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Hornbach optimistic after record results

Preliminary 2020/21 figures published in March now confirmed upon presentation of DIY Group's Annual Report:

- Strong customer demand drives consolidated sales up 15.4 % to Euro 5.5 billion
- Significant growth in online business
- Adjusted operating earnings (EBIT) rise 44 % to Euro 326 million
- Increased dividend announced for both shares
- Ongoing high demand at start of 2021/22 spring season

Bornheim/Pfalz, May 27, 2021. High demand for construction and DIY products during the coronavirus pandemic brought record results for the Hornbach Group (Hornbach Holding AG & Co. KGaA Group) in its 2020/21 financial year (March 1, 2020 to February 28, 2021). The dynamic sales performance continued in the first three months of the 2021/22 financial year, although in some countries the business performance was affected by strict restrictions on sales. Overall, the company aims to match the previous year's level of sales in the current year.

“Together with the great entrepreneurial spirit and commitment shown by our staff, one crucial factor in our very positive overall performance and our lead over the sector was our interconnected retail strategy. The lockdown periods clearly demonstrated the importance of the close links between our stationary retail and our e-commerce activities. Great flexibility and the rapid response capacity of our stores and logistics were also key in enabling us to satisfy the wishes of our customers so well in this challenging year and despite massive sales restrictions”, explained Erich Harsch, CEO of Hornbach Baumarkt AG, at the Annual Results Press Conference.

The Hornbach Group's net sales grew 15.4 % to Euro 5,456 million in 2020/21. Hornbach Baumarkt AG, the largest operating subgroup which operated 163 locations and online shops in nine countries across Europe at the balance sheet date on February 28, 2021 (2019/20: 160), boosted its sales by 15.6 % to Euro 5,117 million. The DIY stores and garden centers achieved currency-adjusted like-for-like sales growth of 14.7 %, the highest rate since the company's IPO in 1993. The DIY retail business also reported a new record level of average weighted surface productivity, with sales of Euro 2,698 per square meter.

Online sales including click & collect doubled in the 2020/21 financial year and reached around 17 % of sales. Among other factors, this was due to click & collect sales still being allowed for private customers during temporary store closures.

The Hornbach Baustoff Union GmbH subgroup reported sales growth of 12.8 % to Euro 338 million. Sales to commercial customers at the DIY stores and builders' merchant outlets made a major contribution to the Group's growth.

Significant rise in earnings – proposed increase in dividend

Thanks to its strong sales growth, the Hornbach Group significantly increased its operating earnings strength compared with the previous year. EBIT adjusted to exclude non-operating one-off items (adjusted EBIT) showed clearly disproportionate growth compared with sales, rising 43.8 % to Euro 326.4 million (2019/20: Euro 227.0 million). The adjusted EBIT margin climbed from 4.8 % to 6.0 %. At the Hornbach Baumarkt AG subgroup, adjusted EBIT rose 53.3 % to Euro 278.8 million and the adjusted EBIT margin from 4.1 % to 5.4 %. Particularly worth noting is the striking improvement in profitability at the DIY stores in Germany, where the adjusted EBIT margin surged 150 base points to 3.1 %. The Other European Countries region gained further ground at an already high level and increased its adjusted EBIT margin by 130 base points to 8.0 %.

Earnings per Holding share rose from Euro 6.56 to Euro 10.33. The Board of Management and Supervisory Board will propose increasing the dividend from Euro 1.50 to Euro 2.00 for approval by the (virtual) Annual General Meeting of Hornbach Holding AG & Co. KGaA to be held on July 8, 2021. For Hornbach Baumarkt AG, it is planned to increase the dividend from Euro 0.68 to Euro 0.90.

This very strong earnings performance led the operating cash flow to rise from Euro 324.5 million to Euro 346.5 million. At Euro 154.4 million, the Hornbach Group's investments were around 18 % higher in the 2020/21 financial year than in the previous year.

Hornbach expects changes in consumer behavior to last

The start to the 2021/22 spring season was affected by restrictions on sales, which varied from region to region in terms of their strictness and duration, and by changeable weather conditions. However, these factors were countered by ongoing high customer demand across all distribution channels.

“The challenges facing the Hornbach Group in spring have not decreased compared with the situation a year ago. One aspect we believe will endure is the sustainable change in consumer behavior, in which people accord greater importance to their private surroundings at home and in their gardens. That should provide a good foundation for our business performance in 2021/22 while also fueling demand for construction and DIY projects in the longer term”, stressed Albrecht Hornbach, CEO of Hornbach Management AG.

For the 2021/22 financial year as a whole, the Hornbach Group expects consolidated sales on the same scale as in the 2020/21 financial year (Euro 5,456 million). EBIT excluding non-operating earnings items (adjusted EBIT) is expected to fall short of the level posted for the 2020/21 financial year (Euro 326.4 million) but significantly exceed the figure of Euro 227.0 million reported for the pre-pandemic 2019/20 financial year. “How close we get to the record figures for the past 2020/21 financial year will particularly depend on the further progress made in combating Covid 19”, added Albrecht Hornbach.

Four new openings of international DIY stores with garden centers are scheduled for the 2021/22 financial year: Cluj (Romania), Trollhättan (Sweden), Apeldoorn (Netherlands), and Sirnach (Switzerland). In Germany, a new store is set to replace an existing location in Paderborn.

Key figures of the Hornbach Group (Hornbach Holding AG & Co. KGaA Group)

Key figures Hornbach Holding AG & Co. KGaA Group (in Euro million, unless otherwise stated)	2020/21 financial year	2019/20 financial year	± in %
Net sales	5,456.2	4,729.2	15.4
of which Hornbach Baumarkt AG subgroup	5,116.9	4,428.0	15.6
- Germany	2,654.0	2,244.7	18.2
- Other European countries	2,463.0	2,183.4	12.8
Like-for-like sales growth (DIY)	14.7%	7.7%	
of which Hornbach Baustoff Union GmbH subgroup	337.7	299.5	12.8
Gross profit	1,922.8	1,694.2	
Gross margin (as % of net sales)	35.2%	35.8%	
EBIT	311.9	213.8	45.9
Adjusted EBIT¹⁾	326.4	227.0	43.8
of which Hornbach Baumarkt AG subgroup	278.8	181.8	53.3
Consolidated earnings before taxes	266.1	166.2	60.1
Consolidated net income before minority interests	201.4	123.3	63.3
Earnings per Hornbach Holding share (basic/diluted in €)	10.33	6.56	57.5
Investments	154.4	131.2	17.7

Misc. key figures Hornbach Holding AG & Co. KGaA Group	February 28, 2021	February 29, 2020	± in %
Shareholders' equity as % of total assets	44.2%	42.7%	
Number of retail stores ²⁾	163	160	1.9
Sales areas in 000 m ² (BHB)	1,918	1,889	1.6
Number of employees	23,279	21,505	8.2

Differences due to figures being rounded up or down; percentage changes calculated on basis of Euro 000s.

¹⁾ Adjusted to exclude non-operating income and expenses

²⁾ 2020/21 financial year: of which 161 HORNBACK DIY stores with garden centers and two BODENHAUS outlets

Note

The Annual Reports of the Hornbach Holding AG & Co. KGaA Group and the Hornbach Baumarkt AG subgroup for the 2020/21 financial year are available online at: www.hornbach-group.com