

HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG PRESSEMITTEILUNG – PRESS RELEASE

Interim Report for the First Half of 2004/05: Sharp Rise in Earnings as Percentage of Sales

HORNBACH Gathers Pace in Second Quarter

- Sales at HORNBACH Group up by 10.3%
- Like-for-like sales at DIY megastores with garden centers up by 4.1% in first half-year
- Further significant year-on-year increase in earnings
- Group now operating in eight countries following market entry in Slovakia

Frankfurt a. M./Neustadt an der Weinstrasse, September 30, 2004.

The sales and earnings of the HORNBACH Group increased sharply in the first six months of the current financial year (March 1 – August 31, 2004). Consolidated sales at HORNBACH HOLDING AG rose by 10.3% to €1.21bn (previous year: €1.1bn). Around €1.14bn of this sum (previous year: €1.02bn) was generated by the HORNBACH-Baumarkt-AG subgroup, which now operates 116 DIY megastores with garden centers in eight countries. The business performance gathered pace considerably in the second quarter. Sales at the DIY megastores with garden centers not including newly opened stores rose by 4.1% on the first half of the previous year. In Germany, the rise in comparable store sales amounted to 3.1%. Compared with the first half of the 2003/2004 financial year, earnings increased significantly as a proportion of sales. Earnings before taxes improved by 48.9% to €78.0m at the HORNBACH HOLDING AG Group and by 53.2% to €73.1m at the Baumarkt subgroup.

The HORNBACH HOLDING AG Group includes the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

The net sales of the HORNBACH HOLDING AG Group rose by 12.9% in the second quarter (June 1 to August 31, 2004) to reach €594.0m (previous year: €526.2m). Cumulative consolidated sales for the first six months of the financial year grew by 10.3% to €1,211.6m (previous year: €1,098.5m).

Following three new openings in the second quarter, the HORNBACH-Baumarkt-AG subsidiary was operating 116 DIY megastores with garden centers across Europe with a total sales area of 1,174,000 m² as of August 31, 2004. The net sales generated by the HORNBACH-Baumarkt-AG subgroup rose by 13.9% in the second quarter to €555.3m (previous year: €487.7m) and by 11.7% in the first half of the year to reach €1,140.5m (previous year: €1,020.7m).

The beginning of August 2004 saw the opening of the first Slovakian HORNBACH DIY megastore with a garden center at the Bratislava location. This marked the seventh European market entry undertaken by HORNBACH outside of Germany. The share of the subgroup's sales generated by its international megastores amounted to 32.5% at the end of the first six months (previous year: 31.9%).

Like-for-like sales rose across Europe by 4.1% during the first half of the year, once again surpassing the pleasing level of growth reported for the previous year (3.1%) by a clear

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margin. In Germany, like-for-like sales growth amounted to 3.1% in the first six months (previous year: 2.3%).

HORNBACH has managed to pull further ahead of the German DIY sector in 2004 and has acquired additional market share. According to the Federal Association of German Home Improvement, DIY and Specialist Garden Stores (BHB), the German DIY store and garden center segment grew by only 0.6% between January and June 2004 following a poor garden season due to weather conditions in the early months of the year. Comparable store sales at HORNBACH, by contrast, rose by 5.1% in the first half of the calendar year.

In spite of conditions remaining difficult in the construction sector, the net sales generated by the 19 outlets (as of August 31, 2004) of the HORNBACH Baustoff Union GmbH (HBU) subgroup improved from €68.3m to €72.3m (plus 5.9%).

Development of earnings

Further improvements were seen in the positive development of earnings in the second quarter. Consolidated earnings before taxes, extraordinary items and minority interests at the HORNBACH HOLDING AG Group for the period from June to August 2004 more than doubled from €17.3m in the equivalent period in the previous year to €35.7m. At the HORNBACH-Baumarkt-AG subgroup, earnings before taxes and extraordinary items jumped by 110.3% to €32.6m (previous year: €15.5m).

A significant year-on-year increase has been seen in earnings for the first six months of the 2004/2005 financial year. Cumulative earnings before taxes at HORNBACH HOLDING AG rose by 48.9% to €78.0m (previous year: €52.4m). Pre-tax earnings at the HORNBACH-Baumarkt-AG subgroup improved by 53.2% to €73.1m (previous year: €47.7m). Average earnings per share calculated in line with IFRS rose in the first half year from €3.28 to €4.70 (plus 43.0%) at the overall Group and from €2.01 to €2.97 at the Baumarkt subgroup (plus 48.2%).

The very pleasing development of earnings in the first half of the year is primarily due to ongoing growth in like-for-like sales, earnings contributions from newly opened megastores and an improvement in the gross margin compared with the previous year. The gross profit of the HORNBACH HOLDING AG Group rose as a percentage of net sales from 34.6 % to 36.2 %. In spite of further reductions in retail prices, the gross profit at the HORNBACH-Baumarkt-AG subgroup increased from 35.1% to 36.6%. This was principally the result of improved procurement conditions and of minor adjustments to the product range. Moreover, the lower level of pre-opening expenses compared with the equivalent period in the previous year and a slight reduction in the store expenses quota also had a positive impact on the level of earnings.

Earnings at the HBU builders merchant business, by contrast, did not come up to expectations. Maintenance and restructuring expenses had a negative impact on the subgroup's earnings. Earnings at the HORNBACH Immobilien AG subgroup were at the same level as in the previous year.

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The most important key figures for the two companies are presented in the table below:

Key Figures for the First Half-Year 2004/2005 (IFRS)

HORNBACH HOLDING AG Group (ISIN DE0006083439)

Key Figures for the Group (in m, unless otherwise stated)	2 nd Quarter 2004/2005	2 nd Quarter 2003/2004	± %	Half-Year 2004/2005	Half-Year 2003/2004	± %
Net sales	594.0	526.2	12.9	1,211.6	1,098.5	10.3
of which in other European countries	183.5	157.9	16.2	370.3	325.3	13.8
Gross margin (as % of net sales)	35.9%	34.1%		36.2%	34.6%	
EBITDA	62.4	42.0	48.6	130.1	102.7	26.7
Earnings before interest and taxes (EBIT)	44.2	24.9	77.5	95.0	68.1	39.5
Consolidated earnings before taxes, extraordinary items and minority interests	35.7	17.3	106.4	78.0	52.4	48.9
Extraordinary items	0	0	-	0	1.1	-
Consolidated net income*	17.9	7.6	135.5	37.6	26.3	43.0
Average earnings per share (€)	2.24	0.94	135.5	4.70	3.28	43.0
No. of employees at HORNBACH Group				11,285	10,208	10.6
Investments				64.0	62.0	3.2
Total assets				1,690.9	1,623.1	4.1
Shareholders' equity**				471.2	438.4	3.2
Shareholders' equity as % of total assets**				27.8	27.0	

* excluding earnings allocable to minority interests

** excluding minority interests

HORNBACH-Baumarkt-AG Subgroup (ISIN DE0006084403)

Key Figures for the Subgroup (in m, unless otherwise stated)	2 nd Quarter 2004/2005	2 nd Quarter 2003/2004	± %	Half-Year 2004/2005	Half-Year 2003/2004	± %
Net sales	555.3	487.7	13.9	1,140.5	1,020.7	11.7
of which in other European countries	183.5	157.9	16.2	370.3	325.3	13.8
Like-for-like sales growth	6.1%	2.2%		4.1%	3.1%	
Gross margin (as % of net sales)	36.4%	34.6%		36.6%	35.1%	
EBITDA	52.8	34.4	53.5	112.0	86.4	29.7
Earnings before interest and taxes (EBIT)	37.6	20.3	85.2	83.0	58.0	43.1
Consolidated earnings before taxes and extraordinary items	32.6	15.5	110.3	73.1	47.7	53.2
Extraordinary items	0	0	-	0	1.1	-
Consolidated net income	20.4	8.3	145.8	44.6	30.1	48.2
Earnings per share (€)	1.36	0.55	145.8	2.97	2.01	48.2
No. of employees				10,625	9,483	12.0
Investments				36.6	27.0	35.6
Total assets				1,158.2	1,084.5	6.8
Shareholders' equity				409.1	365.9	11.8
Shareholders' equity as % of total assets				35.4%	33.7%	
No. of stores				116	106	5.7
Sales area as per BHB (in 000 m ²)				1,174	1,062	7.3
Average store size (in m ²)				10,121	10,016	1.0

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Outlook

The outlook for the current 2004/2005 financial year remains basically unchanged on the forecast provided at the end of the first quarter. The HORNBACH Group, which had a total of 11,285 employees as of August 31, 2004 (up by 10.6%), plans to open a total of five DIY megastores with garden centers during the 2004/2005 financial year. Following the opening of new megastores in Osnabrück, Bratislava and Fürth in the second quarter, the locations in Braunschweig and in Villeneuve on Lake Geneva in Switzerland will commence operations in the third quarter. Taking account of the two location substitutions in Nuremberg and Braunschweig and including the Lafiora garden centers, the number of retail outlets operated by the HORNBACH-Baumarkt-AG subgroup is expected to amount to 117 by the end of the 2004/2005 financial year. The net sales of the subgroup including newly opened stores are expected to rise to more than € 2.1bn. Like-for-like sales are expected to show growth in excess of the sector average. The level of losses reported by the HORNBACH Baustoff Union GmbH subgroup for the overall 2004/2005 financial year is expected to be lower than in the previous year.

The overall net sales of the HORNBACH HOLDING AG Group are expected to rise to significantly above € 2.2bn. On account of the Group's scheduled expansion, like-for-like sales growth and a stable gross margin, consolidated earnings for the overall year are expected to rise as a percentage of sales.

Further details on the business performance of the overall HORNBACH HOLDING AG Group and of the HORNBACH-Baumarkt-AG subgroup are provided in the interim reports published today on the internet.

- HORNBACH-Baumarkt-AG: www.hornbach.com
- HORNBACH HOLDING AG: www.hornbach-holding.com

Financial Calendar

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| ▪ December 21, 2004 | Interim Report as of November 30, 2004 |
| ▪ April 14, 2005 | Preliminary Results 2004/2005 |
| ▪ June 24, 2005 | Financial Statements Press Conference 2004/2005 |
| | DVFA Analysts Conference: HORNBACH-Baumarkt-AG |
| | Interim Report as of May 31, 2005 |
| ▪ September 01, 2005 | Annual General Meeting of HORNBACH-Baumarkt-AG |
| ▪ September 02, 2005 | Annual General Meeting of HORNBACH HOLDING AG |
| ▪ September 29, 2005 | Interim Report as of August 31, 2005 |
| | DVFA Analysts Conference: HORNBACH HOLDING AG |
| ▪ December 21, 2005 | Interim Report as of November 30, 2005 |

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