INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

FIRST NINE MONTHS 2014/2015

(MARCH 1 – NOVEMBER 30, 2014)

HORNBACH-BAUMARKT-AG GROUP

Nine-Month Interim Report 2014/2015

(March 1 - November 30, 2014)

Key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	3rd Quarter 2014/2015	3rd Quarter 2013/2014	Change %	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Net sales	**814.9**	**788.1**	**3.4**	**2,669.8**	**2,500.6**	**6.8**
of which in other European countries	337.5	331.3	1.9	1,108.9	1,058.0	4.8
Like-for-like sales growth	1.0%	4.6%		4.9%	0.8%	
Gross margin as % of net sales	37.6%	36.8%		37.9%	37.2%	
EBITDA	33.0	33.8	(2.2)	182.7	170.0	7.5
Earnings before interest and taxes (EBIT)	**19.1**	**20.1**	**(4.8)**	**141.4**	**128.7**	**9.8**
Consolidated earnings before taxes	15.2	16.2	(6.4)	128.2	115.6	10.9
Consolidated net income	11.2	10.9	2.5	91.7	79.7	15.0
Basic/diluted earnings per share (€)	0.35	0.34	2.9	2.88	2.51	14.7
Investments	33.5	14.6	129.7	76.9	49.8	54.5

Misc. key figures of the HORNBACH-Baumarkt-AG Group (in € million, unless otherwise stated)	November 30, 2014	February 28, 2014	Change %
Total assets	1,755.3	1,670.3	5.1
Shareholders' equity	930.1	862.0	7.9
Shareholders' equity as % of total assets	53.0%	51.6%	
Number of stores	147	141	4.3
Sales area in 000 m² (based on BHB)	1,705	1,647	3.5
Number of employees[1]	15,727	15,293	2.8

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

[1] Head count at reporting date including persons in marginal employment

INTERIM GROUP MANAGEMENT REPORT

Summary

- **Consolidated sales at HORNBACH-Baumarkt-AG up 6.8% to € 2.7 billion in first nine months of 2014/2015**
- **Third-quarter like-for-like sales exceed previous year's high standard – Pleasing performance in Germany and other European countries**
- **Disproportionate earnings growth in first nine months – EBIT up 9.8% to € 141.4 million**
- **After eight new openings in nine-month period, HORNBACH operates 147 locations across Europe at November 30, 2014**

The HORNBACH-Baumarkt-AG Group significantly improved its sales and earnings in the first nine months of 2014/2015. The pleasing sales performance in the third quarter (September 1 to November 30, 2014), which successfully braved substantial base effects from the previous year's quarter, also contributed to this growth.

Consolidated sales increased by 3.4% to € 814.9 million in the period from September 1 to November 30, 2014 (2013/2014: € 788.1 million). In the first nine months of 2014/2015, the total of 147 HORNBACH DIY megastores with garden centers in nine European countries increased their consolidated sales by 6.8% to € 2,669.8 million (2013/2014: € 2,500.6 million). Net of currency items, like-for-like consolidated sales for the third quarter added 1.0% to the previous year's high basis for comparison (plus 4.6%). This like-for-like sales growth was driven by the stores both in Germany and in other European countries. On a cumulative basis for the first nine months, group-wide like-for-like sales net of currency items grew by 4.9%.

The key growth driver was once again the DIY stores with garden centers in Germany, which boosted their sales in the period from September to November 2014 by 4.5% to € 477.4 million (2013/2014: € 456.8 million). Like-for-like sales grew by 1.4% over the same period. Nine-month domestic sales increased by 8.2% to € 1,560.9 million (2013/2014: € 1,442.6 million) and by 6.5% on a like-for-like basis. HORNBACH's stores in Germany thus yet again outperformed the sector average and expanded their market share. Sales in other European countries rose by 1.9% to € 337.5 million (2013/2014: € 331.3 million) in the third quarter of 2014/2015 and by 4.8% to € 1,108.9 million in the nine-month period (2013/2014: € 1,058.0 million). Net of currency items, like-for-like sales in the international business grew by 0.6% in the third quarter and by 2.6% cumulatively in the first nine months.

Earnings at the HORNBACH-Baumarkt-AG Group showed disproportionate growth compared with sales in the first nine months of 2014/2015. Pleasing like-for-like sales growth in conjunction with an improved gross margin significantly offset the higher costs incurred in the second and third quarters for the Group's expansion in particular. Consolidated operating earnings (EBIT) for the first nine months grew by 9.8% to € 141.4 million (2013/2014: € 128.7 million). Net income for the nine-month period surged by 15.0% to € 91.7 million (2013/2014: € 79.7 million). Cumulative earnings per share amount to € 2.88 (2013/2014: € 2.51).

In the third quarter of 2014/2015, HORNBACH launched operations at three more of the total of six Praktiker / Max Bahr locations it has taken over. This means that eight new stores were opened in the nine-month period. As of November 30, 2014, the Group operated a total of 147 retail outlets (February 28, 2014: 141). Of these, 98 stores are in Germany and 49 stores in other European countries.

Macroeconomic Framework

According to the Bundesbank, the global economy maintained its moderate growth course in the third quarter of the 2014 calendar year. The European economy developed similarly. From July to September 2014, gross domestic product (GDP) in the euro area (EA 18) and in the EU as a whole (EU 28) showed positive growth, and thus for the fifth quarter in succession, albeit once again at a very low rate. Based on Eurostat figures, the EA 18 countries grew by 0.2% and the EU 28 countries by 0.3% compared with the previous quarter. Alongside persistently weak growth in parts of the euro area, the Bundesbank still attributes these meager growth rates to sanctions and countermeasures imposed in connection with the Ukraine conflict. Growth has also been held back by a downturn in business and consumer confidence triggered by the crises in Eastern Europe and other regions of the world.

The macroeconomic framework in those countries outside Germany in which the HORNBACH-Baumarkt-AG Group operates led to mostly positive growth rates in the third quarter of 2014 compared with the previous quarter. Based on the economic data available upon completion of this report, economic output in Romania in particular showed positive developments (plus 1.8%). Slovakia has also shown pleasing momentum, with four consecutive quarters with growth of 0.6%. Apart from Austria (minus 0.3%), all other countries reported growth of between 0.1% and 0.6% in the period from July to September 2014.

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

Percentage change on previous quarter Source: Eurostat	4th Quarter 2013	1st Quarter 2014	2nd Quarter 2014	3rd Quarter 2014
Germany	**0.4**	**0.8**	**-0.1**	**0.1**
Austria	0.2	0.1	0.0	-0.3
Czech Republic	1.1	0.6	0.2	0.4
Luxembourg	0.2	1.7	0.7	n.a.
Netherlands	0.6	-0.3	0.6	0.2
Romania	0.9	0.7	-0.4	1.8
Slovakia	0.6	0.6	0.6	0.6
Sweden	1.1	0.2	0.5	0.3
Switzerland	0.5	0.4	0.3	0.6
Euro area (EA 18)	**0.2**	**0.3**	**0.1**	**0.2**
EU 28	**0.4**	**0.4**	**0.2**	**0.3**

Economic output in Germany showed very subdued growth in the third quarter of 2014. Adjusted for seasonal and calendar factors, real-term GDP grew by a mere 0.1%. Following weather-related ups and downs in the first half of the 2014 calendar year, the construction industry was unable to match the high comparative figures for the previous year. Consumer spending, by contrast, generated clearly positive momentum once again in the third quarter of 2014. Given higher pay increases and a further revival in the labor market, private households have significantly stepped up their consumer spending.

Improved consumer confidence also left its mark on German retail between January and September 2014. Year-on-year, the sector increased its sales by 1.8% in nominal terms and by 1.3% in real terms. Sector sales at DIY stores and garden centers in Germany fell by 5.8% to € 13.5 billion in the period from January to September 2014. It should be noted here that the previous year's figures still included sales at the Praktiker Group, which filed for insolvency in July 2013. On a like-for-like basis and excluding Praktiker / Max Bahr, the sector posted sales growth of 6.4% in the first nine months of 2014, benefiting in particular from mild weather conditions in the first quarter of 2014, contrasting sharply with the previous year's severe winter.

Earnings, Financial and Net Asset Situation

Development in HORNBACH's store network

In the third quarter of the 2014/2015 financial year (September 1 to November 30, 2014) we launched operations at three more of the six Praktiker / Max Bahr locations we have taken over in total. Following conversion work, we opened a HORNBACH DIY mega-store with a garden center at a former Praktiker location in Ulm in September 2014. At the end of the same month, we further extended our store network in Germany by reopening a former Max Bahr location in Lüneburg. Finally, after several months of conversion work, a former Max Bahr store in Kamen was reopened as a DIY store with a garden center under HORNBACH's ensign at the end of October 2014. As in the previous quarter, there were no new store openings outside Germany in the third quarter of 2014/2015. The expansion in our international business will only continue once again in the new 2015/2016 financial year.

As of November 30, 2014, we were operating a group-wide total of 147 retail outlets (February 28, 2014: 141). Of these, 98 stores are in Germany and 49 in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group amounted to around 1.7 million m² as of November 30, 2014.

Sales performance

Our sales in the third-quarter of 2014/2015 had to measure up to the ambitious growth rates achieved in the previous year's quarter. In the period under report period from September to November 2014, we increased sales at the HORNBACH-Baumarkt-AG Group by 3.4% to € 814.9 million (2013/2014: € 788.1 million), following growth of 5.6% in the third quarter of the previous year.

On a like-for-like basis and net of currency items, our consolidated sales rose by 1.0% in the third quarter. Including currency items for non-euro countries, specifically the Czech Republic, Romania, Sweden, and Switzerland, sales rose by 0.7%. This like-for-like sales growth was driven by the stores both in Germany and in other European countries.

Thanks to pleasing growth in the first and third quarters, we boosted our consolidated sales for the nine-month period (March 1 to November 30, 2014) by 6.8% to € 2,669.8 million (2013/2014: € 2,500.6 million). On a like-for-like basis and net of currency items, sales showed cumulative growth of 4.9%. Including currency items, group-wide sales growth amounted to 4.4%.

- **Germany**

Sales at the domestic HORNBACH stores gained additional momentum in the third quarter compared with the previous quarter. Based on the same number of business days as in the previous year, we managed to increase sales in our Germany segment by 4.5% to € 477.4 million in the period from September to November 2014 (2013/2014: € 456.8 million). Like-for-like sales grew by 1.4% in the quarter under report, and that despite the strong base effects in the previous year's quarter: from September to November 2013, like-for-like sales growth had accelerated from month to month, surging by 7.0% in the quarter as a whole.

Cumulative sales for the first nine months grew by 8.2% to € 1,560.9 million (2013/2014: € 1,442.6 million). On a like-for-like basis, we generated growth of 6.5% in Germany. In the period from March to November 2014, our DIY stores and garden centers thus yet again exceeded the sector average figures calculated on the basis of the monthly BHB survey, and that even though the previous year's figures meant that HORNBACH had a significantly tougher basis for comparison. We have further expanded our domestic market share. This is all the more remarkable given the fact that the macroeconomic and sector-specific framework in Germany developed less favorably in the second half of the 2014 calendar year than in the previous year's period. The geopolitical hot spots have left clear negative marks on macroeconomic forecasts, while economists have repeatedly reduced their growth forecasts and the housing construction market has lost momentum since summer 2014. As expected, competitive pressure within the DIY sector has intensified once again now that most of the former Praktiker / Max Bahr locations taken over by competitors have re-entered the market under new brands. With its attractive retail format, HORNBACH successfully asserted itself in this tough climate both in the third quarter and in the first nine months of 2014/2015.

Other European countries

We increased our sales in the eight countries outside Germany pooled in the Other European countries segment by 1.9% to € 337.5 million in the third quarter of 2014/2015 (2013/2014: € 331.3 million). Sales here for the first nine months of 2014/2015 rose overall by 4.8% to € 1,108.9 million (2013/2014: € 1,058.0 million). Given the stronger relative performance in domestic sales, the international share of consolidated sales at HORNBACH-Baumarkt-AG reduced from 42.3% to 41.5%.

Like in Germany, sales in other European countries gained additional momentum in the third quarter of 2014/2015 compared with the previous quarter. We thus improved our like-for-like sales net of currency items in other European countries by 0.6% in the third quarter and by 2.6% cumulatively. Including currency items, adjusted sales almost matched the previous year's level in the third quarter (minus 0.2%) and grew by 1.5% in the nine-month period. The fact that DIY demand outside Germany is weaker overall than in the domestic business is attributable to slower overall rates of economic growth, less favorable labor market conditions, and weaker consumer confidence figures in most countries within our network. Having said this, countries particularly hard hit by the financial crisis, such as the Netherlands, Romania and the Czech Republic, have most recently witnessed a marked upward trend in consumer confidence, a factor also reflected in our like-for-like sales performance.

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 19).

3rd quarter of 2014/2015

In terms of pre-tax earnings, the HORNBACH-Baumarkt-AG Group almost matched the level achieved in the third quarter of the previous year. Earnings were positively influenced by pleasing like-for-like sales growth in Germany and abroad in conjunction with an improved gross margin. However, these positive factors were offset in particular by higher store and pre-opening expenses incurred in connection with the conversion and opening of the three former Praktiker / Max Bahr locations taken over in Ulm, Lüneburg and Kamen.

At € 33.0 million, earnings before interest, taxes, depreciation and amortization (EBITDA) for the period from September to November 2014 almost matched the previous year's figure (€ 33.8 million). Operating earnings (EBIT) slipped from € 20.1 million to € 19.1 million. Given virtually unchanged net financial expenses of minus € 3.9 million, consolidated earnings before taxes are reported at € 15.2 million (2013/2014: € 16.2 million). Thanks to a more favorable tax ratio, by contrast, net income for the period rose by 2.5% to € 11.2 million (2013/2014: € 10.9 million). Third-quarter earnings per share rose marginally from € 0.34 to € 0.35.

First nine months of 2014/2015

Thanks to sharp earnings growth in the first quarter, cumulative nine-month earnings are well ahead of the previous year's figures. This growth was predominantly driven by like-for-like sales growth in conjunction with an improvement in the gross margin. Due primarily to more favorable procurement terms and unchanged retail prices, as well as to changes in the product mix, the gross margin rose from 37.2% in the previous year to 37.9%. This increase in the gross margin significantly offset the rise in costs in the Group's store operations, expansion and administration.

Mainly on account of higher personnel expenses (including bonuses) and general operating expenses, selling and store expenses showed slightly disproportionate growth compared with sales in the first nine months of 2014/2015, rising by 7.7% to € 750.2 million (2013/2014: € 696.5 million). As a result, the store expense ratio increased by 0.2 percentage points to 28.1%. After eight new store openings, compared with three in the previous year's period, cumulative pre-opening expenses rose by € 5.6 million to € 12.1 million. Administration expenses grew by 7.6% to € 113.0 million (2013/2014: € 105.0 million).. The administration expense ratio remained unchanged at 4.2%.

All key earnings figures showed disproportionate growth compared with sales in the first nine months of 2014/2015. EBITDA rose by 7.5% to € 182.7 million (2013/2014: € 170.0 million). Consolidated operating earnings (EBIT) increased by 9.8% to € 141.4 million (2013/2014: € 128.7 million). Net financial expenses remained unchanged at minus € 13.1 million in the period under report. Consolidated earnings before taxes improved by 10.9% to € 128.2 million (2013/2014: € 115.6 million). Due to a year-on-year reduction in the tax charge at the HORNBACH-Baumarkt-AG Group, net income for the period showed higher growth than the pre-tax earnings figures. Net income for the period grew by 15.0% to € 91.7 million in the first nine months (2013/2014: € 79.7 million). Nine-month earnings per share amounted to € 2.88 (2013/2014: € 2.51).

Financial and net asset situation

Due to the Group's expansion, investments rose from € 49.8 million to € 76.9 million in the first nine months of 2014/2015. Around 51% of the funds were channeled into plant and office equipment at new and existing stores, as well as into intangible assets (predominantly IT software), while the rest was invested in land and buildings. Investments were financed in full from the cash flow of € 164.8 million from operations (2013/2014: € 176.3 million). Information about the financing and investing activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 13.

Total assets rose to € 1,755.3 million as of November 30, 2014, up 5.1% compared with the balance sheet date on February 28, 2014. This growth was largely driven by the increase in cash and cash equivalents by € 52.6 million to € 423.7 million and in property, plant and equipment by € 27.5 million to € 739.4 million. Shareholders' equity as reported in the balance sheet rose to € 930.1 million, up 7.9%, or € 68.1 million, compared with the previous balance sheet date. The equity ratio climbed to 53.0% (February 28, 2014: 51.6%). As of November 30, 2014, cash and cash equivalents exceeded financial debt (€ 354.2 million) by € 69.5 million (February 28, 2014: € 0.6 million).

Employees

A total of 15,727 employees across Europe were in fixed employment at HORNBACH-Baumarkt-AG or one of its subsidiaries as of the reporting date on November 30, 2014 (February 28, 2014: 15,293). Since the 2014/2015 financial year, the calculation of employee totals has also included persons in marginal employment (so-called "mini-jobbers"). The comparative figures for the balance sheet date on February 28, 2014 have been retrospectively adjusted.

Personnel change in the Board of Management

Frank Brunner, a member of the Board of Management of HORNBACH-Baumarkt-AG and responsible for operative management at the DIY megastores with garden centers, stood down from his position as of October 31, 2014 by mutual agreement with the company's Supervisory Board. The Supervisory Board accepted Frank Brunner's resignation at its meeting on October 29, 2014. Responsibility for the operative store management division has been assumed by Steffen Hornbach, Chairman of the Board of Management.

Events After the Balance Sheet Date

At its meeting on December 18, 2014, the Supervisory Board appointed Dr. Andreas Schobert (41) as a new member of the Board of Management as of January 1, 2015. Within the Board of Management, which will be expanded from six to seven members in future, Schobert will assume responsibility for the Technology division pooling group-wide information technology and e-business activities. As Director of E-Business, Schobert, who holds a doctorate in business administration, was most recently responsible for the group-wide development and enhancement of the online business.

Other than this, no events of material significance for assessing the earnings, financial and net asset position of HORNBACH-Baumarkt-AG, or of the HORNBACH-Baumarkt-AG Group, have occurred since the end of the first nine months on November 30, 2014.

Risk and Opportunity Report

We presented the risks and opportunities involved in the future business activities of the HORNBACH-Baumarkt-AG Group in detail in the risk and opportunity reports in our 2013/2014 Annual Report (from Page 77 onwards). This basic assessment of the Group's medium to long-term development potential was still largely valid upon publication of this interim report.

Outlook

We presented the forecast macroeconomic and sector-specific framework and the Group's forecast business performance for 2014/2015 in detail on Pages 89 to 94 of the 2013/2014 Annual Report of the HORNBACH-Baumarkt-AG Group. Our basic assessment of the business prospects both for the DIY sector and for HORNBACH were still valid upon publication of this interim report.

In our Half-Year Financial Report 2014/2015, we were more cautious in our forecast for the macroeconomic and sector-specific framework in the second half of the 2014/2015 financial year (September 1, 2014 to February 28, 2015) than in the 2013/2014 Annual Report. Following persistent geopolitical tension, further downturns in key macroeconomic indicators, and numerous downward corrections in growth forecasts by major economic research institutes since summer 2014, our more skeptical assessment of the economic outlook for the European countries in which we operate through to the end of the 2014/2015 financial year has been confirmed and remains largely unchanged.

Expansion

In the fourth quarter of the current 2014/2015 financial year we intend to close our standalone garden center in Lohfelden near Kassel and to gradually convert the adjacent existing DIY store into a combined HORNBACH DIY megastore with a garden center. This will take the group-wide total number of HORNBACH DIY megastores with garden centers to 146 by the end of the financial year on February 28, 2015.

Sales and earnings forecast

Compared with the third quarter of 2014/2015, the base effects from the previous year will intensify even further in the fourth quarter of the current 2014/2015 financial year. With record 10.6% growth in like-for-like consolidated sales, the fourth quarter of 2013/2014 benefited above all from unusually mild weather conditions and substantial positive consolidation factors in the German market.

With regard to our **sales forecast**, the current sales trend and our overall assessment of the expected positive and negative factors mean that we remain confident that our consolidated sales, i.e. net sales including stores newly opened, closed and extended, will show growth in a medium single-digit percentage range in the 2014/2015 financial year and most probably exceed the rate of growth seen in the previous 2013/2014 financial year (plus 4.4%).

With regard to our **earnings forecast**, we expect the operating earnings (EBIT) of the HORNBACH-Baumarkt-AG Group for the 2014/2015 financial year to exceed the previous year's figure (€ 105.1 million). This expectation also includes the possibility of disproportionate EBIT growth compared with the increase in sales. As already indicated in the Half-Year Financial Report, forecasting uncertainty remains high given the unpredictability of economic developments and weather conditions in the fourth quarter.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	3rd Quarter 2014/2015	3rd Quarter 2013/2014	Change %	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Sales	814.9	788.1	3.4	2,669.8	2,500.6	6.8
Cost of goods sold	508.9	497.8	2.2	1,656.8	1,570.0	5.5
Gross profit	**306.0**	**290.3**	**5.4**	**1,013.0**	**930.6**	**8.9**
Selling and store expenses	248.0	235.9	5.1	750.2	696.5	7.7
Pre-opening expenses	3.2	1.8	74.8	12.1	6.6	84.7
General and administration expenses	35.5	34.8	2.0	113.0	105.0	7.6
Other income and expenses	(0.2)	2.2	(108.7)	3.6	6.1	(40.7)
Earnings before interest and taxes (EBIT)	**19.1**	**20.1**	**(4.8)**	**141.4**	**128.7**	**9.8**
Interest and similar income	0.2	0.2	(26.2)	0.7	0.7	(0.2)
Interest and similar expenses	3.7	4.2	(12.6)	12.4	12.4	0.0
Other financial result	(0.4)	0.1	(441.7)	(1.4)	(1.4)	2.5
Net financial expenses	**(3.9)**	**(3.8)**	**1.7**	**(13.1)**	**(13.1)**	**0.3**
Consolidated earnings before taxes	**15.2**	**16.2**	**(6.4)**	**128.2**	**115.6**	**10.9**
Taxes on income	4.0	5.3	(24.5)	36.5	35.9	1.8
Consolidated net income	**11.2**	**10.9**	**2.5**	**91.7**	**79.7**	**15.0**
Basic/diluted earnings per share (€)	0.35	0.34	2.9	2.88	2.51	14.7

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 2014/2015	3rd Quarter 2013/2014	Nine Months 2014/2015	Nine Months 2013/2014
Consolidated net income	**11.2**	**10.9**	**91.7**	**79.7**
Actuarial gains and losses on defined benefit plans	(7.4)	0.0	(7.4)	0.0
Deferred taxes on actuarial gains and losses on defined benefit plans	1.4	0.0	1.4	0.0
Other comprehensive income that will not be recycled at a later date	**(5.9)**	**0.0**	**(5.9)**	**0.0**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	(0.1)	(0.9)	(1.1)	(0.5)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.5	0.5	2.3	1.7
Exchange differences arising on the translation of foreign subsidiaries	0.4	(4.6)	0.8	(6.0)
Deferred taxes on gains and losses recognized directly in equity	(0.1)	0.1	(0.3)	(0.3)
Other comprehensive income that will be recycled at a later date	**0.7**	**(4.9)**	**1.7**	**(5.1)**
Total comprehensive income	**5.9**	**6.0**	**87.4**	**74.6**

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	November 30, 2014 € million	%	February 28, 2014 € million	%
Non-current assets				
Intangible assets	9.8	0.6	11.3	0.7
Property, plant, and equipment	739.4	42.1	711.9	42.6
Investment property	15.1	0.9	5.9	0.4
Financial assets	0.1	0.0	0.1	0.0
Non-current receivables and other assets	3.1	0.2	3.1	0.2
Non-current income tax receivables	3.2	0.2	4.8	0.3
Deferred tax assets	3.3	0.2	3.4	0.2
	774.0	**44.1**	**740.4**	**44.3**
Current assets				
Inventories	489.8	27.9	504.6	30.2
Other receivables and assets	58.4	3.3	48.9	2.9
Income tax receivables	9.2	0.5	5.3	0.3
Cash and cash equivalents	423.7	24.1	371.1	22.2
	981.2	**55.9**	**929.9**	**55.7**
	1,755.3	**100.0**	**1,670.3**	**100.0**

Equity and liabilities	November 30, 2014 € million	%	February 28, 2014 € million	%
Shareholders' equity				
Share capital	95.4	5.4	95.4	5.7
Capital reserve	143.6	8.2	143.6	8.6
Revenue reserves	691.1	39.4	622.9	37.3
	930.1	**53.0**	**862.0**	**51.6**
Non-current liabilities				
Non-current financial debt	339.0	19.3	364.7	21.8
Provisions for pensions	8.1	0.5	0.8	0.0
Deferred tax liabilities	31.5	1.8	33.4	2.0
Other non-current liabilities	26.4	1.5	26.6	1.6
	405.0	**23.1**	**425.3**	**25.5**
Current liabilities				
Current financial debt	15.1	0.9	7.1	0.4
Trade payables and other liabilities	306.9	17.5	285.2	17.1
Income tax liabilities	32.6	1.9	21.2	1.3
Other provisions and accrued liabilities	65.5	3.7	69.4	4.2
	420.1	**23.9**	**382.9**	**22.9**
	1,755.3	**100.0**	**1,670.3**	**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 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2013	**95.4**	**143.6**	**(4.3)**	**27.2**	**561.2**	**823.2**
Consolidated net income					79.7	79.7
Actuarial gains and losses on defined benefit plans, net after taxes					0.0	0.0
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)
Treasury stock transactions					0.0	0.0
Balance at November 30, 2013	**95.4**	**143.6**	**(3.4)**	**21.3**	**625.0**	**881.9**

Nine Months 2014/2015 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2014	**95.4**	**143.6**	**(3.0)**	**22.8**	**603.1**	**862.0**
Consolidated net income					91.7	91.7
Actuarial gains and losses on defined benefit plans, net after taxes					(5.9)	(5.9)
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.9			0.9
Foreign currency translation				0.8		0.8
Total comprehensive income			**0.9**	**0.8**	**85.7**	**87.4**
Dividend distribution					(19.1)	(19.1)
Treasury stock transactions					(0.2)	(0.2)
Balance at November 30, 2014	**95.4**	**143.6**	**(2.0)**	**23.6**	**669.6**	**930.1**

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	Nine Months 2014/2015	Nine Months 2013/2014
Consolidated net income	**91.7**	**79.7**
Depreciation and amortization of non-current assets	41.3	41.3
Change in provisions	(0.4)	(1.0)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.3)	0.2
Change in inventories, trade receivables and other assets	2.2	(8.0)
Change in trade payables and other liabilities	31.9	63.3
Other non-cash income/expenses	(1.6)	0.7
Cash flow from operating activities	**164.8**	**176.3**
Proceeds from disposal of non-current assets and of non-current assets held for sale	1.0	3.7
Payments for investments in property, plant, and equipment	(76.1)	(48.5)
Payments for investments in intangible assets	(0.8)	(1.2)
Payments for investments in financial assets	0.0	(0.1)
Cash flow from investing activities	**(75.9)**	**(46.1)**
Dividends paid	(19.1)	(15.9)
Repayment of long-term debt	(26.4)	(5.3)
Payments for transaction costs	(0.5)	0.0
Change in current financial debt	9.7	8.2
Cash flow from financing activities	**(36.2)**	**(13.0)**
Cash-effective change in cash and cash equivalents	52.7	117.1
Change in cash and cash equivalents due to changes in exchange rates	(0.1)	(0.4)
Cash and cash equivalents at March 1	371.1	317.2
Cash and cash equivalents at November 30	**423.7**	**433.9**

Rounding up or down may lead to discrepancies between totals.

Cash and cash equivalents include cash on hand, credit balances at banks, and other short-term deposits.

The cash flow from operating activities was reduced by income tax payments of € 28.3 million (2013/2014: € 15.4 million) and interest payments of € 5.0 million (2013/2014: € 5.3 million) and increased by interest received of € 0.7 million (2013/2014: € 0.7 million).

The other non-cash income/expenses item mainly relates to deferred taxes, the period-based update of financing expenses deferred using the effective interest method, and unrecognized exchange rate gains/losses.

NOTES

Notes to the Interim Consolidated Financial Statements as of November 30, 2014

(1) Accounting principles

This unaudited group interim report of HORNBACH-Baumarkt-AG and its subsidiaries for the first nine months as of November 30, 2014 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 2014/2015 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 2013/2014 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).

Changes in accounting principles

The new standards, amendments to standards, and interpretations requiring first-time application in the 2014/2015 financial year are described in the notes to the consolidated financial statements for 2013/2014. Alongside a basic description of the relevant accounting principle, these also present any implications resulting from first-time application.

The amendments and new regulations requiring first-time mandatory application in the 2014/2015 financial year have not had any material implications for the group interim report of HORNBACH-Baumarkt-AG.

(2) Scope of consolidation

HORNBACH Asia Ltd., Hong Kong (Hong Kong), was included in the consolidated financial statements for the first time in the first quarter of 2014/2015. In the second quarter, the scope of consolidation was extended to include Hornbach Real Estate Duiven B.V., Duiven (Netherlands). Both companies were founded in the 2014/2015 financial year. Furthermore, BM Immobilien Gamma GmbH, Bornheim (Germany), and BM Immobilien Lambda GmbH, Bornheim (Germany), were merged into HORNBACH-Baumarkt-AG, Bornheim (Germany).

These changes to the scope of consolidation did not have any material implications for the Group's net asset, financial, or 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, 2014 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 2014/2015	3rd Quarter 2013/2014	Change %
Other income	4.6	3.7	24.2
Other expenses	4.8	1.5	224.1
Other income and expenses	**(0.2)**	**2.2**	**(108.7)**

€ million	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Other income	13.3	10.7	24.6
Other expenses	9.7	4.5	113.0
Other income and expenses	**3.6**	**6.1**	**(40.7)**

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

Other income for the first nine months of 2014/2015 includes operating income of € 13.3 million (2013/2014: € 10.4 million) and chiefly involves ancillary revenues at DIY megastores with garden centers, income from damages payments, income from allocations within the HORNBACH HOLDING AG Group, and advertising grants. The previous year's figure also includes non-operating income of € 0.3 million.

Other expenses for the first nine months of 2014/2015 include operating expenses of € 9.2 million (2013/2014: € 3.5 million) and mainly involve losses incurred for damages and impairments of receivables. Non-operating expenses for the first nine-months of 2014/2015 amount to € 0.5 million (2013/2014: € 1.0 million).

(5) Net financial expenses

Interest expenses for the first nine months of 2014/2015 include expenses of € 0.4 million resulting from the reversal of a cash flow hedge relationship. As a result of the decision taken by the Board of Management to prematurely redeem a CZK loan in June 2014, the transaction expected upon designation is no longer applicable. The fair value changes of the hedging instrument recognized in equity through to reversal have therefore been recognized through profit or loss in 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 2014/2015	3rd Quarter 2013/2014
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	11.2	10.9
Earnings per share in €	**0.35**	**0.34**

	Nine Months 2014/2015	Nine Months 2013/2014
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	91.7	79.7
Earnings per share in €	**2.88**	**2.51**

(7) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 452.5 million at the end of the first nine months as of November 30, 2014 (2013/2014: € 410.6 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 2014/2015 financial year (2013/2014: € 41.3 million).

(8) Shareholders' equity

On July 7, 2014, 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 buyback of shares began on July 10, 2014 and is limited to February 28, 2015. A total of 41,850 shares were issued to employees on November 11, 2014. 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 9, 2014 a dividend of € 0.60 per share was distributed to shareholders for the 2013/2014 financial year.

(10) Pensions

The persistently low level of interest rates has resulted in material actuarial items of € 7.4 million (2013/2014: € 0.0 million). These items relate to the Swiss pension plan.

(11) 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 € 1,171.3 million at the end of the first nine months as of November 30, 2014 (February 28, 2014: € 1,246.6 million).

(12) 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 2014/2015.

(13) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the consolidated financial statements. 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 following tables present the carrying amounts of financial instruments broken down by IAS 39 measurement categories as well as their fair values broken down by balance sheet category:

€ million	Category	Carrying amount 11.30.2014	Fair value 11.30.2014	Carrying amount 2.28.2014	Fair value 2.28.2014
Assets					
Financial assets	AfS	0.1	0.1	0.1	0.1
Other receivables and assets					
Derivatives without hedge relationship	FAHfT	0.0	0.0	0.3	0.3
Other financial assets	LaR	48.6	48.6	39.9	39.9
Cash and cash equivalents	LaR	423.7	423.7	371.1	371.1
Equity and liabilities					
Financial debt					
Bonds	FLAC	246.9	275.6	246.4	263.3
Liabilities to banks	FLAC	101.1	101.2	119.9	121.1
Liabilities in connection with finance leases	n.a.	0.9	0.9	1.0	1.1
Derivatives with hedge relationship	n.a.	3.6	3.6	4.4	4.4
Derivatives without hedge relationship	FLHfT	1.7	1.7	0.0	0.0
Trade payables and other liabilities	FLAC	233.6	233.6	239.2	239.2
Accrued liabilities	FLAC	20.8	20.8	16.5	16.5

Rounding up or down may lead to discrepancies between totals.

Receivables and other assets of € 12.9 million (February 28, 2014: € 11.8 million), trade payables and other/sundry liabilities of € 99.6 million (February 28, 2014: € 72.6 million), and accrued liabilities of € 36.2 million (February 28, 2014: € 43.5 million) are outside the scope of IFRS 7.

€ million	11.30.2014	2.28.2014
Assets		
Valuation based on level 2 input data		
Financial assets held for trading	0.0	0.3
Equity and liabilities		
Valuation based on level 2 input data		
Derivatives with hedge relationship	3.6	4.4
Financial liabilities held for trading	1.7	0.0

Rounding up or down may lead to discrepancies between totals.

The derivative financial instruments with hedge relationships recognized in the balance sheet relate to interest hedges (interest swaps). Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders.

(14) Segment report

Nine Months 2014/2015 in € million Nine Months 2013/2014 in € million	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**2,668.9**	**113.5**	**(112.6)**	**2,669.8**
	2,499.8	109.3	(108.6)	2,500.6
Sales to third parties	2,668.8	0.0	0.0	2,668.8
	2,499.8	0.0	0.0	2,499.8
Sales to affiliated companies	0.0	0.0	0.0	0.0
	0.1	0.0	0.0	0.1
Rental income from third parties	0.0	0.9	0.0	0.9
	0.0	0.8	0.0	0.8
Rental income from affiliated companies	0.0	112.6	(112.6)	0.0
	0.0	108.6	(108.6)	0.0
Segment earnings (EBIT)	**123.7**	**34.7**	**(17.0)**	**141.4**
	104.7	38.6	(14.6)	128.7
Depreciation and amortization	**25.8**	**11.3**	**4.3**	**41.3**
	25.7	11.1	4.5	41.3
EBITDA	**149.4**	**46.0**	**(12.7)**	**182.7**
	130.4	49.7	(10.1)	170.0
Segment assets	**744.3**	**612.0**	**383.3**	**1,739.5**
	720.3	580.7	395.8	1,696.8
of which: credit balances at banks	33.5	0.0	350.8	384.2
	37.8	0.0	362.7	400.5

Reconciliation in € million	Nine Months 2014/2015	Nine Months 2013/2014
Segment earnings (EBIT) before "Headquarters and consolidation"	**158.4**	**143.3**
Headquarters	(17.0)	(14.6)
Net financial expenses	(13.1)	(13.1)
Consolidated earnings before taxes	**128.2**	**115.6**

Rounding up or down may lead to discrepancies between totals.

Bornheim, December 22, 2014

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2015

March 24, 2015	Trading Statement 2014/2015
May 28, 2015	Annual Results Press Conference 2014/2015 DVFA Analysts' Conference Publication of Annual Report
June 26, 2015	Interim Report: 1st Quarter 2015/2016 as of May 31, 2015
July 8, 2015	Annual General Meeting of HORNBACH-Baumarkt-AG Festhalle Landau, Landau/Pfalz
September 29, 2015	Half-Year Financial Report 2015/2016 as of August 31, 2015
December 21, 2015	Interim Report: 3rd Quarter 2015/2016 as of November 30, 2015

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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 unusual weather conditions, 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.