

Investor Presentation 2022/23

HORNBACH Holding AG & Co. KGaA

May 2023

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HORNBACH at a glance

Business overview



- One of Europe's leading home improvement retail groups
- Market leader in home improvement interconnected retail in Germany
- Organic growth above the German home improvement sector

Key figures FY 2022/23



- Group sales of € 6.3bn (yoy: +6.6%)
- Group adj. EBIT of € 290m (yoy: -20% / vs. 2019/20: +28%)
- Earnings per share of € 9.83 – stable Dividend proposed of € 2.40

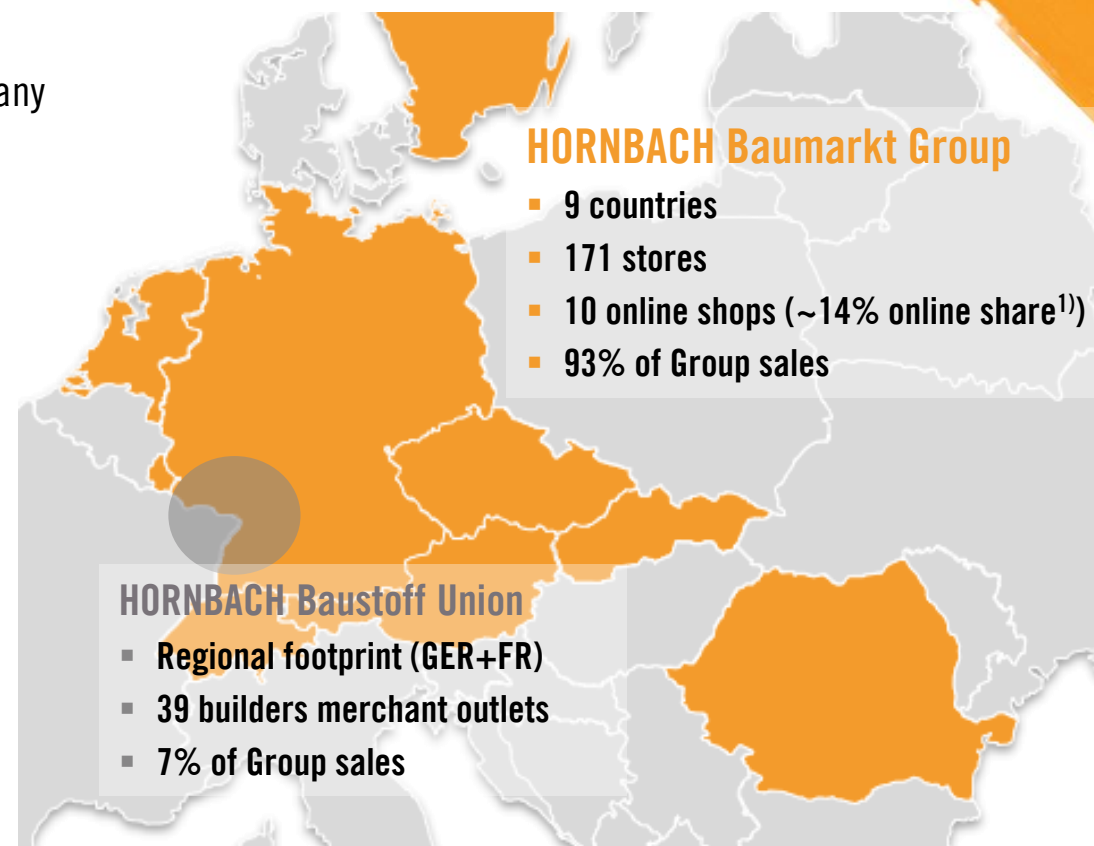
Outlook FY 2023/24



- Store opening in Nijmegen (NL)
- Group sales around the level of 2022/23
- Group adj. EBIT difficult to guide in light of the challenging environment, with downside risk (-5% to -15%) vs. 2022/23

1) Online share of HORNBACH Baumarkt Group sales (incl. click & collect)

HORNBACH Group: European footprint (May 2023)



Key investment highlights



Efficient and scalable set up

- **Organically grown** network of **homogeneous** big box stores
- **61% owned real estate** for operational and financial flexibility
- **Interconnected retail (ICR)** with online shops and mobile app in 9 countries
- **Scalable** B2B and B2C logistics network



Attractive customer proposition

- Focus on **project and trade customers**
- **Price leadership** in all countries of operation
- **#1 in customer satisfaction** across multiple markets¹⁾
- **Seamless customer journey** across ICR channels



Proven growth strategy

- **Ongoing physical expansion:** approx. 20 stores in next 5 years
- **Ongoing investments in ICR:** e.g. online shop, app, VR
- Sustainable **long-term like-for-like growth rate** above sector average
- Leading home improvement player in terms of **sales per sqm**²⁾



Structural growth foundation

- **“Cocooning”** and **working from home**
- **Need for renovations:** Energy efficiency and CO2 reduction, barrier-free homes, ageing European building stock
- Growth opportunities **beyond the DIY core market:** trade professionals and Do-it-for-me segment

Committed to sustainable business, reflected in our values and CSR guidelines

Strong commitment and support of Hornbach family as anchor shareholder

1) Kundenmonitor Germany/Austria/Switzerland (2022), Retailer of the Year 2022 (Netherlands), Evimetrix 2022 (Sweden) 2) Dähne Statistik Baumarkt+Garten 2023, HORNBACH (as measured by weighted net sales per sqm (fiscal year 2022/23))



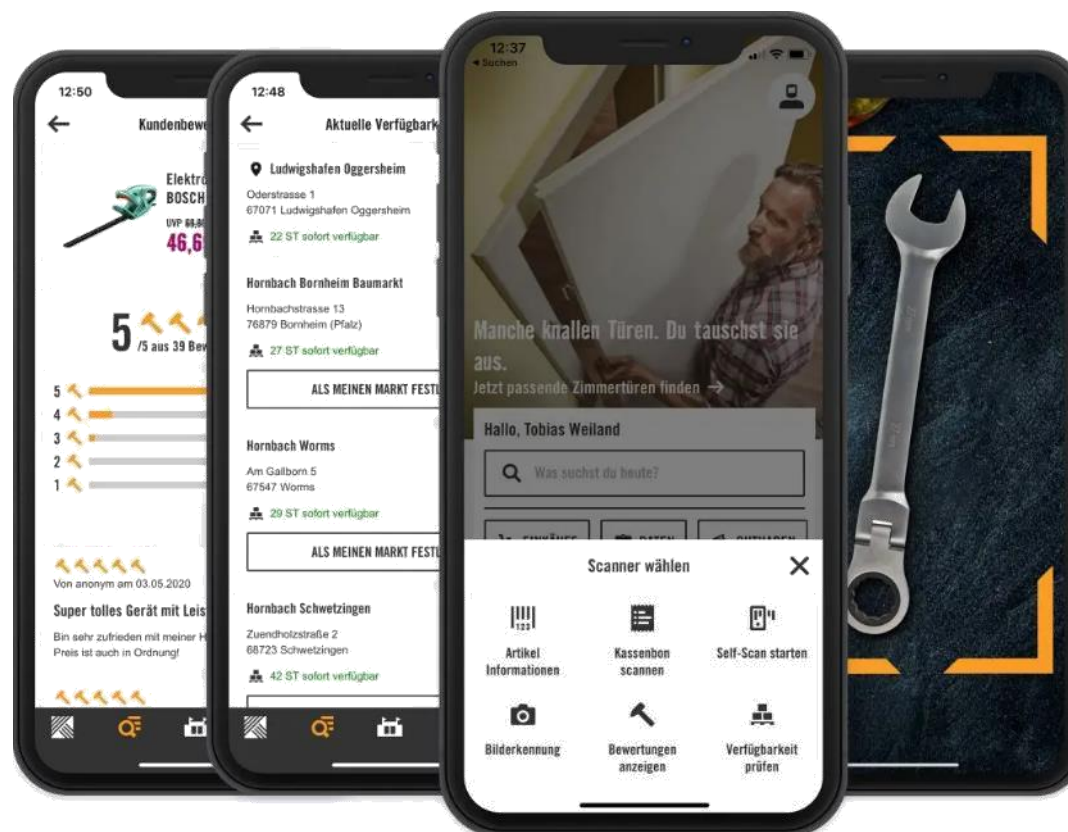
Webshop and HORNBACH mobile apps in 9 countries

Webshop and app

- Product availability and location in store
- Custom product configurators (paint, metal sheets, doors, windows, shower cabins etc.)
- Shopping list
- Customer account: purchasing history, electronic receipts

Additional app functionalities

- Image search for articles
- Self-scan for convenient in-store payment process



~14%

Online share of HORNBACH Baumarkt AG sales (incl. click & collect) in FY 2022/23

260,000

SKUs available in the online shop vs. on average 50,000 in the store

< 5%

Low return ratio across all countries

48%

Share of HORNBACH customers using the online shop to prepare in-store purchases



Flexible logistics network



- 18 logistics locations (store logistics and fulfillment)
- ~ 335,000 sqm warehouse and outdoor storage space



- Suppliers shipping directly to customers

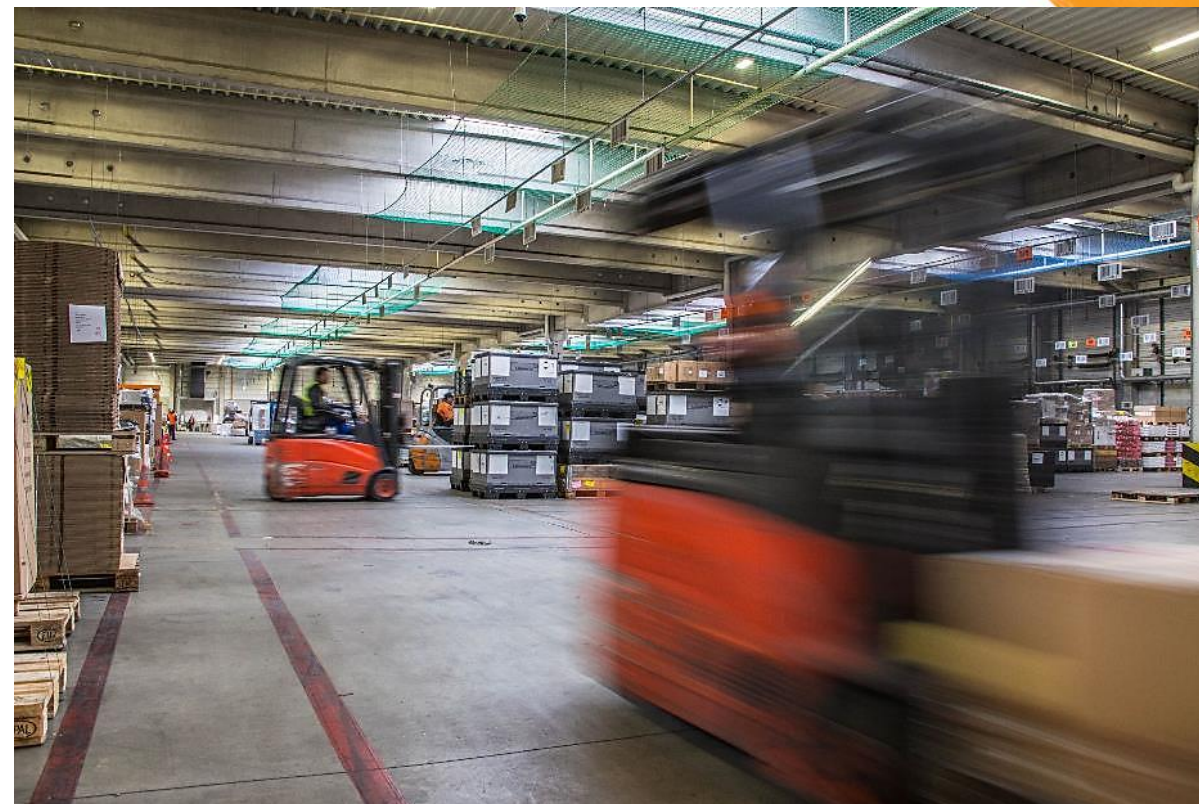


- Selected HORNBACH stores equipped for B2C delivery



All stores:

- Click & collect in store
- Pick-up/return of online orders in store





Deliver the best customer experience for project customers & trade professionals

- Everyday low price
- One-stop shop for all large DIY projects
- Broad and diversified product range incl. B2B brands and private labels
- Expert advice in store & online
- Interconnected retail (ICR) covers all customer touchpoints
- Large quantities available in store for professional & project demands
- Drive-in service allowing rapid and convenient handling of orders
- Extended opening hours
- Additional trade services incl. site delivery & trade credit

Sales split by customer type



#1 DIY store in terms of customer satisfaction in Germany, Netherlands, Sweden

1) Sources: Kundenmonitor Germany/Austria/Switzerland (2022), Retailer of the Year 2022 (Netherlands), Evimetrix 2022 (Sweden), no data for Czech Republic, Slovakia, Romania, Luxembourg



Seamless customer journey across ICR channels

Prepare

- Consult project manuals / videos
- Create shopping list
- Check product availability
- Compare / customize products



48% of HORNBACH customers use online shop to prepare purchases

Get advice

- Talk to our experts in store or via video conferencing
- Call our centralized customer service center



Since 2021 many HORNBACH stores offer video advice

Shop

- Locate product in store via app
- Click & collect
- Self-scan to accelerate checkout



~ 50,000 products available in store – up to 260,000 online

Get delivered

- Direct delivery of products ordered online or in store to home / building site
- Get online products delivered to store
- Rent a truck or trailer



> 40% of online purchases are picked up in the store

After purchase

- Return products to store
- 30-day price guarantee¹⁾
- See online and offline receipts in customer account
- Re-purchase products as needed



> 3.5 million customers with customer account

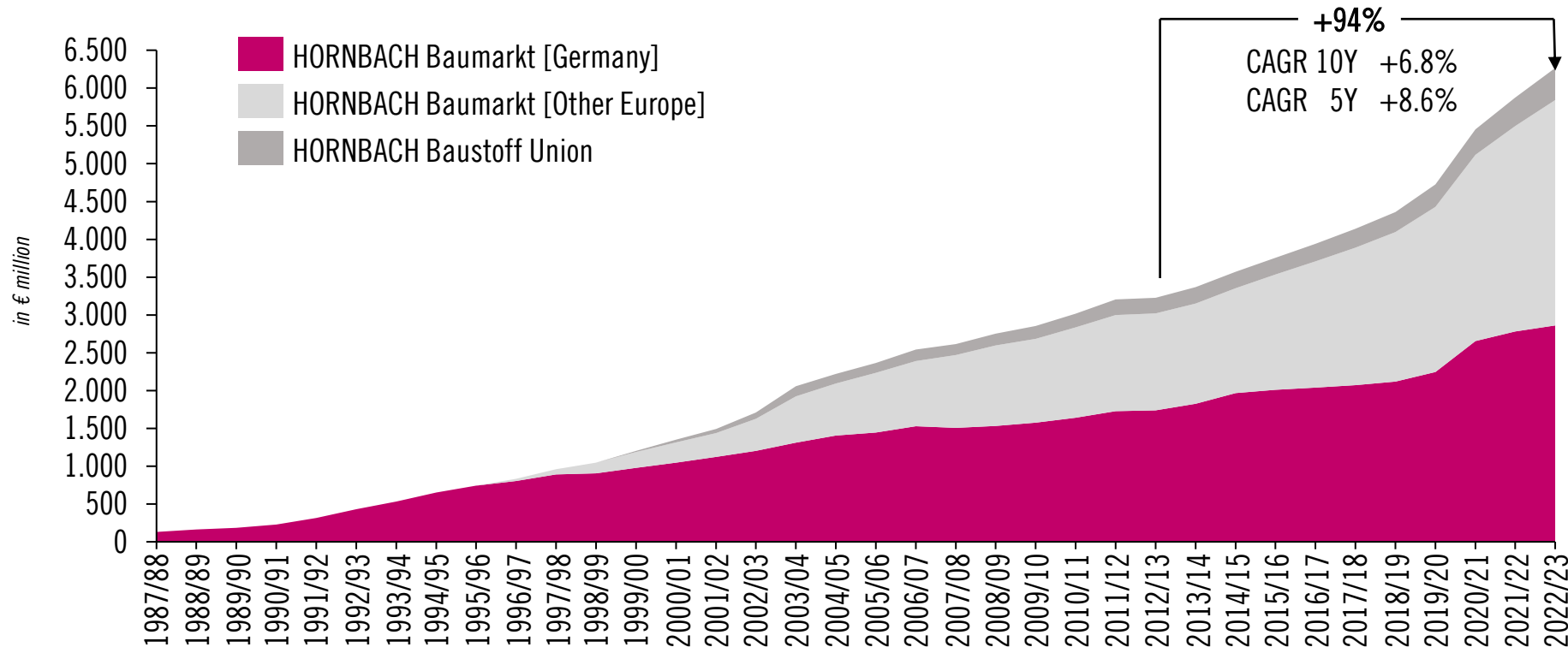
¹⁾ In the event of a price reduction at HORNBACH within 30 days of purchase, customers will have the price difference credited to their customer account.

Consistent organic growth demonstrates resilience through the cycle

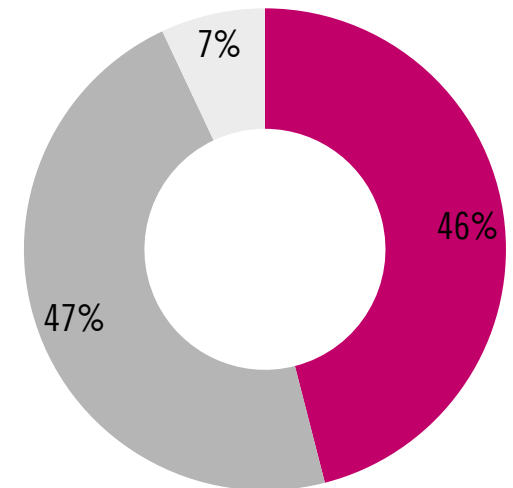


Successful long-term organic growth with acceleration in recent years

Net sales of HORNBACH Group since IPO



FY 2022/23:
€ 6,263 million

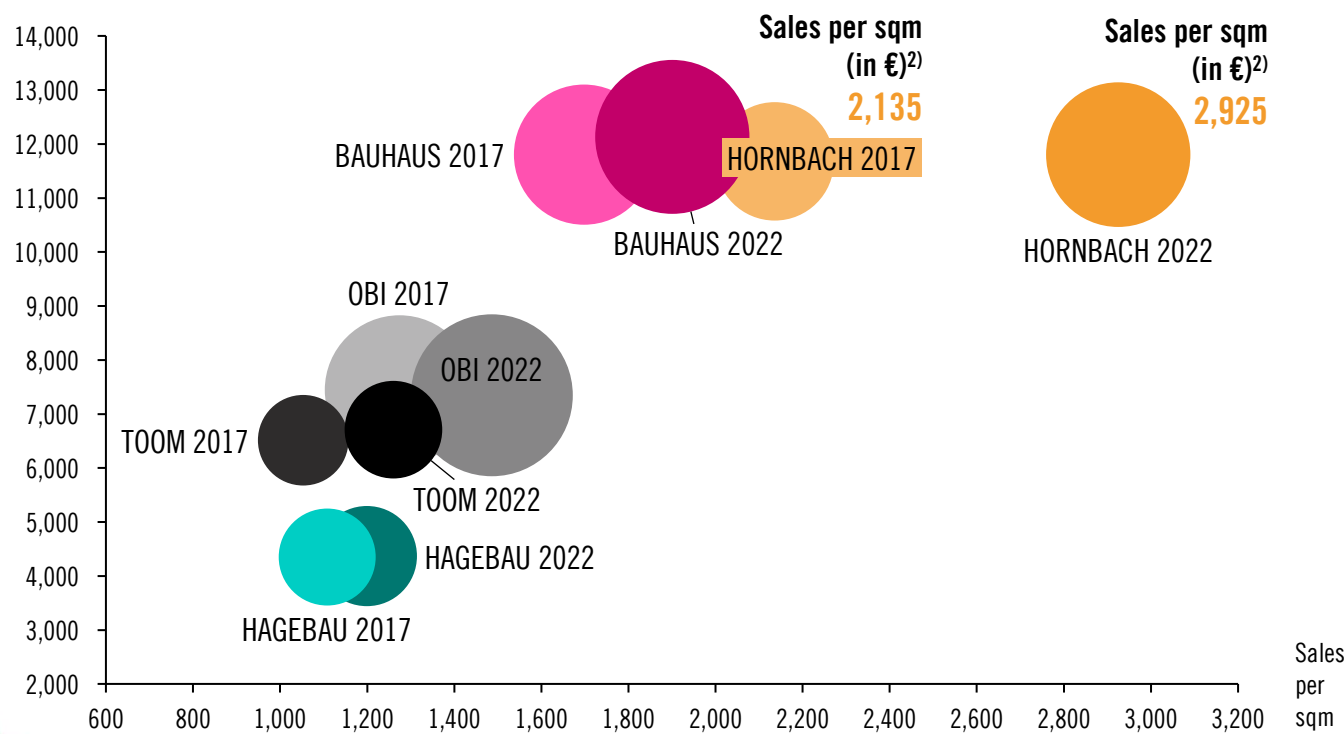




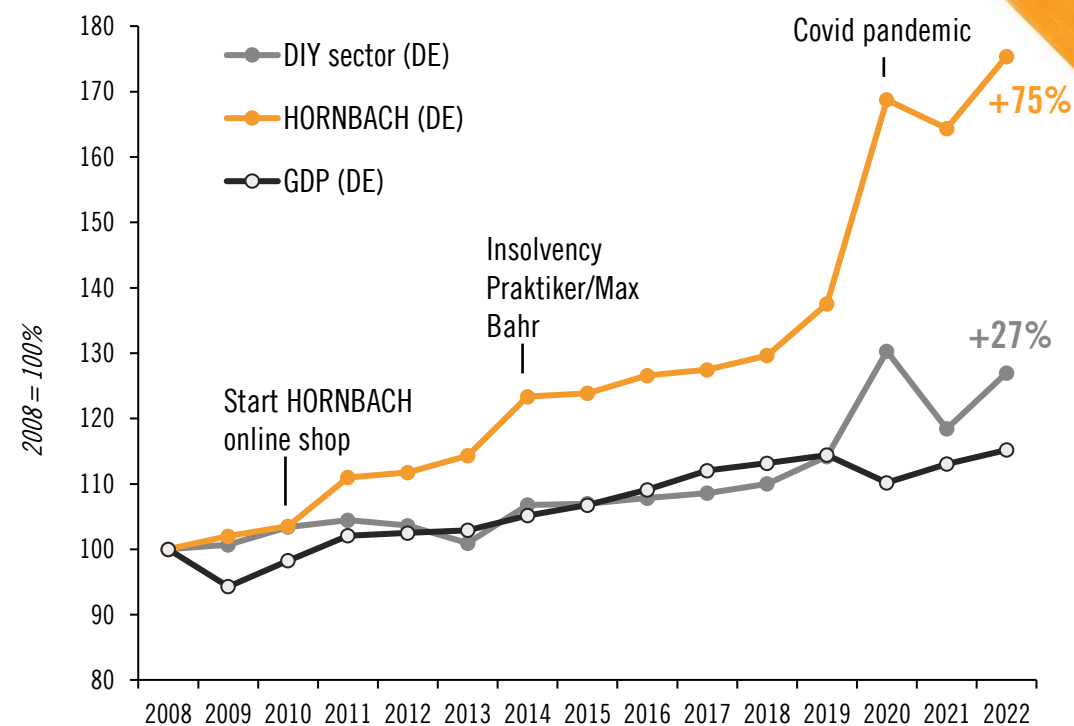
Market-leading and growing sales floor efficiency

Sales per sqm (€) of HORNBACH and German competitors¹⁾

Average stores size



Like-for-like growth rate of the German DIY sector / German GDP vs HORNBACH (calendar year)³⁾⁴⁾



1) Dähne Statistik Baumarkt + Garten 2023/ own calculations 2) Weighted net sales per sqm (fiscal year 2022/23) 3) in constant currencies; includes sales from all stores that have been open for at least one year as well as sales from online shops
4) GfK DIY panel (until 2013), GfK DIY-TSR (since 2014)



Supportive market trends for DIY industry

Industry experts predict a “**decade of the home**”¹⁾ with **cocooning** and **working from home** to stay



Rising energy prices and the pledge towards **carbon neutrality** in 2050²⁾ drives **energy refurbishment**



Ageing society triggers rising demand for **low-barrier renovations**



DIY online retail continues to **grow at a faster rate** than stationary sales



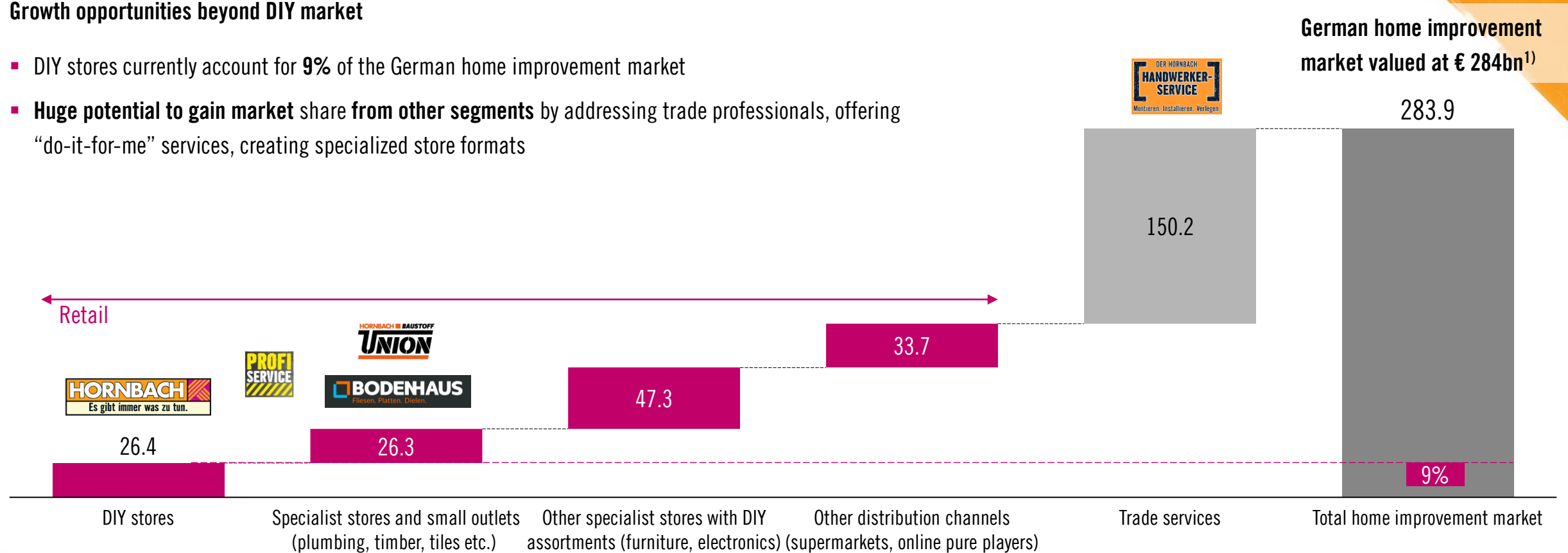
1) Accenture COVID-19 Consumer Research (August 2020) 2) European Commission 2050 long-term strategy



Opportunity to expand in other market segments

Growth opportunities beyond DIY market

- DIY stores currently account for **9%** of the German home improvement market
- **Huge potential to gain market share from other segments** by addressing trade professionals, offering “do-it-for-me” services, creating specialized store formats



¹⁾ Klaus Peter Teipel, Research & Consulting (in € bn) for 2022

Committed to sustainable business, reflected in our values and CSR Standards

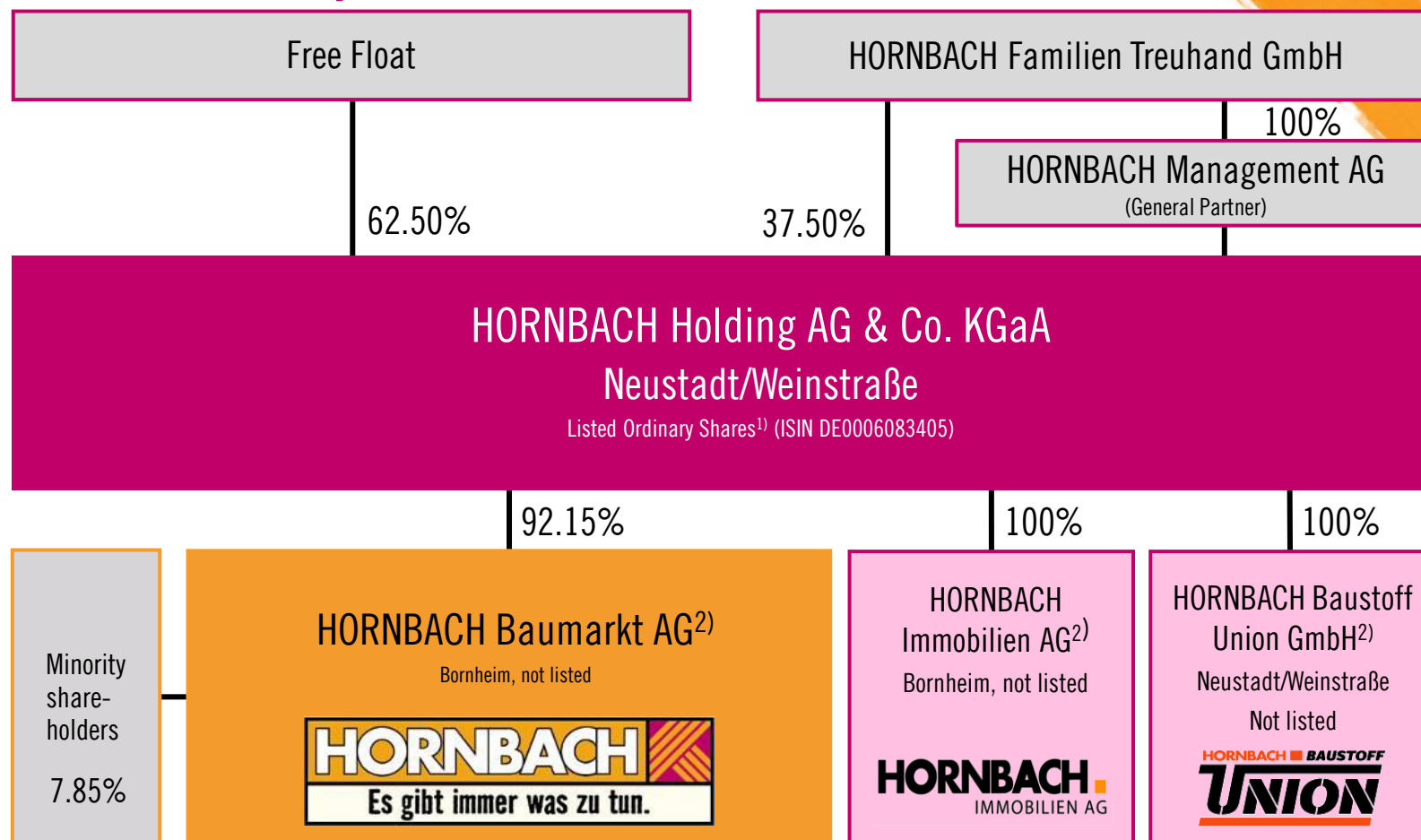
Assortment	People	Planet	Communities
<ul style="list-style-type: none">▪ Transparent product information▪ Respect of human rights, social and environmental standards in the supply chain▪ Timber from sustainable forestry (FSC® Chain of Custody certificate)▪ No hand-hewn natural stone	<ul style="list-style-type: none">▪ Commitment to open communication and diversity▪ Attractive education and training programs▪ Fair remuneration above sector average and attractive benefits	<ul style="list-style-type: none">▪ Continuous reduction of CO2-emissions in own operations▪ Evaluation of Scope 3 emissions and reduction potential over the coming years▪ Active contribution to circular economy - reusing, repairing, refurbishing and recycling	<ul style="list-style-type: none">▪ Our stores support social projects in local communities with building material and know-how▪ Company foundation “Menschen in Not” supports people in need

HORNBACH Foundation – HORNBACH Values – CSR Standards

Implementation of ESG KPIs in management compensation from 2023

Strong commitment and support of Hornbach family as anchor shareholder

- **HORNBACH Familien Treuhand** holds all shares in HORNBACH Management AG and must hold more than 10% in HORNBACH Holding (currently 37.5%)
- HORNBACH Management AG is led by **Albrecht Hornbach** as CEO
- Three **family members of the 6th generation** hold management positions within HORNBACH Group



1) Number of shares: 16.000.000 / stock market code: HBH 2) Including other subsidiary companies in Germany and abroad

Fiscal Year 2022/23

March 1, 2022 until February 28, 2023

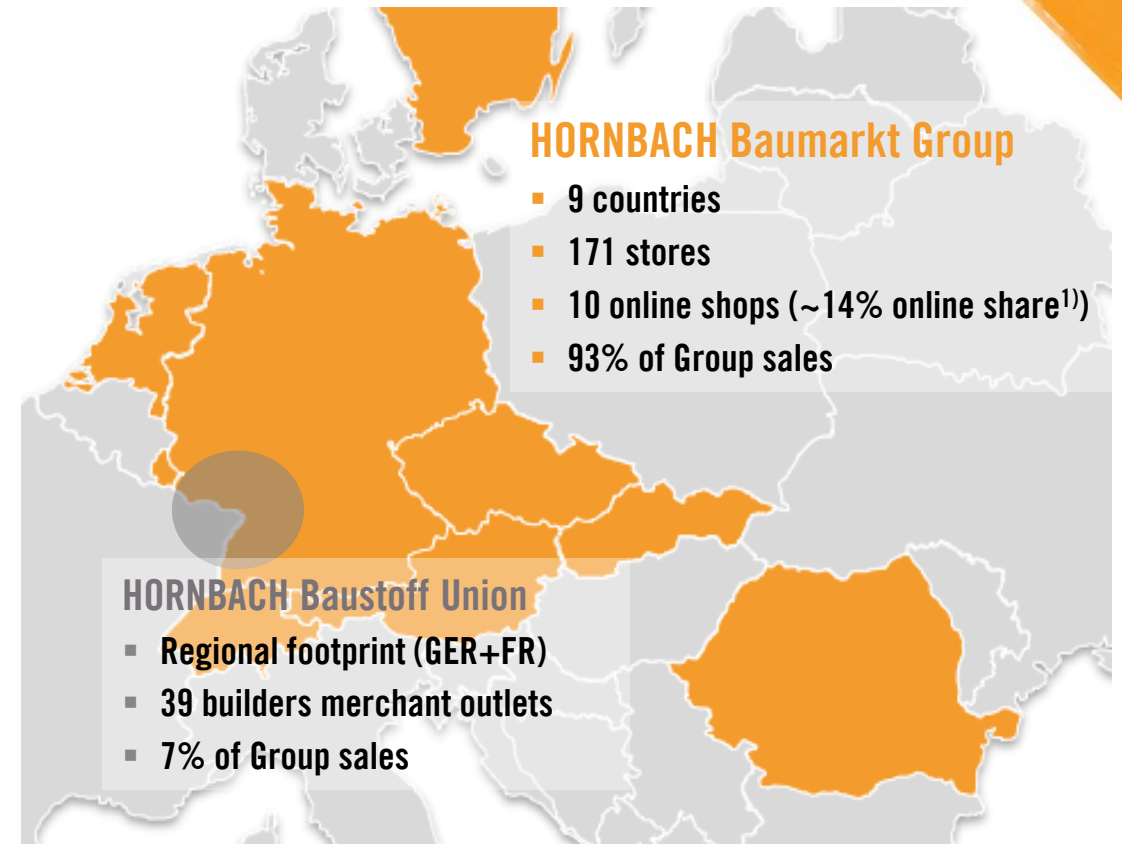
HORNBACH expansion on track

- HORNBACH Baumarkt opened new stores in **Nitra (Slovakia)**, **Enschede (Netherlands)**, **Constanta (Romania)**, **Leipzig (Germany)**
- HORNBACH Baustoff Union took over 2 builders merchant outlets in **Saarbrücken (Germany)** and **Saarlouis (Germany)**
- Webshops: Migration of online shops to Spryker platform completed, BODENHAUS direct delivery started



1) Online share of HORNBACH Baumarkt Group sales (incl. click & collect)

HORNBACH Group: European footprint (May 2023)



Delivering resilient financial performance amid a challenging macroeconomic environment

Net sales

Outlook (as of May 17, 2022):
Slightly above 2021/22 (€ 5,875m)

Result 2022/23:
+6.6% to € 6,263m

Adjusted EBIT

Outlook (as of June 13, 2022):
Low double digit %-range below 2021/22 (€ 362.6m)

Result 2022/23:
-20% to € 290.1m

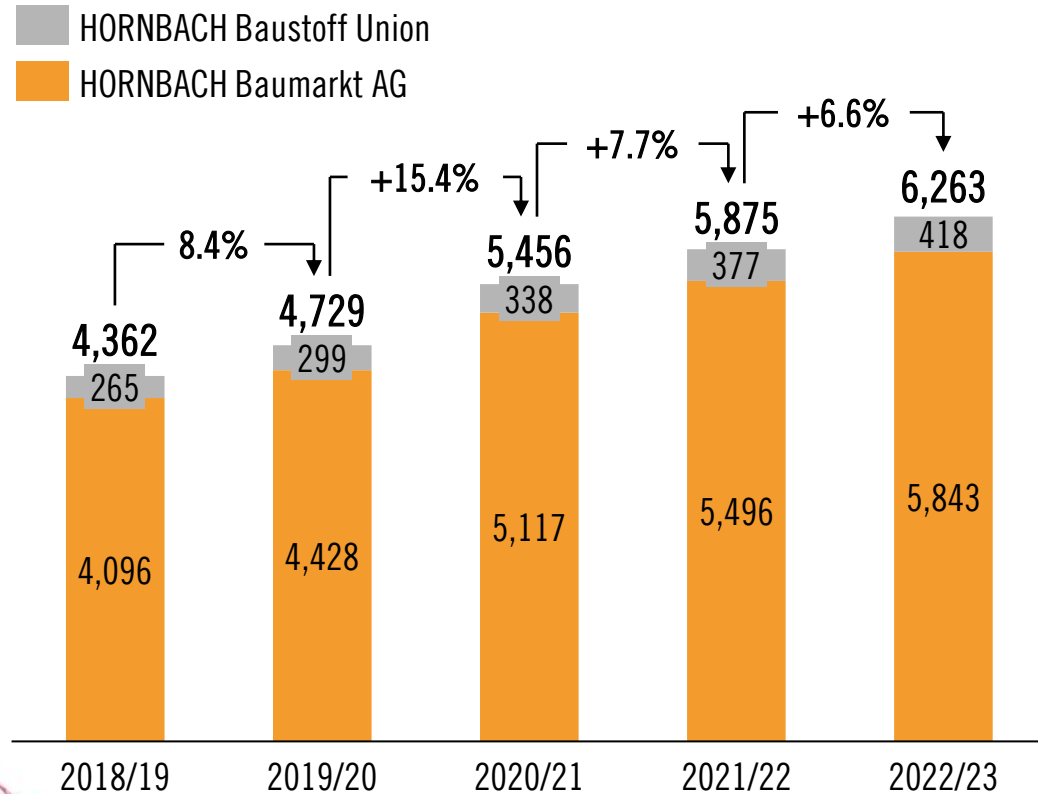
Investments (CAPEX)

Slightly above the level of 2021/22 (€ 178.6m)

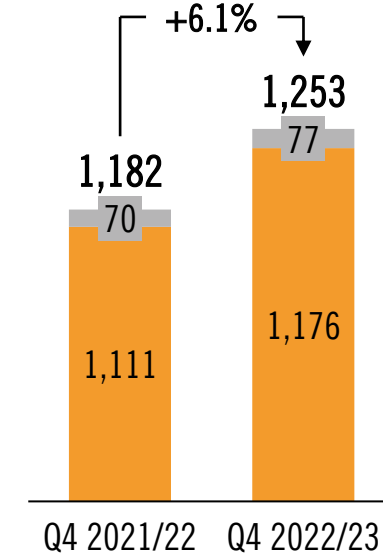
Result 2022/23:
€ 203.5m

Net sales in FY 2022/23 significantly ahead of previous year's record level

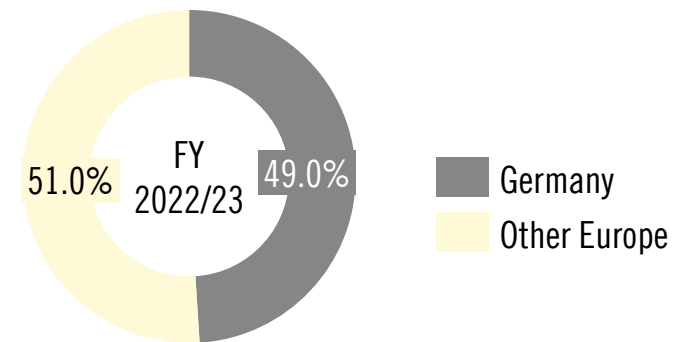
Net sales (Mar 1 – Feb 28 / Q4: Dec 1 – Feb 28)¹⁾



- Continued sales growth from good like-for-like performance and expansion
- Net sales HORNBACH Baumarkt subgroup +6.3%
 - Germany: +2.9% / Other Europe: +9.8%
 - International share increased to 51.0%
- Net sales HORNBACH Baustoff Union subgroup +11.6%²⁾



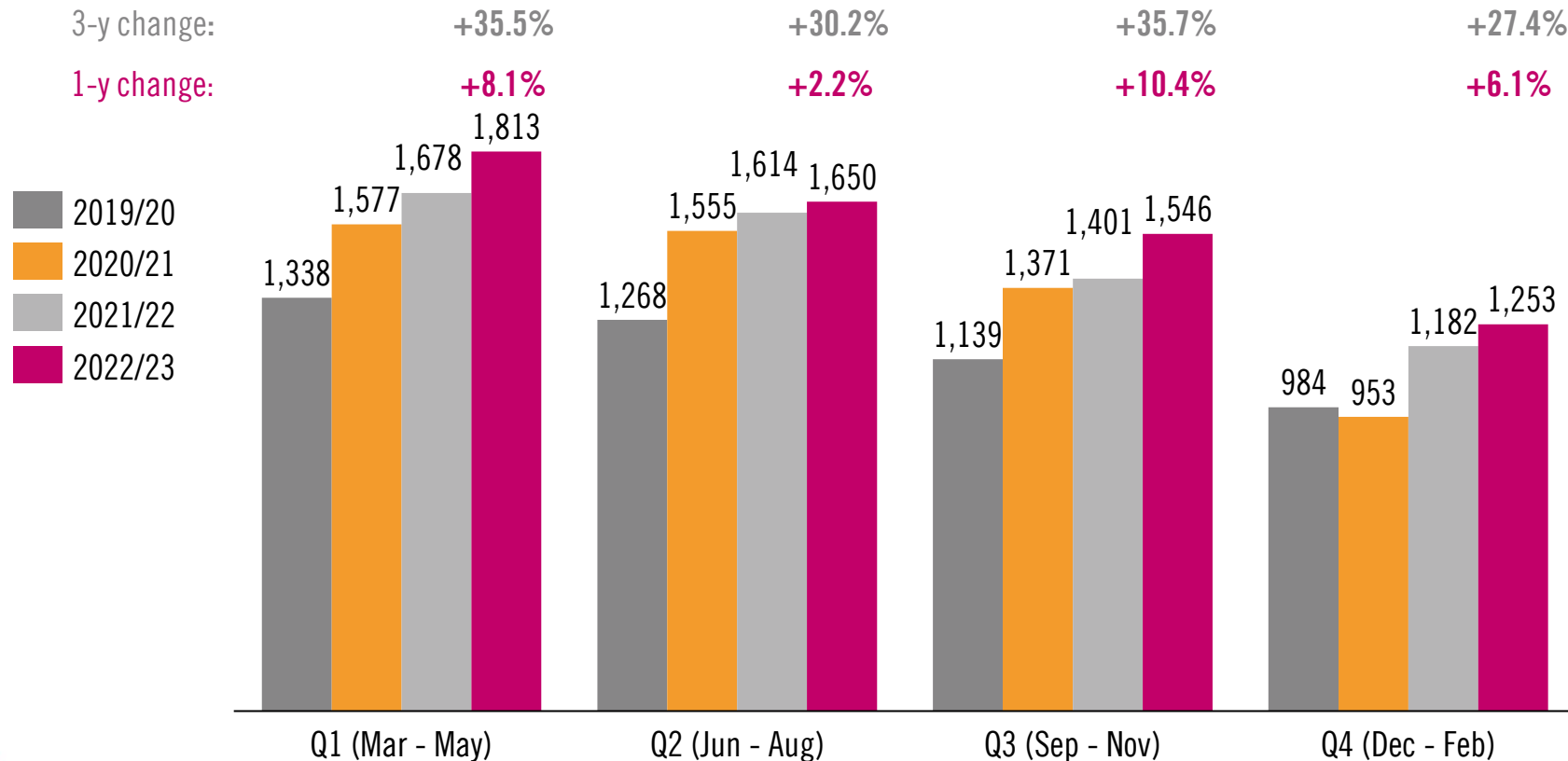
HORNBACH Baumarkt AG: Share of net sales by region



1) Consolidated net sales 2) based on net sales before consolidation

Net sales ahead of previous year's record level in all quarters

HORNBACH Group: Net sales per quarter



- Sales on a significantly higher level than pre-Covid
- Sales growth in all quarters driven by on-going strong demand across all product categories and inflation

Robust like-for-like growth in FY 2022/23

- Robust LFL performance in Q4 and FY 2022/23 driven by **resilient demand** amid inflationary environment
- LFL sales significantly ahead of pre-pandemic performance: **3-year LFL +28.4%²⁾**

Like-for-like sales growth¹⁾ per quarter and financial year in %

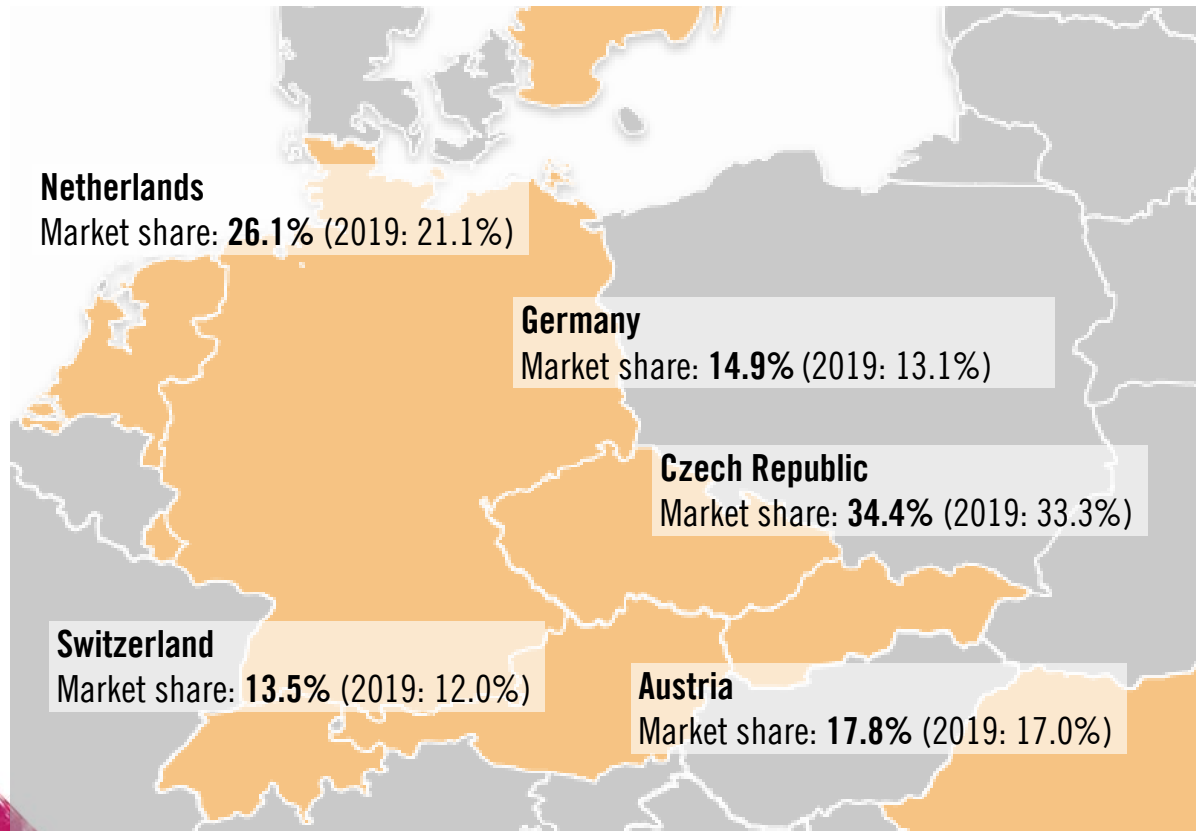
	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	FY 2022/23	3-year LFL ²⁾
Total	5.3	(1.7)	7.2	4.1	3.6	28.4
Germany	4.4	(2.9)	7.8	0.7	2.4	26.6
Other Europe	6.2	(0.6)	6.7	7.5	4.7	30.3
Austria	(2.5)	(0.8)	11.3	7.3	2.8	23.1
Czech Republic	18.0	(1.2)	3.6	0.4	5.4	18.8
Luxembourg	(7.3)	(2.6)	6.4	5.7	(0.4)	46.1
Netherlands	22.5	0.3	11.4	21.3	13.2	36.8
Romania	14.1	5.8	10.1	3.7	8.6	55.7
Slovakia	16.0	1.2	8.9	9.5	8.7	37.1
Sweden	(3.6)	(3.7)	(4.0)	(6.9)	(4.3)	39.8
Switzerland	(12.2)	(3.6)	(0.4)	(0.2)	(5.0)	17.2

1) Lfl = Like-for-like, In constant currencies; includes sales from all stores that have been open for at least one year as well as sales from online shop 2) compared to FY 2019/20

HORNBACH Baumarkt: Strong market share in DIY retailing across Europe

Large DIY stores > 1,000 sqm

Market share of HORNBACH Baumarkt in % (GfK) – Jan to Dec

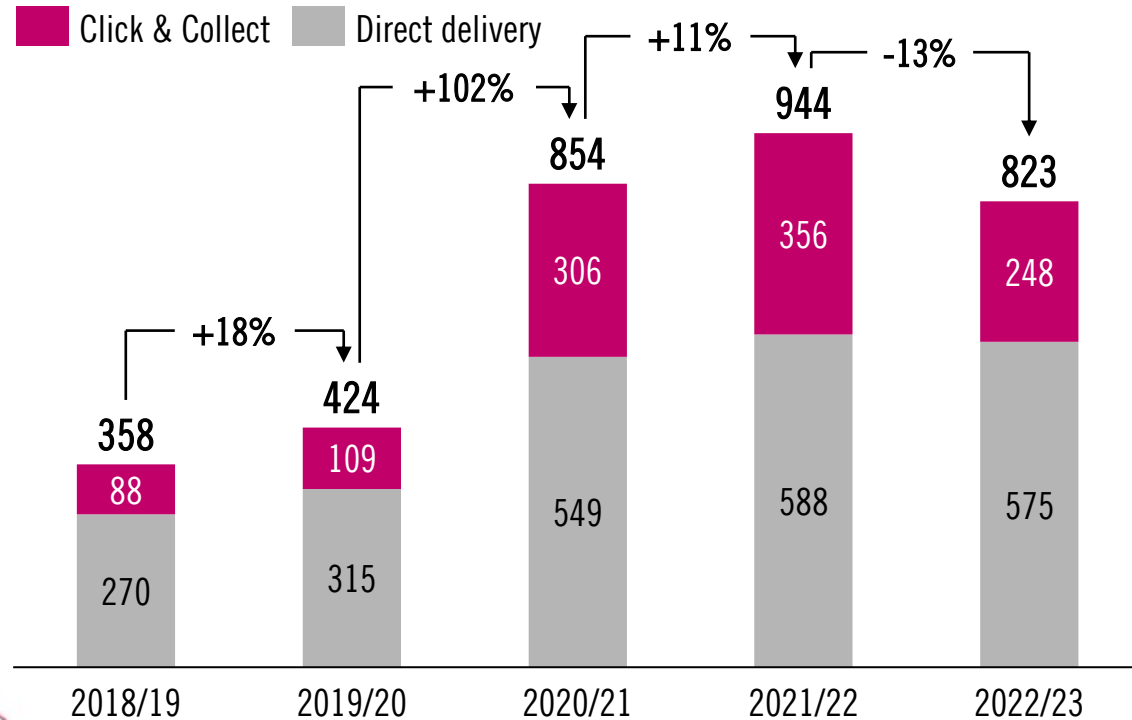


- Market share in **Germany** increased from 13.1% in 2019 to 14.9% in 2022 on the back of a successful Interconnected Retail execution during the Covid period.
- Strong market share development in the **Netherlands** driven by like-for-like sales growth as well as expansion (+3 stores)
- **Switzerland** added 1 new store
- **Czech Republic** and **Austria** increased market share without adding new stores.

Source: GfK DIY-TSR, no data for Luxembourg, Romania, Slovakia, Sweden;

E-commerce significantly ahead of pre-pandemic levels – direct delivery established

8.7%	9.6%	16.7%	17.2%	14.1%	E-commerce share ¹⁾
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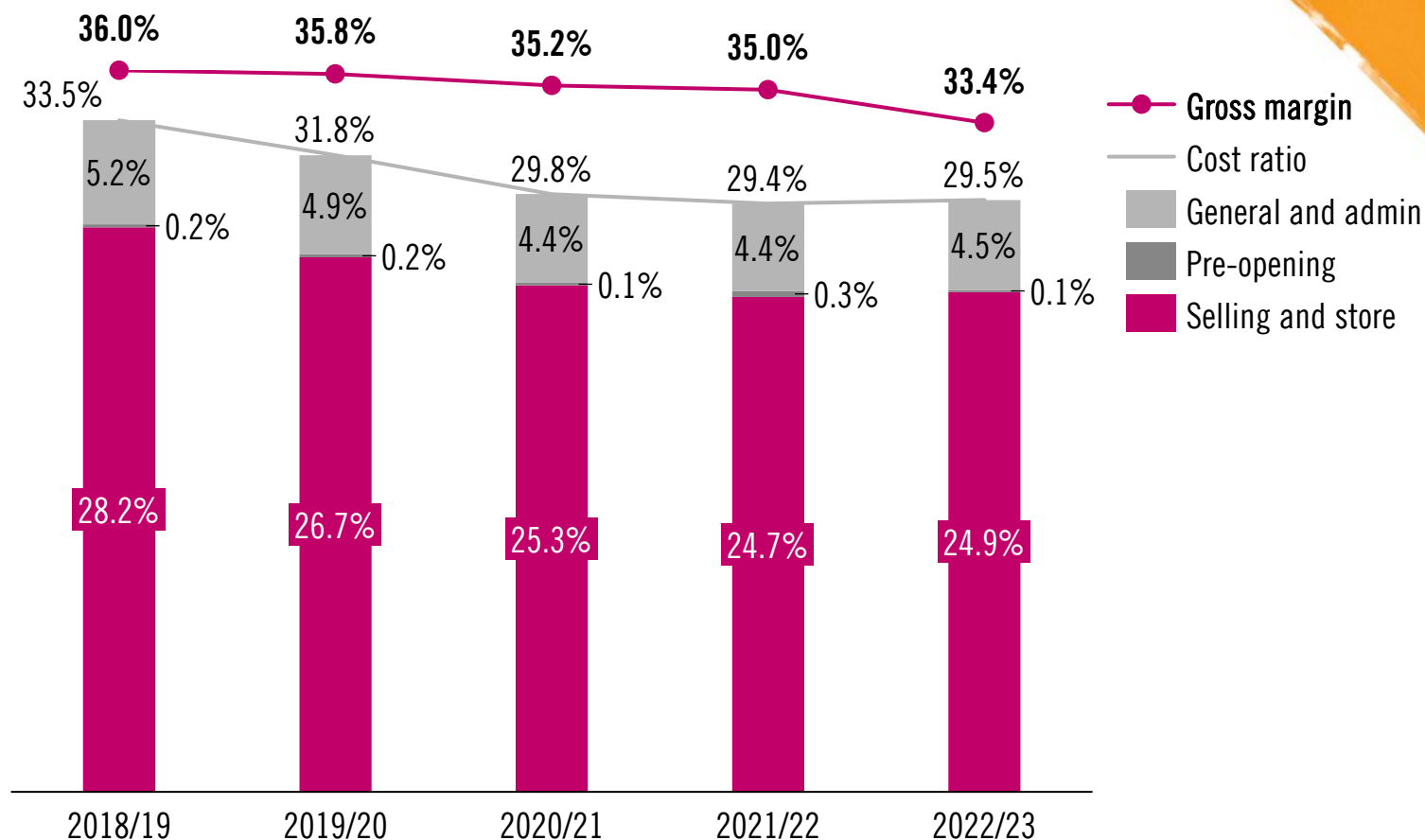


1) In % of HORNBACH Baumarkt subgroup net sales

- **E-commerce share of HORNBACH Baumarkt sales** (incl. Click & Collect) at **14.1%** in 2022/23 significantly above pre-Covid levels
- **FY 2022/23 e-commerce sales** minus 12.8% to € 823m with direct delivery remaining on elevated levels since Covid-pandemic

Gross margin reflects higher purchase prices and transportation costs

- **Gross margin** impacted by challenging market environment with higher purchasing and transportation costs
- **Selling and store expenses** in % of sales slightly increase due to higher personnel and energy costs
- **General and administration expenses** slightly higher specifically due to investments in IT headcount and inflation



Adjusted EBIT¹⁾ in € million and adjusted EBIT margin in %

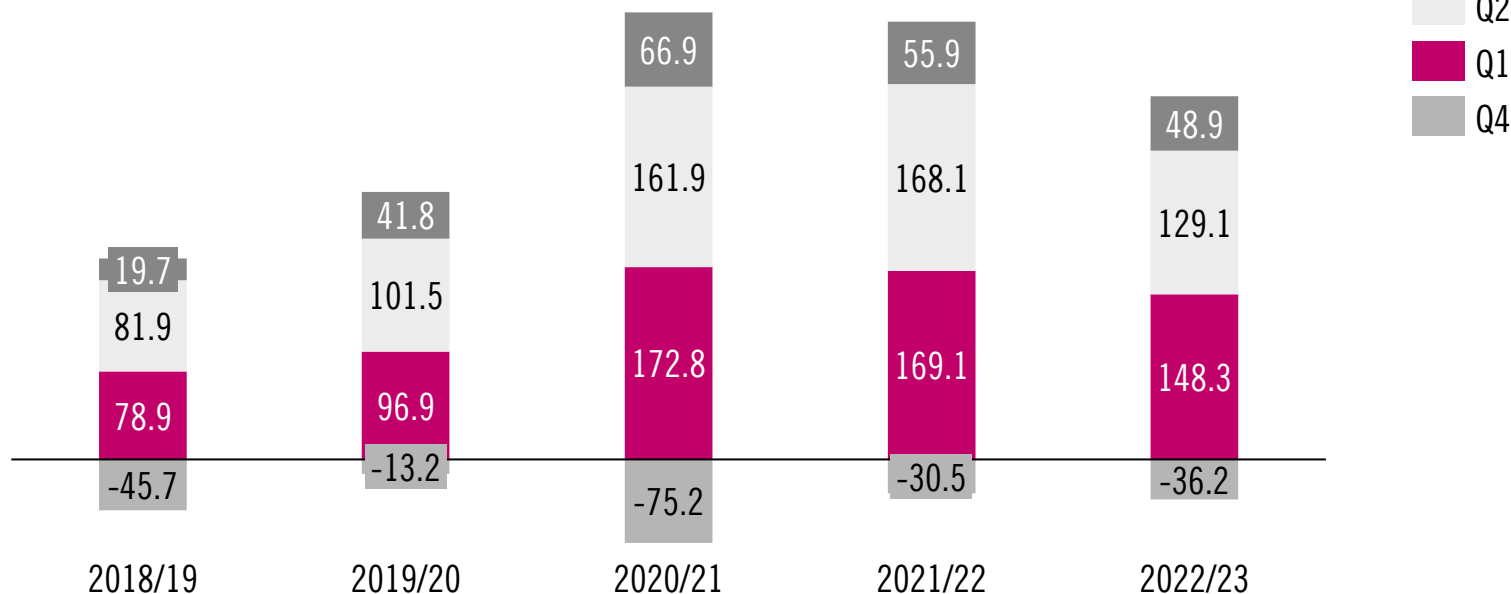
Adjusted EBIT remains ahead of pre-Covid levels

- Adjusted EBIT on Group level **down 20%** in FY 2022/23 vs. previous year – in line with guidance; however **up 28% compared to 2019/20**
- Group profitability** affected by higher purchasing and shipping costs
- Impairments (IAS 36) increase mainly due to valuation effects resulting from higher interest rates

Reconciliation (in €m)	FY 2021/22	FY 2022/23
EBIT	355.0	258.5
Non-operating effects	7.6	31.6
Adjusted EBIT	362.6	290.1

Adjusted EBIT and adjusted EBIT margin FY:

3.1%	4.8%	6.0%	6.2%	4.6%
134.9	227.0	326.4	362.6	290.1



1) adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

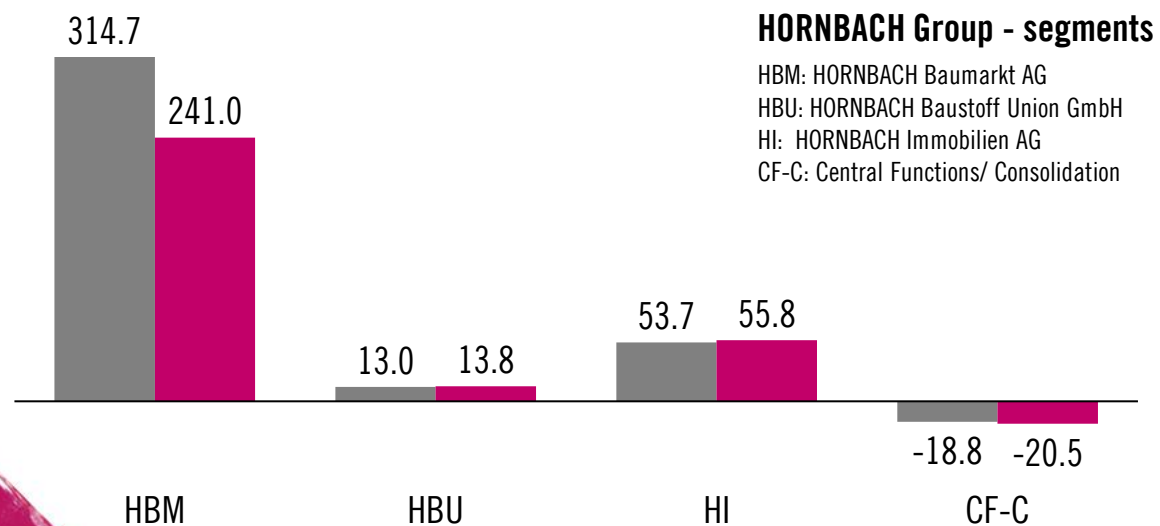
Fiscal year segment adj. EBIT in € million and segment adjusted EBIT margin in %

Adjusted EBIT declines in Baumarkt segment – Baustoff Union and Immobilien show slight increase

Operational segments

- HORNBACH Baumarkt: adj. EBIT -23.4%; € 241.0m
- HORNBACH Baustoff: adj. EBIT +6.2%; € 13.8m
- HORNBACH Immobilien: adj. EBIT +3.9%; € 55.8m

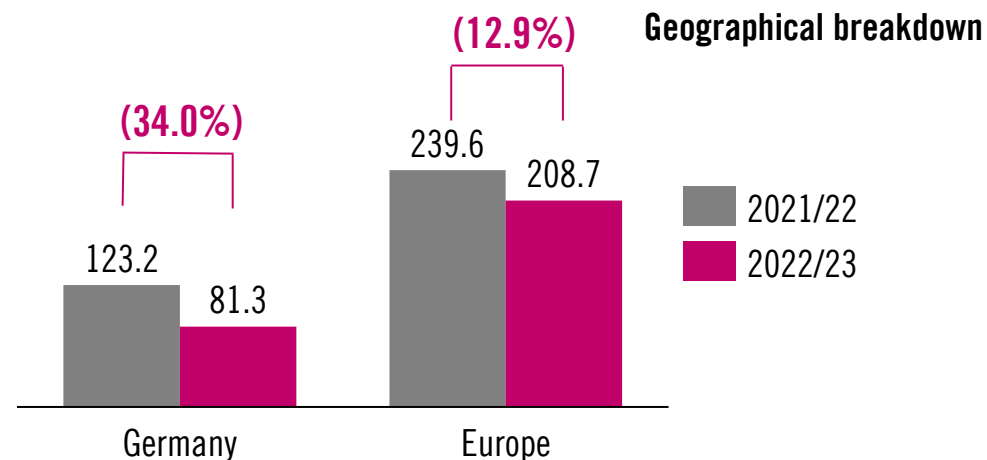
5.7%	4.1%	3.4%	3.3%	67.4%	67.6%	adj. EBIT margin
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Geographical segments

- Germany (34.0%) / other Europe (12.9%)
- **Germany** contributes **28% of adj. EBIT**
- **Other Europe** contributes **72% of adj. EBIT**

3.9%	2.5%	8.8%	7.0%	adj. EBIT margin
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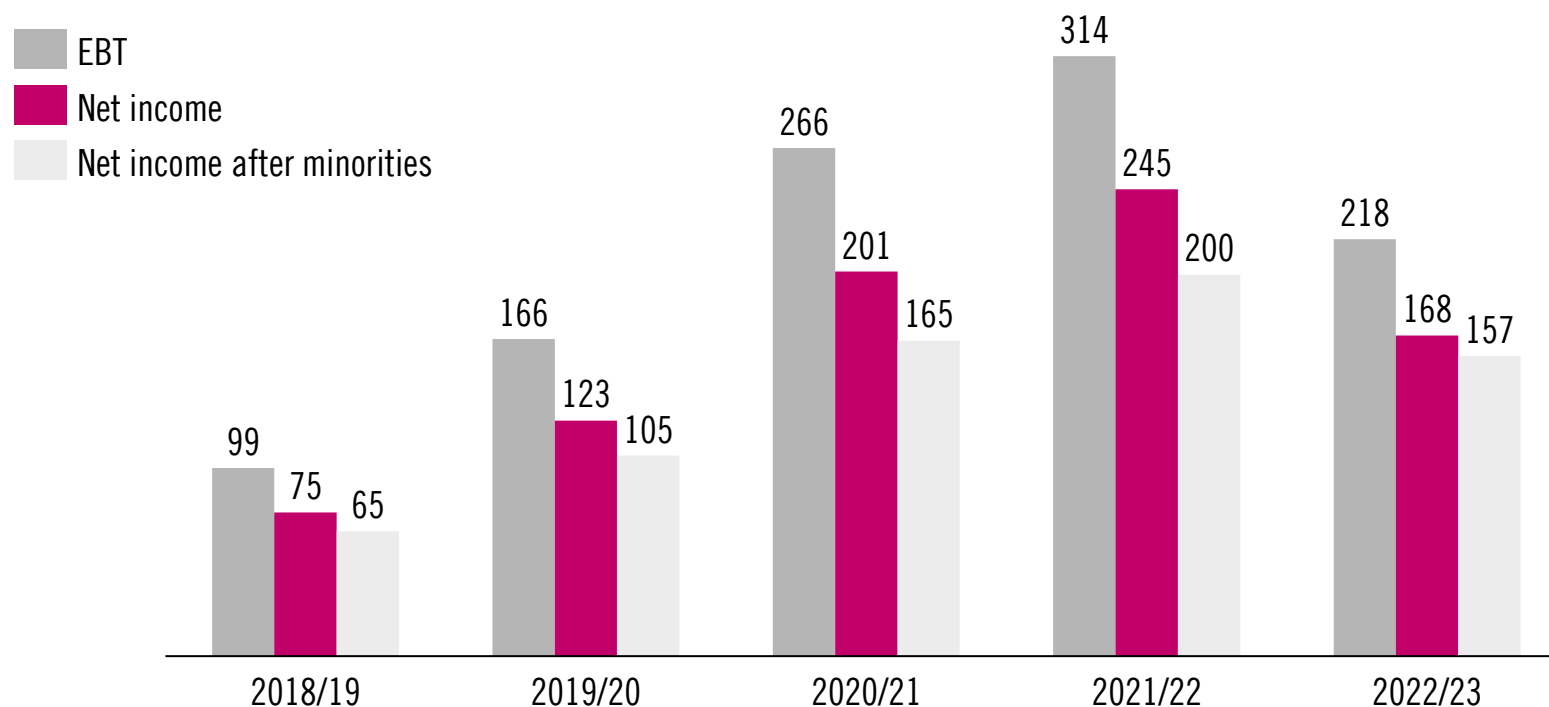


Earnings before taxes and net income in € million

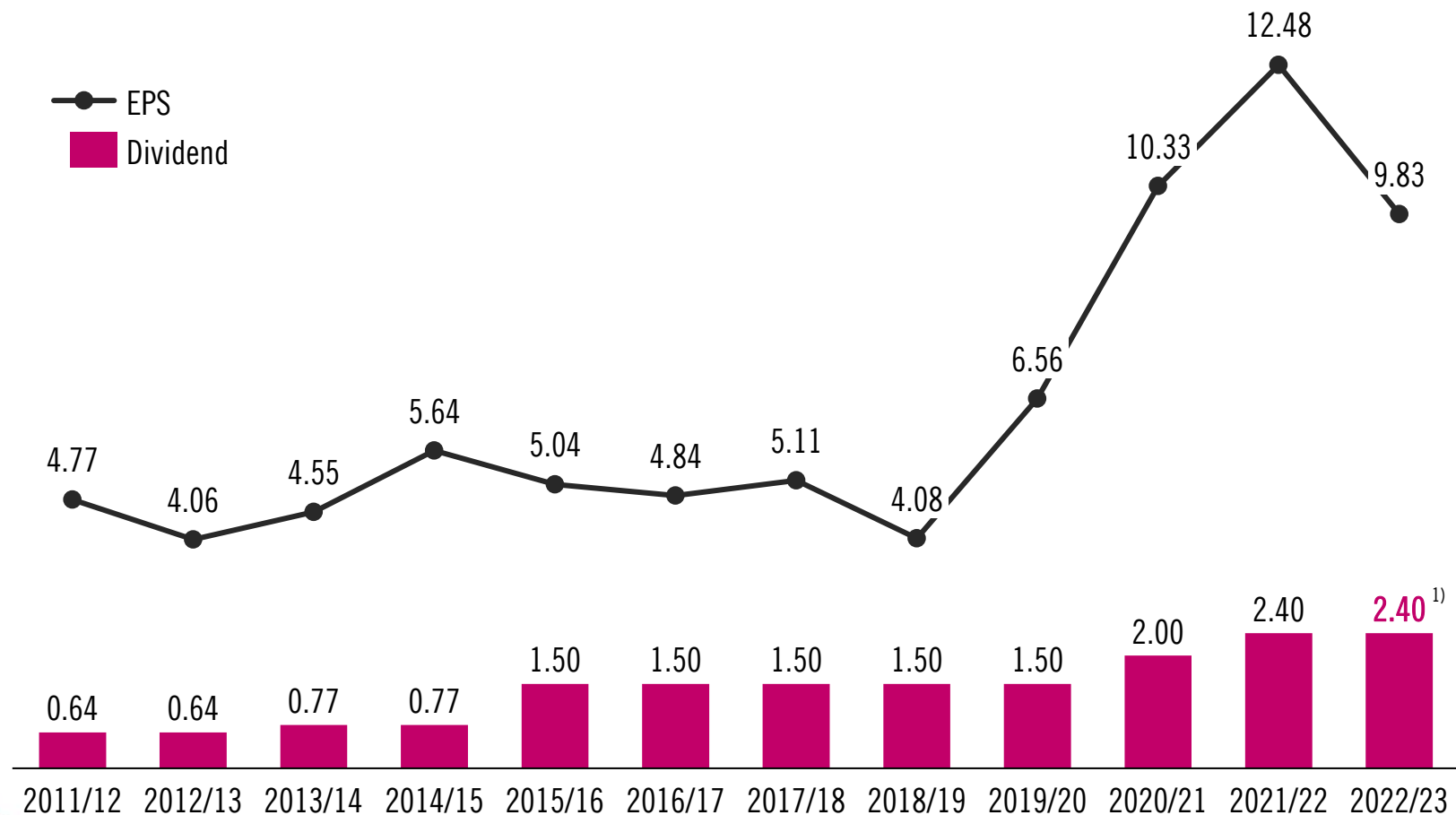
Earnings figures down from previous year

- **Earnings before taxes** decreased by 30.6% to € 218.3m
- **Net income** decreased by 31.4% to € 167.8m
- **EPS** at € 9.83 (-21.2%)

Tax rate	23.7%	25.8%	24.3%	22.2%	23.1%
EPS	€ 4.08	€ 6.56	€ 10.33	€ 12.48	€ 9.83



Stable dividend proposed for financial year 2022/23



1) Dividend proposal for the financial year 2022/23, subject to approval at the annual general meeting

Dividend policy

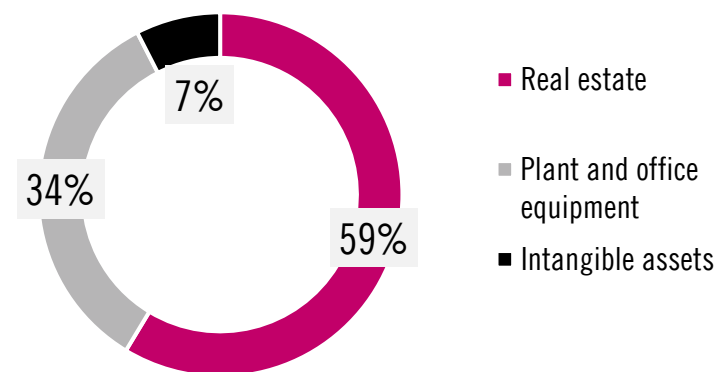
- **Sustainable pay-outs:** Continuous dividend payments since IPO
- **Stable dividend:** Pay-out at least at previous year's level
- **Target:** Average pay-out ratio of around 30% of consolidated net income (2022/23: **24.4%**)

Free cashflow stable – slightly above previous years

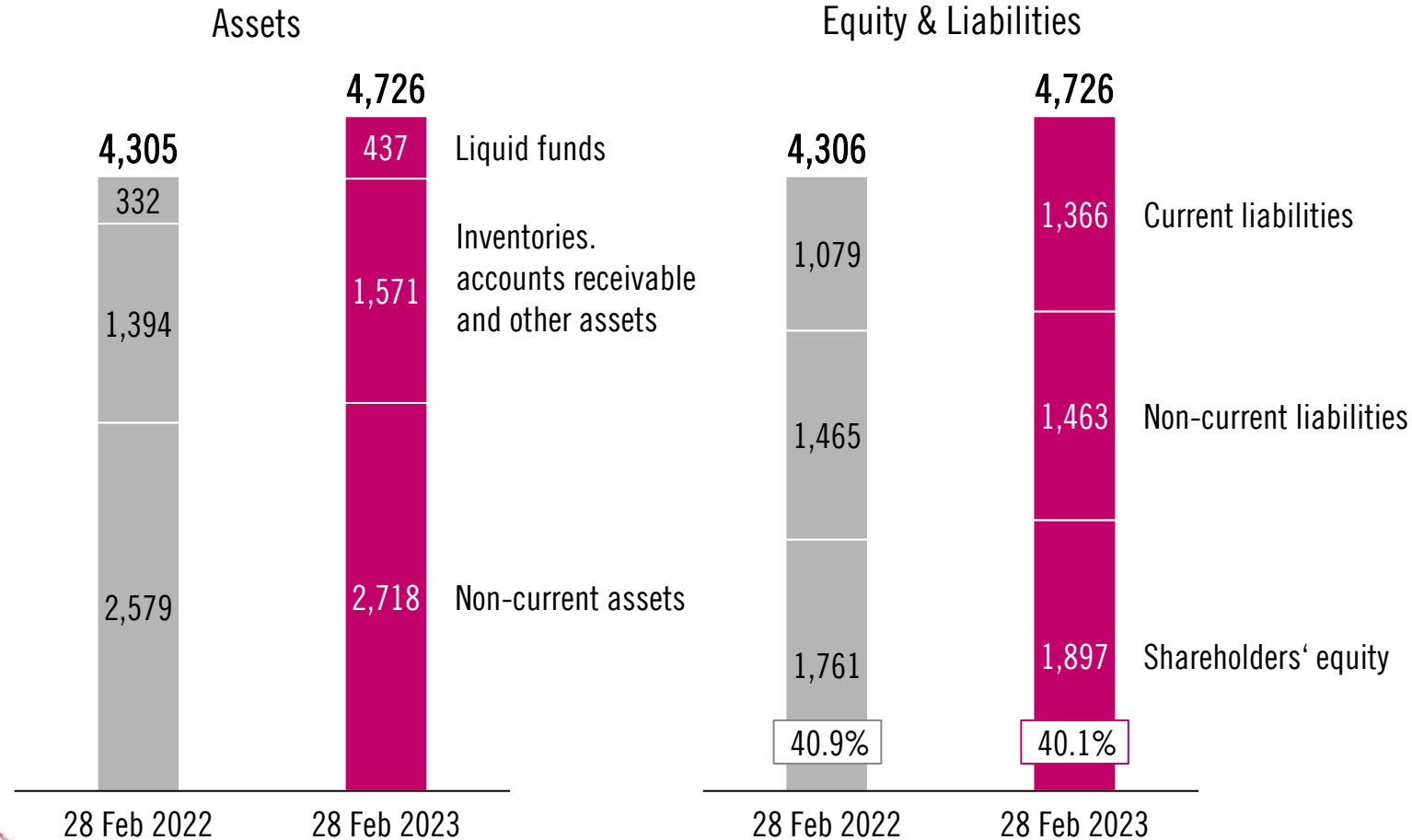
	2020/21	2021/22	2022/23
Cash flow from operating activities	346.5	344.9	425.4
<i>of which: funds from operations</i>	<i>400.2</i>	<i>446.5</i>	<i>403.7</i>
<i>of which: change in working capital</i>	<i>-53.7</i>	<i>-101.6</i>	<i>21.7</i>
Cash flow from investing activities	-149.2	-171.7	-198.0
<i>of which: gross CAPEX</i>	<i>-154.4</i>	<i>-178.6</i>	<i>-203.5</i>
Cash flow from financing activities	-129.0	-278.5	-135.1
<i>of which: dividends</i>	<i>-29.1</i>	<i>-38.8</i>	<i>-41.0</i>
Cash-effective change in cash and cash equivalents	68.3	-105.3	92.3
Free cash flow (after net CAPEX and dividend)	168.2	134.5	186.5

- **Change in Working Capital** contains reverse factoring program
- **60%** of tangible CAPEX spent on **new stores**, **40%** for **maintenance** and **store extensions**

CAPEX split of HORNBACH Group 2022/23

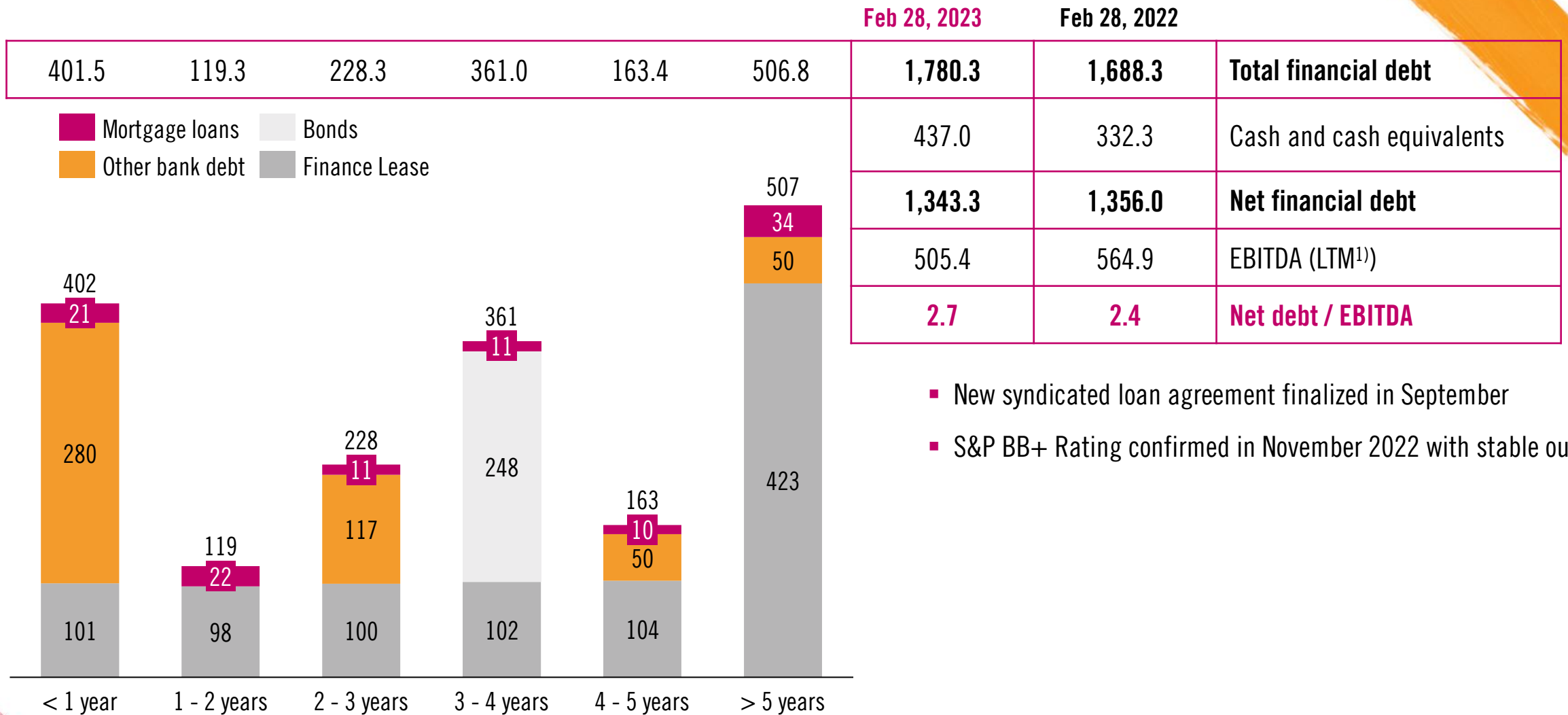


Strong balance sheet structure



- Additions to **property, plant and equipment** and **right-of-use assets** of € 120m
- Increase in **inventories** by € 152m due to higher in-stock position and inflation
- Increase in **liquid funds** by € 105m
- **Equity ratio** at 40.1%

Financial debt maturity profile as of February 28, 2023 in € million



- New syndicated loan agreement finalized in September
- S&P BB+ Rating confirmed in November 2022 with stable outlook

1) Last twelve months

Outlook for FY 2023/24

Net sales 2023/24

Around the level of 2022/23

Net sales 2022/23

€ 6,263m

Adjusted EBIT 2023/24

Group adj. EBIT difficult to guide in light of
the challenging environment, with
downside risk (-5% to -15%) vs. 2022/23

Adjusted EBIT 2022/23

€ 290.1m

Additional items

CAPEX 2023/24

On the level of 2022/23

CAPEX 2022/23

€ 203.5m

Future developments are subject to considerable uncertainty,. Please see disclaimer at the beginning of the presentation regarding forward-looking statements.

HORNBACH Baumarkt: Store openings in 2022/23



● HORNBACH stores ● BODENHAUS stores

Upcoming events & contact

Financial Calendar

May 16, 2023	Annual Report 2022/23 as of February 28, 2023
May 17, 2023	German Spring Conference (Equity Forum), Frankfurt
June 23, 2023	Quarterly Statement Q1 2023/24 as of May 31, 2023
July 7, 2023	Annual General Meeting HORNBAACH Holding AG & Co. KGaA
September 4, 2023	German Fall Conference (Equity Forum), Frankfurt
September 5, 2023	ODDO BHF / Commerzbank Corporate Conference, Frankfurt
September 18, 2023	Berenberg & Goldman Sachs German Corporate Conference, Munich
September 27, 2023	Half-year financial report as of August 31, 2023
November 27, 2023	Deutsches Eigenkapitalforum, Frankfurt
December 20, 2023	Quarterly Statement Q3 2023/24 as of November 30, 2023

Updates on our [IR website](#)

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Backup

Key figures: 10-year overview

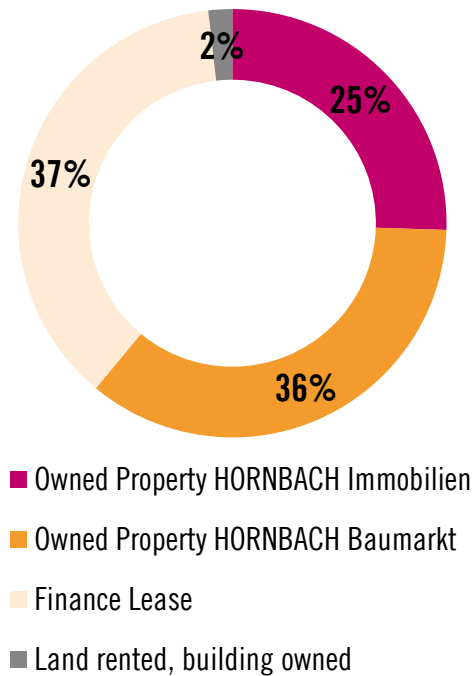
In € million unless otherwise stated	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Net sales	6,263	5,875	5,456	4,729	4,362	4,141	3,941	3,755	3,572	3,369
of which in Germany	3,270	3,149	2,985	2,536	2,376	2,312	2,262	2,223	2,172	2,035
of which in other European countries	2,994	2,726	2,471	2,193	1,986	1,829	1,679	1,533	1,400	1,334
Sales growth as % of net sales	6.6	7.7	15.4	8.4	5.3	5.1	4.9	5.1	6.0	4.3
Gross margin as % of net sales	33.4	35.0	35.2	35.8	36.0	36.6	36.6	37.0	37.3	36.6
EBITDA	505	565	516	420	235	263	254	231	243	236
as % of net sales	8.1	9.6	9.5	8.9	5.4	6.3	6.5	6.2	6.8	7.0
EBIT	259	355	312	214	121	161	157	138	165	160
as % of net sales	4.1	6.0	5.7	4.5	2.8	3.9	4.0	3.7	4.6	4.8
Adjusted EBIT ¹⁾	290	363	326	227	135	166	160	151	167	164
as % of net sales	4.6	6.2	6.0	4.8	3.1	4.0	4.1	4.0	4.7	4.9
Earnings before taxes (EBT)	218	314	266	166	99	132	130	113	140	128
as % of net sales	3.5	5.3	4.9	3.5	2.3	3.2	3.3	3.0	3.9	3.8
Net income for the year before non-controlling interest	168	245	201	123	75	96	90	98	107	86
as % of net sales	2.7	4.2	3.7	2.6	1.7	2.3	2.3	2.6	3.0	2.6
Earnings per share	9.83	12.48	10.33	6.56	4.08	5.11	4.84	5.04	5.64	4.55
Employees - annual average - converted into full-time equivalents	20,582	19,961	18,720	17,935	17,053	16,223	15,751	15,283	14,663	14,064

1) adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

61% owned real estate with hidden reserves

- **Warehouse-style megastores** in attractive, big catchment areas
- **Homogeneous store network** (77% of stores > 10,000 sqm): Economies of scale in store operation
- Average selling space of approx. **11,900 sqm**
- **>2 million sqm** retail space
- **€ 884 million** hidden reserves in owned retail properties as of February 28, 2023

~61% of selling space owned



Hidden reserves in retail properties¹⁾

February 2023 (€ million)	Book value	Yield value (x13) ²⁾	Hidden reserves (x13) ²⁾
HORNBAACH Baumarkt Subgroup	947	1.354	407
HORNBAACH Immobilien Subgroup	372	849	477
HORNBAACH Group	1,319	2,203	884

1) Based on our own assumptions and calculations as of February 28, 2023 2) Long-term average multiplier of 13 and age discount of 0.6 % p.a;

