

## AD-HOC ANNOUNCEMENT BY HORNBAACH HOLDING AG & CO. KGAA

### **HORNBAACH Group: Unexpected reduction in earnings in third quarter of 2018/19 despite pleasing sales growth – Earnings forecast adjusted**

Neustadt an der Weinstrasse, December 10, 2018.

The HORNBAACH Holding AG & Co. KGaA Group (HORNBAACH Group) witnessed an unexpected reduction in earnings in the third quarter of 2018/19. This resulted above all from an unsatisfactory earnings performance in November 2018, particularly at the HORNBAACH Baumarkt AG subgroup. Based on initial, preliminary figures, Q3 operating earnings excluding non-operating items (adjusted EBIT) at the HORNBAACH Group fell year-on-year by around 31% to just under € 20 million (2017/18: € 28.8 million).

Consolidated sales improved by 7.7% to € 1,085 million in Q3 2018/19, but gross profit rose less rapidly than sales. This was mainly due to higher procurement prices which, given competitive considerations, could not be offset by higher retail prices. The growth in gross profit was insufficient to offset the increase in store and administration expenses.

As a result, adjusted EBIT for the first nine months of 2018/19 fell by around 11% to approximately € 181 million (2017/18: € 203.1 million). The Board of Management deems it unlikely that this shortfall in earnings can be made up in the fourth quarter. It now rather expects adjusted operating earnings (adjusted EBIT) to fall more than 10% of the previous year's figure.

The Board of Management is upholding its sales forecast 2018/19 without amendment. This provides for sales growth in a medium single-digit percentage range – following nine-month sales growth of 4.8% to € 3,475 million.

Details about the earnings performance of the HORNBAACH Holding AG & Co. KGaA Group and of the HORNBAACH Baumarkt AG subgroup will be published in the respective Quarterly Statements on December 20, 2018.