

# HORNBAACH

HOLDING AG



## DVFA-Analyst Meeting

Frankfurt

September 29, 2005

# Speakers of HORNBAACH HOLDING AG

**Roland Pelka, CFO**



**Albrecht Hornbach, CEO**

**Roland Pelka**  
**CFO**

**Financial Year 2005/2006  
Six Months  
(March - August 2005)**

# HORNBAACH-Group - August 31, 2005

**HORNBAACH.**  
HOLDING AG



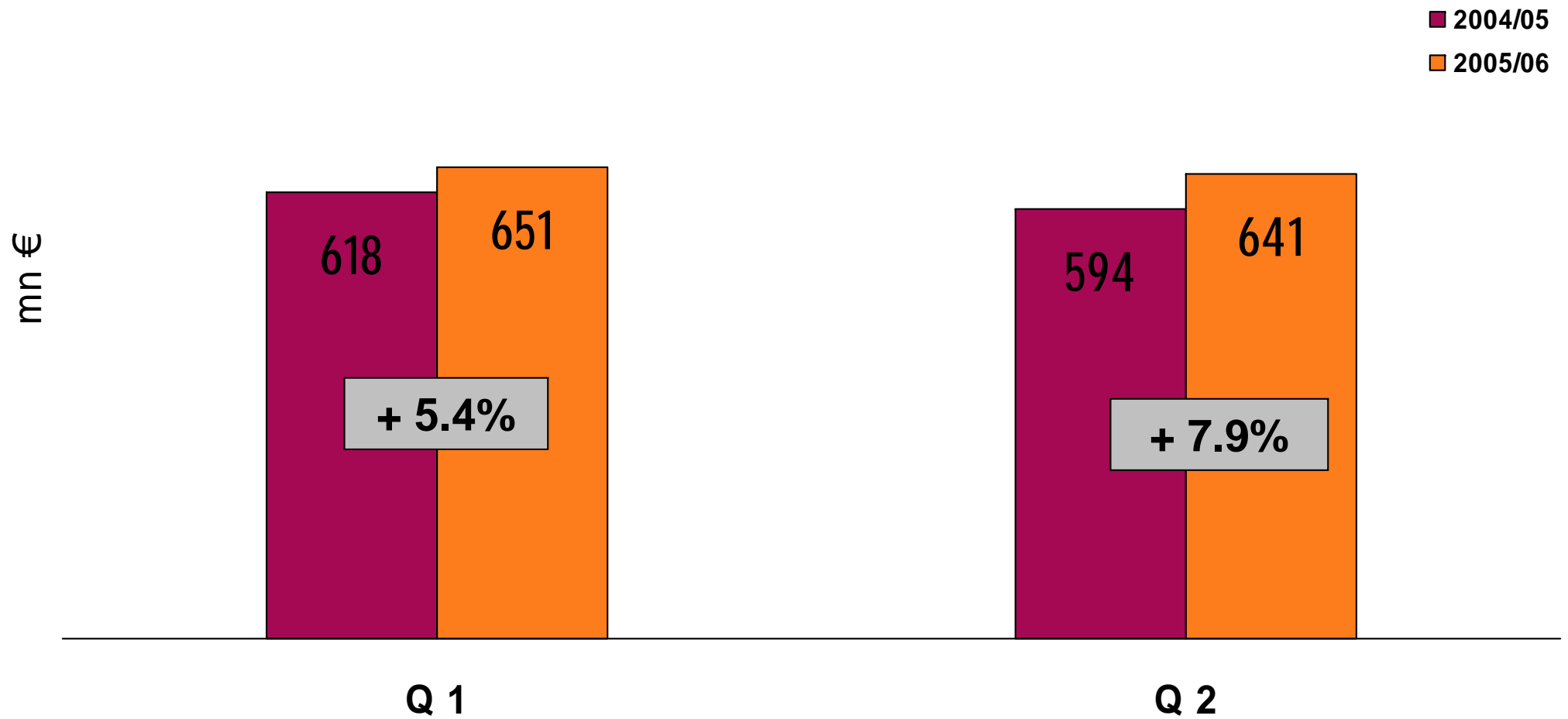
**8 countries**  
|  
**121** **DIY** megastores and garden centers  
**1,262,000 sqm**

**18 outlets**  
builders' merchant business

**Property development within HORNBAACH-Group**

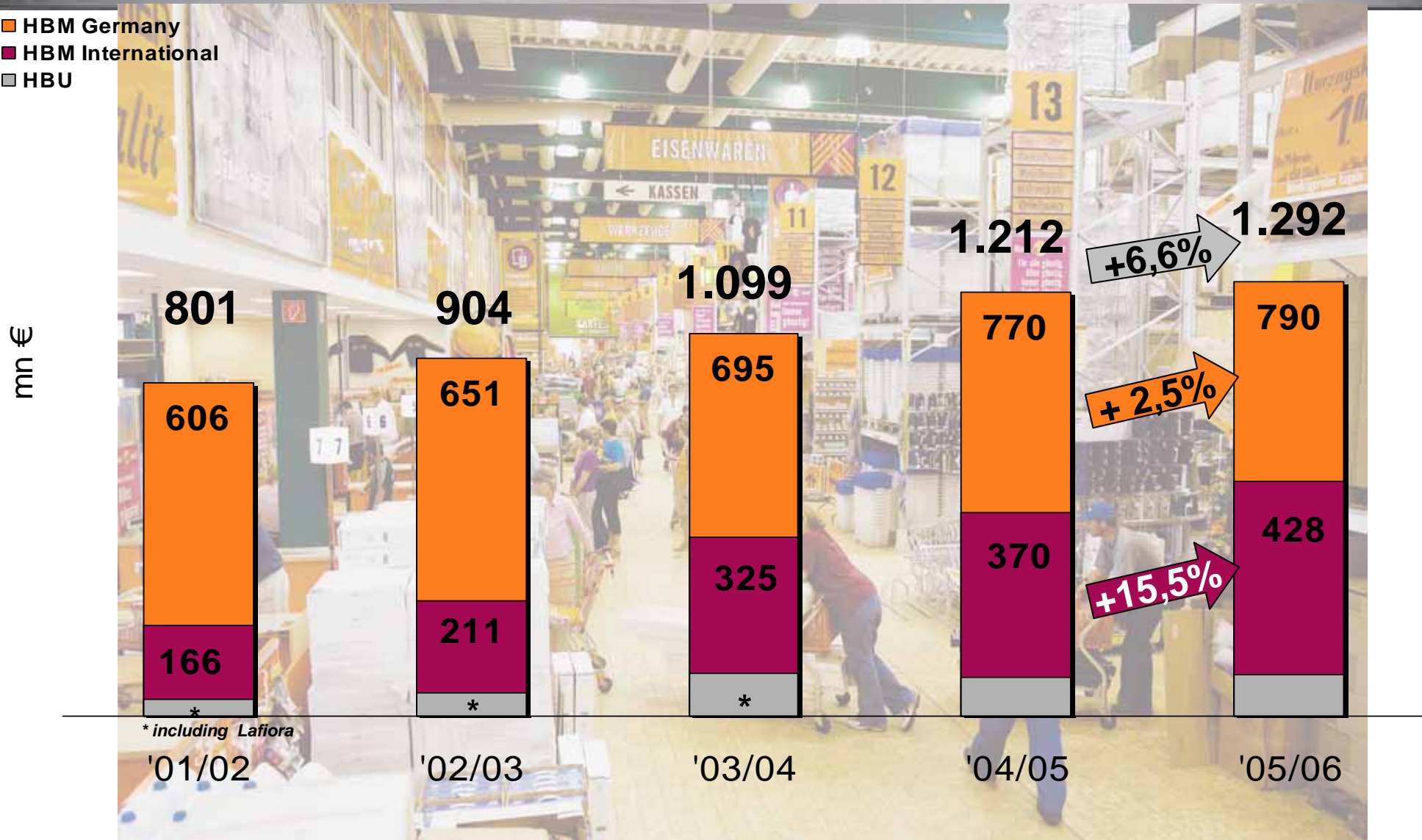
⇒	Germany	90	} HORNBAACH International GmbH
⇒	Austria	11	
⇒	Netherlands	8	
⇒	Czech Republic	4	
⇒	Luxembourg	1	
⇒	Switzerland	3	
⇒	Sweden	2	
⇒	Slovakia	2	

# Net Sales HORNBACH-Group

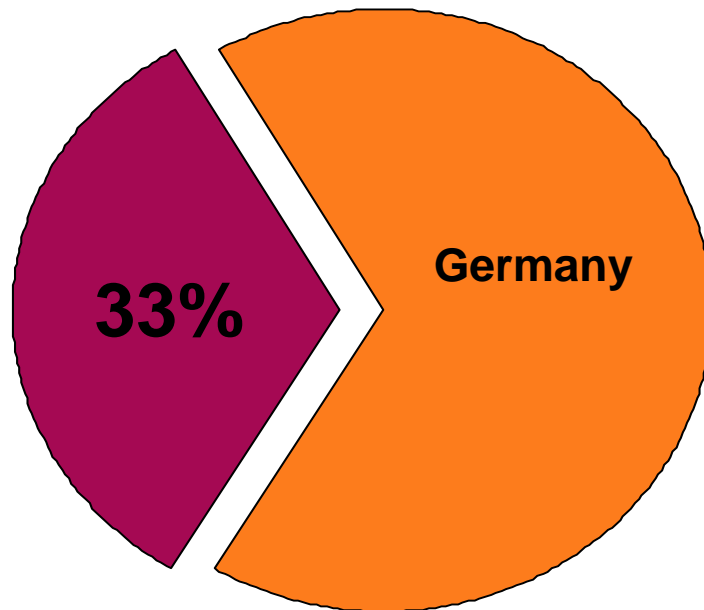


# Constant growth in HORNBAACH-Group net sales - Six Months

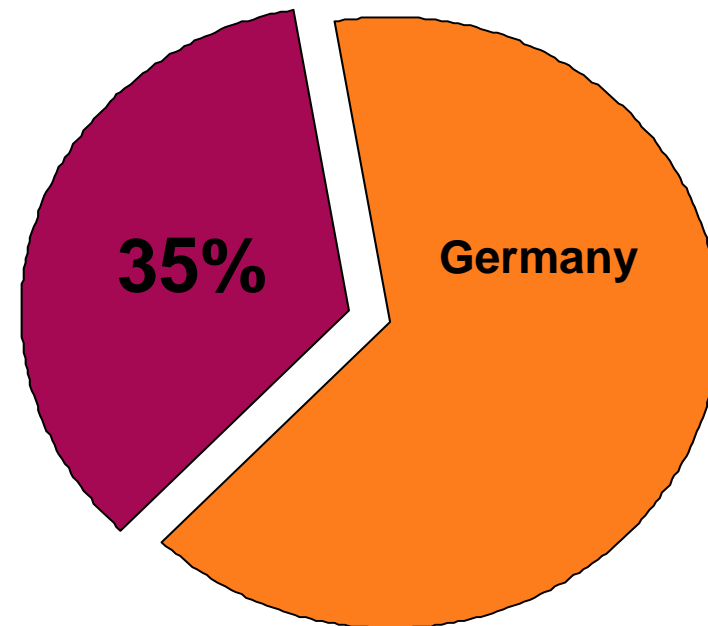
- HBM Germany
- HBM International
- HBU



# Sales Share International - August 31 HORNBACH-Baumarkt-AG



2004/05



2005/06

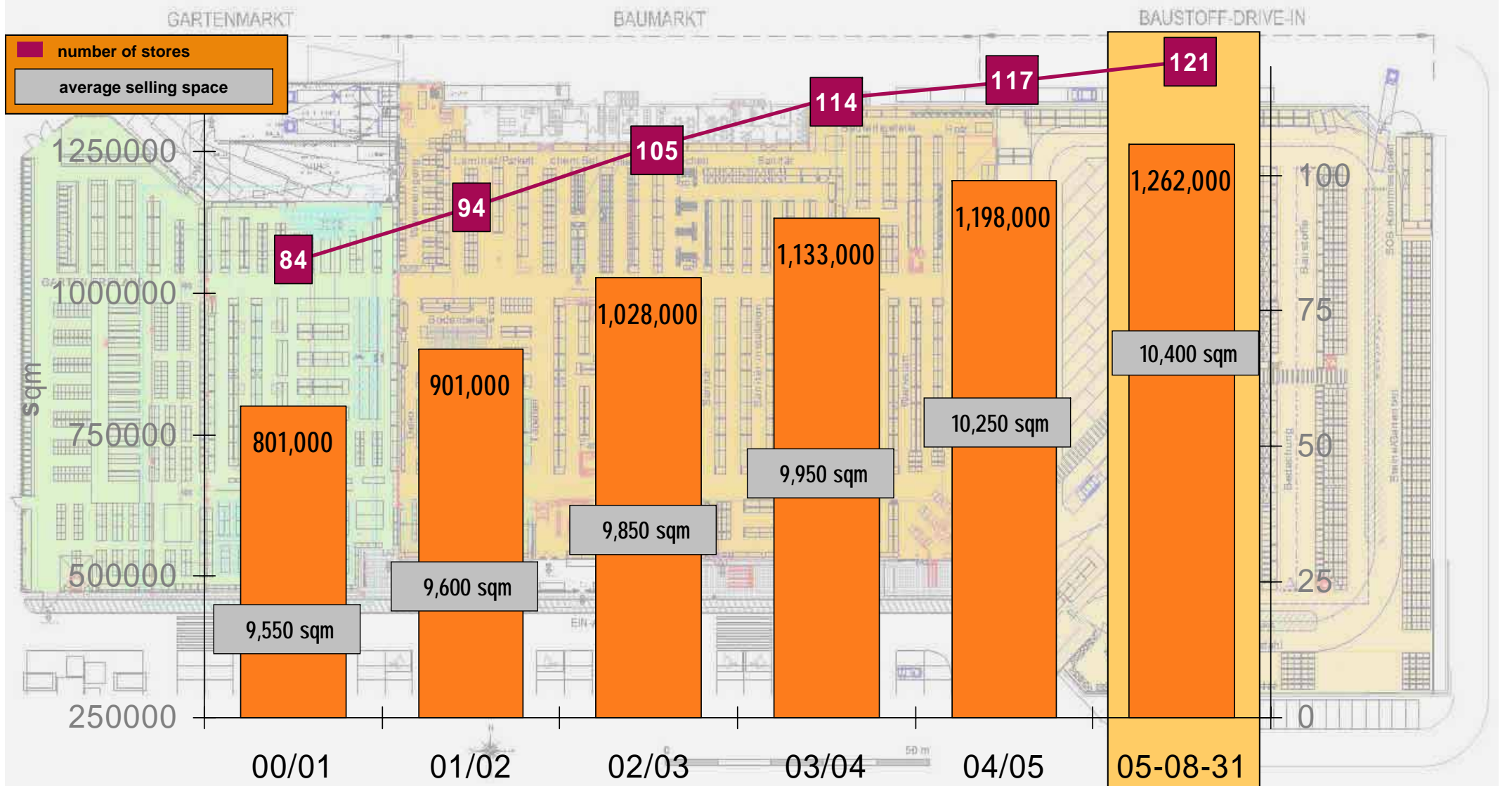
# New Store Openings

Six Months (March-August 2005)

		weighted selling space*
April 13, 2005	Malmö, Sweden	14,971 sqm
April 27, 2005	Kosice, Slovakia	15,752 sqm
July 27, 2005	Berlin-Neukoelln, Germany	14,711 sqm
August 17, 2005	Frankfurt, Germany	13,679 sqm
		<b>59,113 sqm</b>

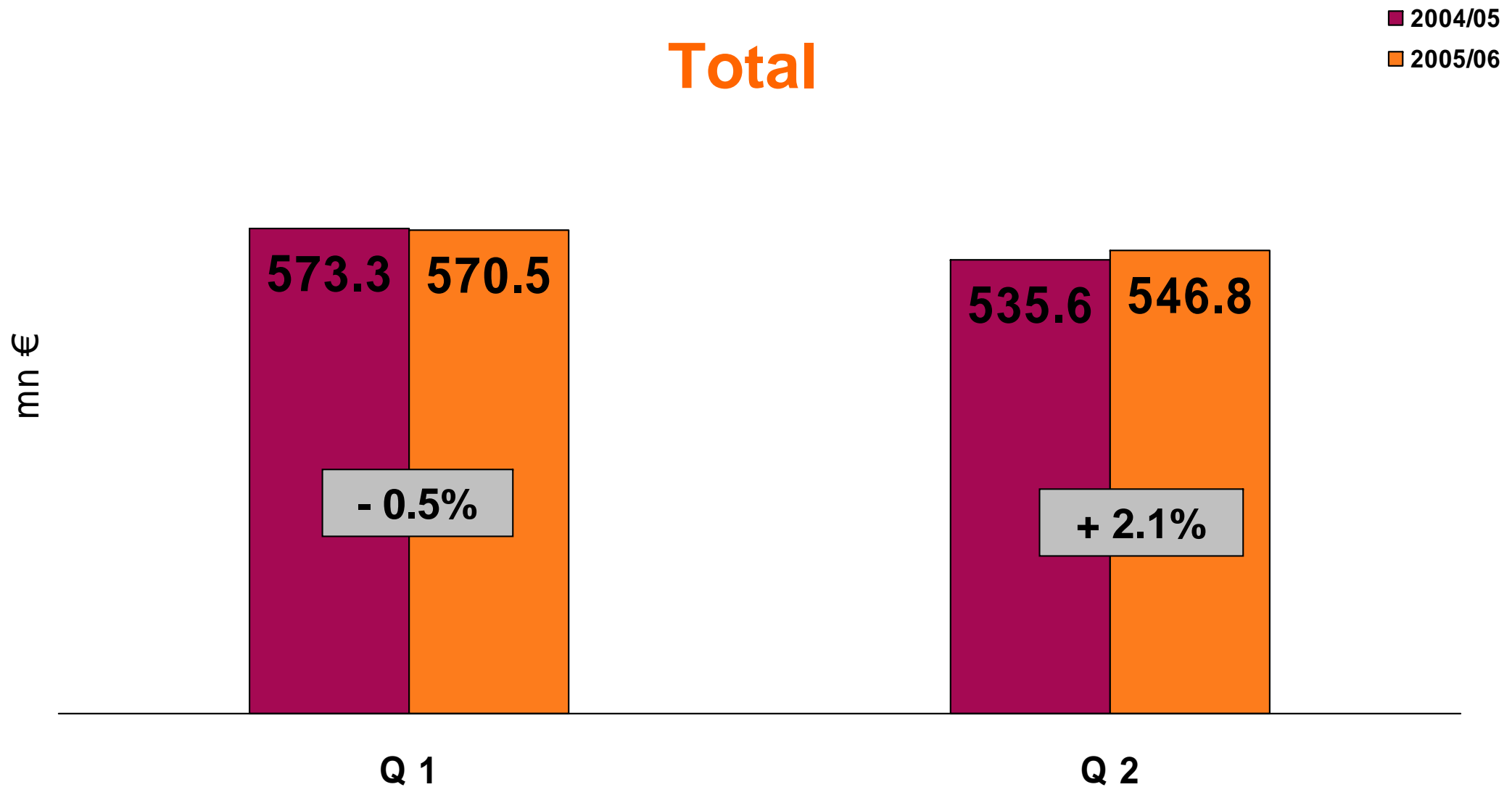
\* weighted selling space according to BHB definition

# Effective expansion of retail stores and selling space



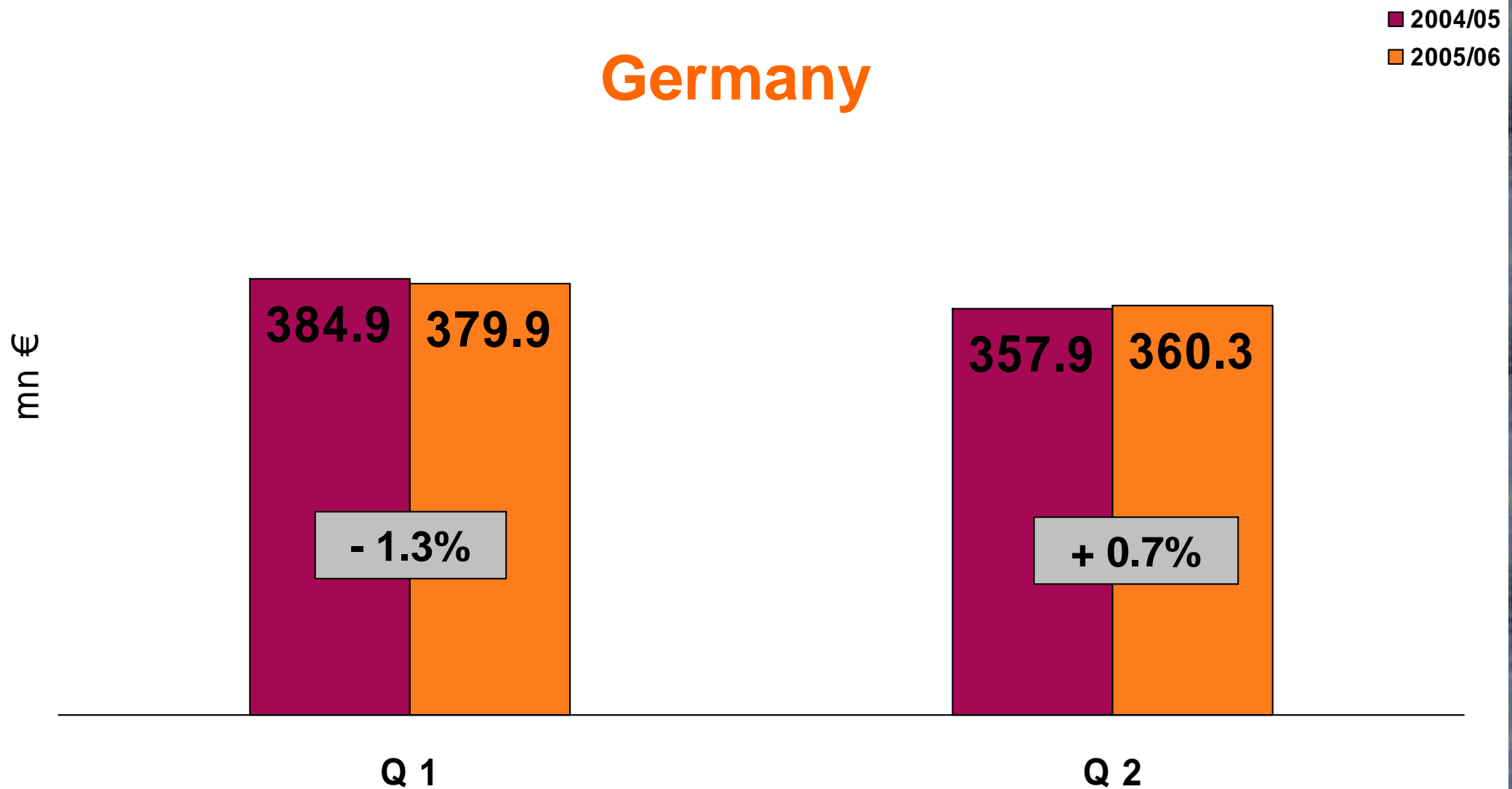
# Like-for-like-sales

## Total



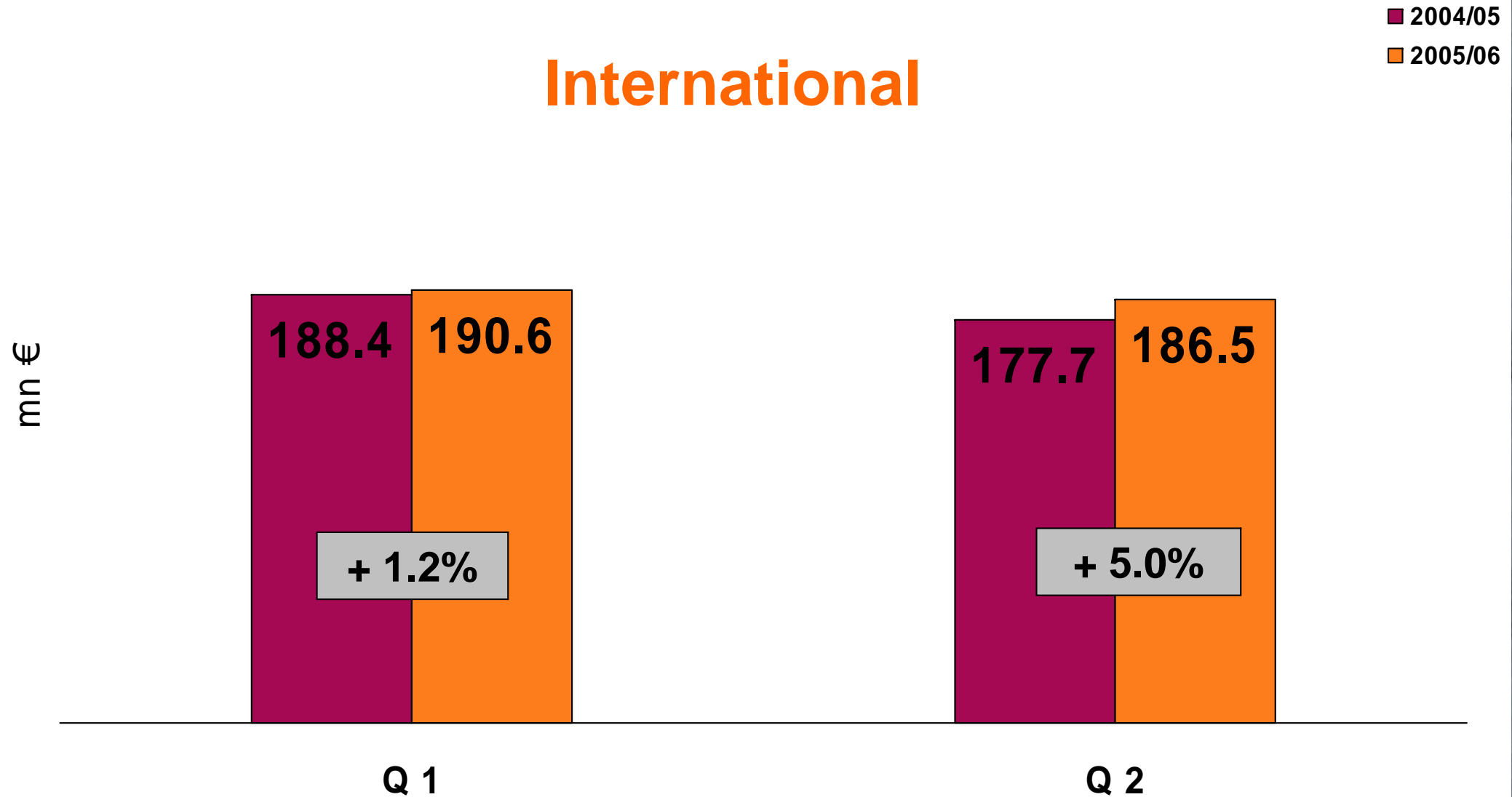
# Like-for-like-sales

## Germany



# Like-for-like-sales

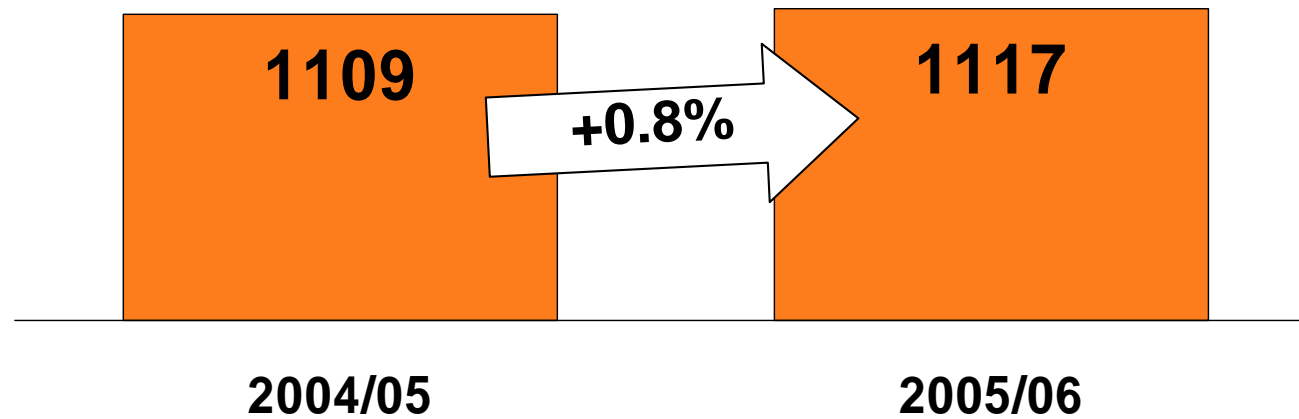
## International



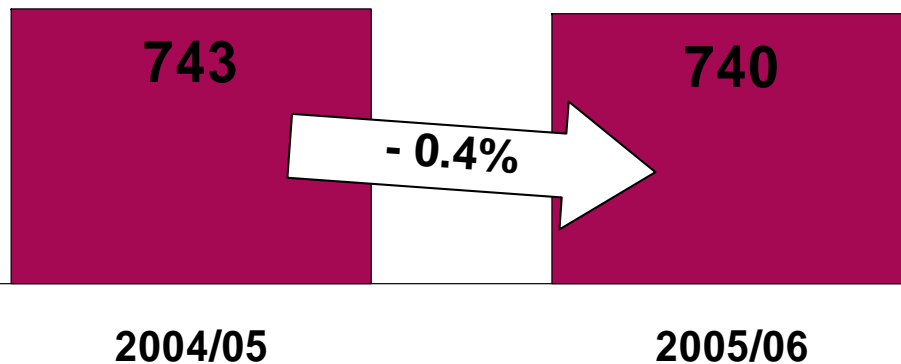
# Like-for-like-sales - Six Months (March-August 2005)

mn €

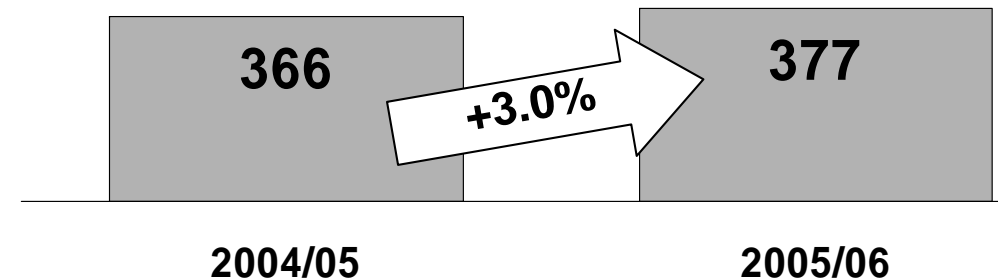
## Total



## Germany

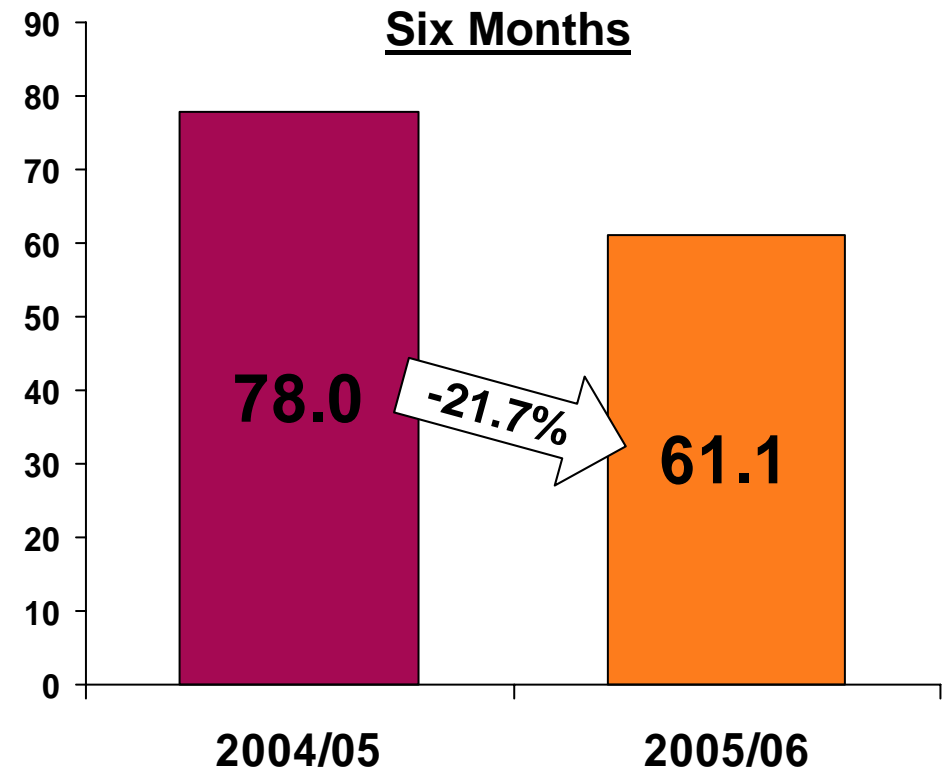
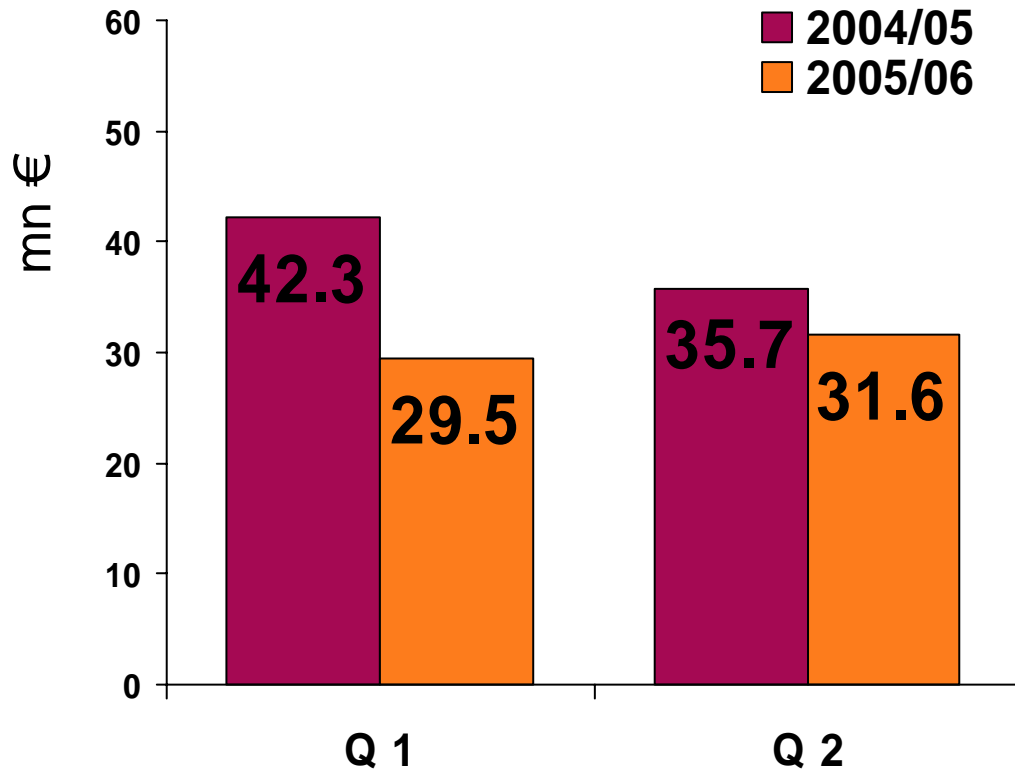


## International



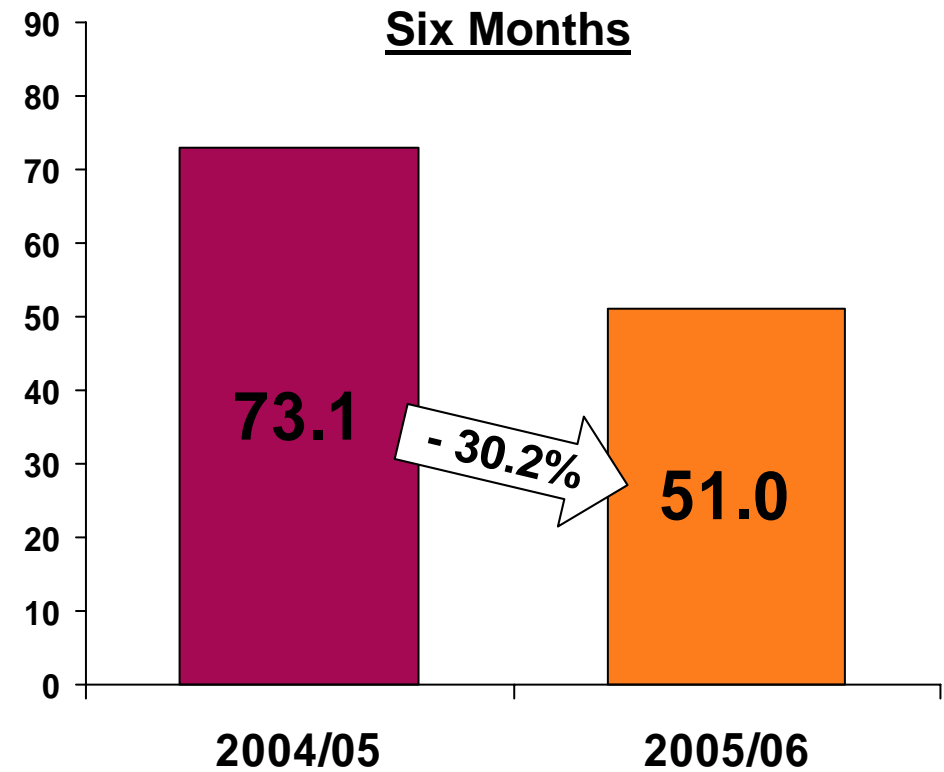
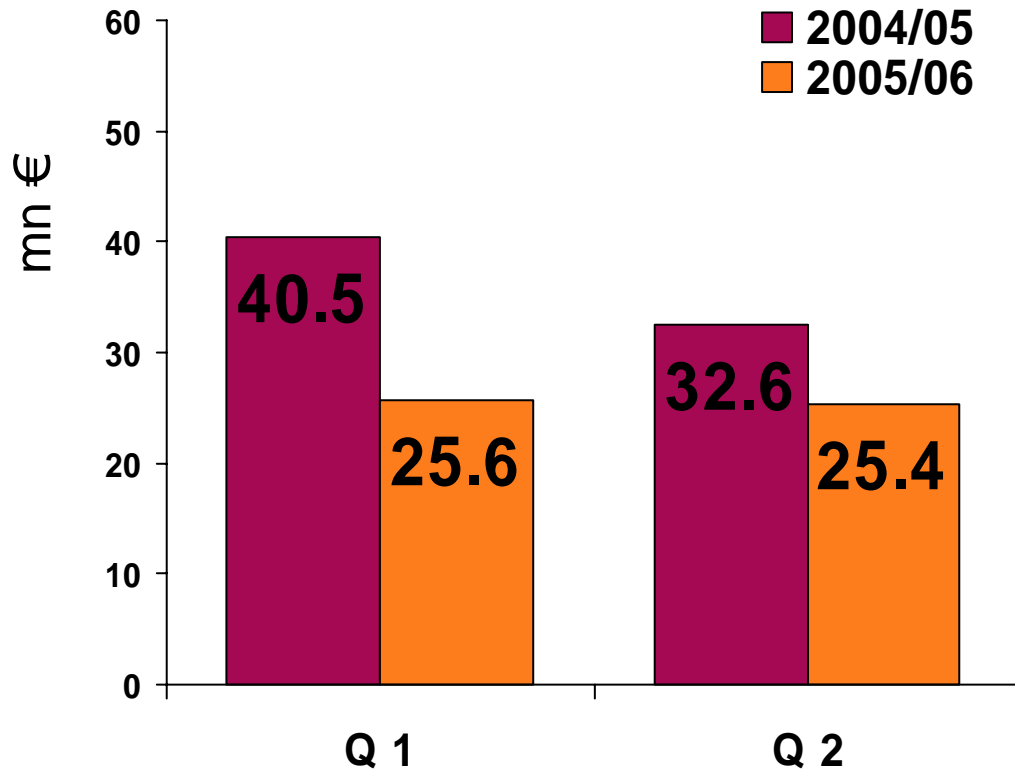
# Earnings before taxes

## HORNBACH-Group



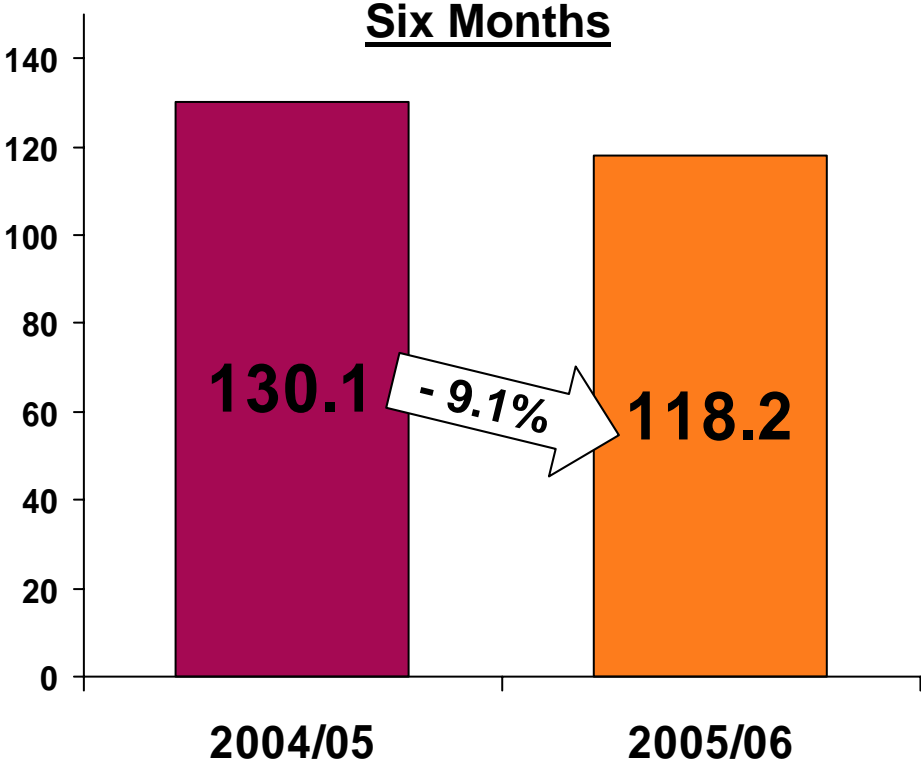
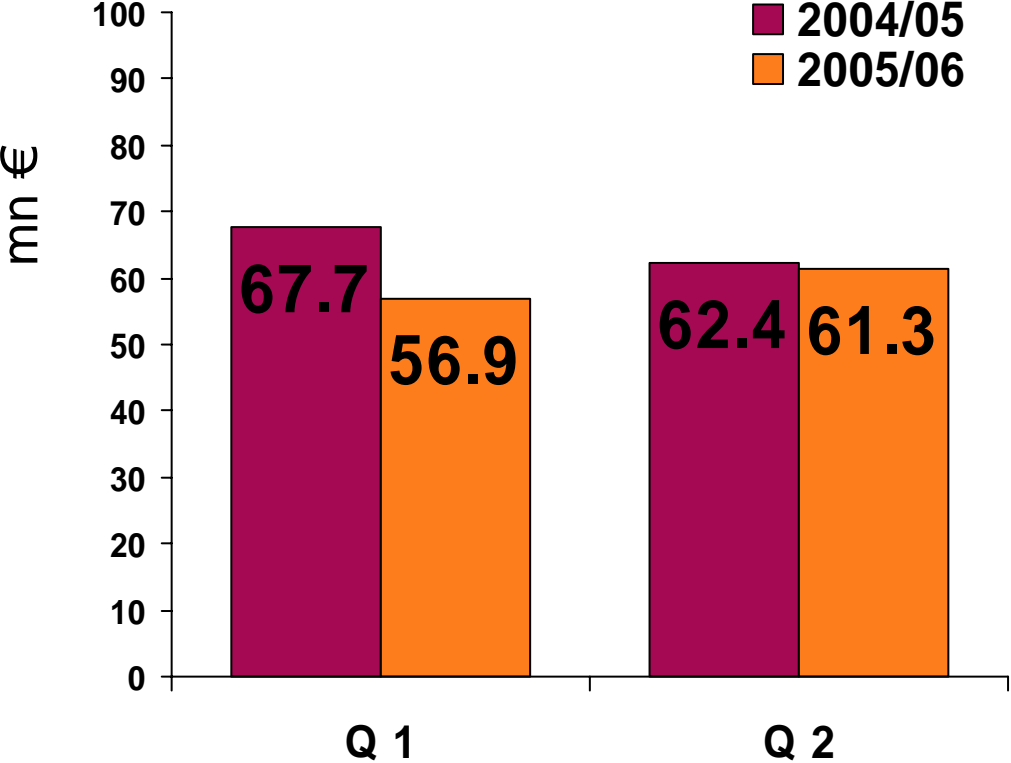
# Earnings before taxes

## HORNBACH-Baumarkt-AG Subgroup



# EBITDA

## HORNBAACH-Group

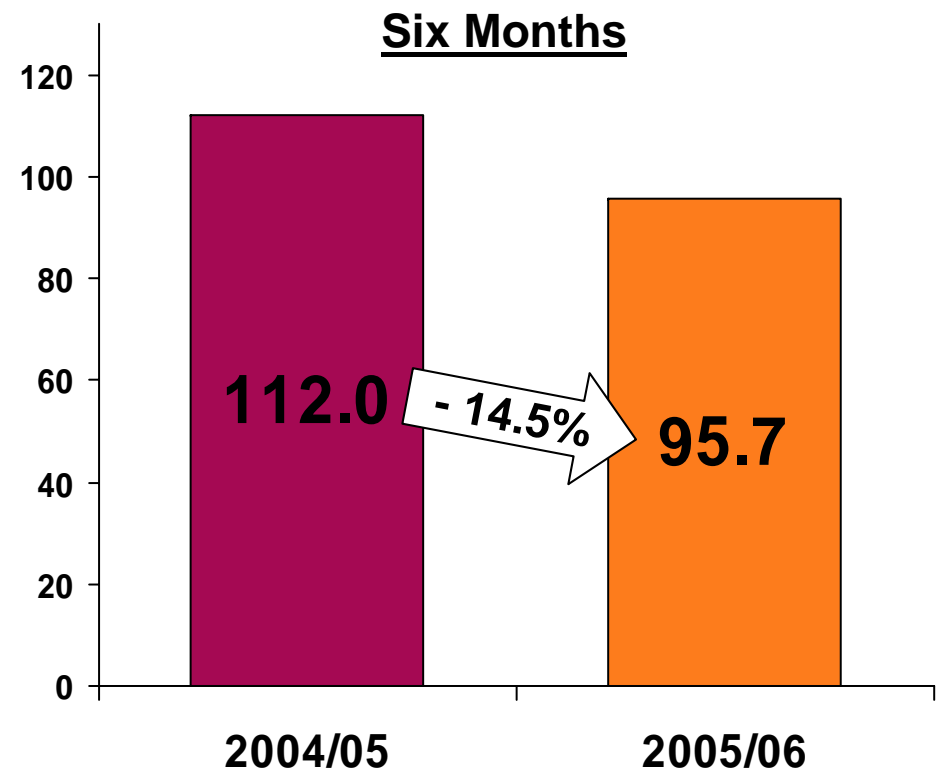
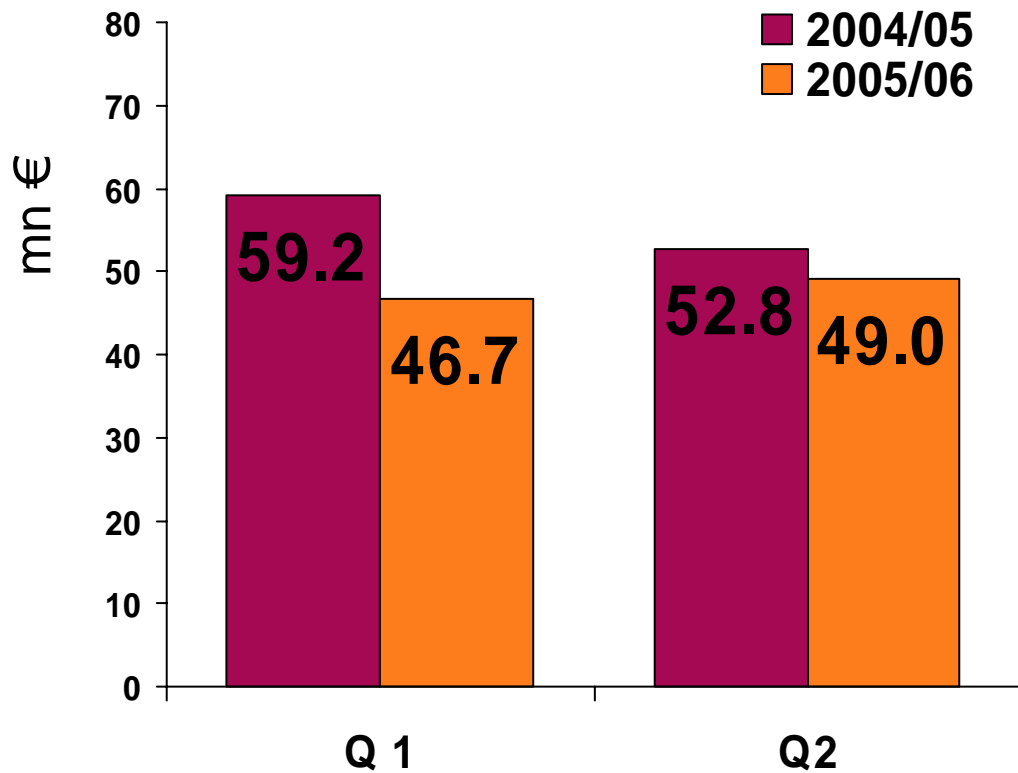


based on International Financial Reporting Standards (IFRS) 17



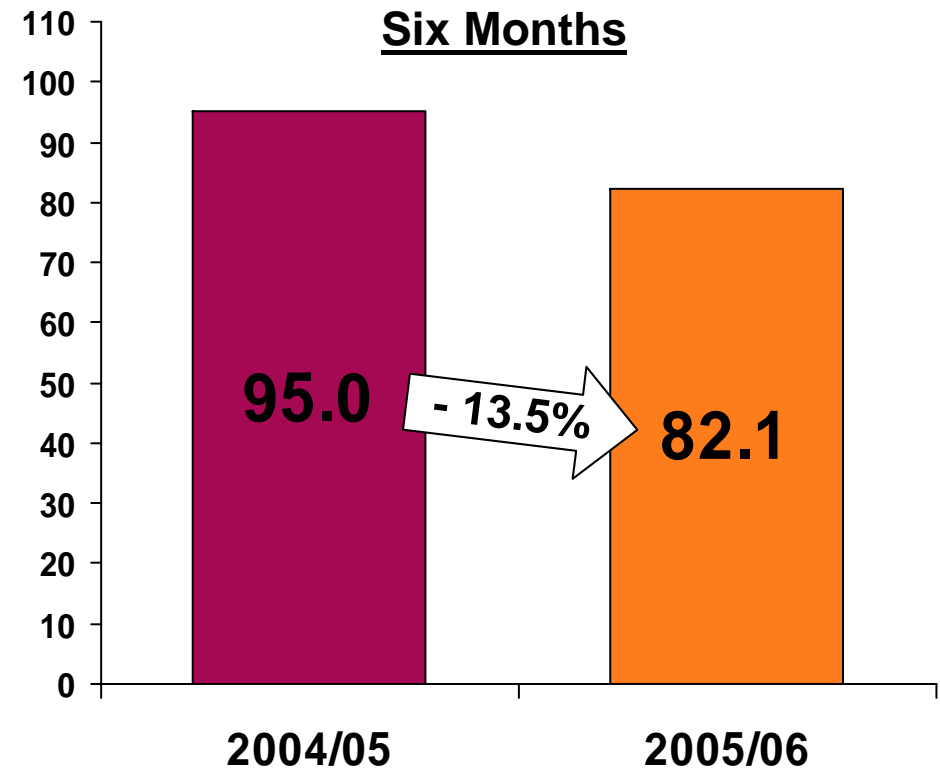
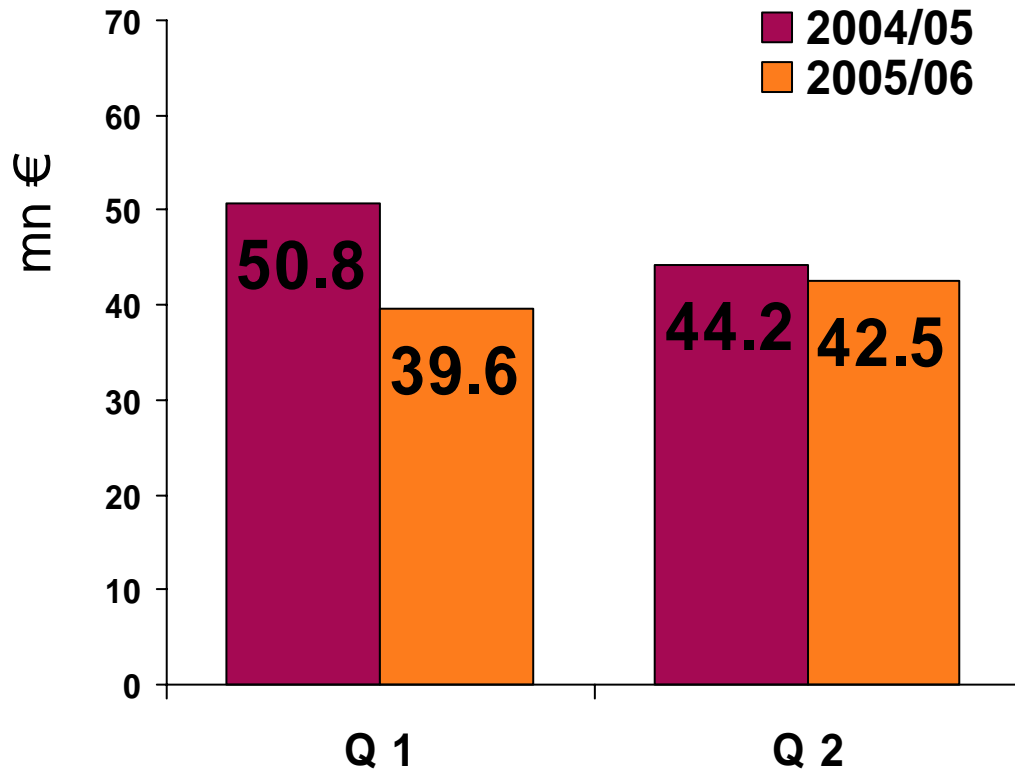
# EBITDA

## HORNBACH-Baumarkt-AG Subgroup



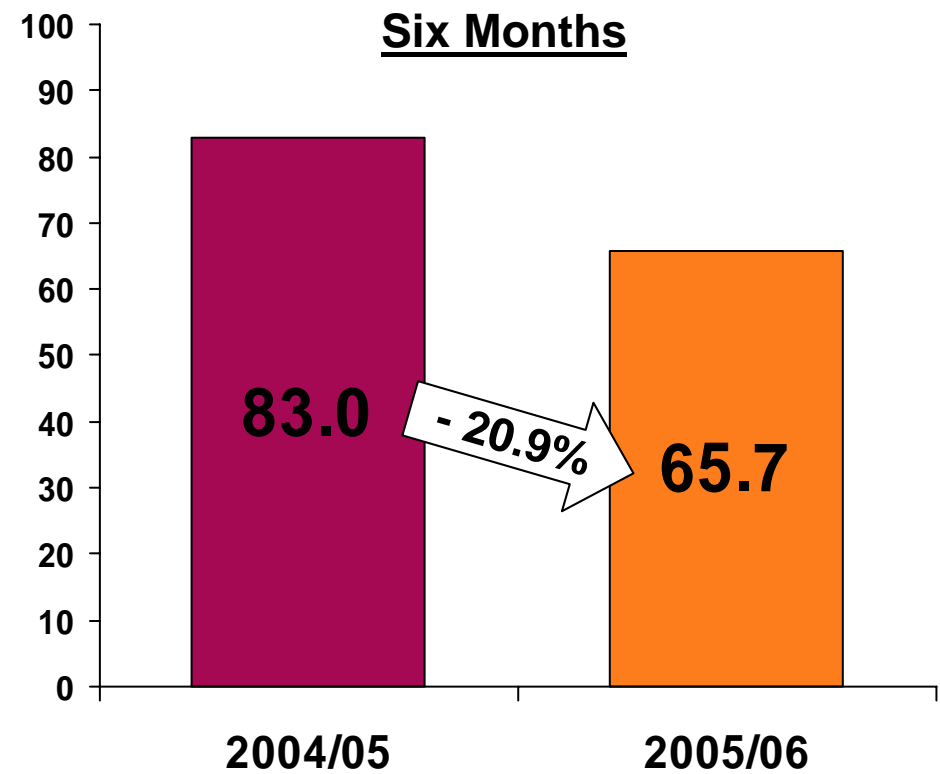
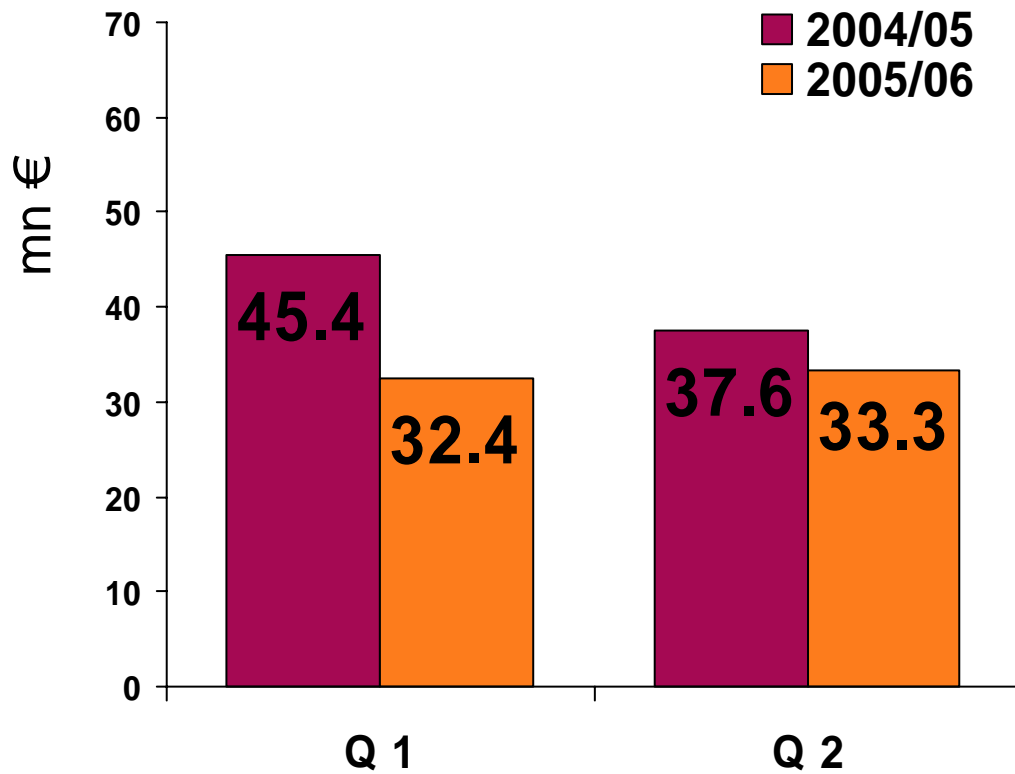
# EBIT

## HORNBAACH-Group



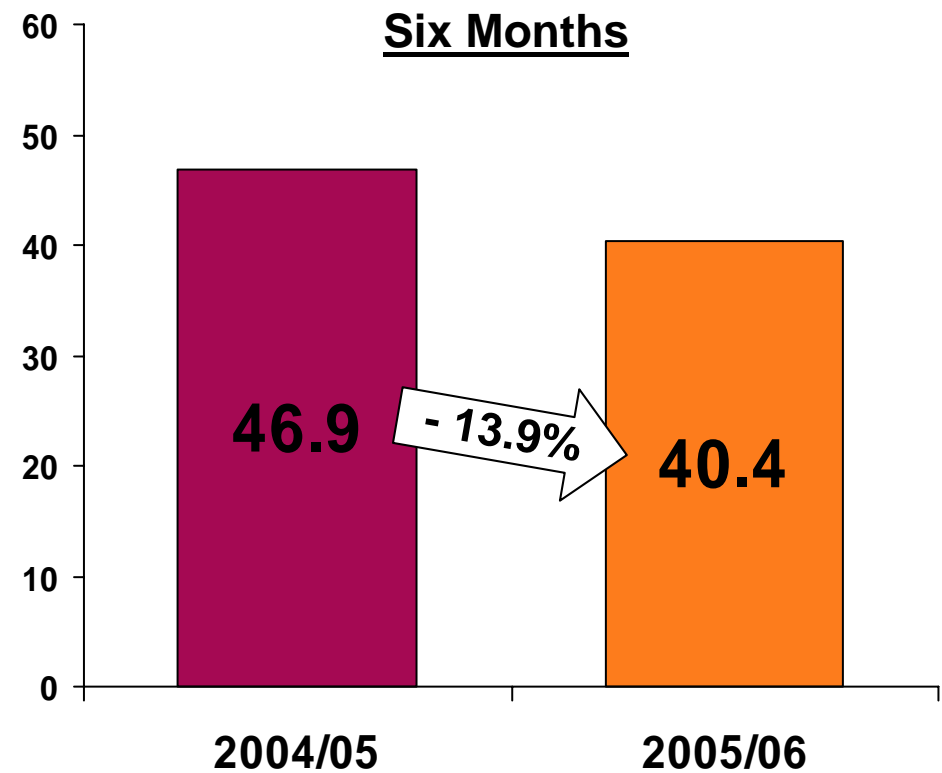
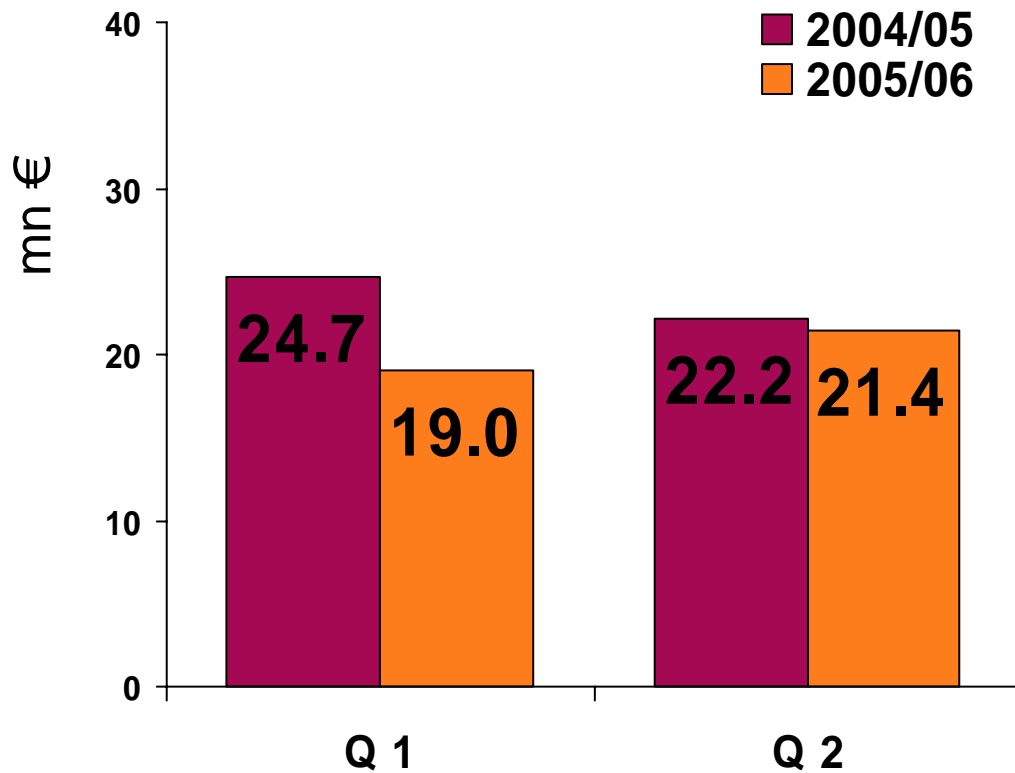
# EBIT

## HORNBACH-Baumarkt-AG Subgroup



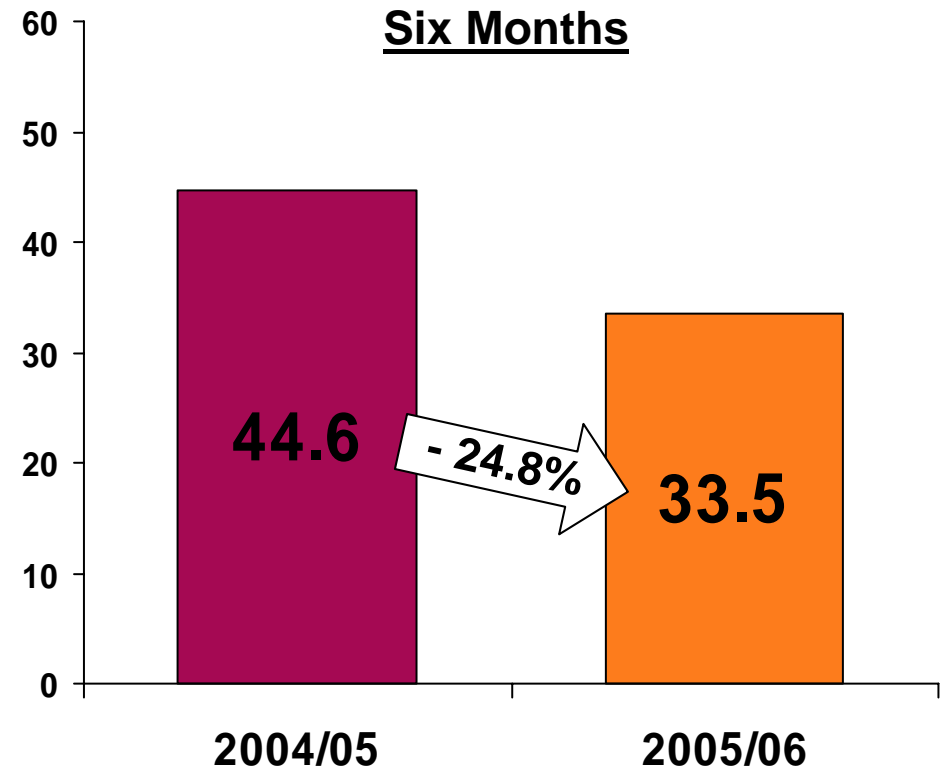
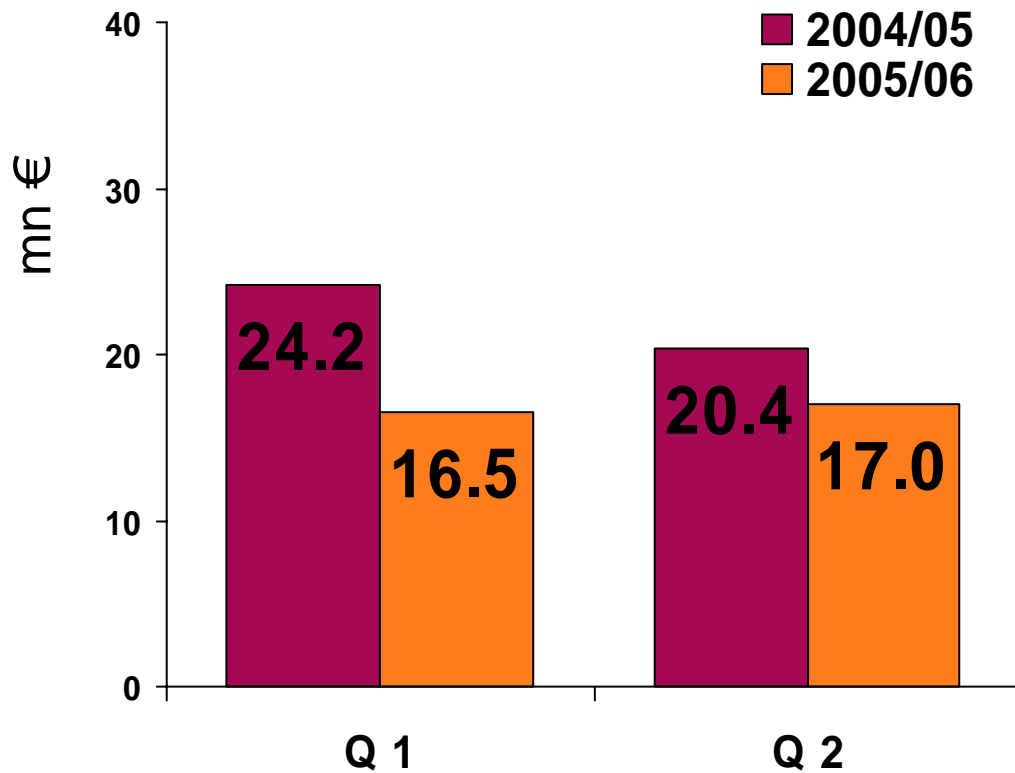
# Net income for the year before minority interests

## HORNBACH-Group

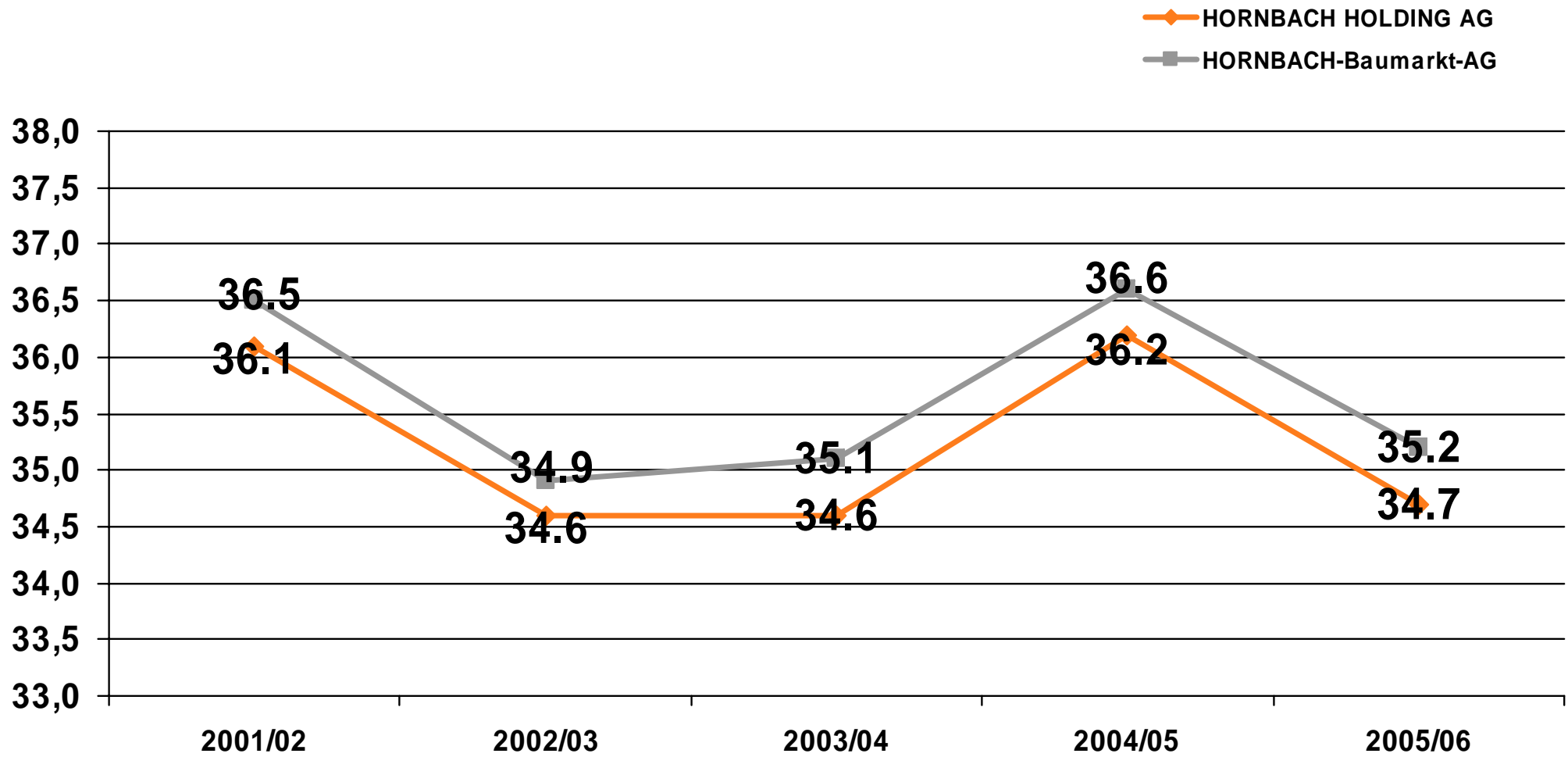


# Net income for the year

## HORNBACH-Baumarkt-AG Subgroup



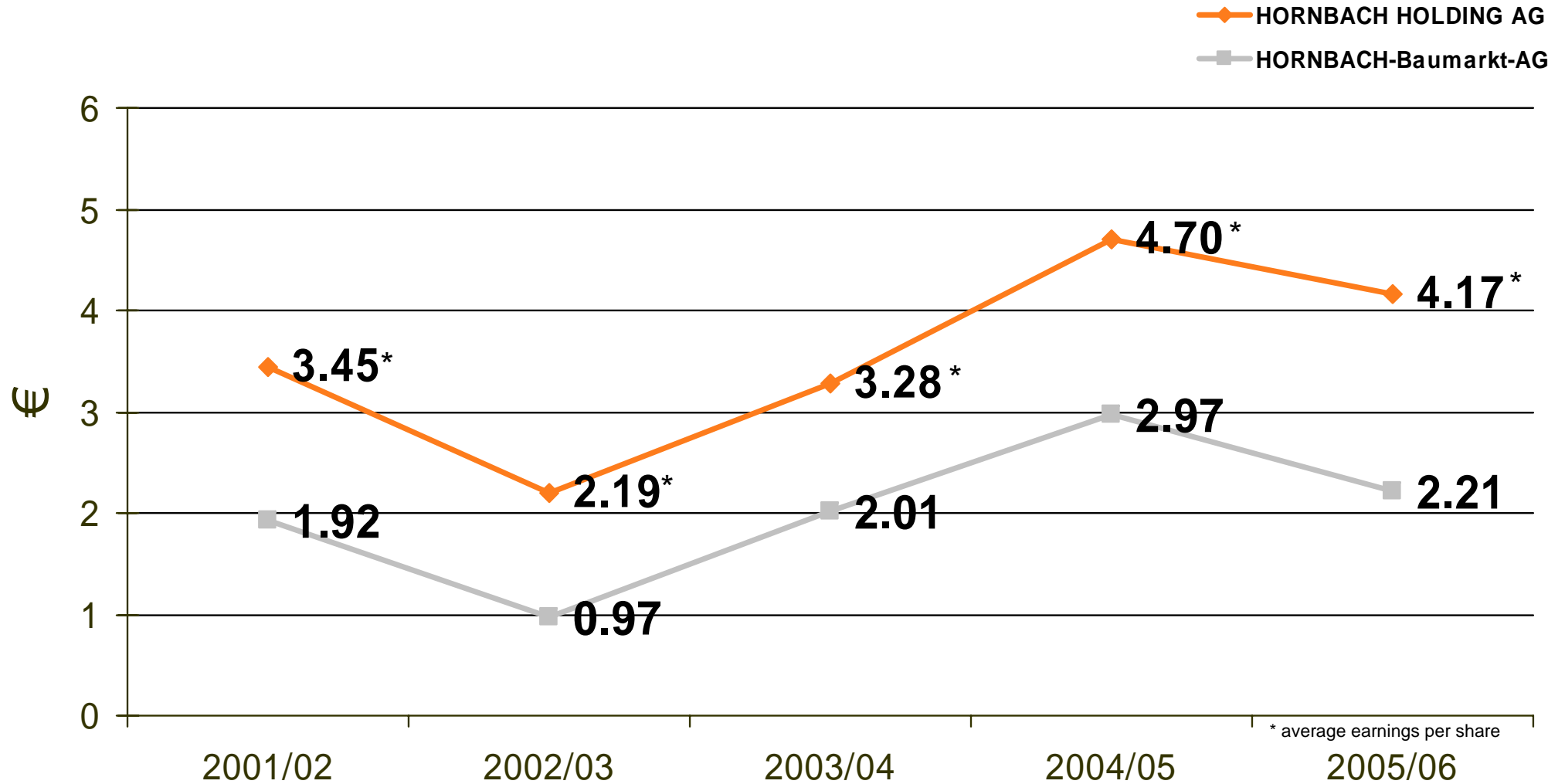
# Gross Margin - Six Months (March-August 2005)



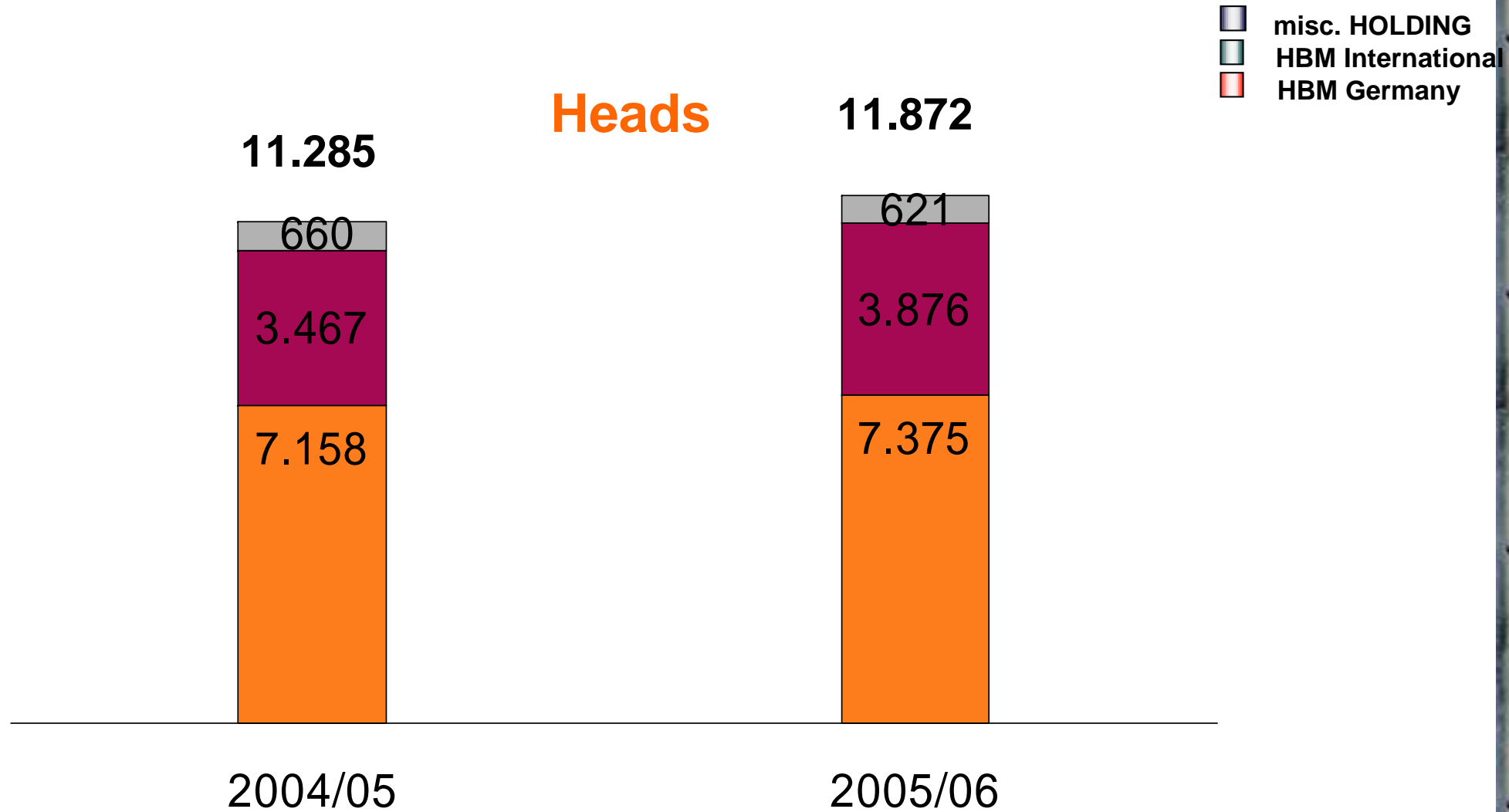
based on International Financial Reporting Standards (IFRS) 23



# Earnings per share - Six Months (March-August 2005)



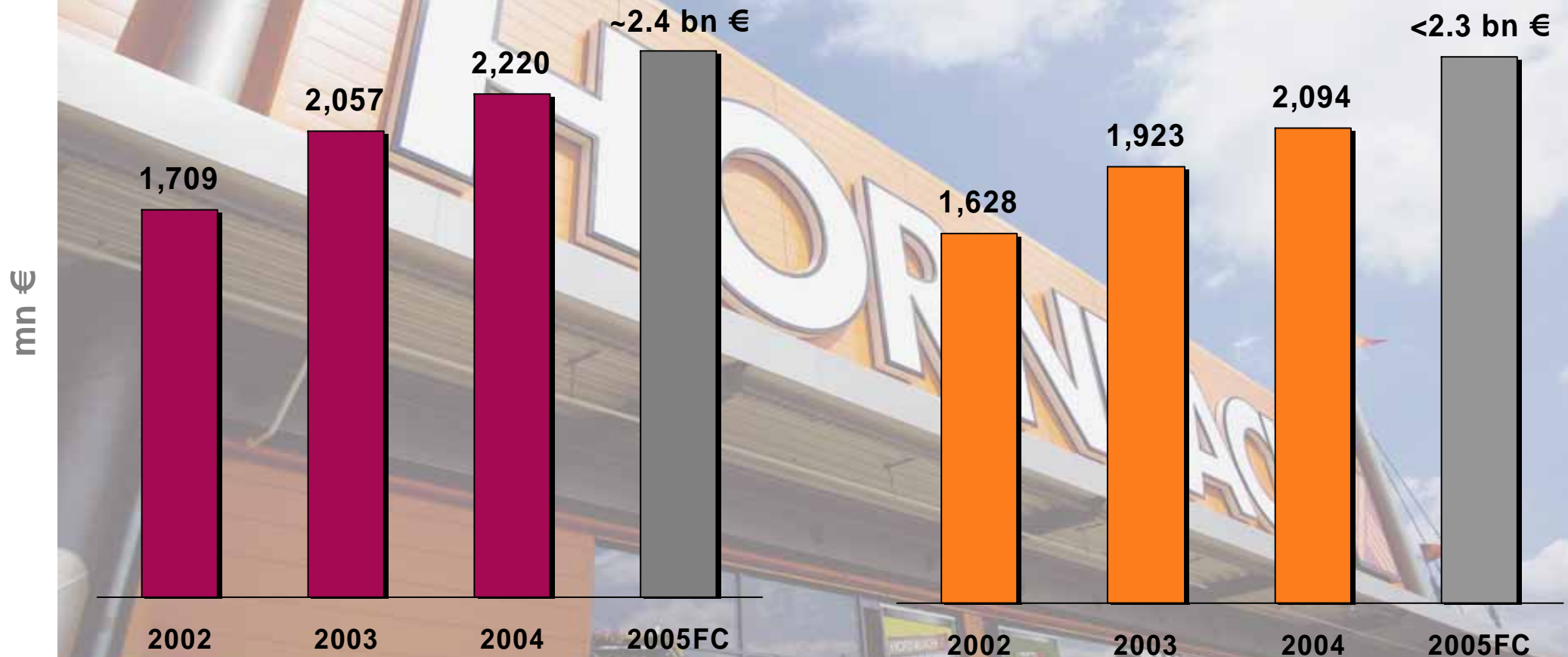
# Number of Employees HORNBAACH-Group - August 31



# Sales Forecast (end of financial year 2005/06)

## HORNBACH HOLDING AG

## HORNBACH-Baumarkt-AG



# New Store Openings to come

(September-February 2005)

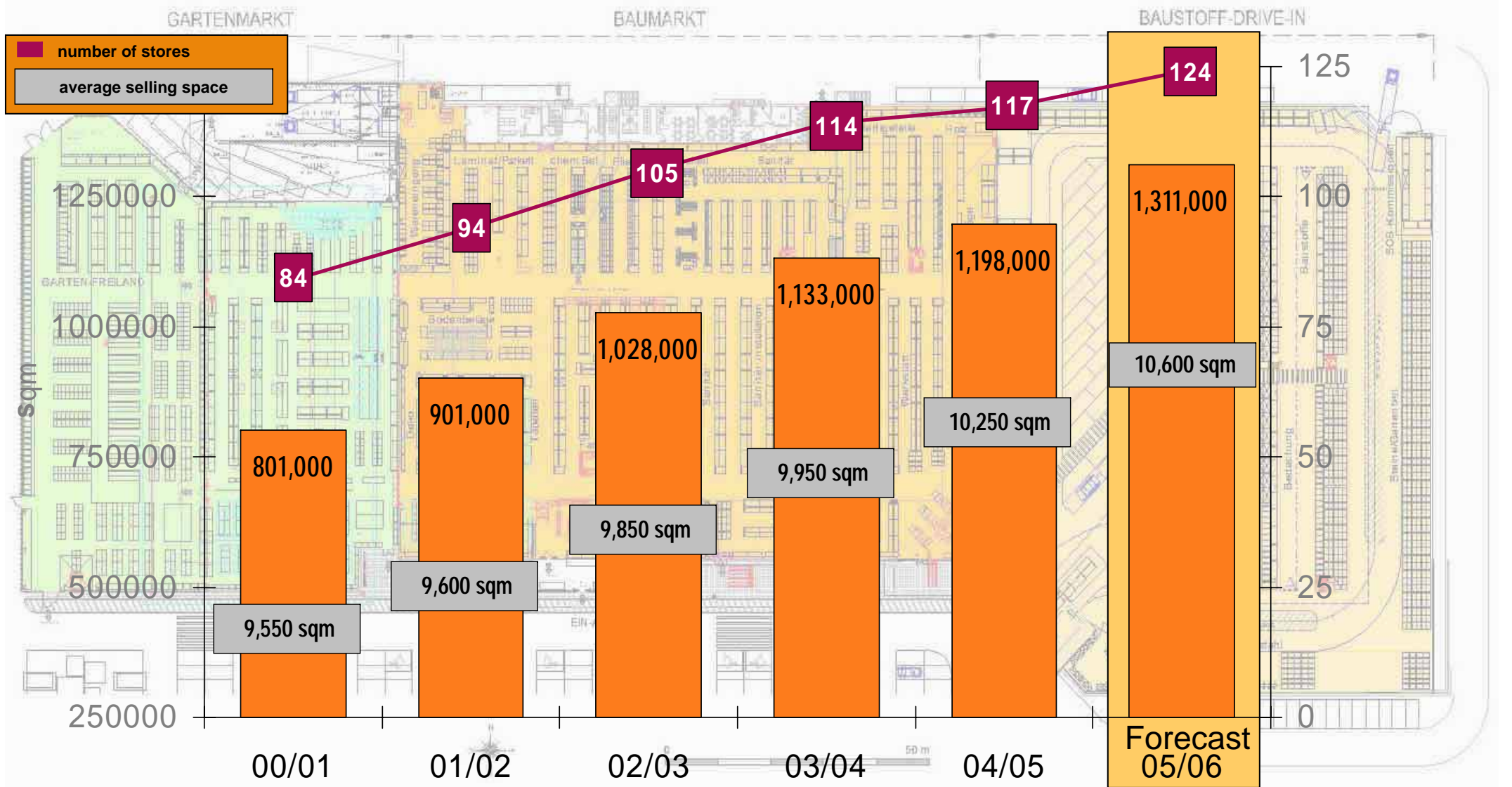
		weighted selling space *
September 2005	Würzburg, Germany	13,124 sqm
October 2005	Hradec Kralove, Czech Republic	13,889 sqm
November 2006	Kiel, Germany	14,431 sqm
December 2005	Munich, Germany	14,692 sqm
		<b>56,136 sqm</b>

## Store Closing:

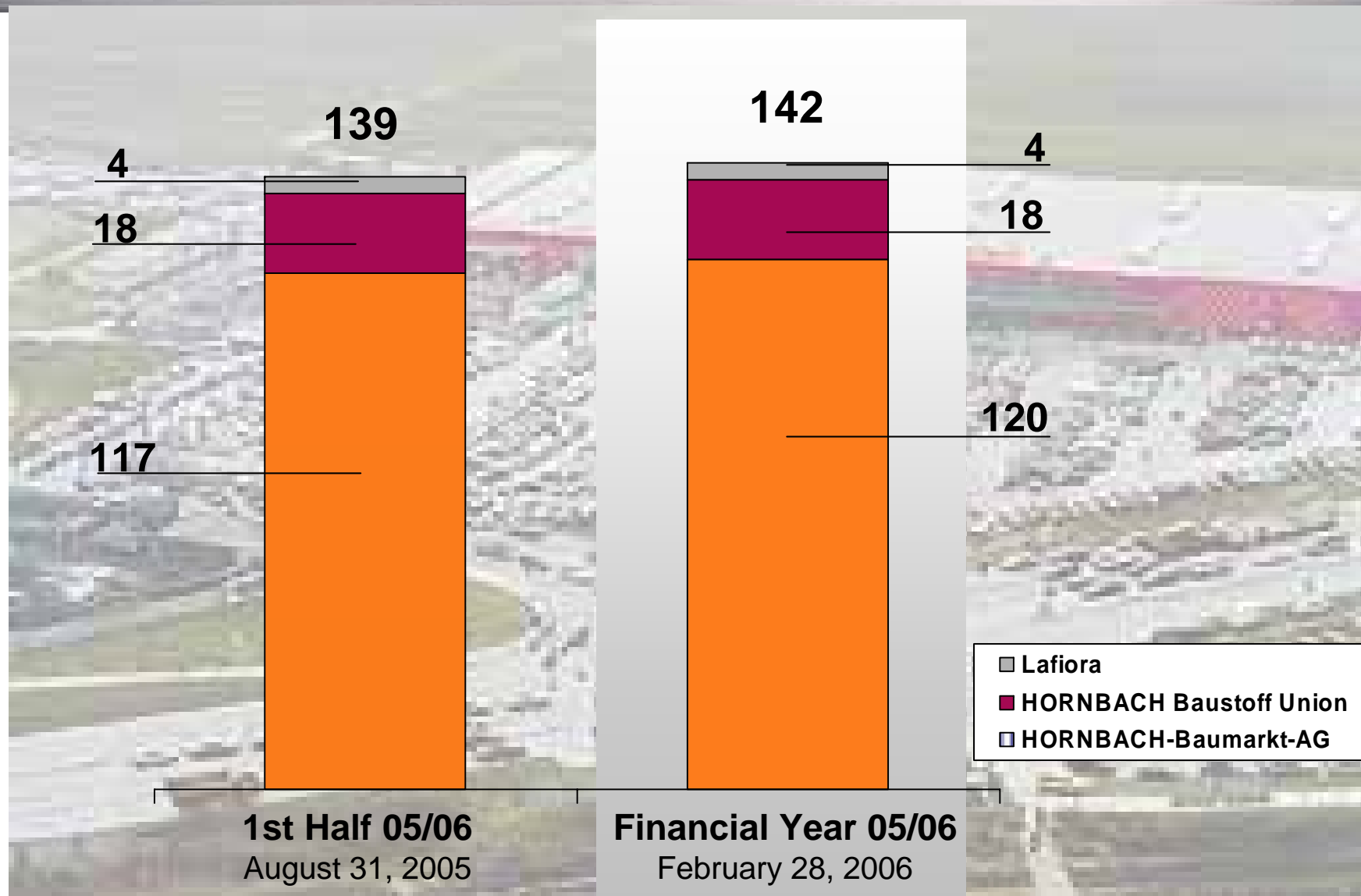
September 30, 2005	Mannheim-Neckarau, Germany	7,161 sqm
<b>Net addition Q3, Q4</b>		<b>48,975 sqm</b>

\* weighted selling space according to BHB definition

# Effective expansion of retail stores and selling space



# Number of outlets HORNBACH-Group



# HORNBACH HOLDING AG Group

## Summary Key Figures

Key Figures for the Group (in € million, unless otherwise stated)	2 <sup>nd</sup> Quarter 2005/2006	2 <sup>nd</sup> Quarter 2004/2005	± %	Half-year 2005/2006	Half-year 2004/2005	± %
Net sales	641.1	594.0	7.9	1,292.1	1,211.6	6.6
of which in other European countries	216.1	183.5	17.8	427.7	370.3	15.5
Gross margin (as % of net sales)	34.2%	35.9%		34.7	36.2%	
EBITDA	61.3	62.4	-1.8	118.2	130.1	-9.1
Earnings before interest and taxes (EBIT)	42.5	44.2	-3.7	82.1	95.0	-13.5
Consolidated earnings before taxes and minority interests	31.6	35.7	-11.5	61.1	78.0	-21.7
Consolidated net income*	17.6	17.9	-2.0	33.4	37.6	-11.2
Earnings per preference share (€)	2.22	2.27	-2.2	4.20	4.73	-11.2
No. of employees at HORNBACH Group				11,872	11,285	5.2
Investments				107.9	64.0	68.6
Total assets				1,850.2	1,690.9	9.4
Shareholders' equity				575.4	553.7	3.9
Shareholders' equity as % of total assets				31.1%	32.7%	

\* after minority interests

# HORNBACH-Baumarkt-AG Subgroup

## Summary Key Figures

Key Figures for the Subgroup (in € m, unless otherwise stated)	2 <sup>nd</sup> Quarter 2005/2006	2 <sup>nd</sup> Quarter 2004/2005	± %	Half-year 2005/2006	Half-year 2004/2005	± %
<b>Net sales</b>	<b>600.8</b>	<b>555.3</b>	<b>8.2</b>	<b>1.217,5</b>	<b>1.140,5</b>	<b>6.7</b>
of which in other European countries	216.1	183.5	17.8	427.7	370.3	15.5
Like-for-like sales growth	2.1%	6.1%		0.8%	4.1%	
Gross margin (as % of net sales)	34.7%	36.4%		35.2%	36.6%	
EBITDA	49.0	52.8	-7.2	95.7	112.0	-14.5
Earnings before interest and taxes (EBIT)	33.3	37.6	-11.6	65.7	83.0	-20.9
<b>Consolidated earnings before taxes and extraordinary result</b>	<b>25.4</b>	<b>32.6</b>	<b>-22.2</b>	<b>51.0</b>	<b>73.1</b>	<b>-30.2</b>
Extraordinary result	-0.1	0.0		-0.1	0.0	
Consolidated net income	16.9	20.4	-17.0	33.4	44.6	-25.0
Undiluted earnings per share (€)	1.12	1.36	-17.6	2.21	2.97	-25.9
No. of employees				11,251	10,625	5.9
Investments				76.4	36.6	108.7
Total assets				1,354.4	1,158.2	16.9
Shareholders' equity				433.8	409.1	6.0
Shareholders' equity as % of total assets				32.0%	35.4%	
No. of stores				121	116	4.3
Sales area as per BHB (in 000 m <sup>2</sup> )				1.262	1,174	7.5
Average store size (in m <sup>2</sup> )				10.433	10,121	3.1

*(Percentage changes calculated on € 000s basis)*

# Opening Berlin-Neukoelln July 2005





**Konsolidierung in der deutschen DIY-Branche:  
Wer - Wann - Wie ??**

 ERNST & YOUNG

# Baumärkte in der Strategiefalle

Differenzierung der Formate als Chance

WDR FERNSEHEN

markt



MERCER

Management Consulting

2 September 2005



Retail  
Germany

Pan European Research  
Sector update

COMMERZBANK   
CORPORATES & MARKETS

## German DIY retailing

Praktiker disposal: a kick-start for M&A?



 ERNST & YOUNG

## Baumärkte in der Strategiefalle

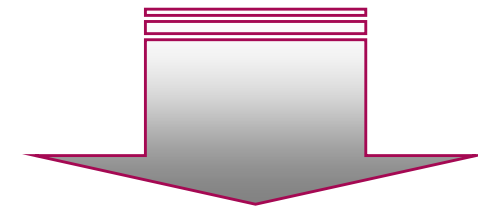
Differenzierung der Formate als Chance

# Ernst & Young

Branchenstudie: März 2005

### Kernaussagen

- Verdrängungswettbewerb wird noch härter
- Nur drei Baumarktbetreiber werden überleben
- Ausweg: Differenzierung der Formate



**HORNBACH hat einen der klarsten Auftritte am Markt und ist der Branche in vielen Bereichen voraus. Daher kann sich das Unternehmen Dauerniedrigpreise leisten.**



# HORNBACK holt Gold!

## Sieger beim großen Baumarkt-Vergleich.

Die WDR-Sendung „markt“ und das ARD-Magazin „Plusminus“ nahmen die fünf größten deutschen Baumarkt-Ketten gründlich unter die Lupe: Es wurden die Kategorien Preis, Produkt-, Zuschnitts- und Beratungsqualität getestet.

„Kein anderer Baumarkt beriet so fehlerfrei“  
 „Unterm Strich ergibt sich für unseren Beratungstest ein recht eindeutiges Bild: Mit deutlichem Abstand gewinnt Hornbach“

Quelle:  
[http://www.wdr.de/tv/markt/20050808/b\\_2.phtml](http://www.wdr.de/tv/markt/20050808/b_2.phtml)

„Mit harter Arbeit setzte Hornbach sich an die Spitze des Testfeldes“  
 „Beim Test der Kundenberatung boten die Mitarbeiter von Hornbach die mit Abstand besten Leistungen“

Quelle:  
[http://www.wdr.de/tv/markt/20050815/b\\_2.phtml](http://www.wdr.de/tv/markt/20050815/b_2.phtml)

\* Plusminus-Beitrag, ausgestrahlt am 19.07.05 im Ersten.

Das Erste®

WDR FERNSEHEN

Das Endergebnis mit den Gesamtnoten:

1. HORNBACK	2,2
2. Bauhaus	2,5
3. Hagebau	2,8
4. Obi	3,0
5. Praktiker	3,8

Ausführliche Informationen im Internet unter [www.wdr.de/tv/markt](http://www.wdr.de/tv/markt).



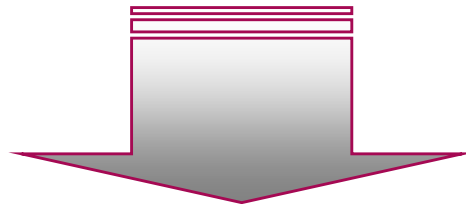
WDR/ARD  
 Baumarkt-Test: Juli/August 2005

Die Investitionen in Sortiment, Preise und Service zahlen sich aus. Die Qualität des HORNBACK-Formats ist bei den Kunden anerkannt.

## „Aktions- und Dauertiefpreise aus Konsumentensicht“

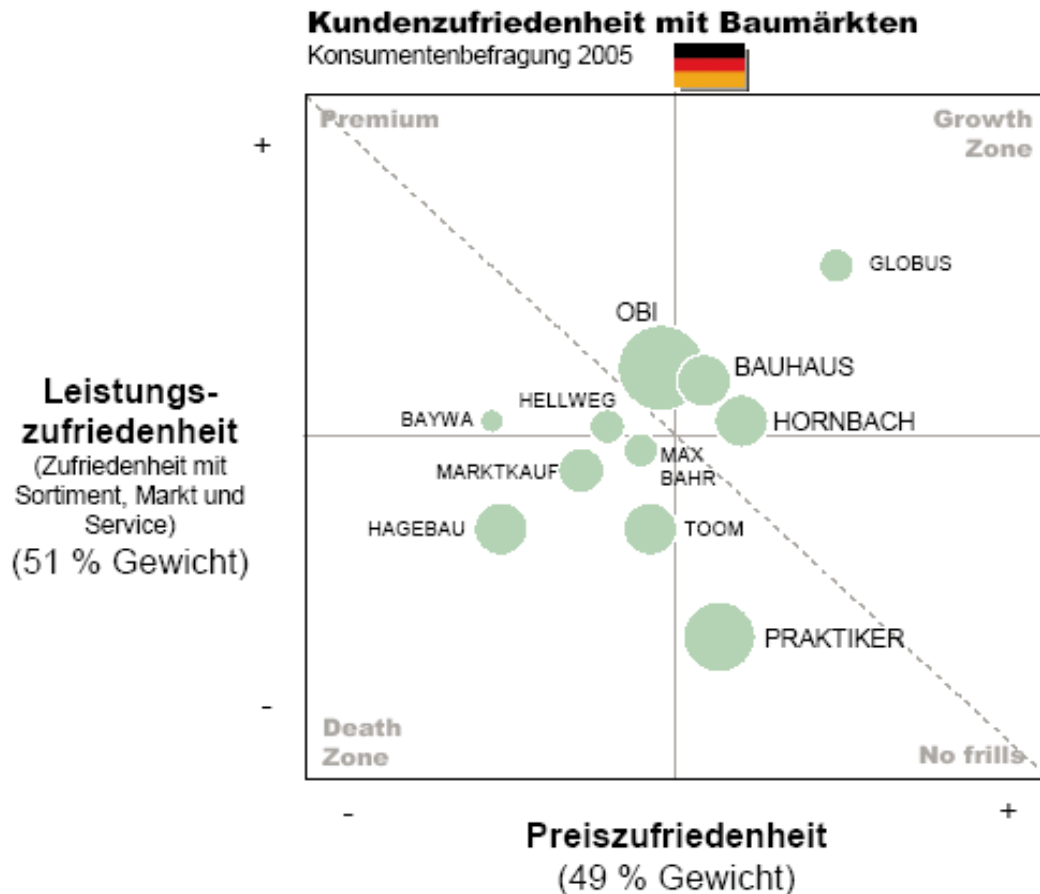
### Kernaussagen

- Konsumenten in Deutschland schätzen Geschäfte, die mit Dauertiefpreisen werben, eher als insgesamt preisgünstig ein (fast 50%), als Geschäfte, die mit Sonderangeboten oder Rabatten werben (gut 1/3).
- Häufiges Werben mit Rabatten oder Aktionspreisen erschwert dem Konsumenten die Beurteilung der Preisgünstigkeit eines Geschäftes (fast 50%).

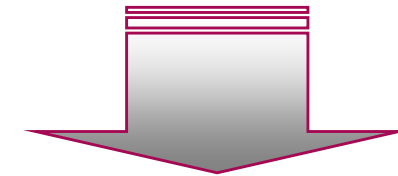


**Die Dauerniedrigpreis-Strategie fördert das positive Image von HORNBACH**

### Kernaussagen



- Preise sind der wesentliche Faktor für die Kundenzufriedenheit.
- Normalpreise, nicht Werbepreise prägen die Preiszufriedenheit.
- HORNBACH schneidet sowohl beim Preiskriterium als auch beim Leistungsfaktor "Auswahl/Qualität" überdurchschnittlich ab.



**"HORNBACH hat eine gute Basis für nachhaltiges, überdurchschnittliches Wachstum sowie langfristig höhere Ertragskraft geschaffen."**

Retail  
Germany

## German DIY retailing

Praktiker disposal: a kick-start for M&amp;A?

### Sector view

The intended disposal of Praktiker by Metro Group could be the kick-start for a wave of M&A activity in the German DIY sector, with potential targets being under-achievers Marktkauf and Toom. Financial investors could be interested in building up DIY retail empires in Germany, but for this to go well they would need to find managerial competence in the market place. Given the proven and outstanding success of both Globus and Max Bahr in terms of consumer acceptance and profitability, we regard these two family-owned players as potentially the nuclei of any yet to be established DIY giant. Investors should note that food retailers EDEKA, Globus, Metro and REWE own major DIY players in Germany. Therefore, M&A deals in DIY retailing are likely to provide fresh capital for the food retailers, which in turn could lead to cross-fertilization of M&A activity.

### Share price catalysts

Value creation via disposal of under-achiever Praktiker

### Key recommendations

Metro Group Buy

### Recommendation changes

Metro Group to Buy from Hold

### Analyst

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juergen.eifers@commerzbank.com

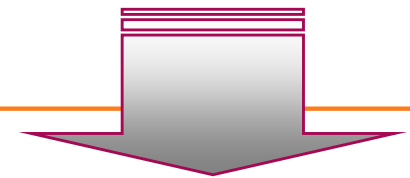


# Commerzbank

## Branchenstudie: September 2005

### Kernaussagen

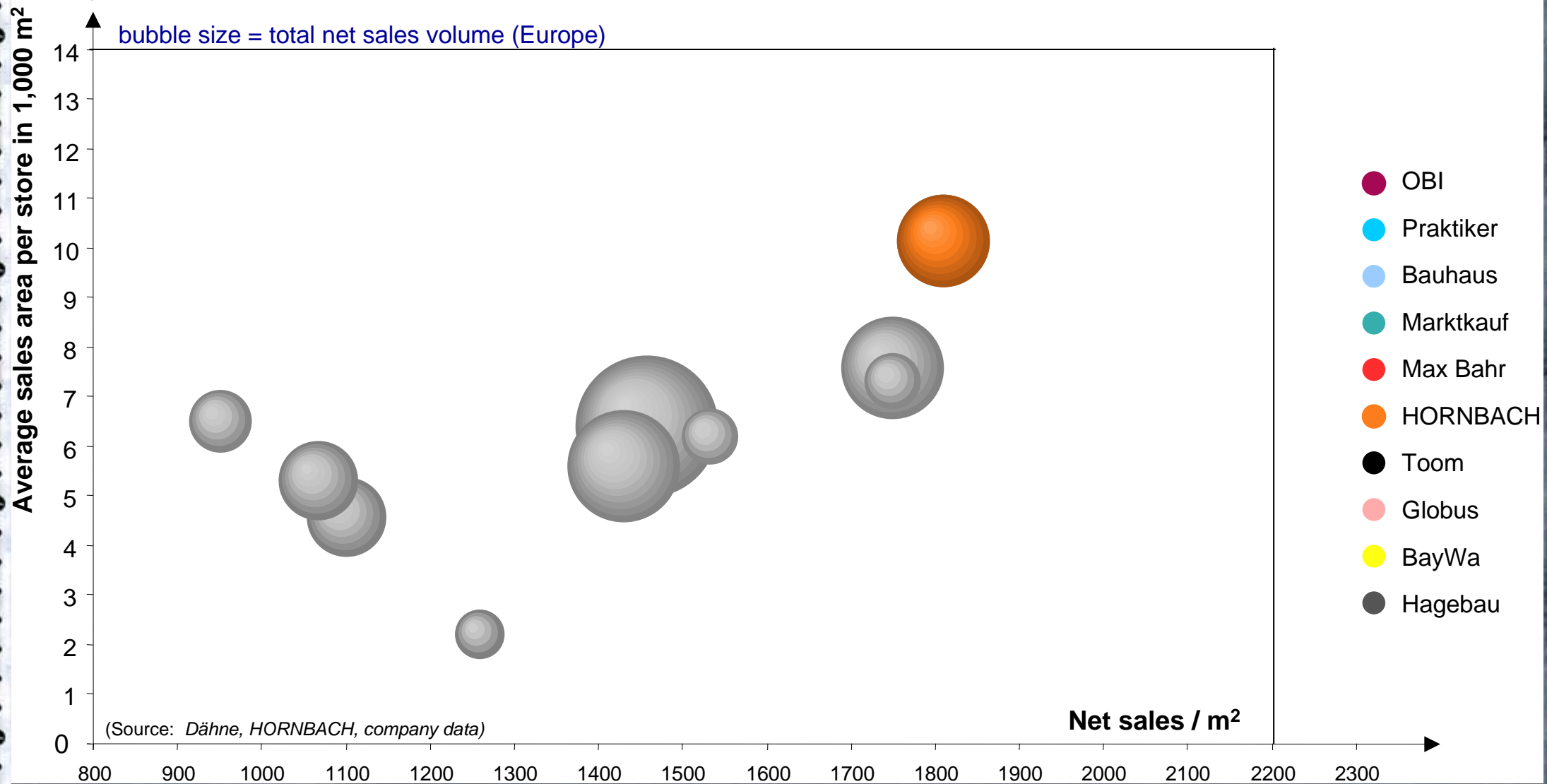
- Branche steht vor großem Strukturwandel
- Verdrängungswettbewerb wegen Überkapazitäten und niedrigen Flächenleistungen verschärft sich.
- HORNBACH's Hauptstärke ist die Kombination aus extrem großen, leistungsstarken und den modernsten Standorten sowie der höchsten Flächenproduktivität.



**HORNBACH hat sich bereits vor Jahren mit seinem Handelskonzept strategisch richtig aufgestellt. Das Unternehmen wird als einer der Gewinner aus der Konsolidierung hervorgehen.**

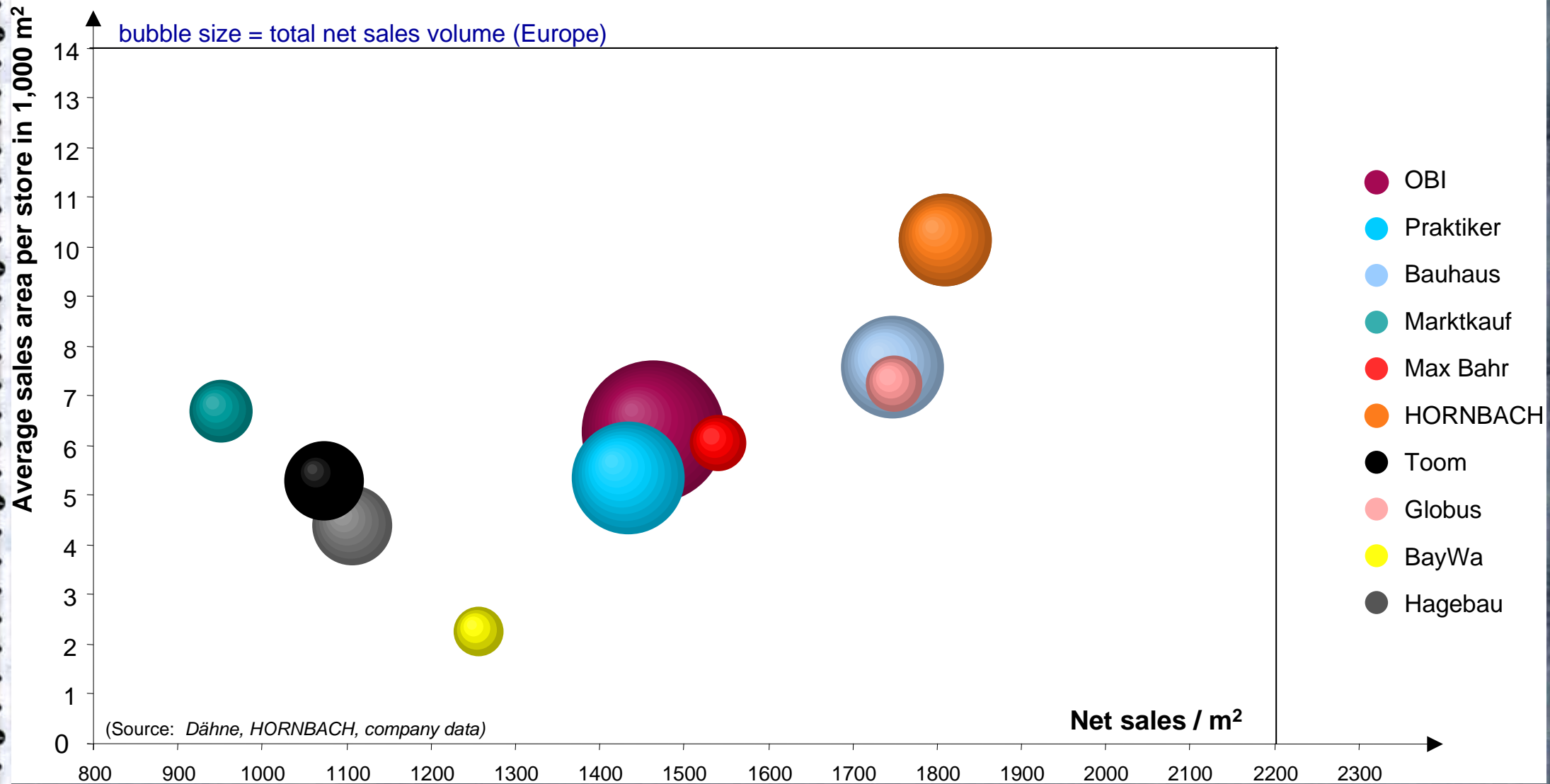
# DIY-Top 10 Germany 2004

## Average store size, net sales and sales densities



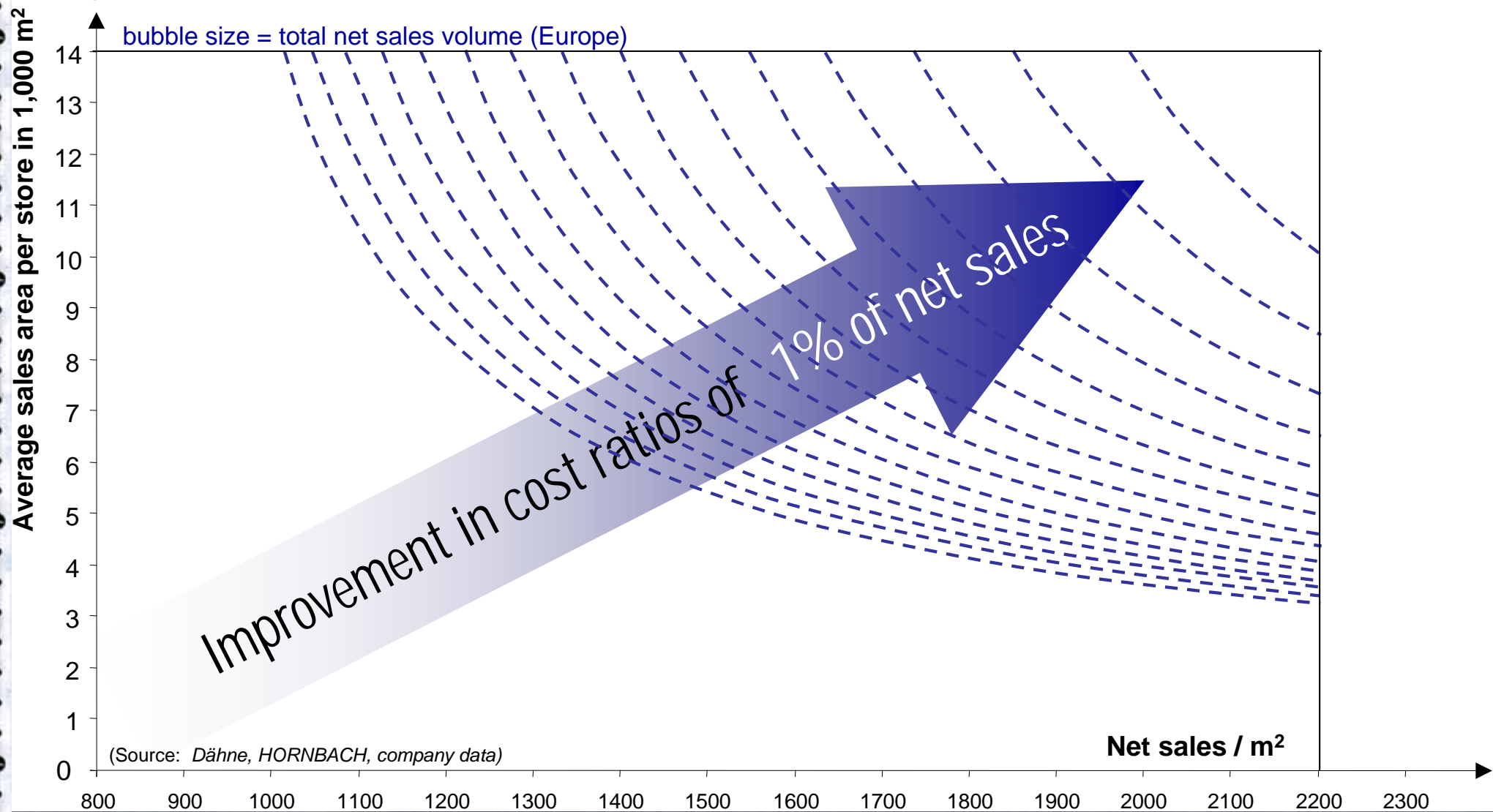
# DIY-Top 10 Germany 2004

## Average store size, net sales and sales density



# What is efficiency?

The interaction between store size, sales density and costs



# What is efficiency?

The interaction between store size, sales density and costs

