

Hornbach Group raises full-year forecast for 2019/20 after strong fall earnings growth

Consolidated sales up 7.8 % to Euro 3,745 million in first nine months of 2019/20 / DIY stores with like-for-like growth of 7.1 % / Adjusted EBIT surges 33.0 % to Euro 240 million

Neustadt a. d. Weinstrasse, December 19, 2019.

The Hornbach Group (Hornbach Holding AG & Co. KGaA Group) substantially increased its sales and earnings in the first nine months of its 2019/20 financial year (March 1 to November 30, 2019). Together with improved cost ratios, pleasing growth in consolidated sales by 7.8 % to Euro 3,745.3 million (2018/19: Euro 3,475.5 million) produced disproportionate earnings growth. The Hornbach Group increased its operating earnings adjusted for non-operating items (adjusted EBIT) by 33.0 % to Euro 240.2 million (2018/19: Euro 180.6 million), while nine-month earnings per Holding share stood at Euro 8.02 (2018/19: Euro 6.26). To account for the significant earnings growth seen in the third quarter, the Board of Management raised the full-year earnings forecast for 2019/20.

Net sales at **Hornbach Baumarkt AG**, the largest operating subgroup (DIY retail) which operated a total of 159 DIY megastores with garden centers and online shops in nine countries across Europe as of November 30, 2019, rose by 7.5 % to Euro 3,499.3 million in the first nine months (2018/19: Euro 3,256.1 million). On a like-for-like basis and net of currency items, the DIY stores with garden centers generated sales growth of 7.1 % in the first nine months (2018/19: 3.8 %).

Net sales at Hornbach's German DIY stores and online shop grew by 5.6 % to Euro 1,782.1 million in the first nine months of 2019/20 (2018/19: Euro 1,687.7 million). Like-for-like sales in Germany rose by 6.2 % (2018/19: 1.6 %). In the eight countries outside Germany (other European countries), net sales increased by 9.5 % to Euro 1,717.2 million (2018/19: Euro 1,568.3 million). The international share of sales at the Hornbach Baumarkt AG subgroup advanced from 48.2 % to 49.1 %. Net of currency items, like-for-like sales in other European countries grew by 8.1 % (2018/19: 6.3 %).

“We really notched up our year-on-year performance in the first nine months, and that especially in Germany. We moved significantly closer to the high growth rates we achieve outside Germany while extending our lead over the DIY sector. Our great popularity with customers is also reflected in the rankings we achieved in prestigious customer satisfaction surveys. We are the DIY store of choice in Germany, as well as in major foreign markets such as the Netherlands and Austria”, commented Albrecht Hornbach, CEO of Hornbach Management AG.

Hornbach Baustoff Union GmbH, the builders' merchant subgroup which currently operates at 31 locations in south-western Germany and at two locations close to the border in France (Lorraine), increased its nine-month sales by 12.4 % to Euro 244.8 million (2018/19: Euro 217.7 million).

Disproportionate growth in adjusted operating earnings

Benefiting from the dynamic sales performance and improved cost ratios in the DIY retail business, the **Hornbach Group's** adjusted operating earnings (EBIT) for the third quarter more than doubled to Euro 41.8 million (2018/19: Euro 19.7 million). Overall, adjusted EBIT for the first nine months grew by Euro 59.6 million (plus 33.0 %) to Euro 240.2 million (2018/19: Euro 180.6 million). The operating business contributed more than Euro 50 million, and thus the greatest share of this earnings growth, while the rest resulted from first-time application of the new IFRS 16 lease accounting requirements. The adjusted EBIT margin rose year-on-year from 5.2 % to 6.4 %. Earnings per Holding share increased to Euro 8.02 (2018/19: Euro 6.26).

On the level of the **Hornbach Baumarkt AG** subgroup, adjusted EBIT surged by 49.5 % to Euro 200.9 million in the first nine months of 2019/20 (2018/19: Euro 134.3 million). Earnings per Baumarkt share came to Euro 3.72 (2018/19: Euro 2.89). The **Hornbach Baustoff Union GmbH** and **Hornbach Immobilien AG** subgroups contributed adjusted EBIT of Euro 5.5 million (2018/19: Euro 6.6 million) and Euro 43.1 million (2018/19: Euro 42.3 million) respectively to group earnings.

Earnings forecast raised for the 2019/20 financial year

As already communicated by ad-hoc announcement on December 10, 2019, the full-year earnings forecast for 2019/20 has been raised to account for the substantial earnings growth in the third quarter and first nine months. The Hornbach Group's adjusted EBIT (2018/19: Euro 134.9 million) is now expected to show growth in a low to medium double-digit percentage range (previously: "by more than 20 %"). The sales forecast for the 2019/20 financial year, which provides for consolidated sales growth in a medium to upper single-digit percentage range, was confirmed.

Note: The quarterly statements of Hornbach Holding AG & Co. KGaA and Hornbach Baumarkt AG can be downloaded from the "Publications" section of our website. Link: www.hornbach-group.com
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Key figures of the Hornbach Group for the 3rd quarter and 1st nine months at a glance

Key figures: Hornbach Holding AG & Co. KGaA Group (in Euro million, unless otherwise stated)	3rd Quarter 2019/20¹)	3rd Quarter 2018/19	± in %	9 Months 2019/20¹)	9 Months 2018/19	± in %
Net sales	1,139.4	1,084.9	5.0	3,745.3	3,475.5	7.8
of which Hornbach Baumarkt AG subgroup	1,054.5	1,006.4	4.8	3,499.3	3,256.1	7.5
of which in Germany	526.2	513.8	2.4	1,782.1	1,687.7	5.6
of which in other European countries	528.3	492.6	7.2	1,717.2	1,568.3	9.5
Like-for-like sales growth (DIY) ²⁾	4.6%	6.2%		7.1%	3.8%	
of which in Germany	3.3%	4.4%		6.2%	1.6%	
of which in other European countries ²⁾	5.9%	8.2%		8.1%	6.3%	
Net sales of Hornbach Baustoff Union GmbH subgroup	84.5	77.9	8.5	244.8	217.7	12.4
Gross margin (as % of net sales)	35.0%	35.0%		35.6%	35.8%	
EBIT	41.3	20.9	97.7	240.6	181.7	32.5
Adjusted EBIT	41.8	19.7	>100	240.2	180.6	33.0
Earnings before taxes (EBT)	30.4	16.1	89.1	205.9	165.8	24.2
Consolidated net income ³⁾	23.4	11.8	98.3	156.1	122.1	27.9
Earnings per Hornbach Holding share (Euro)	1.30	0.72	80.6	8.02	6.26	28.1
Investments	24.7	21.7	13.7	104.2	158.3	-34.2

Misc. key figures: Hornbach Holding AG & Co. KGaA Group	November 30, 2019¹⁾	February 28, 2019	± in %
Shareholders' equity as % of total assets	40.4%	50.0%	
Number of DIY stores with garden centers	159	158	0.6
Sales area of DIY stores with garden centers (in 000 m ²)	1,874	1,853	1.1
Number of builders' merchant outlets	33	30	10.0
Number of employees (Hornbach Group)	21,465	21,055	1.9

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

¹⁾ Figures for 2019/20 financial year take due account of first-time application of new IFRS 16 lease accounting requirements. Previous year's figures not adjusted.

²⁾ Excluding currency items

³⁾ Including minority interests pursuant to IFRS