

TAKKT AG: TAKKT with a slight organic sales growth after the first nine months and expectations of a weak fourth quarter

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TAKKT with a slight organic sales growth after the first nine months and expectations of a weak fourth quarter

- **Group sales increased by 1.2 percent in the third quarter due to the acquisition of XXLhoreca and positive exchange rate effects**
- **Organic sales development at minus 2.3 percent due to the loss of business with major Hubert customer and weak market environment**
- **EBITDA margin (adjusted for the positive impact from IFRS 16 and expenses for the early termination of employment contracts) down around one percentage point compared to the previous year**
- **For the full year, TAKKT now expects an organic sales decline of between one and two percent and an EBITDA margin around the lower end of the range of 12 to 14 percent**

Stuttgart, Germany, October 24, 2019. 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," commented CFO Claude Tomaszewski on the development.

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. "We now expect an organic sales decline of between one and two percent for the full year 2019. In this case, we have planned structural cost adjustments in addition to the ongoing disciplined cost management, which will lead to one-off expenses in the fourth quarter," explains CEO Felix Zimmermann. 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.

Conference call: October 24, 2019, at 2:00 p.m. (CEST).

The login details to participate in the earnings call are available at the following link:

[4www.takkt.de/event/](http://www.takkt.de/event/)

IFRS figures for the TAKKT Group as of the end of the third quarter 2019

(in EUR million)

	Q3	Q3	9M	9M	
	2018	2019	2018	2019	Change in %
TAKKT Group sales	310.7	314.3	1.28	78.09	23.1
<i>Organic growth</i>			-2.3		0.5
TAKKT EUROPE	158.1	161.4	2.14	77.55	01.9
<i>Organic growth</i>			-1.0		0.8
TAKKT AMERICA	152.7	152.9	0.14	00.74	21.2
<i>Organic growth</i>			-3.7		0.2
EBITDA	41.2	39.4	-4.4	110.2	118.1
<i>EBITDA margin (%)</i>	<i>13.3</i>	<i>12.5</i>	<i>12.6</i>	<i>12.8</i>	
EBIT	34.5	29.2	-15.4	89.4	88.0
Earnings per share (in EUR)	0.37	0.31	-16.6	0.95	0.91
TAKKT cash flow	32.7	32.2	-1.5	88.1	94.5
<i>TAKKT cash flow margin (%)</i>	<i>10.5</i>	<i>10.2</i>	<i>10.0</i>	<i>10.2</i>	

About TAKKT AG

TAKKT is the leading B2B direct marketing specialist for business equipment in Europe and North America. The Group is represented with its brands in more than 25 countries. The product range of the subsidiaries comprises more than one million products for the areas of plant and warehouse equipment, office furniture, transport packaging, display articles and equipment for the food service industry, hotel market and retailers. The TAKKT Group has over 2,500 employees. The company is listed on the SDAX and Deutsche Börse Prime Standard.

Contacts:

Dr. Christian Warns Tel. +49 (0) 711 3465-8222

Giuseppe Palmieri Tel. +49 (0) 711 3465-8250

Email: investor@takkt.de

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Language: English
Company: TAKKT AG
Presselstr. 12
70191 Stuttgart
Germany
Phone: +49 (0)711 3465 80
Fax: +49 (0)711 3465 8104
E-mail: investor@takkt.de
Internet: www.takkt.de
ISIN: DE0007446007
WKN: 744600
Indices: SDAX
Listed: Regulated Market in Frankfurt (Prime Standard), Stuttgart; Regulated Unofficial Market in Berlin, Dusseldorf, Munich, Tradegate Exchange
EQS News ID:895667

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Your Contact



Dr. Christian Warns
Leiter Investor Relations
christian.warns@takkt.de
Tel: +49 711 3465-8222
Fax: +49 711 3465-8104



Giuseppe Palmieri
Presseabteilung
[giuseppe.palmieri\(at\)takkt.de](mailto:giuseppe.palmieri(at)takkt.de)
+49 711 3465-8250
+49 711 3465-898250
☎ [kP](#)