

INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

FIRST NINE MONTHS

2011/2012

(MARCH 1 – NOVEMBER 30, 2011)



HORNBACH-BAUMARKT-AG GROUP

Nine-Month Interim Report 2011/2012

(March 1 – November 30, 2011)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	3 rd Quarter 2011/2012	3 rd Quarter 2010/2011	Change %	Nine Months 2011/2012	Nine Months 2010/2011	Change %
Net sales	742.3	712.7	4.1	2,409.8	2,267.9	6.3
of which: in other European countries	314.9	299.7	5.1	1,025.3	953.1	7.6
Like-for-like sales growth	1.0%	4.3%		2.9%	1.8%	
Gross margin as % of net sales	36.7%	36.6%		37.4%	37.2%	
EBITDA	35.8	31.2	15.0	194.9	174.8	11.5
Earnings before interest and taxes (EBIT)	22.1	18.0	23.1	154.3	135.5	13.9
Consolidated earnings before taxes	18.9	12.2	54.8	137.7	123.6	11.4
Consolidated net income	13.9	11.2	24.1	100.9	91.5	10.2
Basic/diluted earnings per share (€) ¹⁾	0.44	0.35	25.7	3.17	2.88	10.1
Investments	24.6	18.0	36.7	73.1	45.1	62.1

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	November 30, 2011	February 28, 2011	Change %
Total assets	1,711.3	1,591.7	7.5
Shareholders' equity	812.2	729.9	11.3
Shareholders' equity as % of total assets	47.5%	45.9%	
Number of stores	134	133	0.8
Sales area in 000 m ² (based on BHB)	1,548	1,514	2.2
Number of employees	13,653	13,162	3.7

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

¹⁾ The earnings per share figure accounts for the retrospective adjustment due to the issue of bonus shares (please see Note 5 in the notes to the financial statements).

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBAACH with further significant earnings growth in third quarter of 2011/2012**
- **DIY group boosts sales year-on-year by 4.1% in third quarter and 6.3% in first nine months**
- **Germany as key growth driver: Like-for-like sales up 6.0% in first nine months**
- **Operating earnings (EBIT) show disproportionate growth: Up 13.9% to € 154.3 million in first nine months**

The HORNBAACH-Baumarkt-AG Group upheld its pleasing sales and earnings growth in the third quarter of 2011/2012 as well, thus further maintaining its successful growth course in the first nine months of the 2011/2012 financial year. Consolidated sales for the period from September 1 to November 30, 2011 grew by 4.1% to € 742.3 million (previous year: € 712.7m). In the first nine months, the Group boosted its sales by 6.3% to € 2,409.8 million at its 134 locations in nine European countries (previous year: € 2,267.9m). On a like-for-like basis, i.e. excluding sales at newly opened stores and store closures, and net of currency items, HORNBAACH improved its sales by 1.0% in the third quarter (including currency items: plus 1.6%) and by 2.9% in the first nine months (including currency items: plus 4.3%). As in the first half already, the strongest growth momentum came from the store network in Germany in particular, which contributed like-for-like sales growth of 3.5% in the third quarter and of plus 6.0% on a cumulative basis. This clearly offset the decline in adjusted sales in parts of the Group's international sales network.

Earnings at the HORNBAACH-Baumarkt-AG Group showed disproportionate growth compared with sales both in the third quarter and in the first nine months as a whole. This improved earnings performance was mainly driven by the like-for-like sales growth in Germany in conjunction with an increase in the gross margin across the Group. The Group's operating earnings (EBIT) grew by 13.9% to € 154.3 million in the first nine months (previous year: € 135.5m). The sales and earnings forecasts for the 2011/2012 financial year as a whole have been confirmed.

Macroeconomic Framework

The period under report was characterized by diffuse figures concerning the underlying macroeconomic framework and expectations as to future economic developments. While key macroeconomic figures in the third calendar quarter of 2011 (July to September) pointed to the global economy being in relatively robust shape, the picture presented by forward-looking confidence indicators deteriorated significantly towards the end of 2011. This was mainly triggered by the renewed intensification in the European sovereign debt crisis, which following countries on the periphery of the EU now also has the core of the euro area in its grip and recently peaked with the threat of downgrades even of countries with the top "AAA" rating - alongside Germany, these also include Finland, France, Luxembourg, the Netherlands and Austria.

According to Eurostat, in the third quarter the European economy maintained the shallow growth curve already seen in the second quarter. Real-term gross domestic product (GDP) thus grew in Q3 by 0.3% in the EU (Q2: 0.2%) and by 0.2% in the euro area (Q2: 0.2%). Consistent with the overall European context, the economies in those European countries in which the HORNBAACH-Baumarkt-AG Group operates also showed disparate developments. Key growth contributions came from Germany, where real-term GDP picked up slightly to plus 0.5% in the third quarter following plus 0.3% in the second quarter.

Based on the country data available for the third quarter, macroeconomic output also improved compared with the previous quarter in Romania and Sweden. Economic developments in Slovakia and the Czech Republic remained stable. The positive growth rates slipped in Austria and Switzerland, while a 0.3% decline in real-term GDP was reported for the Netherlands in Q3.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers

Percentage change on previous quarter Source: Eurostat (calendar year figures)	4 th Quarter 2010	1 st Quarter 2011	2 nd Quarter 2011	3 rd Quarter 2011
Germany	0.5	1.3	0.3	0.5
Luxembourg	1.0	0.2	0.3	n.a.
Netherlands	0.6	0.7	0.2	-0.3
Austria	1.0	0.9	0.5	0.3
Romania	0.5	1.2	0.9	1.8
Slovakia	0.8	0.8	0.8	0.8
Sweden	1.2	0.7	1.0	1.6
Switzerland	0.4	0.4	0.5	0.2
Czech Republic	0.5	0.9	0.1	0.0
Euro area (EA17)	0.3	0.8	0.2	0.2
EU27	0.2	0.7	0.2	0.3

Earnings, Financial and Net Asset Situation*

Development in HORNBACH's store network

The Group's expansion program for the current financial year (March 1, 2011 to February 29, 2012) was completed with the opening of a new store at the Sinsheim location (Baden-Württemberg) in the third quarter of 2011/2012. This store replaces the nearby previous location no longer meeting the latest requirements. Including the stores newly opened this year in Plzeň und Ostrava (both in the Czech Republic) and the scheduled closure of the standalone garden center in Neunkirchen (Saarland), HORNBACH was operating a total of 134 retail outlets across the Group as of November 30, 2011 (February 28, 2011: 133). Of these, 91 stores are in Germany and 43 in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group amounted to around 1,548,000 m² as of November 30, 2011, while the HORNBACH DIY megastores with garden centers had an average size of around 11,600 m².

Sales performance

The sales performance of the HORNBACH-Baumarkt-AG Group gained momentum once more in the third quarter of 2011/2012 compared with the previous quarter. Consolidated sales for the period from September 1 to November 30, 2011 grew by 4.1% to € 742.3 million (previous year: € 712.7m). On a like-for-like basis, i.e. excluding new store openings and closures, and adjusted for currency items HORNBACH's sales improved year-on-year by 1.0%. With growth of 4.3%, the previous year's quarter (Q3) had set a high standard to be matched in this respect. Including currency items for the non-euro countries of Romania, Sweden, Switzerland, and the Czech Republic, like-for-like sales improved by 1.6% in the third quarter of 2011/2012.

Consolidated sales for the first nine months (March 1 to November 30, 2011) increased by 6.3% to € 2,409.8 million (previous year: € 2,267.9m). Like-for-like sales net of currency items showed cumulative growth of 2.9%. Including currency items, the HORNBACH-Baumarkt-AG Group reported like-for-like sales growth of 4.3%.

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

As already in the first half, the Group's nine-month sales performance was characterized by disparate developments between regions.

■ Germany

The German HORNBAACH stores remained one of the Group's key growth drivers in the third quarter as well. Sales in Germany grew by 3.5% to € 427.4 million (previous year: € 413.0m), following growth of 1.0% in the previous quarter. The rate of like-for-like growth also picked up noticeably, rising from 2.2% in the second quarter to 3.5% in the quarter under report. HORNBAACH thus managed to clearly exceed the high previous year's figure (plus 6.4%). The DIY business benefited from favorable weather conditions in the fall months. Sales in Germany for the first nine months of the current financial year grew by 5.3% to € 1,384.5 million (previous year: € 1,314.8m). Like-for-like, the Group's domestic sales rose by 6.0% over the same period.

So far, the negative news surrounding the European sovereign debt crisis has clearly not inhibited consumer confidence among German home builders, DIY enthusiasts and gardening fans. Residential construction has proven to be one of the factors driving the domestic economy to date. Given ever new lows in terms of mortgage financing rates, the strong level of demand for residential property has continued. The pleasing state of the German labor market and noticeable pay rises have also provided consumers with greater incentives to invest in new construction and renovation projects, and thus in inflation-proof assets. With its unmistakable retail format based on product range and service competence, HORNBAACH focuses in particular on the needs of this project customer target group, and thus continued to benefit disproportionately from the positive overall trend in the nine-month reporting period. HORNBAACH's domestic like-for-like sales exceeded the German sector average by more than five percentage points in the comparative period from March to November 2011.

■ Other European countries

Sales at the HORNBAACH DIY megastores with garden centers outside Germany grew by 5.1% to € 314.9 million in the third quarter of 2011/2012 (previous year: € 299.7m). Sales in other European countries for the first nine months of 2011/2012, including sales at newly opened stores, grew by 7.6% to € 1,025.3 million (previous year: € 953.1m). Due to the Group's expansion, the international share of consolidated sales at HORNBAACH-Baumarkt-AG rose from 42.0% to 42.5% by the end of the first nine months.

Unlike the German DIY market, stores in other European countries proved less resistant to the crisis in the third quarter. The renewed decline in consumer confidence due to the effects of the financial and sovereign debt crisis was especially noticeable in those EU member states under great pressure to consolidate their public spending. Consumers were correspondingly cautious with their spending, a development also reflected in the Group's like-for-like sales performance. This reticence was clearly apparent in the East European countries within HORNBAACH's network (Romania, Slovakia, Czech Republic), although the rate of decline slowed compared with the second quarter. In Western Europe (excluding Germany), HORNBAACH largely managed to maintain the high level of sales built up in previous years in the third quarter as well.

Overall, like-for-like sales in other European countries net of currency items fell slightly short of the previous year's figure, and were reported at minus 2.4% for the third quarter and minus 1.1% for the first nine months. Including currency items, sales showed a decline of 0.9% in the third quarter and growth of 2.1% in the first nine months. Based on the sector data available, HORNBAACH has also significantly outperformed its competitors in most countries outside Germany in the course of the 2011/2012 financial year to date, thus managing to acquire further market share even in a tough macroeconomic climate.

Earnings performance

The following information refers to the earnings performance of the HORNBAACH-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 to the financial statements (Page 17).

3rd quarter of 2011/2012

Driven by the pleasing development in sales, HORNBAACH further improved its earnings performance in the third quarter. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period from September to November 2011 increased by 15.0% to € 35.8 million (previous year: € 31.2m). Operating earnings (EBIT) rose by 23.1% to € 22.1 million (previous year: € 18.0m). Thanks to a lower interest charge and positive currency items, net financial expenses improved from minus € 5.8 million to minus € 3.2 million, leading earnings before taxes to surge by 54.8% to € 18.9 million (previous year: € 12.2m). Net income for the period grew by 24.1% to € 13.9 million (previous year: € 11.2m). The lower increase in earnings after taxes compared with consolidated earnings before taxes is chiefly due a tax refund claim of € 3.0 million recognized in the equivalent quarter in the previous year. Quarterly earnings per share are reported at € 0.44 (previous year: € 0.35).

First nine months of 2011/2012

HORNBAACH posted disproportionate earnings growth compared with sales in the first nine months of 2011/2012. This was chiefly driven by like-for-like sales growth in Germany in conjunction with a group-wide improvement in the gross margin. As a percentage of net sales, the gross profit rose slightly from 37.2% to 37.4%. The main reasons for the rise in the gross margin were the positive impact of exchange rate movements on international procurement, changes in the product range, and a slight rise in average retail prices. These factors more than compensated for increased procurement prices. The Group's selling and store expenses increased by 4.3% to € 655.8 million (previous year: € 628.6m), and thus less rapidly than consolidated sales. As a percentage of net sales (store expense ratio), selling and store expenses reduced from 27.7% to 27.2%. Due to the Group's expansion, pre-opening expenses grew by € 2.4 million to € 6.1 million (or 0.25% of sales). Driven mainly by expenses incurred for central forward-looking projects, such as online retail, the administration expense ratio of 3.9% was slightly up on the previous year's figure (3.8%).

EBITDA for the first nine months of 2011/2012 increased by 11.5% to € 194.9 million (previous year: € 174.8m). The Group's operating earnings (EBIT) increased by 13.9% to € 154.3 million (previous year: € 135.5m). Due mainly to negative currency items of € 2.8 million (previous year: plus € 4.4 m), the net financial expenses of the HORNBAACH-Baumarkt-AG Group deteriorated from minus € 11.9 million to minus € 16.6 million. Consolidated earnings before taxes rose by 11.4% to € 137.7 million (previous year: € 123.6m). Net income for the period grew by 10.2% to € 100.9 million (previous year: € 91.5m), while earnings per share for the first nine months were reported at € 3.17 (previous year: € 2.88).

Financial and net asset position

The Group invested € 73.1 million in the first nine months of 2011/2012 (previous year: € 45.1m). Of this total, around 55% was invested in land and buildings, while the remainder was channeled into plant and operating equipment at new and existing stores, as well as into intangible assets (predominantly IT software). Investments were financed in full from the cash flow of € 184.5 million from operating activities (previous year: € 201.5m). Further details about the financing and investment activities of the HORNBAACH-Baumarkt-AG Group can be found in the cash flow statement on Page 11.

Total assets grew to € 1,711.3 million as of November 30, 2011, up 7.5%, or € 119.6 million, on the balance sheet date on February 28, 2011. This increase was mainly due to the rise in cash and cash equivalents by € 86.3 million to € 508.9 million and in property, plant and equipment by € 32.6 million to € 625.7 million. Equity posted grew by 11.3%, or € 82.3 million, compared with the balance sheet date to reach € 812.2 million. As a result, the equity ratio rose from 45.9% to 47.5%. As of November 30, 2011, cash and cash equivalents (€ 508.9m) exceeded financial debt (€ 430.6m) by € 78.3 million. By comparison, the net financial debt of the HORNBAACH-Baumarkt-AG Group as of February 28, 2011 amounted to € 17.8 million.

Employees

At the reporting date on November 30, 2011, 13,653 individuals across Europe were in fixed employment at HORNBAACH-Baumarkt-AG or one of its subsidiaries (February 28, 2011: 13,162).

Outlook

The assessment of the global economic outlook for 2012 has become notably more pessimistic compared with the forecasts made in mid-2011. Bank economists have repeatedly corrected their expectations downwards. The European Central Bank (ECB) expects the euro area economy to more or less stagnate, and at worst even to enter a slight recession, and has reduced its growth forecast for 2012 1.3% to 0.3%. The outlook is overshadowed by great insecurity and significant downward risks mainly resulting from the interaction between the euro debt crisis and resultant reactions on financial markets on the one hand and developments in the real economy and consumer confidence on the other.

Based on the information available in December 2011, it was difficult to assess the extent to which future levels of consumer confidence would be harmed by the crisis in confidence and doubts in the political problem-solving competence within the European Union. Opportunities for consumer spending were also apparent, however, not least on account of the decline in inflation, persistently low mortgage financing rates, and the trend towards acquiring assets of lasting value, developments from which the construction and renovation sectors and DIY retail stand to benefit in the coming months.

Accounting for the opportunities and risks identifiable upon the preparation of this report, the sales and earnings forecast for the 2011/2012 financial year as a whole, most recently affirmed in the 2011/2012 Half-Year Financial Report, remains valid. Accordingly, sales at the HORNBAACH-Baumarkt-AG Group are expected to show growth in a medium single-digit percentage range. The Board of Management continues to expect the operating earnings (EBIT) of the HORNBAACH-Baumarkt-AG Group to exceed the figure reported for the 2010/2011 financial year (€ 119.1m).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	3 rd Quarter 2011/2012	3 rd Quarter 2010/2011	Change %	Nine Months 2011/2012	Nine Months 2010/2011	Change %
Sales	742.3	712.7	4.1	2,409.8	2,267.9	6.3
Cost of goods sold	469.8	451.6	4.0	1,508.5	1,423.7	6.0
Gross profit	272.5	261.1	4.3	901.3	844.3	6.8
Selling and store expenses	219.5	212.2	3.4	655.8	628.6	4.3
Pre-opening expenses	1.1	2.1	(47.6)	6.1	3.7	66.0
General and administration expenses	32.2	29.1	10.6	94.8	86.5	9.6
Other income and expenses	2.5	0.3		9.7	10.0	(3.0)
Earnings before interest and taxes (EBIT)	22.1	18.0	23.1	154.3	135.5	13.9
Other interest and similar income	1.8	1.1	70.3	4.9	2.5	91.2
Other interest and similar expenses	6.0	6.4	(7.7)	18.5	18.3	1.0
Other financial result	0.9	(0.4)		(3.0)	3.9	
Net financial expenses	(3.2)	(5.8)	(44.3)	(16.6)	(11.9)	40.3
Consolidated earnings before taxes	18.9	12.2	54.8	137.7	123.6	11.4
Taxes on income	5.0	1.0		36.8	32.1	14.7
Consolidated net income	13.9	11.2	24.1	100.9	91.5	10.2
Basic/diluted earnings per share (€)	0.44	0.35	25.7	3.17	2.88	10.1

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

Statement of Comprehensive Income for the Period

€ million	Nine Months 2011/2012	Nine Months 2010/2011
Consolidated net income	100.9	91.5
Measurement of derivative financial instruments (cash flow hedge)		
Measurement of derivative hedging instruments directly in equity	(6.7)	1.7
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	1.3	2.0
Exchange differences arising on the translation of foreign subsidiaries	1.3	10.0
Deferred taxes on gains and losses recognized directly in equity	1.4	(1.1)
Other comprehensive income	(2.7)	12.6
Total comprehensive income	98.2	104.1

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	November 30, 2011		February 28, 2011	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	17.8	1.0	20.5	1.3
Property, plant, and equipment	625.7	36.6	593.1	37.3
Investment property	5.5	0.3	6.0	0.4
Financial assets	1.2	0.0	1.2	0.0
Non-current receivables and other assets	3.9	0.2	3.0	0.2
Non-current income tax receivables	7.4	0.4	9.0	0.6
Deferred tax assets	6.9	0.4	7.9	0.5
	668.3	39.1	640.6	40.2
Current assets				
Inventories	453.3	26.5	459.5	28.9
Other receivables and assets	67.8	4.0	60.7	3.8
Income tax receivables	8.3	0.5	3.2	0.2
Cash and cash equivalents	508.9	29.7	422.6	26.5
Non-current assets held for sale and disposal groups	4.7	0.3	5.1	0.3
	1,042.9	60.9	951.1	59.8
	1,711.3	100.0	1,591.7	100.0

Equity and liabilities	November 30, 2011		February 28, 2011	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	95.4	5.6	47.7	3.0
Capital reserve	143.6	8.4	143.6	9.0
Revenue reserves	573.1	33.5	538.5	33.8
	812.2	47.5	729.9	45.9
Non-current liabilities				
Non-current financial debt	409.6	23.9	339.1	21.3
Provisions for pensions	0.5	0.0	0.5	0.0
Deferred tax liabilities	35.6	2.1	37.1	2.3
Other non-current liabilities	26.7	1.6	24.2	1.5
	472.5	27.6	400.9	25.2
Current liabilities				
Current financial debt	21.0	1.2	101.3	6.4
Trade payables and other liabilities	306.0	17.9	263.3	16.5
Income tax liabilities	43.5	2.5	29.1	1.8
Other provisions and accrued liabilities	56.1	3.3	67.2	4.2
	426.6	24.9	460.9	29.0
	1,711.3	100.0	1,591.7	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

Nine Months 2010/2011 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2010	47.7	143.6	(3.5)	12.4	454.5	654.7
Consolidated net income					91.5	91.5
Measurement of derivative financial instruments (cash flow hedge), net after taxes			2.6			2.6
Foreign currency translation				10.0		10.0
Total comprehensive income			2.6	10.0	91.5	104.1
Dividend distribution					(15.9)	(15.9)
Balance at November 30, 2010	47.7	143.6	(0.9)	22.4	530.1	742.9

Nine Months 2011/2012 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2011	47.7	143.6	1.5	25.1	512.0	729.9
Consolidated net income					100.9	100.9
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(3.9)			(3.9)
Foreign currency translation				1.3		1.3
Total comprehensive income			(3.9)	1.3	100.9	98.2
Dividend distribution					(15.9)	(15.9)
Issue of bonus shares	47.7				(47.7)	0.0
Balance at November 30, 2011	95.4	143.6	(2.5)	26.4	549.2	812.2

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	Nine Months 2011/2012	Nine Months 2010/2011
Consolidated net income	100.9	91.5
Depreciation and amortization of non-current assets	41.4	39.3
Change in provisions	3.0	0.2
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.1)	(0.1)
Change in inventories, trade receivables and other assets	(6.4)	(7.5)
Change in trade payables and other liabilities	44.2	78.5
Other non-cash income/expenses	1.6	(0.5)
Cash flow from operating activities	184.5	201.5
Proceeds from disposal of non-current assets and of non-current assets held for sale	3.5	35.1
Payments for investments in property, plant, and equipment	(62.5)	(39.3)
Payments for investments in intangible assets	(2.4)	(5.8)
Payments for acquisitions of shareholdings and other business units	(8.1)	0.0
Cash flow from investing activities	(69.6)	(10.0)
Dividends paid	(15.9)	(15.9)
Proceeds from taking up long-term debt	80.0	40.0
Repayment of long-term debt	(89.7)	(11.4)
Payments for transaction costs	(1.8)	(0.6)
Change in current financial debt	(1.9)	(2.5)
Cash flow from financing activities	(29.2)	9.5
Cash-effective change in cash and cash equivalents	85.7	201.0
Change in cash and cash equivalents due to changes in exchange rates	0.6	0.6
Cash and cash equivalents at March 1	422.6	295.6
Cash and cash equivalents at November 30	508.9	497.2

Rounding up or down may lead to discrepancies between totals.

The cash flow from operating activities was reduced by € 26.1 million on account of income tax payments (previous year: € 13.1m) and by € 21.6 million on account of interest payments (previous year: € 23.0m) and increased by € 4.9 million on account of interest received (previous year: € 2.5m).

Notes to the Interim Consolidated Financial Statements

(1) Accounting principles

This unaudited group interim report of HORNBACH-Baumarkt-AG and its subsidiaries for the first nine months as of November 30, 2011 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 accounting principles applied in the preparation of this interim report are basically consistent with those applied in the consolidated financial statements as of February 28, 2011. Furthermore, the HORNBACH Group has applied all of the new and revised International Financial Reporting Standards and Interpretations of the International Financial Reporting Interpretations Committee requiring application from the 2011/2012 financial year - to the extent that these are relevant for the HORNBACH-Baumarkt-AG Group. These new or revised requirements requiring first-time application have not had any material implications for the Group's net asset, financial or earnings position. The Group has made additional application of IAS 34 "Interim Financial Reporting". Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first nine months 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 2010/2011 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).

(2) Scope of consolidation

The companies Hornbach Real Estate Amsterdam-Sloterdijk B.V., Amsterdam (Netherlands), and TIM HB S.R.L., Timisoara Bd. (Romania), were included in the consolidated financial statements for the first time in the first nine months of 2011/2012.

(3) Seasonal influences

Due to weather conditions, the HORNBACH-Baumarkt-AG Group generally reports a weaker business performance in the autumn and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first nine months. The business performance for the first nine months as of November 30, 2011 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	3 rd Quarter 2011/2012	3 rd Quarter 2010/2011	Change %
Other income	5.0	4.6	8.0
Other expenses	2.5	4.4	(42.1)
Other income and expenses	2.5	0.3	

€ million	Nine Months 2011/2012	Nine Months 2010/2011	Change %
Other income	15.0	16.3	(8.3)
Other expenses	5.3	6.3	(16.6)
Other income and expenses	9.7	10.0	(3.0)

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

The other income reported for the first nine months of 2011/2012 includes operating income of € 13.9 million (previous year: € 16.1m) and non-operating income of € 1.1 million (previous year: € 0.2m). Operating income mainly consists of advertising grants, ancillary revenues at the DIY stores with garden centers, and income from allocations within the HORNBACH HOLDING AG Group. The non-operating income for the first nine months of 2011/2012 mainly consists of an amount of € 0.9 million due to write-ups in the real estate segment. Of this sum, € 0.7 million relates to two pieces of land disposed of in the current financial year and € 0.2 million relates to a piece of land held for sale. The write-ups have been based on contractually agreed sale prices. The non-operating income for the first nine months of 2010/2011 resulted from the sale of a DIY store property. This was leased back on a long-term basis together with the relevant land within the framework of an operating lease. There is the option of extending the letting period following expiry of the fixed term. The DIY store property and land were previously classified as held for sale.

The other expenses for the first nine months of 2011/2012 consist of operating expenses of € 2.3 million (previous year: € 5.7m) and non-operating expenses of € 3.0 million (previous year: € 0.6m). Operating expenses mainly involve losses incurred in connection with damages, write-downs of receivables, and losses on the disposal of non-current assets. The operating expenses for the previous year also included expenses of € 3.8 million in connection with the recognition of a provision for refund claims expected from an energy-related services provider. This item was attributable to a reassessment of the potential risk of this claim being drawn on. The non-operating expenses for the first nine months of 2011/2012 include an amount of € 1.5 million allocated to a provision for refurbishment obligations in connection with a DIY store property sold and let back and an amount of € 0.7 million for the redevelopment agreement intended for historic burdens in connection with a DIY property owned by the Group. Furthermore, this item also includes expenses of € 0.5 million for investment projects not subject to further development and impairment losses of € 0.1 million due to the write-down of a property held for sale to its expected net sale proceeds. The impairment losses have been recognized in the real estate segment. The non-operating expenses for the previous year related to an amount of € 0.6 million in connection with the unscheduled write-down of goodwill in the retail segment.

(5) 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.

Bonus shares were issued to all shareholders in HORNBACH-Baumarkt-AG at a ratio of 1:1 on July 29, 2011 (please also see Note 8). The total number of shares in HORNBACH-Baumarkt-AG has doubled from 15,903,500 to 31,807,000 as a result. The calculation of earnings per share has been retrospectively adjusted to account for this change.

Basic earnings per share

	3rd Quarter 2011/2012	3rd Quarter 2010/2011
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	13.9	11.2
Earnings per share in €	0.44	0.35

	Nine Months 2011/2012	Nine Months 2010/2011
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	100.9	91.5
Earnings per share in €	3.17	2.88

(6) Taxes on income

Due to the 2010 Tax Amendment Act, corporate income tax refund claims were capitalized in the first nine months of the previous year for items previously deemed irrecoverable. The discounted income of € 3.0 million resulting from the first-time capitalization of these claims has been recognized in the previous year's figure for taxes on income.

(7) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 373.6 million at the end of the first nine months as of November 30, 2011 (previous year: € 350.5m).

Depreciation and amortization totaling € 41.4 million was recognized on intangible assets and property, plant and equipment at the HORNBACH-Baumarkt-AG Group in the first nine months of the 2011/2012 financial year (previous year: € 39.3m).

(8) Shareholders' equity**Increase in share capital from company funds by issuing bonus shares**

One of the resolutions adopted by the Annual General Meeting of HORNBACH-Baumarkt-AG held on July 7, 2011 involved increasing the company's share capital from company funds by issuing bonus shares. The resolution and corresponding amendment to the Articles of Association have since been entered in the Commercial Register. The bonus shares have been accounted for in the company's stock market listing since July 29, 2011.

Due to the issue of bonus shares at a ratio of 1:1, the total number of HORNBACH-Baumarkt-AG shares has doubled. The share capital of HORNBACH-Baumarkt-AG, now also doubled, amounts to € 95,421,000.00 and is divided into 31,807,000 individual shares with a prorated nominal value of € 3.00 per share.

Employee shares

On June 27, 2011, the Board of Management of HORNBAACH-Baumarkt-AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 25,000 treasury stock shares. Accounting for the aforementioned bonus shares, this corresponds to 50,000 individual shares. The buyback of shares was begun on July 8, 2011 and ended on September 6, 2011, with 40,088 treasury stock shares being acquired in total. Of these, 35,320 shares were issued to employees in November 2011. The remaining shares were resold.

The repurchase of shares pursuant to this management board resolution was 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 HORNBAACH-Baumarkt-AG, following approval by the Annual General Meeting on July 7, 2011 a dividend of € 1.00 per share was distributed to shareholders for the 2010/2011 financial year.

(10) Financial debt

HORNBAACH-Baumarkt-AG took up a syndicated credit line of € 250 million in the third quarter of the 2011/2012 financial year. This facility, which has a five-year term, serves to prematurely replace the existing syndicated credit line of € 200 million at HORNBAACH-Baumarkt-AG scheduled to mature in June 2013. To ensure constant availability of credit lines, it was agreed that the new credit line would take effect within a period of 15 banking days, i.e. as of December 14, 2011, and that the termination of the former credit line would take effect as of the same date.

The credit line may also be drawn down up to an amount of € 25 million in foreign currencies, and particularly in CHF, SEK and CZK. Moreover, supplementary bilateral loan agreements of up to € 50 million may also be agreed (also in foreign currencies) within the credit framework.

Any amounts drawn down from the credit line are charged interest based on the 3-month or 6-month EURIBOR or the corresponding IBOR plus an interest margin. The relevant interest margin is determined based on the rating granted to HORNBAACH-Baumarkt-AG by an internationally recognized rating agency. Margin premiums are charged for utilization rates above specified thresholds and for utilization in foreign currencies. A provision fee based on the respective interest margin is charged for the unutilized portion of the credit line.

Customary bank covenants were agreed for the syndicated loan. By analogy with the previous credit line, interest cover (EBITDA/gross interest expenses) of at least 2.25 and an equity ratio of at least 25% must be met on the level of the HORNBAACH-Baumarkt-AG Group. Furthermore, alongside the warranties, guarantees and disclosure duties customary for such financial transactions, the Group also committed itself not to perform specified actions or measures. These relate in particular to compliance with maximum limits for the encumbrance of assets, financing facilities secured by land charges, and the taking up of financial debt by subsidiaries. There are also limits on the volume of loans which may be granted to third parties outside the HORNBAACH-Baumarkt-AG Group.

In the first nine months of the previous year, the HORNBAACH-Baumarkt-AG Group concluded promissory note bond agreements with a total volume of € 120 million in two tranches.

The first tranche involves two promissory note bonds with an equivalent value of € 20 million each, which were taken up in CZK and CHF respectively. These promissory note bonds have floating interest rates based on the 6-month CZK PRIBOR and CHF LIBOR, plus a bank margin, and are due for repayment at the end of a five-year term. The funds serve to refinance investments made in the respective currencies.

The second tranche relates to a syndicated credit line of € 80 million to be utilized in the form of a (forward) promissory note bond with a five-year term from June 30, 2011. The funds are to be used to refinance the existing promissory note bond. Commitment interest had to be paid for the period until this promissory note bond, which is repayable upon maturity, was drawn down. Following drawdown, the promissory note bond has a floating interest rate based on the 6-month EURIBOR, plus a bank margin. The syndicated credit line was drawn down by way of the aforementioned promissory note bond on schedule as of June 30, 2011.

Customary bank covenants were agreed for the promissory note bonds. By analogy with the existing syndicated credit line, interest cover (EBITDA/gross interest expenses) of at least 2.25 and an equity ratio of at least 25% must be met on the level of the HORNBAACH-Baumarkt-AG Group. Furthermore, maximum limits were also agreed, particularly in respect of financing facilities secured by land charges and the taking up of financial debt by subsidiaries of HORNBAACH-Baumarkt-AG.

To secure the level of interest, congruent swaps and a forward swap were also agreed upon the conclusion of the aforementioned promissory note bond agreements. These interest swaps enable the floating interest payments based on the 6-month CZK PRIBOR, CHF LIBOR and EURIBOR rates, payable in each case on a half-yearly basis throughout the terms, to be converted into fixed interest payments. As each of these promissory note bond transactions meets the requirements for hedge accounting, changes in the value of the swaps are reported in the hedging reserve.

All material obligations requiring compliance are regularly monitored within the Group's internal risk management framework, with suitable countermeasures being taken early should the relevant figures fall short of specified targets. The agreed covenants offer sufficient entrepreneurial room for maneuver and have to date been complied with at all times.

(11) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBAACH-Baumarkt-AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 1,120.8 million at the end of the first nine months as of November 30, 2011 (February 28, 2011: € 1,179.4m).

(12) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBAACH-Baumarkt-AG also has direct or indirect relationships with associated companies when performing its customary business activities. These include the parent company, HORNBAACH 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 nine months of 2011/2012.

(13) Events after the end of the quarter under report

As of December 14, 2011, a syndicated credit line of € 200 million scheduled to mature in June 2013 was prematurely replaced by a new syndicated credit line of € 250 million. Further details about this can be found in Note 10.

(14) Segment report

Nine Months 2011/2012 in € million Nine Months 2010/2011 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH- Baumarkt-AG Group
Segment sales	2,409.2	99.1	(98.4)	2,409.8
	2,267.2	93.6	(92.9)	2,267.9
Sales to third parties	2,409.1	0.0	0.0	2,409.1
	2,267.2	0.0	0.0	2,267.2
Sales to affiliated companies	0.1	0.0	0.0	0.1
	0.1	0.0	0.0	0.1
Rental income from third parties	0.0	0.7	0.0	0.7
	0.0	0.7	0.0	0.7
Rental income from affiliated companies	0.0	98.4	(98.4)	0.0
	0.0	92.9	(92.9)	0.0
Segment earnings (EBIT)	141.8	29.9	(17.4)	154.3
	125.5	26.0	(16.0)	135.5
Depreciation and amortization/write-ups	25.7	8.4	6.4	40.5
	24.5	8.4	6.4	39.3
EBITDA	167.5	38.3	(11.0)	194.9
	150.0	34.4	(9.6)	174.8
Segment assets	715.9	499.9	472.9	1,688.7
	745.7	469.0	405.2	1,619.9
of which: credit balances at banks	52.6	0.0	436.1	488.7
	106.6	0.0	371.3	478.0

Reconciliation in € million	Nine Months 2011/2012	Nine Months 2010/2011
Segment earnings (EBIT) before "Headquarters and consolidation"	171.7	151.5
Headquarters	(17.4)	(16.0)
Net financial expenses	(16.6)	(11.9)
Consolidated earnings before taxes	137.7	123.6

Rounding up or down may lead to discrepancies between totals.

Bornheim, December 22, 2011

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2012

March 22, 2012	Trading Statement 2011/2012
May 24, 2012	Annual Results Press Conference 2011/2012 DVFA Analysts' Conference for HORNBACH-Baumarkt-AG Publication of Annual Report
June 28, 2012	Interim Report: 1 st Quarter of 2012/2013 as of May 31, 2012
July 5, 2012	Annual General Meeting of HORNBACH-Baumarkt-AG Festhalle Landau, Landau/Pfalz
September 27, 2012	Half-Year Financial Report 2012/2013 as of August 31, 2012
December 21, 2012	Interim Report: 3 rd Quarter of 2012/2013 as of November 30, 2012

Investor Relations

Axel Müller

Tel: (+49) 0 63 48 / 60 - 24 44

Fax: (+49) 0 63 48 / 60 - 42 99

invest@hornbach.com

Internet: www.hornbach-group.com

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 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.