

## Hornbach posts further growth

**Sales grow by 4.8 percent in first half – operative earnings substantially up on previous year**

**Frankfurt/Neustadt a. d. W., September 30, 2009.** Hornbach continues to grow: in the first half of the 2009 financial year, the Hornbach Group (Hornbach Holding AG Group) boosted its net sales by 4.8 percent to €1.6 billion. Sales at the 130 DIY megastores with garden centers at the largest operating subgroup, Hornbach-Baumarkt-AG, increased by 4.4 percent to € 1.5 billion.

As expected, the Group's operating earnings (EBIT) for the period from March 1 to August 31, 2009 decreased to € 130.1 million, down 8.1 percent on 2008. This was because the company posted a high volume of non-operating real estate profits in the previous year, whereas no significant disposal gains are budgeted for the current year. Despite the difficult economic and competitive climate both in Germany and in the company's eight other country markets across Europe, Hornbach increased its earnings from operations alone by 13.6 percent. The company has thus posted a pleasing earnings performance for the first half of its financial year.

Hornbach's growth was driven above all by the 92 DIY megastores with garden centers in Germany, which boosted their like-for-like sales by 3.1 percent in the first half of the financial year (March 1 to August 31, 2009). The Federal Association of German DIY, Home Improvement and Specialist Garden Stores (BHB) reported a 1.1 percent decline in like-for-like sales across the sector in the first six months of the calendar year. By contrast, Hornbach's stores in Germany achieved like-for-like sales growth of 1.3 percent over the same period. Germany's fourth-largest DIY group has thus further expanded its share of the German market.

Hornbach Baustoff Union GmbH also posted a strong performance. Defying the clearly negative trend in the builders' merchant sector, this subgroup increased its first-half sales by 11.1 percent overall and by 4.1 percent on a like-for-like basis.

Shareholders' equity at the Hornbach Group grew by 9.3 percent to €852.9 million, or 39.9 percent of total assets. At the same time, cash and cash equivalents rose from €275.2 million to €418.9 million. These figures underline the company's solid financing policies, that focus on ensuring flexibility in managing the company and safeguarding its liquidity.

### **Kundenmonitor customer survey confirms top position in DIY sector**

“These pleasing figures encourage us to uphold our strategies of quality leadership and permanent low prices. Hornbach caters to those aiming to tackle building, renovation or garden projects”, explained Albrecht Hornbach, Chairman of the Board of Management of the Hornbach Group. That was why the company was working continuously on enhancing its combination of product range, permanent low prices and advice tailored to customers’ needs. Hornbach sees the company’s strategy as being confirmed by the results of the 2009 *Kundenmonitor*. This representative annual survey of customer satisfaction in Germany recently underlined Hornbach’s leading position in the DIY sector once again. German DIY customers thus awarded Hornbach top positions both for quality and for its product range. “We are especially proud of our top position among all DIY players in terms of specialist advice”, stressed Hornbach.

Sales at the Hornbach stores outside Germany grew by 5.2 percent to €614.9 million in the first half of the financial year. On a like-for-like basis, these stores matched the previous year’s high figure. The international share of sales at the Baumarkt-AG subgroup reached around 41 percent.

Hornbach will be opening one further store in Switzerland, in Galgenen in the Zurich area, in the current financial year. The company will then operate 92 stores in Germany and 39 in other European countries. The stores have an average size of more than 11,250 square meters – according to Hornbach, this “warehouse concept” with huge product ranges and the stocking of large quantities is one of the secrets of the company’s success.

Hornbach affirmed the forecast that the Group’s sales would grow year-on-year in a “low to medium single-digit percentage range” by the balance sheet date on February 28, 2010. Notwithstanding its current expansion, which can be described as conservative in the best sense, the Hornbach Group will thus grow more rapidly than the DIY sector as a whole.

### **Successful focus on projects**

According to Albrecht Hornbach, one of the main reasons for the company’s success is its focus on “project customers” – where the project in hand may involve building a garage or a garden pond, assembling and installing a sauna, new flooring, an attic extension or a bathroom renovation. This way, the company appeals to customers on the lookout for an extensive product range, excellent product quality, constant availability, and specialist advice. This is reflected in the title of the current autumn – “Make it your own project!”

The Hornbach Group invested €64.9 million in the first six months of the financial year (6.4 percent more than in the previous year). Investments were financed in full by the cash flow of €191.5 million from operations. The total workforce grew by 1.3 percent to 13,342 employees, around 8,300 of which working in Germany and 5,000 abroad.

**The most important key figures can be found on the following page. The extensive interim reports of Hornbach Holding AG and Hornbach-Baumarkt-AG have been published in the investor relations section of the internet site of the Hornbach Group at [www.hornbach-group.de](http://www.hornbach-group.de).**

## Overview of Key Figures for the 2<sup>nd</sup> Quarter / 1<sup>st</sup> Half of 2009/2010

<b>HORNBACK HOLDING AG Group</b> (in € million, unless otherwise stated)	<b>2<sup>nd</sup> Quarter</b> <b>2009/2010</b>	2 <sup>nd</sup> Quarter 2008/2009	Change %	<b>1<sup>st</sup> Half</b> <b>2009/2010</b>	1 <sup>st</sup> Half 2008/2009	Change %
<b>Net sales</b>	<b>779.4</b>	<b>747.7</b>	<b>4.2</b>	<b>1,599.2</b>	<b>1,525.5</b>	<b>4.8</b>
of which in other European countries	302.3	290.1	4.2	614.9	584.7	5.2
Like-for-like sales growth <sup>1)</sup>	1.9%	3.0%		1.7%	2.2%	
Gross margin as % of net sales	35.7%	35.6%		36.0%	35.9%	
EBITDA	88.4	92.0	(4.0)	165.5	176.4	(6.2)
<b>EBIT<sup>2)</sup></b>	<b>70.5</b>	<b>74.4</b>	<b>(5.2)</b>	<b>130.1</b>	<b>141.5</b>	<b>(8.1)</b>
Consolidated earnings before taxes	60.8	66.3	(8.3)	111.2	124.8	(10.9)
Consolidated net income <sup>3)</sup>	41.1	49.8	(17.5)	78.2	95.7	(18.3)
Earnings per preference share in €	4.15	4.92	(15.7)	7.84	9.76	(19.7)
Investments	26.1	25.8	1.3	64.9	61.0	6.4

<b>Misc. Key Figures of the HORNBACK HOLDING AG Group</b> (in € million, unless otherwise stated)	<b>August 31, 2009</b>	February 28, 2009	Change %
Total assets	2,139.6	1,995.8	7.2
Equity	852.9	780.5	9.3
Shareholders' equity as % of total assets	39.9%	39.1%	
Number of employees	13,342	13,169	1.3

<b>HORNBACK-Baumarkt-AG Subgroup</b> (in € million, unless otherwise stated)	<b>2<sup>nd</sup> Quarter</b> <b>2009/2010</b>	2 <sup>nd</sup> Quarter 2008/2009	Change %	<b>1<sup>st</sup> Half</b> <b>2009/2010</b>	1 <sup>st</sup> Half 2008/2009	Change %
<b>Net sales</b>	<b>728.1</b>	<b>699.8</b>	<b>4.0</b>	<b>1,502.9</b>	<b>1,439.0</b>	<b>4.4</b>
of which in other European countries	302.2	290.0	4.2	614.9	584.6	5.2
Like-for-like sales growth <sup>1)</sup>	1.9%	3.0%		1.7%	2.2%	
Gross margin as % of net sales	36.5%	36.4%		36.6%	36.6%	
EBITDA	72.6	79.2	(8.3)	135.8	141.6	(4.1)
<b>Earnings before interest and taxes (EBIT)<sup>4)</sup></b>	<b>58.7</b>	<b>65.2</b>	<b>(10.0)</b>	<b>108.3</b>	<b>113.9</b>	<b>(4.9)</b>
Consolidated earnings before taxes	53.0	61.8	(14.3)	97.4	105.4	(7.6)
Consolidated net income	35.5	47.1	(24.7)	68.5	78.9	(13.1)
Basic earnings per share in €	2.25	3.00	(25.0)	4.35	5.03	(13.5)
Investments	14.9	20.1	(26.1)	42.3	32.9	28.3

<b>Misc. Key figures of the HORNBACK-Baumarkt-AG Subgroup</b> (in € million, unless otherwise stated)	<b>August 31, 2009</b>	February 28, 2009	Change %
Total assets	1,515.2	1,425.2	6.3
Equity	651.5	591.3	10.2
Shareholders' equity as % of total assets	43.0%	41.5%	
Number of stores	130	129	0.8
Sales area in 000 m <sup>2</sup> (based on BHB)	1,464	1,447	1.2
Number of employees	12,753	12,576	1.4

<sup>1)</sup> currency-adjusted.

<sup>2)</sup> net of non-operating earnings items, the operative EBIT of the HORNBACK Group improved by 20.9% in the second quarter and by 13.6% in the first half of 2009/2010.

<sup>3)</sup> pursuant to IFRS including minority interests.

<sup>4)</sup> net of non-operating earnings items, the operative EBIT at this subgroup improved by 19.8% in the second quarter and by 11.5% in the first half of 2009/2010.

Rounding up or down may lead to discrepancies between percentages and totals. Percentages calculated on basis of € 000s.

## **About HORNBACH**

*The Hornbach Group is one of Europe's largest operators of DIY megastores with garden centers. In addition to the largest operating subgroup, Hornbach-Baumarkt-AG (DIY megastores with garden centers), the overall Hornbach Holding AG Group also comprises the subgroups Hornbach Baustoff Union GmbH (regional builders' merchant and construction materials business) and Hornbach Immobilien AG (real estate and location development). The Hornbach DIY megastores with garden centers have an average size of more than 11,000 square meters, a figure unmatched by any other competitor in Europe.*

*The Hornbach Group generated sales of € 2.75 billion in the past 2008/2009 financial year (March 1, 2008 to February 28, 2009). This is equivalent to growth of 5.1 percent on the previous year. The company's market share in Germany rose during the financial year from 8.3 percent to 8.5 percent. The 38 international stores contributed 41 percent of total DIY store sales.*

*Founded in 1877, the family-run company, which has its roots in the Palatinate region, was first publicly listed in 1987. Hornbach currently operates 130 DIY megastores with garden centers in nine countries, of which 92 stores are in Germany. The other countries are Austria, the Netherlands, the Czech Republic, Switzerland, Sweden, Slovakia, Luxembourg, and Romania.*

*Hornbach's sales concept and product range are entirely tailored to the needs of project and professional customers. Hornbach guarantees its customers permanently low prices and is thus the price leader in the sector. The high quality of advice and excellent service provided by the company have been attested in numerous independent tests and studies. Hornbach was awarded the German Retail Prize in 2006 for the management achievement of the year. A year later, Otmar Hornbach, pioneer and founder of the DIY company, received the top prize awarded by the Federal Association of German DIY, Home Improvement and Specialist Garden Stores (BHB) – the "Life Time Award" – for his life's achievement.*

*Pioneering achievements, such as the first combined DIY store with a garden center (1968), the first megastore (1980) and the first DIY store with a drive-in facility (2003), provide proof of Hornbach's ongoing innovative power. Since 2001, a strategic partnership has been in place with the British retail group Kingfisher. Hornbach has acted as a "job machine" for decades, with more than 13,000 individuals now employed at the Group.*