

HORNBACH Baumarkt AG Group

1<sup>st</sup> QUARTER  
2019/20

Quarterly Statement  
as of May 31, 2019



# HORNBACH BAUMARKT AG GROUP

## Statement on 1<sup>st</sup> Quarter of 2019/20 (March 1 – May 31, 2019)

Key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	1 <sup>st</sup> Quarter 2019/20	1 <sup>st</sup> Quarter 2018/19	Change in %
<b>Net sales</b>	<b>1,260.7</b>	<b>1,162.1</b>	<b>8.5</b>
of which: in Germany	654.1	612.7	6.8
of which in other European countries	606.6	549.4	10.4
Like-for-like sales growth	7.8%	2.3%	
Gross margin as % of net sales	36.9%	37.2%	
EBITDA	142.1	85.5	66.2
<b>Earnings before interest and taxes (EBIT)</b>	<b>84.1</b>	<b>65.2</b>	<b>28.9</b>
<b>Adjusted EBIT</b>	<b>84.1</b>	<b>64.9</b>	<b>29.7</b>
Consolidated earnings before taxes	69.8	60.5	15.3
Consolidated net income	51.7	44.9	15.1
Basic/diluted earnings per share (€)	1.63	1.41	15.6
Investments	24.2	64.7	(62.6)

Misc. key figures of the HORNBACH Baumarkt AG Group (in € million, unless otherwise stated)	May 31, 2019	February 28, 2019	Change in %
Total assets	3,592.4	2,337.9	53.7
Shareholders' equity	1,115.9	1,068.6	4.4
Shareholders' equity as % of total assets	31.1%	45.7%	
Number of stores	158	158	0.0
Sales area in 000 m <sup>2</sup> (based on BHB)	1,854	1,853	0.1
Number of employees	20,673	20,118	2.8

Figures for 2019/20 financial year take due account of first-time application of new IFRS 16 lease accounting requirements. Previous year's figures not adjusted. Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

### Summary

- HORNBACH Baumarkt AG Group with pleasing start to spring season
- Consolidated sales for first quarter of 2019/20 up 8.5% to € 1,261 million – like-for-like, currency-adjusted sales up 7.8%
- Adjusted EBIT grows by 29.7% to € 84.1 million
- Sales and earnings forecast for 2019/20 confirmed

The HORNBACH Baumarkt AG Group is satisfied with its performance in the first quarter of 2019/20 and has confirmed its full-year sales and earnings forecast. Consolidated sales for the first quarter of 2019/20 (March 1 to May 31, 2019) rose by 8.5% to € 1,260.7 million (2018/19: € 1,162.1 million). On a like-for-like basis and net of currency items, consolidated sales grew by 7.8% in the first three months. The notable acceleration in the rate of sales growth compared with the previous year, improved cost ratios, and positive conversion effects resulting from first-time application of the new IFRS 16 lease accounting requirements – all these factors led to a pleasing increase in operating earnings (EBIT). EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) showed clearly disproportionate growth compared with sales, rising 29.7% to € 84.1 million (2018/19: € 64.9 million). Three-month earnings per Baumarkt share amounted to € 1.63 (2018/19: € 1.41).

## Earnings, Financial, and Asset Position

### First-time application of new IFRS 16 accounting standard from March 1, 2019

The HORNBACH Baumarkt AG Group is applying the new lease accounting requirements pursuant to IFRS 16 from the 2019/20 financial year onwards. This has amended the statement of items in the balance sheet and income statement of the HORNBACH Baumarkt AG Group.

IFRS 16 will basically require all leases to be recognized in the balance sheet in future. At HORNBACH, this particularly affects those real estate letting arrangements for our retail properties in Germany and abroad that were previously classified as operating leases. The recognition of these arrangements in the balance sheet has significantly increased the volume of right-of-use assets and lease liabilities. Based on the lease contracts recognized and measured as of March 1, 2019, application of IFRS 16 has resulted in the following material conversion effects in the balance sheet:

Key balance sheet figures HORNBACH Baumarkt AG Group (status: March 1, 2019)	Carrying amount February 28, 2019 € million	Carrying amount March 1, 2019 € million	IFRS 16 conversion effect (ceteris paribus) € million
Right-of-use assets	149.0	1,316.4	1,167.4
Lease liabilities	164.0	1,356.5	1,192.5

Within the income statement, most of the rental payments made for operating lease contracts were previously included within selling and store expenses. Since March 1, 2019, rather than rental expenses the company has recognized depreciation of right-of-use assets (selling and store expenses) and interest expenses for lease liabilities (net financial expenses). Assuming that all other factors remain unchanged ("ceteris paribus"), this will significantly increase EBIT. At the same time, the future recognition of interest expenses will place a significant charge on net financial expenses and earnings before taxes.

The following table summarizes the material currency-adjusted conversion effects resulting from IFRS 16 as recognized in the income statement for the first quarter of 2019/20 and for the 2019/20 financial year:

Key income statement figures HORNBACH Baumarkt AG Group (status: March 1, 2019)	IFRS 16 conversion effect 1 <sup>st</sup> quarter of 2019/20 € million	IFRS 16 conversion effect 2019/20 financial year € million
Depreciation and amortization	36.2	139.5
<b>Adjusted EBIT</b>	<b>5.4</b>	<b>21.5</b>
Net financial expenses	(8.7)	(34.9)
<b>Earnings before taxes</b>	<b>(3.3)</b>	<b>(13.3)</b>

Differences due to rounding up or down to nearest € million

### Development in HORNBACH store network

We did not open any new DIY store with a garden center in the first quarter of 2019/20. As of May 31, 2019, the HORNBACH Baumarkt AG Group therefore operated 158 retail outlets (February 28, 2019: 158) with total sales areas of 1.85 million m<sup>2</sup>, of which 97 locations in Germany and 61 in other European countries.

### Seasonal and calendar-related factors

Despite changeable weather conditions, the first quarter of the 2019/20 financial year offered more favorable overall conditions for the implementation of DIY projects than did the comparative period in the previous year. March 2019, which was blustery at first but mild overall, facilitated an early start to the gardening season. This was followed by a summery April, while May was cool and in some areas quite rainy.

In the first quarter (Q1) of 2019/20, there was a group-wide average of 1.3 business days more than in the previous year's quarter.

## Sales performance

Consolidated sales rose by 8.5 % to € 1,260.7 million in the first quarter of 2019/20 (2018/19: € 1,162.1 million). All of the countries in which HORNBACH operates contributed to this very pleasing growth.

**On a like-for-like basis and net of currency items** [↪ [Brief Glossary](#) on Page 7], consolidated sales grew by 7.8 % in the first quarter (2018/19: plus 2.3 %). 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 7.8 % (2018/19: 1.6 %). HORNBACH benefited on the one hand from more favorable weather conditions compared with the previous year. On the other hand, the more intense preparations made for the spring season in the fourth quarter of 2018/19 also paid off. In Germany, for example, our like-for-like sales growth was around three percentage points ahead of the sector average in the period from March to May 2019.

Key data on the geographical sales performance in the first quarter of 2019/20 (March 1 to May 31, 2019) is as follows:

### Germany region

- Net sales plus 6.8 % to € 654.1 million (2018/19: € 612.7 million)
- Like-for-like sales growth of plus 6.9 %
- Market share gained thanks to outperformance of sector

### Other European Countries region

- Net sales plus 10.4 % to € 606.6 million (2018/19: € 549.4 million)
- International share of consolidated sales rises from 47.3 % to 48.1 %
- Like-for-like, currency-adjusted sales growth of 8.7 % – including currency items plus 8.8 %

## Earnings performance

The following comments refer to the earnings performance of the HORNBACH Baumarkt AG Group. Information about the "Retail" and "Real Estate" segments can be found in the segment report on Page 13.

In conjunction with more favorable cost ratios, the dynamic sales growth seen in the quarter under report meant that operating earnings were significantly higher than in the 2018/19 spring quarter. Not only that, the effects of first-time application of the new IFRS 16 lease accounting standard also impacted positively on EBIT. Key data on the earnings performance in the first quarter of 2019/20 is as follows:

- Gross profit increased by 7.8 % to € 465.8 million in the first quarter of 2019/20 (2018/19: € 432.1 million). The gross margin eased from 37.2 % to 37.0 %. The slight decline in the **gross margin** [↪ [Brief Glossary](#) on Page 8] was chiefly due to higher procurement prices, which could only be passed on in part to retail prices.
- Selling and store expenses rose by 4.8 % to € 328.8 million in the period under report (2018/19: € 313.7 million). The **store expense ratio** [↪ [Brief Glossary](#) on Page 8] fell by 90 base points from 27.0 % to 26.1 %. The positive IFRS 16 effect in Q1 contributed around 40 base points to this improvement in the store expense ratio. Given that there were no new store openings in Q1 2019/20 (Q1 2018/19: two new store openings), the **pre-opening expense ratio** [↪ [Brief Glossary](#) on Page 8] decreased from 0.2 % to just under 0.1 %. General and administration expenses rose by 2.9 %, and thus less rapidly than sales. As a result, the **administration expense ratio** [↪ [Brief Glossary](#) on Page 8] eased from 4.7 % to 4.4 %. As a percentage of net sales, aggregate store, pre-opening, and administration expenses fell by 130 base points.
- Due to the improvement in operating earnings and the effects of first-time application of IFRS 16, **EBITDA** [↪ [Brief Glossary](#) on Page 7] increased by 66.2 % to € 142.1 million in the first quarter of 2019/20 (2018/19: € 85.5 million).
- Operating earnings (**EBIT**) rose by 28.9 % to € 84.1 million (2018/19: € 65.2 million). There were no non-operating earnings items in the first quarter of 2019/20 (2018/19: € 0.4 million). **Adjusted EBIT** [↪ [Brief Glossary](#) on Page 7] improved by

€ 19.2 million, or 29.7%, to € 84.1 million (2018/19: € 64.9 million). Of this significant improvement in earnings, the operating business contributed around € 13.8 million, and thus the major share (72%), while the IFRS 16 conversion effect increased earnings by around € 5.4 million.

- **Net financial expenses** decreased from minus € 4.7 million to minus € 14.4 million. This was chiefly due to the first-time recognition of the interest portion of lease expenses (IFRS 16), which resulted in an effect of around minus € 8.7 million in the quarter under report. Currency items were negligible in the quarter under report.
- **Consolidated earnings before taxes** grew by 15.3% to € 69.8 million (2018/19: € 60.5 million). The negative IFRS 16 effect of minus € 3.3 million in Q1 was more than offset by the pleasing business performance.
- Given a year-in-year increase in the tax charge in the quarter under report, **consolidated net income** rose by 15.1% to € 51.7 million (2018/19: € 44.9 million). **Earnings per share** are reported at € 1.63 for the first quarter of 2019/20 (2018/19: € 1.41).

### Financial and asset position

Investments showed a significant reduction to € 24.2 million in the first three months of the current 2019/20 financial year (2018/19: € 64.7 million). The previous year's figure was influenced by the acquisition of a piece of land with buildings in Switzerland, as well as of further land for the Group's medium-term expansion in other European countries. At € 12.9 million, around 53% of the investments were channeled into land and buildings (2018/19: € 51.6 million), while the remaining sum involved plant and office equipment at existing stores, as well as intangible assets (mainly IT software).

The inflow of funds from operating activities rose from € 124.3 million in the previous year's quarter to € 145.3 million in Q1 2019/20. The figure for the quarter under report includes depreciation of € 39.1 million recognized on right-of-use assets 2018/19: € 3.1 million). To avoid negative interest rates, cash and cash equivalents of € 20 million (2018/19: none) were reallocated to current financial assets with terms of more than three months and recognized as an outflow of funds for investing activities, which totaled minus € 43.9 million in Q1 2019/20 (2018/19: minus € 64.3 million). The outflow of funds for financing activities, which totaled € 31.0 million, included an amount of € 34.6 million for repayments of current and non-current lease liabilities (2018/19: € 2.8 million). Information about the financing and investing activities of the HORNBACH Baumarkt AG Group can be found in the cash flow statement on Page 12.

Total assets grew to € 3,592.4 million as of May 31, 2019, up 53.7% compared with the balance sheet date on February 28, 2019. The principal reason for this increase was the first-time recognition of right-of-use assets for leased properties and of lease liabilities pursuant to IFRS 16. Shareholders' equity as posted in the balance sheet rose to € 1,115.9 million, up 4.4% compared with the previous reporting date. At 31.1%, the **equity ratio** [↪ [Brief Glossary](#) on Page 7] remained at a satisfactory level (February 28, 2019: 45.7%). **Net financial debt** [↪ [Brief Glossary](#) on Page 7] rose from € 520 million to € 1,619 million as of May 31, 2019. This was chiefly due to the increase in current and non-current lease liabilities resulting from application of IFRS 16.

## Other Disclosures

### Employees

A total of 20,673 individuals across Europe were employed by the HORNBACH Baumarkt AG Group at the reporting date on May 31, 2019 (February 28, 2019: 20,118).

### Statement of figures

Figures have been rounded up or down to the nearest million euro amount. Such rounding up or down may result in minor discrepancies between the various presentations. Percentages have been calculated on the basis of thousand euro figures.

## Outlook

The outlook and other statements made concerning the expected performance of the Group in the 2019/20 financial year have not changed materially compared with the assessments published in the 2018/19 Annual Report of the HORNBACH Baumarkt AG Group.

The sales and earnings forecast of the HORNBACH Baumarkt AG Group for the 2019/20 financial year is confirmed. The Board of Management thus continues to expect consolidated sales growth in a medium single-digit percentage range and an increase in EBIT adjusted to exclude non-operating earnings items (adjusted EBIT) by more than 30 % compared with the figure reported for the 2018/19 financial year (€ 81.9 million). This earnings growth should be driven on the one hand by the improvement in the Group's operating earnings strength as a result of sales growth and stricter cost management. On the other hand, we expect EBIT to benefit to a substantial extent of around € 21.5 million from first-time application of IFRS 16 (basis for calculation: March 1, 2019).

## Brief Glossary of Key Performance Figures

In this quarterly statement we also refer to the following alternative key performance figures that are not defined under IFRS to comment on our asset, financial, and earnings position. These figures should also be viewed in the overall context of the information published in the Annual Report concerning the Group's management system.

<p><b>Like-for-like sales net of currency items (change in %)</b></p>	<p><i>Alternative key performance figure to measure the operating business performance and indicate the organic growth achieved by our retail activities (stationary stores and online shops)</i></p>	<p>The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least one full year. No account is taken of stores newly opened, closed, or subject to substantial conversion measures in the past twelve months. Like-for-like sales are calculated excluding sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). The rate of change in like-for-like sales net of currency items is therefore a performance indicator independent of exchange rate factors. On a euro basis, like-for-like sales are also calculated including currency items for those countries in our European store network that have currencies other than the euro.</p>
<p><b>EBITDA</b></p>	<p><i>Alternative key performance figure to comment on earnings performance</i></p>	<p>EBITDA stands for earnings before interest, taxes, depreciation and amortization (on property, plant and equipment and on intangible assets). EBITDA is a cash flow-based figure, as depreciation and amortization, which do not impact on liquidity, are added to operating earnings (EBIT).</p>
<p><b>Adjusted EBIT</b></p>	<p><i>Major key performance figure to comment on operating earnings performance</i></p>	<p>To calculate this key figure, EBIT is adjusted to exclude non-operating earnings items. Non-operating expenses (e.g. impairment losses on assets, additions to provisions for onerous contracts) are added to EBIT, while non-operating income (e.g. income from disposals of properties, income from write-ups of assets impaired in previous years) are deducted. Adjusted EBIT is therefore particularly useful for comparing the operating earnings performance over time or in forecasts.</p>

**Cost ratios**

*Alternative key performance figures for the development in store, pre-opening, and administration expenses as a percentage of net sales*

The **store expense ratio** is obtained by dividing selling and store expenses by net sales. Selling and store expenses comprise those costs incurred in connection with the operation of stationary DIY stores with garden centers and the online shops. They mainly include personnel expenses, costs of premises, and advertising expenses, as well as depreciation, amortization, and general operating expenses, such as transport expenses, service and maintenance.

The **pre-opening expense ratio** is calculated by dividing pre-opening expenses by net sales. Costs incurred in connection with and upon the construction of a new stationary DIY store with a garden center through to opening are reported as pre-opening expenses. Pre-opening expenses largely comprise personnel expenses, costs of premises, and administration expenses.

The **administration expense ratio** is the quotient of administration expenses and net sales. Administration expenses include all administrative expenses incurred in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-commerce) and which cannot be directly allocated to such. They mainly consist of personnel expenses, legal and advisory expenses, depreciation and amortization, costs of premises, and IT, travel, and vehicle expenses. As well as purely administrative expenses, they also include project-related expenses and in particular the expenses incurred for the increasing digitization of our business model (multichannel retail).

**Equity ratio**

*Alternative key performance figure to comment on asset position*

The equity ratio is derived by dividing shareholders' equity as reported in the balance sheet (equity posted) by total capital (balance sheet total).

**Net financial debt**

*Alternative key performance figure to comment on financial position*

This key figure is calculated as total current and non-current financial debt less cash and cash equivalents.

**Gross margin**

*Further key performance figure to comment on earnings performance*

The gross margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. This key management figure is chiefly influenced by developments in procurement and retail prices, changes in the product mix, and currency items resulting from international procurement.



## Income Statement

€ million	1 <sup>st</sup> Quarter 2019/20	1 <sup>st</sup> Quarter 2018/19	Change in %
Sales	1,260.7	1,162.1	8.5
Cost of goods sold	794.9	730.0	8.9
<b>Gross profit</b>	<b>465.8</b>	<b>432.1</b>	<b>7.8</b>
Selling and store expenses	328.8	313.7	4.8
Pre-opening expenses	0.8	2.3	(63.3)
General and administration expenses	55.9	54.3	2.9
Other income and expenses	3.9	3.5	13.9
<b>Earnings before interest and taxes (EBIT)</b>	<b>84.1</b>	<b>65.2</b>	<b>28.9</b>
Interest and similar income	0.1	0.1	(26.6)
Interest and similar expenses	14.5	4.5	>100
Other financial result	0.1	(0.3)	>100
<b>Net financial expenses</b>	<b>(14.4)</b>	<b>(4.7)</b>	<b>&gt;(100)</b>
<b>Consolidated earnings before taxes</b>	<b>69.8</b>	<b>60.5</b>	<b>15.3</b>
Taxes on income	18.0	15.5	15.9
<b>Consolidated net income</b>	<b>51.7</b>	<b>44.9</b>	<b>15.1</b>
Basic/diluted earnings per share (€)	1.63	1.41	15.6

## Balance Sheet

Assets <sup>1)</sup>	May 31, 2019		February 28, 2019	
	€ million	%	€ million	%
<b>Non-current assets</b>				
Intangible assets	17.6	0.5	17.4	0.7
Property, plant, and equipment	1,078.7	30.0	1,072.7	45.9
Right-of-use assets	1,285.6	35.8	149.0	6.4
Investment property	6.5	0.2	6.6	0.3
Financial assets	7.3	0.2	7.3	0.3
Other non-current receivables and assets	1.5	0.0	2.2	0.1
Deferred tax assets	7.9	0.2	6.4	0.3
	<b>2,405.2</b>	<b>67.0</b>	<b>1,261.5</b>	<b>54.0</b>
<b>Current assets</b>				
Inventories	778.9	21.7	755.7	32.3
Current financial assets	20.0	0.6	0.0	0.0
Trade receivables	15.5	0.4	11.3	0.5
Contract assets	1.4	0.0	1.6	0.1
Other current assets	56.1	1.6	60.0	2.6
Income tax receivables	2.2	0.1	5.3	0.2
Cash and cash equivalents	313.1	8.7	242.5	10.4
	<b>1,187.2</b>	<b>33.0</b>	<b>1,076.4</b>	<b>46.0</b>
	<b>3,592.4</b>	<b>100.0</b>	<b>2,337.9</b>	<b>100.0</b>

Equity and liabilities <sup>1)</sup>	May 31, 2019		February 28, 2019	
	€ million	%	€ million	%
<b>Shareholders' equity</b>				
Share capital	95.4	2.7	95.4	4.1
Capital reserve	143.6	4.0	143.6	6.1
Revenue reserves	876.8	24.4	829.6	35.5
	<b>1,115.9</b>	<b>31.1</b>	<b>1,068.6</b>	<b>45.7</b>
<b>Non-current liabilities</b>				
Non-current financial debt	294.2	8.2	294.2	12.6
Non-current lease liabilities	1,195.9	33.3	153.2	6.6
Provisions for pensions	20.5	0.6	14.2	0.6
Deferred tax liabilities	16.1	0.4	17.5	0.7
Other non-current liabilities	33.0	0.9	52.4	2.2
	<b>1,559.7</b>	<b>43.4</b>	<b>531.4</b>	<b>22.7</b>
<b>Current liabilities</b>				
Current financial debt	308.0	8.6	304.0	13.0
Current lease liabilities	134.3	3.7	10.8	0.5
Trade payables	211.3	5.9	227.0	9.7
Contract liabilities	36.1	1.0	30.9	1.3
Other current liabilities	109.8	3.1	70.3	3.0
Income tax liabilities	16.5	0.5	9.1	0.4
Other provisions and accrued liabilities	100.9	2.8	85.9	3.7
	<b>916.8</b>	<b>25.5</b>	<b>737.9</b>	<b>31.6</b>
	<b>3,592.4</b>	<b>100.0</b>	<b>2,337.9</b>	<b>100.0</b>

<sup>1)</sup> Statement of previous year's figures adjusted due to IFRS 16.

## Statement of Changes in Equity

1st Quarter 2018/19 € million	Share capital	Capital reserve	Cumulative currency translation	Other revenue reserves	Total equity
<b>Balance at March 1, 2018</b>	<b>95.4</b>	<b>143.6</b>	<b>36.3</b>	<b>773.4</b>	<b>1,048.8</b>
Adjustments due to IFRS 15				1.8	1.8
<b>Balance at March 1, 2018 (adjusted)</b>	<b>95.4</b>	<b>143.6</b>	<b>36.3</b>	<b>775.2</b>	<b>1,050.6</b>
Consolidated net income				44.9	44.9
Foreign currency translation			(1.7)		(1.7)
<b>Total comprehensive income</b>			<b>(1.7)</b>	<b>44.9</b>	<b>43.2</b>
<b>Balance at May 31, 2018</b>	<b>95.4</b>	<b>143.6</b>	<b>34.7</b>	<b>820.1</b>	<b>1,093.8</b>

1st Quarter 2019/20 € million	Share capital	Capital reserve	Cumulative currency translation	Other revenue reserves	Total equity
<b>Balance at March 1, 2019</b>	<b>95.4</b>	<b>143.6</b>	<b>37.3</b>	<b>792.2</b>	<b>1,068.6</b>
Consolidated net income				51.7	51.7
Actuarial gains and losses on defined benefit plans				(5.0)	(5.0)
Foreign currency translation			0.6		0.6
<b>Total comprehensive income</b>			<b>0.6</b>	<b>46.7</b>	<b>47.3</b>
<b>Balance at May 31, 2019</b>	<b>95.4</b>	<b>143.6</b>	<b>37.9</b>	<b>838.9</b>	<b>1,115.9</b>

## Cash Flow Statement

€ million <sup>1)</sup>	1 <sup>st</sup> Quarter 2019/20	1 <sup>st</sup> Quarter 2018/19
<b>Consolidated net income</b>	<b>51.7</b>	<b>44.9</b>
Depreciation and amortization of investments in property, plant, and equipment and in intangible assets	18.9	17.5
Depreciation of right-of-use assets	39.1	3.1
Change in provisions	0.9	(1.4)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	0.0	(0.1)
Change in inventories, trade receivables and other assets	(20.7)	(51.9)
Change in trade payables and other liabilities	57.5	112.0
Other non-cash income/expenses	(2.1)	0.1
<b>Cash flow from operating activities</b>	<b>145.3</b>	<b>124.3</b>
Proceeds from disposal of non-current assets and of non-current assets held for sale	0.4	0.4
Payments for investments in property, plant, and equipment	(22.7)	(64.0)
Payments for investments in intangible assets	(1.5)	(0.7)
Cash paid for investments in connection with short-term finance planning	(20.0)	0.0
<b>Cash flow from investing activities</b>	<b>(43.9)</b>	<b>(64.3)</b>
Repayment of long-term debt	0.0	(0.3)
Repayment of current and non-current lease liabilities	(34.6)	(2.8)
Change in current financial debt	3.6	2.9
<b>Cash flow from financing activities</b>	<b>(31.0)</b>	<b>(0.2)</b>
Cash-effective change in cash and cash equivalents	70.4	59.8
Change in cash and cash equivalents due to changes in exchange rates	0.2	(0.1)
Cash and cash equivalents at March 1	242.5	102.1
<b>Cash and cash equivalents at May 31</b>	<b>313.1</b>	<b>161.8</b>

<sup>1)</sup> Statement of previous year's figures adjusted due to IFRS 16.

## Segment Report

1st Quarter 2019/20 € million 1st Quarter 2018/19 in € million	Retail	Real Estate	Headquarters and Consolidation	HORNBACH Baumarkt AG Group
<b>Segment sales</b>	<b>1,259.6</b>	<b>69.4</b>	<b>(68.4)</b>	<b>1,260.7</b>
	1,161.8	43.3	(43.0)	1,162.1
Sales to third parties	1,259.6	0.0	0.0	1,259.6
	1,161.8	0.0	0.0	1,161.8
Rental income from third parties	0.0	1.1	0.0	1.1
	0.0	0.3	0.0	0.3
Rental income from affiliated companies	0.0	68.4	(68.4)	0.0
	0.0	43.0	(43.0)	0.0
<b>Segment earnings (EBIT)</b>	<b>61.6</b>	<b>25.4</b>	<b>(2.8)</b>	<b>84.1</b>
	48.2	20.7	(3.6)	65.2
<b>Depreciation and amortization/write-ups</b>	<b>13.8</b>	<b>41.3</b>	<b>2.9</b>	<b>58.0</b>
	10.1	7.8	2.4	20.3
<b>EBITDA</b>	<b>75.4</b>	<b>66.7</b>	<b>0.0</b>	<b>142.1</b>
	58.2	28.5	(1.2)	85.5
<b>Segment assets</b>	<b>1,146.2</b>	<b>2,184.4</b>	<b>251.7</b>	<b>3,582.3</b>
	1,031.4	1,011.7	100.9	2,144.1

Reconciliation in € million	1 <sup>st</sup> Quarter 2019/20	1 <sup>st</sup> Quarter 2018/19
<b>Segment earnings (EBIT) before "Headquarters and consolidation"</b>	<b>87.0</b>	<b>68.8</b>
Headquarters	(2.8)	(3.6)
Net financial expenses	(14.4)	(4.7)
<b>Consolidated earnings before taxes</b>	<b>69.8</b>	<b>60.5</b>

Figures for 2019/20 financial year take due account of first-time application of new IFRS 16 lease accounting requirements. Previous year's figures not adjusted.

## FINANCIAL CALENDAR

June 28, 2019	Quarterly Statement: 1 <sup>st</sup> Quarter of 2019/20
July 4, 2019	Annual General Meeting, Festhalle Landau, Landau/Pfalz
September 26, 2019	Half-Year Financial Report 2019/20
December 19, 2019	Quarterly Statement: 3 <sup>rd</sup> Quarter of 2019/20

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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 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.*