

“Building is our hobby! What drives other couples to despair is what we’re happiest doing. A dream team, we help our customers’ fulfill their own dream homes.”

Marta Takacsová and Stefan Svitko, Building Contractors, Bratislava, Slovakia



We've built a house for customers in a new residential area in Bratislava. All outer doors and windows are already in place.



Knuckling down to work! The walls in nearly every room are plastered and smoothed down in two shifts ...



... Then they're ready for the paint and the apertures for the doors. So off to HORN BACH.



We've found the right doors in no time in HORN BACH's display. Now some paint for the walls and then we can get going again.

THE HORNBAACH HOLDING SHARE



It's virtually finished. The house is given a final thorough cleaning for the customers. Then the family can finally move into their new home.



Frantisek Fodor stops by at the house to check everything's going smoothly. All the doors fit and the decorators are making good progress.



These customers like it colorful – and that's what they're getting. So which one do you think is the kids' room?

THE HORNBACH HOLDING SHARE

Share price performance: March 1, 2008 to February 28, 2009



Banking crisis draws capital markets into maelstrom

For many investors around the world, 2008 was a disastrous year. With record losses and extreme price breaks, it was a year which will find its place in the financial history books – and there is every indication that a good few inglorious chapters remain to be written in this unparalleled ongoing drama.

The financial crisis, which began on the US real estate market in mid-2007 and reached one of its sorry climaxes with the Lehman insolvency in September 2008, placed a heavy burden on international stock markets. The enormous loss of confidence, coupled with illiquidity on the markets and growing fears of recession, triggered panic among numerous investors. Stoxx50, the select European index, plummeted by more than 44% in the course of the year. The German lead index, the

Dax, did not fare much better, reporting the worst trading week in its history with a loss of 22% in October 2008 alone. Over the twelve-month period, it lost 40% in value, thus bringing the five-year bull market abruptly to a close.

Stock markets found themselves confronted with an unprecedented volume of execution sales on the part of financial investors forced to react to the immense outflow of resources from their funds. At times, observers might be forgiven for thinking that stocks had been placed on sell lists literally at random. This climate of sellouts across the board also left tangible marks on the performance of HORNBACH HOLDING's share, regardless of the Group's pleasing business performance, high level of equity resources and substantial free liquidity.

Key data about the HORNBACH HOLDING share (IFRS)		2008/2009	2007/2008
Nominal value of the share	€	3.00	3.00
Dividend per preference share	€	1.14	1.14
IFRS earnings per preference share	€	11.44	6.03
Total dividend payment	€ 000s	8,880	8,880
Shareholders' equity per share (including minority interests)	€	97.56	85.94
Market capitalization*	€ 000s	340,000	592,000
Share price (Xetra)*	€	42.50	74.00
12-month high	€	76.45	104.33
12-month low	€	42.50	69.68
Shares issued	Number	8,000,000	8,000,000
Price / earnings ratio*		3.7	12.3

* at the end of the financial year (the last day in February)

Unsatisfactory share performance

In the first trading weeks of the financial year, the share of HORNBACH HOLDING AG (ISIN DE0006083439) outperformed the overall market. The share closed trading in Xetra at its annual high of € 76.45 on March 14, 2009, a level it was unable to defend in subsequent months. The DIY sector showed signs of a weak sales performance in spring 2008 due to significantly cooler and damper weather conditions compared with the previous year. Over and above this, the high rate of inflation eroded purchasing power among consumers in Germany and other European countries. Against this backdrop, many investors were more reluctant to make new investments.

The communication of our results for the 2007/2008 financial year and above all the positive outlook for the financial year offered some support to our share once again. On June 26, 2008, the HORNBACH Group published its figures for the first quarter (March 1 to May 31, 2008). The pleasing summary of the first three months led the HOLDING share to an interim high of € 64.20. Profit taking subsequently took its toll on the share price, which was scarcely able to make itself heard in the following weeks against the crescendo of news reports on the banking crisis. The shockwave following the insolvency of the US investment bank Lehman Brothers triggered an unprecedented domino effect in the financial sector, one which

governments around the world struggled to stem with state assistance. Bank crisis, financial crisis, economic crisis – that was the worrying escalation in the period under report. HORNBACH was unable to escape the downward pull, even in spite of its solid half-year and nine-month figures. Our share dropped to € 46.60 in the “Week of Horror” (October 6 to 10, 2008), as it was termed by the *Börsenzeitung* newspaper. The recovery in the HOLDING share at the end of December was then of hardly more than cosmetic value.

Notwithstanding economic stimulus programs worth billions and the Obama effect, the 2009 calendar year began on the capital markets on a note which was anything but promising, as quarterly and annual results from the banking sector and industry showed no signs of turning for the better. Our share ended the 2008/2009 financial year at its annual low of € 42.50 on the final trading day on February 27, 2009. This corresponds to a minus of 43% compared with its valuation twelve months earlier. One small consolidation is that HORNBACH finds itself in the best company. The 30 largest German stock corporations listed in the Dax fell by 42% over the same period, while the second-tier stocks in the MDax and SDax lost 49% in value.

The uncertainty on the stock markets impacted negatively on the liquidity of our share. In their search for safe havens, many investors withdrew from lower-capitalized and less liquid second-tier stocks or turned their backs on the stock market entirely. Average Xetra trading volumes in our share halved during the year to around 500 shares a day.

Finding a fair valuation for HORNBACH HOLDING's share, whose key components include not only the intrinsic value of the DIY store business but also that of the HORNBACH Immobilien AG subgroup, was presumably harder than ever in the past financial year. There is a lot to be said for the share price performance having been shaped by the all-devouring financial crisis, rather than by a widespread loss of confidence in HORNBACH: This assumption is backed up indirectly by the performance of the corporate bond of HORNBACH-Baumarkt-AG (ISIN XS0205954778; WKN: A0C4RP). HORNBACH's bond, which runs until 2014 and has an interest coupon of 6.125%, also failed to escape the downward stampede in the horrendous month of October 2008 (annual low at 76.10%), but nevertheless proved extremely robust over the year as whole. The corporate bond reached its annual high at the end of December (98.50%: Frankfurt Stock Exchange), posting a twelve-month performance of 9% at a price of 95.00% on the reporting date on February 28, 2009.

High degree of transparency

Our investor relations activities once again provided shareholders, analysts, the financial media and the general public with prompt information on the performance of HORNBACH HOLDING AG in the past financial year. All quarterly reports, annual reports, press releases and additional financial information were published on the internet communications platform of the HORNBACH Group (www.hornbach-group.com), where we have pooled all of our information and services, especially for shareholders and press representatives.

Here we provide information about the overall Group and its subsidiaries, as well as about the publicly listed shares of the HORNBACH Group. Moreover, this site also offers numerous download possibilities and the online annual reports of

HORNBACH HOLDING AG and of the HORNBACH-Baumarkt-AG subgroup together with a range of user-friendly research tools. This separate site for corporate communications thus complements the product-related and marketing content available at HORNBACH's internet site at www.hornbach.com.

The Annual General Meeting, the annual results press conference, analysts' conferences and meetings with investors in Germany and abroad give us the opportunity to maintain our dialog with the capital markets. Moreover, we also draw on personal contracts with the media in order to present the objectives and strategy of our company in interviews. In doing so, we outline the specific details of our concept, our market position and the further growth prospects for the Group, as well as our current performance figures.

Refocusing on stability and reliability

With its DIY megastores with garden centers across Europe, HORNBACH has a clear focus on organic growth and its concept has proven to be successful on an international basis. In terms of the overall Group, the substantial real estate holdings of the HORNBACH Immobilien AG subsidiary round off the investment story from the perspective of our shareholders. Our share is particularly interesting for value investors with a long-term perspective. These investors see HORNBACH's business model as offering sustainable growth potential and significant hidden reserves, particularly given the opportunity profile set out in greater detail in the management report.

However, increasing numbers of more traditional investors will once again be stock-picking among companies in tiers below the Dax. This is because the global economic crisis has led investors to refocus on values such as reliability, trust and stability. Viewed in this light, HORNBACH's stable business model means that it should return to the foreground among investors once again in the long term.

The share of HORNBACH HOLDING AG represents a solid long-term investment with high intrinsic value. The share capital of HORNBACH HOLDING AG amounting to € 24 million is

divided equally into four million ordinary shares and four million non-voting preference shares.

More than 80% of the preference shares are owned by independent shareholders. The British retail group Kingfisher plc, with which HORNBAACH entered a strategic alliance at the end of 2001, holds around 17.4% of the preference shares. In line with the index system of the German stock exchange, the share of HORNBAACH HOLDING AG is admitted for trading in the Prime Standard (a subsection of the official market in-

volving additional admissions requirements). The company's listing in the Prime Standard obliges it to meet a high level of transparency standards.

The majority of the four million unlisted ordinary shares are owned by the Hornbach families, who have pooled their share of the voting capital, amounting to 75% minus one share, at HORNBAACH Familien-Treuhand GmbH. Kingfisher plc holds a qualified minority shareholding in the voting capital amounting to 25% plus one share.

Key data about the HORNBAACH HOLDING share

Type of share	Bearer shares (individual preference shares)
Stock exchanges	Frankfurt, Xetra
Market segment	Prime Standard
Security identification numbers	ISIN DE0006083439 WKN 608343
Stock market code	HBH3
Bloomberg	HBH3 GR
Reuters (Xetra)	HBHGP.DE

FINANCIAL CALENDAR FOR 2009

May 27, 2009	Annual Results Press Conference 2008/2009 Publication of Annual Report
July 2, 2009	Interim Report – 1 st Quarter 2009/2010 as of May 31, 2009
July 10, 2009	Annual General Meeting Festhalle Landau, Landau/Pfalz
September 30, 2009	Half-Year Financial Report 2009/2010 as of August 31, 2009 DVFA Analysts' Conference
December 22, 2009	Interim Report – 3 rd Quarter 2009/2010 as of November 30, 2009

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