HALF-YEAR FINANCIAL REPORT
HORNBACH BAUMARKT AG GROUP

H1
2015/2016

(MARCH 1 – AUGUST 31, 2015)

Es gibt immer was zu tun.

HORNBACH BAUMARKT AG GROUP

Half-Year Financial Report 2015/2016

(March 1 – August 31, 2015)

Key figures of the HORNBACH Baumarkt AG Group [1)] (in € million, unless otherwise stated)	2nd Quarter 2015/2016	2nd Quarter 2014/2015	Change %	1st Half 2015/2016	1st Half 2014/2015	Change %
Net sales	**938.2**	**878.3**	**6.8**	**1,933.4**	**1,854.9**	**4.2**
of which in other European countries	397.7	369.3	7.7	817.3	771.4	5.9
Like-for-like sales growth	4.0%	(1.0)%		1.3%	6.7%	
Gross margin as % of net sales	37.5%	37.7%		38.0%	38.1%	
EBITDA	71.9	63.2	13.7	151.5	150.2	0.9
Earnings before interest and taxes (EBIT)	**57.2**	**49.5**	**15.4**	**122.4**	**122.8**	**(0.4)**
Consolidated earnings before taxes	54.4	45.2	20.3	117.9	113.6	3.8
Consolidated net income	44.2	33.7	31.1	90.4	80.9	11.7
Basic/diluted earnings per share (€)	1.39	1.06	31.1	2.84	2.54	11.7
Investments	47.4	17.4	171.7	74.3	43.4	71.1

Misc. key figures of the HORNBACH Baumarkt AG Group [1)] (in € million, unless otherwise stated)	August 31, 2015	February 28, 2015	Change %
Total assets	1,846.9	1,731.0	6.7
Shareholders' equity	992.4	922.4	7.6
Shareholders' equity as % of total assets	53.7%	53.3%	
Number of stores	149	146	2.1
Sales area in 000 m² (based on BHB)	1,724	1,704	1.2
Number of employees	16,333	15,684	4.1

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.
[1)] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH Baumarkt AG Group successfully catches up in first half of 2015/2016 after pleasing second quarter**
- **Six-month consolidated sales up 4.2% to € 1.9 billion**
- **At plus 1.3%, like-for-like sales return to positive territory – Upward trend outside Germany also continues**
- **Half-year EBIT regains previous year's level after disproportionate earnings growth in second quarter**
- **After four new store openings, HORNBACH operates 149 locations across Europe as of August 31, 2015**

The HORNBACH Baumarkt AG Group has regained the previous year's level of earnings after a successful race to catch up in the first half of its 2015/2016 financial year (March 1 to August 31, 2015). This was made possible by pleasing sales growth and disproportionate earnings growth in the second quarter. This enabled HORNBACH to make up for the weaker business performance in the first three months. Consolidated sales for the first six months grew by 4.2% to € 1,933.4 million (2014/2015: € 1,854.9 million). Following four new store openings in the first half of the year – including one replacement location – HORNBACH was operating 149 retail outlets across Europe as of August 31, 2015, of which 99 in Germany.

In the second quarter of 2015/2016 (June 1 to August 31, 2015), consolidated sales increased by 6.8% to € 938.2 million (2014/2015: € 878.3 million). Group-wide like-for-like sales net of currency items grew by 4.0% in the quarter under report. Thanks to this performance, the Group more than offset the slight downturn reported for the first quarter of 2015/2016 (minus 1.1%). Like-for-like sales net of currency items in the nine European countries in which HORNBACH operates its store network thus increased by 1.3% in the first half of 2015/2016. In Germany, adjusted sales showed a cumulative improvement of 0.6% – based on the strong growth of 8.9% already seen in the equivalent previous year's period. Other European countries, where like-for-like sales net of currency items rose by 2.3%, grew more dynamically than the domestic business in the first half of 2015/2016. The international share of consolidated sales at HORNBACH Baumarkt AG most recently amounted to 42.3%.

Overall, the HORNBACH Baumarkt AG Group can report a pleasing earnings performance for the first half of 2015/2016. Following the expected dip in earnings in the weak opening quarter, consolidated operating earnings (EBIT) for the first six months came to € 122.4 million and thus virtually matched the previous year's figure of € 122.8 million. Thanks to an improvement in net financial expenses, consolidated earnings before taxes increased by 3.8% to € 117.9 million (2014/2015: € 113.6 million). Due to a lower tax rate than in the previous year's period, net income for the period even rose by 11.7% to € 90.4 million (2014/2015: € 80.9 million). Earnings per share for the first six months amounted to € 2.84 (2014/2015: € 2.54).

Macroeconomic and Sector-Specific Framework

Having started the year on a weak note, the **global economy** – based on the assessment of the Deutsche Bundesbank – then only expanded slightly in the second calendar quarter of 2015. Global economic growth thus also lost momentum over the half-year period as a whole (January to June 2015). Numerous industrialized economies may have witnessed accelerated growth, but the situation in some emerging economies nevertheless remained tense.

Turning to the **European economy**, according to figures released by Eurostat, the EU statistical office, real-term gross domestic product (GDP) both in the European Union (EU 28) and in the euro area (EA 19) grew by 0.4% in the second quarter of 2015, as against 0.5% in the previous period. This shows that Europe's economic recovery has continued largely unaffected by the events in Greece. On the consumption side, this was – according to the Bundesbank – due in equal measure to external and domestic demand.

Private consumption profited from the stabilization and gradual improvement in labor markets, as well as from the low degree of price increases. These factors also benefited the European retail sector. Corresponding sales volumes in the euro area in the months from January to June 2015 grew by 2.1% on average compared with the respective month in the previous year. By contrast, the European construction industry lost some of its momentum over the first half of the 2015 calendar year. Having grown by 0.4% in the first quarter of 2015, seasonally-adjusted output in the euro area construction sector decreased by 0.7% in the following quarter.

Macroeconomic conditions varied in the countries outside Germany in which the HORNBACH Baumarkt AG Group operates. Based on the macroeconomic data available upon completion of this report, economic growth in the Netherlands, Austria, Romania, and the Czech Republic was weaker than in the first quarter of 2015. By contrast, Germany, Sweden, and Switzerland witnessed an increase in the rate of real-term GDP growth compared with the previous quarter. In Slovakia, the growth rate remained unchanged at 0.8%.

GDP growth rates in countries with HORNBACH DIY stores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat (calendar year figures)	3rd Quarter 2014	4th Quarter 2014	1st Quarter 2015	**2nd Quarter 2015**
Germany	**0.2**	**0.6**	**0.3**	**0.4**
Austria	0.0	(0.2)	0.7	0.1
Czech Republic	0.5	0.5	2.4	1.0
Luxembourg	2.2	2.2	0.7	n.a.
Netherlands	0.4	0.9	0.6	0.1
Romania	1.3	0.9	1.4	0.1
Slovakia	0.7	0.7	0.8	0.8
Sweden	0.3	1.2	0.6	1.1
Switzerland	0.6	0.7	(0.2)	0.2
Euro area	**0.3**	**0.4**	**0.5**	**0.4**
EU 28	**0.4**	**0.5**	**0.5**	**0.4**

The **German economy** most recently upheld its growth course, and that despite the Greece crisis and a wave of strikes. According to figures released by Destatis, the Federal Statistical Office, GDP adjusted for price, seasonal and calendar factors grew by 0.4% in the second quarter of 2015 compared with the previous quarter, with upward momentum coming in particular from external trade. Overall, the volume of goods and services exported to other countries was 2.2% higher than in the first quarter of 2015. Imports rose by 0.8% over the same period. With a contribution of plus 0.7%, the external trade surplus was thus the greatest driver of GDP growth in the second quarter of 2015.

The course of developments in the construction industry in the first half of 2015 was influenced by a one-off factor, as construction activity benefited from very mild weather conditions at the beginning of the year. Overall, the construction of 140,400 residential units was approved in Germany between January and June 2015, corresponding to a 2.6% increase on the first half of 2014. New orders in the main construction trade also developed positively, with nominal year-on-year growth of 1.9% in the first six months of 2015.

Alongside strong exports and the solid construction industry, private consumer spending also contributed to domestic economic growth. Lower energy prices, persistently low interest rates and the robust labor market situation continued to boost private consumer spending. Consumers' great willingness to spend has recently left its mark ever more clearly on the German retail sector (excluding motor vehicle sales) as well. In the period from January to June 2015, sales here rose year-on-year by 2.4% in nominal terms and by 2.5% in (price-adjusted) real terms. Non-food retail posted an above-average performance, with sales growth of 3.3% (nominal) and 3.4% (real-term) in the first half of 2015.

The German do-it-yourself (DIY) sector generated aggregate gross sales of € 9.3 billion in the first half of the 2015 calendar year, equivalent to year-on-year sales growth of 1.2%. This positive sector performance by the middle of the year was chiefly attributable to strong sales in the second quarter. In the months from April to June 2015, German DIY players increased their sales year-on-year by 5.5%, reporting aggregate gross sales of € 5.4 billion. The sector thus more than made up for the market development in the first quarter of 2015 (nominal: minus 4.2%). On a like-for-like basis, i.e. excluding sales at stores newly opened, closed, or substantially amended, the significant shortfall in sales in the first calendar quarter of 2015 (minus 6.3%) was reduced by growth in the subsequent quarter (plus 2.0%), and thus came to minus 1.6% at the end of the six-month period.

Earnings, Financial and Net Asset Situation*

Development in HORNBACH store network

In the second quarter of 2015/2016 (June 1 to August 31, 2015) we launched operations at two new locations in Germany. These both involve DIY stores in the small-scale "HORNBACH Compact" store format currently being tested. At the beginning of June 2015, we thus returned to Neunkirchen an der Saar, where we had operated a standalone garden center at the same location until June 2011. A new store opened in Alzey at the end of August 2015 then closed a regional gap between our megastores in Mainz and Worms.

HORNBACH Baumarkt AG was thus operating a group-wide total of 149 retail outlets as of August 31, 2015 (May 31, 2015: 147). Of these, 99 stores are in Germany, and 50 stores in other European countries. Total sales areas at the HORNBACH Baumarkt AG Group amounted to around 1.72 million m² as of August 31, 2015.

Sales performance

2nd quarter of 2015/2016

The Group's business performance improved significantly in the second quarter of the 2015/2016 financial year compared with previous year. Consolidated sales at HORNBACH Baumarkt AG for the period from June 1 to August 31, 2015 grew by 6.8% to € 938.2 million (2014/2015: € 878.3 million). On a like-for-like basis and net of currency items, we increased consolidated sales by 4.0% in the quarter under report, compared with a slight decline of 1.0% in the previous year's quarter. Including currency items for the non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, our like-for-like growth came to 5.5% in the second quarter of 2015/2016.

1st half of 2015/2016

Our sales momentum for the first half as a whole gained notable momentum compared with the first quarter of 2015/2016. Consolidated sales for the reporting period from March 1 to August 31, 2015 thus increased by 4.2% to € 1,933.4 million (2014/2015: € 1,854.9 million). On a cumulative basis, the opposing calendar-related factors in the first two quarters of 2015/2016 were neutralized, with the group-wide average of 1.5 business days fewer in the first quarter being offset by 1.5 business days more in the second quarter.

Like-for-like sales net of currency items grew by 1.3% in the first half. Thanks to a pleasing performance in the summer months of 2015, we more than made up for the slight downturn in sales in the first quarter of 2015/2016 (minus 1.1%). Including currency items, the HORNBACH Baumarkt AG Group can report adjusted sales growth of 2.8% for the first half of its financial year. This pleasing sales performance was driven both by domestic stores and stores outside Germany. Our unmistakable retail format and focus on the needs of project customers continues to enable us to benefit to a particularly marked extent from the favorable overall macroeconomic framework in those countries across Europe in which HORNBACH operates.

- **Germany**

Sales at our domestic retail outlets (Germany region) grew by 6.2% to € 540.4 million in the period from June to August 2015 (2014/2015: € 509.0 million). On a like-for-like basis, i.e. excluding sales at stores newly opened or closed in the past twelve months, our sales rose by 4.0%. The greatest jump in sales came in June 2015, in which we posted double-digit growth. We significantly exceeded the previous year's figure in July 2015 as well. This sales growth did not continue in August. Like in the sector as a whole, the hot summer weather boosted sales with typical seasonal products in particular, such as irrigation technology, pools, and fans. However, the scorching heat meant that many DIY store customers put off larger-scale construction and renovation projects to a later date.

Given the pleasing growth generated in the second quarter, sales for the first six months of 2015/2016 rose year-on-year by 3.0% to € 1,116.1 million (2014/2015: € 1,083.5 million). At plus 0.6%, like-for-like sales in Germany returned to their growth course

* Unless otherwise indicated, HORNBACH time periods refer to the company's financial year (March to February).

in the first half of 2015/2016, and that despite the high standard set in the previous year (plus 8.9%). This more than offset the 2.4% downturn in like-for-like sales in the first three months of the current financial year.

On a cumulative basis for the reporting period from March to August 2015, HORNBACH once again outperformed the overall DIY sector in Germany and acquired additional market share. This outperformance continues to be driven by the great popularity HORNBACH DIY stores with garden centers enjoy among German home improvement enthusiasts and construction professionals. In "Kundenmonitor Deutschland", the most prestigious consumer survey for the German retail sector, HORNBACH was yet again awarded top marks, being ranked first in 16 and second in 15 of the total of 43 assessment categories. Customers awarded us top marks for individual criteria including selection and product range variety, product quality, and value for money, as well as for product range, service and prices compared with competitors.

- **Other European countries**

Sales in the eight countries outside Germany pooled in the "Other European Countries" region rose by 7.7% to € 397.7 million in the second quarter of 2015/2016 (2014/2015: € 369.3 million). For the six-month period as a whole, sales at the international HORNBACH DIY stores with garden centers increased by 5.9% to € 817.3 million (2014/2015: € 771.4 million). The international share of consolidated sales at HORNBACH Baumarkt AG grew from 41.6% to 42.3% in the first half of the year.

Like in Germany, like-for-like sales net of currency items in other European countries showed growth of 4.0% in the second quarter of 2015/2016. Including currency items, which impacted positively in Switzerland and the Czech Republic in particular, the rate of growth outside Germany increased to 7.3% in the quarter under report. In the first half of 2015/2016 as a whole, like-for-like sales net of currency items grew by 2.3% net of currency items and by 5.7% including currency items. Based on the indicators available to us, in the first half of the 2015 calendar year HORNBACH's like-for-like sales outperformed average DIY sector growth rates in most of its international markets, enabling the company to acquire additional market share.

Earnings performance

The following information refers to the earnings performance of the HORNBACH Baumarkt AG Group. Information about the performance of the "DIY store" and "Real estate" segments can be found in the segment report in the notes (Page 23).

2nd quarter of 2015/2016

Earnings at the HORNBACH Baumarkt AG Group showed disproportionate growth compared with sales in the second quarter of 2015/2016. This was chiefly driven by the pleasing increase in like-for-like sales net of currency items in the domestic and international businesses, by selling and store expenses rising less rapidly than sales, and by lower pre-opening expenses.

The gross margin, i.e. gross profit as a percentage of net sales, decreased slightly from 37.7% to 37.5%. Selling and store expenses grew by 4.3% to € 251.0 million (2014/2015: € 240.5 million), and thus more slowly than net sales. This was mainly due to the fact that personnel expenses, including bonuses, increased less rapidly than sales. The store expense ratio reduced from 27.4% to 26.8%. Following two new store openings, as against three in the previous year's quarter, pre-opening expenses decreased from € 5.3 million to € 3.5 million in the second quarter of 2015/2016. General and administration expenses rose by € 4.8 million to € 42.4 million. The administration expense ratio increased from 4.3% to 4.5%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew year-on-year by 13.7% to € 71.9 million (2014/2015: € 63.2 million). Operating earnings (EBIT) increased by 15.4% to € 57.2 million (2014/2015: € 49.5 million). Net financial expenses improved from minus € 4.3 million to minus € 2.8 million. Compared with EBIT, this accelerated the growth in consolidated earnings before taxes, which surged by 20.3% from € 45.2 million to € 54.4 million. Due to a lower tax rate than in the previous year's quarter, net income for the period jumped 31.1% to € 44.2 million (2014/2015: € 33.7 million). Earnings per share for the second quarter of 2015/2016 amounted to € 1.39 (2014/2015: € 1.06).

1st half of 2015/2016

Following a successful race to make up lost ground in the first half of the 2015/2016 financial year (March 1 to August 31, 2015), the HORNBACH Baumarkt AG Group regained the previous year's level of EBIT and increased its earnings after interest and taxes. This was driven by the pleasing sales growth and disproportionate increase in earnings in the second quarter. This enabled us to make up for the weaker business performance in the first three months, in which we had to contend with challenging base effects.

The gross margin almost matched the previous year's figure in the first half of the year. The reduction in procurement prices on the one hand was almost entirely offset by lower retail prices and product mix changes on the other. The gross margin thus slipped from 38.1% to 38.0%.

Due chiefly to higher personnel expenses (including bonuses) and increased operating and rental expenses resulting from the Group's expansion, selling and store expenses for the first half of 2015/2016 showed slightly disproportionate growth compared with sales, rising by 5.1% to € 527.2 million (2014/2015: € 501.6 million). As a result, the store expense ratio rose 0.3 percentage points to 27.3%. Given the lower number of new store openings in the current financial year, pre-opening expenses reduced from € 8.9 million to € 5.2 million. As a percentage of net sales, pre-opening expenses fell from 0.5% to 0.3%. Driven by increased spending on infrastructure projects and e-commerce, general and administration expenses continued to rise in the first half of the year, increasing by 10.2% to € 85.4 million (2014/2015: € 77.5 million). The administration expense ratio is reported at 4.4% (2014/2015: 4.2%).

Other income and expenses grew to € 5.1 million in the first half of 2015/2016 (2014/2015: € 3.8 million). This increase was largely attributable to lower losses on damages and a reduction in receivable defaults in other operating income and expenses.

Following the expected dip in earnings in the weak opening quarter, consolidated operating earnings (EBIT) for the first six months reached € 122.4 million and thus virtually matched the previous year's figure of € 122.8 million. Net financial expenses made a positive contribution to the Group's earnings performance in the first half of the 2015/2016 financial year. This item benefited from positive exchange rate items, which reversed from minus € 1.0 million in the previous year's comparative period to plus € 2.2 million, as well as from lower interest expenses. As a result, consolidated earnings before taxes exceeded the previous year's figure by 3.8% and cumulatively totaled € 117.9 million (2014/2015: € 113.6 million). Due to a lower tax charge, net income for the period increased by 11.7% to € 90.4 million (2014/2015: € 80.9 million). Earnings per share for the first six months are reported at € 2.84 (2014/2015: € 2.54).

Financial and net asset situation

Due in particular to higher advance payments for store openings in subsequent quarters, investments grew from € 43.3 million in the previous year's period to € 74.3 million in the first half of 2015/2016. Around 61% of this total was invested in land and buildings, while the rest was channeled into plant and operating equipment at new and existing stores, as well as into intangible assets (mainly IT software). Investments were fully financed from the cash flow of € 165.4 million from operations (2014/2015: € 169.9 million). Information about the financing and investing activities of the HORNBACH Baumarkt AG Group can be found in the cash flow statement on Page 16.

Total assets at the HORNBACH Baumarkt AG Group grew to € 1,846.9 million as of August 31, 2015, up 6.7 %, or € 115.9 million, compared with the balance sheet date on February 28, 2015. This increase was chiefly driven by the marked rise in cash and cash equivalents from € 334.8 million to € 408.3 million (plus € 73.5 million), the € 44.2 million increase in property, plant and equipment to € 801.8 million, and the € 7.5 million rise in receivables and other assets to € 59.1 million. These factors were mainly countered by a € 4.9 million reduction in inventories to € 527.9 million and a € 4.2 million decrease in income tax receivables.

Shareholders' equity as reported in the balance sheet amounted to € 992.4 million as of August 31, 2015 (February 28, 2015: € 922.4 million). The equity ratio rose to 53.7%, up from 53.3% at the previous reporting date. Non-current liabilities fell by 20.2% to € 325.5 million (2014/2015: € 407.6 million). Current liabilities rose by 31.9%, or € 128.0 million, to € 529.0 million. This was mainly due to the reclassification of a promissory note bond of € 80.0 million previously recognized under non-current financial debt and maturing in June 2016, as well as to the € 35.6 million increase in trade payables and other liabilities. As of August 31, 2015, cash and cash equivalents (€ 403.8 million) exceeded financial debt (€ 344.7 million) by € 63.6 million. By contrast, the net financial debt of the HORNBACH Baumarkt AG Group came to € 9.6 million at the balance sheet date on February 28, 2015.

Employees

A total of 16,333 employees across Europe, of which 6,708 outside Germany were in fixed employment at HORNBACH Baumarkt AG or one of its subsidiaries as of the reporting date on August 31, 2015 (February 28, 2015: 15,684/6,320).

Events After the Balance Sheet Date

No events of material significance for the assessment of the earnings, financial and net asset situation of HORNBACH Baumarkt AG or of the HORNBACH Baumarkt AG Group have occurred since the end of the first half of 2015/2016 as of August 31, 2015.

Risk and Opportunity Report

We presented the risks and opportunities involved in the future business activities of the HORNBACH Baumarkt AG Group in detail in the Risk and Opportunity Reports in our 2014/2015 Annual Report (from Page 75 onwards). This basic assessment of the Group's medium to long-term development potential was still largely valid upon publication of this interim report.

Outlook

We provided a detailed forecast of the macroeconomic and sector-specific framework and of the Group's expected business performance in 2015/2016 on Pages 89 to 92 of the 2014/2015 Annual Report of the HORNBACH Baumarkt AG Group. Our basic assessments concerning the business prospects for the DIY sector on the one hand and for HORNBACH on the other were still largely valid upon publication of this interim report.

With regard to the expected macroeconomic framework in the second half of the 2015/2016 financial year (September 1, 2015 to February 29, 2016), our assessment is now slightly more cautious than upon completion of the 2014/2015 Annual Report. The concerns surrounding China's economic crisis and the turbulence thereby triggered on global stock markets in August 2015 have tended to increase market jitters and insecurity. These factors are also reflected in a number of early indicators for the euro area and Germany. These point to a continued economic recovery in the second half of 2015, but potentially at a lower level than previously expected. Against this backdrop, it is hardly surprising that consumer confidence in Europe has also taken a slight knock. Having said this, indicators such as the GfK Consumer Confidence Index are still high. This would imply that private consumer spending will live up to the role it has been assigned as the key driver of economic developments in the 2015 calendar year. There are currently no indications of any fundamental change in demand in the construction industry or the DIY retail sector.

According to forecasts compiled by the European Commission, all countries within HORNBACH's international network are set to generate growth in 2015. For seven of the total of nine countries, the forecast rate of growth for 2015 is higher than in the previous year. Romania is set to match the previous year's strong growth of 2.8%, while Switzerland is the only country not expected to accelerate its growth compared with the previous year, and that despite growth of 1.2%. All other countries are expected to achieve growth rates of between 0.8% and 3.4%.

Rate of GDP change and growth forecasts in countries with HORNBACH DIY megastores and garden centers

Year-on-year percentage change Source: European Commission	2013	2014	2015 Forecast
Germany	0.1	1.6	1.9
Austria	0.2	0.3	0.8
Czech Republic	(0.7)	2.0	2.5
Luxembourg	2.0	3.1	3.4
Netherlands	(0.7)	0.9	1.6
Romania	3.4	2.8	2.8
Slovakia	1.4	2.4	3.0
Sweden	1.3	2.1	2.5
Switzerland	1.9	2.0	1.2
Euro area (EA 19)	**(0.4)**	**0.9**	**1.5**
EU 28	**0.0**	**1.4**	**1.8**

Expansion

We intend to open four more HORNBACH DIY stores with garden centers across the Group in the second half of the current 2015/2016 financial year. All four locations are due to open their doors in the third quarter of 2015/2016 (September 1 to November 30, 2015). In the first week of September 2015, we already re-opened the former HORNBACH garden center in Geleen in the Netherlands as a DIY megastore with a garden center. In October 2015, we plan to open our 13th store in Austria, in this case in Klagenfurt. Also in October, we intend to increase our store network in Romania to a total of six locations by opening a store in Sibiu. The 2015/2016 expansion program should then be completed with the opening of a further project store in Best near Eindhoven, which will be our eleventh store in the Netherlands. By the end of the financial year on February 29, 2016, the group-wide total number of HORNBACH DIY stores with garden centers is set to increase to 153.

Sales and earnings expectations for the HORNBACH Baumarkt AG Group

The Board of Management can confirm the assessment concerning the Group's expected sales and earnings performance in the 2015/2016 financial year published on Pages 90 to 92 of the 2014/2015 Annual Report.

Consistent with expectations, challenging weather and calendar-related base effects led to great volatility in our sales and earnings performance in the first and second quarters of 2015/2016. In the first half of the year, we successfully made up for the downturn in like-for-like sales seen in the period from March to May 2015 in the following quarter already. In the second half of the current 2015/2016 financial year, the basis for comparing our like-for-like sales performance net of currency items with the previous year will normalize.

Against this backdrop, we still aim to increase our consolidated sales, i.e. net sales including stores newly opened, closed or extended, for the 2015/2016 financial year in a medium single-digit percentage range. In terms of the Group's like-for-like sales net of currency items, we still expect to generate growth in a low to medium single-digit percentage range.

The year-on-year shortfall in operating earnings (EBIT) gradually reduced over the first half of the year. Our earnings expectations, also unchanged, are based on the assumption that we can largely maintain the shortfall at this lower level or even eliminate it entirely in the second half of the year. For the 2015/2016 financial year as a whole, the HORNBACH Baumarkt AG Group thus still aims to achieve operating earnings (EBIT) at more or less the level generated in the 2014/2015 financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million [1)]	2nd Quarter 2015/2016	2nd Quarter 2014/2015	Change %	1st Half 2015/2016	1st Half 2014/2015	Change %
Sales	938.2	878.3	6.8	1,933.4	1,854.9	4.2
Cost of goods sold	586.6	546.7	7.3	1,198.2	1,147.9	4.4
Gross profit	**351.5**	**331.5**	**6.0**	**735.2**	**707.0**	**4.0**
Selling and store expenses	251.0	240.5	4.3	527.2	501.6	5.1
Pre-opening expenses	3.5	5.3	(34.4)	5.2	8.9	(41.1)
General and administration expenses	42.4	37.6	12.6	85.4	77.5	10.2
Other income and expenses	2.5	1.5	67.3	5.1	3.8	31.8
Earnings before interest and taxes (EBIT)	**57.2**	**49.5**	**15.4**	**122.4**	**122.8**	**(0.4)**
Interest and similar income	0.2	0.2	(13.0)	0.4	0.5	(11.8)
Interest and similar expenses	3.5	4.0	(11.3)	7.1	8.7	(18.2)
Other financial result	0.6	(0.6)	-	2.2	(1.0)	-
Net financial expenses	**(2.8)**	**(4.3)**	**(35.9)**	**(4.5)**	**(9.2)**	**(51.6)**
Consolidated earnings before taxes	**54.4**	**45.2**	**20.3**	**117.9**	**113.6**	**3.8**
Taxes on income	10.2	11.5	(11.5)	27.5	32.7	(15.8)
Consolidated net income	**44.2**	**33.7**	**31.1**	**90.4**	**80.9**	**11.7**
Basic/diluted earnings per share (€)	1.39	1.06	31.1	2.84	2.54	11.7

[1)] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Statement of Comprehensive Income

€ million [1]	2nd Quarter 2015/2016	2nd Quarter 2014/2015	1st Half 2015/2016	1st Half 2014/2015
Consolidated net income	**44.2**	**33.7**	**90.4**	**80.9**
Actuarial gains and losses on defined benefit plans	3.9	0.0	0.4	0.0
Deferred taxes on actuarial gains and losses on defined benefit plans	(0.8)	0.0	(0.1)	0.0
Other comprehensive income that will not be recycled at a later date	**3.2**	**0.0**	**0.3**	**0.0**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	0.0	(0.6)	0.0	(1.0)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.5	0.9	1.0	1.8
Measurement of available for sale financial assets	0.4	0.0	0.4	0.0
Exchange differences arising on the translation of foreign subsidiaries	(5.8)	0.8	(1.8)	0.3
Deferred taxes on gains and losses recognized directly in equity	(0.1)	(0.1)	(0.3)	(0.2)
Other comprehensive income that will be recycled at a later date	**(5.1)**	**1.0**	**(0.7)**	**1.0**
Total comprehensive income	**42.3**	**34.7**	**90.0**	**81.9**

[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Balance Sheet

Assets [1]	August 31, 2015 € million	%	February 28, 2015 € million	%
Non-current assets				
Intangible assets	11.1	0.6	11.2	0.6
Property, plant, and equipment	801.8	43.4	757.7	43.8
Investment property	14.9	0.8	15.4	0.9
Financial assets	2.4	0.0	2.0	0.0
Non-current receivables and other assets	3.6	0.2	3.2	0.2
Non-current income tax receivables	3.3	0.2	3.2	0.2
Deferred tax assets	3.8	0.2	4.3	0.2
	840.9	**45.5**	**796.9**	**46.0**
Current assets				
Inventories	527.9	28.6	532.7	30.8
Other receivables and assets	59.1	3.2	51.6	3.0
Income tax receivables	10.7	0.6	14.9	0.9
Cash and cash equivalents	408.3	22.1	334.8	19.3
	1,006.0	**54.5**	**934.1**	**54.0**
	1,846.9	**100.0**	**1,731.0**	**100.0**

Equity and liabilities [1]	August 31, 2015 € million	%	February 28, 2015 € million	%
Shareholders' equity				
Share capital	95.4	5.2	95.4	5.5
Capital reserve	143.6	7.8	143.6	8.3
Revenue reserves	753.4	40.8	683.4	39.5
	992.4	**53.7**	**922.4**	**53.3**
Non-current liabilities				
Non-current financial debt	253.5	13.7	337.6	19.5
Provisions for pensions	11.5	0.6	11.1	0.6
Deferred tax liabilities	31.7	1.7	30.8	1.8
Other non-current liabilities	28.7	1.6	28.1	1.6
	325.5	**17.6**	**407.6**	**23.5**
Current liabilities				
Current financial debt	91.2	4.9	6.9	0.4
Trade payables and other liabilities	324.3	17.6	288.8	16.7
Income tax liabilities	27.1	1.5	22.2	1.3
Other provisions and accrued liabilities	86.4	4.7	83.1	4.8
	529.0	**28.6**	**401.0**	**23.2**
	1,846.9	**100.0**	**1,731.0**	**100.0**

[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Statement of Changes in Equity

1st Half 2014/2015 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2014	**95.4**	**143.6**	**(3.0)**	**22.8**	**603.1**	**862.0**
Changes in accounting policy because of IFRIC 21					(0.7)	(0.7)
Balance at March 1, 2014 (adjusted)	**95.4**	**143.6**	**(3.0)**	**22.8**	**602.4**	**861.3**
Consolidated net income [1]					80.9	80.9
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.7			0.7
Foreign currency translation				0.3		0.3
Total comprehensive income			**0.7**	**0.3**	**80.9**	**81.9**
Dividend distribution					(19.1)	(19.1)
Treasury stock transactions					(1.4)	(1.4)
Balance at August 31, 2014	**95.4**	**143.6**	**(2.3)**	**23.1**	**662.8**	**922.7**

1st Half 2015/2016 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2015 [1]	**95.4**	**143.6**	**(1.8)**	**39.6**	**645.6**	**922.4**
Consolidated net income					90.4	90.4
Actuarial gains and losses on defined benefit plans, net after taxes					0.3	0.3
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.6			0.6
Measurement of available for sale financial assets, net after taxes					0.4	0.4
Foreign currency translation				(1.8)		(1.8)
Total comprehensive income			**0.6**	**(1.8)**	**91.2**	**90.0**
Dividend distribution					(19.1)	(19.1)
Treasury stock transactions					(0.9)	(0.9)
Balance at August 31, 2015	**95.4**	**143.6**	**(1.2)**	**37.8**	**716.7**	**992.4**

[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Cash Flow Statement

€ million [1)]	1st Half 2015/2016	1st Half 2014/2015
Consolidated net income	**90.4**	**80.9**
Depreciation and amortization of non-current assets	29.2	27.4
Change in provisions	0.9	(0.7)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.3)	(0.2)
Change in inventories, trade receivables and other assets	(0.5)	3.3
Change in trade payables and other liabilities	45.0	59.2
Other non-cash income/expenses	0.8	(0.1)
Cash flow from operating activities	**165.4**	**169.9**
Proceeds from disposal of non-current assets and of non-current assets held for sale	0.8	0.7
Payments for investments in property, plant, and equipment	(73.0)	(42.7)
Payments for investments in intangible assets	(1.4)	(0.7)
Cash flow from investing activities	**(73.5)**	**(42.7)**
Dividends paid	(19.1)	(19.1)
Repayment of long-term debt	(2.3)	(25.1)
Payments for transaction costs	0.0	(0.5)
Change in current financial debt	3.1	5.4
Cash flow from financing activities	**(18.3)**	**(39.4)**
Cash-effective change in cash and cash equivalents	73.6	87.8
Change in cash and cash equivalents due to changes in exchange rates	(0.1)	(0.1)
Cash and cash equivalents at March 1	334.8	371.1
Cash and cash equivalents at August 31	**408.3**	**458.8**

[1)] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Cash and cash equivalents include cash on hand, credit balances at banks, and other short-term deposits.

The cash flow from operating activities was reduced by income tax payments of € 17.4 million (2014/2015: € 23.2 million) and interest payments of € 2.8 million (2014/2015: € 4.2 million) and increased by interest received of € 0.4 million (2014/2015: € 0.5 million).

The other non-cash income/expenses item mainly relates to deferred taxes, the period-based updating of financing expenses deferred using the effective interest method, and unrecognized exchange rate gains/losses.

NOTES

Notes to the Interim Consolidated Financial Statements as of August 31, 2015

(1) Accounting principles

This Group half-year financial report of HORNBACH Baumarkt AG (until August 3, 2015: Hornbach-Baumarkt-Aktiengesellschaft) and its subsidiaries for the 1st half as of August 31, 2015 has been prepared in accordance with § 315a of the German Commercial Code (HGB) based on International Financial Reporting Standards (IFRS) in the form requiring mandatory application in the European Union. The abridged interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first half of the year have been calculated using the average annual tax rate expected for the financial year as a whole.

This interim report is to be read in conjunction with the consolidated financial statements of HORNBACH Baumarkt AG for the 2014/2015 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report, unless any amendments are expressly indicated. Moreover, this interim report is also consistent with German Accounting Standard No. 16 (DRS 16) – Interim Reporting – of the German Accounting Standards Committee (DRSC).

Figures have been rounded up or down to the nearest million. This may result in discrepancies between figures in the various numeric presentations. Percentages have been calculated on the basis of € 000s.

By resolution adopted by the Annual General Meeting on July 8, 2015, the group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, was commissioned to perform an audit review of the half-year financial report of the HORNBACH Baumarkt AG Group.

Changes in accounting principles

The new standards, amendments to standards, and interpretations requiring first-time application in the 2015/2016 financial year were described in the notes to the consolidated financial statements for 2014/2015. Alongside a basic description of the relevant accounting principle, these also present any implications expected to result from first-time application.

With the exception of the item outlined below, the amendments and new regulations requiring first-time mandatory application in the 2015/2016 financial year have not had material implications for the group interim report of HORNBACH Baumarkt AG.

IFRIC 21 "Levies": This interpretation deals with the accounting treatment of public dues (levies) and clarifies when such obligations have to be recognized as provisions or liabilities in the financial statements. The scope of the interpretation specifically does not include fines, duties resulting from public law contracts or duties covered by the scope of other IFRS standards, such as IAS 12 "Income Taxes". Pursuant to its EU endorsement, the interpretation requires first-time application in financial years beginning on or after June 17, 2014.

This interpretation has implications for the recognition of land tax obligations at the HORNBACH Baumarkt AG Group.

First-time application has resulted in the following effects:

€ million	8.31.2014 (old)	8.31.2014 (adjustment)	8.31.2014 (adjusted)	2.28.2015 (old)	2.28.2015 (adjustment)	2.28.2015 (adjusted)
Assets						
Non-current assets						
Deferred tax assets	3.3	0.1	3.3	4.2	0.1	4.3
Current assets						
Other receivables and assets	62.0	(0.1)	61.9	51.6	0.0	51.6
Equity and liabilities						
Shareholders' equity						
Revenue reserves	684.0	(0.3)	683.7	684.1	(0.7)	683.4
Non-current liabilities						
Deferred tax liabilities	33.1	0.0	33.1	31.0	(0.2)	30.8
Current liabilities						
Trade payables and other liabilities	309.3	0.3	309.6	287.9	0.9	288.8
Other provisions and accrued liabilities	90.4	0.0	90.4	83.0	0.1	83.1

€ million	1st Half 2014/2015 (old)	1st Half 2014/2015 (adjustment)	1st Half 2014/2015 (adjusted)
Selling and store expenses	(502.2)	0.5	(501.6)
Earnings before interest and taxes (EBIT)	**122.3**	**0.5**	**122.8**
Consolidated earnings before taxes	**113.0**	**0.5**	**113.6**
Taxes on income	(32.5)	(0.2)	(32.7)
Consolidated net income	**80.5**	**0.4**	**80.9**

The adjustments arising in the income statement within the 2014/2015 financial year will fully reverse by the end of the comparative period on February 28, 2015. Basic and diluted earnings per share as of August 31, 2014 have increased by € 0.01 to € 2.54.

If IFRIC 21 had not been applied, the following amendments would have resulted for the 1st half of 2015/2016:

- Reduction in net income for the period by € 0.4 million
- Increase in revenue reserves by € 0.3 million
- Increase in other assets by € 0.1 million and reduction in other liabilities by € 0.2 million

(2) Seasonal influences

Due to weather conditions, the HORNBACH Baumarkt AG Group generally reports a weaker business performance in the fall and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first half. The business performance in the first six months as of August 31, 2015 does not necessarily provide an indication for the year as a whole.

(3) Other income and expenses

Other income and expenses are structured as follows:

€ million	2nd Quarter 2015/2016	2nd Quarter 2014/2015	Change %
Other income	4.4	5.0	(12.5)
Other expenses	1.9	3.6	(45.7)
Other income and expenses	**2.5**	**1.5**	**67.3**

€ million	1st Half 2015/2016	1st Half 2014/2015	Change %
Other income	7.9	8.7	(8.9)
Other expenses	2.8	4.8	(41.3)
Other income and expenses	**5.1**	**3.8**	**31.8**

Other income for the first half results from operating income and chiefly relates to ancillary revenues at DIY stores with garden centers, income from damages payments, advertising expense grants, and income from allocations within the HORNBACH HOLDING AG Group.

Other expenses mainly relate to operating expenses in connection with losses incurred for damages and impairments of receivables.

(4) Earnings per share

Basic earnings per share are calculated pursuant to IAS 33 "Earnings per Share" as the quotient of the income attributable to the shareholders of HORNBACH Baumarkt AG for the period under report and the weighted average number of shares issued. As in the previous year, no dilutive effects had to be accounted for when calculating earnings per share.

Basic earnings per share

	2nd Quarter 2015/2016	2nd Quarter 2014/2015 [1]
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH Baumarkt AG in € million	44.2	33.7
Earnings per share in €	**1.39**	**1.06**

	1st Half 2015/2016	1st Half 2014/2015 [1]
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH Baumarkt AG in € million	90.4	80.9
Earnings per share in €	**2.84**	**2.54**

[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

(5) Other disclosures

The personnel expenses of the HORNBACH Baumarkt AG Group amounted to € 320.9 million at the end of the first half as of August 31, 2015 (2014/2015: € 310.7 million).

Depreciation and amortization totaling € 29.2 million was recognized on intangible assets and property, plant and equipment at the HORNBACH Baumarkt AG Group in the first half of the 2015/2016 financial year (2014/2015: € 27.4 million).

(6) Shareholders' equity

On August 10, 2015, the Board of Management of HORNBACH Baumarkt AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 50,000 treasury stock shares. These shares are to be acquired for the annual issue of employee shares scheduled to take place at the end of 2015.

The buyback of shares began on August 11, 2015 and is limited to February 29, 2016. By August 31, 2015, HORNBACH Baumarkt AG had acquired 28,431 treasury stock shares.

The buyback of shares pursuant to this management board resolution is being undertaken in accordance with the safe harbor regulations set out in § 20a (3) of the German Securities Trading Act (WpHG) in conjunction with Regulation (EC) No. 2273/2003 of the Commission dated December 22, 2003.

(7) Dividend

As proposed by the Board of Management and Supervisory Board of HORNBACH Baumarkt AG, following approval by the Annual General Meeting on July 8, 2015 a dividend of € 0.60 per share was distributed to shareholders for the 2014/2015 financial year.

(8) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH Baumarkt AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (operating lease). These amounted to € 1,151.8 million at the end of the first half as of August 31, 2015 (February 28, 2015: € 1,160.2 million).

(9) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH Baumarkt AG also has direct or indirect relationships with associated companies when performing its customary business activities. These include the parent company, HORNBACH HOLDING AG, as well as its direct and indirect subsidiaries. Apart from the transactions performed in the usual course of business and reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first half of 2015/2016.

(10) Fair value disclosures

The methods and principles applied to determine fair value are basically unchanged compared with the consolidated financial statements. The following table presents the carrying amounts of financial instruments broken down by IAS 39 measurement categories as well as their fair values broken down by balance sheet category:

€ million	Category	Carrying amount 8.31.2015	Fair value 8.31.2015	Carrying amount 2.28.2015	Fair value 2.28.2015
Assets					
Financial assets	AfS	2.4	2.4	2.0	2.0
Other receivables and assets					
Derivatives without hedge relationship	FAHfT	0.4	0.4	0.0	0.0
Other financial assets	LaR	46.9	46.9	40.2	40.2
Cash and cash equivalents	LaR	408.3	408.3	334.8	334.8
Equity and liabilities					
Financial debt					
Bonds	FLAC	247.3	269.3	247.0	274.8
Liabilities to banks	FLAC	94.7	94.9	92.1	92.4
Liabilities in connection with finance leases	n.a.	0.7	0.7	0.8	0.8
Derivatives with hedge relationship	n.a.	2.0	2.0	2.9	2.9
Derivatives without hedge relationship	FLHfT	0.0	0.0	1.7	1.7
Trade payables and other liabilities	FLAC	250.8	250.8	239.1	239.1
Accrued liabilities	FLAC	24.0	24.0	17.9	17.9

Receivables and other assets of € 15.4 million (February 28, 2015: € 14.5 million), trade payables and other/sundry liabilities of € 102.3 million (February 28, 2015: € 77.9 million; prior to IFRIC 21 adjustment: € 77.0 million), and accrued liabilities of € 53.6 million (February 28, 2015: € 55.8 million; prior to IFRIC 21 adjustment: € 55.7 million) are outside the scope of IFRS 7.

€ million	8.31.2015	2.28.2015
Assets		
Valuation based on level 2 input data		
Financial assets held for trading	0.4	0.0
Valuation based on level 3 input data		
Available for sale financial assets	2.4	2.0
Equity and liabilities		
Valuation based on level 2 input data		
Derivatives with hedge relationship	2.0	2.9
Financial liabilities held for trading	0.0	1.7

The derivative financial instruments with hedge relationships recognized in the balance sheet relate to interest hedges (interest swaps). Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders.

Reference is made to the notes to the 2014/2015 consolidated financial statements for information about the measurement of the financial asset for which Level 3 input data was used. A measurement change requiring recognition in equity arose in the 2nd quarter of 2015/2016. This chiefly related to a change in the relevant interest rate (WACC), which fell from 7.45% to 7.09%.

Changes in financial assets (Level 3 input data) € million	2015/2016	2014/2015
As of March 1	**2.0**	**0.0**
Change in valuation (OCI)	0.4	0.0
Balance at August 31	**2.4**	**0.0**

The sensitivities in key input factors as of August 31, 2015 are presented in the following overview:

€ million	Fair value	
	Increase	Decrease
Rent (5% change)	0.6	(0.6)
Discount rate (50 basis point change)	(0.6)	0.7

(11) Segment report

1st Half 2015/2016 in € million 1st Half 2014/2015 in € million 1)	DIY stores	Real estate	Headquarters and consolidation	HORNBACH Baumarkt AG Group
Segment sales	**1,932.5**	**80.1**	**(79.2)**	**1,933.4**
	1,854.4	74.8	(74.3)	1,854.9
Sales to third parties	1,932.5	0.0	0.0	1,932.5
	1,854.4	0.0	0.0	1,854.4
Rental income from third parties	0.0	0.9	0.0	0.9
	0.0	0.5	0.0	0.5
Rental income from affiliated companies	0.0	79.2	(79.2)	0.0
	0.0	74.3	(74.3)	0.0
Segment earnings (EBIT)	**105.6**	**29.1**	**(12.3)**	**122.4**
	113.3	22.1	(12.5)	122.8
Depreciation and amortization	**17.8**	**8.1**	**3.2**	**29.2**
	17.0	7.6	2.9	27.4
EBITDA	**123.4**	**37.2**	**(9.1)**	**151.5**
	130.2	29.7	(9.7)	150.2
Segment assets	**841.9**	**667.1**	**320.1**	**1,829.1**
	756.3	594.2	401.1	1,751.6
of which: credit balances at banks	99.1	0.0	286.3	385.4
	53.7	0.0	368.7	422.4

Reconciliation in € million 1)	1st Half 2015/2016	1st Half 2014/2015
Segment earnings (EBIT) before "Headquarters and consolidation"	**134.7**	**135.4**
Headquarters	(12.3)	(12.5)
Net financial expenses	(4.5)	(9.2)
Consolidated earnings before taxes	**117.9**	**113.6**

1) Previous year's figures adjusted due to IFRIC 21; please see Note 1.

RESPONSIBILITY STATEMENT

We hereby affirm that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bornheim bei Landau, September 25, 2015

HORNBACH Baumarkt AG
The Board of Management

Steffen Hornbach

Roland Pelka

Susanne Jäger

Wolfger Ketzler

Karsten Kühn

Ingo Leiner

Dr. Andreas Schobert

REVIEW REPORT

To HORNBACH Baumarkt AG, Bornheim bei Landau

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and selected explanatory notes – together with the interim group management report of HORNBACH Baumarkt AG (until August 3, 2015: Hornbach-Baumarkt-Aktiengesellschaft), Bornheim bei Landau/Pfalz, for the period from March 1 to August 31, 2015, which are part of the half-year financial report according to § 37 w WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, September 25, 2015

KPMG AG Wirtschaftsprüfungsgesellschaft

Meurer
Auditor

Palm
Auditor

FINANCIAL CALENDAR 2015

September 29, 2015	Half-Year Financial Report 2015/2016 as of August 31, 2015
December 21, 2015	Interim Report: 3rd Quarter of 2015/2016 as of November 30, 2015
March 22, 2016	Trading Statement 2015/2016
May 24, 2016	Annual Results Press Conference 2015/2016 Publication of Annual Report DVFA Analysts' Conference

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DISCLAIMER

This interim report 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.