HALF-YEAR FINANCIAL REPORT
HORNBACH-BAUMARKT-AG GROUP

H1
2014/2015

(MARCH 1 – AUGUST 31, 2014)

Es gibt immer was zu tun.

HORNBACH-BAUMARKT-AG GROUP

Half-Year Financial Report 2014/2015

(March 1 – August 31, 2014)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	2nd Quarter 2014/2015	2nd Quarter 2013/2014	Change %	1st Half 2014/2015	1st Half 2013/2014	Change %
Net sales	**878.3**	**873.5**	**0.5**	**1,854.9**	**1,712.5**	**8.3**
of which in other European countries	369.3	366.7	0.7	771.4	726.7	6.2
Like-for-like sales growth	(1.0)%	4.6%		6.7%	(0.8)%	
Gross margin as % of net sales	37.7%	37.4%		38.1%	37.4%	
EBITDA	63.0	85.0	(26.0)	149.7	136.2	9.9
Earnings before interest and taxes (EBIT)	**49.3**	**71.1**	**(30.7)**	**122.3**	**108.7**	**12.5**
Consolidated earnings before taxes	45.0	66.5	(32.3)	113.0	99.4	13.7
Consolidated net income	33.5	45.7	(26.6)	80.5	68.8	17.0
Basic/diluted earnings per share (€)	1.05	1.44	(27.1)	2.53	2.16	17.1
Investments	17.4	17.3	0.5	43.4	35.2	23.4

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	August 31, 2014	February 28, 2014	Change %
Total assets	1,768.5	1,670.3	5.9
Shareholders' equity	923.1	862.0	7.1
Shareholders' equity as % of total assets	52.2%	51.6%	
Number of stores	144	141	2.1
Sales area in 000 m² (based on BHB)	1,676	1,647	1.8
Number of employees	15,724	15,293	2.8

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

[1] Head count at reporting date including persons in marginal employment

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH-Baumarkt-AG increases consolidated sales by 8.3% in first half of 2014/2015**
- **Like-for-like sales up 8.9% in Germany – other European countries post 3.6% adjusted sales growth**
- **As expected, base effects hold back second-quarter business performance**
- **Six-month EBIT grows by 12.5% to € 122.3 million**
- **After five new openings and two closures, HORNBACH operates 144 locations across Europe as of August 31, 2014**

The HORNBACH-Baumarkt-AG Group generated substantial sales and earnings growth in the first half of the 2014/2015 financial year (March 1 to August 31, 2014). Consolidated sales for the first six months increased 8.3% to € 1,854.9 million (2013/2014: € 1,712.5 million). Consolidated operating earnings (EBIT) for the same period grew disproportionately compared with sales, rising by 12.5% to € 122.2 million. The convergence of several base effects in the second quarter prevented an even better performance for the first half of 2014/2015 as a whole. After five new store openings and two location closures in the first half of the year, HORNBACH was operating 144 retail outlets across Europe, of which 95 in Germany, as of August 31, 2014.

Like-for-like sales net of currency items in the nine European countries within HORNBACH's store network increased by 6.7% in the first half of 2014/2015. The greatest growth momentum came once again from the DIY stores and garden centers in the Germany segment, where adjusted sales grew cumulatively by 8.9%. HORNBACH thus outperformed the German DIY sector average once again in the period under report from March to August 2014. This development was also due to the popularity HORNBACH's DIY megastores and garden centers continue to enjoy among German consumers. In "Kundenmonitor Deutschland", the most renowned consumer survey in the German retail sector, HORNBACH came first among DIY and home improvement stores in terms of overall satisfaction for the second year running in 2014. Outside Germany, all countries within the company's international sales network posted like-for-like sales growth in the first half of the 2014/2015 financial year. The Other European countries segment improved its like-for-like sales net of currency items by 3.6% in the first six months. The international share of consolidated sales at HORNBACH-Baumarkt-AG most recently amounted to 41.6%.

In the second quarter of 2014/2015 (June 1 to August 31, 2014) consolidated sales grew slightly by 0.5% to € 878.3 million (2013/2014: € 873.5 million). Like-for-like consolidated sales net of currency items fell 1.0% short of the comparative figures for the previous year's quarter. On the one hand, this slight downturn was mainly due to most regions having three business days fewer in the second quarter of the current financial year than last year. On the other hand, the standard set in the second quarter of 2013/2014 was very high, as customers took the opportunity to catch up with numerous construction, renovation and garden projects following miserable spring weather in 2013 and generated record sales in the process. Despite these negative base effects, adjusted sales virtually matched the previous year's figures, with shortfalls of 1.0% in both the Germany and Other European countries segments.

The HORNBACH-Baumarkt-AG Group's earnings showed disproportionate growth compared with sales in the first half of 2014/2015, and that despite the expected dip in sales and higher costs in the second quarter of 2014/2015 due in particular to expansion-related factors. Six-month consolidated operating earnings (EBIT) grew 12.5% to € 122.3 million (2013/2014: € 108.7 million). Consolidated earnings before taxes improved 13.7% to € 113.0 million (2013/2014: € 99.4 million). Net income for the period increased by 17.0% to € 80.5 million (2013/2014: € 68.8 million). Earnings per share for the first six months are reported at € 2.53 (2013/2014: € 2.16).

Macroeconomic and Sector-Specific Framework

Despite picking up slightly as the first half of the 2014 calendar year progressed, according to the German Bundesbank the global economy nevertheless fell short of expectations. This was largely due to the shaky start to 2014. Driven in particular by a macroeconomic revival in China and the USA, the rate of expansion then regained momentum in the second quarter.

Looking at the European economy, figures released by Eurostat, the EU statistical office, reveal that real-term gross domestic product (GDP) in the European Union (EU 28) grew by 0.2% in the second quarter of 2014 compared with the previous quarter, following growth of 0.3% in the previous period. Economic output in the euro area (EU 18) persisted at the same level as in the first quarter of 2014, thus once again disappointing hopes that the upturn would gain in strength and consistency. European growth in the spring quarter was held back above all by the three euro area economic heavyweights, namely Germany, France and Italy. By mid-2014, the geopolitical escalation between Russia and Ukraine and worries as to the negative implications of spiraling sanctions and countersanctions seemed to be having an increasingly adverse impact on business confidence. By analogy, early indicators of consumer confidence in Europe have deteriorated overall since May 2014.

On the labor market, the slight trend towards improvement continued in the second quarter of the calendar year. The standardized unemployment rate for the euro area most recently stood at 11.5%, down from 12.0% one year earlier. This can be expected to have positively impacted on private consumer spending and real-term retail sales. Weaker developments have been seen recently in the European construction sector. Since May 2014, seasonally-adjusted month-by-month output in the construction trade has entered reverse gear both in the EU 28 and in the euro area.

The macroeconomic framework in those countries outside Germany where the HORNBACH-Baumarkt-AG Group operates presents a mixed picture and deteriorated overall in the second quarter of 2014 compared with the previous quarter. Based on economic data available upon this report going to print, economic growth in Germany, Romania, Slovakia, Switzerland and the Czech Republic was weaker than in the first quarter of 2014. By contrast, the Netherlands, Austria and Sweden reported higher rates of real-term GDP growth than in the previous quarter.

Real-term GDP growth rates in countries with HORNBACH DIY megastores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat (calendar year figures)	3rd Quarter 2013	4th Quarter 2013	1st Quarter 2014	2nd Quarter 2014
Germany	**0.3**	**0.4**	**0.7**	**(0.2)**
Austria	0.3	0.4	0.1	0.2
Czech Republic	0.4	1.5	0.8	0.0
Luxembourg	0.5	1.0	0.8	n.a.
Netherlands	0.2	0.6	(0.4)	0.5
Romania	1.5	1.1	(0.2)	(1.0)
Slovakia	0.5	0.6	0.7	0.6
Sweden	0.3	1.6	(0.1)	0.2
Switzerland	0.5	0.1	0.5	0.0
Euro area	**0.1**	**0.3**	**0.2**	**0.0**
EU 28	**0.3**	**0.4**	**0.3**	**0.2**

The German economy recently lost momentum. According to figures released by the Federal Statistical Office Destatis, GDP adjusted for price, seasonal and calendar factors fell by 0.2% in the second quarter of 2014 compared with the previous quarter. This was the first quarter-by-quarter decline since the first quarter of 2013. It should be noted, however, that unusually mild temperatures at the beginning of 2014 meant that output in several weather-dependent sectors of the economy was significantly higher than customary. Against this backdrop, the German economy grew by 0.7% in the first quarter of 2014.

With seasonally-adjusted growth of minus 4.2% in the spring, construction investments fell notably short of the figure for the previous quarter. This marked downturn was nevertheless largely due to the impact of investments being brought forward to the first quarter on account of the unusually mild winter in 2013/2014. Overall, 136,800 residential building permits were issued between January and June 2014, 9.6% more than in the first half of 2013.

Consumer spending also provided greater momentum than in the previous quarter. In the second quarter of 2014, both private and government consumer spending were 0.1% higher than in the first quarter of 2014. According to the Bundesbank, the positive development in private household spending also benefited from the strong labor market and wage and salary increases. Having said this, consumer confidence in Germany was held back by the ongoing geopolitical crises in Iraq, Israel, and Ukraine. As is documented in the results of the GfK consumer climate study for August, the news from around the world severely encroached upon German consumers' economic optimism.

Between January and July 2014, retail sales grew by 1.9% in nominal terms and by 1.3% in real (price-adjusted) terms compared with the previous year's period. Food retail posted sales growth of 2.6% in nominal terms and 1.1% in real terms. Non-food retail also performed positively in the first seven months of 2014, with nominal and real-term sales growth of 1.5% and 1.4% respectively.

Sector sales at DIY and garden centers in Germany declined by 3.7% to € 9.2 billion in the period from January to June 2014. It should be noted here that the previous year's figures still included sales at the Praktiker Group, which filed for insolvency in July 2013. On a like-for-like basis and excluding Praktiker/Max Bahr, the sector posted strong sales growth of 11.8% in the first half of the 2014 calendar year. Here, the sector benefited in particular from mild weather conditions in the first quarter of 2014, contrasting sharply with the previous year's severe winter.

Earnings, Financial and Net Asset Situation*

Development in HORNBACH's store network

In the second quarter of 2014/2015 we launched operations at the first two of the six Praktiker/Max Bahr locations we have taken over in total. After several months of conversion work at a former Max Bahr location in Trier, at the beginning of June 2014 we opened a HORNBACH DIY megastore with a garden center that has replaced our smaller former location from 1990. In early July 2014, we boosted our presence in the Greater Nuremberg region by opening a reflagged location in Schwabach. This was followed at the end of July 2014 by the opening of a smaller-scale DIY store (HORNBACH Compact) in Bad Bergzabern in Rheinland-Pfalz, with which we have closed a regional supply gap in this rural catchment area. Furthermore, in August 2014 we closed our garden center in Geleen in the Netherlands. Following conversion work, we will be reopening this location as a DIY megastore with a garden center, most likely in summer 2015.

Including two stores newly opened in Prague and Lübeck in the first quarter, we were thus operating a total of 144 retail outlets across the Group as of August 31, 2014 (February 28, 2014: 141). Of these, 95 stores are in Germany and 49 stores in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group amounted to around 1.68 million m² as of August 31, 2014.

Sales performance

The HORNBACH-Baumarkt-AG Group slightly exceeded the previous year's level of sales in the second quarter of the 2014/2015 financial year, and that despite several negative base effects. Consolidated sales in the period from June 1 to August 31, 2014 increased by 0.5% to € 878.3 million (2013/2014: € 873.5 million). It should be noted that most regions had three additional business days available in the second quarter of the previous year. What's more, the basis for comparison with the previous year was already high. After all, in the second quarter of 2013/2014 customers took the opportunity to catch up with their construction, renovation, and garden projects following the miserable spring weather in 2013. Not only that, demand at our stores faltered at various points of summer 2014 due to the soccer World Cup (June 12 to July 13, 2014). In view of these factors, it can be deemed a success that the Group's like-for-like sales net of currency items only slipped by 1.0% compared with the previous year's quarter following growth of 4.6% one year earlier. Including currency items for non-euro countries, specifically the Czech Republic, Romania, Sweden, and Switzerland, the like-for-like downturn in the second quarter of 2014/2015 amounted to 1.5%.

Due to strong growth in the first three months, sales in the reporting period from March 1 to August 31, 2014 were significantly ahead of the previous year's figures. Consolidated sales for the first half of 2014/2015 grew 8.3% to € 1,854.9 million (2013/2014: € 1,712.5 million). Over the same period, the Group improved its like-for-like sales by 6.7% excluding and by 6.1% including currency items. Germany and other European countries witnessed similar developments in terms of their sales performance in the period under report.

Germany

The domestic business was also prevented from performing better in the second quarter of 2014/2015 by the convergence of the aforementioned negative base effects. In the period from June to August 2014, sales at our retail outlets in Germany showed slight growth of 0.4% to € 509.0 million (2013/2014: € 506.8 million). On a like-for-like basis, i.e. excluding stores newly opened or closed in the past twelve months, sales declined by 1.0%. In June 2014, we more or less matched the previous year's level. In July 2014, our like-for-like sales fell slightly short of the same month in the previous year, which had witnessed a jump in sales of around twelve percent. We slightly surpassed the challenging standard set in August 2013 (which benefited from like-for-like growth of 7.0%) in summer 2014, and that despite less favorable weather conditions.

Driven by the very pleasing sales momentum seen in the first quarter, our sales for the first six months showed substantial year-on-year growth. Sales for the first-half of 2014/2015 thus grew by 9.9% to € 1,083.5 million (2013/2014: € 985.7 million). On a like-for-like basis, we generated cumulative sales growth of 8.9%.

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

Thanks to its sustainable growth strategy, HORNBACH once again outperformed the overall DIY sector in Germany. In the comparative period from March to August 2014, our like-for-like domestic sales thus exceeded the sector average calculated on the basis of the BHB sector association's monthly survey by around two percentage points. This way, HORNBACH has further expanded its share of the German market as the 2014/2015 financial year has progressed.

This development is due to the great popularity HORNBACH's DIY megastores and garden centers continue to enjoy among German consumers. This is underlined by the company's very pleasing performance in Kundenmonitor Deutschland, the most prestigious consumer study for the German retail sector. The results of the 2014 Kundenmonitor survey show that, as in the previous year already, HORNBACH (overall grade: 2.23) has been ranked first in terms of overall satisfaction in the DIY and home improvement store sector. HORNBACH also came first in 19 of the total of 34 other assessment categories, including six of the nine product range-related disciplines. Furthermore, HORNBACH was ranked second in a further seven categories. Customers awarded us the top marks for individual criteria including value for money, product quality, product range selection and variety, product range topicality, private label selection and quality, and product range, service and prices compared with competitors.

Other European countries

Sales in the eight countries outside Germany pooled in Other European countries increased by 0.7% to € 369.3 million in the second quarter of 2014/2015 (2013/2014: € 366.7 million). Sales at the international HORNBACH DIY megastores with garden centers for the six-month period grew by 6.2% to € 771.4 million (2013/2014: € 726.7 million). Given the higher rate of growth in Germany, the international share of consolidated sales at HORNBACH-Baumarkt-AG slipped from 42.4% to 41.6% in the first six months.

Notwithstanding the more difficult macroeconomic framework compared with Germany, the other European countries maintained their ground well in terms of like-for-like sales net of currency items, also reporting a slight reduction of 1.0% in the second quarter of 2014/2015 (including currency items: minus 2.1%). In the first half of 2014/2015 as a whole, comparative store sales grew by 3.6% excluding and by 2.3% including currency items. International comparison shows that HORNBACH once again outperformed the DIY sector and gained further market share in virtually all of its country markets in the first half of the 2014 calendar year.

Earnings performance

The following information refers to the earnings performance of the HORNBACH-Baumarkt-AG Group. Information about the performance of the "DIY stores" and "Real estate" segments can be found in the segment report in the notes (Page 20).

2nd quarter of 2014/2015

In line with expectations, the HORNBACH-Baumarkt-AG Group's earnings for the second quarter of 2014/2015 fell short of the previous year's record figures. This was mainly due to the slower sales performance in Germany and abroad on account of the base effects outlined above, as well as to a disproportionate increase in selling and store, pre-opening, and general and administration expenses compared with sales.

The gross margin developed positively in the quarter under report. As a percentage of net sales, gross profit improved by 0.3 percentage points to 37.7%. This factor was nevertheless more than offset by higher cost ratios. Selling and store expenses grew by 9.0% to € 240.8 million (2013/2014: € 220.8 million), thus rising substantially faster than net sales. This in turn was mainly due to higher personnel expenses due among other factors to a significant year-on-year increase in bonus provisions. Furthermore, the conversion costs for former Praktiker and Max Bahr locations in particular contributed towards a significant increase in operating expenses. The store expense ratio rose from 25.3% to 27.4%. Following three new store openings in the second quarter, as against one opening in the previous year's quarter, pre-opening expenses grew from € 2.0 million to € 5.3 million. Due primarily to higher project-related expenses and higher provisions for bonuses, administration expenses rose by € 3.7 million to € 37.6 million. The administration expense ratio increased from 3.9% to 4.3%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) dropped year-on-year by 26.0% to € 63.0 million (2013/2014: € 85.0 million). Operating earnings (EBIT) fell 30.7% to € 49.3 million (2013/2014: € 71.1 million). Consolidated earnings before taxes reduced from € 66.5 million to € 45.0 million. Net income for the period decreased from € 45.7 million to € 33.5 million, while earnings per share for the second quarter of 2014/2015 amounted to € 1.05 (2013/2014: € 1.44).

1st half of 2014/2015

Thanks to the highly positive business performance and earnings growth seen in the first quarter, cumulative six-month earnings were significantly ahead of the previous year's figures. This growth was principally driven by cumulative like-for-like sales growth in conjunction with an improved gross margin. Due largely to lower procurement prices accompanied by slightly higher retail prices, the gross margin rose year-on-year from 37.4% to 38.1%. The resultant increase in gross profit more than offset the growth in costs for the Group's store operations, expansion, and administration.

Given the expansion-related increase in personnel expenses (including bonuses) and operating costs, selling and store expenses showed slightly disproportionate growth compared with sales in the first half of 2014/2015, rising 9.0% to € 502.2 million (2013/2014: € 460.6 million). As a result, the store expense ratio increased by 0.2 percentage points to 27.1%. The higher number of new store openings in the current financial year led pre-opening expenses to rise from € 4.7 million to € 8.9 million. Administration expenses grew 10.4% to € 77.5 million in the six-month period (2013/2014: € 70.2 million). This slightly disproportionate growth compared with sales was mainly attributable to higher expenses for future-related projects, while the increase in operative and purely administrative administration expenses fell significantly short of the rate of sales growth. The administration expense ratio is reported at 4.2% (2013/2014: 4.1%). At € 3.8 million, other income and expenses remained more or less unchanged in the first half of 2014/2015 (2013/2014: € 3.9 million).

Despite the weaker business performance in the second quarter of 2014/2015, all key earnings figures for the first half of the financial year showed disproportionate growth rates compared with sales. At € 149.7 million, six-month EBITDA were 9.9% ahead of the previous year's figure of € 136.2 million. The Group's half-year operating earnings (EBIT) grew 12.5% to € 122.3 million (2013/2014: € 108.7 million). At minus € 9.2 million, net financial expenses remained virtually constant in the period under report (2013/2014: minus € 9.3 million). Consolidated earnings before taxes improved 13.7% to € 113.0 million (2013/2014: € 99.4 million). Net income for the period grew by 17.0% to € 80.5 million (2013/2014: € 68.8 million). Earnings per share for the first six months are reported at € 2.53 (2013/2014: € 2.16).

Financial and net asset situation

Due to the increased rate of expansion, total investments grew year-on-year from € 35.2 million to € 43.4 million in the first half of 2014/2015. Around 60% of the funds were channeled into plant and office equipment at new and existing stores, as well as into intangible assets (predominantly IT software), while the rest was invested in land and buildings. Investments were financed in full from the cash flow of € 169.9 million from operations (2013/2014: € 166.1 million). Information about the financing and investing activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 15.

The total assets of the HORNBACH-Baumarkt-AG Group rose to € 1,768.5 million as of August 31, 2014, up 5.9%, or € 98.2 million, on the balance sheet date on February 28, 2014. This growth was substantially driven by the significant increase in cash and cash equivalents from € 371.1 million to € 458.8 million, the increase in property, plant, and equipment by € 16.4 million to € 728.3 million, and the increase in receivables and other assets by € 13.1 million to € 62.0 million. These items were opposed by the € 21.7 million reduction in inventories to € 482.9 million.

Shareholders' equity as reported in the balance sheet amounted to € 923.1 million as of August 31, 2014 (February 28, 2014: € 862.0 million). The equity ratio increased to 52.2%, up from 51.6% at the previous balance sheet date. Non-current liabilities reduced by 6.0% to € 400.0 million (2013/2014: € 425.3 million). Current liabilities rose by 16.3%, or € 62.4 million, to € 445.4 million. This was chiefly driven by increases in trade payables and other liabilities (plus € 24.0 million), other provisions and accrued liabilities (plus € 21.0 million), and income tax liabilities (plus € 13.1 million). As of August 31, 2014, cash and cash equivalents (€ 458.8 million) exceeded financial debt (€ 351.1 million) by € 107.7 million. By contrast, as of February 28, 2014 the Group had net financial liabilities of € 0.6 million.

Employees

A total of 15,724 employees across Europe were in fixed employment at HORNBACH-Baumarkt-AG or one of its subsidiaries as of the reporting date on August 31, 2014 (February 28, 2014: 15,293). Since the 2014/2015 financial year, the calculation of employee totals has also included persons in marginal employment (so-called "mini-jobbers"). The comparative figures for the balance sheet date on February 28, 2014 have been retrospectively adjusted.

Events After the Balance Sheet Date

No events of material significance for assessing the earnings, financial and net asset position of HORNBACH-Baumarkt-AG, or of the HORNBACH-Baumarkt-AG Group, have occurred since the end of the first half of the financial year on August 31, 2014.

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 2013/2014 Annual Report (from Page 77 onwards). This basic assessment of the Group's medium to long-term development potential was still valid upon publication of this interim report.

Outlook

We presented the forecast macroeconomic and sector-specific framework and the Group's forecast business performance for 2014/2015 in detail on Pages 89 to 94 of the 2013/2014 Annual Report of the HORNBACH-Baumarkt-AG Group. Our basic assessment of the business prospects both for the DIY sector and for HORNBACH were still largely valid upon publication of this interim report.

With regard to the forecast macroeconomic framework for the second half of the 2014/2015 financial year (September 1, 2014 to February 28, 2015), however, we are now more cautious in our assessment of the economic outlook than in the 2013/2014 Annual Report. Given the conflict in Ukraine and the feared implications of EU sanctions against Russia on the one hand and the crises in the Middle East on the other hand, macroeconomic risks have now risen overall.

The latest macroeconomic data and key early indicators, such as the ZEW's Economic Sentiment Index and the Ifo Business Confidence Index, imply that, in contrast to earlier forecasts, the upturn in the euro area has now begun to falter. Geopolitical tension is taking its toll on the economic outlook and weighing on business and consumer confidence. In recent months, bank economists and research institutes have reduced their 2014 economic growth forecasts for Europe and Germany. The European Central Bank (ECB) has also become more skeptical as to the growth outlook in the euro area. Based on projections compiled by the ECB for the euro currency area in September 2014, annual real-term GDP is set to rise by 0.9% in 2014. The macroeconomic forecast issued in August 2014 has thus been reduced by 0.1%.

Despite increased uncertainty, the growth forecasts for our European network for 2014 remain positive. According to the Bloomberg "Consensus" and forecasts issued by the European Commission, all HORNBACH countries are steering a growth course in 2014. Based on expert assessments, the Netherlands are set to emerge from recession in the current year. All other countries in our European store network are expected to achieve growth rates ahead of the euro area average.

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

Year-on-year percentage change Source: Eurostat, European Commission, Bloomberg Consensus	2012	2013	2014 Forecast
Germany	0.7	0.4	1.8
Austria	0.9	0.3	1.3
Czech Republic	(1.0)	(0.9)	2.5
Luxembourg	(0.2)	2.1	2.6
Netherlands	(1.2)	(0.8)	0.5
Romania	0.6	3.5	3.0
Slovakia	1.8	0.9	2.4
Sweden	0.9	1.6	2.2
Switzerland	1.0	1.9	2.0
Euro area (EA 18)	**(0.7)**	**(0.4)**	**1.0**
EU 28	**(0.4)**	**0.1**	**1.6**

Expansion

We still intend to open up to four new HORNBACH DIY megastores with garden centers across the Group in the second half of the current 2014/2015 financial year. The former Praktiker location in Ulm and the previous Max Bahr location in Lüneburg were reopened as state-of-the-art HORNBACH stores in September 2014 already. The reopening of the converted Max Bahr location in Kamen is scheduled for the third quarter of 2014/2015. We plan to close our standalone garden center in Lohfelden near Kassel and convert the neighboring old DIY store into a combined HORNBACH DIY megastore with a garden center. This is expected to take place before the end of the financial year. The opening of the former Praktiker store in Saarbrücken (replacement location) originally scheduled for the end of February 2015 has been postponed to the 2015/2016 financial year. Here, it is planned to merge the location acquired from our affiliate HORNBACH Immobilien AG with the directly adjacent HORNBACH store from 1987 to create a project-based DIY megastore. The group-wide total number of HORNBACH DIY megastores with garden centers is set to rise to up to 146 by February 28, 2015.

Sales and earnings forecast

The second half of the current 2014/2015 financial year will have to measure up to the challenging base effects inherited from the previous year. The second half of the previous financial year was characterized by strong like-for-like sales and earnings growth. Among other factors, this growth reflected the positive effects and windfall profits resulting from the consolidation of the DIY sector in Germany. As former Praktiker und Max Bahr locations are gradually reopened by major DIY competitors, we expect these positive market consolidation factors to diminish significantly in the course of 2014/2015. Moreover, the fourth quarter of 2013/2014 benefited from unusually mild weather conditions. These cannot necessarily be expected in the coming winter months of December 2014 to February 2015. Furthermore, it is not yet apparent whether the emerging deterioration in European consumer confidence will also impact on demand in the construction industry and DIY retail.

With regard to our **sales forecast**, our overall assessment of the expected positive and negative factors means that we continue to expect our consolidated sales, i.e. net sales including stores newly opened, closed and extended, to show growth in a medium single-digit percentage range in the 2014/2015 financial year and most probably to exceed the rate of growth seen in the previous 2013/2014 financial year (plus 4.4%).

With regard to our **earnings forecast**, we still expect operating earnings (EBIT) at the HORNBACH-Baumarkt-AG Group to show disproportionate growth compared with sales in the 2014/2015 financial year. Given the more difficult overall macroeconomic framework in the second half of the year, however, we see greater forecasting uncertainty than three months ago.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	2nd Quarter 2014/2015	2nd Quarter 2013/2014	Change %	1st Half 2014/2015	1st Half 2013/2014	Change %
Sales	878.3	873.5	0.5	1,854.9	1,712.5	8.3
Cost of goods sold	546.7	547.0	0.0	1,147.9	1,072.2	7.1
Gross profit	**331.5**	**326.5**	**1.5**	**707.0**	**640.3**	**10.4**
Selling and store expenses	240.8	220.8	9.0	502.2	460.6	9.0
Pre-opening expenses	5.3	2.0	168.3	8.9	4.7	88.7
General and administration expenses	37.6	33.9	10.9	77.5	70.2	10.4
Other income and expenses	1.5	1.3	14.3	3.8	3.9	(1.4)
Earnings before interest and taxes (EBIT)	**49.3**	**71.1**	**(30.7)**	**122.3**	**108.7**	**12.5**
Interest and similar income	0.2	0.3	(12.7)	0.5	0.4	13.3
Interest and similar expenses	4.0	4.1	(2.0)	8.7	8.2	6.4
Other financial result	(0.6)	(0.8)	(31.9)	(1.0)	(1.5)	(33.5)
Net financial expenses	**(4.3)**	**(4.6)**	**(6.7)**	**(9.2)**	**(9.3)**	**(0.3)**
Consolidated earnings before taxes	**45.0**	**66.5**	**(32.3)**	**113.0**	**99.4**	**13.7**
Taxes on income	11.4	20.8	(45.0)	32.5	30.5	6.4
Consolidated net income	**33.5**	**45.7**	**(26.6)**	**80.5**	**68.8**	**17.0**
Basic/diluted earnings per share (€)	1.05	1.44	(27.1)	2.53	2.16	17.1

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

Statement of Comprehensive Income

€ million	2nd Quarter 2014/2015	2nd Quarter 2013/2014	1st Half 2014/2015	1st Half 2013/2014
Consolidated net income	**33.5**	**45.7**	**80.5**	**68.8**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	(0.6)	0.6	(1.0)	0.4
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.9	0.6	1.8	1.1
Exchange differences arising on the translation of foreign subsidiaries	0.8	0.6	0.3	(1.3)
Deferred taxes on gains and losses recognized directly in equity	(0.1)	(0.3)	(0.2)	(0.4)
Other comprehensive income that will be recycled at a later date	**1.0**	**1.4**	**1.0**	**(0.2)**
Total comprehensive income	**34.5**	**47.1**	**81.5**	**68.6**

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	August 31, 2014 € million	%	February 28, 2014 € million	%
Non-current assets				
Intangible assets	10.5	0.6	11.3	0.7
Property, plant, and equipment	728.3	41.2	711.9	42.6
Investment property	5.8	0.3	5.9	0.4
Financial assets	0.1	0.0	0.1	0.0
Non-current receivables and other assets	3.3	0.2	3.1	0.2
Non-current income tax receivables	4.9	0.3	4.8	0.3
Deferred tax assets	3.3	0.2	3.4	0.2
	756.1	**42.8**	**740.4**	**44.3**
Current assets				
Inventories	482.9	27.3	504.6	30.2
Other receivables and assets	62.0	3.5	48.9	2.9
Income tax receivables	8.7	0.5	5.3	0.3
Cash and cash equivalents	458.8	25.9	371.1	22.2
	1,012.4	**57.2**	**929.9**	**55.7**
	1,768.5	**100.0**	**1,670.3**	**100.0**

Equity and liabilities	August 31, 2014 € million	%	February 28, 2014 € million	%
Shareholders' equity				
Share capital	95.4	5.4	95.4	5.7
Capital reserve	143.6	8.1	143.6	8.6
Revenue reserves	684.0	38.7	622.9	37.3
	923.1	**52.2**	**862.0**	**51.6**
Non-current liabilities				
Non-current financial debt	339.8	19.2	364.7	21.8
Provisions for pensions	0.8	0.0	0.8	0.0
Deferred tax liabilities	33.1	1.9	33.4	2.0
Other non-current liabilities	26.3	1.5	26.6	1.6
	400.0	**22.6**	**425.3**	**25.5**
Current liabilities				
Current financial debt	11.3	0.6	7.1	0.4
Trade payables and other liabilities	309.3	17.5	285.2	17.1
Income tax liabilities	34.3	1.9	21.2	1.3
Other provisions and accrued liabilities	90.4	5.1	69.4	4.2
	445.4	**25.2**	**382.9**	**22.9**
	1,768.5	**100.0**	**1,670.3**	**100.0**

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

Statement of Changes in Equity

1st Half 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2013	**95.4**	**143.6**	**(4.3)**	**27.2**	**561.2**	**823.2**
Consolidated net income					68.8	68.8
Measurement of derivative financial instruments (cash flow hedge), net after taxes			1.1			1.1
Foreign currency translation				(1.3)		(1.3)
Total comprehensive income			**1.1**	**(1.3)**	**68.8**	**68.6**
Dividend distribution					(15.9)	(15.9)
Treasury stock transactions					(0.3)	(0.3)
Balance at August 31, 2013	**95.4**	**143.6**	**(3.2)**	**25.9**	**613.8**	**875.6**

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**
Consolidated net income					80.5	80.5
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**	**80.5**	**81.5**
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**	**663.2**	**923.1**

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	1st Half 2014/2015	1st Half 2013/2014
Consolidated net income	**80.5**	**68.8**
Depreciation and amortization of non-current assets	27.4	27.6
Change in provisions	(0.7)	(0.6)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.2)	0.3
Change in inventories, trade receivables and other assets	3.3	(12.7)
Change in trade payables and other liabilities	59.7	81.2
Other non-cash income/expenses	(0.2)	1.6
Cash flow from operating activities	**169.9**	**166.1**
Proceeds from disposal of non-current assets and of non-current assets held for sale	0.7	2.2
Payments for investments in property, plant, and equipment	(42.7)	(34.2)
Payments for investments in intangible assets	(0.7)	(0.9)
Payments for investments in financial assets	0.0	(0.1)
Cash flow from investing activities	**(42.7)**	**(33.0)**
Dividends paid	(19.1)	(15.9)
Repayment of long-term debt	(25.1)	(3.6)
Payments for transaction costs	(0.5)	0.0
Change in current financial debt	5.4	4.6
Cash flow from financing activities	**(39.4)**	**(14.9)**
Cash-effective change in cash and cash equivalents	87.8	118.2
Change in cash and cash equivalents due to changes in exchange rates	(0.1)	(0.2)
Cash and cash equivalents at March 1	371.1	317.2
Cash and cash equivalents at August 31	**458.8**	**435.2**

Rounding up or down may lead to discrepancies between totals.

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 € 23.2 million (2013/2014: € 14.4 million) and interest payments of € 4.2 million (2013/2014: € 4.1 million) and increased by interest received of € 0.5 million (2013/2014: € 0.4 million).

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

NOTES

Notes to the Interim Consolidated Financial Statements as of August 31, 2014

(1) Accounting principles

This Group half-year financial report of HORNBACH-Baumarkt-AG and its subsidiaries for the 1st half as of August 31, 2014 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 2013/2014 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).

By resolution adopted by the Annual General Meeting on July 9, 2014, 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 2014/2015 financial year are described in the notes to the consolidated financial statements for 2013/2014. Alongside a basic description of the relevant accounting principle, these also present any implications resulting from first-time application.

The amendments and new regulations requiring first-time mandatory application in the 2014/2015 financial year have not had any material implications for the group interim report of HORNBACH-Baumarkt-AG.

(2) Scope of consolidation

HORNBACH Asia Ltd., Hong Kong (Hong Kong), was included in the consolidated financial statements for the first time in the first quarter of 2014/2015. In the second quarter, the scope of consolidation was extended to include Hornbach Real Estate Duiven B.V., Duiven (Netherlands). Both companies were founded in the 2014/2015 financial year.

These changes to the scope of consolidation did not have any material implications for the Group's net asset, financial, or earnings position.

(3) 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, 2014 does not necessarily provide an indication for the year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	2nd Quarter 2014/2015	2nd Quarter 2013/2014	Change %
Other income	5.0	3.5	45.1
Other expenses	3.6	2.2	63.5
Other income and expenses	**1.5**	**1.3**	**14.3**

€ million	1st Half 2014/2015	1st Half 2013/2014	Change %
Other income	8.7	6.9	24.8
Other expenses	4.8	3.0	58.4
Other income and expenses	**3.8**	**3.9**	**(1.4)**

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

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

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

(5) Net financial expenses

Interest expenses for the first half include expenses of € 0.4 million resulting from the reversal of a cash flow hedge relationship. As a result of the decision taken by the Board of Management to prematurely redeem a CZK loan in June 2014, the transaction expected upon designation is no longer applicable. The fair value changes of the hedging instrument recognized in equity through to reversal have therefore been recognized through profit or loss in net financial expenses.

(6) 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 2014/2015	2nd Quarter 2013/2014
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	33.5	45.7
Earnings per share in €	**1.05**	**1.44**

	1st Half 2014/2015	1st Half 2013/2014
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	80.5	68.8
Earnings per share in €	**2.53**	**2.16**

(7) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 310.7 million at the end of the first half as of August 31, 2014 (2013/2014: € 272.7 million).

Depreciation and amortization totaling € 27.4 million was recognized on intangible assets and property, plant and equipment at the HORNBACH-Baumarkt-AG Group in the first half of the 2014/2015 financial year (2013/2014: € 27.6 million).

(8) Shareholders' equity

On July 7, 2014, 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 2014.

The buyback of shares pursuant to this management board resolution began on July 10, 2014 and is limited to February 28, 2015. By August 31, 2014 (in the period from July 10 to 21, 2014), HORNBACH-Baumarkt-AG acquired a total of 40,000 treasury stock shares and thus largely completed the share buyback.

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.

(9) Dividend

As proposed by the Board of Management and Supervisory Board of HORNBACH-Baumarkt-AG, following approval by the Annual General Meeting on July 9, 2014 a dividend of € 0.60 per share was distributed to shareholders for the 2013/2014 financial year.

(10) 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 € 1,198.9 million at the end of the first half as of August 31, 2014 (February 28, 2014: € 1,246.6 million).

(11) 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 2014/2015.

(12) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the consolidated financial statements. Fair values are calculated on the basis of the three-level hierarchy. Consistent with the availability of input factors, fair values are calculated in line with the following hierarchy:

Level 1 – Current market prices on an active market for identical financial instruments
Level 2 – Current market prices on an active market for comparable financial instruments or using valuation models whose key input factors are based on observable market data
Level 3 – Input factors not based on observable market prices.

The following tables present 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 8.31.2014	Fair value 8.31.2014	Carrying amount 2.28.2014	Fair value 2.28.2014
Assets					
Financial assets	AfS	0.1	0.1	0.1	0.1
Other receivables and assets					
Derivatives without hedge relationship	FAHfT	0.0	0.0	0.3	0.3
Other financial assets	LaR	52.0	52.0	39.9	39.9
Cash and cash equivalents	LaR	458.8	458.8	371.1	371.1
Equity and liabilities					
Financial debt					
Bonds	FLAC	246.7	269.1	246.4	263.3
Liabilities to banks	FLAC	99.3	99.3	119.9	121.1
Liabilities in connection with finance leases	n.a.	0.9	1.0	1.0	1.1
Derivatives with hedge relationship	n.a.	3.6	3.6	4.4	4.4
Derivatives without hedge relationship	FLHfT	0.7	0.7	0.0	0.0
Trade payables and other liabilities	FLAC	232.3	232.3	239.2	239.2
Accrued liabilities	FLAC	25.0	25.0	16.5	16.5

Rounding up or down may lead to discrepancies between totals.

Receivables and other assets of € 13.2 million (February 28, 2014: € 11.8 million), trade payables and other/sundry liabilities of € 103.3 million (February 28, 2014: € 72.6 million), and accrued liabilities of € 57.0 million (February 28, 2014: € 43.5 million) are outside the scope of IFRS 7.

€ million	8.31.2014	2.28.2014
Assets		
Valuation based on level 2 Inputdata		
Financial assets held for trading	0.0	0.3
Equity and liabilities		
Valuation based on level 2 Inputdata		
Derivatives with hedge relationship	3.6	4.4
Financial liabilities held for trading	0.7	0.0

Rounding up or down may lead to discrepancies between totals.

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.

(13) Segment report

1st Half 2014/2015 in € million 1st Half 2013/2014 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**1,854.4**	**74.8**	**(74.3)**	**1,854.9**
	1,712.0	72.6	(72.1)	1,712.5
Sales to third parties	1,854.4	0.0	0.0	1,854.4
	1,711.9	0.0	0.0	1,711.9
Rental income from third parties	0.0	0.5	0.0	0.5
	0.0	0.5	0.0	0.5
Rental income from affiliated companies	0.0	74.3	(74.3)	0.0
	0.0	72.1	(72.1)	0.0
Segment earnings (EBIT)	**112.7**	**22.1**	**(12.5)**	**122.3**
	92.0	26.2	(9.6)	108.7
Depreciation and amortization	**17.0**	**7.6**	**2.9**	**27.4**
	17.2	7.4	3.0	27.6
EBITDA	**129.7**	**29.7**	**(9.7)**	**149.7**
	109.2	33.6	(6.6)	136.2
Segment assets	**756.4**	**594.2**	**401.1**	**1,751.7**
	741.8	581.4	385.0	1,708.1
of which: credit balances at banks	53.7	0.0	368.7	422.4
	52.2	0.0	348.9	401.0

Reconciliation in € million	1st Half 2014/2015	1st Half 2013/2014
Segment earnings (EBIT) before "Headquarters and consolidation"	**134.8**	**118.2**
Headquarters	(12.5)	(9.6)
Net financial expenses	(9.2)	(9.3)
Consolidated earnings before taxes	**113.0**	**99.4**

Rounding up or down may lead to discrepancies between totals.

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, September 24, 2014

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

Steffen Hornbach

Roland Pelka

Frank Brunner

Susanne Jäger

Wolfger Ketzler

Ingo Leiner

REVIEW REPORT

To Hornbach-Baumarkt-Aktiengesellschaft, 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-Aktiengesellschaft, Bornheim bei Landau/Pfalz, for the period from March 1 to August 31, 2014, 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 24, 2014

KPMG AG Wirtschaftsprüfungsgesellschaft

Meurer	Palm
Auditor	Auditor

FINANCIAL CALENDAR 2014

September 25, 2014	Half-Year Financial Report 2014/2015 as of August 31, 2014
December 22, 2014	Interim Report: 3rd Quarter 2014/2015 as of November 30, 2014
March 24, 2015	Trading Statement 2014/2015
May 28, 2015	Annual Results Press Conference 2014/2015 DVFA Analysts' Conference Publication of Annual Report

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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 unusual weather conditions, 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.