INTERIM REPORT

HORNBACH-BAUMARKT-AG GROUP

1st QUARTER

2015/2016

(MARCH 1 – MAY 31, 2015)

HORNBACH

Es gibt immer was zu tun.

HORNBACH-BAUMARKT-AG GROUP

Interim Report: 1st Quarter of 2015/2016

(March 1 – May 31, 2015)

Key figures of the HORNBACH-Baumarkt-AG Group [1)] (in € million, unless otherwise stated)	1st Quarter 2015/2016	1st Quarter 2014/2015	Change %
Net sales	**995.2**	**976.7**	**1.9**
of which in other European countries	419.6	402.1	4.3
Like-for-like sales growth	(1.1)%	14.6%	
Gross margin as % of net sales	38.5%	38.4%	
EBITDA	79.7	87.0	(8.5)
Earnings before interest and taxes (EBIT)	**65.2**	**73.3**	**(11.0)**
Consolidated earnings before taxes	63.5	68.3	(7.1)
Consolidated net income	46.2	47.2	(2.1)
Basic/diluted earnings per share (€)	1.45	1.48	(2.3)
Investments	27.0	26.0	3.7

Misc. key figures of the HORNBACH-Baumarkt-AG Group [1)] (in € million, unless otherwise stated)	May 31, 2015	February 28, 2015	Change %
Total assets	1,875.8	1,731.0	8.4
Shareholders' equity	970.1	922.4	5.2
Shareholders' equity as % of total assets	51.7%	53.3%	
Number of stores	147	146	0.7
Sales area in 000 m² (based on BHB)	1,715	1,704	0.6
Number of employees	16,098	15,684	2.6

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 IFRIC 21; please see Note 1.

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH-Baumarkt-AG Group successfully stands up to previous year's record figures in first quarter of 2015/2016**
- **After new store openings in Saarbrucken (replacement) and Regau, HORNBACH operates 147 locations across Europe as of May 31, 2015**
- **Consolidated sales up 1.9 % to € 995.2 million; like-for-like sales almost match previous year's figure**
- **Expected earnings shortfall in Q1 to be made up for in subsequent quarters**

The HORNBACH-Baumarkt-AG Group began the 2015/2016 financial year on a successful note and stood up to the record figures reported for the previous year's quarter. Despite very challenging base effects, consolidated sales for the first quarter of 2015/2016 grew 1.9 % to € 995.2 million (2014/2015: € 976.7 million). Given fewer business days in most regions than in the previous year's period, like-for-like sales net of currency items at the HORNBACH DIY stores with garden centers slipped year-on-year by 1.1 % across the Group, and thus almost matched the standard set following the sharp jump in sales in the previous year's quarter (plus 14.6 %). As expected, key earnings figures for the period from March to May 2015 fell short of the high previous year's figures. Operating earnings (EBIT) at the Group fell by 11.0 % to € 65.2 million. At € 46.2 million, net income for the period was only marginally down on the previous year's figure of € 47.2 million. Earnings per Baumarkt share are reported at € 1.45 for the first three months (2014/2015: € 1.48).

Macroeconomic and Sector-Specific Framework

According to the Bundesbank, the global economy witnessed a relatively weak start to the current 2015 calendar year. By contrast, the European economy showed surprisingly upbeat developments in the first quarter of 2015. Compared with the previous quarter, gross domestic product (GDP) grew by 0.4 % in the period from January to March, and that both in the euro area (EA 19) and in EU 28 countries. Lively macroeconomic developments were driven above all by a sharp rise in domestic demand. Here, private consumer spending benefited from the improved situation on the labor market and from ongoing favorable financing terms and low inflation. All countries in which the HORNBACH-Baumarkt-AG Group operates outside Germany reported positive growth rates in the first quarter of 2015 compared with the previous quarter. Based on the macroeconomic data available upon completion of this report, real-term GDP in the Czech Republic in particular recently rose sharply (plus 3.1 %).

Germany achieved economic output growth of 0.3 % in the first quarter compared with the previous quarter, and thus at a more subdued level than the European average. Exporters suffered from the faltering global economy. Domestic demand, by contrast, continued to show strong growth. Private consumer spending in particular latched more or less seamlessly onto the high momentum seen in the second half of 2014. The German retail sector also benefited from persistently high consumer confidence levels. Sales in this sector (excluding motor vehicle retail) in the first quarter of 2015 rose by 2.9 % in nominal terms and by 3.6 % in real terms compared with the equivalent period in the previous year. Housing construction also showed further growth. This was driven not only by the order situation, which lost some momentum but remained favorable, as well as by mild winter weather at the beginning of the year.

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

Percentage change on previous quarter Source: Eurostat	2nd Quarter 2014	3rd Quarter 2014	4th Quarter 2014	1st Quarter 2015
Germany	**-0.1**	**0.1**	**0.7**	**0.3**
Austria	0.0	0.0	0.0	0.1
Czech Republic	0.3	0.4	0.4	3.1
Luxembourg	0.5	2.3	n.a.	n.a.
Netherlands	0.7	0.3	0.8	0.4
Romania	-0.6	2.2	1.0	1.6
Slovakia	0.7	0.6	0.7	0.8
Sweden	0.7	0.6	0.8	0.4
Switzerland	0.3	0.7	0.6	n.a.
Euro area (EA 19)	**0.1**	**0.2**	**0.4**	**0.4**
EU 28	**0.3**	**0.3**	**0.4**	**0.4**

Earnings, Financial and Net Asset Situation

Development in HORNBACH store network

We launched operations at two locations in total in the first quarter of 2015/2016 (March 1 to May 31, 2015). Having converted a former Praktiker location, we opened a HORNBACH DIY megastore with a garden center in Saarbrucken (replacement location) in March 2015. Outside Germany, a further megastore opened its doors in Regau (Austria) in the same month.

We thus operated a group-wide total of 147 retail outlets as of May 31, 2015 (February 28, 2015: 146). Of these, 97 stores are in Germany and 50 in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG Group amounted to around 1,715,000 m² as of May 31, 2015.

Sales performance

Our sales performance in the first quarter of 2015/2016 had to stand up to comparison with the record growth rates achieved in the equivalent quarter in the previous year. Benefiting sharply from unusually mild weather in spring 2014, consolidated sales in the previous year's quarter had surged by 16.4 %. This growth received a particularly boost in March 2014, in which sales jumped by 34.5 %. In the first quarter of 2015/2016, we further topped this level of sales. Due to the expansion program, consolidated sales at HORNBACH-Baumarkt-AG thus grew 1.9 % to € 995.2 million (2014/2015: € 976.7 million).

On a like-for-like basis, i.e. excluding sales at stores newly opened or closed in the past twelve months, and net of currency items, consolidated sales for the first quarter fell 1.1 %, and thus only marginally, short of the level in the previous year's quarter. Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, we generated group-wide like-for-like sales growth of 0.3 %. Our stores outside Germany reported slight growth in the first three months of the 2015/2016 financial year, while the convergence of several base effects prevented the German business from generating like-for-like sales growth.

Germany

Our cumulative sales in Germany in 2015 have continued to outperform the sector average.

In the first calendar quarter (January to March) of 2014, sector sales at DIY stores and garden centers in Germany had benefited on the one hand from unusually mild winter temperatures. On the other hand, sell-off actions at stores within the Praktiker/Max Bahr DIY group through to their complete market exit in March 2014 created a temporary jump in sales. Against this backdrop, according to figures compiled by the BHB sector association total gross sales at German DIY stores and garden centers in the period from January to March 2015 reduced by 4.2 % to € 3.86 billion. On a like-for-like basis, DIY companies posted a 6.3 % downturn in sales over the same period. HORNBACH successfully asserted its position in this climate and once again acquired further market share.

Based on the first three months of the 2015/2016 financial year (March 1 to May 31, 2015), sales at our domestic HORNBACH stores, including stores newly opened, increased slightly by 0.2 % to € 575.7 million (2014/2015: € 574.5 million), compared with growth of 20.0 % one year earlier. On a like-for-like basis, domestic sales decreased by 2.4 % (2014/2015: plus 19.4 %). As there were two business days fewer than in the previous year's comparative quarter and given the extremely high basis for comparison, we view this performance as underlining the success of our unmistakable retail format.

Other European countries

In our international network, the positive sales trend already initiated in the past financial year continued in the first quarter of 2015/2016. Including recent new store openings, sales in other European countries, in which our business activities in eight countries outside Germany are pooled, grew by 4.3 % to € 419.6 million (2014/2015: € 402.1 million). The international share of consolidated sales at HORNBACH-Baumarkt-AG thus rose from 41.2 % to 42.2 %. On a like-for-like basis, we improved our sales in other European countries – here too compared with the challenging standard set in the previous year's quarter – by 0.7 % net of currency items (2014/2015: plus 8.2 %) and by 4.0 % including currency items (2014/2015: plus 6.7 %). On regional level, we also notched up a successful performance once again compared with the overall DIY sector. Based on indicators available to us for six countries in our network outside Germany, our like-for-like sales have significantly outperformed individual countries' DIY sector averages in 2015 to date.

Earnings performance

The following information refers to the earnings performance of the HORNBACH-Baumarkt-AG Group in the first quarter of 2015/2016 (March 1 to May 31, 2015). Information about the performance of the "DIY store" and "Real estate" segments can be found in the segment report in the notes (Page 17).

Consistent with expectations, earnings at the HORNBACH-Baumarkt-AG Group fell short of the record figures achieved in the previous year's comparative quarter. This is mainly due to the slight downturn in like-for-like, currency-adjusted sales at the Group, as well as to higher expenses incurred for store operations and the further development of our innovation projects, such as the consistent expansion in e-commerce. These factors were partly offset by a slight improvement in the gross margin and lower pre-opening expenses.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) reduced by 8.5 % to € 79.7 million in the first quarter of 2015/2016 (2014/2015: € 87.0 million). Operating earnings (EBIT) dropped by 11.0 % from € 73.3 million to € 65.2 million. Mainly as a result of positive currency items and lower interest expenses, net financial expenses improved sharply from minus € 4.9 million to minus € 1.7 million. Consolidated earnings before taxes decreased by 7.1 % to € 63.5 million (2014/2015: € 68.3 million). Net of taxes, net income for the period amounted to € 46.2 million (2014/2015: € 47.2 million). At € 1.45, earnings per share for the first quarter of 2015/2016 fell slightly short of the previous year's figure of € 1.48.

Financial and net asset situation

Due to the Group's expansion, investments rose by 3.7 % from € 26.0 million to € 27.0 million in the first three months of the current 2015/2016 financial year. Around 55 % of this total was invested in land and buildings, while the rest was channeled into plant and operating equipment at new and existing stores, as well as into intangible assets (mainly IT software). Investments were fully financed from the cash flow of € 126.9 million from operations (2014/2015: € 124.1 million). Information about the financing and investing activities of the HORNBACH-Baumarkt-AG Group can be found in the cash flow statement on Page 11.

Total assets grew to € 1,875.8 million as of May 31, 2015, up 8.4 % compared with the balance sheet date on February 28, 2015. This was mainly due to the rise in cash and cash equivalents by € 100.9 million to € 435.7 million and the increases in inventories by € 23.5 million to € 556.1 million and in property, plant and equipment by € 16.0 million to € 773.7 million. Shareholders' equity as reported in the balance sheet rose to € 970.1 million, up 5.2 % compared with the previous balance sheet date. At 51.7 %, the equity ratio remained pleasingly high (February 28, 2015: 53.3 %). As of May 31, 2015, cash and cash equivalents exceeded financial debt (€ 344.7 million) by € 91.0 million (February 28, 2015: net financial debt of € 9.6 million).

Employees

A total of 16,098 employees across Europe were in fixed employment at HORNBACH-Baumarkt-AG or one of its subsidiaries as of the reporting date on May 31, 2015 (February 28, 2015: 15,684).

Events After the Balance Sheet Date

No events of material significance for the assessment of the earnings, financial and net asset situation of HORNBACH-Baumarkt-AG or of the HORNBACH-Baumarkt-AG Group have occurred since the end of the first quarter of 2015/2016 as of May 31, 2015.

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 2014/2015 Annual Report (from Page 75 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 provided a detailed forecast of the macroeconomic and sector-specific framework and of the Group's business performance in 2015/2016 on Pages 87 to 92 of the 2014/2015 Annual Report of the HORNBACH-Baumarkt-AG Group published at our Annual Results Press Conference on May 28, 2015. Our basic assessments concerning the business prospects for the DIY sector on the one hand and for HORNBACH on the other were still valid upon publication of this interim report.

Expansion

We plan to open a group-wide total of four new HORNBACH DIY megastores with garden centers in the period from June 2015 to February 2016. With one location in Austria, one in Romania, and two in the Netherlands, we will thus be extending our store network in other European countries. Furthermore, at the beginning of June 2015 we also opened a second small-scale "HORNBACH Compact" store in Neunkirchen. We plan to open one further location in this format in the current 2015/2016 financial year. The group-wide number of HORNBACH DIY stores with garden centers is thus expected to total 153 at the end of the financial year on February 29, 2016.

Sales and earnings expectations for the HORNBACH-Baumarkt-AG Group

The Board of Management can confirm the assessment concerning the Group's expected sales and earnings performance in the 2015/2016 financial year published on Pages 90 to 92 of the 2014/2015 Annual Report.

We still expect to more than offset the weaker sales performance seen in the first quarter due to the high previous year's basis in the three subsequent quarters of the current 2015/2016 financial year. Accordingly, our consolidated sales, i.e. net sales including stores newly opened, closed and extended, are expected to show growth in a medium single-digit percentage range in the 2015/2016 financial year. We expect our like-for-like sales net of currency items to show group-wide growth in a low to medium single-digit percentage range.

Our earnings expectations, also unchanged, are based on the assumption that in the following nine months we will largely make up for the shortfall in earnings seen in the first quarter of 2015/2016. For the 2015/2016 financial year as a whole, the HORNBACH-Baumarkt-AG Group thus still aims to achieve operating earnings (EBIT) at more or less the level generated in the 2014/2015 financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million [1]	1st Quarter 2015/2016	1st Quarter 2014/2015	Change %
Sales	995.2	976.7	1.9
Cost of goods sold	611.6	601.2	1.7
Gross profit	**383.6**	**375.5**	**2.2**
Selling and store expenses	276.2	261.1	5.8
Pre-opening expenses	1.8	3.6	(51.0)
General and administration expenses	43.0	39.9	7.9
Other income and expenses	2.6	2.4	9.5
Earnings before interest and taxes (EBIT)	**65.2**	**73.3**	**(11.0)**
Interest and similar income	0.2	0.3	(10.7)
Interest and similar expenses	3.6	4.8	(24.0)
Other financial result	1.7	(0.4)	
Net financial expenses	**(1.7)**	**(4.9)**	**(65.4)**
Consolidated earnings before taxes	**63.5**	**68.3**	**(7.1)**
Taxes on income	17.3	21.1	(18.2)
Consolidated net income	**46.2**	**47.2**	**(2.1)**
Basic/diluted earnings per share (€)	1.45	1.48	(2.3)

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 IFRIC 21; please see Note 1.

Statement of Comprehensive Income for the Period

€ million [1]	1st Quarter 2015/2016	1st Quarter 2014/2015
Consolidated net income	**46.2**	**47.2**
Actuarial gains and losses on defined benefit plans	(3.5)	0.0
Deferred taxes on actuarial gains and losses on defined benefit plans	0.7	0.0
Other comprehensive income that will not be recycled at a later date	**(2.8)**	**0.0**
Measurement of derivative financial instruments (cash flow hedge)		
Measurement of derivative hedging instruments directly in equity	0.0	(0.4)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.5	0.9
Exchange differences arising on the translation of foreign subsidiaries	4.0	(0.4)
Deferred taxes on gains and losses recognized directly in equity	(0.1)	(0.1)
Other comprehensive income that will be recycled at a later date	**4.3**	**0.0**
Total comprehensive income	**47.7**	**47.2**

Rounding up or down may lead to discrepancies between totals.
[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Balance Sheet

Assets [1]	May 31, 2015		February 28, 2015	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	11.1	0.6	11.2	0.6
Property, plant, and equipment	773.7	41.2	757.7	43.8
Investment property	15.4	0.8	15.4	0.9
Financial assets	2.0	0.0	2.0	0.0
Non-current receivables and other assets	3.1	0.2	3.2	0.2
Non-current income tax receivables	3.3	0.2	3.2	0.2
Deferred tax assets	4.1	0.2	4.3	0.2
	812.7	**43.3**	**796.9**	**46.0**
Current assets				
Inventories	556.1	29.6	532.7	30.8
Other receivables and assets	61.3	3.3	51.6	3.0
Income tax receivables	9.9	0.5	14.9	0.9
Cash and cash equivalents	435.7	23.2	334.8	19.3
	1,063.1	**56.7**	**934.1**	**54.0**
	1,875.8	**100.0**	**1,731.0**	**100.0**

Equity and liabilities [1]	May 31, 2015		February 28, 2015	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	95.4	5.1	95.4	5.5
Capital reserve	143.6	7.7	143.6	8.3
Revenue reserves	731.1	39.0	683.4	39.5
	970.1	**51.7**	**922.4**	**53.3**
Non-current liabilities				
Non-current financial debt	336.7	18.0	337.6	19.5
Provisions for pensions	15.0	0.8	11.1	0.6
Deferred tax liabilities	30.7	1.6	30.8	1.8
Other non-current liabilities	28.0	1.5	28.1	1.6
	410.4	**21.9**	**407.6**	**23.5**
Current liabilities				
Current financial debt	8.0	0.4	6.9	0.4
Trade payables and other liabilities	358.1	19.1	288.8	16.7
Income tax liabilities	26.4	1.4	22.2	1.3
Other provisions and accrued liabilities	102.7	5.5	83.1	4.8
	495.2	**26.4**	**401.0**	**23.2**
	1,875.8	**100.0**	**1,731.0**	**100.0**

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.
[1] Figures as of February 28, 2015 adjusted due to IFRIC 21; please see Note 1.

Statement of Changes in Equity

1st Quarter 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**
Changes in accounting policy because of IFRIC 21					(0.7)	(0.7)
Balance at March 1, 2014 (adjusted)	**95.4**	**143.6**	**(3.0)**	**22.8**	**602.4**	**861.3**
Consolidated net income [1)]					47.2	47.2
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.5			0.5
Foreign currency translation				(0.4)		(0.4)
Total comprehensive income			**0.5**	**(0.4)**	**47.2**	**47.2**
Balance at May 31, 2014	**95.4**	**143.6**	**(2.5)**	**22.4**	**649.6**	**908.5**

1st Quarter 2015/2016 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Total equity
Balance at March 1, 2015 [1)]	**95.4**	**143.6**	**(1.8)**	**39.6**	**645.6**	**922.4**
Consolidated net income					46.2	46.2
Actuarial gains and losses on defined benefit plans, net after taxes					(2.8)	(2.8)
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.3			0.3
Foreign currency translation				4.0		4.0
Total comprehensive income			**0.3**	**4.0**	**43.4**	**47.7**
Balance at May 31, 2015	**95.4**	**143.6**	**(1.5)**	**43.6**	**688.9**	**970.1**

Rounding up or down may lead to discrepancies between totals.
[1)] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Cash Flow Statement

€ million [1]	1st Quarter 2015/2016	1st Quarter 2014/2015
Consolidated net income	**46.2**	**47.2**
Depreciation and amortization of non-current assets	14.5	13.8
Change in provisions	(0.1)	(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	(26.5)	(32.0)
Change in trade payables and other liabilities	92.6	95.5
Other non-cash income/expenses	0.4	(0.2)
Cash flow from operating activities	**126.9**	**124.1**
Proceeds from disposal of non-current assets and of non-current assets held for sale	0.3	0.3
Payments for investments in property, plant, and equipment	(26.3)	(25.7)
Payments for investments in intangible assets	(0.7)	(0.3)
Cash flow from investing activities	**(26.7)**	**(25.7)**
Repayment of long-term debt	(1.2)	(1.6)
Payments for transaction costs	0.0	(0.5)
Change in current financial debt	1.7	4.3
Cash flow from financing activities	**0.5**	**2.2**
Cash-effective change in cash and cash equivalents	100.7	100.6
Change in cash and cash equivalents due to changes in exchange rates	0.2	(0.1)
Cash and cash equivalents at March 1	334.8	371.1
Cash and cash equivalents at May 31	**435.7**	**471.7**

Rounding up or down may lead to discrepancies between totals.
[1] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

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 € 7.5 million (2014/2015: € 16.0 million) and interest payments of € 0.9 million (2014/2015: € 1.6 million) and increased by interest received of € 0.2 million (2014/2015: € 0.3 million).

The other non-cash income/expenses item mainly relates to deferred taxes, the period-based updating 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 May 31, 2015

(1) Accounting principles

This unaudited group interim report of HORNBACH-Baumarkt-AG and its subsidiaries for the first quarter as of May 31, 2015 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 quarter 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 2014/2015 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 2015/2016 financial year were described in the notes to the consolidated financial statements for 2014/2015. Alongside a basic description of the relevant accounting principle, these also present any implications expected to result from first-time application.

With the exception of the item outlined below, the amendments and new regulations requiring first-time mandatory application in the 2015/2016 financial year have not had any material implications for the group interim report of HORNBACH-Baumarkt-AG.

IFRIC 21 "Levies": This interpretation deals with the accounting treatment of public dues (levies) and clarifies when such obligations have to be recognized as provisions or liabilities in the financial statements. The scope of the interpretation specifically does not include fines, duties resulting from public law contracts or duties covered by the scope of other IFRS standards, such as IAS 12 "Income Taxes". Pursuant to its EU endorsement, the interpretation requires first-time application in financial years beginning on or after June 17, 2014.

This interpretation has implications for the recognition of land tax obligations at the HORNBACH-Baumarkt-AG Group. First-time application has resulted in the following effects:

€ million	5.31.2014 (old)	5.31.2014 (adjustment)	5.31.2014 (adjusted)	2.28.2015 (old)	2.28.2015 (adjustment)	2.28.2015 (adjusted)
Assets						
Non-current assets						
Deferred tax assets	3.3	0.2	3.5	4.2	0.1	4.3
Current assets						
Other receivables and assets	59.6	(0.1)	59.5	51.6	0.0	51.6
Equity and liabilities						
Shareholders' equity						
Revenue reserves	670.0	(0.5)	669.5	684.1	(0.7)	683.4
Non-current liabilities						
Deferred tax liabilities	33.3	0.0	33.3	31.0	(0.2)	30.8
Current liabilities						
Trade payables and other liabilities	347.0	0.5	347.5	287.9	0.9	288.8
Other provisions and accrued liabilities	92.6	0.1	92.7	83.0	0.1	83.1

Rounding up or down may lead to discrepancies between totals.

€ million	1st Quarter 2014/2015 (old)	1st Quarter 2014/2015 (adjustment)	1st Quarter 2014/2015 (adjusted)
Selling and store expenses	(261.4)	0.3	(261.1)
Earnings before interest and taxes (EBIT)	**73.0**	**0.3**	**73.3**
Consolidated earnings before taxes	**68.0**	**0.3**	**68.3**
Taxes on income	(21.1)	(0.1)	(21.1)
Consolidated net income	**47.0**	**0.2**	**47.2**

Rounding up or down may lead to discrepancies between totals.

The adjustments arising in the income statement within the 2014/2015 financial year will fully reverse by the end of the comparative period on February 28, 2015. There has been no change in basic and diluted earnings per share as of May 31, 2014.

If IFRIC 21 had not been applied, the following amendments would have resulted for the 1st quarter of 2015/2016:

- Reduction in net income for the period by € 0.2 million
- Increase in revenue reserves by € 0.5 million
- Increase in other assets by € 0.1 million and reduction in other liabilities by € 0.4 million

(2) 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 quarter. The business performance in the first three months as of May 31, 2015 does not necessarily provide an indication for the year as a whole.

(3) Other income and expenses

Other income and expenses are structured as follows:

€ million	1st Quarter 2015/2016	1st Quarter 2014/2015	Change %
Other income	3.5	3.6	(4.0)
Other expenses	0.9	1.3	(29.2)
Other income and expenses	**2.6**	**2.4**	**9.5**

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

Other income for the first quarter results from operating income and chiefly relates to ancillary revenues at DIY megastores with garden centers, income from damages payments, advertising expense grants, and income from allocations within the HORNBACH HOLDING AG Group.

Other expenses mainly relate to operating expenses in connection with losses incurred for damages and impairments of receivables.

(4) 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

	1st Quarter 2015/2016	1st Quarter 2014/2015 [1)]
Number of shares issued	31,807,000	31,807,000
Consolidated net income attributable to shareholders in HORNBACH-Baumarkt-AG in € million	46.2	47.2
Earnings per share in €	**1.45**	**1.48**

[1)] Previous year's figures adjusted due to IFRIC 21; please see Note 1.

(5) Other disclosures

The personnel expenses of the HORNBACH-Baumarkt-AG Group amounted to € 168.5 million at the end of the first quarter as of May 31, 2015 (2014/2015: € 160.8 million).

Depreciation and amortization totaling € 14.5 million was recognized on intangible assets and property, plant and equipment at the HORNBACH-Baumarkt-AG Group in the first three months of the 2015/2016 financial year (2014/2015: € 13.8 million).

(6) Pensions

The persistently low level of interest rates has resulted in material actuarial items of € 3.5 million (February 28, 2015: € 11.1 million). These items mainly relate to the Swiss pension plan.

(7) 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 € 1,170.0 million at the end of the first quarter of 2015/2016 (February 28, 2015: € 1,160.2 million).

(8) 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 quarter of 2015/2016.

(9) Fair value disclosures

The methods and principles applied to determine fair value are basically unchanged compared with the consolidated financial statements. 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 5.31.2015	Fair value 5.31.2015	Carrying amount 2.28.2015	Fair value 2.28.2015
Assets					
Financial assets	AfS	2.0	2.0	2.0	2.0
Other receivables and assets					
Other financial assets	LaR	48.3	48.3	40.2	40.2
Cash and cash equivalents	LaR	435.7	435.7	334.8	334.8
Equity and liabilities					
Financial debt					
Bonds	FLAC	247.2	272.9	247.0	274.8
Liabilities to banks	FLAC	94.0	94.3	92.1	92.4
Liabilities in connection with finance leases	n.a.	0.7	0.8	0.8	0.8
Derivatives with hedge relationship	n.a.	2.8	2.8	2.9	2.9
Derivatives without hedge relationship	FLHfT	0.0	0.0	1.7	1.7
Trade payables and other liabilities	FLAC	278.6	278.6	239.1	239.1
Accrued liabilities	FLAC	23.5	23.5	17.9	17.9

Rounding up or down may lead to discrepancies between totals.

Receivables and other assets of € 16.1 million (February 28, 2015: € 14.5 million; prior to IFRIC 21 adjustment: € 14.5 million), trade payables and other/sundry liabilities of € 107.5 million (February 28, 2015: € 77.9 million; prior to IFRIC 21 adjustment: € 77.0 million), and accrued liabilities of € 69.9 million (February 28, 2015: € 55.8 million; prior to IFRIC 21 adjustment: € 55.7 million) are outside the scope of IFRS 7.

€ million	5.31.2015	2.28.2015
Assets		
Valuation based on level 3 input data		
Available for sale financial assets	2.0	2.0
Equity and liabilities		
Valuation based on level 2 input data		
Derivatives with hedge relationship	2.8	2.9
Financial liabilities held for trading	0.0	1.7

Rounding up or down may lead to discrepancies between totals.

The derivative financial instruments with hedge relationships recognized in the balance sheet mainly relate to interest hedges (interest swaps). Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders. Reference is made to the notes to the 2014/2015 consolidated financial statements for information about the measurement of the financial asset for which Level 3 input data was used. There was no material change in the measurement of this item in the 1st quarter of 2015/2016.

(10) Segment report

1st Quarter 2015/2016 in € million 1st Quarter 2014/2015 in € million 1)	DIY stores	Real estate	Headquarters and consolidation	HORNBACH-Baumarkt-AG Group
Segment sales	**994.8**	**39.9**	**(39.5)**	**995.2**
	976.4	37.3	(37.0)	976.7
Sales to third parties	994.8	0.0	0.0	994.8
	976.4	0.0	0.0	976.4
Rental income from third parties	0.0	0.4	0.0	0.4
	0.0	0.2	0.0	0.2
Rental income from affiliated companies	0.0	39.5	(39.5)	0.0
	0.0	37.0	(37.0)	0.0
Segment earnings (EBIT)	**56.2**	**15.5**	**(6.5)**	**65.2**
	66.3	13.3	(6.3)	73.3
Depreciation and amortization	**8.8**	**4.1**	**1.6**	**14.5**
	8.5	3.8	1.4	13.8
EBITDA	**65.0**	**19.5**	**(4.9)**	**79.7**
	74.8	17.1	(4.9)	87.0
Segment assets	**898.7**	**644.2**	**315.6**	**1,858.5**
	785.0	592.4	418.4	1,795.8
of which: credit balances at banks	107.0	0.0	281.8	388.8
	42.9	0.0	383.8	426.7

Reconciliation in € million 1)	1st Quarter 2015/2016	1st Quarter 2014/2015
Segment earnings (EBIT) before "Headquarters and consolidation"	**71.7**	**79.6**
Headquarters	(6.5)	(6.3)
Net financial expenses	(1.7)	(4.9)
Consolidated earnings before taxes	**63.5**	**68.3**

Rounding up or down may lead to discrepancies between totals.
1) Previous year's figures adjusted due to IFRIC 21; please see Note 1.

Bornheim, June 26, 2015

The Board of Management of HORNBACH-Baumarkt-Aktiengesellschaft

FINANCIAL CALENDAR 2015

June 26, 2015	Interim Report: 1st Quarter of 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 of 2015/2016 as of November 30, 2015

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 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.