

HORNBACH Baumarkt AG Group

Q3/9M
2016/2017

Quarterly Statement
as of November 30, 2016



HORNBACH BAUMARKT AG GROUP

Statement on 3rd Quarter and First Nine Months of 2016/2017 (March 1 – Nov. 30, 2016)

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	3 rd Quarter 2016/2017	3 rd Quarter 2015/2016	Change %	Nine Months 2016/2017	Nine Months 2015/2016	Change %
Net sales	900.9	863.0	4.4	2,963.4	2,796.4	6.0
of which: in Germany	490.0	480.4	2.0	1,632.8	1,596.5	2.3
of which: in other European countries	410.9	382.5	7.4	1,330.6	1,199.9	10.9
Like-for-like sales growth	3.0%	2.9%		4.0%	1.8%	
Gross margin as % of net sales	36.6%	36.6%		37.0%	37.6%	
EBITDA	32.1	20.1	59.5	188.2	171.7	9.6
Earnings before interest and taxes (EBIT)	13.6	5.0	>100	133.0	127.3	4.5
Consolidated earnings before taxes	8.9	1.3	>100	117.4	119.2	(1.5)
Consolidated net income	5.6	1.2	>100	87.1	91.6	(4.9)
Basic/diluted earnings per share (€)	0.18	0.04	>100	2.74	2.88	(4.9)
Investments	39.9	35.6	12.1	113.0	109.9	2.7

Misc. key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	November 30, 2016	February 29, 2016	Change %
Total assets	2,013.8	1,986.4	1.4
Shareholders' equity	1,041.2	972.9	7.0
Shareholders' equity as % of total assets	51.7%	49.0%	
Number of stores	154	153	0.7
Sales area in 000 m ² (based on BHB)	1,791	1,771	1.1
Number of employees	16,932	16,600	2.0

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

Summary

- Consolidated sales up 6.0% to almost € 3.0 billion in first nine months of 2016/2017
- HORNBACH DIY stores with garden centers post like-for-like growth of 4.0%
- Thanks to third-quarter growth momentum, nine-month operating earnings (EBIT) now ahead of previous year's figure

Driven by a pleasing business performance in the third quarter of 2016/2017 (Q3), the HORNBACH Baumarkt AG Group exceeded the previous year's level of operating earnings, also on a cumulative basis for the nine-month period as a whole. Consolidated sales improved by 4.4% to € 900.9 million (2015/2016: € 863.0 million) in the third quarter of 2016/2017 (September 1 to November 30, 2016) and by 6.0% to € 2,963.4 million in the first nine months (2015/2016: € 2,796.4 million). On a like-for-like basis and net of currency items, consolidated sales rose by 3.0% in the quarter under report and by 4.0% in the first nine months of the current 2016/2017 financial year. Consolidated operating earnings (EBIT) for Q3 increased from € 5.0 million to € 13.6 million. This increase was mainly driven by like-for-like sales growth in conjunction with a stable gross margin and improved cost ratios. Nine-month EBIT therefore grew by 4.5% to € 133.0 million (2015/2016: € 127.3 million). Nine-month earnings per Baumarkt share are reported at € 2.74 (2015/2016: € 2.88).

Earnings, Financial and Net Asset Situation

Development in HORNBACH's store network

There were no changes in the store network at HORNBACH Baumarkt AG in the third quarter of 2016/2017. The Group was operating a total of 154 retail outlets (February 29, 2016: 153) as of November 30, 2016, of which 98 (99) in Germany and 56 (54) in other European countries.

Sales performance

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	1 st Quarter 2016/2017	2 nd Quarter 2016/2017	3 rd Quarter 2016/2017	Nine Months 2016/2017
Consolidated net sales	1,058.9	1,003.6	900.9	2,963.4
Year-on-year change (in %)	6.4	7.0	4.4	6.0
Like-for-like sales growth (in %) ¹⁾	4.4	4.5	3.0	4.0
Net sales in Germany region	591.9	550.9	490.0	1,632.8
Year-on-year change (in %)	2.8	1.9	2.0	2.3
Like-for-like sales growth (in %)	2.7	2.2	2.2	2.4
Domestic share of consolidated sales (in %)	55.9	54.9	54.4	55.1
Net sales in Other European countries region	467.0	452.7	410.9	1,330.6
Year-on-year change (in %)	11.3	13.8	7.4	10.9
Like-for-like sales growth (in %) ¹⁾	6.6	7.7	3.9	6.1
International share of consolidated sales (in %)	44.1	45.1	45.6	44.9

¹⁾ Excluding currency items

3rd quarter of 2016/2017

Consolidated sales in Q3 2016/2017 – which had largely the same average number of business days as in the previous year – grew by 4.4% to € 900.9 million (2015/2016: € 863.0 million). On a like-for-like basis and adjusted to exclude currency items [→ [Brief Glossary](#) on Page 7], consolidated sales in Q3 increased by 3.0% (2015/2016: 2.9%). Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, we generated group-wide like-for-like growth of 3.5% (2015/2016: 3.9%). Within the quarter under report, the greatest momentum came in September 2016, which benefited from unusually warm and sunny weather conditions across large parts of Europe. The Germany region and the Other European countries region both contributed to the Group's sales growth.

First nine months of 2016/2017

On a cumulative basis for the first nine months, consolidated sales grew by 6.0% to € 2,693.4 million (2015/2016: € 2,796.4 million). Like-for-like sales grew by 4.0% excluding currency items (2015/2016: 1.8%) and by 3.7% including currency items (2015/2016: 3.0%). The international stores accounted for 44.9% of consolidated sales in the first nine months of 2016/2017 (2015/2016: 42.9%).

Earnings performance

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	3 rd Quarter 2016/2017	3 rd Quarter 2015/2016	Change in %	Nine Months 2016/2017	Nine Months 2015/2016	Change in %
Net sales	900.9	863.0	4.4	2.963,4	2.796.4	6.0
Gross profit	329.3	315.8	4.3	1,095.8	1,051.0	4.3
Gross margin as % of net sales ¹⁾	36.6	36.6	-	37.0	37.6	(60 bp)
EBITDA [→ Brief Glossary Page 7]	32.1	20.1	59.5	188.2	171.7	9.6
Operating earnings (EBIT)	13.6	5.0	>100	133.0	127.3	4.5
Non-operating income	-	0.0		-	0.0	
Non-operating expenses	0.2	0.0		0.3	0.0	
Adjusted EBIT [→ Brief Glossary Page 7]	13.8	5.0	>100	133.3	127.4	4.6
Consolidated net income	5.6	1.2	>100	87.1	91.6	(4.9)
Store expenses as % of net sales ¹⁾	30.0	30.9	(90 bp)	27.9	28.4	(50 bp)
Pre-opening expenses as % of net sales ¹⁾	0.1	0.4	(30 bp)	0.1	0.3	(20 bp)
Administration expenses as % of net sales ¹⁾	5.3	5.0	30 bp	4.7	4.6	10 bp

¹⁾ Year-on-year change in base points (bp)

The following comments refer to the earnings performance of the HORNBACH Baumarkt AG Group. Information about the "Retail" and "Real estate" segments can be found in the segment report on Page 13.

Due to contractual amendments and the conclusion of new rental agreements at individual locations, since the fourth quarter of 2015/2016 there have been some structural movements within the income statement as these contracts now require classification as finance leases (previously: operating leases). As a result, rental expenses have been exchanged for depreciation and interest expenses. In the period under report, this factor impacted positively on operating earnings (EBIT) and negatively on net financial expenses.

3rd quarter of 2016/2017

The HORNBACH Baumarkt AG Group can report substantial year-on-year earnings growth for the third quarter of 2016/2017 (September 1 to November 30, 2016). This increase was mainly driven by like-for-like, currency-adjusted sales growth in the domestic and international businesses in conjunction with a stable gross margin, the relative decline in store expenses as a proportion of sales, and the reduction in pre-opening expenses. These factors more than offset the disproportionate rise in expenses for the increasing digitization of our business within our interconnected retail strategy (ICR).

- **Gross profit** rose by 4.3% to € 329.3 million in Q3 2016/2017 (2015/2016: € 315.8 million). The gross margin remained unchanged at 36.6%. Here, the negative impact on the margin resulting from changes in the product mix and lower retail prices on the one hand were mainly offset by more favorable procurement terms on the other.
- Selling and store expense rose by 1.0% in the period under report and thus declined as a proportion of sales. The **store expense ratio** [→ [Brief Glossary](#) on Page 8] decreased by 90 base points to 30.0%.
- The **pre-opening expense ratio** [→ [Brief Glossary](#) on Page 8] fell from 0.4% to 0.1% as no new stores were opened in the quarter under report (2015/2016: three).
- General and administration expenses rose by 10.6%. This was primarily due to the 14.5% increase in expenses for expanding e-commerce (interconnected retail), while pure administration and operative administration expenses only rose by 5.4%. The **administration expense ratio** [→ [Brief Glossary](#) on Page 8] increased from 5.0% to 5.3%.

- Earnings before interest, taxes, depreciation and amortization (**EBITDA**) for Q3 grew by 59.5% to € 32.1 million (2015/2016: € 20.1 million). **Operating earnings (EBIT)** improved from € 5.0 million to € 13.6 million. **Adjusted EBIT**, i.e. operating earnings excluding non-operating income and expenses came to € 13.8 million (2015/2016: € 5.0 million).
- Mainly due to negative currency items and increased interest expenses, **net financial expenses** fell from minus € 3.7 million to minus € 4.7 million. This figure also includes the higher interest expenses resulting from the reclassification of eleven former operating lease agreements as finance lease agreements.
- **Consolidated earnings before taxes** grew from € 1.3 million to € 8.9 million.
- **Consolidated net income** is reported at € 5.6 million (2015/2016: € 1.2 million). **Earnings per share** for the quarter under report came to € 0.18 (2015/2016: € 0.04).

First nine months of 2016/2017

The HORNBACH Baumarkt AG Group cumulatively exceeded the previous year's operating earnings in the nine-month period (March 1 to November 30, 2016). On the level of **operating earnings (EBIT)**, the earnings performance in Q3 2016/2017 more than offset the shortfall at the end of the first half of 2016/2017. EBIT for the first nine months of 2016/2017 grew by 4.5% to € 133.0 million (2015/2016: € 127.3 million). Cumulative **adjusted operating earnings** increased by 4.6% to € 133.3 million (2015/2016: € 127.4 million).

Net financial expenses deteriorated from minus € 8.1 million to minus € 15.6 million. This development was chiefly due to interest expenses, which rose by € 3.7 million, and to negative currency items of € 3.8 million. As a result, **consolidated earnings before taxes** decreased by 1.5% to € 117.4 million (2015/2016: € 119.2 million). Given the increase in the tax rate from 23.2% to 25.8%, **consolidated net income** fell by 4.9% to € 87.1 million (2015/2016: € 91.6 million). Cumulative **earnings per Baumarkt share** came to € 2.74 (2015/2016: € 2.88).

Financial and asset situation

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	November 30, 2016	February 29, 2016	Change in %
Total assets	2,013.8	1,986.4	1.4
Shareholders' equity	1,041.2	972.9	7.0
Shareholders' equity as % of total assets	51.7%	49.0%	
Current financial assets	50.0	-	
Cash and cash equivalents	196.4	283.0	(30.6)
Non-current financial debt	426.8	418.5	2.0
Current financial debt	24.1	94.5	(74.5)
Net financial debt	204.4	230.0	(11.1)

Investments rose from € 109.9 million in the previous year's period to € 113.0 million in the first nine months of 2016/2017. Of this total, around 69% was invested in land and buildings, while the remainder was channeled into plant and office equipment at new and existing stores, as well as into intangible assets (mainly IT software). Furthermore, in the period under report we restructured cash and cash equivalents of € 50 million into current financial assets with terms of more than three months and reported these as an outflow of cash in the cash flow from investing activities. Investments were fully financed by the cash flow of € 176.3 million from operations (2015/2016: € 168.9 million). Information about the financing and investing activities of the HORNBACH Baumarkt AG Group can be found in the cash flow statement on Page 12.

The **equity ratio** [→ [Brief Glossary](#) on Page 8] rose to 51.7% as of November 30, 2016, up from 49.0% at the balance sheet date on February 29, 2016. Including current financial assets, **net financial debt** [→ [Brief Glossary](#) on Page 8] decreased by 11.1% to € 204.4 million as of November 30, 2016 (February 29, 2016: € 230.0 million).

Employees

A total of 16,932 employees across Europe were in fixed employment at HORNBAACH Baumarkt AG or one of its subsidiaries as of the reporting date on November 30, 2016 (February 29, 2016: 16,600).

Other Disclosures

New quarterly reporting format

Following a change in European Community law, the obligation for publicly listed companies in the EU to provide quarterly reporting was lifted in 2015. As a result, the legal obligation for publicly listed companies to issue quarterly reports was rescinded in Germany as well. Pursuant to § 51 a of the Stock Exchange Rules of the Frankfurt Stock Exchange, we are drawing on the option of preparing condensed quarterly statements in German and English for the first and third quarters of the financial year rather than full quarterly reports. This statement on the third quarter of 2016/2017 pools all relevant information in a new format. Furthermore, as previously we are still preparing a half-year financial report as well as the combined management report in the Annual Report of the HORNBAACH Baumarkt AG Group.

Information about figures stated

The figures reported have been rounded up or down to the nearest million euro amounts. Discrepancies may therefore arise between the various figures presented. Percentages have been calculated on the basis of thousand euro amounts.

Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBAACH Baumarkt AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (operating lease). These amounted to € 1,023.4 million at the end of the third quarter as of November 30, 2016 (February 29, 2016: € 1,016.8 million).

Outlook

The outlook and other statements made concerning the expected performance of the Group in the 2016/2017 financial year have not changed materially compared with the assessments published in the 2015/2016 Annual Report of the HORNBAACH Baumarkt AG Group.

The Board of Management can confirm the sales and earnings forecast for the 2016/2017 financial year published on Pages 86 to 88 of the 2015/2016 Annual Report. Accordingly, the company still expects to generate consolidated sales growth in a medium single-digit percentage range. With regard to the earnings forecast, the company still expects its operating earnings (EBIT) to significantly exceed the figure for the previous 2015/2016 financial year (€ 90.2 million) and its EBIT net of non-operating income and expenses (adjusted EBIT) to match the level reported for the 2015/2016 financial year (€ 99.3 million).

Brief Glossary of Alternative Key Performance Figures

In this quarterly statement we also refer to the following alternative key performance figures that are not defined under IFRS to comment on our asset, financial, and earnings situation. These figures should also be viewed in the overall context of the information published in the Annual Report concerning the Group's management system.

Like-for-like sales net of currency items (change in %)	<i>Alternative key performance figure to measure the operating business performance and indicate the organic growth achieved by our retail activities (stationary stores and online shops)</i>	The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least one full year. No account is taken of stores newly opened, closed, or subject to substantial conversion measures in the past twelve months. Like-for-like sales are calculated excluding sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). The rate of change in like-for-like sales net of currency items is therefore a performance indicator independent of exchange rate factors. On a euro basis, like-for-like sales are also calculated including currency items for those countries in our European store network that have currencies other than the euro.
EBITDA	<i>Alternative key performance figure to comment on earnings performance</i>	EBITDA stands for earnings before interest, taxes, depreciation and amortization (on property, plant and equipment and on intangible assets). EBITDA is a cash flow-based figure, as depreciation and amortization, which do not impact on liquidity, are added to operating earnings (EBIT).
Adjusted EBIT	<i>Alternative key performance figure to comment on operating earnings performance</i>	This key figure is calculated by deducting non-operating earnings items from earnings before interest and taxes (EBIT). Non-operating expenses (e.g. impairment losses on assets, additions to provisions for onerous contracts) are added to EBIT, while non-operating income (e.g. income from disposal of real estate, income from write-backs of assets impaired in previous years) are deducted from EBIT. The adjusted EBIT figure is therefore particularly useful for comparing the operating earnings performance over time or in forecasts.

Cost ratios	<i>Alternative key performance figures for the development in store, pre-opening, and administration expenses as a percentage of net sales</i>	<p>The store expense ratio is obtained by dividing selling and store expenses by net sales. Selling and store expenses comprise those costs incurred in connection with the operation of stationary DIY stores with garden centers and the online shops. They mainly include personnel expenses, costs of premises, and advertising expenses, as well as depreciation, amortization, and general operating expenses, such as transport expenses, service and maintenance.</p> <p>The pre-opening expense ratio is calculated by dividing pre-opening expenses by net sales. Costs incurred in connection with and upon the construction of a new stationary DIY store with a garden center through to opening are reported as pre-opening expenses. Pre-opening expenses largely comprise personnel expenses, costs of premises, and administration expenses.</p> <p>The administration expense ratio is the quotient of administration expenses and net sales. Administration expenses include all administrative expenses incurred in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-commerce) and which cannot be directly allocated to such. They mainly consist of personnel expenses, legal and advisory expenses, depreciation and amortization, costs of premises, and IT, travel, and vehicle expenses. As well as purely administrative expenses, they also include project-related expenses and in particular the expenses incurred for the increasing digitization of our business model (multichannel retail).</p>
Equity ratio	<i>Alternative key performance figure to comment on asset situation</i>	<p>The equity ratio is derived by dividing shareholders' equity as reported in the balance sheet (equity posted) by total capital (balance sheet total).</p>
Net financial debt	<i>Alternative key performance figure to comment on financial situation</i>	<p>Net financial debt is calculated as the total of current and non-current financial debt less cash and cash equivalents and – where applicable – less current financial assets. To avoid negative interest rates on cash deposits, from the beginning of the 2016/2017 financial year part of the company's cash and cash equivalents has been reclassified as near-liquid current financial assets with terms of more than three and up to a maximum of twelve months. The inclusion of current financial assets in the calculation of net financial debt enhances comparability with the previous period.</p>

Income Statement

€ million	3 rd Quarter 2016/2017	3 rd Quarter 2015/2016	Change %	Nine Months 2016/2017	Nine Months 2015/2016	Change %
Sales	900.9	863.0	4.4	2,963.4	2,796.4	6.0
Cost of goods sold	571.6	547.2	4.5	1,867.6	1,745.4	7.0
Gross profit	329.3	315.8	4.3	1,095.8	1,051.0	4.3
Selling and store expenses	269.8	267.1	1.0	826.6	794.3	4.1
Pre-opening expenses	1.0	3.1	(68.7)	3.7	8.4	(55.4)
General and administration expenses	47.7	43.1	10.6	139.8	128.6	8.7
Other income and expenses	2.7	2.5	8.0	7.4	7.6	(3.1)
Earnings before interest and taxes (EBIT)	13.6	5.0	>100	133.0	127.3	4.5
Interest and similar income	0.2	0.2	29.1	0.7	0.6	13.1
Interest and similar expenses	4.1	3.5	17.8	14.4	10.6	35.5
Other financial result	(0.8)	(0.3)	>(100)	(1.9)	1.9	>(100)
Net financial expenses	(4.7)	(3.7)	27.8	(15.6)	(8.1)	91.6
Consolidated earnings before taxes	8.9	1.3	>100	117.4	119.2	(1.5)
Taxes on income	3.3	0.1	>100	30.3	27.6	9.7
Consolidated net income	5.6	1.2	>100	87.1	91.6	(4.9)
Basic/diluted earnings per share (€)	0.18	0.04	>100	2.74	2.88	(4.9)

Statement of Comprehensive Income

€ million	3 rd Quarter 2016/2017	3 rd Quarter 2015/2016	Nine Months 2016/2017	Nine Months 2015/2016
Consolidated net income	5.6	1.2	87.1	91.6
Actuarial gains and losses on defined benefit plans	6.2	(1.1)	0.0	(0.6)
Deferred taxes on actuarial gains and losses on defined benefit plans	(1.1)	0.2	0.0	0.1
Other comprehensive income that will not be recycled at a later date	5.0	(0.9)	0.0	(0.5)
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity ¹⁾	0.0	(0.1)	0.0	(0.1)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.0	0.5	0.7	1.4
Measurement of available for sale financial assets	0.0	0.0	1.9	0.4
Exchange differences arising on the translation of foreign subsidiaries	1.2	(0.7)	0.4	(2.5)
Deferred taxes on gains and losses recognized directly in equity	0.0	(0.1)	(0.2)	(0.4)
Other comprehensive income that will be recycled at a later date	1.2	(0.4)	2.8	(1.2)
Total comprehensive income	11.8	(0.1)	89.9	89.9

¹⁾ Represents the residual value of fair value changes and recognized changes in the value of corresponding hedge instruments in the period under report.

Balance Sheet

Assets ¹⁾	November 30, 2016		February 29, 2016	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	13.9	0.7	12.0	0.6
Property, plant, and equipment	1,062.8	52.8	991.7	49.9
Investment property	16.2	0.8	14.9	0.7
Financial assets	5.8	0.3	3.9	0.2
Non-current receivables and other assets	3.8	0.2	3.9	0.2
Non-current income tax receivables	0.0	0.0	1.7	0.1
Deferred tax assets	9.0	0.4	10.5	0.5
	1,111.4	55.2	1,038.6	52.3
Current assets				
Inventories	592.7	29.4	588.4	29.6
Short-term financial assets	50.0	2.5	0.0	0.0
Trade receivables	8.3	0.4	11.9	0.6
Other short-term assets	46.0	2.3	46.8	2.4
Income tax receivables	9.0	0.4	17.7	0.9
Cash and cash equivalents	196.4	9.8	283.0	14.2
	902.5	44.8	947.8	47.7
	2,013.8	100.0	1,986.4	100.0

Equity and liabilities ¹⁾	November 30, 2016		February 29, 2016	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	95.4	4.7	95.4	4.8
Capital reserve	143.6	7.1	143.6	7.2
Revenue reserves	802.2	39.8	733.8	36.9
	1,041.2	51.7	972.9	49.0
Non-current liabilities				
Non-current financial debt	426.8	21.2	418.5	21.1
Provisions for pensions	16.2	0.8	14.6	0.7
Deferred tax liabilities	27.1	1.3	28.6	1.4
Other non-current liabilities	36.4	1.8	32.1	1.6
	506.5	25.2	493.7	24.9
Current liabilities				
Current financial debt	24.1	1.2	94.5	4.8
Trade payables	241.8	12.0	257.4	13.0
Other short-term liabilities	105.9	5.3	78.2	3.9
Income tax liabilities	29.2	1.5	14.5	0.7
Other provisions and accrued liabilities	65.1	3.2	75.3	3.8
	466.1	23.1	519.8	26.2
	2,013.8	100.0	1,986.4	100.0

¹⁾ Previous year's figures adjusted: The level of detail provided in the disclosure of "Receivables and other assets" and "Trade payables and other liabilities" has increased, with miscellaneous and sundry components being reported separately from now on.

Statement of Changes in Equity

Nine Months 2015/2016 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2015	95.4	143.6	(1.8)	39.6	645.6	922.4
Consolidated net income					91.6	91.6
Actuarial gains and losses on defined benefit plans, net after taxes					(0.5)	(0.5)
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.9			0.9
Measurement of available for sale financial assets, net after taxes					0.4	0.4
Foreign currency translation				(2.5)		(2.5)
Total comprehensive income			0.9	(2.5)	91.5	89.9
Dividend distribution					(19.1)	(19.1)
Balance at November 30, 2015	95.4	143.6	(0.9)	37.1	717.9	993.2

Nine Months 2016/2017 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2016	95.4	143.6	(0.5)	36.8	697.6	972.9
Consolidated net income					87.1	87.1
Actuarial gains and losses on defined benefit plans, net after taxes					0.0	0.0
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.5			0.5
Measurement of available for sale financial assets, net after taxes					1.9	1.9
Foreign currency translation				0.4		0.4
Total comprehensive income			0.5	0.4	89.0	89.9
Dividend distribution					(21.6)	(21.6)
Treasury stock transactions					0.1	0.1
Balance at November 30, 2016	95.4	143.6	0.0	37.2	765.0	1,041.2

Cash Flow Statement

€ million	Nine Months 2016/2017	Nine Months 2015/2016
Consolidated net income	87.1	91.6
Depreciation and amortization of non-current assets	55.2	44.3
Change in provisions	2.8	2.5
Gains/losses on disposals of non-current assets and of non-current assets held for sale	0.7	(0.3)
Change in inventories, trade receivables and other assets	10.1	(4.6)
Change in trade payables and other liabilities	20.0	38.2
Other non-cash income/expenses	0.4	(2.7)
Cash flow from operating activities	176.3	168.9
Proceeds from disposal of non-current assets and of non-current assets held for sale	1.2	1.3
Payments for investments in property, plant, and equipment	(108.5)	(106.9)
Payments for investments in intangible assets	(4.5)	(3.0)
Cash paid for investments in connection with short-term finance planning	(50.0)	0.0
Cash flow from investing activities	(161.8)	(108.6)
Dividends paid	(21.6)	(19.1)
Repayment of long-term debt	(82.7)	(3.3)
Change in current financial debt	3.3	9.4
Cash flow from financing activities	(101.0)	(13.0)
Cash-effective change in cash and cash equivalents	(86.6)	47.3
Change in cash and cash equivalents due to changes in exchange rates	0.0	(0.1)
Cash and cash equivalents at March 1	283.0	334.8
Cash and cash equivalents at November 30	196.4	382.1

Segment Report

Nine Months 2016/2017 in € million Nine Months 2015/2016 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH Baumarkt AG Group
Segment sales	2,962.2	125.0	(123.8)	2,963.4
	2,795.1	120.8	(119.5)	2,796.4
Sales to third parties	2,962.1	0.0	0.0	2,962.1
	2,795.1	0.0	0.0	2,795.1
Rental income from third parties	0.0	1.2	0.0	1.2
	0.0	1.3	0.0	1.3
Rental income from affiliated companies	0.0	123.8	(123.8)	0.0
	0.0	119.5	(119.5)	0.0
Segment earnings (EBIT)	97.9	49.5	(14.3)	133.0
	102.7	42.7	(18.1)	127.3
Depreciation and amortization	28.2	22.1	4.9	55.2
	27.0	12.5	4.9	44.3
EBITDA	126.1	71.5	(9.4)	188.2
	129.7	55.2	(13.2)	171.7
Segment assets	889.8	915.5	190.6	1,995.9
	823.4	695.7	310.6	1,829.8
of which: credit balances at banks	82.9	0.0	90.2	173.1
	80.7	0.0	275.9	356.6

Reconciliation in € million	Nine Months 2016/2017	Nine Months 2015/2016
Segment earnings (EBIT) before "Headquarters and consolidation"	147.4	145.4
Headquarters	(14.3)	(18.1)
Net financial expenses	(15.6)	(8.1)
Consolidated earnings before taxes	117.4	119.2

FINANCIAL CALENDAR 2017

March 23, 2017	Trading Statement 2016/2017
May 29, 2017	Annual Results Press Conference 2016/2017 Publication of Annual Report DVFA Analysts' Conference
June 30, 2017	Quarterly Statement: 1 st Quarter of 2017/2018 as of May 31, 2017
July 6, 2017	Annual General Meeting Festhalle Landau, Landau/Pfalz
September 28, 2017	Half-Year Financial Report 2017/2018 as of August 31, 2017
December 21, 2017	Quarterly Statement: 3 rd Quarter of 2017/2018 as of November 30, 2017

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DISCLAIMER

This quarterly statement contains forward-looking statements based on assumptions and estimates made by the Board of Management of HORNBACH. Statements referring to the future are always only valid at the time at which they are made. Although we assume that the expectations reflected in these forecast statements are realistic, the company can provide no guarantee that these expectations will also turn out to be accurate. The assumptions may involve risks and uncertainties which could result in actual results differing significantly from the forecast statements. The factors which could produce such variances include changes in the economic and business environment, particularly in respect of consumer behavior and the competitive environment in those retail markets of relevance for HORNBACH. Furthermore, they include a lack of acceptance of new sales formats or new product ranges, as well as changes to the corporate strategy. HORNBACH has no plans to update the forecast statements, neither does it accept any obligation to do so.