

# Deutsche Bank European Issuer and Investor Bond Forum

NOVEMBER 2010

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# **INTRODUCTION**

**HANIEL INVESTMENT PORTFOLIO**

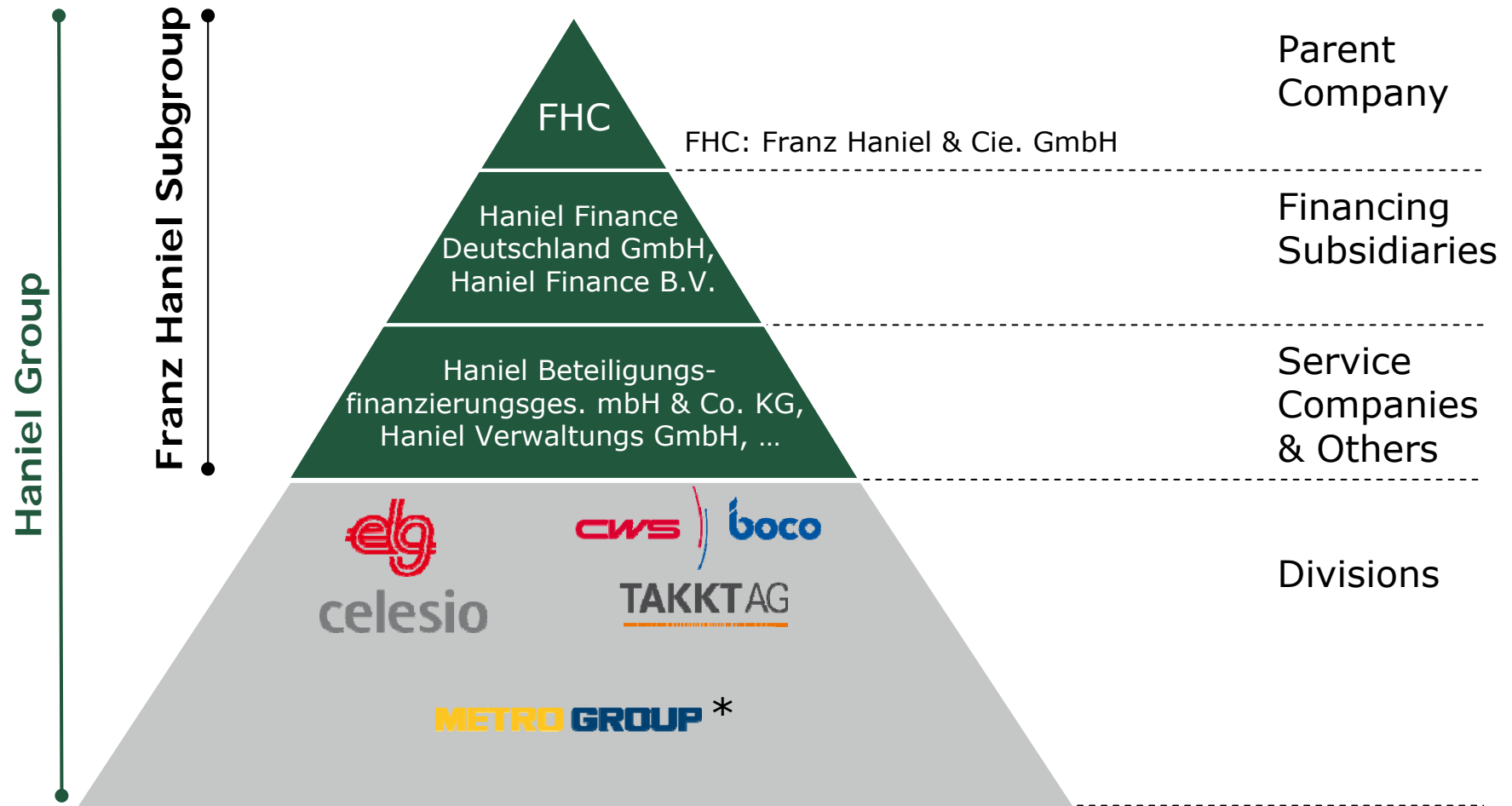
**FRANZ HANIEL SUBGROUP**

**HANIEL GROUP CONSOLIDATED**

**ACHIEVEMENTS & OUTLOOK**



# HANIEL ORGANISATIONAL STRUCTURE



\* The minority investment METRO Group is integrated in Haniel Group's consolidated financial statements on an At-Equity basis.

## HANIEL PHILOSOPHY

### **Family ownership with professional corporate governance**

- Over 250 years of successful history
- Stable ownership structure: > 600 family owners
- Separation of management and ownership since 1917
- GmbH with professional managing board and supervisory board with family and employee representatives

### **Strategic control**

- Majority or significant shareholding
- Active investor role, representation on governance bodies
- Contribution to strategic development
- Operating business with decentralised responsibility

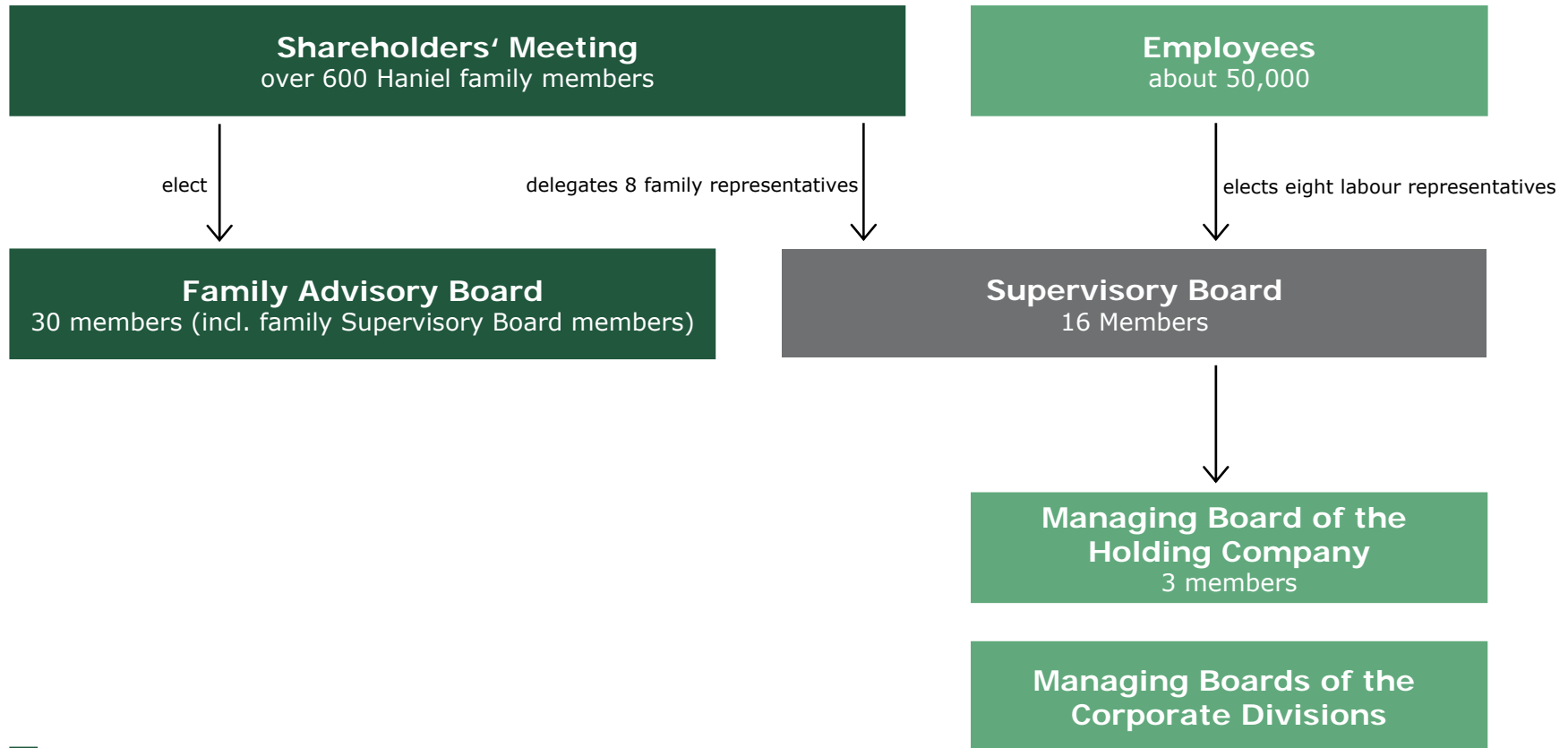
### **Long-term value orientation**

- Long-term investment horizon
- Growth and value generation
- Target: Above-par performance compared to stock market
- Reinvestment of funds, moderate payout ratio

### **Diversification, high quality assets**

- Diversification of businesses and regions
- Low capital intensity („asset light“)
- Companies with consistent cash flow generation and profitable growth potential
- Leading market position in every business

# TRANSPARENT, STATE-OF-THE-ART CORP. GOVERNANCE



- Family | Shareholders
- Haniel Group
- Supervisory Board

# MANAGING BOARD MEMBERS AND THEIR RESPONSIBILITIES

## Managing Board Franz Haniel & Cie. GmbH

**Prof. Dr Jürgen Kluge**  
Chairman / Chief Human Resources Officer



**Stefan Meister**



**Prof. Dr Klaus Trützschler**



## Central and Corporate Departments | Operating Companies

Corporate Development / M&A

Corporate Human Resources / Haniel Academy

Corporate Internal Audit

Corporate Communications

Board Office / Committee & Meetings Management

Corporate Finance

Corporate IT

Haniel Finance Deutschland GmbH

Haniel Finance B.V., Netherlands

Corporate Projects

Corporate Controlling

Legal Department

Tax Department

Haniel Verwaltungsges. mbH

Shareholders

## Corporate Divisions | Major Investment

**celesio METRO GROUP**



**TAKKTAG**

**INTRODUCTION**

**HANIEL INVESTMENT PORTFOLIO**

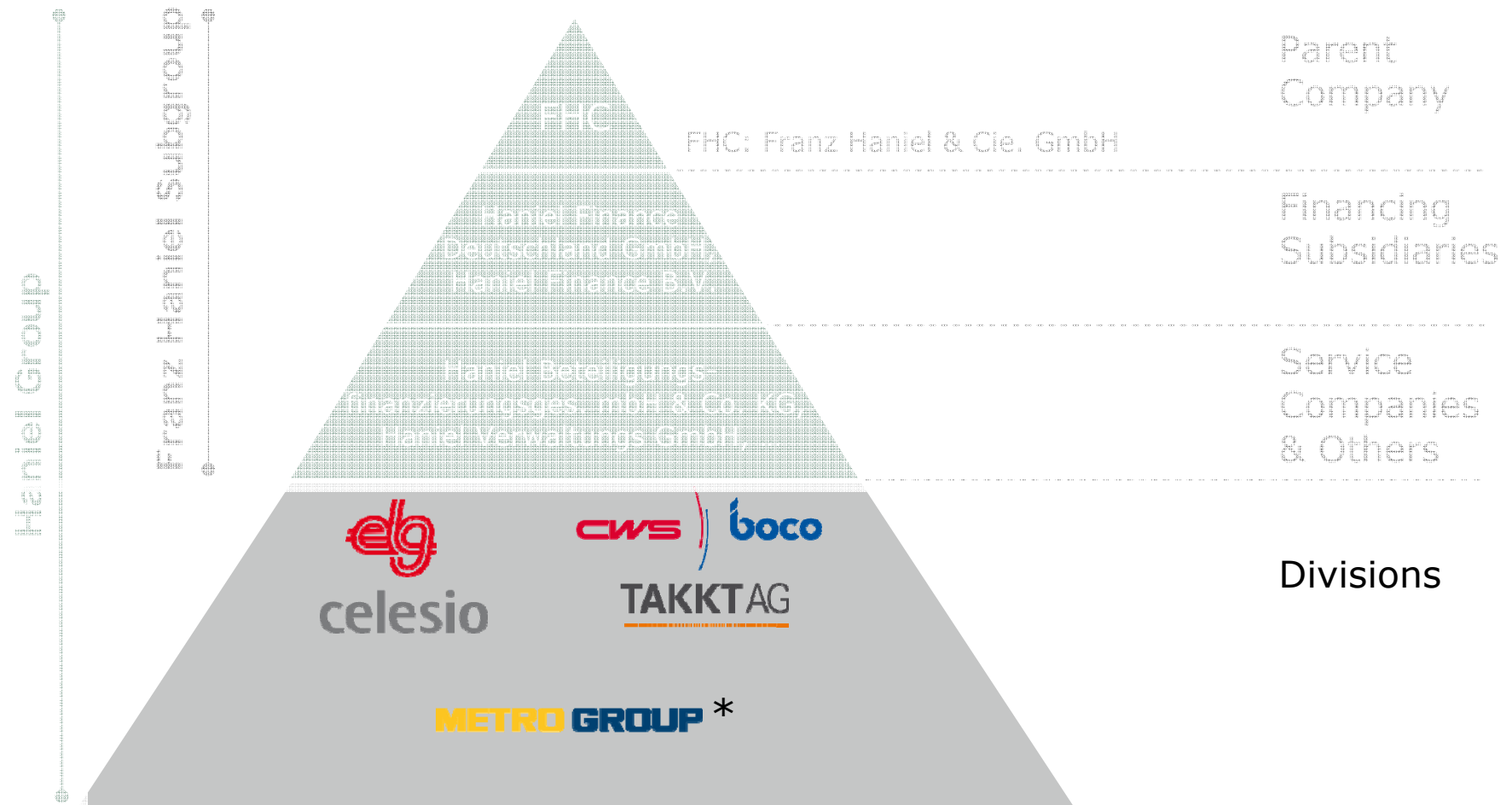
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# HANIEL INVESTMENT PORTFOLIO

| Franz Haniel & Cie. GmbH (Parent Company)  |  |   |   |   |
|--|--|---|---|---|
| <p><b>CWS-boco</b></p> <ul style="list-style-type: none"> <li>- Textile services</li> <li>- Washroom hygiene</li> <li>- Dust control mats</li> </ul> <p>Invested since: 1981<br/>Business Segment: B2B Service Provider<br/>Countries: 18<br/>Employees: 7,901<br/>Cycle: cyclical (late)</p> <p>100.00%</p> | <p><b>ELG</b></p> <ul style="list-style-type: none"> <li>- Recycling and trading in raw materials for the stainless steel industry</li> </ul> <p>Invested since: 1983<br/>Business Segment: Trading<br/>Countries: 17<br/>Employees: 982<br/>Cycle: highly cyclical (early)</p> <p>100.00%</p> | <p><b>TAKKT</b></p> <ul style="list-style-type: none"> <li>- B2B mail order specialist for business equipment</li> </ul> <p>Invested since: 1985<br/>Business Segment: B2B<br/>Countries: 27<br/>Employees: 2,064<br/>Cycle: cyclical</p> <p>70.44%</p> | <p><b>Celesio</b></p> <ul style="list-style-type: none"> <li>- Patient and Consumer Solutions</li> <li>- Pharmacy Solutions</li> <li>- Manufacturer Solutions</li> </ul> <p>Invested since: 1962<br/>Business Segment: Retail &amp; Wholesale<br/>Countries: 26<br/>Employees: 42,022<br/>Cycle: non-cyclical</p> <p>54.64%</p> | <p><b>METRO Group</b></p> <ul style="list-style-type: none"> <li>- Self-service wholesale</li> <li>- Hypermarkets</li> <li>- Consumer electronics</li> <li>- Department stores</li> </ul> <p>Invested since: 1966<br/>Business Segment: Retail &amp; Wholesale<br/>Countries: 32<br/>Employees: 286,091<br/>Cycle: non-cyclical</p> <p>34.24%<sup>1</sup></p> |

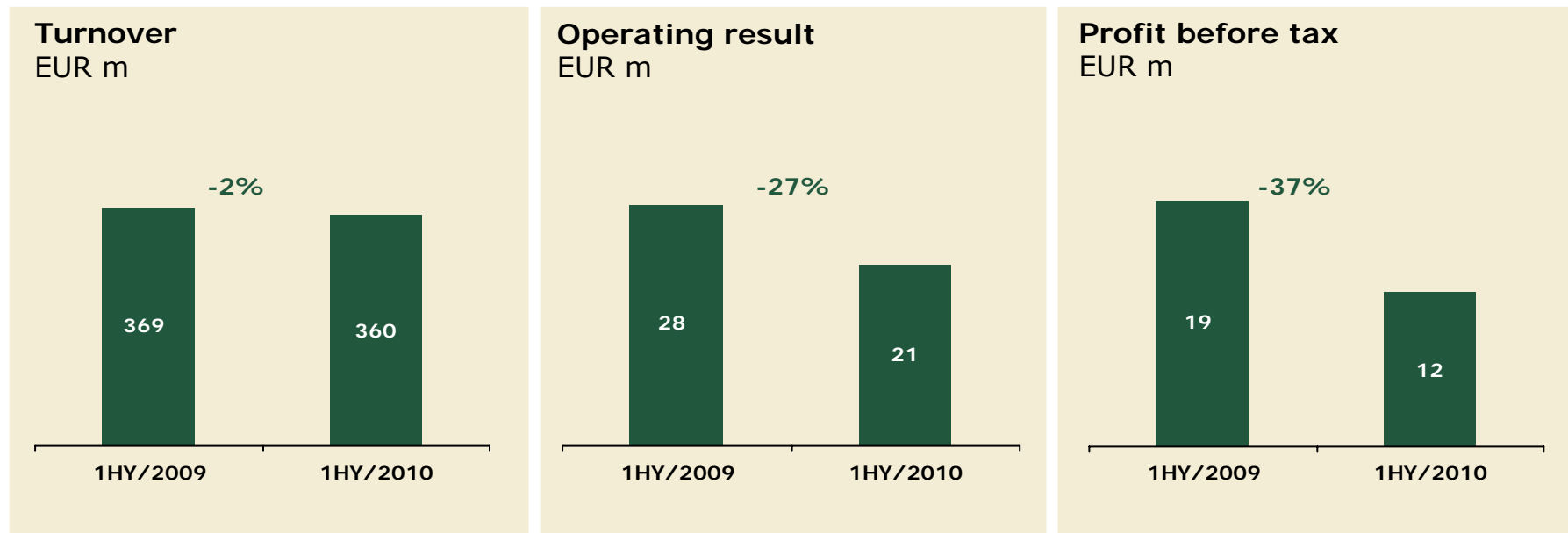
Diversified investment portfolio regarding trade activities, geographic coverage and business cyclicity

<sup>1</sup> of voting rights

## CWS-BOCO: FINANCIAL PERFORMANCE 1HY/2010

### Repositioning project launched to counteracting unsatisfactory business development

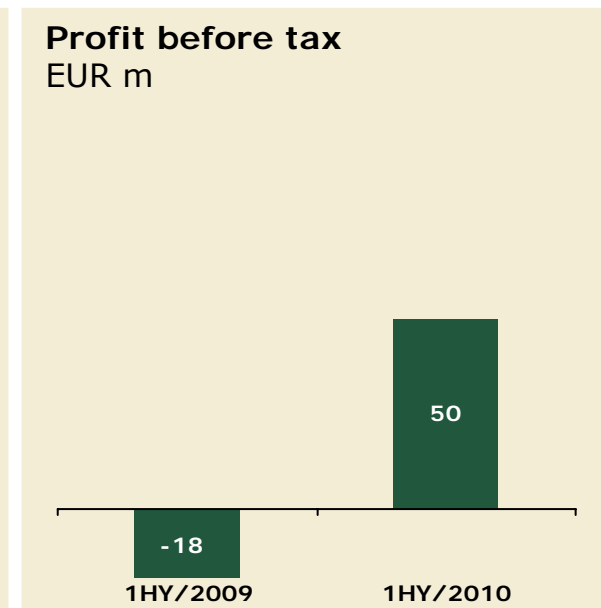
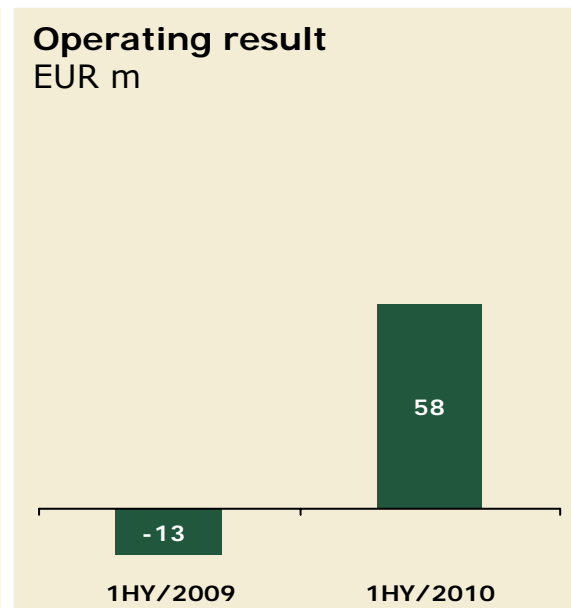
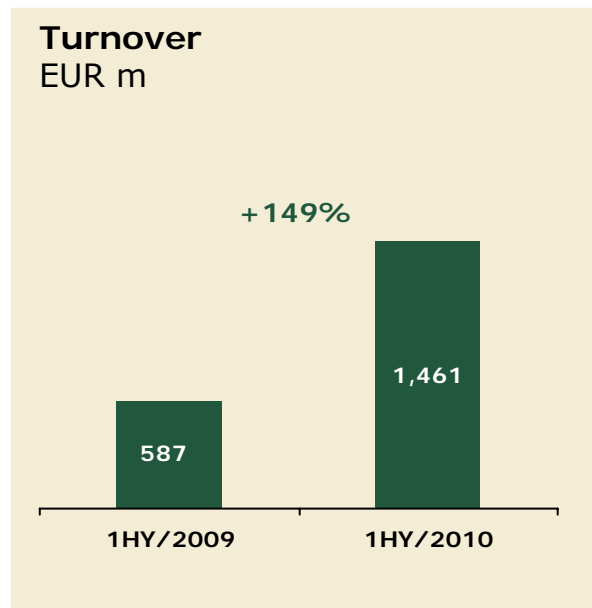
- Late cyclical business of CWS-boco did not benefit from economic recovery
- Decrease in operating result of CWS-boco due to fall in sales, especially in the workwear segment
- The country operation in Ireland was able to improve its results significantly following the restructuring completed in 2009
- New management team has launched repositioning project entitled "Fokus Zukunft" (focus future)



# ELG: FINANCIAL PERFORMANCE 1HY/2010

Recovering global stainless steel industry led ELG to boost turnover & profit

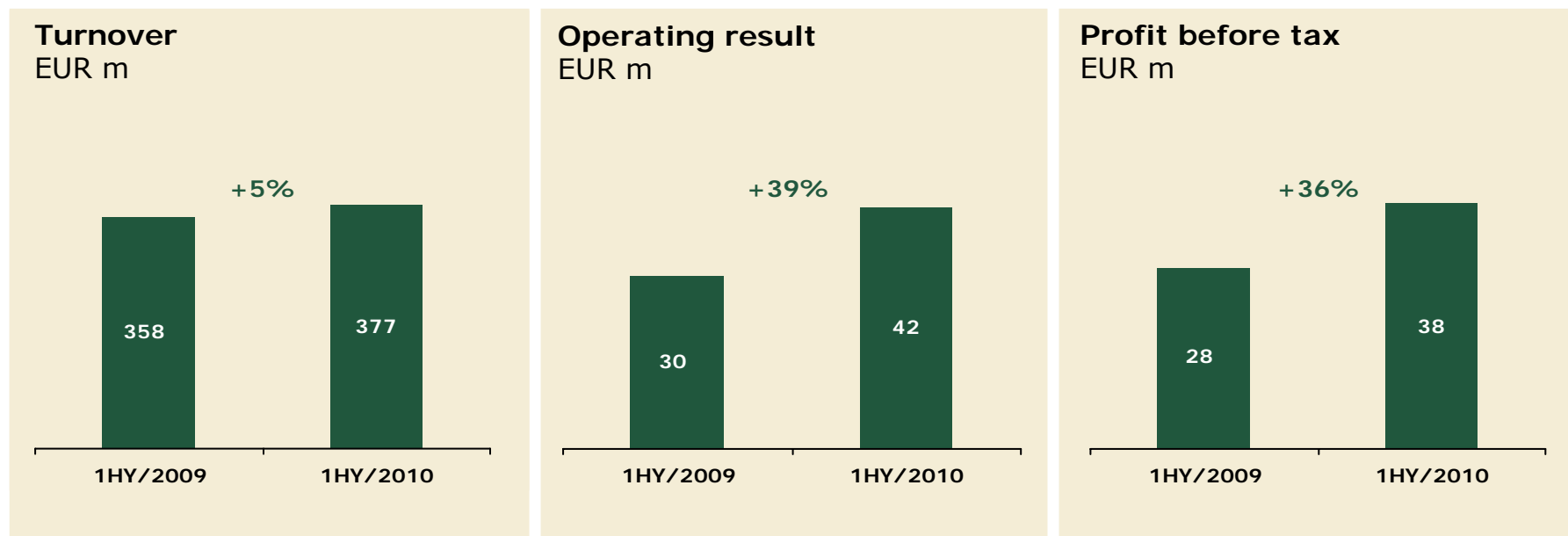
- ELG increased tonnage by nearly 40% in comparison to the same period of the previous year
- Significantly higher prices of ELG`s key raw materials supported rising turnovers
- Also significant improvement of operating results and Profit before tax



## TAKKT: FINANCIAL PERFORMANCE 1HY/2010

Positive development due to economic recovery and successful cost reduction

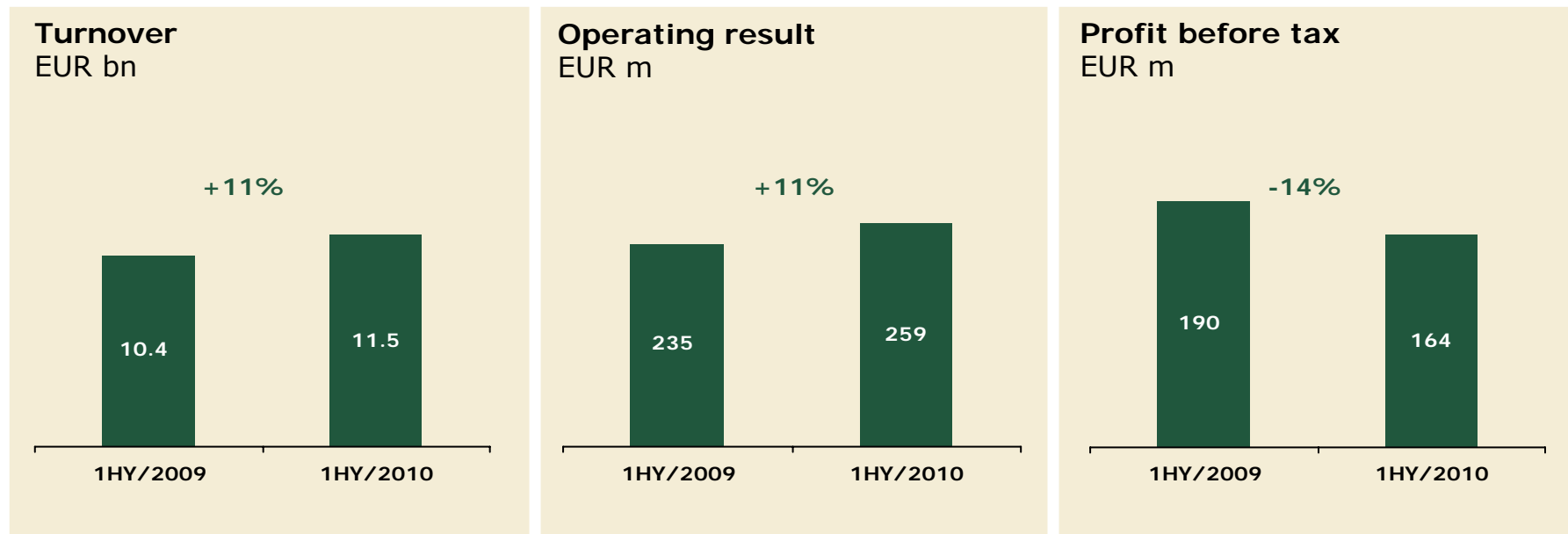
- Turnover increased by 5% (adjusted for currency effects and the contribution from the acquisition of Central Restaurant Products in April 2009, the figure increased by 1%)
- Organic growth of turnover in the second quarter of 2010 reached 7%
- The measures taken under the previous year`s cost reduction programme "FOCUS" contributed to the rise in operating result



# CELESIO: FINANCIAL PERFORMANCE 1HY/2010

## Growth of turnover & operating result caused by successful Panpharma acquisition

- Celesio increased sales by 11% mainly driven by the acquisition of the Brazilian Panpharma Group
- Despite increased operating result profit before tax decreased due to special effects in financial result amounting to EUR 40m (previous year EUR 1m)
- Governments in Europe were increasingly concerned with the issue of how public health systems can be made to operate efficiently in the long term
- New Joint Venture with US health care group Medco to improve quality of clinical care and to lower overall healthcare cost

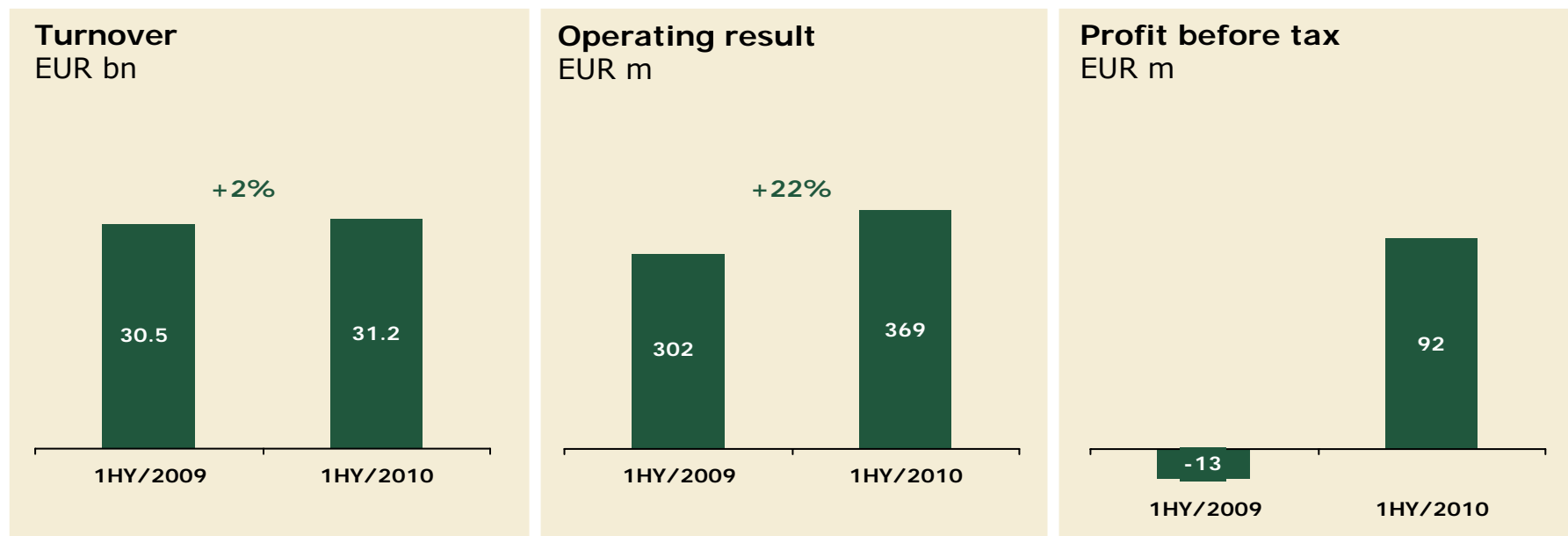




## METRO AG: FINANCIAL PERFORMANCE 1HY/2010

### METRO GROUP achieved solid business development in challenging environment

- Operating result adjusted for non-recurring expenses due to Shape 2012 rose by 17%
- Efficiency- and value-enhancing programme Shape 2012 further on track
- Introduction of new group structure that provides for the division of Metro Cash & Carry into two business units: Europe/MENA (Middle East and North Africa) and Asia/New Markets
- Thus, METRO GROUP has further strengthened the organizational basis for the medium-term acceleration of its international expansion



**INTRODUCTION**

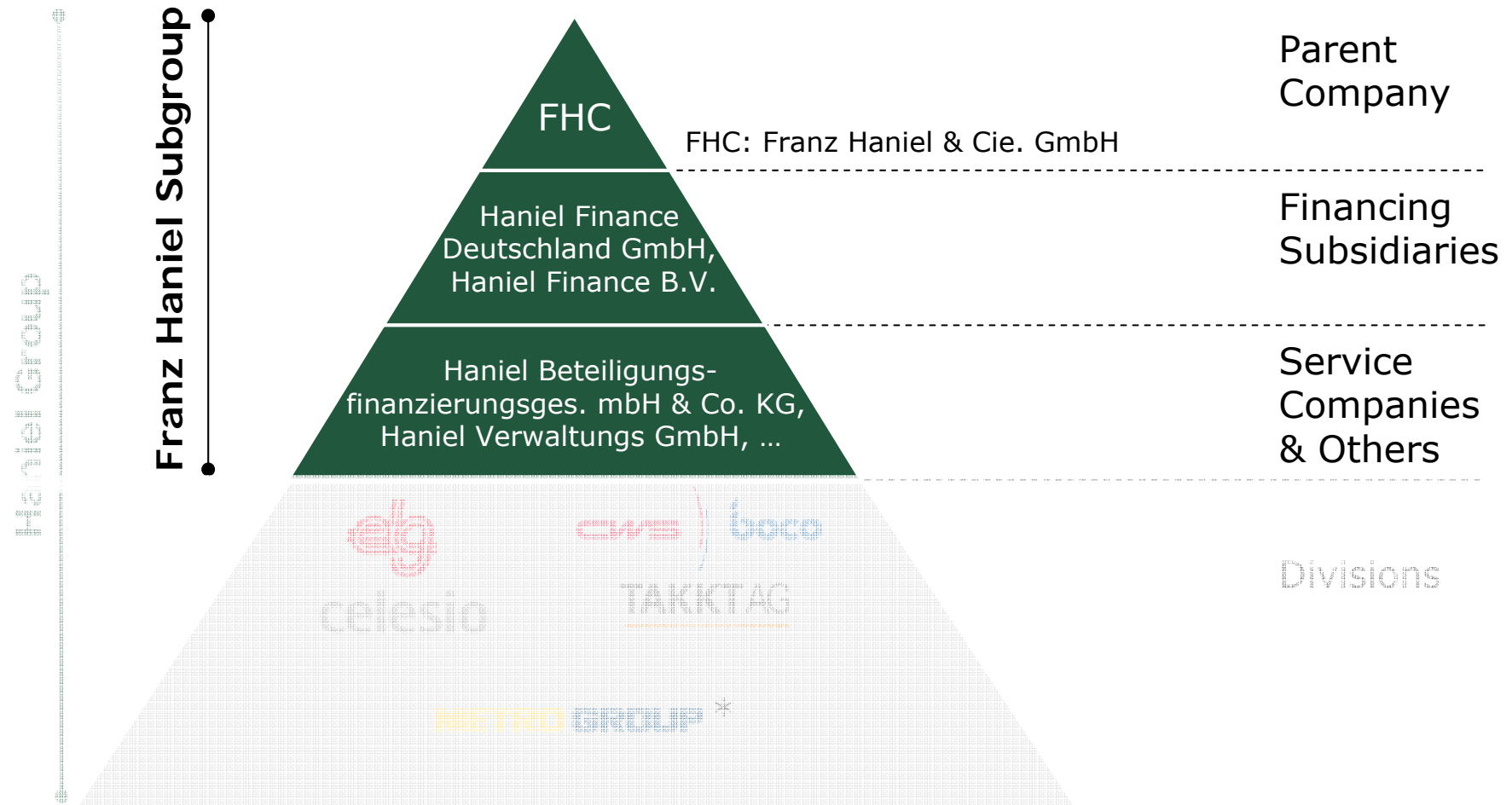
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# HANIEL ORGANISATIONAL STRUCTURE



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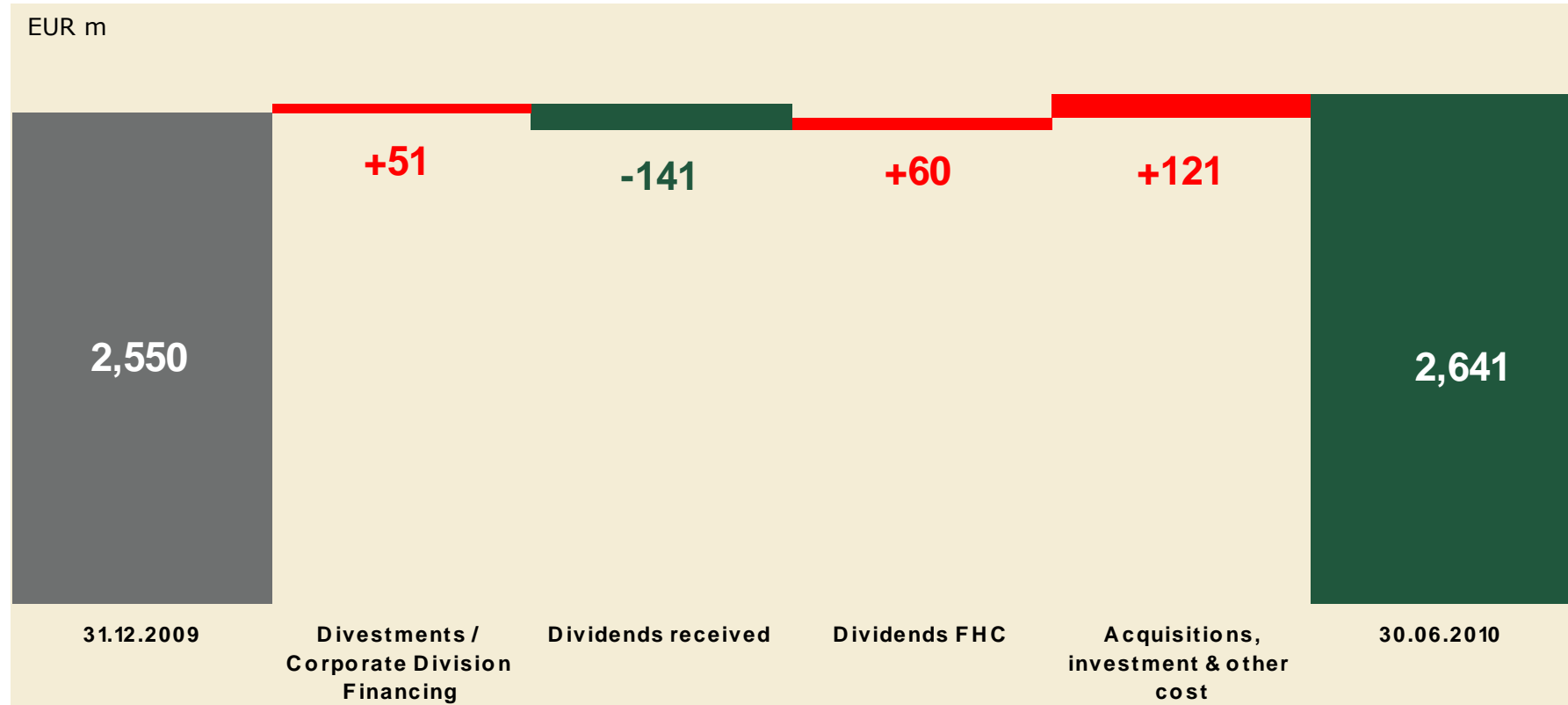
## CASH FLOW OVERVIEW\*

| EUR millions   | 1 HY/2009 | 1 HY/2010 |
|--|-----------|-----------|
| Dividend received  | 172       | 109       |
| Other operating cash flow  | -33       | -30       |
| Interest Payments  | -39       | -28       |
| Cash flow from operations  | 100       | 51        |
| Dividends paid   | -70       | -60       |
| Divestments / Investments  | 85        | -73       |
| Cash flow related change in net financial liabilities to third parties     | 115       | -82       |
| Non Cash flow related change in net financial liabilities to third parties | -4        | -10       |
| Change in net financial liabilities to third parties                       | 111       | -92       |

\* Format is modified compared to the cash flow statement in the Franz Haniel Subgroup consolidated financial statements.

- Economic crisis led to decrease in dividends received
- Cash interest payments mainly in second half year of 2010
- Proven shareholder commitment by repeated dividend cut by EUR 10m in 2010

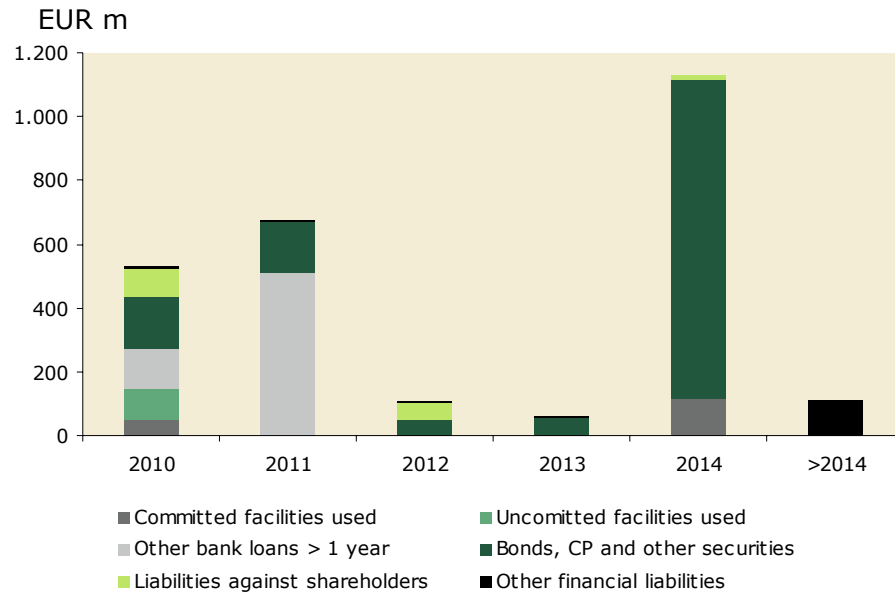
## DEVELOPEMENT EXTERNAL DEBT



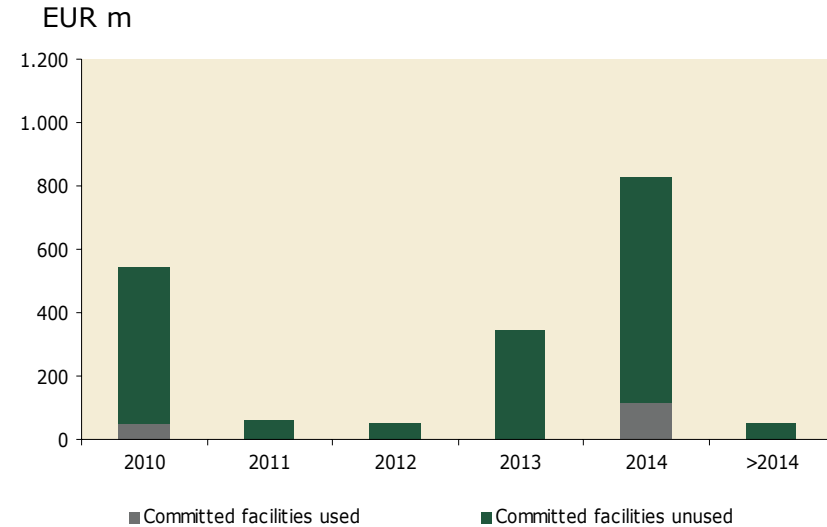
Unchanged commitment to reduce debt

# FINANCING STRUCTURE 31.12.2009

## Debt maturity profile



## Committed revolving bank facilities



Extended maturity profile due to EUR 1.0bn inaugural bond issue in October 2009

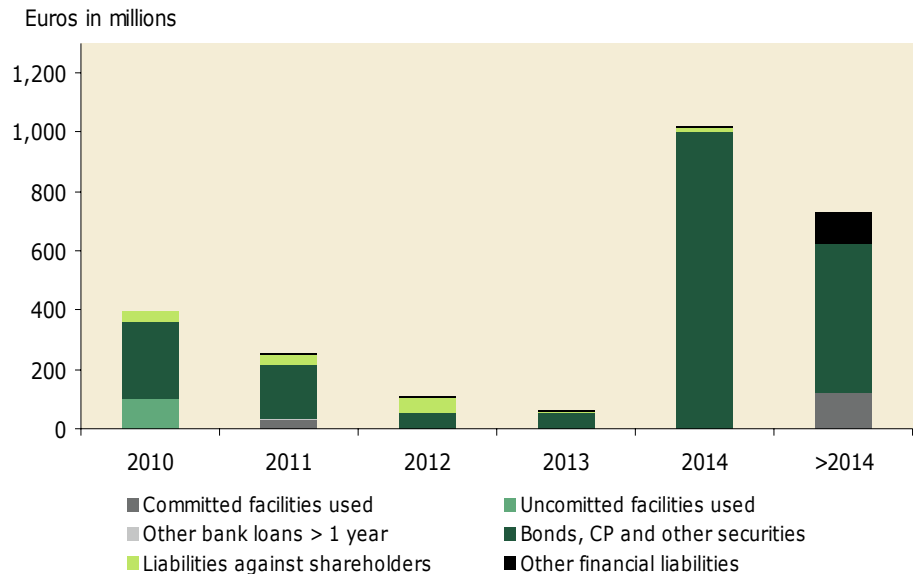
No **financial** covenants or rating related events of default

Committed revolving facilities of >EUR 1.5bn unused, provided by more than 30 core banks

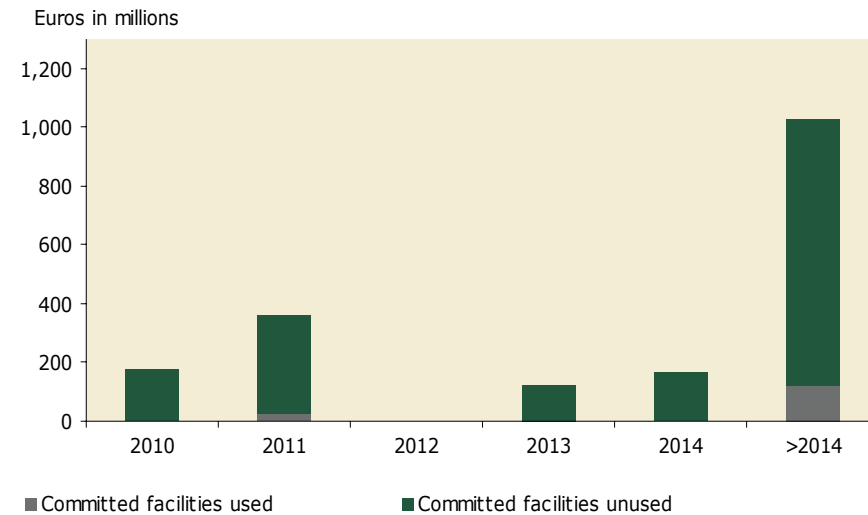


## FINANCING STRUCTURE 30.09.2010

### Debt maturity profile



### Committed revolving bank facilities



Early repayment of all secured SPV debt in February 2010

Further extension of maturity profile due to EUR 500m bond in January 2010

No **financial** covenants or rating related events of default

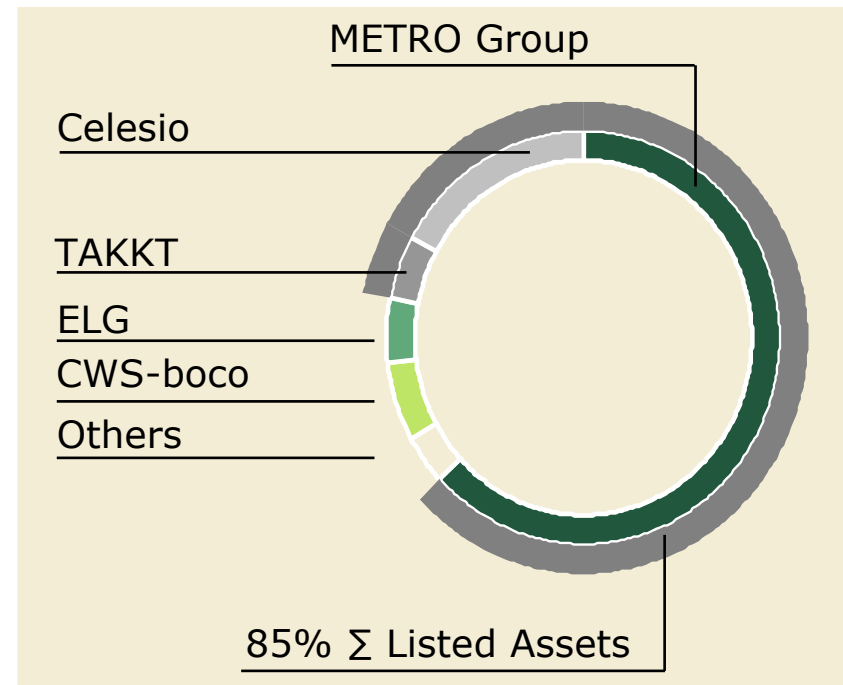
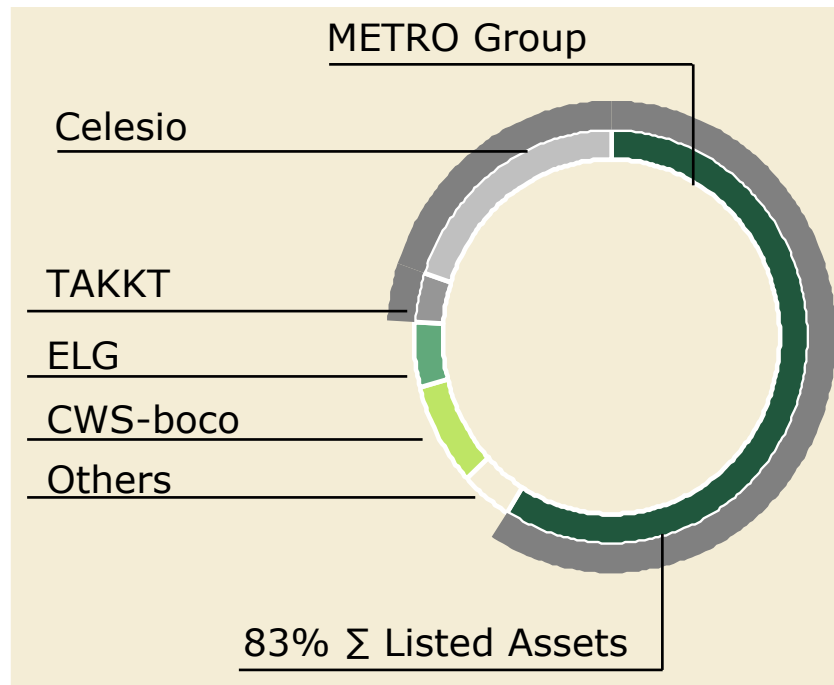
Successful rollover of committed credit facilities in difficult banking environment

Committed revolving facilities of >EUR 1.5bn unused

# PORTFOLIO VALUE AT MARKET PRICES<sup>1,2</sup>

31. December 2009 = EUR 8,1bn

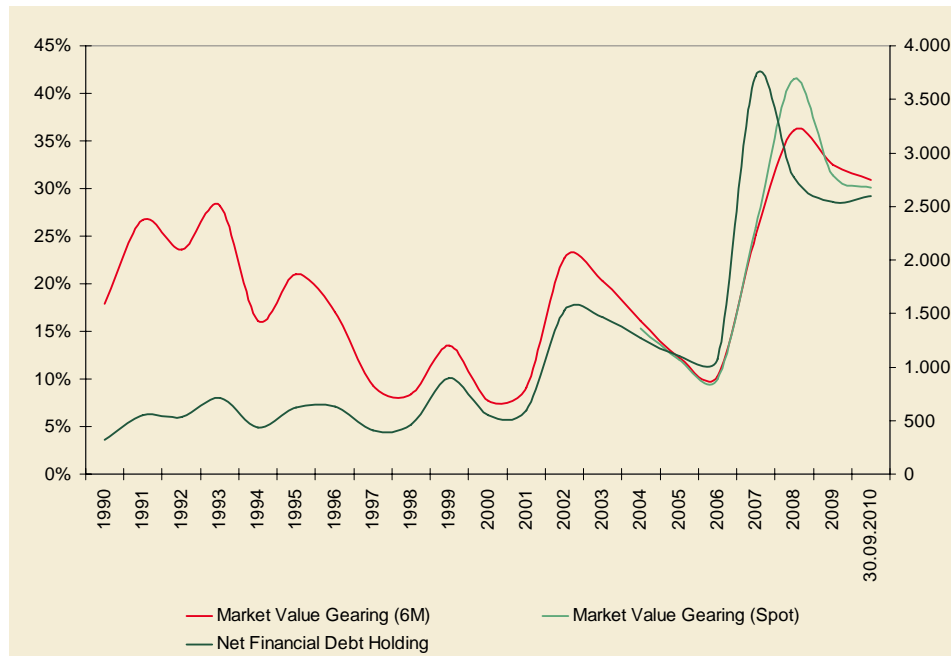
30. September 2010 = EUR 8,6bn



<sup>1</sup> Market values of listed investments are based on the spot prices at the reference days

<sup>2</sup> Market values of not-listed investments include intercompany loans

## HANIEL'S RATING COMMITMENT



### Current Rating:

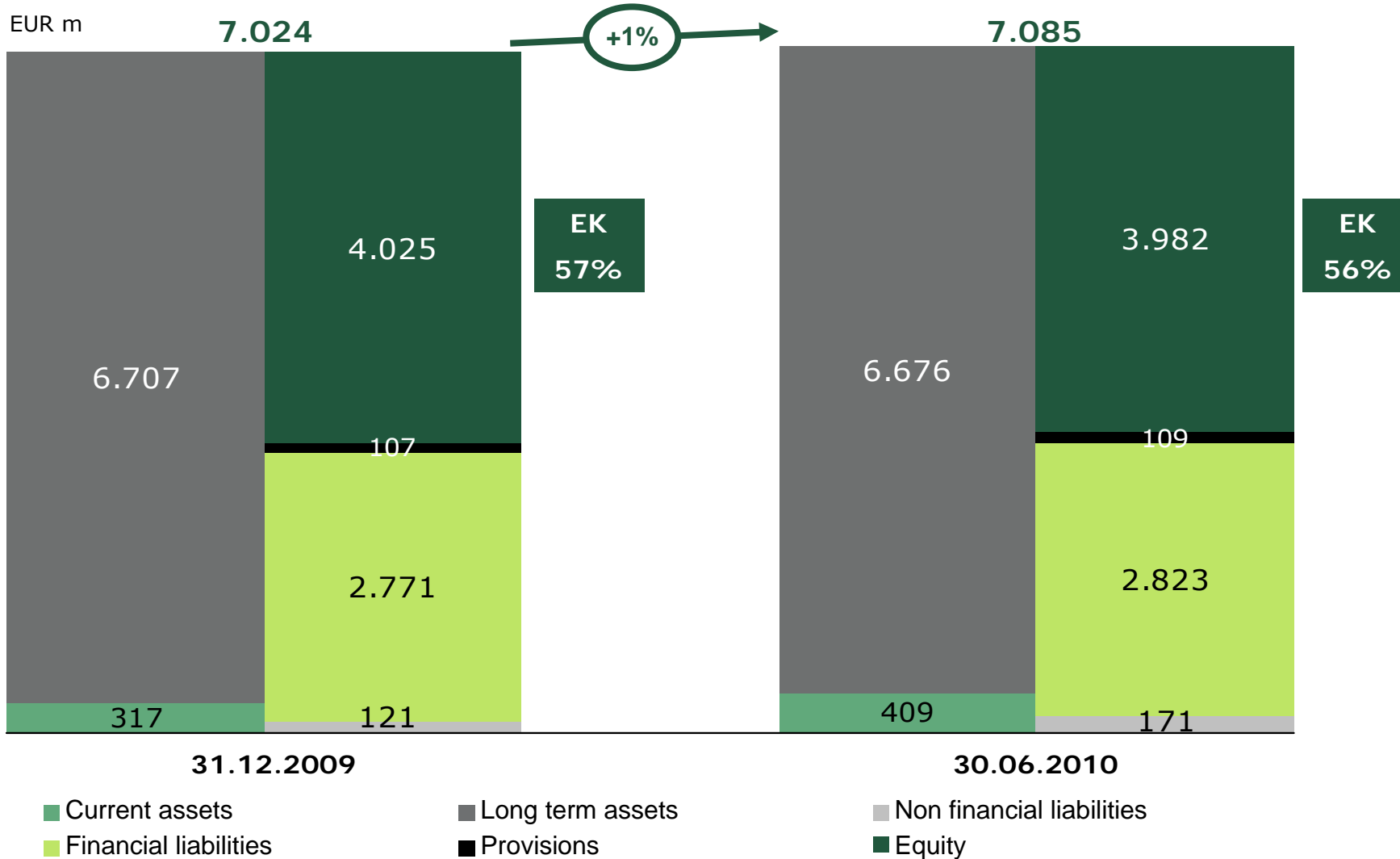
- S&P: BBB- (Outlook: negative)
- Moody's: Ba1 (Outlook: stable)

### Target: stable investment grade rating

- Market-Value-Gearing < 30%  
(in line with rating agencies' requirements)
- Commitment to debt reduction
- Dividend for 2009 cut by EUR 10m
- Stock market recovery supports Market-Value Gearing improvement

Management & shareholders committed to return to solid investment grade rating

# BALANCE SHEET STRUCTURE



**INTRODUCTION**

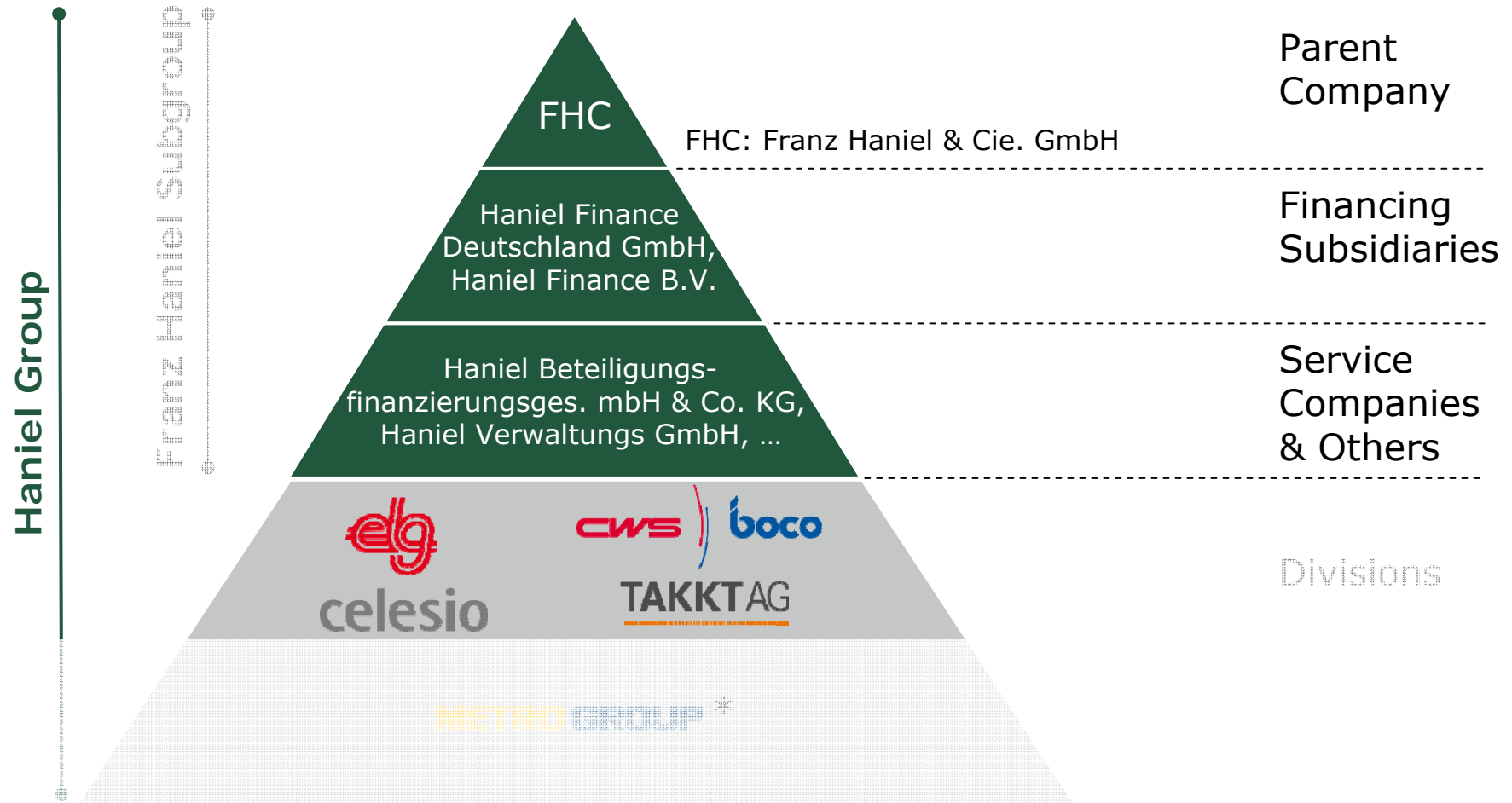
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## KEY FIGURES IFRS CONSOLIDATED

| EUR m                | 1 HY/2009 | 1 HY/2010     |
|----------------------|-----------|---------------|
| Turnover             | 11,698    | <b>13,706</b> |
| Profit before tax    | 113       | <b>156</b>    |
| Haniel Cash Flow     | 284       | <b>296</b>    |
| Capital Expenditures | 214       | <b>173</b>    |

| EUR m                 | FY/2009 | 1 HY/2010     |
|-----------------------|---------|---------------|
| Total Assets          | 15,501  | <b>16,332</b> |
| Equity                | 5,732   | <b>5,886</b>  |
| Financial Liabilities | 5,502   | <b>5,741</b>  |

Recovering economy and successful counter-measures lead to solid development





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|   |  |   |
|---|--|---|
| 1 | Early repayment of secured SPV debt  |    |
| 2 | Start of continuous financial reporting on Management Holding level  |    |
| 3 | Successful bond issues of EUR 1.5bn led to: <ul style="list-style-type: none"><li>- Diversification of financing sources</li><li>- Independence of bank financing</li><li>- Extension of debt maturity profile</li></ul> |    |
| 4 | Successful rollover (extension) of committed long-term credit facilities   |  |

### Financing Objectives

- Ongoing focus on debt control
- Commitment: stable investment grade rating

### Investment Objectives

- Focus on control over cash flows to Management Holding
- Diversification of investment portfolio
- Search for new investments in growth markets supported by global Megatrends