# QUARTERLY STATEMENT
# AS OF SEPTEMBER 30, 2019

LADIES AND GENTLEMEN,

In the third quarter, TAKKT increased sales from the previous year's period by 1.2 percent to EUR 314.3 (310.7) million. The acquisition of XXLhoreca, which was concluded in the second quarter, and currency effects from translation of the US dollar both had a positive effect. On the other hand, organic sales growth saw a decline, coming to minus 2.3 percent. In the US, termination of the agreement with a major Hubert customer as of end of February, reduced the Group's growth rate as expected by around 2.5 percentage points. In Europe, the continued economic downturn and the resulting challenging market environment also contributed to this development. The overall economic and market environment – especially in Germany – was weaker than expected in the third quarter.

Due to structural effects, in part from the XXLhoreca acquisition, the gross profit margin was 40.8 (41.1) percent and thus slightly below the level of the previous year. EBITDA came to EUR 39.4 (41.2) million and was impacted by expenses for the early termination of employment contracts of around two million euros. At the same time, TAKKT continued to exercise disciplined cost management in the third quarter. Adoption of the IFRS 16 accounting standard as of January 1, 2019, had a positive impact of around one percentage point on the margin, which stood at 12.5 (13.3) percent. Adjusted for the effect of IFRS 16 as well as the abovementioned expenses for the early termination of employment contracts, profitability was around one percentage point below the previous year's figure, mainly due to weak growth.

In the first nine months of the year, sales reached EUR 923.1 (878,0) million, representing an increase of 5.1 percent over the previous year. As expected, the organic growth of 0.5 percent was impaired by around 1.5 percentage points due to the termination of business with a major Hubert customer. EBITDA increased to EUR 118.1 (110.2) million and the margin to 12.8 (12.6) percent. It benefited from the adoption of IFRS 16 by around one percentage point. Free TAKKT cash flow increased considerably to EUR 88.2 (55.4) million mostly due to reduction of inventories.

The share of order intake via e-commerce channels increased to 54.5 percent compared to 52.1 percent at the end of 2018. In addition to investing in the B2B e-commerce platform Profishop in February, the TAKKT investment company has participated in three start-up funding rounds so far in 2019.

TAKKT AG has forecast a slight organic (i.e. adjusted for currency and acquisition effects) sales growth and an EBITDA margin of between 12 and 14 percent for the fiscal year 2019 so far. TAKKT did not rule out a slightly negative organic sales development and an EBITDA margin in the lower range of the aforementioned corridor if the reluctance of individual sectors intensified or spread to other markets and regions.

For the fourth quarter, TAKKT expects the organic sales development to continue to weaken noticeably due to a further decline in the economic and market environment. The TAKKT Management Board now expects an organic sales decline of between one and two percent for the full year 2019. In this case, TAKKT has planned structural cost adjustments in addition to the ongoing disciplined cost management, which will lead to one-off expenses in the fourth quarter. At the beginning of October, for example, TAKKT decided to consolidate the formerly separate activities of Kwesto and KAISER+KRAFT under the KAISER+KRAFT sales brand starting next year in order to focus sales activities in Eastern Europe. Due to the weaker than expected organic growth and the planned one-off expenses, TAKKT expects to achieve an EBITDA margin for the full year 2019 around the lower end of the previously communicated margin of 12 to 14 percent. Reported Group sales development is expected to remain positive, primarily due to currency effects.

TAKKT AG, Management Board
Dr. Felix A. Zimmermann Dr. Heiko Hegwein Dirk Lessing Dr. Claude Tomaszewski

## KEY FIGURES TAKKT GROUP AND SEGMENTS

| | Q3/18 | Q3/19 | Change in % | 9M/18 | 9M/19 | Change in % |
|---|---|---|---|---|---|---|
| **TAKKT** | | | | | | |
| Sales in EUR million | 310.7 | 314.3 | 1.2 (-2.3*) | 878.0 | 923.1 | 5.1 (0.5*) |
| Gross proftit margin in percent | 41.1 | 40.8 | | 41.6 | 41.3 | |
| EBITDA in EUR million | 41.2 | 39.4 | –4.4 | 110.2 | 118.1 | 7.2 |
| EBITDA margin in percent | 13.3 | 12.5 | | 12.6 | 12.8 | |
| EBIT in EUR million | 34.5 | 29.2 | –15.4 | 89.4 | 88.0 | –1.6 |
| Profit before tax in EUR million | 32.8 | 27.4 | –16.5 | 84.9 | 81.7 | –3.8 |
| Profit in EUR million | 24.1 | 20.1 | –16.6 | 62.1 | 59.8 | –3.7 |
| Earnings per share in EUR | 0.37 | 0.31 | –16.6 | 0.95 | 0.91 | –3.7 |
| TAKKT cash flow in EUR million | 32.7 | 32.2 | –1.5 | 88.1 | 94.5 | 7.3 |
| | | | | | | |
| **TAKKT EUROPE** | | | | | | |
| Sales in EUR million | 158.1 | 161.4 | 2.1 (-1.0*) | 477.5 | 501.9 | 5.1 (0.8*) |
| EBITDA in EUR million | 22.2 | 23.5 | 5.9 | 75.5 | 80.9 | 7.2 |
| EBITDA margin in percent | 14.0 | 14.6 | | 15.8 | 16.1 | |
| | | | | | | |
| **TAKKT AMERICA** | | | | | | |
| Sales in EUR million | 152.7 | 152.9 | 0.1 (-3.7*) | 400.7 | 421.2 | 5.1 (0.2*) |
| EBITDA in EUR million | 22.2 | 21.3 | –4.1 | 45.6 | 49.7 | 9.0 |
| EBITDA margin in percent | 14.5 | 13.9 | | 11.4 | 11.8 | |

* *organic, i.e. adjusted for currency and portfolio effects*

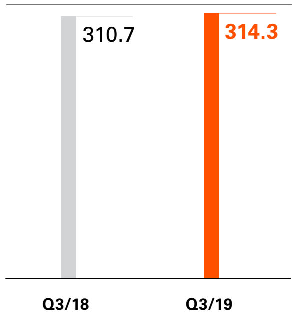
# SALES AND EARNINGS REVIEW

## THIRD QUARTER OF 2019

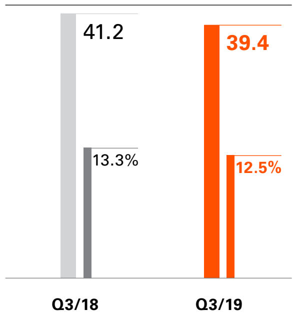
### TAKKT

- Sales increased by 1.2 percent, positive effects from acquisitions and disposals totaling 1.1 percentage points and currency fluctuations amounting to 2.4 percentage points.
- Organic sales performance of minus 2.3 percent; expected termination of business with a major Hubert customer had a negative effect of around 2.5 percentage points.
- EBITDA margin reached 12.5 (13.3) percent, with a positive effect from the first-time adoption of IFRS 16 of around one percentage point.
- Expenses for the early termination of employment contracts of around EUR 2 million had a negative impact on EBITDA.
- Profitability, adjusted for expenses for the termination of employment contracts and the effect of IFRS 16, was down around one percentage point compared to the previous year due to weak growth.

**Sales** *in EUR million*



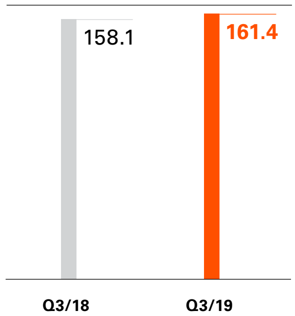

**EBITDA** *in EUR million/*
**margin** *in %*



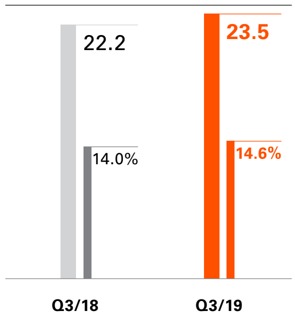

### TAKKT EUROPE

- Sales grew by 2.1 percent, which included a contribution of 3.0 percentage points from the XXLhoreca acquisition as well as marginal positive currency effects of 0.1 percentage points.
- Organic sales development of minus 1.0 percent due to the difficult market environment.
- KAISER+KRAFT with mid single-digit decline in organic sales, ratioform with slight and Newport with high single-digit growth, respectively.
- EBITDA margin increased to 14.6 (14.0) percent, with a positive effect from the first-time adoption of IFRS 16 of around one percentage point.

**Sales** *in EUR million*



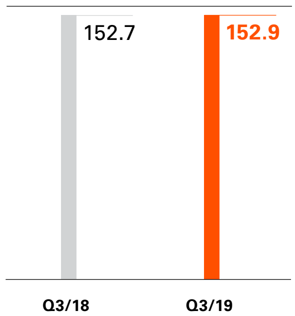

**EBITDA** *in EUR million/*
**margin** *in %*



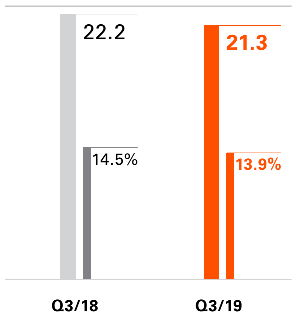

### TAKKT AMERICA

- Sales up 0.1 percent compared to previous year, phase-out of Hubert Europa had a negative impact of 0.8 percent and currency effects were positive at 4.6 percentage points.
- Organic sales development at minus 3.7 percent; termination of business with a major Hubert customer had a negative effect of around five percentage points.
- Central and D2G with solid organic growth; NBF virtually on par with very high sales level of previous year. Double-digit decline for Hubert; stable after adjusting for lost sales with major customer.
- EBITDA margin of 13.9 (14.5) percent; positive effect from the first-time adoption of IFRS 16 of around one percentage point.
- Lower utilization of infrastructure due to sales decrease resulting from the termination of business with a major Hubert customer had a negative impact on profitability.

**Sales** *in EUR million*




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

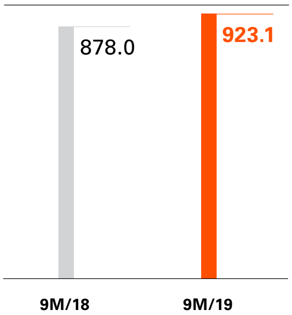


## FIRST NINE MONTHS 2019

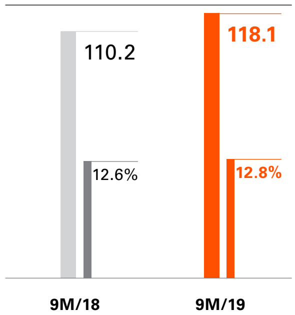
### TAKKT

- Sales increased by 5.1 percent, positive effects from acquisitions and disposals totaling 1.8 percentage points and currency fluctuations amounting to 2.8 percentage points.
- Organic sales growth of 0.5 percent; expected termination of business with a major Hubert customer had a negative impact of around 1.5 percentage points.
- EBITDA margin increased to 12.8 (12.6) percent, with a positive effect from the first-time adoption of IFRS 16 of around one percentage point.
- Weak organic growth as well as expenses for structural adjustments at ratioform, Hubert, D2G and termination of employment contracts diminished profitability.

**Sales** *in EUR million*



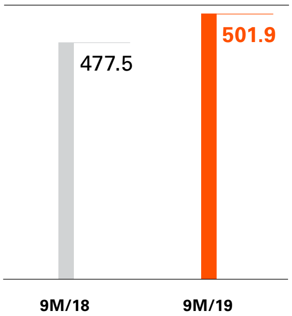

**EBITDA** *in EUR million/*
**margin** *in %*



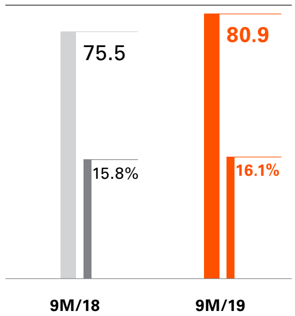

### TAKKT EUROPE

- Sales grew by 5.1 percent, which consists of 4.2 percentage points from the acquisitions of OfficeFurnitureOnline, Runelandhs and XXLhoreca as well as marginal positive currency effects of 0.1 percentage point.
- Organic sales growth of 0.8 percent.
- KAISER+KRAFT with low single-digit organic sales decrease, ratioform with low single-digit and Newport with double-digit growth.
- EBITDA margin increased to 16.1 (15.8) percent, with a positive effect from the first-time adoption of IFRS 16 of around one percentage point.
- Structural effects from acquisitions and adjustments of sales structure at ratioform had a negative impact on the margin.

**Sales** *in EUR million*



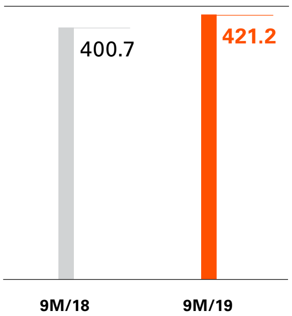

**EBITDA** *in EUR million/*
**margin** *in %*



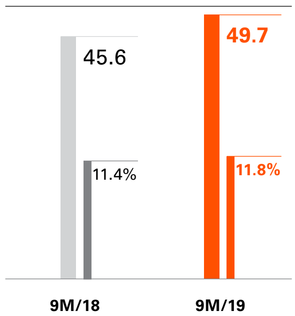

### TAKKT AMERICA

- Sales increased by 5.1 percent, negative portfolio effect of 1.2 percentage points from the phase-out of Hubert Europa and positive currency effects totaling 6.1 percentage points.
- Organic sales 0.2 percent higher than previous year; termination of business with major Hubert customer impaired growth by around three percentage points.
- Central, D2G and NBF with low to mid single-digit organic sales growth. Double-digit decline for Hubert sales; slight gain after adjusting for lost sales with a major customer.
- EBITDA margin of 11.8 (11.4) percent, positive effect from the first-time adoption of IFRS 16 of around one percentage point.
- Repositioning of Hubert and integration of Post-Up Stand in Displays2go had an adverse effect on earnings.

**Sales** *in EUR million*




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



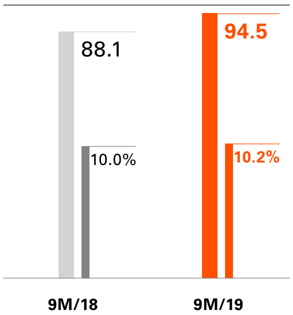
## FINANCIAL POSITION

- As discussed in the 2018 annual report, TAKKT has adjusted the definition of TAKKT cash flow as of the beginning of 2019. As a result, the adjusted TAKKT cash flow shown for the first nine months of the previous year was EUR 3.4 million higher compared to the figure published in the previous year.
- The TAKKT cash flow margin increased from 10.0 to 10.2 percent, with the first-time adoption of IFRS 16 resulting in a positive effect of around one percentage point. The TAKKT cash flow increased from EUR 88.1 to 94.5 million.
- Cash flow from operating activities increased by over EUR 30 million from EUR 73.7 to 105.4 million. In addition to the higher TAKKT cash flow, an effect of around EUR 21 million resulted from the different development of inventory. Inventory was released in the first nine months 2019, in part due to an inventory build-up in late 2018.
- Capital expenditures of EUR 17.8 (18.6) million were slightly lower than in the previous year. Of this amount, EUR 2.7 (2.2) million related to the TAKKT investment company. Other major individual capital expenditures related to the ERP system at KAISER+KRAFT as well as the renovation of the Stuttgart offices.
- The free TAKKT cash flow of EUR 88.2 (55.4) million contrasted with the dividend payment of EUR 55.8 million and the purchase price payment of EUR 18.7 million for the acquisition of XXLhoreca.
- Net financial liabilities increased to EUR 207.5 million, compared with EUR 150.8 million at the end of 2018. An increase in reported net financial liabilities of around EUR 60 million resulted from the adoption of IFRS 16.

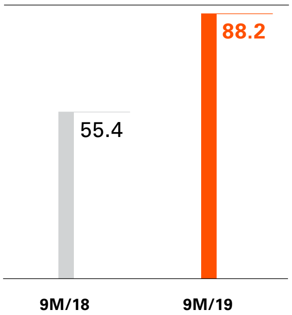
## IMPLEMENTING THE DIGITAL AGENDA

- Order intake via e-commerce increased in the first nine months to 54.5 percent compared to 52.1 percent in the 2018 fiscal year.
- The TAKKT investment company invested in the B2B e-commerce platform Profishop in February and has participated in three start-up funding rounds so far in 2019.

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




**Free TAKKT cash flow**
*in EUR million*




## FORECAST

- In October, the International Monetary Fund once again lowered its growth projections for Germany, the eurozone and the US. Only 0.5 percent growth is expected for Germany in 2019.
- The Purchasing Managers' Index figures for manufacturing are considerably below the expansion threshold of 50 points both in Germany and the eurozone, and the negative trend has recently continued.
- Economic indicators and industry indexes in the US are less robust than just a few months ago. The Restaurant Performance Index, a reliable indicator for the restaurant industry, was recently only slightly above the reference value of 100.
- For the fourth quarter, TAKKT expects the organic sales development to continue to weaken noticeably due to a further decline in the economic and market environment.
- TAKKT now expects an organic sales decline of between one and two percent for the full year 2019. In this case, TAKKT has planned structural cost adjustments in addition to the ongoing disciplined cost management, which will lead to one-off expenses in the fourth quarter. At the beginning of October, for example, TAKKT decided to consolidate the formerly separate activities of Kwesto and KAISER+KRAFT under the KAISER+KRAFT sales brand starting next year.
- Due to the weaker than expected organic growth and the planned one-off expenses, TAKKT expects to achieve an EBITDA margin for the full year 2019 around the lower end of the previously communicated margin of 12 to 14 percent. Reported Group sales development is expected to remain positive, primarily due to currency effects.

TAKKT will publish the preliminary figures for the 2019 fiscal year on February 19, 2020.

## STATEMENT OF PROFIT OR LOSS

*in EUR million*

| | 7/1/2019 – 9/30/2019 | 7/1/2018 – 9/30/2018 | 1/1/2019 – 9/30/2019 | 1/1/2018 – 9/30/2018 |
|---|---|---|---|---|
| **Sales** | **314.3** | **310.7** | **923.1** | **878.0** |
| Changes in inventories of finished goods and work in progress | –0.4 | 0.0 | 0.0 | 0.2 |
| Own work capitalized | 0.4 | 0.5 | 1.3 | 1.4 |
| **Gross performance** | **314.3** | **311.2** | **924.4** | **879.6** |
| Cost of sales | –186.2 | –183.6 | –543.2 | –514.3 |
| **Gross profit** | **128.1** | **127.6** | **381.2** | **365.3** |
| Other income | 0.9 | 0.8 | 2.6 | 3.0 |
| Personnel expenses | –47.3 | –43.2 | –140.7 | –128.9 |
| Other operating expenses | –42.3 | –44.0 | –125.0 | –129.2 |
| **EBITDA** | **39.4** | **41.2** | **118.1** | **110.2** |
| Depreciation, amortization and impairment of property, plant and equipment and other intangible assets | –10.2 | –6.7 | –30.1 | –20.8 |
| **EBIT** | **29.2** | **34.5** | **88.0** | **89.4** |
| Income from associated companies | –0.3 | –0.2 | –1.0 | –0.6 |
| Finance expenses | –1.7 | –1.5 | –5.2 | –4.3 |
| Other finance result | 0.2 | 0.0 | –0.1 | 0.4 |
| **Financial result** | **–1.8** | **–1.7** | **–6.3** | **–4.5** |
| **Profit before tax** | **27.4** | **32.8** | **81.7** | **84.9** |
| Income tax expense | –7.3 | –8.7 | –21.9 | –22.8 |
| **Profit** | **20.1** | **24.1** | **59.8** | **62.1** |
| attributable to owners of TAKKT AG | 20.1 | 24.1 | 59.8 | 62.1 |
| attributable to non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | |
| Weighted average number of issued shares in million | 65.6 | 65.6 | 65.6 | 65.6 |
| Basic earnings per share (in EUR) | 0.31 | 0.37 | 0.91 | 0.95 |
| Diluted earnings per share (in EUR) | 0.31 | 0.37 | 0.91 | 0.95 |

## STATEMENT OF FINANCIAL POSITION

*in EUR million*

| **Assets** | **9/30/2019** | 12/31/2018 |
|---|---|---|
| Property, plant and equipment | 157.0 | 100.4 |
| Goodwill | 597.7 | 567.3 |
| Other intangible assets | 81.7 | 80.5 |
| Investment in associated companies | 0.3 | 1.0 |
| Other assets | 9.3 | 7.7 |
| Deferred tax | 2.1 | 1.7 |
| **Non-current assets** | **848.1** | **758.6** |
| | | |
| Inventories | 123.3 | 128.7 |
| Trade receivables | 119.0 | 107.9 |
| Other receivables and assets | 24.9 | 29.7 |
| Income tax receivables | 7.3 | 9.1 |
| Cash and cash equivalents | 4.3 | 3.1 |
| **Current assets** | **278.8** | **278.5** |
| **Total assets** | **1,126.9** | **1,037.1** |

| **Equity and liabilities** | **9/30/2019** | 12/31/2018 |
|---|---|---|
| Share capital | 65.6 | 65.6 |
| Retained earnings | 575.7 | 571.6 |
| Other components of equity | −5.0 | −6.8 |
| **Total equity** | **636.3** | **630.4** |
| | | |
| Financial liabilities | 83.8 | 115.8 |
| Other liabilities | 0.0 | 2.4 |
| Pension provisions and similar obligations | 83.5 | 63.0 |
| Other provisions | 4.5 | 4.7 |
| Deferred tax | 65.0 | 64.4 |
| **Non-current liabilities** | **236.8** | **250.3** |
| | | |
| Financial liabilities | 128.0 | 38.1 |
| Trade payables | 41.3 | 38.2 |
| Other liabilities | 67.0 | 60.1 |
| Provisions | 10.8 | 14.1 |
| Income tax payables | 6.7 | 5.9 |
| **Current liabilities** | **253.8** | **156.4** |
| **Total equity and liabilities** | **1,126.9** | **1,037.1** |

## STATEMENT OF CASH FLOWS

*in EUR million*

| | 1/1/2019 – 9/30/2019 | 1/1/2018 – 9/30/2018 |
|---|---|---|
| Profit | 59.8 | 62.1 |
| Depreciation, amortization and impairment of non-current assets | 30.1 | 20.8 |
| Deferred tax expense | 1.9 | 1.8 |
| Other non-cash expenses and income | 2.8 | 3.4 |
| Result from disposal of non-current assets | –0.1 | 0.0 |
| **TAKKT cash flow** | **94.5** | **88.1** |
| | | |
| Change in inventories | 9.8 | –11.4 |
| Change in trade receivables | –9.8 | –14.9 |
| Change in trade payables | 2.0 | 3.4 |
| Change in provisions | –0.9 | –2.3 |
| Change in other assets/liabilities | 9.8 | 10.8 |
| **Cash flow from operating activities** | **105.4** | **73.7** |
| | | |
| Proceeds from disposal of non-current assets | 0.6 | 0.3 |
| Capital expenditure on non-current assets | –17.8 | –18.6 |
| Cash outflows for the acquisition of consolidated companies | –18.7 | –57.5 |
| **Cash flow from investing activities** | **–35.9** | **–75.8** |
| | | |
| Proceeds from Financial liabilities | 102.9 | 108.4 |
| Repayments of Financial liabilities | –115.4 | –69.5 |
| Dividend payments to owners of TAKKT AG | –55.8 | –36.1 |
| **Cash flow from financing activities** | **–68.3** | **2.8** |
| | | |
| Cash and cash equivalents at 1/1 | 3.1 | 3.1 |
| Increase/decrease in Cash and cash equivalents | 1.2 | 0.7 |
| Non-cash increase/decrease in Cash and cash equivalents | 0.0 | –0.1 |
| **Cash and cash equivalents at 9/30** | **4.3** | **3.7** |

## SEGMENT REPORTING BY DIVISION

*in EUR million*

| 1/1/2019 – 9/30/2019 | TAKKT EUROPE | TAKKT AMERICA | Segments total | Others | Consolidation | Group total |
|---|---|---|---|---|---|---|
| Sales to third parties | 501.9 | 421.2 | 923.1 | 0.0 | 0.0 | 923.1 |
| Inter-segment sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Segment sales | 501.9 | 421.2 | 923.1 | 0.0 | 0.0 | 923.1 |
| EBITDA | 80.9 | 49.7 | 130.6 | –12.5 | 0.0 | 118.1 |
| EBIT | 61.0 | 40.2 | 101.2 | –13.2 | 0.0 | 88.0 |
| Profit before tax | 52.0 | 42.4 | 94.4 | –12.7 | 0.0 | 81.7 |
| Profit | 36.8 | 32.2 | 69.0 | –9.2 | 0.0 | 59.8 |
| Average no. of employees (full-time equivalent) | 1,537 | 936 | 2,473 | 48 | 0 | 2,521 |
| Employees at the closing date (full-time equivalent) | 1,551 | 928 | 2,479 | 47 | 0 | 2,526 |

| 1/1/2018 – 9/30/2018 | TAKKT EUROPE | TAKKT AMERICA | Segments total | Others | Consolidation | Group total |
|---|---|---|---|---|---|---|
| Sales to third parties | 477.3 | 400.7 | 878.0 | 0.0 | 0.0 | 878.0 |
| Inter-segment sales | 0.2 | 0.0 | 0.2 | 0.0 | –0.2 | 0.0 |
| Segment sales | 477.5 | 400.7 | 878.2 | 0.0 | –0.2 | 878.0 |
| EBITDA | 75.5 | 45.6 | 121.1 | –10.9 | 0.0 | 110.2 |
| EBIT | 60.8 | 39.7 | 100.5 | –11.1 | 0.0 | 89.4 |
| Profit before tax | 58.3 | 37.6 | 95.9 | –11.0 | 0.0 | 84.9 |
| Profit | 42.3 | 27.6 | 69.9 | –7.8 | 0.0 | 62.1 |
| Average no. of employees (full-time equivalent) | 1,469 | 990 | 2,459 | 44 | 0 | 2,503 |
| Employees at the closing date (full-time equivalent) | 1,516 | 994 | 2,510 | 46 | 0 | 2,556 |

## ADDITIONAL INFORMATION

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