and thus is slightly above the middle of the target corridor of 30 to 60 percent.

Accounting for 32.6 (27.3) percent of the liabilities side were non-current liabilities in the amount of EUR 314.8 (241.0) million. The most significant item was still represented by non-current financial liabilities, which increased in the year under review to EUR 173.7 (125.3) million. Deferred tax liabilities increased from EUR 57.5 to EUR 70.0 million, which is equally attributable to the increase in the taxable reduced market value of goodwill in the American Group companies due to amortization as well as currency and acquisition effects. The share of provisions for pension liabilities dropped from 6.0 to 5.3 percent of total assets. This is mainly attributable to the further slight increase in interest rates in the eurozone, resulting in a decrease of these provisions recognized directly in equity. Other non-current liabilities of EUR 14.5 (0.4) million now mainly include the purchase price liabilities related to the former owners of the American Group company Post-Up Stand as well as the British Group company BiGDUG, which are both payable in 2018 if the respective company meets certain sales and earnings targets.

Current liabilities of EUR 176.0 (254.8) million made up 18.3 (28.9) percent of total assets. The most significant item in the year under review is represented by current financial liabilities, which decreased to EUR 73.6 (96.2) million. The fixed tranche of a promissory note (Schuldschein) in the amount of EUR 29.0 million disclosed as of the end of the previous year reporting period was paid back in the third quarter of the year under review. Other current liabilities decreased to EUR 45.7 (99.9) million. The purchase price liability to the former owners of GPA in the amount of EUR 61.0 million disclosed in the previous year was settled in the first quarter of 2015.

In contrast, current provisions increased from EUR 17.0 to EUR 18.8 million. Income tax payables of EUR 10.0 (6.2) million continued to be of minor significance.

COMPANY PERFORMANCE

The target values of all financial performance indicators were reached in the year under review. TAKKT continues to operate very profitably. The DYNAMIC indicators were significantly improved and the Group is on course with regard to the sustainability targets.

SOLID FINANCIAL KEY MANAGEMENT FIGURES

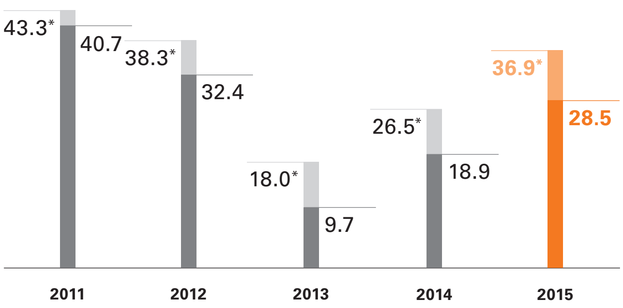
The financial key figures that TAKKT uses for internal management of the Group were defined in the "Management system" section of this annual report. The development of these key indicators is shown in the table on page 73.

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

The TAKKT value added increased significantly by EUR 9.6 million to EUR 28.5 (18.9) 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 13.0 million and amounted to EUR 90.0 (77.0) million. In 2015, the average capital employed increased over the previous year due to the company acquisitions of Post-Up Stand and BiGDUG carried out during the year. Using the weighted average cost of capital (WACC) after tax of 8.1 (8.1) percent, the total cost of capital came to EUR 61.6 (58.1) million.

The higher TAKKT value added is largely attributable to the overall positive business development, the positive contribution to earnings of EUR 3.3 million in connection with the deconsolidation of PEG as well as the positive currency effects in the reported result (see "Sales and earnings review" section). Earnings were subject to an increase in amortization charges of EUR 1.2 million. This charge was up over the previous year due to business combinations, including the acquisition of Post-Up Stand and BiGDUG. With regard to the absolute value of the TAKKT value added, the scheduled amortization of intangible assets mentioned reduced the generated operating result after tax in the year under review by a total of EUR 8.4 (7.6) million. Without scheduled amortization of intangible assets and the related tax effect, the TAKKT value added would have come to EUR 36.9 (26.5) million.

TAKKT value added *in EUR million*



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

The Return on Capital Employed (ROCE) of 15.7 (14.4) percent was also significantly above the figure of the previous year in the year under review. The reason for this can also be attributed to the positive business development as well as the positive effect from the deconsolidation of PEG.

As forecast in the 2014 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.

FURTHER IMPROVED DYNAMIC INDICATORS

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 orientation objectives, which are described in the "Innovation and development" section on page 50. The development of these key indicators is shown on page 74.

In the 2015 financial year, the share of new products in order intake increased in all divisions of the Group. This increase is still partly due to the definition of the indicator: It includes the sales 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 three years will be recorded for 2015. For 2014, only those from the last two years. In addition, the TAKKT companies introduced more new products in 2015 than in previous years and generated substantial order intake with them.

The share of private labels in order intake also increased in all divisions. The sale of private labels plays a minor role only for GPA. For that reason, no activities were started there as planned. Noteworthy is the positive development of the private label share at Central and OEG. At the end of 2014, Ratioform also introduced a private label, which generated significant sales in 2015.

The direct import share of purchase volume increased at the Group level in the year under review. At BEG, the volume of products procured in China was increased through local purchasing activities. At the same time, the measures for increasing direct imports also resulted in an increase of the relevant key figures in the other divisions. The consolidation of both acquired companies, Post-Up Stand and BiGDUG, also had a positive effect. In the case of the Group company GPA, however, the fact that it posted a slightly lower share of direct imports in 2015 than in the previous year had a negative effect. The company sources around three-quarters of its purchasing volume from overseas and is responsible for nearly half of the Group's direct imports.

Development of key financial indicators

	2011	2012	2013	2014	2015
Organic sales development in percent	7.3	–2.8	–2.6	5.5	4.7
Number of orders in thousands	1,780	2,016	2,171	2,182	2,225
Average order value in EUR	479	465	440	450	482
Gross margin in percent	43.3	43.3	43.6	42.6	42.6
EBITDA margin in percent	14.2	14.2	12.9	14.0	14.8
TAKKT cash flow margin in percent	10.3	9.9	8.8	10.1	10.7
Capital expenditure ratio in percent	1.1	0.9	1.0	1.4	1.3
ROCE (Return on Capital Employed) in percent	23.0	18.1	12.5	14.4	15.7
TAKKT value added in EUR million	40.7	32.4	9.7	18.9	28.5

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

The share of order intake generated through organic search results in total order intake via search engines increased in 2015 compared to the previous year, putting it once again in 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).

The share of e-commerce in order intake grew more significantly in 2015. For one, the positive development of the activities at TAKKT AMERICA contributed to the increase with a structurally higher e-commerce share. The share of electronically generated order intake could also be increased consistently in the individual divisions of the TAKKT Group. The high e-commerce share of Post-Up Stand and BiGDUG also contributed to the increase of this key figure. More information on order intake via e-commerce can be found in the "Sales and earnings review" on pages 60 et seq.

With respect to the share of telesales and field activities in order intake only a slight increase was recorded in the year under review. The measures taken did not result in a markedly higher indicator in any of the divisions. Order intake via the channels mentioned continues to play a particularly important role at Ratioform and Central.

In relation to the orientation targets of the DYNAMIC initiative, TAKKT made overall good progress in the last few years. Most of the key figures defined in 2012 will most likely be within or even above the respective target corridor by the end of 2016. With respect to the shares of new products and private labels in order intake, as well as the share of order intake generated with telesales and field activities, the Group will probably first achieve the ambitious target values in the years ahead.

FURTHER SIGNIFICANT PROGRESS WITH SUSTAINABILITY INDICATORS

With the sustainability indicators, TAKKT's goal is to be able to systematically document the progress in this area as well. In the year under review, the company continued towards its goal of becoming the global role model for sustainability in its industry by the end of 2016. Management and employees at all levels of the TAKKT Group are working on achieving the sustainability objectives in the six focus areas first identified in 2011. Progress could once again be achieved in all focus areas. The current multi-year overview for the key figures and initiatives that are relevant for these focus areas is shown in the "Sustainability indicators" table on page 75.

- Sourcing: For TAKKT, as a commercial enterprise with diverse supplier relationships, an important part of the value chain exists already in the manufacturing and procurement of goods. For this reason, TAKKT places a strong emphasis on sustainability in its supply chain. A supplier evaluation program for measuring sustainability performance, which was launched as a pilot project in 2013, has since been expanded every year to include additional suppliers as well as other Group companies. The percentage of sales 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 9.6 percent in 2015.

- Marketing: Advertising efforts are always connected with the use of non-renewable resources. TAKKT is working to reduce their use. By using advertising material more efficiently, the Group was able to reduce the volume of printed advertising material sent out per million euros of sales to 18.2 tons in the year under review. The goal for 2016 of reducing the volume to 22.7 tons was already achieved in the previous year. In addition, the paper for catalogs and print media now comes almost exclusively from certified sustainable sources.

DYNAMIC indicators

DYNAMIC indicator	Growth driver	2013	2014	2015
Share of new products in order intake	Topicality and expansion of product range	3.0%	9.0%	16.5%
Share of private labels in order intake	More private labels	13.9%	14.7%	15.9%
Share of direct imports in purchase volume	More direct imports	9.6%	10.0%	12.1%
Share of web-only products in entire product range	Expansion of web-only products	29.6%	42.0%	58.7%
Share of SEO in order intake via search engines	Profitable expansion of e-commerce activities	32.1%	32.1%	33.7%
Share of e-commerce in order intake	General expansion of e-commerce activities	28.0%	30.1%	36.5%
Share of telesales/field sales activities in order intake	More outbound calling & field sales	14.2%	16.4%	16.7%

- **Logistics:** The direct marketing of goods is proven to cause significantly lower 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. Since 2014, carbon-neutral deliveries are carried out in Germany for general cargo as well. After parcel delivery, this makes up the majority of shipments.

- **Resources and Climate:** Conserving resources and reducing emissions is ideally achieved based on reliable data. TAKKT has been creating carbon footprints for an increasing number of Group companies since 2011. TAKKT also 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 42.2 percent at the already existing locations since 2011.

- **Employees:** A human resources program for the systematic recruitment, development and advancement of employees that had already been partially implemented in the previous year was successfully completed in the BEG division in the middle of the year under review. The measures implemented are evaluated and continuously improved. The Group-wide rollout of the human resources development program was also launched.

- **Society:** The social commitment of its employees is a matter of importance for TAKKT as well. The share of employees that can take paid leave from work for volunteer involvement was 37.9 percent in the year under review.

SUBSEQUENT EVENTS

There were no significant events which had any meaningful impact on the assets, financial position and results of operations after the reporting date.

MANAGEMENT REPORT

Sustainability indicators

Focus area	Key figure	2012	2013	2014	2015
Sourcing	Share of certified suppliers		Pilot project launched	1.9%	3.1%
	Share of purchase volume from certified suppliers		Pilot project launched	23.7%	36.3%
	Percentage of sales from sustainable product ranges	3.1%	4.4%	6.6%	9.6%
Marketing	Paper use per EUR million sales	29.2t	24.9t	20.8t	18.2t
	Percentage of paper advertising materials from certified sustainable sources	77.2%	88.5%	95.3%	98.9%
	Carbon emissions per kg of paper advertising materials	2.17kg	1.56kg	1.80kg	1.59kg
Logistics	Number of EU countries in which carbon neutral shipping is offered	15	15	15	15
Resources and Climate	Major companies with carbon footprints	1	7	7	10
	Major companies with a certified environmental management system	1	1	1	3
	Energy use in thousand gigajoules*	103.4	106.5	98.9	66.4
Employees	Expansion of talent promotion		New program launched	Program partially implemented	Group-wide rollout launched
Society	Percentage of employees who have the opportunity to take a paid leave of absence to engage in volunteer work	4.5%	8.5%	18.4%	37.9%

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

OUTLOOK

RISK AND OPPORTUNITIES REPORT

TAKKT is exposed to opportunities and risks in the course of its business activities. The opportunities and risk management of the Group serve to detect and assess these early. It also adopts appropriate control measures. The Management Board and Supervisory Board are regularly informed of the current risk situation of the Group and all of the major Group companies. The relationship between opportunities and risks in 2015 remained largely unchanged from the previous year from the perspective of the TAKKT Management Board. 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. 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 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 steering and control systems to manage the operating companies. The Management Board holds discussions with the subsidiaries each year 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 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. This 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 for 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 following a structured integration process. They have to meet the same requirements as the established companies in the Group.

INTERNAL CONTROL SYSTEM FOR ACCOUNTING 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. Its purpose 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 is based on the internationally recognized "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring

Organizations of the Treadway Commission). TAKKT also has a uniform Group-wide risk management system for the management of opportunities and risks.

The effectiveness of accounting processes is documented in 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 are implemented which are suitable to limit the risks. The effectiveness of the controls is reviewed and documented at regular intervals through a self-assessment of the control officers. The results are also 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 using modern and highly efficient standard software. A form-based recording and consolidation instrument that is managed centrally is used for the preparation of the notes to the consolidated financial statements.

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 by topic as shown in the table on page 78. 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. Materiality thresholds are used with respect to the extent of opportunity or loss depending on the level of analysis. This is done 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 Intensified use of technological change (digitalization)	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 cushion the effects of economic cycles in individual countries, industries and fields through diversification.

- TAKKT addresses customers of all sizes from various industries with its multi-channel and web-focused sales brands.
- TAKKT has a very broad range, which includes more than 300,000 products.
- TAKKT reduces its independence on individual markets through its presence in more than 25 countries and the focus on North America and Europe.
- The sales companies are also 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 economic 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 sales 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 2015 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). TAKKT continues to see this as a calculable risk in B2B direct marketing for business equipment. 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 benefit from economies of scale in purchasing and distribution.

The risk that the integrated multi-channel business models 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, other customer needs take priority in the B2B sector. 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 line of business. Corporate customers are also interested in flexible, tailored pricing based on their needs, the product and the volume of their order. Electronic marketplaces 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 bundling 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 its growth strategy, the TAKKT Group makes targeted acquisitions that bring added value to the portfolio in terms of regions, products, customers and new expertise. This is, on the one hand, associated with a host of opportunities. These 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 written down due to business performance that is worse than expected.

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 acquisition.

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. It 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.

The TAKKT Group lessens its dependency on the sales side through the strongly diversified customer structure of its business model (customer risks). The Group only generates sales that each account for more than two percent of Group sales with two customers. The loss of individual customers thus does not have a material impact. 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 just below 30 percent. TAKKT pursues the goal of achieving diversified share of sales with the manufacturing industry, the trade and service sector as well as non-profit and government institutions.

TAKKT 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. The customer base will broaden even further in the future thanks to e-commerce. Smaller buyers can be reached better and addressed more efficiently thanks to online channels. In turn, key customers are more closely tied to TAKKT by means of e-procurement as this channel makes purchasing easier and more efficient for them.

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 product 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 be adapted to the changing algorithms of the search engines in a continual basis 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 by 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. Changes can be made even more quickly and more frequently for web-focused brands. If the cost of steel rises, for example, TAKKT can usually change its price quickly or offer an alternative product. The company also 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 still limited on the whole as a result.

OPERATING RISKS

Systematic protection of the production and distribution of printed 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 34 million advertising documents 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 mail order centers and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. The divisions only set up smaller regional warehouses to provide optimum delivery services if necessary, such as in Scandinavia, Eastern Europe, the USA, Canada or China. TAKKT is able to profit from better pricing by bundling product purchases. 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 loss of production.

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, car tax and tolls have hardly any impact on the Group's earnings. Shipping costs account for much less than ten percent of consolidated sales.

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 sales. 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 30 (31) 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 as well, TAKKT 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 business 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, ERP system 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 email, 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, in most instances 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 rely on current web shop technologies. They thus provide a reliable and comfortable way to shop 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. TAKKT is able to flexibly align the telesales capacities with business volumes through these checks.

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 only remain less than ten percent of consolidated sales – mainly from intracompany transactions. The open net items are identified based on the sales forecasts of the individual companies. 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 sales 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 86 et seq.). 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 financial liabilities are hedged in the long term, the maturity periods of the hedges are based on the terms of the underlying liabilities. 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 150. Quantitative information on all exchange rate and interest rate risks is also provided there, including sensitivity analyses on exchange and interest rate fluctuations. TAKKT does not face any material financial risks from changes in prices by using the above-mentioned currency and interest rate hedges.

Marginal liquidity risk – long-term financing secured

Potential risks may also arise for TAKKT through financing (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.

The company secures liquidity by using 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 2015, the committed free credit lines have a volume of EUR 135.8 million.

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 public 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 2015 financial year, the risk landscape of the TAKKT Group remained largely unchanged compared to the previous year with a balanced distribution of opportunities and risks. 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 be a risk to the Group 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. This means 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 probable that the economy will boom or will go into recession. In the event of a global recession of the same scale as in 2009 with an organic decrease in sales of slightly more than 25 percent, EBITDA decreased by around 50 percent.

A second important risk for the sales and profit figures reported in euros is the pure translation risk from exchange rate changes – especially the relationship of the US dollar to the euro. A decrease or increase in value of the US dollar in comparison to the euro is regarded as equally probable. A devaluation of the US dollar against the euro of five percent would result in a decrease in sales of between 2 and 2.5 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 key 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.

There is also the risk that sales and gross profit could be negatively affected by the entry of new aggressive web-focused competitors. The probability of an entry is considered to be small due to the market entry barriers in B2B direct marketing for business equipment and the observation that post-entry competitive aggressiveness is often not strong. The possible negative impact on results is estimated at a low double-digit amount in millions of euros.

Another significant risk could arise from the integration and continuation of an acquired company not progressing as positively as expected. The risk of this occurring is deemed to be low. This could have a short-term impact on the result in the medium single-digit million-euro range. In addition, a reduction in the long-term forecast of the business development of an acquired company below the original expectations could lead to impairment of the goodwill or remaining intangible assets. A negative effect on earnings resulting from reporting could also be in the double-digit million-euro range.

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 business to a multi-channel PLUS company. The company distinguishes itself as a competent, reliable partner to the customer through the skillful combination of the sales and marketing media of print, online, telesales and field activities. The

Group already has long-standing experience in this area and is developing this marketing strategy further, by intensifying the telesales and field activities and combining the different online and offline marketing media even better. TAKKT launched the Group-wide DYNAMIC initiative, among other things, for this purpose in 2013.

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

TAKKT expects opportunities for increasing order intake and sales through the expansion of online and e-procurement activities. The number of users who grew up with the internet ("digital natives") is constantly increasing. Targeted product selection is becoming 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. Walk-in customers with lower service and consulting requirements are served via the web-focused brands and their web shops. This presents a competitive advantage for TAKKT compared to new purely online competitors because the Group can use the existing back-end infrastructure 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 allows the Group to minimize their dependence on individual industries and regions and thereby ensure stability and continuity even in difficult economic times.

- Regional diversification makes it possible to partially offset economic fluctuations and loss of sales in individual target markets through sales 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 was able to record an overall very positive development of sales as a result.

- TAKKT has also expanded its business model to other product groups through the acquisitions of Hubert (2000), National Business Furniture (2006), Central (2009), GPA (2012), Ratioform (2012) and Post-Up Stand (2015). This has opened up new product groups for food service supply, office furniture, packaging solutions, promotion and customized advertising displays.

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 sales and profitability will be created through potential additional acquisitions in the years to come. TAKKT has long-standing experience with integrating 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 is able to participate in growth trends in selected industries through targeted company acquisitions and to 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 these acquisitions. This expertise can now be used throughout the Group. Exploring and taking advantage of value-creating acquisition opportunities continues to be a priority even after the acquisitions in 2015. TAKKT also 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. TAKKT's rigorous portfolio management strategy can be seen with the sale of the PEG division as well as the phase-out of the sales activities of KAISER+KRAFT in the Japanese market.

Sustainability initiatives

TAKKT's goal is to be the role model for sustainability in its industry by the end of 2016. It 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 chain according to economic, environmental and social concerns. TAKKT sees the great opportunity of being able to use its role as a trailblazer in sustainability early on as a unique selling point in its industry. It 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
TAKKT has already begun in numerous Group companies 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.

Intensified use of technological change (digitalization)
TAKKT would like to make the opportunities arising from digitalization even more usable. The first digital topics are already being addressed by the DYNAMIC initiative since 2013. In 2016, TAKKT will develop a digital agenda with specific digitalization activities. Advancing technology brings many changes with it and has a significant impact on the information and purchasing behavior of TAKKT's customers. The defined goal is to identify the potential of digitalization at all steps of the value chain and to use these opportunities to make the internal company processes faster and more efficient. TAKKT wants customers to benefit from the advantages of digitalization and to continue to offer them the best possible shopping experience. In addition to this, increasing data volumes, higher bandwidths and new devices will give rise to new ideas for business models that can serve as starting points.

Good access to capital
TAKKT has good access to capital due to a diversified and long-term oriented financing structure. Sufficient free credit lines with a volume of just below EUR 140 million are available for short-term acquisition opportunities. 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 that cannot be solely financed with debt capital.

FORECAST REPORT

DIFFERENT ECONOMIC EXPECTATIONS IN EUROPE AND NORTH AMERICA FOR 2016

The economic improvement of the 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 2016:

- For the eurozone, TAKKT expects only slightly higher economic growth for 2016. According to current projections, the growth rates for France will remain at a low level and thus lag behind the average economic development level in Europe. GDP growth for Germany however, is expected to be comparable to 2015. The economy of Switzerland, which is also relevant for TAKKT's businesses, is expected to return to high growth rates in 2016 compared to the previous year. The economic forecast of the Kiel Institute for the World Economy anticipates GDP growth for the eurozone of around 1.7 percent in the forecast period, following an increase of 1.5 percent in 2015. GDP growth of 1.7 percent is also predicted for Germany.

- According to the German Institute for Economic Research, the favorable economic situation in North America is likely to continue in 2016. TAKKT expects that with a GDP of 2.6 percent, the growth rate for the US could be slightly above that of 2015 (2.5 percent). Despite a potentially tighter monetary policy, positive economic effects from the job market as well as corporate investments can be expected in 2016.

In terms of the economic outlook for North America as well as Europe in 2016, some of the possible risks include a steep decline in growth in China, the decrease in oil prices, the potential UK withdrawal from the European Union (Brexit) and the high volatility in the financial markets. If financial markets continue to fluctuate so strongly, the negative expectations of market players could eventually affect the real economy. If this were the case, the global economy would grind to a halt, and the GDP growth rates would fall short of the expectations mentioned above.

SHORT-TERM EARLY INDICATORS POINT TO SOLID START IN 2016

The statements regarding the fundamental business prospects 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. The figures for Europe have been pointing to an upturn since mid-2015. In January 2016, the figures for Germany (52.3) and Europe (52.3) were above the 50-point threshold according to the research institute Markit Economics. TAKKT therefore expects a positive environment for BEG in 2016, accompanied by a further upswing during the course of the year.

The rest of the indicators also point to a positive development in the individual industries. With respect to the RPI, an indicator for the TAKKT SPG division, the December value of 99.7 was adversely affected by the uncertainty in the market due to sharp drops in the financial markets and the price of oil. In January, the index was again above the expansion threshold of 100 with 100.6 points. This indicates 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, order intake is projected to grow in 2016 by a percentage in the mid-single-digit range compared to the previous year. A slight decline in order intake within the industry had taken place at the end of the year.

LONG-TERM ORGANIC GROWTH PATH EXPECTED TO CONTINUE

For around the past 30 years, the Group has been growing 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, 2014 and 2015), 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 confident that the TAKKT Group will be able to 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 Group sales for 2016, it should be noted that while PEG was still generating sales within the TAKKT Group in January 2015, there will no longer be corresponding sales in 2016. This divestment effect will have a negative effect on reported sales growth of around 0.6 percentage points. In addition, the acquisitions of Post-Up Stand and BiGDUG in 2015 will have a positive effect on reported sales growth since their contribution to Group sales will be for all of 2016 and not just three respectively two quarters as in 2015. The organic sales growth referred to in the guidance is adjusted for the above-mentioned portfolio effects as well as currency effects.

The Management Board currently considers the following scenario for 2016 to be probable. As mentioned above, TAKKT expects GDP growth in Europe and the US to be slightly above the 2015 level. Although performance indicators for the relevant target markets were slightly down at the end of the year, these markets should continue their growth trend in 2016. The current uncertainty in financial markets is not expected to have a sustained impact on the economy. Under these circumstances, the Group should be able to achieve an increase in organic sales of three to five percent. The number of orders should thus develop more strongly than the average order value. In the organic analysis for 2016, both key figures are expected to be above the values of the previous year.

Should the business environment not develop as expected, for example due to the impact of uncertainty in financial markets on investment behavior in the real economy and should GDP growth rates decrease below the level of 2015, TAKKT will only be able to achieve a modest increase or even a slight decrease in organic sales in 2016. 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 sales by over five percent.

US DOLLAR AFFECTS KEY FIGURES

TAKKT generates close to half of its sales 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 sales. When the dollar is weak compared with the euro, Group sales are 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 sales (in euros) will be between 2 and 2.5 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 sales (in euros) will be between 2 and 2.5 percentage points higher than the currency-adjusted growth.

To illustrate currency effects clearly and depict business performance objectively, the Group does not only report sales changes in the reporting currency but also adjusts for currency effects. TAKKT also transparently shows the effects of acquisitions and disposals on sales in all financial reporting. The sales 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 2016 is, as explained above in detail, adjusted for the effects from the disposal of PEG, the acquisitions of Post-Up Stand and BiGDUG and currency fluctuations.

EBITDA MARGIN ONCE AGAIN EXPECTED IN THE UPPER THIRD OF THE TARGET CORRIDOR

The Management Board confirmed its goal of keeping the gross profit margin of the Group above the 40 percent mark for the long term. Adjusted for portfolio effects, TAKKT expects the gross profit margins of the segments to remain stable or decrease slightly in 2016. In addition to other effects, the gross profit margin of TAKKT AMERICA will be adversely affected by a new master agreement with a key Hubert account. The TAKKT Group will see a positive effect on reported gross profit margin from the acquisition of Post-Up Stand and BiGDUG due to the fact that the gross margin generated by these business models is higher than the Group average. However, 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 gross profit margins than TAKKT EUROPE.

According to the general conditions expected, the EBITDA margin of the Group should fall within the upper third of the target corridor of 12 to 15 percent. It is important to note that the EBITDA margin for the Group could be adversely affected due to the higher rate of operational growth of TAKKT AMERICA compared to TAKKT EUROPE. In addition, disposal of the PEG division in 2015 resulted in an earnings contribution of EUR 3.3 million, whereas no comparable one-off effects are currently expected for 2016. The intensification of activities related to digitalization of the value chain is expected to incur first costs in 2016. For the EBITDA margin, TAKKT wants to reach an overall figure that is at the level of the margin adjusted for the one-off income of 2015 (14.5 percent).

At the segment level, an organic EBITDA margin similar to that of 2015 (18.3 percent) is expected for TAKKT EUROPE. The positive effect from the expected sales growth and related increasing capacity utilization should offset the negative effect from the possible decline in gross profit margin. Profitability for TAKKT EUROPE is still expected to be significantly above the Group average. As in the year under review, expenses in relation to DYNAMIC will also be incurred in 2016. A slight organic improvement of the EBITDA margin is expected for TAKKT AMERICA. The one-off deconsolidation gain from the disposal of the PEG division in 2015 will have a negative impact on the year-on-year comparison. This will be countered by the positive effects resulting mainly from the expected operational improvement of the existing divisions as well as the acquisition of Post-Up Stand with profitability above the segment average. Overall, the EBITDA margin at TAKKT AMERICA should once again reach the lower third of the Group's target corridor of 12 to 15 percent.

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. 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 – CAPITAL EXPENDITURE SHAPED BY DYNAMIC INITIATIVE

The development of TAKKT cash flow should start benefiting from the predicted positive development of the result in 2016. As described in the sales and earnings review, the improvement in TAKKT cash flow might, however, be lower than the earnings increase since 2015 benefited from non-taxable income from the disposal of PEG. Nevertheless, TAKKT cash flow would thus increase again compared to 2015, and the related TAKKT cash flow margin should be above the target value of eight percent as in 2015.

In the 2016 financial 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 sales. One focus for the years to come involves the expansion and restructuring of the European IT infrastructure, other measures from the DYNAMIC initiative and intensified use of the opportunities of digitalization, which is described in the "Innovation and development" section. In addition, further capital expenditures in relation to the warehouse structure in the TAKKT AMERICA segment are expected for 2016.

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, whereby the acquisition-related higher capital costs will offset a part of this increase. From today's perspective and if no company acquisitions are made, no further relevant effects on either key figures are anticipated in 2016. Given the general conditions expected, a further slight increase is anticipated for ROCE and the TAKKT value added compared to 2015. This corresponds to the target value stated in the "Management system" section, which anticipates a ROCE of well over twelve percent as well as a markedly positive TAKKT value added.

DEBT REPAYMENT AND IMPROVEMENT OF THE INTERNAL COVENANTS

In the 2016 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. Without additional company acquisitions, which are always possible if favorable opportunities arise, this should also lead to quick debt repayment and continued improvement of the self-imposed covenants in 2016 as well. If TAKKT does make an acquisition in 2016, changes in equity ratio and gearing as well as the debt and interest cover ratio will occur depending on the amount and financing of the purchase price. In the case of acquisitions, management at TAKKT still expects to be able to maintain the self-imposed targets set for internal covenants. 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.

CHANGE TO THE DIVIDEND POLICY

The section "TAKKT share and investor relations" describes the Group dividend policy, which targets a payout ratio between 35 and 45 percent of the profit for the period. The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2016 that a dividend be paid of EUR 0.50 per share for the 2015 financial year. This would correspond to a payout ratio of 40 percent.

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 slightly increasing growth rates in the target markets of Europe and North America as projected. Based on the current economic forecasts, the Management Board expects GDP growth rates to be slightly above the level of 2015. Under these conditions, organic sales growth of between three and five percent and an EBITDA margin in the upper third 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 2015.

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 therefore cannot 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 2015, 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 Government Commission 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 provide individualized disclosures of the remuneration paid to the respective 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 any more useful. At the Shareholders' Meeting in 2011, the shareholders of the company agreed with this view and adopted the resolution not to disclose the individual compensation of the Management Board until and including the 2015 financial year. The members of the Supervisory Board receive solely a fixed amount, which is disclosed individually.

- Due to the modest size of the Supervisory Board of six members, it does not consider the additional establishment of an auditing and nomination committee to be necessary.

- Since the Chairman of the Supervisory Board is constantly informed of business developments and all members of the Supervisory Board receive detailed written monthly updates from the Management Board, the Supervisory Board does not consider it necessary for the entire Supervisory Board to discuss the quarterly and half-year financial reports.

PARTICIPATION AT THE SHAREHOLDERS' MEETING

Shareholders have the opportunity to exercise their statutory rights at the annual Shareholders' Meeting of TAKKT AG. They can vote either 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 who would like to attend a Shareholders' Meeting of TAKKT AG and exercise their right to vote are required to 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. The Management Board also informs it regularly about important changes in the companies, its environment, its strategy and its 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), and Prof. Dr. Dres. h.c. Arnold Picot.

A directors and officers (D&O) insurance policy with the legally stipulated deductibles has been taken out for the Management Board and Supervisory Board members. The remuneration principles of the Supervisory Board 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 company purpose, its size and the share of international business, the Supervisory Board of TAKKT AG strives to take the various principles into account with regard to its composition 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. In accordance with the requirements of the law on equal opportunities for women and men in management positions, the Supervisory Board set a target of one woman in the case of six members for the share of women on the Supervisory Board in the meeting of September 15, 2015. That reflects the current composition. The target for the 2015 financial year was thus met. 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 the September meeting of the Supervisory Board, the status quo was set as the target for the Management Board.

As of December 31, 2015, there is not yet any female representation at the relevant management levels of TAKKT AG below the Management Board. The status quo for this was also set as the target quota until 2017. The goal for 2022 is to have at least ten percent of the positions of these management levels filled with female executives. TAKKT wants to go beyond the minimum legal requirements which only apply to the TAKKT AG level by defining gradual targets for all divisions over the next few years and regularly pursuing them.

In addition, in compliance with 5.4.1 of the revised version of the DCGK, a regular limit of three terms was determined for the length of membership on the Supervisory Board. 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 on the TAKKT website.

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 whistleblower hotline with an external service provider where employees can anonymously report compliance violations. In addition, TAKKT introduced a system where all employees can train themselves 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 reporting and control systems throughout the Group 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 significant 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. It is checked for effectiveness on a regular basis. The results of these checks are documented. 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, its role 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 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, 2015, the members of the Management and Supervisory Boards held a total of 3,676 (3,676) 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 under section 5 "Other notes" in 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. It 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, 2015, 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 6, 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 5, 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 5, 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 promissory notes (Schuldschein) investors and various financial institutions came to over EUR 189.7 million. This was 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.

DEPENDENCY 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 SECTION 161 GERMAN STOCK CORPORATION ACT (AKTG) AS PER DECEMBER 31, 2015:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the Government Commission on the German Corporate Governance Code [Regierungskommission Deutscher Corporate Governance Kodex], published by the Federal Ministry of Justice [Bundesministerium der Justiz] in the official part ("amtlicher Teil") of the Federal Gazette [Bundesanzeiger], as amended on May 5, 2015, are being complied with. The Management and Supervisory Boards further declare that the recommendations of the Government Commission on the German Corporate Governance Code [Regierungskommission Deutscher Corporate Governance Kodex], 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 May 4, 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 still see no need to establish an Audit Committee for the Board.

4. 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 Management Board with the Supervisory Board or its Audit Committee prior to publication. At TAKKT AG, the Chairman of the Supervisory Board 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 therefore 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, December 31, 2015

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.

MAIN FEATURES OF THE MANAGEMENT BOARD REMUNERATION SYSTEM

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 deductible 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. Starting in 2016, a part of this commitment will be funded against possible insolvency with common market products via a Contractual Trust Agreement (CTA).

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 financial years form the basis for this. This consideration in the long-term development serves the orientation of a sustainable corporate development. Its aim is to prevent incentivization of the Management Board from being influenced too much by the annual budget or short-term measures to increase income or added value.

The Supervisory Board may, at its discretion, increase or decrease the amount of the bonus in accordance with the participation rate by 20 percent. Possible reasons for this may be special services provided by a Board Member, unusual circumstances or individual work-related targets. The amount paid out in the annual bonus is capped at 200 percent of the target value. 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 performance cash 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 performance cash plans as of 2012, this cap is 300 percent of the target value.

The expense for the benefits received or liability to settle these benefits is recorded after the claims are earned. The component 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 periodic adjustment of individual remuneration components and keeping in mind that one of the Board Members retired at the end of February 2014, 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 1,635 thousand (EUR 1,288 thousand) includes subsequent payments for the previous year in the amount of EUR 106 thousand (a provision release of EUR 63 thousand in the previous year). Adjusted for these effects, the expenditure for the annual bonus was EUR 1,529 thousand (EUR 1,351 thousand).

The expenditure for the long-term performance cash plans amounted to EUR 1,065 thousand (EUR 125 thousand). In the previous year, this expense was reduced by EUR 501 thousand, due to the reversal of provisions that had previously been made for the current performance cash plans. The increase in provision expenses is attributable in part to share price performance in 2015 and the resulting future expectation for the performance cash plans. In the year under review, the performance cash plan approved for 2011 amounting to EUR 744 thousand was paid out to two current and two former members of the Management Board. The fair value of the ongoing performance cash plans from 2012 to 2015 (2011 to 2014) as well as the respective provision come to EUR 2,836 thousand (EUR 2,119 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.

OTHER DISCLOSURES

As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 4,322 thousand (EUR 4,078 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

Remuneration of the Management Board *in EUR thousand*

	2014	2015
Fixed salaries and benefits	1,048	1,047
Expenses for annual bonus	1,288	1,635
Expenses for the performance cash plans	125	1,065
Provisions for benefits after end of employment	421	600
	2,882	**4,347**

event of a premature termination of the membership of the 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 seq. 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, 2015, the TAKKT Management Board members held 536 (536) shares. With the exception of liabilities from TAKKT performance bonds of EUR 307 thousand (EUR 0 thousand) as well as the usual receivables and liabilities related to order and employment contracts, no further receivables or liabilities with respect to the Management Board members exist. Payments to retired Management Board members amounted to EUR 447 thousand (EUR 342 thousand). The pension provision for former members amounts to EUR 7,096 thousand (EUR 6,494 thousand).

REMUNERATION OF THE SUPERVISORY BOARD

Each member of the Supervisory Board of TAKKT AG receives a fixed annual compensation of EUR 50,000 and an additional fixed compensation 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 401 thousand (EUR 376 thousand), of which EUR 375 thousand (EUR 355 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 as EUR 15 thousand (EUR 10 thousand) for attendance fees.

Of the claims granted, EUR 386 thousand (EUR 366 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2015, the Supervisory Board members held 3,140 (3,140) shares in TAKKT AG.

Remuneration of the Supervisory Board *in EUR thousand*

2015

	Fixed payments	Committee remuneration	Attendance fees	Total
Stephan Gemkow	100.0	5.0	2.5	107.5
Dr. Johannes Haupt	75.0	3.8	2.5	81.3
Dr. Florian Funck	50.0	0.0	2.5	52.5
Thomas Kniehl	50.0	0.0	2.5	52.5
Prof. Dr. Dres. hc Arnold Picot	50.0	2.5	2.5	55.0
Dr. Dorothee Ritz	50.0	0.0	2.0	52.0

2014

	Fixed payments	Committee remuneration	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	1.5	54.0
Dr. Dorothee Ritz	10.8	0.0	0.0	10.8

CONSOLIDATED FINANCIAL STATEMENTS

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

	Notes	2015	2014
Sales	(1)	1,063,768	980,385
Changes in inventories of finished goods and work in progress		187	346
Own work capitalized		916	383
Gross performance		**1,064,871**	**981,114**
Cost of sales		611,637	563,646
Gross profit		**453,234**	**417,468**
Other income	(2)	11,172	7,902
Personnel expenses	(3)	154,200	145,524
Other operating expenses	(4)	152,882	142,512
EBITDA		**157,324**	**137,334**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	27,960	26,532
Impairment of goodwill	(6)	0	0
EBIT		**129,364**	**110,802**
Income from associated companies		0	99
Finance expenses	(7)	–9,000	–11,302
Other finance result	(8)	–452	–258
Financial result		**–9,452**	**–11,461**
Profit before tax		**119,912**	**99,341**
Income tax expense	(9)	38,880	33,677
Profit		**81,032**	**65,664**
attributable to owners of TAKKT AG		81,032	65,664
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)	1.24	1.00

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

	2015	2014
Profit	**81,032**	**65,664**
Actuarial gains and losses resulting from pension provisions recognized in equity	4,025	–14,397
Deferred tax on actuarial gains and losses resulting from pension provisions	–1,429	4,316
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**2,596**	**–10,081**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	677	–682
Income recognized in the income statement	332	901
Deferred tax on subsequent measurement of cash flow hedges	–309	–95
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**700**	**124**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	20,923	19,563
Income recognized in the income statement	2,386	0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**23,309**	**19,563**
Other comprehensive income after tax for items that are reclassified to profit and loss	**24,009**	**19,687**
Other comprehensive income (Changes to other components of equity)	**26,605**	**9,606**
attributable to owners of TAKKT AG	26,605	9,606
attributable to non-controlling interests	0	0
Total comprehensive income	**107,637**	**75,270**
attributable to owners of TAKKT AG	107,637	75,270
attributable to non-controlling interests	0	0

Detailed information on other comprehensive income can be found on page 133.

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

Assets	Notes	12/31/2015	12/31/2014
Property, plant and equipment	(11)	108,833	112,162
Goodwill	(12)	540,269	474,720
Other intangible assets	(13)	83,680	74,061
Investment in associated companies		20	20
Other assets	(14)	768	739
Deferred tax	(15)	2,007	1,907
Non-current assets		**735,577**	**663,609**
Inventories	(16)	103,811	82,557
Trade receivables	(17)	94,021	83,254
Other receivables and assets	(18)	25,735	21,316
Income tax receivables		1,750	5,377
Cash and cash equivalents	(19)	3,264	4,043
Assets held for sale	(20)	0	22,321
Current assets		**228,581**	**218,868**
Total assets		**964,158**	**882,477**

Equity and liabilities	Notes	12/31/2015	12/31/2014
Share capital		65,610	65,610
Retained earnings		400,769	340,732
Other components of equity		7,019	–19,586
Total equity	(21)	**473,398**	**386,756**
Financial liabilities	(22)	173,682	125,328
Other liabilities	(23)	14,521	396
Pension provisions and similar obligations	(24)	51,224	52,652
Other provisions	(25)	5,304	5,079
Deferred tax	(15)	70,045	57,511
Non-current liabilities		**314,776**	**240,966**
Financial liabilities	(22)	73,604	96,247
Trade payables	(26)	27,891	26,594
Other liabilities	(27)	45,706	99,949
Provisions	(25)	18,777	17,005
Income tax payables		10,006	6,156
Liabilities held for sale	(20)	0	8,804
Current liabilities		**175,984**	**254,755**
Total equity and liabilities		**964,158**	**882,477**

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 01/01/2015	**65,610**	**340,732**	**–19,586**	**386,756**
Transactions with owners	0	–20,995	0	–20,995
thereof dividends paid	0	–20,995	0	–20,995
Total comprehensive income	0	81,032	26,605	107,637
thereof Profit	0	81,032	0	81,032
thereof Other comprehensive income (Changes to other components of equity)	0	0	26,605	26,605
Balance at 12/31/2015	**65,610**	**400,769**	**7,019**	**473,398**

	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 12/31/2014	**65,610**	**340,732**	**–19,586**	**386,756**

For further information on Total equity, refer to page 133.

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

	Notes	2015	2014
Profit		81,032	65,664
Depreciation, amortization and impairment of non-current assets	(5)/(6)	27,960	26,532
Deferred tax expense	(9)	5,176	6,479
TAKKT cash flow		**114,168**	**98,675**
Other non-cash expenses and income		4,852	6,883
Profit and loss on disposal of non-current assets and consolidated companies		–3,272	121
Change in inventories		–13,180	–1,980
Change in trade receivables		–8,166	–2,711
Change in other assets not included in investing and financing activities		3,662	705
Change in non-current and current provisions		3,448	–1,260
Change in trade payables		–4,181	2,057
Change in other liabilities not included in investing and financing activities		–10,055	–1,268
Cash flow from operating activities		**87,276**	**101,222**
Proceeds from disposal of non-current assets		302	462
Capital expenditure on non-current assets	(11)/(13)	–14,241	–13,553
Proceeds from the disposal of consolidated companies (less cash and cash equivalents sold)		16,119	0
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)		–92,303	–118
Cash flow from investing activities		**–90,123**	**–13,209**
Proceeds from Financial liabilities		159,928	136,939
Repayments of Financial liabilities		–137,026	–205,611
Dividends to owners of TAKKT AG		–20,995	–20,995
Cash flow from financing activities		**1,907**	**–89,667**
Cash and cash equivalents on 01/01		4,043	5,857
Cash and cash equivalents classified as Assets held for sale on 01/01		189	0
Increase/decrease in Cash and cash equivalents		–940	–1,654
Non-cash increase/decrease in Cash and cash equivalents		–28	29
Cash and cash equivalents classified as Assets held for sale on 12/31		**0**	**189**
Cash and cash equivalents on 12/31	(19)	**3,264**	**4,043**

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 of funds into 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.

Capital expenditure relates to maintenance, expansion and modernization of the business. Proceeds from the disposal of consolidated companies in the amount of EUR 16,119 thousand refer to the sale of the North American Group division PEG. Cash outflows for the acquisition of consolidated companies relate to payments regarding the acquisition of Post-Up Stand (EUR 13,723 thousand) and BiGDUG (EUR 25,483 thousand) in 2015 as well as to the last partial payments of the purchase price liabilities relating to the acquisitions of GPA (EUR 52,981 thousand) and UBEN (EUR 116 thousand) in the 2012 and 2011 financial years.

Cash outflows relating to the outstanding purchase price liability for GPA were separated according to IAS 7 Statement of Cash Flows. EUR 52,981 thousand are recorded in the Cash flow from investing activities as Cash outflows for the acquisition of consolidated companies. Cash outflows relating to accrued interest and profit-affecting adjustments of the originally expected purchase price liability are included in the Cash flow from operating activities in the amount of EUR 16,207 thousand. Adjusted for this effect the cash flow from operating activities amounts to EUR 103,483 thousand.

Increases in inventories and trade receivables notably affected the Cash flow from operating activities. The buildup of inventories, which in particular took place at different facilities in the US, is attributable to the high local demand, the addition of a new warehouse at Hubert located at the West Coast and the goal to ensure quick availability for an even broader part of the product range. The increase in trade receivables resulted from a general organic growth and strong sales in December 2015.

The Cash flow from operating activities includes interest receipts of EUR 20 thousand (EUR 30 thousand), interest payments of EUR 6,335 thousand (EUR 8,496 thousand) as well as payments from associated companies in the amount of EUR 0 thousand (EUR 99 thousand). In 2015, income taxes of EUR 27,101 thousand (EUR 28,674 thousand) were paid.

Cash flow from financing activities includes payments from transactions with owners as well as payments from changes in financial liabilities. The transactions with owners are related to the distribution of dividends to the shareholders of the TAKKT AG in the amount of EUR 20,995 thousand (EUR 20,955 thousand). The cash-effective changes of the financial liabilities concern the incoming and outgoing payments in order to borrow or repay financial liabilities. These include particularly the increase of liabilities to banks in the amount of EUR 64,135 thousand (in the previous year repayment of EUR 37,616 thousand), the repayment of promissory notes in the amount of EUR 29,000 thousand (EUR 77,500 thousand) as well as the repayment of financial liabilities to affiliated companies in the amount of EUR 12,587 thousand (in the previous year increase of EUR 48,813 thousand). The components of financial liabilities are explained on page 134 seq.

Cash and cash equivalents include checks, cash on hand and bank balances with a term of up to three months and comprise the balance sheet item Cash and cash equivalents and the cash recognized under Assets held for sale. These were not netted off with short-term financial liabilities. The cash and cash equivalents are not subject to any restrictions on disposal.

Segment reporting 2015 of the TAKKT Group *in EUR thousand*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	538,013	525,755	1,063,768	0	0	1,063,768
Inter-segment sales	291	1	292	0	–292	0
Segment sales	538,304	525,756	1,064,060	0	–292	1,063,768
Other non-cash expenses (+) and income (–)	1,617	2,291	3,908	944	0	4,852
EBITDA	98,373	68,946	167,319	–9,995	0	157,324
Depreciation and amortization of segment assets	19,068	8,743	27,811	149	0	27,960
Impairment of segment assets	0	0	0	0	0	0
EBIT	79,305	60,203	139,508	–10,144	0	129,364
Income from associated companies	0	0	0	0	0	0
Finance expenses	–4,449	–4,249	–8,698	–3,555	3,253	–9,000
Interest and similar income	89	2	91	3,182	–3,253	20
Profit before tax	74,460	55,969	130,429	–10,517	0	119,912
Income tax expense	21,174	20,623	41,797	–2,917	0	38,880
Profit	53,286	35,346	88,632	–7,600	0	81,032
TAKKT cash flow	70,294	51,687	121,981	–7,813	0	114,168
Segment assets	604,461	454,026	1,058,487	108,350	–202,679	964,158
thereof investment in non-current assets*	9,418	4,740	14,158	83	0	14,241
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	2,496	1,493	3,989	3,988	–4,220	3,757
Segment liabilities	266,563	245,540	512,103	181,336	–202,679	490,760
thereof deferred tax and income tax payables	31,519	47,757	79,276	4,995	–4,220	80,051
thereof financial liabilities (non-current and current)	153,450	140,168	293,618	152,093	–198,425	247,286
Average no. of employees (full-time equivalent)	1,264	970	2,234	34	0	2,268
Employees at the closing date (full-time equivalent)	1,297	972	2,269	35	0	2,304

* *Without investments in non-current assets from acquisition of subsidiaries, please refer to the details on page 153 et seqq.*

Segment reporting by geographical region 2015 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	243,629	295,987	506,153	17,999	1,063,768
Non-current assets*	366,287	42,044	324,393	94	732,818

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

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

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	519,508	460,877	980,385	0	0	980,385
Inter-segment sales	300	4	304	0	–304	0
Segment sales	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 financial liabilities (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 by geographical region 2014 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales 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 INFORMATION

Within the scope of segment reporting under IFRS 8, the activities of the TAKKT Group are broken down according to the organizational structure. The breakdown is carried out according to the management approach. Correspondingly, segment reporting is presented on the basis of internal reporting to the Management Board of TAKKT AG as the chief operating decision maker. The reportable segments are TAKKT EUROPE and TAKKT AMERICA. These segments correspond to the geographical areas the group is acting in. 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.

Investments in non-current segment assets comprise additions to Property, plant and equipment, to Other intangible assets and to long-term financial assets. Investments from acquisition of subsidiaries are not included.

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

The Business Equipment Group (BEG), consisting of the KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and BiGDUG brands, offers products for transportation, plant, warehouse and office equipment in more than twenty countries in Europe as well as in China. BEG's customers include industrial enterprises as well as companies from the areas of service, retail and public bodies.

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

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

The Specialties Group (SPG), consisting of the brands Hubert in the USA, Canada, Germany, France and Switzerland as well as Central Restaurant Products, Retail Resource, Displays2Go and Post-Up Stand in the USA, sells catering equipment, supply items and promotion 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. In addition to companies, its customers include government agencies, the health care sector, schools and churches.

Until January 30, 2015, TAKKT AMERICA segment contained the division 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, the division sold products in the area of transport, storage and plant equipment. The division PEG has been sold as of January 30, 2015. Further information on the sale of PEG can be found on page 153.

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

Sales to third parties are 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, 2015

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 IFRS 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 22, 2016.

New reporting standards

The following reporting standards and interpretations, having been passed or amended by IASB and IFRS IC and endorsed by the EU, were mandatory for the first time in the 2015 financial year for TAKKT:

Standard		Status	Applicable from
IFRIC 21	Levies	new	6/17/2014
AIP 2011 – 2013	Annual Improvements Project IASB 2011 – 2013	amended	1/1/2015

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

The IASB has passed new and revised standards which TAKKT must only apply starting January 01, 2016 or later. Some of these standards still have to be approved by the EU prior to their application. Specifically, these include the following reporting standards and interpretations:

Standard		Status	Applicable from
IFRS 9	Financial Instruments	new	1/1/2018
IFRS 14	Regulatory Deferral Accounts	new	1/1/2016
IFRS 15	Revenue from Contracts with Customers	new	1/1/2018
IFRS 16	Leases	new	1/1/2019
Amendments to IAS 1	Disclosure Initiative	amended	1/1/2016
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	amended	2/1/2015
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	amended	1/1/2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the Consolidation Exemption	amended	1/1/2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	amended	1/12/016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	amended	1/1/2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	amended	1/1/2016
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	amended	1/1/2017
Amendments to IAS 7	Disclosure Initiative	amended	1/1/2017
AIP 2010 – 2012	Annual Improvements Project IASB 2010 – 2012	amended	2/1/2015
AIP 2012 – 2014	Annual Improvements Project IASB 2012 – 2014	amended	1/1/2016

The option of applying standards already approved by the IASB early is 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. In January 2016, the IASB published the new standard IFRS 16 Leases. According to this standard in general all leasing agreements have to be recorded in the balance sheet of the lessee. As of the balance sheet date, TAKKT has obligations from minimum lease payments from operating leasing agreements in the amount of EUR 54.1 million. These include primarily rental agreements for office and warehouse buildings. For details, refer to page 158.

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, 2015, 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, 11 (12) domestic and 62 (60) 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, 2014.

Event	Subsidiary	Segment
Foundation	Vinylbanner LLC, New York/USA	TAKKT AMERICA
Acquisition	Suntwist Corp., Maple Heights/USA	TAKKT AMERICA
	TRT Banners LLC, Pepper Pike/USA	TAKKT AMERICA
	Popupbanner LLC, Deerfield Beach/USA	TAKKT AMERICA
	BiGDUG Ltd., Gloucester/Great Britain	TAKKT EUROPE
	eMazing Advertising Ltd., Gloucester/Great Britain	TAKKT EUROPE
	Shelving 247 Ltd., Gloucester/Great Britain	TAKKT EUROPE
	Racking.com (UK) Ltd., Gloucester/Great Britain	TAKKT EUROPE
	Speedyshelving Ltd., Gloucester/Great Britain	TAKKT EUROPE
Merger	DMP Design Möbelvertrieb Pfungstadt GmbH, Pfungstadt/Germany (merged into VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt/Germany)	TAKKT EUROPE
Sale	C&H Service LLC, Milwaukee/USA	TAKKT AMERICA
	C&H Distributors LLC, Milwaukee/USA	TAKKT AMERICA
	Avenue Industrial Supply Co. Ltd., Richmond Hill/Canada	TAKKT AMERICA
	C&H Productos Industriales SRLCV, Mexico City/Mexico	TAKKT AMERICA
	IndustrialSupplies.com LLC, Milwaukee/USA	TAKKT AMERICA
	Products for Industry LLC, Milwaukee/USA	TAKKT AMERICA
Liquidation	Hubert B.V., Lisse/The Netherlands	TAKKT AMERICA

There is one domestic associated company.

On December 31, 2015, TAKKT AG was a 50.2 (50.2) 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 TAKKT AG 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, December 31, 2015. 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 111 et seq.

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

Intercompany profits and losses, sales, 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 favor of other consolidated subsidiaries are eliminated.

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

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 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 Other comprehensive income without any effect on profit.

If a foreign business operation is disposed of, currency differences, which until then were recorded in 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	2015	2014	2015	2014
USD	USA	1.0887	1.2141	1.1087	1.3262
CHF	Switzerland	1.0835	1.2024	1.0669	1.2145
GBP	UK	0.7340	0.7789	0.7255	0.8058
SEK	Sweden	9.1895	9.3930	9.3529	9.0983
CAD	Canada	1.5116	1.4063	1.4166	1.4652

ACCOUNTING AND VALUATION PRINCIPLES

Sales include sales of products and services less cash discounts, rebates and accruals from customer loyalty programs. Sales from selling products are realized when the risks and rewards of ownership have been transferred to the customer, the amount of the sales can be reliably determined and collectibility can be reasonably expected. Sales are 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 sales.

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 the asset's fair value less cost to sell and the present value of future cash flows from the usage of the asset (value in use).

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

Income tax expense includes income tax as well as deferred tax. 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	
	2015	2014
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 financial liabilities.

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 4 (5) cash generating units.

The impairment test is based on a detailed plan of the future cash flows before interest and taxes less capital expenditure on maintenance and replacements less changes in the net working capital 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 sales 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 after taxes derived from the Capital Asset Pricing Model, the WACC rate before 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 consists 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 within the Group was based on the following useful lives:

	Useful life in years	
	2015	2014
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3 – 11	3 – 11
Supplier relationships	5	5
Domain names	10	10
Catalog-/web design	3 – 10	5 or 10
Software, licenses and similar rights	2 – 7	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 respectively 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 given). 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 to 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 relate to derivative financial instruments and contingent considerations. They are subject to a recurring fair value measurement. Derivative financial instruments are included in current Other receivables and assets as well as in current Other liabilities and relate to level 2. Contingent considerations are included in current and non-current Other 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 contingent considerations´ fair value is calculated by risk-adjusted discounting the most likely expected value 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 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 typically 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.

Is a net investment in a foreign operation hedged (Hedge of a Net Investment), all changes of the hedging instrument that are deemed effective and the result of the currency translation of the hedged investment are recognized in equity with no effect on profit or loss. Gains and losses attributable to the ineffective portion are recorded in the statement of income with an effect on profits. Cumulative valuation changes of the hedging instrument and the result of the currency translation of the underlying transaction that have been recorded in equity are only recognized in profit or loss on disposal of the investment.

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, 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.

The consolidated financial statements are prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities and assets. The premises underlying these assumptions and estimates are based on the management knowledge available at that given time. The assumptions and estimates primarily concern the items set forth below.

During the acquisition of companies all identifiable assets, liabilities and contingent liabilities are measured at fair value within the scope of the purchase price allocation. The fair value is determined by recognized valuation methods depending on the type of asset. These valuations are closely related to the management's assumptions concerning the future development of the assets and the applied discount rates. The recognized fair values represent key estimates as well as the goodwill derived from the purchase price allocation.

In addition to the determination of fair values of the assets, liabilities and contingent liabilities acquired, the valuation of contingent consideration for business combinations is based on management's estimates and assumptions regarding the future development of the acquired entity. Deviations of the future actual development of the entity compared to the expected development may affect the amount of contingent consideration and the profit after taxes.

Impairment tests of goodwill and other intangible assets with indefinite useful lives are based on forward-looking assumptions. These assumptions consider past developments and assumptions concerning the future development of markets. The main assumptions are the future sales growth and operational margin in the detailed planning period, estimated growth rates after the detailed planning period, weighted average cost of capital and tax rates. The premises above and the underlying calculation model can significantly influence the individual values and ultimately the amount of a possible impairment.

In the case of trade receivables, valuation allowances on doubtful debts rely to a large extent on estimates and assessments made on the analysis of the aging structure and the basis of the relevant customer's creditworthiness. Actual cash inflows may deviate from the carrying amounts. Valuation allowances for inventories are mainly derived from experience based sell-down periods.

The key assumptions and estimates for the measurement of provisions, especially those for pensions, litigations, onerous contracts and restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. Warranty provisions need to be assessed based on experience in regard to past warranty claims. In addition, pension obligations under defined benefit plans require actuarial assumptions regarding salary and pension trends, life expectancies and employee turnover. The actual development, and hence actual payments due in the future, may deviate from the expected development and the recognized provisions.

Deferred tax assets and liabilities are measured on the basis of management's assumptions and estimates. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carry forwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax planning opportunities for utilizing tax loss carry forwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date. Although the assumptions and estimates are made with management's best knowledge, future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This applies in particular to obligations where existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

2. NOTES TO THE INCOME STATEMENT

(1) Sales *in EUR thousand*

	2015	2014
Sales with third parties	1,063,142	979,854
Sales with affiliated companies	626	531
	1,063,768	**980,385**

Sales are generated mainly by selling goods. Sales resulting from the provision of services are of minor significance.

Sales 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 sales with affiliated companies can be found under related-party transactions on page 159. A breakdown of sales by segment and geographical region is shown in the segment reporting on page 104 et seq.

(2) Other operating income *in EUR thousand*

	2015	2014
Rental income	1,268	335
Income from the release of allowances	455	332
Income from the disposal of non-current assets	106	87
Profit from deconsolidation	3,345	0
Operating income	3,311	3,281
Other income	2,687	3,867
	11,172	**7,902**

(3) Personnel expenses *in EUR thousand*

	2015	2014
Wages and salaries	125,884	119,824
Social security costs	22,858	21,718
Retirement costs	4,726	3,924
Release of personnel-related provisions	−425	−851
Other	1,157	909
	154,200	**145,524**

For the number of employees in the Group please refer to the segment reports on page 104 et seq.

(4) Other operating expenses *in EUR thousand*

	2015	2014
Valuation allowances on current assets	1,608	1,878
Release of provisions	–310	–1,598
Operating leasing and rents	12,552	13,720
Foreign exchange differences	824	–94
Restructuring cost	0	250
Operating taxes	2,037	1,493
Operating expenses	109,809	103,805
Administrative expenses	26,362	23,058
	152,882	**142,512**

Further information concerning the restructuring cost can be found on page 141.

Valuation allowances mainly relate to trade receivables and full write-offs of trade receivables where they cannot be recovered. Write-offs amounted to EUR 1,275 thousand (EUR 1,200 thousand).

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

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*

	2015	2014
Property, plant and equipment	12,810	11,950
Other intangible assets	15,150	14,582
	27,960	**26,532**

Depreciation and amortization comprises scheduled amortization amounting to EUR 12,163 thousand (EUR 10,999 thousand) relating to intangible assets recorded in conjunction with purchase price allocations.

In the current financial year no impairments were recognized. In the prior year in the segment TAKKT EUROPE, impairments according to IAS 36 in the amount of EUR 107 thousand were made on Property, plant and equipment. These were related to leasehold improvements in premises that are abandoned prematurely. In addition, in prior year in the TAKKT AMERICA segment, impairments on Intangible assets in the amount of EUR 491 thousand were recorded. These were related to a release change for an ERP software that was used from PEG and that was not 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 2014 and 2015 financial years. Further information can be found in the following section Impairment of goodwill. Please refer to the details on page 126 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 2014 and 2015 financial years. Please refer to the details on page 111 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 (before taxes) (in percent)		Growth of Perpetuity rate (in percent)	
	2015	2014	**2015**	2014	**2015**	2014
Business Equipment Group	119,811	96,999	8.6	9.8	1.0	2.0
Packaging Solutions Group	152,656	152,656	8.0	9.7	2.0	2.0
Specialties Group	224,974	186,660	9.2	11.3	2.0	2.0
Office Equipment Group	42,828	38,405	9.3	11.1	2.0	2.0

The compound annual growth rate in external sales in the detailed planning period is between 4.6 (1.2) percent and 6.3 (6.4) percent for the cash generating units. The gross profit margins were assumed to be stable to slightly declining.

The evidence for recoverability at all cash generating units is based on the value in use. Performing the impairment tests sensitivity analyses were also carried out. Increasing the weighted average cost of capital (WACC) before taxes by one percentage point or decreasing perpetuity rate by one percentage point would not have resulted in an impairment of goodwill. This applies also to a reduction of cash flows before interest and taxes in the perpetuity by ten percent.

With effect of January 30, 2015, the cash generating unit PEG was sold. As of December 31, 2014, the goodwill of PEG was already reclassified into Assets held for sale. The consideration received for the disposal in the amount of EUR 22.872 thousand clearly exceeded the disposed assets of the PEG, amounting to EUR 14.067 thousand, including a goodwill of EUR 2.505 thousand. For further information on the sale of PEG, please refer to page 153.

Additional details on goodwill can be found in the corresponding notes on page 126 et seq. A description of the cash generation units can be found in the corresponding notes in the Segment reporting on page 106.

(7) Finance expenses *in EUR thousand*

	2015	2014
Interest portion of finance leases	–1,578	–1,685
Interest portion of pension provisions	–1,061	–1,336
Interest portion of purchase price liabilities	–1,441	–1,556
Interest on financial liabilities	–4,920	–6,725
	–9,000	**–11,302**

The Interest portion of purchase price liabilities results from accruing interest expense relating to the purchase price liability recorded in connection with the acquisitions of Post-Up Stand, BiGDUG and GPA. In 2014 financial year this position included only accrued interest expense relating to the purchase price liability recorded in connection with the acquisition of GPA which was paid in the first quarter of 2015.

The Interest on financial liabilities 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 145 and interest rate hedges on page 150.

(8) Other finance result *in EUR thousand*

	2015	2014
Valuation of financial instruments	–472	–288
Interest and similar income	20	30
	–452	**–258**

More details on the use of derivative financial instruments are disclosed in the Risk and opportunities report on page 82 et. seq. as well as in the notes on page 143 et seqq.

(9) Income tax expense

Income tax expense includes income tax paid respectively 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*

	2015	2014
Income tax	33,704	27,198
Deferred tax	5,176	6,479
	38,880	**33,677**

Income tax expense includes expenses of EUR 163 thousand (EUR 100 thousand) relating to prior periods. Deferred tax expense of EUR 1,515 thousand (EUR 2,392 thousand) results from the changes of allowances on deferred tax assets. Deferred tax expense of EUR 9 thousand (EUR 6 thousand) results from tax rate changes. In the financial year, write-downs on deferred tax assets in the amount of EUR 13 thousand (EUR 62 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*

	2015	2014
Profit before tax	**119,912**	**99,341**
Expected average tax expense	36,813	30,498
Changes in tax rates	9	6
Differences between local and Group tax rates	1,200	255
Non-deductible expenses	1,724	930
Non-taxable income	–367	–475
Allowance for deferred tax assets	1,515	2,392
Taxes relating to prior years	163	100
Non-tax effective profit from deconsolidation	–1,980	0
Other differences	–197	–29
Income tax expense per the consolidated income statement	**38,880**	**33,677**
Tax ratio (in percent)	32.4	33.9

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2015. 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 32.4 (33.9) percent in the reporting period. The reason for this was the non-taxable deconsolidation gain from the sale of PEG. Adjusted for this effect, the tax ratio of the Group would have increased to 34.1 percent compared to the previous year's period.

In the USA a capital loss deductible for tax purposes resulted from the sale of the PEG and can be offset within the next five years if taxable capital gains are generated.

(10) Earnings per share

	2015	2014
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)	81,032	65,664
Earnings per share (in EUR)	1.24	1.00
TAKKT cash flow (in EUR thousand)	114,168	98,675
TAKKT cash flow per share (in EUR)	1.74	1.50

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 01/01/2015	137,786	74,235	137	212,158
Currency translation	3,567	2,156	4	5,727
Changes in scope of consolidation	230	876	0	1,106
Additions	196	5,196	568	5,960
Transfers	40	29	–69	0
Reclassification into assets held for sale	0	0	0	0
Disposals	–95	–2,942	–72	–3,109
Balance at 12/31/2015	**141,724**	**79,550**	**568**	**221,842**
Cumulative depreciation and impairment				
Balance at 01/01/2015	52,054	47,870	72	99,996
Currency translation	1,433	1,666	0	3,099
Additions	5,740	7,070	0	12,810
Transfers	0	0	0	0
Reclassification into assets held for sale	0	0	0	0
Disposals	–67	–2,757	–72	–2,896
Balance at 12/31/2015	**59,160**	**53,849**	**0**	**113,009**
Net book values				
Balance at 12/31/2015	**82,564**	**25,701**	**568**	**108,833**

Details on impairments in accordance with IAS 36 can be found on page 120.

The book value of property, plant and equipment acquired under a finance lease came to EUR 31,244 thousand (EUR 33,668 thousand) as of the closing date. Leased assets are shown under land and buildings with EUR 29,506 thousand (EUR 31,651 thousand) and under equipment with EUR 1,738 thousand (EUR 2,017 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 353 thousand (EUR 278 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 12/31/2014	**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	0
Reclassification into assets held for sale	–176	–5,307	0	–5,483
Disposals	–531	–3,691	0	–4,222
Balance at 12/31/2014	**52,054**	**47,870**	**72**	**99,996**
Net book values				
Balance at 12/31/2014	**85,732**	**26,365**	**65**	**112,162**

(12) Goodwill *in EUR thousand*

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01/01/2015	304,444	183,136	487,580
Currency translation	25,724	–803	24,921
Additions	17,013	23,615	40,628
Reclassification into assets held for sale	0	0	0
Disposals	0	0	0
Balance at 12/31/2015	**347,181**	**205,948**	**553,129**
Cumulative impairment			
Balance at 01/01/2015 / 12/31/2015	**0**	**12,860**	**12,860**
Net book values			
Balance at 12/31/2015	**347,181**	**193,088**	**540,269**

	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 12/31/2014	**304,444**	**183,136**	**487,580**
Cumulative impairment			
Balance at 01/01/2014 / 12/31/2014	**0**	**12,860**	**12,860**
Net book values			
Balance at 12/31/2014	**304,444**	**170,276**	**474,720**

The increase in goodwill is due to the acquisition of Post-Up Stand within the SPG. The financial year´s increase in goodwill on consolidation relates to the acquisition of BiGDUG within the BEG. For further information concerning the acquisitions, please refer to page 153 et seqq.

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

Book value of goodwill *in EUR thousand*

Cash generating units	2015	2014
Business Equipment Group	79,379	79,379
Specialties Group	224,974	186,660
Office Equipment Group	42,828	38,405
	347,181	**304,444**

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.

Book value of goodwill on consolidation *in EUR thousand*

Cash generating units	2015	2014
Business Equipment Group	40,432	17,620
Packaging Solutions Group	152,656	152,656
	193,088	**170,276**

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.

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 2015 or 2014 financial years. Taxable goodwill is amortized over a period of 15 years. At the reporting date, the resulting deferred taxes amounted to EUR 82,656 thousand (EUR 68,225 thousand). No deferred taxes result from goodwill on consolidation.

(13) Other intangible assets *in EUR thousand*

	Brands	Customer lists	Other (purchase price allocation)	Software, licenses and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01/01/2015	27,456	71,300	23,913	32,027	5,316	160,012
Currency translation	1,987	3,330	2,115	1,863	70	9,365
Changes in scope of consolidation	0	1,426	12,138	208	0	13,772
Additions	0	0	0	6,081	2,126	8,207
Transfers	0	0	0	4,759	–4,759	0
Reclassification into assets held for sale	0	0	0	0	0	0
Disposals	0	0	0	–1,932	0	–1,932
Balance at 12/31/2015	**29,443**	**76,056**	**38,166**	**43,006**	**2,753**	**189,424**
Cumulative amortization and impairment						
Balance at 01/01/2015	165	39,893	17,415	27,942	536	85,951
Currency translation	18	2,847	1,853	1,707	62	6,487
Additions	0	8,002	4,161	2,987	0	15,150
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclassification into assets held for sale	0	0	0	0	0	0
Disposals	0	0	0	–1,844	0	–1,844
Balance at 12/31/2015	**183**	**50,742**	**23,429**	**30,792**	**598**	**105,744**
Net book values						
Balance at 12/31/2015	**29,260**	**25,314**	**14,737**	**12,214**	**2,155**	**83,680**

	Brands	Customer lists	Other (purchase price allocation)	Software, licenses 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 12/31/2014	**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 12/31/2014	**165**	**39,893**	**17,415**	**27,942**	**536**	**85,951**
Net book values						
Balance at 12/31/2014	**27,291**	**31,407**	**6,498**	**4,085**	**4,780**	**74,061**

Major additions in the year under review relate to modules of ERP systems in the divisions BEG and PSG.

Details on impairments in accordance with IAS 36 can be found on page 120.

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 29,260 thousand (EUR 27,291 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 11,574 thousand (EUR 10,378 thousand) and to the cash generating unit OEG in the amount of EUR 7,486 thousand (EUR 6,713 thousand). The customer lists relate to the cash generating unit PSG in the amount of EUR 20,479 thousand (EUR 26,656 thousand), to the SPG in the amount of EUR 4,211 thousand (EUR 4,751 thousand) and to the BEG in the amount of EUR 624 thousand (EUR 0 thousand) and have a remaining useful life between 2 and 7 years.

Purchase commitments for intangible assets amount to EUR 44 thousand (EUR 219 thousand).

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

(15) Deferred tax

Deferred tax on loss carry forwards *in EUR thousand*

	2015	2014
Deferred tax on loss carry forwards (gross)	7,205	8,574
Allowance	–7,123	–8,447
Deferred tax on loss carry forwards (net)	**82**	**127**

Expiration of impaired loss carry forwards *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2015	2,192	15,996	4,045	4,400	26,633
2014	3,611	15,613	7,070	5,209	31,503

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	
	2015	2014	2015	2014
Property, plant and equipment and other intangible assets	7,289	7,319	22,844	23,406
Goodwill	0	139	82,656	68,364
Inventories	3,760	2,868	195	139
Trade receivables and other assets	1,854	2,148	685	447
Non-current provisions	10,842	11,300	0	0
Current provisions	1,005	900	182	37
Financial liabilities	10,350	10,889	345	31
Other liabilities	3,694	1,114	70	29
Market value of derivative financial instruments	225	117	162	72
Loss carry forwards	82	127	0	0
Subtotal	**39,101**	**36,921**	**107,139**	**92,525**
Netting	–37,094	–35,014	–37,094	–35,014
Consolidated balance sheet	**2,007**	**1,907**	**70,045**	**57,511**

Deferred taxes of minus EUR 268 thousand (EUR 41 thousand) on the market value of original and derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 6,422 thousand (EUR 7,804 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 2,007 thousand (EUR 1,907 thousand), EUR 164 thousand (EUR 134 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 on the loss history in the past.

In accordance with IAS 12.39, no deferred tax liabilities are reported for the retained earnings of subsidiaries because TAKKT is able to control the timing of the reversal of the temporary difference and it is probably that the temporary differences will not reverse in the foreseeable future.

In the event of future dividend payouts, there would be a tax liability of EUR 3,877 thousand (EUR 3,582 thousand). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

(16) Inventories *in EUR thousand*

	2015	2014
Raw materials and supplies	3,741	1,612
Work in progress	1,593	1,167
Finished goods and purchased merchandise	96,552	78,418
Payments on account	1,925	1,360
	103,811	**82,557**

An obsolescence reserve of EUR 9,237 thousand (EUR 8,436 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 152 thousand (EUR 238 thousand) were eliminated.

(17) Trade receivables

Development of allowances on trade receivables *in EUR thousand*

	2015	2014
Balance at 01/01	3,316	3,015
Additions	266	610
Release	–292	–266
Currency translation and other changes	99	–43
Balance at 12/31	**3,389**	**3,316**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (page 143 et seqq.).

TAKKT has not capitalized any overdue receivables that are not impaired.

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

	2015	2014
Market value of derivative financial instruments	447	233
Other tax receivables	1,933	2,259
Bonus claims against suppliers	14,703	12,263
Deferred expenses	5,081	4,785
Other	3,571	1,776
	25,735	**21,316**

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

	2015	2014
Checks, cash balances	100	160
Bank balances	3,164	3,883
	3,264	**4,043**

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

(20) Assets and Liabilities held for sale

At the balance sheet date in the previous year the assets and liabilities of the Plant Equipment Group (PEG) belonging to the TAKKT AMERICA segment were recognized as held for sale. The sale of the membership interests of all companies belonging to the PEG was completed on January 30, 2015. The following table shows assets and liabilities of the PEG group which were recognized as held for sale in the prior year.

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**
Financial liabilities	892
Provisions	514
Trade payables	3,808
Other liabilities	3,590
Liabilities held for sale	**8,804**
Net assets	**13,517**

As at December 31, 2014, losses immediately recognized in Other components of equity that related to the disposal group amounted to EUR 1,722 thousand and resulted from currency translation effects.

For further information on the sale of PEG, please refer to page 153.

(21) Total equity

The consolidated statement of changes in total equity can be found on page 101. 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 Board is authorized, according to the resolution of the Shareholders' Meeting on May 6, 2014 until May 5, 2019, to acquire treasury shares. In 2015 the Management Board did not use its authorization. In accordance with the resolution of the Shareholders´ Meeting amending the statutes on May 6, 2014, with the approval of the Supervisory Board, the Management Board is authorized until May 5, 2019 to increase the issued capital by an amount of up to EUR 32,805,165.00 once or several times by issuing new no-par-value bearer shares, taking the subscription rights of the shareholders into account. 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 this authorization in 2015. Please refer to page 91 et. seq. 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	Cash flow hedges	Deferred tax	Foreign currency reserves	**Total**
Balance at 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 12/31/2014 / 01/01/2015	**–26,493**	**–130**	**7,845**	**–808**	**–19,586**
Changes in the scope of consolidation	0	0	0	0	0
Other comprehensive income	3,756	1,014	–1,691	23,526	26,605
thereof currency translation effects	–269	5	47	23,526	23,309
Balance at 12/31/2015	**–22,737**	**884**	**6,154**	**22,718**	**7,019**

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 the Shareholders' Meeting to pay a dividend of EUR 32,805 thousand (EUR 20,995 thousand) for the 2015 financial year. The million 65.6 no-par-value bearer shares will therefore correspond to a total dividend per share of EUR 0.50 (EUR 0.32).

(22) Non-current and current financial liabilities *in EUR thousand*

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	12/31/2015
Liabilities to banks	29,078	50,519	57,315	136,912
Promissory notes	0	33,454	0	33,454
Finance leases	2,099	12,988	18,310	33,397
Finance liabilities to affiliated companies	42,427	0	0	42,427
Other	0	1,096	0	1,096
	73,604	**98,057**	**75,625**	**247,286**
thereof long-term (maturity > 1 year)				173,682

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	12/31/2014
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 long-term (maturity > 1 year)				125,328

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 135.8 million (EUR 173.0 million). Average net financial liabilities for the financial year amounted to EUR 245,522 thousand (EUR 243,546 thousand). Debt was weighted by months.

The liabilities to banks are unsecured. Liabilities resulting from finance lease contracts refer to the central warehouse in Kamp-Lintfort/Germany and three rental properties of Ratioform Verpackungen GmbH in Pliening/Germany as well as a racking system.

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. In the fourth quarter of 2015 a tranche with fixed interest rate in the amount of EUR 29,000 thousand was repaid according to schedule.

At the reporting date, Other includes TAKKT performance bonds issued to TAKKT Group executives. In prior year issued EVA® certificates were included.

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 0 thousand (EUR 4,122 thousand) were offset against financial liabilities to affiliated companies of EUR 42,427 thousand (EUR 56,042 thousand) in accordance with IAS 32. A schedule of liabilities to affiliated companies can be found in related-party transactions on page 159.

Financial liabilities by currency and interest rate hedges *in EUR thousand*

	12/31/2015	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**132,073**	**53.4**		
Liabilities to banks	132,073	53.4	2.9	1.7
Other	0	0.0	n/a	n/a
EUR liabilities	**89,372**	**36.2**		
Liabilities to banks	4,764	1.9	2.9	0.7
Promissory notes	33,454	13.6	1.8	3.3
Finance leases (fixed interest rate)	33,397	13.5	7.6	4.6
Other	17,757	7.2	0.2	1.9
GBP liabilities	**25,766**	**10.4**		
Other	25,766	10.4	n/a	1.0
Liabilities other currencies	**75**	**0.0**	**n/a**	**n/a**
	247,286	**100.0**	**n/a**	**n/a**
thereof hedged	150,333	60.8		

	12/31/2014	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
GBP liabilities	**0**	**0.0**		
Other	0	0.0	n/a	n/a
Liabilities other currencies	**54**	**0.0**	**n/a**	**n/a**
	221,575	**100.0**	**n/a**	**n/a**
thereof hedged	140,761	63.5		

The calculation of the weighted remaining term of financial liabilities 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 150 et seqq.

(23) Non-current other liabilities

Non-current Other liabilities comprises mainly purchase price liabilities in the amount of EUR 14,032 thousand (EUR 0 thousand). Thereof EUR 11,574 thousand (EUR 0 thousand) are contingent considerations.

Additional information to contingent considerations can be found on page 157.

(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 target 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 Commercial Code (HGB) 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 few 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 represents 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 7 (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*

	2015	2014
Present value of funded obligations	14,702	11,553
Present value of unfunded obligations	46,751	49,741
Total present value of obligations	**61,453**	**61,294**
Fair value of plan assets	– 10,229	–8,642
Pension provision at 12/31	**51,224**	**52,652**

For the pension plans described above, the following parameters are applied for the calculation of the present value of obligations:

Parameters *in percent*

	2015		2014	
	EUR	CHF	EUR	CHF
Actuarial interest rate	2.50	0.60	2.00	1.30
Salary trend	2.75	1.50	2.75	1.50
Pension trend	1.75	0.00	1.75	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, 2015 is 20.1 (20.6) years.

All other commitments are not material and are determined using specific local accounting principles and parameters.

Development of pension provisions *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01/01/2015	**61,293**	**8,641**	**52,652**
Current service cost	2,817	0	2,817
Past service costs / gains and losses on settlements and curtailments	–325	0	–325
Personnel expenses	**2,492**	**0**	**2,492**
Interest expense / income / net interest expense	**1,206**	**145**	**1,061**
Remeasurements of plan assets	0	0	0
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	17	0	17
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	–3,511	0	–3,511
Experience gains / losses	–674	–143	–531
Changes to Other components of equity	**–4,168**	**–143**	**–4,025**
Effect of changes in foreign exchange rates	1,073	763	310
Transfer of obligation	0	0	0
Changes in scope of consolidation	0	0	0
Contributions of plan participants	241	241	0
Contributions of employer	0	338	–338
Benefit payments	–684	244	–928
Other effects	**630**	**1,586**	**–956**
Balance at 12/31/2015	**61,453**	**10,229**	**51,224**

	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 / gains and losses on settlements and curtailments	–72	0	–72
Personnel expenses	**1,896**	**0**	**1,896**
Interest expense / income / net interest expense	**1,530**	**194**	**1,336**
Remeasurements of 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 12/31/2014	**61,293**	**8,641**	**52,652**

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 353 thousand in 2016.

Past service costs in 2015 mainly result from adjusted conditions, specifically the reduction of interest rates, for Swiss pension commitments in a pension fund (collective foundation). Past service costs and gains and losses on settlements and curtailments in 2014 resulted 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	
	2015	2014
Actuarial interest rate		
Increase of 0.5 percentage points	55,867	55,773
Decrease of 0.5 percentage points	67,917	67,660
Salary trend		
Increase of 0.5 percentage points	62,535	62,430
Decrease of 0.5 percentage points	60,429	60,271
Pension trend		
Increase of 0.5 percentage points	64,401	64,049
Decrease of 0.5 percentage points	58,774	58,826
Mortality / Life expectancy		
Increase of 1 year	62,917	62,944
Decrease of 1 year	59,966	59,695

The following table shows the expected future pension benefit payments:

Expected maturity of pension benefits 2015 *in EUR thousand*

	2016	**2017–2020**	**2021–2025**
Expected Payments	1,119	5,231	7,866

Expected maturity of pension benefits 2014 *in EUR thousand*

	2015	2016–2019	2020–2024
Expected Payments	1,032	4,625	7,424

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 8,713 thousand (EUR 8,039 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 sales 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 2,234 thousand (EUR 2,028 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*

	01/01/2015	Currency translation	Changes in scope of consolida-tion	Usage	Transfers	Release	Additions	Reclassifi-cation into Liabilities held for sale	12/31/2015
Personnel obligations	3,832	0	0	–471	–1,033	–3	1,561	0	3,886
Other	1,247	28	64	–84	0	–18	181	0	1,418
Non-current other provisions	**5,079**	**28**	**64**	**–555**	**–1,033**	**–21**	**1,742**	**0**	**5,304**
Staff bonuses	9,886	449	68	–10,002	1,033	–271	9,980	0	11,143
Personnel obligations	953	54	0	–760	0	–151	1,455	0	1,551
Customer credit notes	1,369	98	24	–886	0	–113	1,046	0	1,538
Restructuring cost	851	38	0	–629	0	–42	0	0	218
Other	3,946	30	79	–325	0	–137	734	0	4,327
Current provisions	**17,005**	**669**	**171**	**–12,602**	**1,033**	**–714**	**13,215**	**0**	**18,777**

	01/01/2014	Currency translation	Changes in scope of consolida-tion	Usage	Transfers	Release	Additions	Reclassifi-cation into Liabilities held for sale	12/31/2014
Personnel obligations	5,274	0	0	–1,260	–744	–503	1,065	0	3,832
Other	1,325	52	0	–78	0	–79	173	–146	1,247
Non-current other provisions	**6,599**	**52**	**0**	**–1,338**	**–744**	**–582**	**1,238**	**–146**	**5,079**
Staff bonuses	6,523	518	0	–6,446	744	–330	9,131	–254	9,886
Personnel obligations	272	45	0	–270	0	–18	926	–2	953
Customer credit notes	1,333	127	0	–929	0	–126	1,077	–113	1,369
Restructuring cost	6,246	8	0	–5,243	0	–410	250	0	851
Other	4,476	34	0	–379	0	–983	798	0	3,946
Current provisions	**18,850**	**732**	**0**	**–13,267**	**744**	**–1,867**	**12,182**	**–369**	**17,005**

Non-current personnel obligations mainly comprise obligations for the performance cash plans of the Management Board and obligations for early retirement part-time working arrangements.

Provisions for restructuring, that have been recognized in the course of discontinuing the operations of the Topdeq division, comprise only rental obligations as of the balance sheet date.

(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*

	2015	2014
Customer payments on account	5,440	4,809
Market value of derivative financial instruments	732	620
Uninvoiced goods and services	13,034	10,529
Other tax payables	8,116	6,622
Personnel liabilities	4,110	3,914
Accrued interest	241	377
Social security contributions	1,042	904
Bonus liabilities to customers	2,838	2,166
Audit fees	1,003	882
Deferred income	735	795
Purchase price liabilities	0	61,135
Other	8,415	7,196
	45,706	**99,949**

The outstanding purchase price liability for George Patton Associates, Inc., Rhode Island/USA, which was acquired on April 01, 2012, was presented under current Other liabilities as of December 31, 2014 in the amount of EUR 61,019 thousand. After accruing interest of EUR 327 thousand and taking currency translation effects of EUR 7,842 thousand into account, the purchase price liability in the amount of EUR 69,188 thousand was settled in the first quarter of the 2015 financial year. The last part of the purchase price of UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany, which was acquired in 2011, was also presented under current Other liabilities as of December 31, 2014 and was settled in the third quarter of 2015 in the amount of EUR 116 thousand.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the risk and opportunities report contained in the Group management report on page 76 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, 2015 *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	733	0	0	35	768
Current assets						
Trade receivables	0	94,021	0	0	0	94,021
Other receivables and assets	25	18,275	0	421	7,014	25,735
Cash and cash equivalents	0	3,264	0	0	0	3,264
Assets	**25**	**116,293**	**0**			
Non-current liabilities						
Financial liabilities	0	0	142,384	31,298	0	173,682
Other liabilities	0	0	2,947	11,574	0	14,521
Current liabilities						
Financial liabilities	0	0	71,505	2,099	0	73,604
Trade payables	0	0	27,891	0	0	27,891
Other liabilities	98	0	4,206	634	40,768	45,706
Liabilities	**98**	**0**	**248,933**			

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						
Financial liabilities	0	0	91,931	33,397	0	125,328
Other liabilities	0	0	396	0	0	396
Current liabilities						
Financial liabilities	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**			

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 421 thousand (EUR 221 thousand) and a negative fair value of EUR 634 thousand (EUR 368 thousand), finance lease liabilities with a book value of EUR 33,397 thousand (EUR 35,416 thousand) and contingent considerations at a fair value of EUR 11,574 thousand (EUR 116 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 157. A definition of the levels can be found on page 114.

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:

Financial liabilities by book value and fair value *in EUR thousand*

	Book Value 12/31/2015	Fair Value 12/31/2015	Book Value 12/31/2014	Fair Value 12/31/2014
Finance leases	33,397	35,790	35,416	37,199
Promissory notes and relating accrued interest	33,678	34,250	62,776	63,495
	67,075	**70,040**	**98,192**	**100,694**

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.

In October 2015 a part of the promissory notes with fixed interest rate amounting to EUR 29,000 thousand was paid back according to schedule. Therefore 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	2015
Financial assets or liabilities at fair value through profit and loss	0	169	0	0	169
Loans and receivables	19	0	–982	–1,153	–2,116
Financial liabilities measured at amortized cost	–4,779	0	–640	0	–5,419
	–4,760	**169**	**–1,622**	**–1,153**	**–7,366**

	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**

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 80, 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 in the financial year write-offs on trade receivables remain very low at unchanged less than 0.2 percent of sales. Risks of write-offs are accounted for by customary ownership retention rights for goods delivered and by creating allowances.

Trade receivables *in EUR thousand*

	1/1/2015	Currency translation	Changes in scope of consolidation	Other changes	12/31/2015
Nominal value of receivables	86,570	3,701	483	6,656	97,410
Valuation allowances	–3,316	–90	0	17	–3,389
Book value of receivables	**83,254**	**3,611**	**483**	**6,673**	**94,021**

	1/1/2014	Currency translation	Changes in scope of consolidation	Other changes	12/31/2014
Nominal value of receivables	89,364	3,510	0	–6,304	86,570
Valuation allowances	–3,015	–91	0	–210	–3,316
Book value of receivables	**86,349**	**3,419**	**0**	**–6,514**	**83,254**

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, 2015. 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, 2015 *in EUR thousand*

	Cash flow 2016	Cash flow 2017	Cash flow 2018 – 2020	Cash flow 2021 – 2025	Cash flow 2026…
Original financial liabilities					
Liabilities to banks	–30,406	–46,789	–7,058	–57,372	0
Promissory notes	–1,112	–34,612	0	0	0
Finance leases	–3,597	–3,597	–14,477	–13,673	–12,186
Finance liabilities to affiliated companies	–42,500	0	0	0	0
Trade payables	–27,891	0	0	0	0
Other liabilities	–4,129	–163	–20,442	0	0
Derivative financial receivables					
Outgoing payments	–32,478	0	0	0	0
Connected incoming payments	32,890	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–30,349	–536	–225	0	0
Connected incoming payments	29,600	0	0	0	0

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

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 135.8 million (EUR 173.0 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 due to 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. As in the previous year, contracts have maturities of up to one year. No netting of currency derivatives was undertaken.

Currency hedging *in EUR thousand*

	Nominal value		Market value	
	2015	2014	**2015**	2014
Assets				
Currency derivatives designated as cash flow hedges	12,316	7,972	421	221
Currency derivatives without hedge accounting	20,300	5,500	25	11
Liabilities				
Currency derivatives designated as cash flow hedges	15,209	18,576	–177	–68
Currency derivatives without hedge accounting	14,406	42,906	–98	–252
	62,231	**74,954**	**171**	**–88**

Non-derivative financial liabilities denominated in foreign currency are used to hedge the net investment in a foreign operation. In 2015, gains after deferred taxes totaling EUR 747 thousand (EUR 0 thousand) resulting from the change in value of this hedge instrument were recorded in Other comprehensive income without affecting profit. There has been no ineffective portion of the net investment hedges.

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 sales) is in different currencies. Around 70 percent of the net foreign currency cash flows expected within TAKKT Group are hedged with currency instruments which can be designated as effective cash flow hedges and did not show any material ineffectiveness until 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 2015 financial year, gains after deferred taxes totaling EUR 152 thousand (EUR 102 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 104 thousand (EUR 69 thousand) recorded in Other comprehensive income were transferred to the statement of income (under Other operating expenses). With the payments taking place within the next twelve months, TAKKT expects that gains recorded in Other comprehensive income amounting to EUR 152 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*

	2015		2014	
	Cash flow 2016	Cash flow 2017…	Cash flow 2015	Cash flow 2016…
CAD	4,917	0	2,846	0
CHF	14,660	0	14,127	0
CZK	241	0	192	0
DKK	818	0	0	0
GBP	0	0	1,942	0
HUF	1,544	0	1,684	0
NOK	1,595	0	1,664	0
PLN	92	0	72	0
RON	380	0	427	0
RUB	234	0	258	0
SEK	1,672	0	2,369	0
TRY	328	0	489	0
USD	1,044	0	478	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*

12/31/2015	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+10%	0	+1,480
EUR/CHF	–10%	0	–1,480

12/31/2014	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

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	
	2015	2014	**2015**	2014
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	120,223	42,946	–458	–299
Interest rate derivatives without hedge accounting	0	0	0	0
	120,223	**42,946**	**–458**	**–299**

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 120,000 thousand as cash flow hedges. In addition to prior year-end's nominal volume of USD 40,000 thousand with a maturity date of June 30, 2016, TAKKT has entered into further interest rate swaps in March 2015. These are designed as amortizing swaps with a maturity date of September 28, 2018. Thereof USD 40,000 thousand started their term on March 31, 2015 and USD 40,000 thousand start their term on June 30, 2016.

Unchanged to the previous year 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 as of the balance sheet date.

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 2015, losses of EUR 398 thousand (EUR 566 thousand) after deferred taxes resulting from the change of fair values were recorded in Other comprehensive income without an effect on profits. Losses after deferred taxes recorded in equity amounting to EUR 303 thousand (EUR 658 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 as well as in October 2015. 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, 2015 are expected to occur. The anticipated hedged interest outpayments are the result of floating-rate US dollar liabilities with an initial nominal volume of USD 80,000 thousand (USD 40,000 thousand) and of floating-rate EUR liabilities with a nominal volume of EUR 10,000 thousand (EUR 10,000 thousand).

Underlying interest rate derivative transactions *in USD thousand /EUR thousand*

2015	Cash flow 2016	Cash flow 2017	Cash flow 2018–2020	Cash flow 2021–2025	Cash flow 2026...
USD	450	348	178	0	0
EUR	–3	–9	0	0	0

2014	Cash flow 2015	Cash flow 2016	Cash flow 2017–2019	Cash flow 2020–2024	Cash flow 2025...
USD	103	51	0	0	0
EUR	16	13	13	0	0

Other financial instruments
Floating rate financial instruments are included in the profit-related sensitivity calculation since 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*

12/31/2015	Increase/ decrease in basis points	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR	+100/–100	-51/+51	+92/-97
USD	+100/–100	-138/+138	+1,201/-1,248
GBP	+100/–100	-258/+258	0/0

12/31/2014	Increase/ decrease in basis points	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR	+100/–100	-693/+693	+191/–201
USD	+100/–100	-271/+271	+396/-408
GBP	+100/–100	0/0	+7/-7

5. OTHER NOTES

SALE AND ACQUISITION OF SUBSIDIARIES

Sale of Plant Equipment Group

The sale of the North American Group division Plant Equipment Group in the TAKKT AMERICA segment to Global Industrial Holdings LLC, Port Washington/USA, and Global Industrial Mexico Holdings Inc., Port Washington/USA, was completed on January 30, 2015. The consideration received for the sale amounts to EUR 22.9 million. Taking into account the cash and cash equivalents of EUR 1.0 million in the disposed division, an amount held in escrow of EUR 1.7 million and paid transaction costs of EUR 4.1 million, the total cash amount realized from the sale was EUR 16.1 million. As of January 30, 2015 assets totaling EUR 23.9 million as well as liabilities totaling EUR 9.8 million were removed from the balance sheet as a result of the sale. Taking into account transaction costs incurred during the financial year as well as the Other comprehensive income that has to be reclassified to profit and loss with the amount of EUR minus 2.4 million, the profit from deconsolidation amounts to EUR 3.3 million.

Acquisition of the Post-Up Stand group of companies

With effect from April 01, 2015, the TAKKT Group company TAKKT America Holding, Inc., Milwaukee/USA, acquired the Post-Up Stand group of companies based in Maple Heights/USA. Post-Up Stand is a leading and established specialist for customized printed advertising material, such as retractable banner stands, trade show displays and advertising banners, in the USA. In the 2014 financial year, Post-Up Stand generated sales of approximately USD 16 million and recorded an EBITDA margin of over 15 percent. The acquisition is an ideal addition to the successful display business of GPA and strengthens the Specialties Group.

The purchase price that was agreed upon for 100 percent of the shares is paid in two installments. An initial purchase price installment of USD 15.3 million was paid upon the closing of the transaction. Another fixed installment of USD 1.5 million is due in the second quarter of 2018. An additional contingent and variable purchase price component of up to USD 13.5 million depends on the company's achievement of performance goals over the next three years and is also payable in the second quarter of 2018. All payments will be made exclusively in cash. The outstanding installment and the conditional element of the purchase price that the Management Board expects were recognized under non-current Other liabilities with a discounted value of USD 9.1 million at the date of acquisition.

For tax purposes the transaction was configured as an asset deal. The following fair values of the assets and liabilities were recognized as first-time consolidation amounts of the company acquired in the second quarter of 2015:

	Fair value at acquisition date (in EUR million)
Assets	**6.7**
Other intangible assets	4.0
Property, plant and equipment	0.4
Inventories	1.6
Trade receivables	0.1
Other assets	0.2
Cash and cash equivalents	0.4
Liabilities	**1.0**
Trade payables	0.4
Other liabilities	0.6
Net assets acquired	**5.7**

The intangible assets identified as part of the purchase price allocation with a total value of EUR 3.9 million and their expected useful lives are listed in the following table:

	Fair value at acquisition date (in EUR million)	Useful life (in years)
Domain names	2.7	10
Customer relationships	0.6	3
Web shop	0.4	3
Catalog/Online content	0.2	3
	3.9	

No contingent liabilities were recognized. The remaining excess of the consideration made for the company amounting to EUR 22.7 million (USD 24.4 million) over the fair values of the acquired assets and liabilities that can be individually identified and measured is recognized as goodwill amounting to EUR 17.0 million. The goodwill reflects various factors. The most important ones are assembled workforce, employee knowledge and the strengthening of TAKKT Group's strategic position in North America. The goodwill as well as the identified intangible assets are fully tax deductible in principle. The component of goodwill resulting from the contingent payment will only have a tax effect from the date on and in the extent of the contingent liability turning into a deferred payment.

At the time of acquisition the fair value of the receivables acquired is EUR 0.1 million. Only trade receivables are included, with a gross and net value of EUR 0.1 million.

Following the transfer of control in April 2015, Post-Up Stand contributed sales of EUR 13.6 million and a total profit of EUR minus 0.1 million to the consolidated income statement. If the transaction had already been completed by January 01, 2015, the consolidated sales in 2015 would have been higher by EUR 18.2 million and the profit by EUR 0.2 million.

Incidental acquisition costs of EUR 0.4 million incurred as a result of the transaction were recognized under Other operating expenses and resulted in a lower profit. The former executives will continue to be responsible for managing the company after completion of the transaction.

Acquisition of BiGDUG

With effect from July 02, 2015, the TAKKT Group company KAISER+KRAFT EUROPA GmbH, Stuttgart/Germany, acquired the company BiGDUG Ltd. based in Gloucester/Great Britain. BiGDUG is a leading and established specialist in the online sale of business equipment, with an emphasis on storage solutions as well as racking and shelving products. In the 2014/2015 financial year, BiGDUG generated sales of approximately GBP 19 million and recorded an EBITDA margin in the middle of the TAKKT target corridor of 12 to 15 percent. The acquisition strengthens the online activities of the Business Equipment Group and is therefore an ideal addition to the current businesses.

A purchase price paid in cash upon completion of the transaction of GBP 22.3 million was agreed upon for 100 percent of the shares. In addition, a further potential and variable purchase price component of up to GBP 6.3 million was agreed. This earn out depends on the achievement of agreed performance goals over the next three years and would be payable in 2018, also in cash. The outstanding conditional element of the purchase price that the Management Board expects was recognized under non-current Other liabilities with its discounted value of GBP 3.3 million.

For tax purposes the transaction is classified as a share deal. The following fair values of the assets and liabilities were recognized as first-time consolidation amounts of the company acquired in the third quarter of 2015:

	Fair value at acquisition date (in EUR million)
Assets	**18.9**
Other intangible assets	9.8
Property, plant and equipment	0.6
Inventories	1.7
Trade receivables	0.4
Other assets	0.4
Cash and cash equivalents	6.0
Liabilities	**6.4**
Trade payables	2.3
Other liabilities	4.1
Net assets acquired	**12.5**

The intangible assets identified as part of the purchase price allocation with a total value of EUR 9.7 million and their expected useful lives are listed in the following table:

	Fair value at acquisition date (in EUR million)	Useful life (in years)
Domain names	5.4	10
Catalog/Online content	2.2	5
Web shop	1.3	3
Customer relationships	0.8	3
	9.7	

No contingent liabilities were recognized. The remaining excess of the consideration made for the company amounting to EUR 36.1 million (GBP 25.6 million) over the fair values of the acquired assets and liabilities that can be individually identified and measured is recognized as goodwill amounting to EUR 23.6 million. The goodwill reflects various factors. The most important ones are assembled workforce, employee knowledge and the strengthening of the portfolio in Europe. The goodwill as well as the identified intangible assets have no effect on taxation.

The net assets of BiGDUG, shown in the balance sheet in British pounds, were hedged by non-derivative foreign currency liabilities (Hedge of a Net Investment in a Foreign Operation).

At the time of acquisition the fair value of the receivables acquired is EUR 0.5 million. These basically consist of trade receivables, with a gross and net value of EUR 0.4 million.

Following the transfer of control in July 2015, BiGDUG contributed sales of EUR 13.9 million and a total loss of EUR minus 0.5 million to the consolidated income statement. If the transaction had already been completed by January 01, 2015, the consolidated sales in 2015 would have been higher by EUR 27.1 million and the profit lower by EUR minus 0.6 million.

Incidental acquisition costs of EUR 0.6 million incurred as a result of the transaction were recognized under Other operating expenses and resulted in a lower profit. The former executives will continue to manage the business of BiGDUG after completion of the transaction.

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 financial liabilities 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. 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 about the development of these key figures.

Internal covenants *in EUR thousand*

	2015	2014
Total equity	473,398	386,756
/ Total assets	964,158	882,477
Equity ratio (in percent)	**49.1**	**43.8**
Financial liabilities	247,286	221,575
./. Cash and cash equivalents	3,264	4,043
Net financial liabilities	244,022	217,532
/ Total equity	473,398	386,756
Gearing	**0.5**	**0.6**
Average net financial liabilities	245,522	243,546
/ TAKKT cash flow	114,168	98,675
Debt repayment period (in years)	**2.2**	**2.5**
Operating result before Goodwill impairment	129,364	110,802
/ Net interest expense (= Finance expenses less Interest and similar income)	8,980	11,272
Interest cover	**14.4**	**9.8**

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 significant positive value is sought, serves as benchmark for the longer-term value-based controlling. For more details on value-based corporate management, please refer to sections management system and company performance on page 47 et seq. and page 72 et seqq. of the annual report.

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed in a way 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 which are classified as unconsolidated structured entities. The two leasing companies have constructed the warehouses especially for TAKKT and rent them to the Group. TAKKT neither has 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*

	2015	2014
Land, buildings and similar assets	14,351	15,826
Non-current finance leases	15,487	16,841
Current finance leases	1,354	1,317

As of the balance sheet date other financial obligations that correspond to the minimum lease payments amount to EUR 19,085 thousand (EUR 20,966 thousand). There are no exposures to loss according to IFRS 12.

CHANGES IN CONTINGENT CONSIDERATIONS *in EUR million*

	2015	2014
Balance at 01/01	**0.1**	**0.2**
Additions	12.0	0.0
Disposals	–1.3	–0.1
Currency translation	–0.3	0.0
Accrued interest	1.1	0.0
Revaluation	0.0	0.0
Balance at 12/31	**11.6**	**0.1**

As of the balance sheet date, contingent considerations include contingent purchase price components which were agreed within the acquisitions of Post-Up Stand and BiGDUG in 2015. The amount of the contingent considerations, which are payable in 2018, depend on an earnings figure cumulated over three years. The earnings figure corresponds to the gross profit less advertising costs. The maximum payment amounts to USD 12.0 million (Post-Up Stand) respectively GBP 6.3 million (BiGDUG). A payment is only made if a certain threshold is exceeded. If the cumulated earnings figure expected from management was higher by five percent respectively lower by five percent the presented book value of the contingent consideration would be higher respectively lower by EUR 1.9 million as of the balance sheet date.

Disposals contain a part of the originally contingent consideration of Post-Up Stand in the amount of EUR 1.2 million. This part depended on the achievement of sales targets, which were fulfilled in 2015. As of the balance sheet date it is included in the unconditional purchase price liabilities.

EUR 0 thousand (EUR 116 thousand) of the contingent considerations are payable within one year. The determination of the amount of the contingent considerations is done on a regular basis through qualified staff and is agreed with the responsible management.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events which had any meaningful impact on the net assets, financial position and results of operations after the reporting date.

LEASING AND OTHER FINANCIAL OBLIGATIONS

Leasing and other financial obligations 2015 *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,577	18,013	25,842	47,432
Discounting	–1,478	–5,025	–7,532	–14,035
Present value	**2,099**	**12,988**	**18,310**	**33,397**
Operating leases				
Minimum lease payments	11,414	27,701	13,360	52,475

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

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. Minimum lease outgoing payments are offset by future minimum incoming lease payments from non-cancellable subletting arrangements in the amount of EUR 527 thousand (EUR 0 thousand).

STAFF PARTICIPATION MODEL

In 2015 executives of the TAKKT Group had the option of subscribing for TAKKT performance bonds for the first time. The term of the TAKKT performance bonds is five years. Premature termination is only permitted in specific cases. The interest rate of the subordinated TAKKT performance bonds is calculated anually. It includes a basic interest yield plus a subordination premium, plus respectively minus a positive respectively negative TAKKT value added spread. The minimum yield is zero percent per annum. The maximum yearly interest is capped. The TAKKT value added is defined as the difference between the profit generated after tax by the company and the cost of capital on the average capital employed. The profit generated after tax is defined as EBIT (adjusted for amortization of intangible assets from the acquisition of companies), reduced by the Income tax expense and increased by the Other financial result. The TAKKT performance bonds amount to EUR 1,096 thousand (EUR 0 thousand) and are disclosed as Other under Financial liabilities. An interest expense of EUR 26 thousand (EUR 0 thousand) was posted in the year under review.

The EVA® certificates issued by the TAKKT Group were paid fully in 2015. In prior year, they amounted to EUR 630 thousand and were presented as Other under Financial liabilities. An expense of EUR 6 thousand (EUR 31 thousand) was posted in the year under review. Until 2005, the executives of the TAKKT Group had the option of subscribing for EVA® certificates. EVA® certificates were bonds whose market value depended 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 were financially involved in the increase or decrease in value of the company for which they worked. In addition to the chance of generating a return, the owners could lose their entire investment depending on development. The certificates had a general maturity of ten years each. The certificate owners were entitled to cash in the certificates after five years at the earliest.

Additionally, German employees had again 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 2015. In total, 20,205 (18,000) shares were acquired by 442 (415) employees. This corresponds to a participation of 41.7 (38.6) percent of all eligible persons. The shares were bought at an average market price of EUR 14.38 (EUR 13.83) and sold to the employees at an average market price of EUR 11.21 (EUR 10.72). This resulted in a total expense of EUR 64 thousand (EUR 56 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, 2015 and made available to the shareholders on the web site of TAKKT AG (see page 92 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		Total	
	2015	2014	2015	2014	2015	2014	**2015**	2014
Sales/Other income	13	22	613	509	305	325	931	856
Other expenses	927	651	57	40	0	0	984	691
Finance expense	706	259	0	0	0	0	706	259
Receivables	0	0	19	120	13	9	32	129
Long-term payables	0	10,000	0	0	0	0	0	10,000
Short-term payables	42,427	41,920	2	1	0	0	42,429	41,921
Other financial obligations	610	656	0	0	0	0	610	656

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and/or suppliers. These customers and/or suppliers include companies that have a connection with members of the Management Board or of the Supervisory Board of TAKKT.

Related person transactions exclusively concern the Management Board and Supervisory Board of TAKKT AG and are described below.

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 93 et seqq.

Remuneration of the Management Board *in EUR thousand*

	2015	2014
Fixed salaries and benefits	1,047	1,048
Expenses for annual bonus	1,635	1,288
Expenses for the performance cash plans	1,065	125
Provisions for benefits after end of employment	600	421
	4,347	**2,882**

With the exception of the periodic adjustment of individual remuneration components and keeping in mind that one of the Board Members retired at the end of February 2014, 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 1,635 thousand (EUR 1,288 thousand) includes subsequent payments for the previous year in the amount of EUR 106 thousand (a provision release of EUR 63 thousand). Adjusted for these effects, the expenditure for the annual bonus was EUR 1,529 thousand (EUR 1,351 thousand).

The expenditure for the long-term performance cash plans amounted to EUR 1,065 thousand (EUR 125 thousand). In the previous year, this expense was reduced by EUR 501 thousand, due to the reversal of provisions that had previously been made for the current performance cash plans. The increase in provision expenses is attributable in part to share price performance in 2015 and the resulting future expectation for the performance cash plans. In the year under review, the performance cash plan approved for 2011 amounting to EUR 744 thousand was paid out to two current and two former members of the Management Board. The fair value of the ongoing performance cash plans from 2012 to 2015 (2011 to 2014) as well as the respective provision come to EUR 2,836 thousand (EUR 2,119 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 4,322 thousand (EUR 4,078 thousand).

As of December 31, 2015, the TAKKT Management Board members held 536 (536) shares. With the exception of liabilities from TAKKT performance bonds of EUR 307 thousand (EUR 0 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 447 thousand (EUR 342 thousand). The pension provision for former members amounts to EUR 7,096 thousand (EUR 6,494 thousand).

REMUNERATION OF SUPERVISORY BOARD

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 401 thousand (EUR 376 thousand), of which EUR 375 thousand (EUR 355 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 as EUR 15 thousand (EUR 10 thousand) for attendance fees. The member of the works council 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 compensation of the Supervisory Board is purely a fixed compensation. Of the claims granted, EUR 386 thousand (EUR 366 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2015, the Supervisory Board members held 3,140 (3,140) shares in TAKKT AG.

Detailed explanation of the remuneration of Supervisory Board can be found in the Corporate Governance section of the Management Report on page 95.

FEES FOR GROUP AUDITOR *in EUR thousand*

	2015	2014
Audit (individual companies and Group)	376	379
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	121	111
	497	**490**

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 2016 that it owned 50.2 (50.2) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2015.

For the notifications as per section 21(1) of WpHG, 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
VHZ Versandhandelszentrum 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, 2015

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., Râmnicu Vâlcea/Romania	30	100.00
35	KWESTO s.r.o., Nitra/Slovakia	30	100.00
36	KAISER+KRAFT (China) Commercial Co. Ltd., Shanghai/People's Rebublic 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	1	100.00
42	BiGDUG Ltd., Gloucester/Great Britain	2	100.00
43	eMazing Advertising Ltd., Gloucester/Great Britain	42	100.00
44	Shelving 247 Ltd., Gloucester/Great Britain	42	100.00
45	Racking.com (UK) Ltd., Gloucester/Great Britain	42	100.00
46	Speedyshelving Ltd., Gloucester/Great Britain	42	100.00

No.	Group companies	held by no.	interest %
47	Ratioform Holding GmbH, Pliening/Germany	1	100.00
48	Ratioform Verpackungen GmbH, Pliening/Germany	47	100.00
49	Ratioform Imballaggi S.r.l., Calvignasco/Italy	47	100.00
50	Ratioform Embalajes, S.A., Sant Esteve Sesrovires/Spain	48	100.00
51	Ratioform Verpackungen AG, Regensdorf/Switzerland	48	100.00
52	Davenport Paper Co. Ltd., Derby/Great Britain	48	100.00
53	TAKKT America Holding, Inc., Milwaukee/USA	1	100.00
54	Hubert Service North America LLC, Harrison/USA	53	100.00
55	Hubert Company LLC, Harrison/USA	53	100.00
56	Hubert Hong Kong Ltd., Hong Kong/China	54	100.00
57	SPG U.S. Retail Resource LLC, Harrison/USA	53	100.00
58	Hubert Distributing Company Ltd., Markham/Canada	53	100.00
59	Foodserviceplanet.com, LLC, Harrison/USA	53	100.00
60	Central Products LLC, Indianapolis/USA	53	100.00
61	George Patton Associates, Inc., Rhode Island/USA	53	100.00
62	Suntwist Corp., Maple Heights/USA	53	100.00
63	TRT Banners LLC, Pepper Pike/USA	53	100.00
64	Popupbanner LLC, Deerfield Beach/USA	53	100.00
65	Vinylbanner LLC, New York/USA	53	100.00
66	Hubert Europa Service GmbH, Pfungstadt/Germany	2	100.00
67	Hubert GmbH, Pfungstadt/Germany	66	100.00
68	Hubert Schweiz AG, Zug/Switzerland	66	100.00
69	Hubert S.A.S., Morangis/France	66	100.00
70	NBF Service LLC, Milwaukee/USA	53	100.00
71	National Business Furniture LLC, Milwaukee/USA	53	100.00
72	Dallas Midwest LLC, Dallas/USA	53	100.00
73	Officefurniture.com LLC, Milwaukee/USA	53	100.00
74	National Business Furniture Ltd., Richmond Hill/Canada	53	100.00

No.	Associated companies	held by no.	interest %
75	Simple System GmbH & Co. KG, Munich/Germany	2	33.00

REPRESENTATIVE BODIES AS OF DECEMBER 31, 2015

SUPERVISORY BOARD

Stephan Gemkow, Overath, born January 23, 1960
Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of EVONIK Industries AG, Essen
Member of the Board of Directors of JetBlue Airways Corp., New York/USA

Dr. Johannes Haupt, Karlsruhe, born June 29, 1961
Deputy Chairman
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
Chairman of the Advisory Board of BLANCO GmbH & Co. KG, Oberderdingen
Chairman of the Advisory Board of BLANCO Professional GmbH & Co. KG, Oberderdingen
Member of the Advisory Board of ARPA S.A.S., Niedermodern/France

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 METRO AG, Düsseldorf
Member of the Supervisory Board of Vonovia SE, Bochum

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
Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH, Göttingen
Member of the Supervisory Board of WIK GmbH, Bad Honnef
Member of the Supervisory Board 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
General Manager of Microsoft Austria, Vienna

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, until November 29, 2015

Dirk Lessing, Bad Homburg, born March 16, 1963
Member of the Management Board

Dr. Claude Tomaszewski, Stuttgart, born April 25, 1969
Member of the Management Board, CFO

Stuttgart, February 22, 2016
TAKKT AG
The Management Board

Dr. Felix A. Zimmermann   Dirk Lessing   Dr. Claude Tomaszewski

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 22, 2016
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, 2015. 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 22, 2016
Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

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 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 financial liabilities 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 sales potential.

GEARING
Gearing measures the ratio between total equity and net financial liabilities. This ratio is calculated by dividing net financial liabilities 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 FINANCIAL LIABILITIES

Net financial liabilities 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 financial liabilities.

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 | Munich | Nuremberg | Pfungstadt | Pliening/Landsham | Reinbek | Remda-Teichel | Schönaich | Schöneiche | Stuttgart | Waldkirchen | Weil der Stadt **FINLAND** Espoo **FRANCE** Morangis | Réau **GREAT BRITAIN** Derby | Gloucester | Hemel Hempstead | Llanelli | London | Mitcheldean **ITALY** Calvignasco | Lomazzo **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

LOCATIONS SEGMENT TAKKT AMERICA

CANADA Markham, ON **USA** Atlanta, GA | Austell, GA | Bristol, RI | Cleveland, OH | Dallas, TX | Fall River, MA | Harrison, OH | Indianapolis, IN | Los Angeles, CA | Milwaukee, WI | Maple Heights, OH | New York, NY | Reno, NV **GERMANY** Pfungstadt **FRANCE** Morangis **SWITZERLAND** Steinhausen/Zug

FINANCIAL CALENDAR 2016

20 JANUARY	KEPLER CHEUVREUX AND UNICREDIT GERMAN CORPORATE CONFERENCE, FRANKFURT
18 FEBRUARY	PUBLICATION OF PRELIMINARY FIGURES FOR 2015
17 MARCH	FINANCIAL STATEMENTS PRESS CONFERENCE, STUTTGART ANALYST CONFERENCE, FRANKFURT
05–07 APRIL	SPRING ROADSHOW
08 APRIL	BANKERS' DAY, STUTTGART
28 APRIL	INTERIM REPORT FIRST QUARTER 2016
10 MAY	SHAREHOLDERS' MEETING, LUDWIGSBURG
24–26 MAY	BERENBERG EUROPEAN CONFERENCE USA, TARRYTOWN, NEW YORK
28 JULY	INTERIM REPORT FIRST HALF-YEAR 2016
21 SEPTEMBER	BERENBERG AND GOLDMAN SACHS GERMAN CORPORATE CONFERENCE, MUNICH
31 OCTOBER	INTERIM REPORT FIRST NINE MONTHS 2016
14–17 NOVEMBER	FALL ROADSHOW
21–23 NOVEMBER	EQUITY FORUM, FRANKFURT

IMPRINT

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