HAGEMEYER

HAGEMEYER N.V. RIJKSWEG 69, P.O. BOX 5111, 1410 AC NAARDEN, THE NETHE RLANDS
TELEPHONE + 31 (0)35 6957676, FAX + 31 (0)35 6944396

PRESS RELEASE - FULL YEAR RESULTS 2004

Highlights

- **2004 performance fully in line with outlook as previously communicated**
- **Full-year 2004 sales of € 5.4 billion, 3.5% organic growth [1]**
- **EBITDA HY2 2004 of € 49 million, like-for-like € 32 million better than HY2 2003 EBITDA**
- **Net loss FY 2004 at € 164million, almost half 2003 net loss**
- **Free cash flow (before proceeds from divestments) HY2 2004 of € 63 million positive; € 76 million negative for the full year**
- **PPS average net working capital as a percentage of sales reduced to 14.2% (2003: 16.4%)**
- **Hagemeyer may consider issuing a subordinated convertible bond to optimise its current financing structure**

Key data *(x € million)*	**2004**	**2003**	**2003 Like-for-like [2]**
Net sales	**5,426.7**	6,337.8	5,561.1
EBITDA (before exceptional items)	**41.0**	40.6	(4.5)
EBITA (before exceptional items)	**(1.4)**	(9.3)	(51.5)
Exceptional items	**(32.2)**	(126.0)	(183.2)
EBITA (after exceptional items)	**(33.6)**	(135.4)	(234.7)
Net result	**(164.1)**	(318.0)	
Net result per ordinary share (€) [3]	**(0.32)**	(2.91)	
Shares outstanding on December 31 (x millions)	**516.1**	109.5	
Free cash flow (before proceeds from divestments)	**(75.8)**	(137.6)	
Net interest-bearing debt	**(476.4)**	(926.9)	

[1] See glossary of terms (Annex IX)
[2] Like-for-like: adjusted for the impact of the 2003 divestments and/or transfer of Tech Pacific, Stokvis Tapes Group and Puma (not including effect of 2004 divestments)
[2] Based on actual number of shares outstanding at the end of the year

Rudi de Becker, CEO:

"Although Hagemeyer is still showing a significant loss for 2004, in line with expectations, we are nevertheless pleased with the progress made in all key areas of our business. The year 2004 was a year of recovery and rebuilding for Hagemeyer. Our main priority for 2004 was to stop further business decline and to resume growth. Our organic sales growth of 3.5% after several years of decline, the considerable improvement of our operating profit and the reduction of our net loss, the strengthening of our position in all our regions, and the improvement of our financial position are all clear indicators that the initial phase of Hagemeyer's turnaround is on track."

Group financial review

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**5,426.7**	6,337.8
Organic growth (not adjusted for working days)	**3.5%**	(4.9%)
Gross profit	**1,240.7**	1,346.4
Gross profit as % of sales	***22.9%***	*21.2%*
Operating expenses	**(1,244.7)**	(1,373.3)
Operating expenses as % of sales	***(22.9%)***	*(21.7%)*
Other operating (expense)/income	**2.6**	17.6
EBITA	**(1.4)**	(9.3)
EBITA as % of sales	***0%***	*(0.1%)*
13 months' average net working capital	**756.7**	957.1
Average net working capital as % of 12 months' sales	***13.9%***	*15.1%*

In February 2004 Hagemeyer completed a rights issue for an amount of € 460 million, in combination with an issue of € 150 million worth of subordinated convertible bonds and a major restructuring of the Company's debt.

Divestments of GPX and the retail activities in Germany were completed, effective April 1, 2004.

In 2003, Hagemeyer divested or transferred Tech Pacific, Stokvis Tapes Group and Puma, representing € 777 million of sales and € 46 million of EBITDA (before exceptional items) in 2003.

These divestments and transfers of subsidiaries and activities, as well as the refinancing, affect comparisons against the previous year.

Details of the Group's performance in 2003 on a like-for-like comparison basis (i.e. adjusted for these 2003 divestments and transfers of Tech Pacific, Stokvis Tapes Group and Puma) are included in Annex VII of this press release.

Net sales in 2004 were € 5,426.7 million, compared to € 6,337.8 million in 2003. The net effect of divestments and acquisitions led to a decrease in sales of € 989.0 million. This mainly concerned the disposals of Tech Pacific, Stokvis Tapes Group, GPX and the retail activities in Germany. Foreign exchange rates had a negative effect on sales of € 106.7 million, mainly due to the weakening of the USD in the course of 2004, partly offset by a stronger GBP and AUD.

For the full year, **organic sales growth** was 3.5% (€ 184.6 million), with growth of 3.2% in the first half of the year and 3.9% in the second half.

The **Professional Products and Services (PPS)** business accounted for € 4,988.4 million in net sales, or 92% of the Company's total net sales in 2004 (2003: € 5,061.9 million and 80% of total 2003 sales). **Organic growth** for the PPS business, not adjusted for working days, was 3.1 % in the first half of the year and 4.5% in the second half.

The **organic growth** for the **core PPS business** was 3.2% based on a same number of working days (HY1 2004: 2.1% and HY2 2004: 4.2%).

The **PPS Nordics** region was the **strongest driver** of organic growth in 2004, with continuing high sales levels in the utilities and telecom segments, which have lower than average gross margins.

Gross profit for 2004 was € 1,240.7 million, a decrease compared to the prior year of € 105.7 million. Gross margin increased from 21.2% in 2003 to 22.9 % in 2004. This increase reflects a change in the composition of the Group's sales, in particular the elimination of low margin sales of Tech Pacific and GPX.

Operating expenses decreased from € 1,373.3 million in 2003 to € 1,244.7 million in 2004. Exchange rate movements reduced operating expenses by € 24.3 million and divestments added € 103.3 million to the decrease. FTE- related cost savings of approximately € 46.1 million, were offset by cost inflation of € 23.4 million and cost increases of € 21.7 million. The majority of these cost increases were caused by turnaround-related costs, such as provisions for incentives for local staff and professional fees incurred in business improvement projects, freight expenses related to the logistics reorganisation in the UK, and other costs of an incidental nature.

EBITDA (before exceptional items) for 2004 was € 41.0 million, an increase of € 0.4 million compared to 2003, and an increase of € 45.5 million to 2003 on a like-for-like basis. The EBITDA margin was 0.8%, compared to 0.6% in 2003.

Hagemeyer has entered into an **FTE reduction programme** in 2003. Movements in the actual number of FTEs at year-end 2003 and year-end 2004 are shown in the table below:

Movement in actual number of FTEs	**2004**	**2003**
Number of FTEs at January 1	**19,057**	**22,510**
FTE reductions due to net effect of divestments/acquisitions	**(787)**	**(2,032)**
Movement in FTEs in operations		
PPS Europe	*(275)*	*(968)*
PPS North America	*(251)*	*(266)*
PPS Asia-Pacific	*-*	*67*
ACE	*(38)*	*(189)*
Corporate and other	*(26)*	*(65)*
	(590)	**(1,421)**
Total movement in FTEs	**(1,377)**	**(3,453)**
Number of FTEs at December 31	**17,680**	**19,057**

The actual number of FTEs at December 31, 2004 was 17,680, compared to 19,057 on the same date in 2003. Of the FTE reduction of 1,377 in 2004, 787 FTEs are related to divestments. PPS Germany, the UK and North America in particular contributed to the 590 FTE reduction in operations. In the second half of 2004, the headcount reduction in the UK was delayed by several months in order to maintain customer service levels during the implementation of the new logistics model. In Mexico a large contract was regained. To service this contract it was necessary to hire additional staff. Headcount was therefore approximately 100 higher than the original plan.

EBITA before exceptional items for 2004 was € 1.4 million negative, an improvement of € 7.9 million compared to 2003. On a like-for-like basis EBITA improved by € 50.1 million from € 51.5 million negative in 2003 to € 1.4 million negative in 2004.

Net exceptional charges in 2004 amounted to € 32.2 million (2003: € 126.0 million), as specified in Annex VI. The largest components were a net book gain mainly related to the divestments of Tech Pacific, GPX and the retail activities in Germany and the amortisation and write-off of intangible assets that were mostly ICT-related.

During the year, the Group utilised € 25.6 million of its end 2003 **restructuring and reorganisation provisions**. Of this amount, approximately € 23.3 million was utilised for reorganisations in the PPS business. This included costs related to the streamlining of the logistics infrastructure, the rationalisation of the branch network in Europe and North America, and the headcount reduction. The remainder of € 2.3 million mainly concerned costs for the reorganisation and headcount reduction within the Agencies/Consumer Electronics business, as well as vacant leases. At December 31, 2004, total restructuring and reorganisation provisions amounted to € 26.9 million (compared to € 40.8 million at year-end 2003).

The **share in results of associated companies** increased from € 5.9 million in 2003 to € 9.1 million in 2004, mainly as a result of the remaining investment of 31.5% in Tech Pacific, which was included in results from associated companies from June 1, 2003 to November 1, 2004.

Net financial expenses for the year decreased from € 122.0 million in 2003 to € 83.6 million in 2004. Net financial expenses in 2003 included an amount of € 45.0 million for standstill and advisory costs related to the refinancing of the Group. Net financial expenses for 2004 included a further € 18.5 million in costs related to the refinancing of the Group. As reported earlier, these costs include a non-recurring make whole- payment of € 11.8 million to certain note-holders as a consequence of the successful rights issue in February 2004. The interest cost benefits resulting from the lower average debt compared to 2003 were offset by higher interest rates.

The Group's **tax charge** was € 24.8 million, including an € 19.6 million net write-off of deferred tax assets.

Net result for 2004 was € 164.1 million negative, compared to € 318.0 million negative in 2003. Net result per share improved from € 2.91 negative in 2003 to € 0.32 negative in 2004 (based on the actual number of shares outstanding at year-end). Subsequent to the rights issue in February 2004, the actual **number of shares** outstanding increased to 516,091,042 at December 31, 2004 (109,459,256 at December 31, 2003).

Financial position

Total assets as at December 31, 2004 were € 2,320.2 million, a decrease of € 283.2 million compared to December 31, 2003. The net effect of acquisitions and divestments resulted in a decrease in total assets of € 55.7 million. Foreign exchange rate movements accounted for a decrease of € 67.6 million.

Intangible assets at December 31, 2004 were € 495.7 million. Of this amount, € 34.7 million relates to capitalised expenditure for software licenses and trade names. During 2004, the non-allocated capitalised expenses for software were fully written off, resulting in an exceptional charge of € 39.6 million. In addition, € 461.0 million of capitalised goodwill has been included as intangible asset at December 31, 2004.

Shareholders' equity increased from € 542.5 million at year-end 2003 to € 777.9 million at year-end 2004. The increase reflects the share issue in February 2004, resulting in a net contribution of € 433.8 million, partly offset by this year's net loss of € 164.1 million and the negative effect of movements in foreign exchange rates (€ 34.4 million).

Average net working capital as a percentage of net sales for the Group decreased, from 15.1 % in 2003 to 13.9 % in 2004. The PPS business achieved an improvement from 16.4% in 2003 to 14.2% in 2004, leading to a reduction of more than € 100 million of average capital employed compared to 2003. Average net working capital as a percentage of net sales of the Agencies/Consumer Electronics business increased from 19.4% in 2003 to 21.3% in 2004, partly due to the disposal of GPX as at April 1, 2004, which company had a relatively low working capital utilisation.

Total **net working capital** at December 31, 2004 amounted to € 705.4 million (2003: € 749.0 million). As at December 31, 2004, the net trading working capital for the Group amounted to € 853.3 million (2003: € 923.1 million). The non trading working capital of € 147.9 million negative (2003: € 174.1 million negative) mainly consisted of taxes receivable and payable, accrued income and expenses, and prepaid expenses.

Free cash flow (before proceeds from divestments) for 2004 was € 75.8 million negative (2003: € 137.6 million negative). The positive cash flows from EBITDA before exceptional items (€ 41.0 million), net working capital reduction (€ 36.1 million) and dividends received (€ 3.7 million) were exceeded by negative cash flows from financial expenses (€ 73.0 million), exceptional restructuring expenses (€ 50.6 million), changes in non-restructuring provisions (€ 1.9 million), taxes (€ 11.5 million), and the sale and purchase of fixed assets (€ 19.6 million).

The Group's **net interest-bearing debt** was reduced from € 926.9 million at the end of 2003 to € 476.4 million at December 31, 2004. The reduction of € 450.5 million consisted of a reduction due to the net impact in 2004 of the equity issue (€ 439.9 million), a reduction of € 93.4 million related to net cash flow from acquisitions and divestments, an increase of € 75.8 million due to negative free cash flow, and an increase of € 7.0 million due to foreign exchange rate movements. Net debt included a € 150.0 million subordinated convertible bond since the issue of the bond on February 5, 2004.

The decrease in net debt of € 192.1 million in the last quarter of 2004 was mainly the result of seasonally lower working capital, particularly following a reduction of receivables and inventory. Another important cash inflow came from the net cash consideration of € 83.2 million that Hagemeyer received from the sale of its 31.5% stake in Tech Pacific. The financing facilities available to Hagemeyer were reduced accordingly. Hagemeyer's unutilised senior loan facilities at December 31, 2004 were approximately € 250 million.

Hagemeyer is currently looking at ways to optimise its debt and maturity profile and may consider issuing a subordinated convertible bond, the proceeds of which will be used to pay down part of its senior debt.

Professional Products and Services (PPS)

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**4,988.4**	5,061.9
Organic growth (based on same number of working days)	**3.2%**	(7.1%)
Gross profit	**1,108.6**	1,132.1
Gross profit as % of sales	***22.2%***	*22.4%*
Operating expenses	**(1,111.2)**	(1,178.5)
Operating expenses as % of sales	***(22.3%)***	*(23.3%)*
Other operating (expense)/income	**1.4**	3.7
EBITA	**(1.2)**	(42.7)
EBITA as % of sales	***0%***	*(0.8%)*
13 months' average net working capital	**706.9**	827.7
Average net working capital as % of 12 months' sales	***14.2%***	*16.4%*

(x € million)	**Net sales FY 2004**	Net sales FY 2003	Variance	Organic growth	Acquisitions/ divestments	Foreign exchange effect
PPS Europe	**3,334.1**	3,353.3	(19.3)	138.4	(163.4)	5.8
PPS North America	**1,192.3**	1,254.8	(62.5)	42.4	6.1	(111.0)
PPS Asia-Pacific	**462.1**	453.8	8.3	1.9	(4.6)	11.0
PPS Total	**4,988.4**	5,061.9	(73.5)	182.6	(162.0)	(94.2)

Net sales for the PPS business in 2004 amounted to € 4,988.4 million (2003: € 5,061.9 million). Uncertainty about the Group's financial position had a negative impact on sales in the first quarter of the year.

Organic sales growth (based on the same number of working days) in the first quarter was modest with 0.2% for PPS overall. However, it accelerated in the remainder of the year, in particular in the fourth quarter, with organic growth of 4.7% - the highest quarterly increase since 2000. Organic growth for the full year 2004 was 3.2%. The movements in net sales and the organic growth, acquisitions/divestments and foreign exchange effects are summarised in the table above.

Gross margin for our PPS business has deteriorated by 20 basis points during 2004 (from 22.4% in 2003 to 22.2% in 2004). This slight deterioration was the result of a still negative gross margin evolution in the first quarter and the spectacular sales growth of the lower gross margin telecom and utilities business in the Nordics region. Excluding the Nordics, our gross margin for the year improved by 30 basis points. This improvement was mainly the result of our increased focus on gross margin throughout the company, an improved gross margin transparency, management and control, and a closer cooperation and partnership with our suppliers.

Operating expenses decreased from € 1,178.5 million in 2003 to € 1,111.2 million in 2004. This € 67.3 million decrease was composed as follows: € 17.1 million resulting from exchange rate movements, € 45.5 million resulting from divestments, and a net cost reduction of € 4.7 million. This cost reduction was the result of head count-related cost savings of approximately € 41.2 million, largely offset by a cost inflation of € 20.7 million and cost increases of € 15.8 million, the majority of which were turnaround-related incentives for local staff, professional fees incurred in business improvement projects, freight expenses related to the logistics restructuring at Hagemeyer UK, and other incidental costs. For further details of the operating expenses, see the table on the next page.

(x € million)	**Operating expenses FY 2004**	Operating expenses FY 2003	Variance	Underlying movement	Inflation	Acquisitions/ Divestments	Foreign exchange effect
PPS Europe	**749.8**	808.9	(59.1)	(28.1)	12.0	(47.7)	4.7
PPS North America	**263.9**	280.3	(16.4)	(0.6)	5.9	2.5	(24.2)
PPS Asia-Pacific	**97.4**	89.2	8.2	3.4	2.7	(0.3)	2.4
PPS Total	**1,111.2**	1,178.5	(67.3)	(25.4)	20.7	(45.5)	(17.1)

EBITA before exceptional items for 2004 improved from € 42.7 million negative in 2003 to € 1.2 million negative.

Average net working capital as a percentage of net sales improved further from 16.4 % in 2003 to 14.2 % in 2004, reflecting a substantially better working capital productivity.

Net trading working capital as at December 31, 2004 amounted to € 759.1 million, a decrease of € 56.7 million as compared to December 31, 2003. Included in this decrease is a reduction resulting from exchange rate movements of € 16.2 million.

Europe

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**3,334.1**	3,353.3
Organic growth (based on same number of working days)	**3.3%**	(8.0%)
Gross profit	**734.6**	759.2
Gross profit as % of sales	***22.0%***	*22.6%*
Operating expenses	**(749.8)**	(808.9)
Operating expenses as % of sales	***(22.5%)***	*(24.1%)*
Other operating (expense)/income	**1.2**	3.1
EBITA	**(14.0)**	(46.6)
EBITA as % of sales	***(0.4%)***	*(1.4%)*
13 months' average net working capital	**447.5**	538.7
Average net working capital as % of 12 months' sales	***13.4%***	*16.1%*

Net sales for 2004 were € 3,334.1 million, a decrease of € 19.2 million compared to 2003. The net effect of acquisitions and divestments resulted in a decrease in sales of € 163.4 million. Foreign exchange rate movements had a positive effect on sales of € 5.8 million.

For the full year, **organic growth** (based on the same number of working days) was 3.3% (€ 138.4 million). Sales growth accelerated from 2.9% in the first half of the year to 3.6% in the second half.

Gross profit for the year was € 734.6 million, a decrease of € 24.6 million compared to 2003. Gross profit as a percentage of net sales decreased from 22.6% in 2003 to 22.0% in 2004. This 60 basis points gross margin decrease was the result of a still adverse gross margin evolution in the first quarter of 2004 and the spectacular sales growth of the lower margin telecom and utilities business in the Nordics region. When these negative effects on the gross margin are eliminated, gross margin has improved.

Operating expenses decreased from € 808.9 million in 2003 to € 749.8 million in 2004. Exchange rate movements increased expenses by € 4.7 million, whereas divestments (mainly Stokvis Tapes and Retail Germany) reduced expenses by € 47.7 million. The underlying cost reduction for the ongoing operations was € 28.1 million. These cost savings, mainly in PPS Germany and the UK, were partly offset by cost increases as a result of cost inflation of approximately € 12 million.

The **actual number of FTEs**, as compared to December 31, 2003, decreased by 804 to 10,101 as at December 31, 2004. Divestments and termination of activities (mainly Retail Germany) contributed 529 FTEs to this reduction. PPS Germany and Hagemeyer UK were the main contributors to the remaining FTE reduction of 275 FTEs.

EBITA before exceptional items improved from € 46.6 million negative in 2003 to € 14.0 million negative in 2004. As a percentage of net sales, the EBITA margin improved from 1.4% negative in 2003 to 0.4% negative in 2004. Adjusted for the divestments in 2003, the like-for-like comparison shows an improvement of € 37.5 million.

Average net working capital as a percentage of net sales for PPS Europe improved from 16.1 % in 2003 to 13.4 % in 2004.

UK

Although considerable progress was made during 2004, the UK operation remains our biggest turnaround challenge.

Organic sales growth for 2004 for the UK was 4.6%. Organic growth for the fourth quarter was 2.4%. This slow down in growth during the latter part of the year was mainly caused by the start of the roll-out of the new decentralised logistics model, which inevitably created some degree of sales disruption at Newey & Eyre.

We are changing our logistics model in the UK because the performance of our National Distribution Centre in Runcorn did not meet our expectations. Customer service levels for Newey & Eyre could only be maintained by using a large number of temporary staff at Runcorn. In addition, a high number of emergency shipments between branches resulted in increased freight costs. This situation prevented us from reducing our cost base in the UK faster. We therefore decided to opt for a more decentralised and simpler model, based on a number of regional distribution centres. The full roll-out of the regional distribution centres is expected to be completed by mid-2005. This new logistics model will allow us to further improve customer service while at the same time accelerating the reduction of costs and inventory.

Gross margin in the UK improved considerably in 2004 and costs were reduced despite the logistics issues.

EBITA before exceptional items for the UK operations improved by £ 27.9 million (€ 41.5 million) from £ 75.6 million negative (€ 111.6 million negative at 2004 exchange rates) in 2003 to £ 47.7 million (€ 70.1 million) negative in 2004.

Germany

Organic sales growth for Germany was 7.9% negative in 2004. However, the rate of decrease diminished continuously during the year. Whereas the industrial sales segment showed good recovery in the second half of the year, the German construction market remained weak. In the course of 2004, all internal causes of the sales decline in Germany were eliminated, and the marketing and sales organisation was considerably strengthened.

Nordics

The Nordics region was very successful in 2004 and achieved 12.4% organic growth, mainly driven by continuing high sales levels in the utilities and telecom segments, which have lower than average gross margins. Sales reported for the Nordics region include sales from operations in China, which showed a positive evolution in 2004. Total sales in China amounted to more than € 40 million in 2004.

Spain

PPS Spain achieved organic sales growth of 5.0% in 2004. Sales growth was supported by a strong construction market.

North America

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**1,192.3**	1,254.8
Organic growth (based on same number of working days)	**3.7%**	(7.4%)
Gross profit	**272.5**	270.1
Gross profit as % of sales	***22.9%***	*21.5%*
Operating expenses	**(263.9)**	(280.3)
Operating expenses as % of sales	***(22.1%)***	*(22.3%)*
Other operating (expense)/income	**0.2**	0.6
EBITA	**8.8**	(9.6)
EBITA as % of sales	***0.7%***	*(0.8%)*
13 months' average net working capital	**195.3**	231.0
Average net working capital as % of 12 months' sales	***16.4%***	*18.4%*

Net sales for 2004 were € 1,192.3 million, a decrease of € 62.5 million compared to € 1,254.8 million net sales in 2003. The net effect of acquisition and divestments had a positive effect of € 6.1 million on sales, whereas foreign exchange rate movements had a negative effect of € 111.0 million.

Overall PPS North America achieved 3.7% **organic growth.** Growth accelerated from 1.6% in the first half of the year to 5.8% in the second half.

In the **US**, the PPS business achieved 4.6% organic growth. This is the result of a strong US market, a considerably improved customer service and the winning of important new integrated supply contracts.

Gross profit for the year ended December 31, 2004 was € 272.5 million, or 22.9% as a percentage of net sales (2003: 21.5%). This gross margin improvement is mainly the result of an increased focus on gross margin, combined with the discontinuation of some lower margin business and contracts.

Operating expenses for PPS North America decreased by € 16.4 million to € 263.9 million in 2004, mainly as a result of a € 24.2 million reduction due to foreign exchange rate movements. The net effect of acquisitions and divestments added € 2.5 million to the increased expenses. Inflation resulted in an increase in expenses of € 5.9 million. The limited underlying decrease in expenses of € 0.6 million is primarily a result of costs related to the turnaround of the US business, such as provisions for staff incentives, and professional fees incurred in business improvement projects, as well as other costs of an incidental nature. Adjusted for these costs, the underlying cost base was reduced by approximately € 12 million. This decrease was mainly driven by savings related to FTE reductions.

The actual **number of FTEs** in operations decreased with 251 to 4,909 as at December 31, 2004 compared to December 31, 2003. The effect of acquisitions during 2004 was an addition of 85 FTEs. The majority of the reduction relates to FTEs in the US and Mexican operations.

EBITA before exceptional items at December 31, 2004 was € 8.8 million (2003: € 9.6 million negative). EBITA as a percentage of net sales was 0.7%.

During 2004 the **average net working capital** ratio for PPS North America improved further, from 18.4% in 2003 to 16.4%.

Asia-Pacific

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**462.1**	453.8
Organic growth (based on same number of working days)	**1.4%**	1.3%
Gross profit	**101.5**	102.8
Gross profit as % of sales	***22.0%***	*22.6%*
Operating expenses	**(97.4)**	(89.2)
Operating expenses as % of sales	***(21.1%)***	*(19.7%)*
Other operating (expense)/income	**0**	0
EBITA	**4.0**	13.5
EBITA as % of sales	***0.9%***	*3.0%*
13 months' average net working capital	**64.1**	57.9
Average net working capital as % of 12 months' sales	***13.9%***	*12.8%*

Net sales showed a slight increase from € 453.8 million in 2003 to € 462.1 million this year. Divestments and foreign exchange rate movements had an effect on sales of € 4.6 million negative and € 11.0 million positive, respectively.

For the full year, **organic growth** was 1.4% (€ 1.9 million). Whereas organic growth during the first half of 2004 was 2.3% negative, it was 4.8% positive during the second half.

The decrease in sales in **Australia** in the early part of the year was mainly caused by the loss of a large number of sales people to competition, unsatisfactory product availability as a result of inventory management problems and a customer service disruption caused by the move of our regional distribution centre in Melbourne. These problems were resolved in the first quarter, the sales decline bottomed out and sales growth resumed in the fourth quarter with an organic growth of 4.9%.

Gross profit for 2004 was € 101.5 million, or 22.0% as a percentage of net sales (2003: 22.6%). The decrease in gross margin was mainly due to continued pressure on pricing and service level issues in Australia.

Operating expenses for PPS Asia-Pacific increased by € 8.2 million to € 97.4 million this year. Foreign exchange rate movements and divestments contributed € 2.4 million and € 0.3 million negative respectively, to this increase. Consequently the underlying cost increase for operations was € 6.1 million. This increase was mainly due to higher ICT expenses following the implementation of the new ERP system, and higher staff expenses to solve the delivery performance issues.

EBITA before exceptional items at December 31, 2004 was € 4.0 million (2003: € 13.5 million). EBITA as a percentage of net sales was 0.9%.

Working capital productivity decreased, resulting in an increase of the working capital ratio from 12.8% in 2003 to 13.9% in 2004. This was mainly caused by an increase in inventory levels in the first quarter to improve customer service.

Agencies/Consumer Electronics (ACE)

Key data ***(before exceptional items)*** *(x € million)*	**2004**	**2003**
Net sales	**438.3**	598.7
Organic growth (no adjusted for working days)	**0.5%**	(0.7%)
Gross profit	**132.1**	173.4
Gross profit as % of sales	***30.1%***	*29.0%*
Operating expenses	**(110.2)**	(140.1)
Operating expenses as % of sales	***(25.1%)***	*(23.4%)*
Other operating (expense)/income	**0.5**	14.7
EBITA	**22.4**	48.0
EBITA as % of sales	***5.1%***	*8.0%*
13 months' average net working capital	**93.5**	115.5
Average net working capital as % of 12 months' sales	***21.3%***	*19.4%*

Net sales of the Agencies/Consumer Electronics activities for 2004 were € 438.3 million, a decrease of € 160.4 million compared to 2003. Foreign exchange rate movements negatively impacted sales by € 12.5 million, while € 149.8 million of the decrease was attributable to the net effect of divestments and acquisitions, mainly as a consequence of the divestment of GPX and the Puma activities. For the full year, the ACE activities generated an **organic growth** of 0.5%, with the first half of the year showing a 3.9% growth and the second half a 2.7% decline.

Gross margin increased, mainly as a result of changes in the business mix.

Operating expenses decreased from € 140.1 million in 2003 to € 110.2 million in 2004. Exchange rate movements and divestments (Puma Japan and GPX) contributed € 7.0 million and € 29.5 million respectively to this decrease. Adjusted for divestments and foreign exchange rate movements, operating expenses increased by € 6.6 million, mainly as a result of increased sales related expenses and a non-recurring release of operational provisions in 2003.

EBITA before exceptional items of € 22.4 million was achieved in 2004, as compared to € 48.0 million in 2003. The difference is partly explained by a non-recurring compensation of € 13.9 million received for the transfer of the Puma activities, included in other operating income in 2003. EBITA on a like-for-like basis was € 22.5 million in 2003.

Working capital productivity deteriorated, resulting in an increase of the working capital ratio from 19.4% in 2003 to 21.3% in 2004, partly due to the disposal of GPX as at April 1, 2004, which had a relatively low working capital utilisation.

OUTLOOK

- Compared to 2004, we expect for 2005:
  - to further grow our sales, provided our markets do not deteriorate;
  - to achieve savings in operating costs that will at least offset inflationary and volume related cost-movements;
  - to improve our EBITA-margin as a percentage of sales;
  - to meet the financial covenants for the senior loan facilities as at December 31, 2005. We thereby expect net cash exceptional charges (as included in the interest cover definition) not to exceed € 40 million in 2005;
  - to further significantly reduce our net loss.
- For 2006 we expect a positive net result.
- We reiterate our 2007 Return on Invested Capital (ROIC) objective of approximately 9% for our PPS business. This is before exceptional items, including goodwill capitalised at the time of acquisition of the companies involved, excluding corporate expenses and assuming 3 to 5% annual organic sales growth.

DIVIDEND

Pursuant to the agreements entered into by Hagemeyer in 2004 in connection with the refinancing of the Company, no dividend can be paid out unless the interest cover ratio is at least 3.5:1 and the net senior debt/EBITDA ratio is not higher than 3.00:1. As these conditions have not been met, no dividend will be paid out for 2004.

ANNUAL REPORT/AGM

Hagemeyer's 2004 Annual Report will be published in early April. The Annual General Meeting of Shareholders will be held at 14.00 hours on April 26, 2005 in the Heianzaal of Hotel Okura Amsterdam, Ferdinand Bolstraat 333 in Amsterdam.

Naarden, February 23, 2005
HAGEMEYER N.V.
Board of Management

Annexes: I - IX

This press release includes forward-looking statements. All statements other than statements of historical fact included in this press release, including, without limitation, those regarding our expected future financial performance or position, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors relating to the company that could cause actual results to differ materially from those in the forward-looking statements. These factors include: our ability to enhance operational performance, increase our sales and improve our margins; our ability to reduce spending and losses; our ability to continue to reduce our indebtedness; our liquidity needs exceeding expected levels; our ability to maintain our relationships with suppliers, insurers and customers; our ability to maintain our market share in the markets in which we operate; the state of the global economy, particularly as it relates to the demand for construction and installation products, and electrical materials and safety, maintenance, repair and operations products; and our anticipated future results. You should not place undue reliance on these forward-looking statements, which speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

Not for release, distribution or publication into or in the United States, Australia, Canada, or Japan.

Annex I

Consolidated Profit and Loss Account for the year ended December 31

(x € 1,000)	**2004**	2003
Net Sales	**5,426,745**	6,337,791
Cost of sales	**(4,186,029)**	(4,991,373)
Exceptional cost of sales	**(4,681)**	(65,399)
Gross Profit	**1,236,035**	1,281,019
Operating expenses excluding amortisation of goodwill	**(1,244,693)**	(1,373,347)
Other operating income - net	**2,552**	17,590
Exceptional operating expenses	**(27,475)**	(62,438)
Goodwill amortisation	**(31,008)**	(33,816)
Operating Profit / (Loss)	**(64,589)**	(170,992)
Share in results of associated companies	**9,089**	5,850
Exceptional share in results of associated companies	**-**	1,120
Financial expense - net	**(83,633)**	(121,964)
Profit / (Loss) before Taxes	**(139,133)**	(285,986)
Taxes	**(24,817)**	(32,550)
Minority interest	**(117)**	512
Net result	**(164,067)**	(318,024)

Annex II

Consolidated Balance Sheet as at December 31
(Before appropriation of net result)

(x € 1,000)	2004	2003
Assets		
Non-current Assets		
Intangible fixed assets	**495,724**	585,095
Tangible fixed assets	**147,241**	185,125
Financial fixed assets	**42,761**	65,556
Deferred taxes	**23,126**	44,712
	708,852	880,488
Current Assets		
Inventories	**591,877**	615,422
Trade receivables	**838,871**	836,259
Other receivables and prepayments	**66,717**	72,763
Cash and deposits	**113,915**	198,530
	1,611,380	1,722,974
Total assets	**2,320,232**	2,603,462
Shareholders' Equity and Liabilities		
Shareholders' Equity	**777,852**	542,502
Minority Interest	**-**	59
Subordinated Debt	**-**	150,000
Subordinated Convertible Bond	**150,000**	0
Non-current Liabilities		
Provisions	**160,058**	195,236
Long-term debt	**436,290**	735
Other long-term liabilities	**1,081**	1,323
	597,429	197,294
Current Liabilities		
Trade payables and other current liabilities	**792,031**	740,215
Short-term debt and current portion of long-term debt	**2,920**	973,392
	794,951	1,713,607
Total Shareholders' Equity and Liabilities	**2,320,232**	2,603,462

Annex III

Consolidated Statement of Changes in Shareholders' Equity

(x € 1,000)	**2004**	2003
Shareholders' equity at January 1	**542,502**	928,575
Net profit / (loss) for the year	**(164,067)**	(318,024)
Proceeds from the issue of shares	**433,825**	-
Dividends on ordinary shares	**-**	(19,702)
Effect on equity from movement in foreign exchange rates	**(34,408)**	(48,347)
Shareholders' equity at December 31	**777,852**	542,502

Annex IV

Consolidated Statement of Cash Flow for the year ended December 31

(x € 1, 000)	**2004**	2003
Operating Activities		
Operating profit / (loss) after exceptional items [1]	**(64,589)**	(170,992)
adjusted for:		
Depreciation and amortisation	**113,336**	83,880
Non cash movement exceptional items	**(58,345)**	29,344
Changes in working capital:		
- Inventories	**(3,943)**	38,195
- Receivables	**(25,202)**	148,210
- Trade and other creditors	**65,226**	(120,618)
Changes in provisions	**(1,933)**	(8,674)
Operating cash flow	**24,550**	(655)
Interest received	**3,592**	5,766
Dividends received from associates	**3,700**	1,782
Interest paid and similar charges	**(76,591)**	(115,170)
Taxes paid	**(11,505)**	(16,560)
Net Cash from / (used in) Operational Activities	**(56,254)**	(124,837)
Investing Activities		
Purchase of fixed assets	**(28,263)**	(39,181)
Sale of fixed assets	**8,708**	48,415
Acquisitions of subsidiaries, net of cash acquired	**(4,350)**	(4,857)
Divestments of / (investments in) subsidiaries, participations and other investments	**96,380**	210,492
Other investments and receivables - net	**1,370**	8,479
Net Cash from / (used in) Investing Activities	**73,845**	223,348
Financing Activities		
Proceeds from long-term loans and similar instruments	**585,572**	213,941
Payments of long-term loans and similar instruments	**(876,495)**	(208,974)
Share issue	**439,944**	-
Dividends paid to shareholders	**-**	(21,985)
Net Cash from / (used in) Financing Activities	**149,021**	(17,018)
Net increase in Cash and Cash Equivalents	**166,612**	81,493

[1] Net Cash from Exceptional Items (excluding proceeds from divestments and proceeds from sale of fixed assets)	**(50,617)**	(98,413)

continued

Annex IV (continued)

Change in Cash and Cash Equivalents		
At January 1	**(45,815)**	(115,745)
Net increase in cash and cash equivalents	**166,612**	81,493
Currency translation effects	**(9,138)**	(11,563)
At December 31	**111,659**	(45,815)
Cash and Cash Equivalents comprise:		
Cash and deposits	**113,915**	198,530
Short-term debt	**(2,256)**	(244,345)
	111,659	(45,815)

Free cash flow reconciliation

Net cash from / (used in) Operational Activities	**(56,524)**	(124,837)
Purchase of fixed assets	**(28,263)**	(39,181)
Sale of fixed assets	**8,708**	48,415
Dividend to shareholders	**-**	(21,985)
Free cash flow	**(75,809)**	(137,588)

Annex V

Summary organic growth

	Actual FY 2004	Actual Q 4 2004	Actual Q 3 2004	Actual Q 2 2004	Actual Q 1 2004	**Actual FY 2004[1]**	Actual Q 4 2004[1]	Actual Q 3 2004[1]	Actual Q 2 2004[1]	Actual Q 1 2004[1]
PPS Europe	**4.3%**	**5.8%**	**3.3%**	**6.6%**	**1.6%**	**3.3%**	**4.3%**	**2.9%**	**4.9%**	**0.9%**
Germany	*(6.5%)*	*0.4%*	*(8.6%)*	*(10.1%)*	*(7.7%)*	*(7.9%)*	*(2.7%)*	*(10.0%)*	*(13.1%)*	*(6.2%)*
UK	*5.1%*	*2.4%*	*4.9%*	*9.4%*	*3.8%*	*4.6%*	*2.4%*	*4.9%*	*9.4%*	*2.1%*
Other Europe	*10.6%*	*11.1%*	*9.7%*	*14.9%*	*6.3%*	*9.3%*	*9.5%*	*9.6%*	*13.1%*	*4.8%*
PPS North America	**3.7%**	**4.5%**	**6.1%**	**1.8%**	**2.5%**	**3.7%**	**6.0%**	**5.9%**	**2.2%**	**1.0%**
USA	*4.6%*	*4.8%*	*8.2%*	*3.1%*	*2.2%*	*4.6%*	*6.5%*	*8.2%*	*3.1%*	*0.6%*
PPS Asia-Pacific	**0.4%**	**2.7%**	**1.4%**	**1.9%**	**-4.4%**	**1.4%**	**4.1%**	**2.4%**	**1.6%**	**(6.3%)**
PPS total	**3.8%**	**5.2%**	**3.8%**	**4.9%**	**1.3%**	**3.2%**	**4.7%**	**3.5%**	**3.9%**	**0.2%**
Agencies/CE	**0.5%**	**(8.4%)**	**4.3%**	**8.6%**	**(1.0%)**					
Total Group	**3.5%**	**4.0%**	**3.8%**	**5.2%**	**1.1%**					

[1] Organic growth based on a same number of working days, because significant differences in the timing of seasonal and bank holidays may appear

Annex VI

Analysis of Net Exceptional Charge

Net exceptional charges for the full year ended December 31st, 2004 amounted to € 32.2 million negative. This charge consists of:

€ 44.7 million	Net book gain on divestments (mainly related to the divestment of the remaining share in Tech Pacific, the divestment of GPX and the retail activities in Germany)
(€ 39.6 million)	Amortisation and write off of intangible fixed assets, mainly ICT related
(€ 11.3 million)	Exceptional items related to regulatory and risk management
(€ 10.4 million)	Exceptional items related to headcount reduction programs
(€ 4.4 million)	Exceptional items related to restructuring of the branch network (in particular related to vacant leases in Germany, the US and Australia as well as book gains and losses on fixed assets, excluding expenses related to headcount reduction and the closure / divestment of the retail activities in Germany)
(€ 3.4 million)	Exceptional items related to the restructuring of warehouse activities (including stock rationalisation, warehouse relocation and other related expenses)
(€ 3.3 million)	Exceptional items related to the restructuring of shared service centers
(€ 4.5 million)	Various other exceptional items

Annex VII

Like-for-like financial review - UNAUDITED -

- adjusted for the impact of divestment and / or transfer of Tech Pacific (ITPS), Stokvis Tapes Groep (PPS) en Puma (ACE) -

	Actual HY1 2004	Actual HY2 2004	Actual Full year 2004	Like-for-Like HY1 2003	Like-for-Like HY2 2003	Like-for-Like Full year 2003
Group						
Net sales	2,645	2,782	5,427	2,678	2,883	5,561
Gross Profit	609	632	1,241	624	643	1,267
Operating expenses	640	604	1,244	672	651	1,323
Other operating (income)/expenses	(1)	(1)	(2)	(1)	(3)	(4)
EBITDA (before exceptional items)	(8)	49	41	(22)	17	(5)
EBITA (before exceptional items)	(30)	29	(1)	(47)	(5)	(52)
As a percentage of net sales						
Gross profit	*23.0%*	*22.7%*	*22.9%*	*23.3%*	*22.3%*	*22.8%*
Operating expenses	*24.2%*	*21.7%*	*22.9%*	*25.1%*	*22.6%*	*23.8%*
EBITDA	*(0.3%)*	*1.8%*	*0.8%*	*(0.8%)*	*0.6%*	*(0.1%)*
EBITA	*(1.1%)*	*1.0%*	*(0.0%)*	*(1.8%)*	*(0.2%)*	*(0.9%)*
PPS						
Net sales	2,429	2,559	4,988	2,442	2,554	4,996
Gross Profit	545	564	1,109	558	550	1,108
Operating expenses	571	540	1.111	592	568	1,160
Other operating income/(expenses)	-	(1)	(1)	(2)	(2)	(4)
EBITDA (before exceptional items)	(6)	44	38	(10)	2	(8)
EBITA (before exceptional items)	(26)	25	(1)	(32)	(16)	(48)
As a percentage of net sales						
Gross profit	*22.4%*	*22.0%*	*22.2%*	*22.9%*	*21.5%*	*22.2%*
Operating expenses	*23.5%*	*21.1%*	*22.3%*	*24.2%*	*22.2%*	*23.2%*
EBITDA	*(0.2%)*	*1.7%*	*0.8%*	*(0.4%)*	*0.1%*	*(0.2%)*
EBITA	*(1.1%)*	*1.0%*	*0.0%*	*(1.3%)*	*(0.6%)*	*(1.0%)*
Agencies & CE						
Net sales	217	221	438	236	329	565
Gross Profit	65	67	132	66	93	159
Operating expenses	57	53	110	63	73	136
Other operating income/(expenses)	-	-	-	(1)	1	-
EBITDA (before exceptional items)	9	16	25	5	24	29
EBITA (before exceptional items)	8	14	22	2	21	23
As a percentage of net sales						
Gross profit	*29.8%*	*30.4%*	*30.1%*	*27.8%*	*28.3%*	*28.1%*
Operating expenses	*26.2%*	*24.1%*	*25.1%*	*26.9%*	*22.1%*	*24.1%*
EBITDA	*4.3%*	*7.1%*	*5.7%*	*2.0%*	*7.3%*	*5.1%*
EBITA	*3.7%*	*6.5%*	*5.1%*	*0.6%*	*6.4%*	*4.0%*
Other activities & headoffices						
EBITDA	(12)	(10)	22	(17)	(9)	(26)
EBITA	(12)	(10)	22	(17)	(10)	(27)

Annex VIII

IFRS IMPACT ANALYSIS

The impact analysis provided in this document can only be considered as guidance with respect to the expected impact of the implementation of IFRS. Final accounting treatment and impact may be subject to change. In addition, it should be noted that this impact analysis has not been audited by our external auditors.

As from January 1, 2005 Hagemeyer will apply IFRS. The Company is well advanced in its preparation for the implementation of IFRS. The main impact on financial reporting is expected to concern accounting for:

- Pension and post-retirement benefits;
- Leases and off balance sheet financing;
- Goodwill.
- Financial instruments;
- Share based employee benefits.

As IFRS does not recognise exceptional items, but instead requires items of income and expense that are material to be disclosed separately in the P&L account, the guidance below is after inclusion of exceptional items as currently used under Dutch GAAP.

Pension and post-retirement benefits
Hagemeyer has a number of defined benefit and defined contribution pension plans. Currently only actual funding liabilities and/or receivables of Hagemeyer related to these pension plans are recorded in Hagemeyer's balance sheet. With the exception of some non-material pension plans, neither the pension fund liabilities, nor the pension fund assets are reflected in the Company's balance sheet.

From January 1, 2005, pension benefit costs and credits will be accounted for in accordance with IAS 19, which incorporates the fair value of pension assets, as well as the projected obligations of defined benefit plans in the balance sheet of the company. On an annual basis these assets and liabilities will be revaluated. As these revaluations will be charged to the profit and loss account, companies with defined benefits plans potentially face increased volatility, not only in the balance sheet, but also in the profit and loss account.

Accounting for defined contribution pension plans will not change materially as compared to Hagemeyer's current practice.

Hagemeyer's largest defined benefit pension plans cover the majority of the employees in the Netherlands and the UK. The UK defined benefit plan ended on April 5, 2002. Thereafter, the plan continued as a defined contribution pension plan.

Under IAS 19, the impact of the pension liability on the balance sheet for the defined benefit pension plan in the UK is calculated at £ 64 million (€ 90 million), at January 1, 2004. For all other defined benefit plans, including The Netherlands, Hagemeyer expects the cumulative impact of IAS 19 on the balance sheet (calculated per January 1, 2004) not to exceed € 10 million. The total of these deficits will be charged directly to equity at first time adoption of IAS 19, i.e. January 1, 2004. It should be noted that these deficits, although recorded in the balance sheet as a liability, do not result in cash outflows in the short term.

The actual funding obligations for Hagemeyer with respect to the funding of its pension funds are governed by the agreements between Hagemeyer and the funds. As such, IFRS accounting will not have an impact on these funding obligations.

Because of the annual revaluation of the pension funds assets and liabilities under IAS 19, which is charged to the profit and loss account, the volatility of the pension costs and gains could increase substantially, albeit with significant softening through the application of a corridor.

Leases and off balance sheet financing
The total of Hagemeyer's lease and rent commitments at January 1, 2004 was close to € 600 million nominally. The majority of these commitments relate to the company's branch structure and warehouses.

As from January 1, 2005 Hagemeyer will apply IAS 17. Consequently, existing lease and rent arrangements may have to be reclassified from operating lease to finance lease. As a result both assets as well as the related lease obligations may have to be recognised on the balance sheet.

Hagemeyer has not yet fully completed the review of the implications of IAS 17 for the reporting of its many lease and rent arrangements. Given the significant obligations involved, material adjustments are expected. Based on the work completed so far, finance lease liabilities are expected to exceed finance lease assets between € 30 and 60 million, this difference will be charged to equity at first time adoption per January 1, 2004.

In the P&L, expenses currently reported as operating lease costs will be largely replaced by higher depreciation of finance lease assets and higher interest costs related to finance lease arrangements. As a consequence, based on the work completed so far, operating costs excluding depreciation are expected to decrease by € 10 – 20 million, while depreciation and interest expenses are expected to increase by € 5 – 10 million each. The impact on the net result for the year (the difference between the linear depreciation charge and the annuity component of the lease payment) is not expected to be material.

Goodwill
At December 31, 2004 the net book value of goodwill on Hagemeyer's balance sheet is € 461 million. Goodwill is amortised using the straight-line method over its estimated useful life, not exceeding 20 years. The carrying value of goodwill is reviewed annually and written down where necessary for permanent impairment.
Hagemeyer will apply IFRS 3, which abolishes amortisation of goodwill. Instead goodwill will only be subject to the annual impairment test. In 2004, € 31 million was charged to the Company's profit and loss account for amortisation of goodwill. So far, no impairment write-downs have been required. The goodwill amortisation in 2004 will be reversed under IFRS at first time adoption per January 1, 2004.

Financial instruments
The main impact from IAS 32 and 39 concerning financial instruments will consider the recognition of derivatives and other financial instruments in the company's balance sheet.

Hagemeyer's current interest rate swaps would not qualify for hedge accounting under IAS 39. As a consequence, under IAS 32, these financial instruments should be recorded in the company's balance sheet at fair value (approximately € 0.3 million at January 1, 2004 and negative € 0.7 million at December 31, 2004), and revaluations will flow through the profit and loss account.

IFRS requires Hagemeyer's convertible debt, which was part of the refinancing in February 2004, to be split into two components; a debt component and an equity component.

However, as Hagemeyer's convertible loan includes a cash settlement option, the convertible, including the equity component (option), has to be classified as debt. Therefore, in Hagemeyer's balance sheet the convertible loan will be split into: 1) *convertible subordinated bond* 2) *conversion option*, both part of risk bearing capital and net total debt.

The debt component, *convertible subordinated bond,* is reported in the balance sheet at its discounted value, resulting in an annual discount charge to the P&L as interest expense (ultimately, at expiration the bond will be

valued at its nominal value). The discounted value of the bond at December 31, 2004 amounts € 130.5 million.
The equity component, *conversion option,* will be revalued annually (at market value), the movement in the option value will be recorded in the P&L as financing costs or income. The market value of the option at December 31, 2004 is € 31.5 million (€ 23.4 million at inception, February 2004), resulting in € 8.1 million additional finance costs in 2004.

Finally, we identified an embedded derivative with a market value of € 3 million. This asset will be recorded in the balance sheet at fair value, any revaluation charge or benefit will be recorded in the P&L as financing costs or income.

Share based employee benefits

Hagemeyer has a share and stock option program for (mainly senior) employees. Grants of shares and options are generally subject to terms which prevent them from being exercised in the three years following the date of grant. Following this initial three year period, almost all option grants provide an exercise period of five years. In general the exercise price of the option grants is equal to the share price at the date of grant.
Under IFRS 2, the value of the share and stock option grants will be expensed annually in the profit and loss account over the (3-year) vesting period, and credited against equity, resulting in an increased compensation expense.
The fair value of each grant is determined with a stock option valuation model. For grants on or before November 7, 2002, application of IFRS is not required.
Application of IFRS 2 with respect to grants issued before 2004 will not have a material impact on Hagemeyer's accounts.
The fair value of the share and stock option grants in 2004 is estimated at € 1.5 million, to be charged to the profit and loss account over a 3-year vesting period (on average € 0.5 million annually).

Summary IFRS impact analysis

Based on the work completed so far, the financial impact of IFRS can be summarised as follows:

(All amounts in EURO Million)			Unaudited
Equity as reported December 31, 2003			**543**
First adoption adjustments IFRS opening balance 2004			
Impact on assets			
Finance lease assets	60 - 80		
Financial asset - embedded derivative + interest rate swaps (IAS 32/39)	3		
Net impact on assets		63 - 83	
Impact on liabilities			
Finance lease liabilities	(90) - (140)		
Net liability defined benefit pensions (IAS 19)	(100)		
Net impact on liabilities		(190) - (240)	
Net impact first adoption adjustments on equity			(127) - (157)
Equity January 1, 2004 adjusted for IFRS			**416 - 386**

Equity as reported December 31, 2004			**778**
First adoption adjustments IFRS opening balance 2004			(127) - (157)
IFRS adjustments on net result as reported for 2004			
Impact on EBITDA			
Lower operating expenses due to reclassification leases (IAS 17)	10 - 20		
Additional impact on EBIT			
Higher depreciation on financial lease assets (IAS 17)	(5) - (10)		
Net impact on EBIT		5 - 10	
Additional impact on finance expenses			
Higher interest charge on financial lease arrangements (IAS 17)	(5) - (10)		
Impact from interest rate swaps (IAS 32/39)	(1)		
Discount charge subordinated bond (IAS 32/39)	(4)		
Revaluation charge convertible subordinated option (IAS 32/39)	(8)		
Net impact on finance expenses		(18) - (23)	
No amortization of goodwill (IFRS 3)		31	
Net impact of IFRS on net result as reported for 2004			18
Equity December 31, 2004 adjusted for IFRS			**669 - 639**

Final accounting treatment and impact may be subject to change. In addition, it should be noted that this impact analysis has not been audited by our external auditors.

Annex IX

Glossary of Terms

Average net working capital	13 months average net working capital as a percentage of 12 months rolling sales
EBITDA before exceptional items	Earnings before interest, tax, depreciation, amortisation of goodwill and exceptional items
EBITDA after exceptional items	Earnings before interest, tax, depreciation and amortisation of goodwill
EBITA before exceptional items	Earnings before interest, tax, amortisation of goodwill and exceptional items
EBITA after exceptional items	Earnings before interest, tax and amortisation of goodwill
Financial Covenants for year-end 2005	Hagemeyer will have to meet certain financial covenants for its senior loan facilities at year-end 2005. These covenants are calculated on a 12 months' rolling basis. On December 31, 2005 Hagemeyer's net senior debt versus EBITDA (before exceptional items) should not exceed a multiple of 5.5. The interest cover ratio (EBITDA excluding exceptional items (after cash exceptionals) divided by total net interest costs should not be lower than 1.5.
Free cash flow before divestments	Net cash flow from operating activities less net capital expenditures, before divestments and acquisitions of subsidiaries
Gross margin	Gross profit as a percentage of sales
Gross profit	Net sales less costs of goods sold
Like-for-like 2003 results	2003 results adjusted for the impact of divestment and/ or transfer of Tech Pacific, Stokvis Tapes Group and Puma
Net interest bearing debt	Interest bearing long and short term debt and subordinated convertible bonds, less cash and deposits
Net result per ordinary share	Net result per ordinary share based on the actual number of shares outstanding at the end of the period, rounded to the nearest € cent
Net trading working capital	Inventories and trade receivables, less trade payables
Net working capital	Net trading working capital, other current receivables and pre-payments, less other current liabilities
Number of FTE's	Number of Full Time Equivalent employees
Organic sales growth	Sales in the current period at current rates less sales in the base period at current rates, adjusted for sales from acquired and divested companies
Organic sales growth percentage	Organic sales growth as a percentage of sales in the base period at current rates, adjusted for sales from companies, divested since the base period

Contact details

HAGEMEYER N.V.
Rijksweg 69
1411 GE Naarden
The Netherlands
Tel: + 31 (0)35 -6957676
Fax +31 (0)35-6944396
www.hagemeyer.com