INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

FIRST NINE MONTHS 2013/2014

(MARCH 1 – NOVEMBER 30, 2013)

HORNBACH

Es gibt immer was zu tun.

HORNBACH-BAUMARKT-AG GROUP

Nine-Month Interim Report 2013/2014

(March 1, – November 30, 2013)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	3rd Quarter 2013/2014	3rd Quarter 2012/2013	Change %	Nine Months 2013/2014	Nine Months 2012/2013	Change %
Net sales	**788.1**	**746.4**	**5.6**	**2,500.6**	**2,428.3**	**3.0**
of which in other European countries	331.3	322.3	2.8	1,058.0	1,032.9	2.4
Like-for-like sales growth	4.6%	(2.0)%		0.8%	(0.8)%	
Gross margin as % of net sales	36.8%	36.3%		37.2%	37.3%	
EBITDA	33.8	21.4	58.1	170.0	174.9	(2.8)
Earnings before interest and taxes (EBIT)	**20.1**	**7.2**	**177.6**	**128.7**	**133.1**	**(3.3)**
Consolidated earnings before taxes	16.2	(0.6)	-	115.6	114.6	0.9
Consolidated net income	10.9	(0.4)	-	79.7	82.1	(2.9)
Basic/diluted earnings per share (€)	0.34	(0.01)	-	2.51	2.58	(2.7)
Investments	14.6	38.2	(61.8)	49.8	90.9	(45.3)

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	November 30, 2013	February 28, 2013	Change %
Total assets	1,716.0	1,597.4	7.4
Shareholders' equity	881.9	823.2	7.1
Shareholders' equity as % of total assets	51.4%	51.5%	
Number of stores	141	138	2.2
Sales area in 000 m² (based on BHB)	1,642	1,598	2.8
Number of employees	14,685	14,222	3.3

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

[1] Previous year's figures adjusted due to IAS 19R; please see Note [1].

INTERIM GROUP MANAGEMENT REPORT

Summary

- **Race to catch up successfully maintained in third quarter of 2013/2014**
- **HORNBACH-Baumarkt-AG increases nine-month consolidated sales by 3.0% to € 2.5 billion**
- **Like-for-like sales show pleasing momentum in Germany and other European countries**
- **Earnings shortfall from first quarter largely made up – at € 128.7 million, EBIT slightly down on previous year**
- **With three new store openings in first nine months, HORNBACH had 141 locations across Europe on November 30, 2013**

The HORNBACH-Baumarkt-AG Group maintained its growth course and generated sharply disproportionate earnings growth in the third quarter of the 2013/2014 financial year. By the end of the first nine months, the company thus succeeded in making up for almost all the weather-related shortfall in earnings from the first quarter.

Consolidated sales in the period from September 1 to November 30, 2013 grew by 5.6% to € 788.1 million (2012/2013: € 746.4 million). In the first nine months of 2013/2014, the 141 HORNBACH DIY megastores with garden centers in nine European countries increased their consolidated sales by 3.0% to € 2,500.6 million (2012/2013: € 2,428.3 million). On a like-for-like basis and net of currency items, third-quarter sales were 4.6% ahead of the previous year's figure. This like-for-like sales growth was driven by the stores both in Germany and in other European countries. Thanks to this pleasing performance, adjusted consolidated sales for the first nine months returned to positive territory (0.8%), following a downturn of 0.8% in the first half of the financial year.

The strongest growth momentum was seen in Germany. Sales here for the period from September to November 2013 grew by 7.7% to € 456.8 million (2012/2013: € 424.1 million). Like-for-like sales for the same period rose by 7.0%. Cumulative sales for the first nine months increased by 3.4% to € 1,442.6 million (2012/2013: € 1,395.4 million), and by 2.6% on a like-for-like basis. HORNBACH's stores in Germany thus continued to significantly outperform the sector average and expanded their market share.

Sales outside Germany (other European countries) grew by 2.8% to € 331.3 million in the third quarter of 2013/2014 (2012/2013: € 322.3 million) and by 2.4% to € 1,058 million (2012/2013: € 1,032.9 million) in the nine-month period. Like-for-like sales net of currency items also showed pleasing momentum in other European countries, rising by 1.5% in the third quarter, compared with growth of 0.5% in the previous quarter. As a result, adjusted sales growth improved from minus 2.9% in the first half of the year to minus 1.5% in the first nine months.

Thanks in particular to its pleasing like-for-like sales growth in conjunction with a higher gross margin, the HORNBACH-Baumarkt-AG Group significantly improved its earnings performance in the third quarter of 2013/2014. Consolidated operating earnings (EBIT) for the third quarter rose from € 7.2 million in the previous year to € 20.1 million, thus totaling € 128.7 million by the end of the first nine months (2012/2013: € 133.1 million). The year-on-year shortfall in EBIT, which at the end of the first six months had still amounted to € 17.2 million (minus 13.7%), therefore reduced to € 4.4 million (minus 3.3%) at the end of the first nine months. Nine-month earnings per share are reported at € 2.51 (2012/2013: € 2.58).

The HORNBACH-Baumarkt-AG Group's full-year forecast for 2013/2014 continues without amendment to provide for slight sales growth and for EBIT at more or less the level seen in the 2012/2013 financial year (€ 99.3 million).

Macroeconomic Framework

According to the Bundesbank assessment, in the third quarter of the 2013 calendar year the global economy slightly exceeded the moderate rate of growth seen in the spring and is expected to maintain this course in the final quarter. Macroeconomic output in Europe showed slightly more subdued developments. According to figures released by Eurostat, seasonally-adjusted real-term gross domestic product (GDP) in the European Union as a whole (EU 28) improved by 0.2% in the third quarter of 2013 compared with the previous quarter, following growth of 0.4% in the second quarter. GDP in the euro area (EA 17) grew by 0.1% in the third quarter of 2013 (second quarter: 0.3%). Domestic demand is thought to have generated growth momentum once again in the summer months. Factors indicating a moderate rise in private consumer spending include the slight increase in real-term retail sales and the ongoing improvement in confidence levels among European consumers. What's more, construction output rose sharply.

The macroeconomic framework in the countries outside Germany in which the HORNBACH-Baumarkt-AG Group operates largely showed positive developments in the third quarter and outperformed the European average. Based on the macroeconomic data available upon completion of this report, only the Czech Republic reported a downturn in economic output (minus 0.5%). By contrast, GDP in Germany, Austria, the Netherlands, Slovakia, Sweden and Switzerland showed growth in a range of between 0.1% and 0.5%. With GDP growth of 1.6%, Romania posted the highest figure of any reporting member state.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat, official statistics	4th quarter 2012	1st quarter 2013	2nd quarter 2013	3rd quarter 2013
Germany	-0.5	0.0	0.7	0.3
Austria	-0.1	0.1	0.0	0.2
Czech Republic	-0.3	-1.3	0.6	-0.5
Luxembourg	1.1	-0.6	1.6	n.a.
Netherlands	-0.6	-0.3	0.0	0.1
Romania	1.1	0.6	0.8	1.6
Slovakia	0.0	0.2	0.3	0.2
Sweden	-0.2	0.5	-0.1	0.1
Switzerland	0.3	0.6	0.5	0.5
Euro area (EA17)	**-0.5**	**-0.2**	**0.3**	**0.1**
EU 28	**-0.4**	**-0.1**	**0.4**	**0.2**

In regional terms, the growth in Europe was once again largely driven by the German economy. According to data released by the Federal Statistical Office, real-term gross domestic product for the third quarter adjusted for seasonal and calendar factors grew by 0.3% compared with the previous quarter. This solid level of economic growth in Germany has been supported by the domestic economy, large sections of which have seen positive trends. Construction investments rose by 2.4% as notably higher volumes were invested in both public construction and residential construction than was the case in the second quarter of 2013. High capacity utilization rates in the spring prevented the construction sector from fully working off the production backlog accumulated due to the prolonged winter. Given optimistic income expectations and private households' high propensity to spend, the upward trend in private consumer spending continued in the third quarter 2013, albeit with less momentum than in the previous quarter. The positive climate for consumer spending and construction activity in Germany is rounded off by the ongoing pleasing labor market situation, moderate inflation and historically low interest rates. The underlying framework for DIY retail can therefore be assessed positively. This is all the more the case as the withdrawal of the Praktiker and Max Bahr brands from competition means that, for the first time in the history of the DIY store sector, there has been and will be a significant market consolidation in Germany accompanied by a substantial reduction in sales areas.

Earnings, Financial and Net Asset Situation

Development in HORNBACH's store network

We continued our expansion program with one new store opening in the third quarter of 2013/2014. In November 2013, operations were thus launched at Nieuwerkerk, now the tenth HORNBACH DIY megastore with a garden center in the Netherlands and with sales areas of around 14,000 m².

Including the two new stores already opened in the first half of the year in Slovakia (Bratislava Devínska Nová Ves) and Sweden (Helsingborg), HORNBACH operated 141 retail outlets across the Group as of November 30, 2013 (February 28, 2013: 138), of which 92 stores in Germany and 49 stores in other European countries. Total sales areas at the Group amounted to around 1,642,000 m² as of November 30, 2013, while the average size of a HORNBACH DIY megastore with a garden center now exceeds 11,600 m².

Sales performance

The HORNBACH-Baumarkt-AG Group generated significant year-on-year sales growth in the third quarter of the 2013/2014 financial year as well. Consolidated sales for the period from September 1 to November 30, 2013 increased by 5.6% to € 788.1 million (2012/2013: € 746.4 million). On a like-for-like basis and net of currency items, third-quarter consolidated sales were, like in the previous quarter, 4.6% ahead of the previous year's figure. Including currency items for non-euro countries, specifically the Czech Republic, Romania, Sweden and Switzerland, like-for-like sales grew by 4.0%. This like-for-like sales growth was driven by the stores both in Germany and in other European countries.

Consolidated sales for the first nine months (March 1 to November 30, 2013) increased by 3.0% to € 2,500.6 million (2012/2013: € 2,428.3 million). On a like-for-like basis and net of currency items, we more than made up for the substantial weather-related shortfall in the first quarter of 2013/2014 in the further course of the first nine months. Adjusted sales thus showed cumulative growth of 0.8%. Including currency items, sales growth amounted to 0.3%.

- **Germany**

The very pleasing sales trend seen at HORNBACH's domestic stores in the previous quarter continued in the third quarter of 2013/2014 as well. Sales in the Germany segment grew by 7.7% to € 456.8 million in the period from September to November 2013 (2012/2013: € 424.1 million). Like-for-like sales rose by 7.0% over the same period. Cumulative sales for the first nine months grew by 3.4% to € 1,442.6 million (2012/2013: € 1,395.4 million). On a like-for-like basis, we generated growth of 2.6% in Germany in the first nine months of the financial year.

Thanks to our consistent focus on project customers, we benefited to an above-average extent from the high level of demand in the housing construction and renovation market in the period under report. Our combination of large-scale retail locations and a high-performance online store has become successfully established among private and professional customers. Furthermore, at individual regional locations HORNBACH has managed to secure part of the sales volumes now being redistributed among competitors in the wake of the market consolidation triggered by the Praktiker/Max Bahr insolvency. Against this backdrop, HORNBACH continued to significantly outperform the overall DIY sector in Germany. Like-for-like sales at HORNBACH's stores outperformed the sector average calculated on the basis of the monthly BHB survey by more than four percentage points in the period under comparison (March to November 2013). We thus extended our head start over competitors compared with the first half of the year (around three percentage points) and further expanded our market share in Germany.

Other European countries

Sales in the eight countries outside Germany pooled in the Other European Countries segment grew by 2.8% to € 331.3 million in the third quarter of 2013/2014 (2012/2013: € 322.3 million). Sales for the first nine months of 2013/2014 as a whole rose by 2.4% to € 1,058.0 million (2012/2013: € 1,032.9 million). Due to the sharper growth in domestic sales, the international share of consolidated sales at HORNBACH-Baumarkt-AG decreased slightly from 42.5% to 42.3%.

On a like-for-like basis and net of currency items, our sales in other European countries showed pleasing momentum once again in the period under report. We thus improved our adjusted sales (excluding currency items) by 1.5% in the third quarter. This enabled us to gradually reduce the year-on-year shortfall, which at the end of the first six months had still amounted to minus 2.9%, to minus 1.5% after nine months. Including currency items, our adjusted sales showed growth of plus 0.3% in the third quarter and of minus 2.3% in the first nine months.

The trend apparent in our figures for other European countries is a reflection of positive macroeconomic developments. Key confidence indicators, such as the consumer confidence calculated by the European Commission, have notably improved in most of the countries in which we operate, and that especially since the middle of 2013. The index figures nevertheless still indicate potential for further improvement when compared with confidence levels in Germany. Furthermore, the ongoing tense situation on labor markets within the EU also explains the less dynamic development in DIY demand in other European countries compared with Germany. Overall, however, it can be seen that our like-for-like sales outside Germany have been on a pleasing upward path since summer 2013.

Earnings performance

The following information refers to the earnings performance of the HORNBACH-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 (Page 17).

3rd quarter of 2013/2014

Driven in particular by pleasing like-for-like sales growth in conjunction with an improved gross margin, the HORNBACH-Baumarkt-AG Group achieved disproportionate growth in its key earnings figures for the third quarter compared with the development in sales. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period from September to November 2013 surged 58.1% to € 33.8 million (2012/2013: € 21.4 million). Operating earnings (EBIT) increased from € 7.2 million in the previous year to € 20.1 million. Largely thanks to lower interest charges, net financial expenses improved from minus € 7.8 million to minus € 3.8 million. As a result, earnings before taxes rose by € 16.8 million to € 16.2 million (2012/2013: minus € 0.6 million). Net income for the period amounted to € 10.9 million (2012/2013: minus € 0.4 million). Earnings per share are reported at € 0.34 for the third quarter (2012/2013: minus € 0.01).

First nine months of 2013/2014

Thanks to the positive business performance in the third quarter of 2013/2014, the HORNBACH-Baumarkt-AG Group made up for most of the weather-related shortfall in earnings in the first quarter as the first nine months progressed. The cumulative gross margin also gained further ground. At 37.2%, gross profit as a percentage of net sales more or less regained the previous year's high figure (37.3%). Selling and store expenses at the Group increased by 3.0% to € 696.5 million (2012/2013: € 676.2 million) and thus corresponded to 27.9% of net sales (2012/2013: 27.8%). Pre-opening expenses reduced by € 0.9 million to € 6.6 million (2012/2013: € 7.5 million). The administration expense ratio declined from 4.3% to 4.2%.

At € 170.0 million, EBITDA for the first nine months of 2013/2014 fell 2.8% short of the previous year's figure of € 174.9 million. At the end of the first half, the year-on-year shortfall had still amounted to € 17.3 million (minus 11.2%). Consolidated operating earnings (EBIT), which after six months were still € 17.2 million (minus 13.7%) down on the previous year's figure, amounted to € 128.7 million in the nine-month period (2012/2013: € 133.1 million). The year-on-year shortfall thus reduced to € 4.4 million (minus 3.3%). Due above all to lower interest charges, net financial expenses improved to minus € 13.1 million (2012/2013:

minus € 18.5 million). As a result, consolidated earnings before taxes grew by 0.9% to € 115.6 million (2012/2013: € 114.6 million). Given the increase in the group tax rate from 28.4% to 31.0%, net income for the period showed a slight decline of 2.9% to € 79.7 million (2012/2013: € 82.1 million). Earnings per share are reported at € 2.51 for the first nine months (2012/2013: € 2.58).

Financial and net asset situation

The Group invested a total of € 49.8 million in the first nine months of 2013/2014 (2012/2013: € 90.9 million). Around 58% of the funds were channeled into plant and operating equipment at new and existing stores and in intangible assets (predominantly IT software), while the rest was invested in land and buildings. Investments were financed in full from the cash flow of € 176.3 million from operations (2012/2013: € 163.0 million). Information about the financing and investment activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 11.

Total assets rose to € 1,716.0 million as of November 30, 2013, up 7.4% on the balance sheet date on February 28, 2013. This growth was mainly due to the rise in cash and cash equivalents by € 116.7 million to € 433.9 million. Shareholders' equity as reported in the balance sheet rose to € 881.9 million, up 7.1%, or € 58.7 million, compared with the previous reporting date. The equity ratio remained virtually unchanged at 51.4% (February 28, 2013: 51.5%). As of November 30, 2013, cash and cash equivalents (€ 433.9 million) exceeded financial debt (€ 382.6 million) by € 51.4 million. By comparison, the net financial debt of the HORNBACH-Baumarkt-AG Group had amounted to € 64.9 million as of February 28, 2013.

Employees

A total of 14,685 individuals across Europe were in fixed employment at HORNBACH-Baumarkt-AG or one of its subsidiaries at the reporting date on November 30, 2013 (February 28, 2013: 14,222).

Outlook

Expansion

A HORNBACH DIY megastore with a garden center is scheduled to be opened in Heidelberg at the end of the fourth quarter of the current 2013/2014 financial year. This new store is set to replace the existing location built in the town in 1985. The net total number of HORNBACH DIY megastores with garden centers will remain unchanged at 141 (of which 49 in other European countries) at the end of the financial year (February 28, 2014). At the end of November 2013, HORNBACH announced that, from the network of former Praktiker and Max Bahr stores, it would be taking over properties in Trier and Ulm as the new lessee. Following several months of conversion work and refurbishment, both locations are expected to joint HORNBACH's store network in the summer of 2014, and will thus have no influence on the 2013/2014 reporting year. Negotiations are currently underway concerning the takeover of further individual locations from the insolvent Praktiker/Max Bahr Group.

Forecast

Given the stable macroeconomic framework and the current business performance of the HORNBACH-Baumarkt-AG Group, we are upholding without amendment the sales and earnings forecast for the 2013/2014 financial year as a whole most recently published in the half-year financial report.

In terms of our **sales forecast** for the 2013/2014 financial year, we thus continue to expect consolidated sales for the 2013/2014 financial year to slightly exceed the figure for the previous 2012/2013 financial year. This assessment is based on the assumption that there is no significant deterioration in macroeconomic conditions across our European network in the fourth quarter of 2013/2014 (December 1, 2013 to February 28, 2014). In terms of our **earnings forecast** for the 2013/2014 financial year, we expect our consolidated operating earnings (EBIT) for 2013/2014 to more or less match the level seen in the 2012/2013 financial year (€ 99.3 million).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	3rd Quarter 2013/2014	3rd Quarter 2012/2013	Change %	Nine Months 2013/2014	Nine Months 2012/2013	Change %
Sales	788.1	746.4	5.6	2,500.6	2,428.3	3.0
Cost of goods sold	497.8	475.3	4.7	1,570.0	1,521.6	3.2
Gross profit	**290.3**	**271.1**	**7.1**	**930.6**	**906.7**	**2.6**
Selling and store expenses	235.9	230.6	2.3	696.5	676.2	3.0
Pre-opening expenses	1.8	1.8	4.1	6.6	7.5	(12.4)
General and administration expenses	34.8	34.6	0.6	105.0	103.6	1.4
Other income and expenses	2.2	3.0	(25.7)	6.1	13.7	(55.2)
Earnings before interest and taxes (EBIT)	**20.1**	**7.2**	**177.6**	**128.7**	**133.1**	**(3.3)**
Other interest and similar income	0.2	0.4	(36.8)	0.7	1.8	(64.1)
Other interest and similar expenses	4.2	7.9	(47.2)	12.4	19.8	(37.5)
Other financial result	0.1	(0.3)	(141.5)	(1.4)	(0.5)	179.7
Net financial expenses	**(3.8)**	**(7.8)**	**(51.2)**	**(13.1)**	**(18.5)**	**(29.2)**
Consolidated earnings before taxes	**16.2**	**(0.6)**	**-**	**115.6**	**114.6**	**0.9**
Taxes on income	5.3	(0.2)	-	35.9	32.5	10.3
Consolidated net income	**10.9**	**(0.4)**	**-**	**79.7**	**82.1**	**(2.9)**
Basic/diluted earnings per share (€)	0.34	(0.01)	-	2.51	2.58	(2.7)

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

Statement of Comprehensive Income

€ million	3rd Quarter 2013/2014	3rd Quarter 2012/2013	Nine Months 2013/2014	Nine Months 2012/2013
Consolidated net income	**10.9**	**(0.4)**	**79.7**	**82.1**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	(0.9)	(0.5)	(0.5)	(3.3)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.5	0.5	1.7	1.3
Exchange differences arising on the translation of foreign subsidiaries	(4.6)	(2.1)	(6.0)	(0.7)
Deferred taxes on gains and losses recognized directly in equity	0.1	0.0	(0.3)	0.6
Other comprehensive income that will be recycled at a later date	**(4.9)**	**(2.0)**	**(5.1)**	**(2.2)**
Total comprehensive income	**6.0**	**(2.5)**	**74.6**	**79.9**

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	November 30, 2013 € million	%	February 28, 2013 € million	%
Non-current assets				
Intangible assets	11.7	0.7	12.9	0.8
Property, plant, and equipment	704.6	41.1	702.1	44.0
Investment property	5.9	0.3	6.0	0.4
Financial assets	0.1	0.0	1.3	0.0
Non-current receivables and other assets	3.2	0.2	3.8	0.2
Non-current income tax receivables	4.8	0.3	6.4	0.4
Deferred tax assets	7.4	0.4	7.9	0.5
	737.8	**43.0**	**740.5**	**46.4**
Current assets				
Inventories	476.8	27.8	481.6	30.1
Other receivables and assets	60.5	3.5	51.8	3.2
Income tax receivables	7.0	0.4	5.3	0.3
Cash and cash equivalents	433.9	25.3	317.2	19.9
Non-current assets held for sale and disposal groups	0.0	0.0	1.1	0.1
	978.2	**57.0**	**857.0**	**53.6**
	1,716.0	**100.0**	**1,597.4**	**100.0**

Equity and liabilities	November 30, 2013 € million	%	February 28, 2013 € million	%
Shareholders' equity				
Share capital	95.4	5.6	95.4	6.0
Capital reserve	143.6	8.4	143.6	9.0
Revenue reserves [1)]	642.9	37.5	584.1	36.6
	881.9	**51.4**	**823.2**	**51.5**
Non-current liabilities				
Non-current financial debt	366.2	21.3	373.4	23.4
Provisions for pensions [1)]	2.0	0.1	2.0	0.1
Deferred tax [1)]	33.4	1.9	33.8	2.1
Other non-current liabilities	27.3	1.6	27.8	1.7
	428.9	**25.0**	**437.2**	**27.4**
Current liabilities				
Current financial debt	16.4	1.0	8.6	0.5
Trade payables and other liabilities	294.1	17.1	248.8	15.6
Income tax liabilities	42.4	2.5	21.5	1.3
Other provisions and accrued liabilities	52.3	3.0	58.3	3.6
	405.2	**23.6**	**337.1**	**21.1**
	1,716.0	**100.0**	**1,597.4**	**100.0**

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentages based on € 000s.
[1)] Previous year's figures adjusted due to IAS 19R; please see Note [1].

Statement of Changes in Equity

Nine Months 2012/2013 in € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2012	**95.4**	**143.6**	**(3.8)**	**30.0**	**526.8**	**792.0**
Changes in accounting policy because of IAS 19R					**1.5**	**1.5**
Balance at March 1, 2012 (adjusted)	**95.4**	**143.6**	**(3.8)**	**30.0**	**528.2**	**793.5**
Consolidated net income					82.1	82.1
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(1.4)			(1.4)
Foreign currency translation				(0.7)		(0.7)
Total comprehensive income			**(1.4)**	**(0.7)**	**82.1**	**79.9**
Dividend distribution					(15.9)	(15.9)
Balance at November 30, 2012	**95.4**	**143.6**	**(5.2)**	**29.3**	**594.4**	**857.5**

Nine Months 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2013 [1)]	**95.4**	**143.6**	**(4.3)**	**27.2**	**561.2**	**823.2**
Consolidated net income					79.7	79.7
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.8			0.8
Foreign currency translation				(6.0)		(6.0)
Total comprehensive income			**0.8**	**(6.0)**	**79.7**	**74.6**
Dividend distribution					(15.9)	(15.9)
Balance at November 30, 2013	**95.4**	**143.6**	**(3.4)**	**21.3**	**625.0**	**881.9**

Rounding up or down may lead to discrepancies between totals.
[1)] Previous year's figures adjusted due to IAS 19R; please see Note [1].

Cash Flow Statement

€ million	Nine Months 2013/2014	Nine Months 2012/2013
Consolidated net income	**79.7**	**82.1**
Depreciation and amortization of non-current assets	41.3	41.7
Change in provisions	(1.0)	(0.7)
Gains/losses on disposals of non-current assets	0.2	(0.4)
Change in inventories, trade receivables and other assets	(8.0)	(2.8)
Change in trade payables and other liabilities	63.3	44.3
Other non-cash income/expenses	0.7	(1.2)
Cash flow from operating activities	**176.3**	**163.0**
Proceeds from disposal of non-current assets and of non-current assets held for sale	3.7	1.1
Payments for investments in property, plant, and equipment	(48.5)	(89.6)
Payments for investments in intangible assets	(1.2)	(1.3)
Payments for investments in financial assets	(0.1)	0.0
Cash flow from investing activities	**(46.1)**	**(89.8)**
Dividends paid	(15.9)	(15.9)
Repayment of long-term debt	(5.3)	(9.7)
Proceeds from group financing activities	0.0	(0.6)
Change in current financial debt	8.2	(0.8)
Cash flow from financing activities	**(13.0)**	**(27.0)**
Cash-effective change in cash and cash equivalents	117.1	46.2
Change in cash and cash equivalents due to changes in exchange rates	(0.4)	(0.2)
Cash and cash equivalents at March 1	317.2	404.3
Cash and cash equivalents at November 30	**433.9**	**450.2**

Rounding up or down may lead to discrepancies between totals.

The cash flow from operating activities was reduced by income tax payments of € 15.4 million (2012/2013: € 20.3 million) and interest payments of € 5.3 million (2012/2013: € 21.9 million) and increased by interest received of € 0.7 million (2012/2013: € 1.8 million).

The other non-cash income/expenses item mainly relates to unrecognized exchange rate gains/losses, and deferred taxes.

NOTES TO THE GROUP INTERIM REPORT

Notes to the Interim Consolidated Financial Statements as of November 30, 2013

(1) Accounting principles

This group interim report of HORNBACH-Baumarkt-AG and its subsidiaries for the first nine months as of November 30, 2013 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 abridged interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first nine months of 2013/2014 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 2012/2013 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).

Apart from the new requirements set out below, 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, 2013.

Changes in accounting policies

The following new standards, amendments to standards, and interpretations required first-time application in the 2013/2014 financial year:

- Amendment to IAS 19 (revised 2011) "Employee Benefits": Due to the amended definition of termination benefits, the top-up payments committed in the context of part-time early retirement agreements now constitute other long-term employee benefits requiring accrual by installment. Moreover, when determining the net interest expense for the return on plan assets, reference must now be made to the rate used to discount pension obligations. The Group has analyzed the implications of the aforementioned amendments to IAS 19 (revised 2011) for its current and past consolidated financial statements and has concluded that these amendments have no material impact on its consolidated financial statements.

  The elimination of the so-called corridor method has no implications for the level of shareholders' equity, as actuarial gains and losses were recognized in equity in full and in line with their respective periods in the past already. Furthermore, the amendment requiring any future retrospective service cost to be recognized through profit or loss directly in the year in which the plan is adjusted has not had any implications for the current or past consolidated financial statements.

With regard to the pension commitments in Switzerland, the recognition of risk sharing between the employer and the employees has the following implications:

€ million	February 28, 2013	March 1, 2012
Assets		
Non-current assets		
Non-current receivables and other assets	0.0	1.8
Equity and liabilities		
Shareholders' equity		
Revenue reserves	1.5	1.5
Non-current liabilities		
Provisions for pensions	(1.8)	0.0
Deferred tax liabilities	0.4	0.4

Earnings-effective items arising in the comparative period had no material impact on the consolidated financial statements for the comparative period and were thus already recognized in full as of March 1, 2012.

- IFRS 13 (2011) "Fair Value Measurement": This standard introduces a uniform definition of fair value applicable to all standards. This standard also governs the calculation of fair value and disclosure requirements. Its application has resulted in extended note disclosures (Note 12).

- Amendment to IAS 1 (2011) "Presentation of Items of Other Comprehensive Income": This amendment affects the structure of the statement of comprehensive income. Items due to be reclassified to the income statement ("recycled") at a later date must be presented separately from items that will never be reclassified. Application of this amendment has resulted in an extension in the statement of comprehensive income.

The following standards, revisions, and interpretations requiring mandatory application from the 2013/2014 financial year have no material implications for the consolidated financial statements of HORNBACH-Baumarkt-AG:

- Annual Improvements to IFRS, 2009 – 2011 Cycle (2012)

- Amendments to IFRS 1 (2012) – First-time Adoption of IFRS: Government Loans

- Amendments to IFRS 1 (2010) – First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

- Amendment to IFRS 7 (2011) – Note Disclosures: Offsetting Financial Assets and Financial Liabilities

- Amendments to IAS 12 (2010) – Deferred Taxes: Recovery of Underlying Assets

(2) Scope of consolidation

HORNBACH Real Estate Almelo B.V., Almelo (Netherlands), founded in the first quarter of 2013/2014, was included in the consolidated financial statements for the first time.

Furthermore, the scope of consolidation also changed on account of the following mergers. In the first quarter of 2013/2014, TIM HB SRL, Timisoara Bd. (Romania) was merged into HORNBACH Centrala SRL, Domnesti (Romania). Moreover, in the third quarter of 2013/2014 Ollesch & Fitzner GmbH, Bornheim (Germany) was merged into HORNBACH-Baumarkt-AG, Bornheim (Germany) with retrospective effect as of March 1, 2013.

These amendments to the scope of consolidation did not have any material implications for the Group's net asset, financial, and earnings position.

(3) Seasonal influences

Due to weather conditions, the HORNBACH-Baumarkt-AG Group generally reports a weaker business performance in the fall 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 in the first nine months as of November 30, 2013 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	3rd Quarter 2013/2014	3rd Quarter 2012/2013	Change %
Other income	3.7	5.1	(26.6)
Other expenses	1.5	2.1	(28.8)
Other income and expenses	**2.2**	**3.0**	**(25.0)**

€ million	Nine Months 2013/2014	Nine Months 2012/2013	Change %
Other income	10.7	19.7	(45.8)
Other expenses	4.5	6.0	(24.4)
Other income and expenses	**6.1**	**13.7**	**(55.2)**

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

The other income reported for the first nine months of 2013/2014 includes operating income of € 10.4 million (2012/2013: € 19.6 million) and mainly involves advertising grants, ancillary revenues at DIY megastores with garden centers, income from damages payments, and income from allocations within the HORNBACH HOLDING AG Group. Alongside these items, the operating income reported for the previous year mainly related to income in connection with energy tax compensation (€ 6.1 million). This resulted from the reversal of provisions recognized in the 2010/2011 financial year (€ 3.9 million) and from compensation not yet invoiced (€ 2.2 million). Non-operating income amounted to € 0.3 million (2012/2013: € 0.1 million) and mainly resulted from the disposal of two properties held for sale.

The other expenses reported for the first nine months of 2013/2014 include operating expenses of € 3.5 million (2012/2013: € 4.2 million) and mainly involve expenses for legal disputes, losses incurred in connection with damages, and impairments of receivables. Furthermore, operating expenses include service fees incurred in connection with energy tax compensation (€ 0.6 million). The non-operating expenses of € 1.0 million (2012/2013: € 1.8 million) mainly result from losses in connection with discontinued real estate projects.

(5) Net financial expenses

Net financial expenses for the first nine months of 2012/2013 include an amount of € 1.8 million within interest expenses due to the reversal of accrued expenses. This reversal results from the reassessment of the remaining term of the bond issued in November 2004. As a result of this reassessment, part of the costs of the bond issue accrued using the effective interest method required recognition through profit or loss within net financial expenses.

(6) 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.

Basic earnings per share

	3rd Quarter 2013/2014	3rd Quarter 2012/2013
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	10.9	(0.4)
Earnings per share in €	**0.34**	**(0.01)**

	Nine Months 2013/2014	Nine Months 2012/2013
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	79.7	82.1
Earnings per share in €	**2.51**	**2.58**

(7) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 410.6 million at the end of the first nine months as of November 30, 2013 (2012/2013: € 388.9 million).

Depreciation and amortization totaling € 41.3 million was recognized on intangible assets, property, plant and equipment, and investment property at the HORNBACH-Baumarkt-AG Group in the first nine months of the 2013/2014 financial year (previous year: € 41.7 million).

(8) Shareholders' equity

On July 1, 2013, the Board of Management of HORNBACH-Baumarkt-AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 50,000 treasury stock shares. The share buyback began on July 5, 2013 and is limited until February 28, 2014. A total of 42,080 shares were issued to employees on November 14, 2013. The share buyback is deemed complete following the issue of these employee shares.

The buyback 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 HORNBACH-Baumarkt-AG, following approval by the Annual General Meeting on July 4, 2013 a dividend of € 0.50 per share was distributed to shareholders for the 2012/2013 financial year.

(10) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH-Baumarkt-AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 1,103.8 million at the end of the first nine months as of November 30, 2013 (February 28, 2013: € 1,125.0 million).

(11) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH-Baumarkt-AG also has direct or indirect relationships with associated companies when performing its customary business activities. These include the parent company, HORNBACH 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 2013/2014.

(12) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the previous year. Fair values are calculated on the basis of the three-level hierarchy. Consistent with the availability of input factors, fair values are calculated in line with the following hierarchy:

Level 1 – Current market prices on an active market for identical financial instruments
Level 2 – Current market prices on an active market for comparable financial instruments or using valuation models whose key input factors are based on observable market data
Level 3 – Input factors not based on observable market prices.

The carrying amounts of financial assets and financial liabilities within the scope of IFRS 7 are basically consistent with their respective fair values. Two exceptions here relate to the measurement of the bond and of liabilities to banks.

The fair value of the bond and liabilities to banks totaled € 390.7 million as of November 30, 2013 (February 28, 2013: € 389.0 million). The corresponding carrying amount totaled € 376.0 million as of November 30, 2013 (February 28, 2013: € 374.3 million).

Asset-side derivatives had fair values and carrying amounts of € 0.3 million on November 30, 2013 (February 28, 2013: € 0.1 million). Negative fair values of € 5.5 million were recognized as liabilities at the reporting date (February 28, 2013: € 6.5 million). Derivatives mainly involve interest hedges. Measurement has been based on Level 2 input factors.

(13) Segment report

Nine Months 2013/2014 in € million Nine Months 2012/2013 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**2,499.8**	**109.3**	**(108.6)**	**2,500.6**
	2,427.6	107.2	(106.4)	2,428.3
Sales to third parties	2,499.8	0.0	0.0	2,499.8
	2,427.5	0.0	0.0	2,427.5
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	0.8	0.0	0.8
	0.0	0.7	0.0	0.7
Rental income from affiliated companies	0.0	108.6	(108.6)	0.0
	0.0	106.4	(106.4)	0.0
Segment earnings (EBIT)	**104.7**	**38.6**	**(14.6)**	**128.7**
	115.8	32.5	(15.2)	133.1
Depreciation and amortization/write-ups	**25.7**	**11.1**	**4.5**	**41.3**
	25.2	10.6	6.0	41.7
EBITDA	**130.4**	**49.7**	**(10.1)**	**170.0**
	141.0	43.1	(9.2)	174.9
Segment assets	**720.3**	**580.7**	**395.8**	**1,696.8**
	748.6	578.6	375.2	1,702.4
of which: credit balances at banks	37.8	0.0	362.7	400.5
	89.5	0.0	339.9	429.4

Reconciliation in € million	Nine Months 2013/2014	Nine Months 2012/2013
Segment earnings (EBIT) before "Headquarters and consolidation"	**143.3**	**148.3**
Headquarters	(14.6)	(15.2)
Net financial expenses	(13.1)	(18.5)
Consolidated earnings before taxes	**115.6**	**114.6**

Rounding up or down may lead to discrepancies between totals.

Bornheim, December 20, 2013

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2014

March 20, 2014	Trading Statement 2013/2014
May 27, 2014	Annual Results Press Conference 2013/2014 DVFA Analysts' Conference Publication of Annual Report
June 26, 2014	Interim Report, 1st Quarter of 2014/2015 as of May 31, 2014
July 9, 2014	Annual General Meeting of HORNBACH-Baumarkt-AG Festhalle Landau, Landau/Pfalz
September 25, 2014	Half-Year Financial Report 2014/2015 as of August 31, 2014
December 22, 2014	Interim Report: 3rd Quarter of 2014/2015 as of November 30, 2014

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

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