

## Press release

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### **Lekkerland: Strong turnover in 2009 financial year**

#### **Correctly positioned with the "Agenda for Growth"**

The convenience-wholesaler Lekkerland AG & Co. KG increased its turnover in 2009 by 3.5 percent to EUR 12.0 billion. "When viewed against the difficult economic situation in Europe, we are very satisfied with this result," explains Christian Berner, Chief Executive Officer (CEO) of the Lekkerland Group. "Within the framework of our Agenda for Growth, we reacted early to the buying reluctance of consumers in the channels supplied by us. By doing so, we were able to limit the impact of the economic and financial crisis on our business in 2009." Sales of food, drinks and tobacco products declined throughout Europe. By taking early measures and through cost optimisations, EBIT was increased by 3.7 percent to EUR 85 million.

#### **Measures in the 2009 financial year**

Within the context of the first pillar of our growth strategy Agenda for Growth - growth in existing customer sectors - Lekkerland further expanded its professional consultancy services in the field of category management in 2009. By using a new customer relationship management (CRM) system, the advice services provided by Lekkerland field-service employees were further optimised.

Growth in new product ranges - the second pillar of the growth strategy - was achieved through the activities of the Lekkerland Food Intelligence division, which was established in 2008, as well as through an increased focus on Lekkerland own brands. Further measures included the introduction of innovative products in the Electronic Value (e-va)/Miscellaneous sector as well as targeted sales promotion activities used to support our customers.

#### **Process optimisation in the 2009 financial year**

During the 2009 financial year, for example, the sales division in Germany was restructured in order to facilitate more efficient customer care. "For us it was important to maintain or even increase our quality despite the cost savings," explains Christian Berner. "This objective forms the core of the Lekkerland Agenda for Growth." In this context, parts of IT were outsourced to an external partner, Atos Origin, in 2009 in order to position Lekkerland even more flexibly.

The launch of the route scheduling software, PTV Intertour, also supported this objective. The software is used to optimally allocate the available orders to delivery routes, taking into account individual customer requirements, vehicle capacity or downtime. The roll-out of PTV Intertour in Switzerland and the Czech Republic has already been fully concluded and will be completed in Germany in mid-2010.

#### **Business growth:**

- Turnover stable in Germany
- Turnover in the “Other Western Europe” segment over EUR 4 billion for the first time
- Eastern Europe affected by the crisis

In 2009, the Germany segment accounted for EUR 6,720 million (56 percent) of the Lekkerland Group’s total turnover. This puts turnover in Germany 0.1 percent below that of the previous year, thus remaining stable overall.

In the tobacco products sector, turnover was increased by 2.5 percent to EUR 5,438 million when compared to the previous year. In the cigarettes product segment, Lekkerland Germany managed to record a clear increase in turnover compared with the overall market for tobacco products.

Turnover in the Food/Non-food sector fell by 10.3 percent to EUR 1,212 million in comparison to the previous year. “On the one hand, insolvencies in the department store sector had an effect. But consumers’ reticence to purchase as a consequence of the economic and financial crisis has had a negative impact on turnover, amounting to a figure running into the double-digit millions,” says Christian Berner.

In the Electronic Value (e-va)/Miscellaneous sector, turnover from commissions was maintained at the previous year’s level of EUR 70 million. Lekkerland countered increasing pressure from competitors by expanding the range to include additional innovative products, such as various gift cards from Retailo. Overall, the e-va product portfolio in Germany comprises 24 products from the prepaid credit, internet payment and gift voucher sectors.

In the Other Western Europe segment (Netherlands, Belgium, Spain, Austria, Switzerland), turnover increased by 14.5 percent in 2009, taking it above the EUR 4 billion mark for the first time.

The tobacco goods sector recorded an increase in turnover of 17.4 percent to EUR 3,346 million; turnover in the Food/Non-food sector increased by 4.2 percent to EUR 941 million. Turnover from commission on Electronic Value (e-va)/Miscellaneous increased by 38.9 percent to EUR 50 million. “The positive growth in turnover in the Other Western European segment can be primarily attributed to the withdrawal of various competitors and customer growth in the Netherlands,” explains Christian Berner. Additionally, the subsidiary in Austria achieved a positive result for the 2009 financial year for the first time. “When viewed against a background of overall difficult conditions, that is particularly pleasing,” emphasises the Lekkerland CEO.

The Eastern Europe (Czech Republic, Hungary, Romania, Poland) segment was most affected by the economic and financial crisis in the 2009 financial year. The fall in turnover by 12.8 percent to EUR 943 million is in particular due to the slump in currencies of the Eastern European countries, which has continued in 2009 to an even greater extent. Adjusted for these currency effects, turnover in the Eastern Europe segment increased fractionally by 0.2 percent. The growth of the subsidiary in Hungary was below that expected and was additionally compromised by the economic and financial crisis. Therefore, at the start of 2010 the Lekkerland Group sold the Hungarian subsidiary.

“Eastern Europe was hardest hit by the effects of the economic and financial crisis,” explains Christian Berner. “Nevertheless, we generally see potential in our Eastern European subsidiaries. This is also shown by

the positive developments to date during the current financial year.”

### **Agenda for Growth will also determine the development of the Lekkerland Group in the future**

Even if there are increasing signs of an economic recovery, no reliable forecast about the future growth of the business can be given. “In the past, we have been well placed to cope with the challenges of difficult market conditions thanks to our Agenda for Growth strategy,” explains CEO Christian Berner. “Therefore we will continue to adhere to this strategy as planned and continue to drive it forward. Our future measures and activities will also always be implemented in accordance with our principle of ‘make customers successful’.”

### **Convenience research incorporated into strategic direction**

In 2008, the Lekkerland funded Chair at the European Business School (EBS) in Oestrich-Winkel was founded. The research results of the Endowed Chair of Convenience & Marketing are incorporated into the strategic direction of the convenience wholesaler. At the start of 2010, Lekkerland presented the second study of the “Convenience in Europe” series. In Germany, Austria and Switzerland, this study investigated exactly who consumes on the move, what they consume and when and where this takes place. Christian Berner explains the importance of the Chair for the company: “The research results show us the wishes and requirements of consumers. This knowledge is particularly important to us so that we can offer our customers the right products and concepts.”

### **Anniversary year for Lekkerland Germany**

For Lekkerland Germany, 2010 is a special year since Lekkerland is celebrating its 50th anniversary here. Over the last five decades, the company has developed from an amalgamation of confectionary wholesalers into a convenience expert. “During its history, Lekkerland has again and again successfully adapted itself to changed market conditions – and the same applies today,” explains Christian Berner. “We intentionally dedicate our company’s anniversary to our customers, since we have them to thank for our success.” As part of a large anniversary celebration, the company will be celebrating together with customers and showing its gratitude through various campaign offers and measures. These include attractive anniversary offers, the awarding of a customer award and different sales promotion tools, such as the “Best Box”. The newly developed “Best Box” from Lekkerland is a display with the favourite products from various product categories, and is produced by Lekkerland in its own warehouses.

### **Category management 2010 in focus**

In the current financial year, the focus is on the expansion of category management services. Product placement plays a critical role in consumers’ purchase decision alongside their buying motive. “We do not leave our customers on their own with goods,” stresses Christian Berner. “We have developed an optimised check-out area for shops, into which fresh products, fruit or cake snacks can be incorporated alongside traditional impulse purchases.” Lekkerland additionally offers its customers nine different sales promotions modules, which are supplemented by campaign materials. Using these modules, combined offers and individual products can be displayed prominently. In order to provide its customers with the highest level of comfort and flexibility when ordering products in the future, Lekkerland will also offer an online ordering

facility. The convenience wholesaler is currently working on an internet platform. The web shop is intended to go online in mid-2010.

### **A brief profile of the Lekkerland Group**

Currently operating in ten European countries, Lekkerland supplies approximately 131,500 filling station shops, corner shops, convenience stores, fast-food chains, specialty tobacco shops, specialty beverage retailers, department stores, grocery stores/markets, bakeries, and cafeterias with a full range of confectionery, beverages, snacks, convenience items, ice cream, frozen foods, fresh products, tobacco products, phone cards and non-food items. The company generated turnover of EUR 12 billion in 2009.

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