

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

Growth successfully maintained in the First Quarter of 2004/2005

## **HORNBACH Group Increases Sales and Earnings**

- Sales at DIY megastores with garden centers up by around 10 %
- Like-for-like sales growth of 2.2 % across the Group
- Earnings growth even higher than that for sales
- Slovakian market entry in Summer 2004

Frankfurt a. M./Neustadt an der Weinstrasse, June 25, 2004.

**The HORNBACH Group, one of the leading DIY groups in Europe, has built on the success of the 2003/2004 financial year and maintained its growth trajectory in the first three months of the current financial year (March 1 to May 31, 2004). Both the overall HORNBACH HOLDING AG Group and the HORNBACH-Baumarkt-AG Subgroup reported rising sales in Germany and abroad for the first quarter of 2004/2005. As a result of its pleasing like-for-like sales growth, the market leader in the segment of combined DIY megastores and garden centers has further improved its position in the market. As reported by the Boards of Management at their joint Financial Statements Press Conference in Frankfurt, the Group's key earnings figures grew even more rapidly than sales.**

The Annual Reports of HORNBACH-Baumarkt-AG and HORNBACH HOLDING AG for the 2003/2004 financial year (March 1, 2003 to February 29, 2004) have been presented at the Financial Statements Press Conference. The most important key figures in the financial statements have been provided in the tables at the end of this press release. Detailed information as to the business development of the HORNBACH Group can be downloaded from the Investor Relations sections of the companies' homepages ([www.hornbach.com](http://www.hornbach.com) and [www.hornbach-holding.com](http://www.hornbach-holding.com)).

The Boards of Management and Supervisory Boards of the two publicly listed companies will propose to the Annual General Meetings to be held in Frankfurt on September 2 and September 3 that the dividend remain unchanged on the previous year. This would mean HORNBACH-Baumarkt-AG distributing a dividend of € 0.87 per ordinary share (ISIN DE0006084403) and the parent company, HORNBACH HOLDING AG, distributing one of € 1.14 per preference share (ISIN DE0006083439).

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

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## Key Figures for the First Quarter of 2004/2005 (IFRS)

Figures in € m	HORNBACH HOLDING AG Group (ISIN DE0006083439)			HORNBACH-Baumarkt-AG Subgroup (ISIN DE0006084403)		
	± %	1st Quarter 2004/2005	1st Quarter 2003/2004	± %	1st Quarter 2004/2005	1st Quarter 2003/2004
<b>Net sales</b>	<b>7.9</b>	<b>617.6</b>	572.3	<b>9.8</b>	<b>585.2</b>	<b>533.0</b>
of which: Germany	6.4	430.8	404.9	9.0	398.4	365.6
of which: other European countries	11.6	186.8	167.4	11.6	186.8	167.4
Like-for-like sales growth (%)					<b>2.2%</b>	3.9%
Gross margin (as % of net sales)		<b>36.5%</b>	35.1%		<b>36.9%</b>	35.6%
EBITDA	11.5	<b>67.7</b>	60.7	13.8	<b>59.2</b>	52.0
Operating earnings (EBIT)	17.6	<b>50.8</b>	43.2	20.4	<b>45.4</b>	37.7
<b>Consolidated earnings before taxes and extraordinary items <sup>1)</sup></b>	<b>20.5</b>	<b>42.3</b>	35.1	<b>25.8</b>	<b>40.5</b>	32.2
Extraordinary items	-	-	1.1	-	-	1.1
<b>Consolidated net income <sup>1)</sup></b>	<b>6.9</b>	<b>24.7</b>	23.1	<b>11.0</b>	<b>24.2</b>	21.8
Earnings per share in €	5.5	<b>2.50</b> (pref.)	2.37 (pref.)	11.0	<b>1.61</b>	1.45
Capital investments	-22.7	<b>21.4</b>	27.7	-16.2	<b>8.8</b>	10.5
Balance sheet total	0.9	<b>1,681.9</b>	1,666.3	2.1	<b>1,175.3</b>	1,150.8
Shareholders' equity	3.2	<b>453.6</b>	439.7	4.8	<b>388.8</b>	370.9
Number of employees	8.3	<b>10,862</b>	10,029	9.9	<b>10,235</b>	9,314

<sup>1)</sup> HORNBACH HOLDING AG Group: before minority interests

### Sales at the HORNBACH Group up by 7.9 %

The net sales of the HORNBACH HOLDING AG Group rose by 7.9 % in the first quarter of 2004/2005 (March 1 to May 31, 2004) to € 617.6m (previous year: € 572.3m).

The HORNBACH-Baumarkt-AG subsidiary operated 110 DIY megastores with garden centers across Europe as of May 31, 2004 (previous year: 104). In the context of the integration of the former Lafiora garden centers, the HORNBACH-Baumarkt-AG Subgroup has also operated four standalone specialist garden centers since the beginning of the 2004/2005 financial year. The total sales area of all 114 retail outlets amounted to around 1,133,000 m<sup>2</sup> at the reporting date. Sales at the Baumarkt Subgroup rose by 9.8 % to € 585.2m in the first quarter (previous year: € 533.0m). The share of international sales amounted to 31.9 % in the first quarter (previous year: 31.4 %). Like-for-like sales rose by 2.2 % across the Group.

At € 33.1m, the net sales of the total of 20 outlets (previous year: 19) operated by the HORNBACH Baustoff Union GmbH Subgroup (construction materials and builders merchants) reached the level reported for the previous year.

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## **Pleasing earnings developments**

The consolidated earnings before taxes and extraordinary items reported by the HORNBACH HOLDING AG Group for the period under report rose by 20.5 % to € 42.3m (previous year: € 35.1m). At the Baumarkt Subgroup, this key figure increased by 25.8 % to € 40.5m (previous year: € 32.2m). Earnings per share pursuant to IFRS rose from € 2.37 to € 2.50 per preference share at HORNBACH HOLDING AG (+5.5 %). At its DIY subsidiary, HORNBACH-Baumarkt-AG, earnings per ordinary share showed a year-on-year improvement from € 1.45 to € 1.61 (+11.0%).

The rise in the key operating earnings figures in the first quarter is primarily attributable to like-for-like sales growth at the DIY megastores with garden centers, coupled with an increase in the gross margin in spite of lower retail prices. At the HORNBACH HOLDING AG Group, the gross profit rose as a percentage of net sales from 35.1 % to 36.5 %. At the HORNBACH-Baumarkt-AG Subgroup, the gross margin increased from 35.6 % to 36.9 %. This was principally the result of improved conditions in the Group's international procurement activities and enhancements made to its product range and supply chain management (logistics). Moreover, the significant reduction in the level of pre-opening expenses compared with the equivalent period in the previous year also impacted positively on the level of earnings generated by the overall HORNBACH HOLDING AG Group.

As of May 31, the HORNBACH Group had 10,862 employees, 8.3 % more than one year ago. The level of capital investment was lower than in the equivalent quarter in the previous year. Investments at the HORNBACH HOLDING AG Group totaled € 21.4m (previous year: € 27.7m) and primarily related to land and buildings (67 %) and to plant and office equipment.

## **Outlook**

Five HORNBACH DIY megastores with garden centers are scheduled to be opened during the 2004/2005 financial year, of which three are in Germany. The Osnabrück location was opened on June 21, 2004. Stores are to be opened in Fürth and Braunschweig at a later point in the financial year, in both cases replacing existing HORNBACH locations in the same catchment areas (Nuremberg, Fürther Strasse; Braunschweig, Stobwasserstrasse). The first HORNBACH DIY megastore with a garden center in Slovakia will commence operations at the Bratislava location in Summer 2004. In Switzerland, the store network will be extended to include the new megastore at Villeneuve on Lake Geneva.

The overall number of DIY megastores including the two location substitutions is expected to rise to 113 by the end of the current financial year. These are supplemented by four Lafiora garden centers to be retrospectively integrated as of March 1, 2004. The total number of retail outlets operated by the HORNBACH-Baumarkt-AG Subgroup is therefore expected to number 117 by the end of the 2004/2005 financial year. The net sales of the HORNBACH-Baumarkt-AG Subgroup including newly opened stores are expected to exceed € 2.1bn.

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At the HORNBACH Baustoff Union GmbH Subgroup, productivity enhancements coupled with synergies resulting from the acquisitions undertaken in the previous years are expected to have a positive impact on earnings in the current 2004/2005 financial year. There is expected to be a considerable reduction in the level of losses incurred by the company. Its management was reinforced in April 2004 in order to achieve this goal.

The total (net) sales of the HORNBACH HOLDING AG Group are expected to rise to significantly more than € 2.2bn in the current year. On account of the scheduled expansion, like-for-like sales growth and a stable gross margin, consolidated earnings are expected to improve further and to rise as a percentage of sales.

Further details on the development of business at the overall HORNBACH HOLDING AG Group and at the HORNBACH-Baumarkt-AG Group have been provided in the interim reports published today on the internet.

## 2004 Financial Calendar

- June 25, 2004 **Financial Statements Press Conference** 2003/2004  
**DVFA Analysts Conference**  
**Interim Report** as of May 31, 2004
- September 02, 2004 **Annual General Meeting of**  
**HORNBACH-Baumarkt-AG**  
Frankfurt am Main
- September 03, 2004 **Annual General Meeting of**  
**HORNBACH HOLDING AG**  
Frankfurt am Main
- September 30, 2004 **DVFA Analysts Conference**  
**Interim Report** as of August 31, 2004
- December 21, 2004 **Interim Report** as of November 30, 2004

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-> *Appendices*

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# HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

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### Key Group, Financial and Operating Figures 2003/2004 Financial Year (IFRS)

#### HORNBACH HOLDING AG Group

(ISIN DE0006083439)

Amounts shown in € m unless otherwise stated	± %	GJ 2003/2004	GJ 2002/2003
<b>Sales and earnings figures</b>			
Net sales	20.3	2,057	1,709
of which in other European countries	44.4	611	424
Earnings before taxes, extraordinary items and minority shares	35.9	48	35
Net income before minority shares	33.6	27	20
EBIT <sup>1)</sup>	21.2	82	68
EBITDA <sup>2)</sup>	16.5	159	137
Gross margin as % of net sales		35.4	34.9
<b>Cash flow figures</b>			
Capital investments	-42.1	134	231
Gross cash flow <sup>3)</sup>	20.0	125	104
Earnings potential <sup>4)</sup>	12.3	140	125
Net cash flow <sup>5)</sup>	16.8	104	89
Dividend payment		8.9	8.9
<b>Balance sheet and financial figures</b>			
Balance sheet total	5.2	1,664	1,582
Shareholders' equity <sup>6)</sup>		433	421
Shareholders' equity <sup>6)</sup> as % of balance sheet total		26.0	26.6
<b>Other information</b>			
Number of employees	11.3	10,596	9,519
Earnings per preference share in €	23.6	2.72	2.20

- 1) Earnings before interest and taxes
- 2) Earnings before interest, taxes, depreciation and amortization
- 3) Earnings before taxes, extraordinary items and minority shares, plus depreciation
- 4) Gross cash flow plus pre-opening expenses
- 5) Net income for the year plus depreciation
- 6) excluding minority shares pursuant to IFRS

# HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

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### Key Group, Financial and Operating Figures 2003/2004 Financial Year (IFRS)

#### HORNBACH-Baumarkt-AG Group (ISIN DE0006084403)

Amounts shown in € m unless otherwise stated	± %	GJ 2003/2004	GJ 2002/2003
<b>Sales and earnings figures</b>			
Net sales	18.2	<b>1,923</b>	1,628
of which in other European countries	44.4	<b>611</b>	424
Earnings before taxes and extraordinary items	81.5	<b>46</b>	25
Net income	93.3	<b>28</b>	14
EBIT <sup>1)</sup>	44.7	<b>67</b>	46
EBITDA <sup>2)</sup>	25.0	<b>129</b>	103
Gross margin as % of net sales		<b>35.9</b>	35.3
<b>Cash flow figures</b>			
Capital investments	-47.5	<b>73</b>	140
Gross cash flow <sup>3)</sup>	31.4	<b>108</b>	83
Earnings potential <sup>4)</sup>	19.8	<b>121</b>	101
Net cash flow <sup>5)</sup>	26.1	<b>90</b>	72
Dividend payment		<b>13.1</b>	13.1
<b>Balance sheet and financial figures</b>			
Balance sheet total	6.3	<b>1,162</b>	1,093
Shareholders' equity	4.0	<b>363</b>	350
Shareholders' equity as % of balance sheet total		<b>31.3</b>	32.0
<b>Other information</b>			
Number of employees	9.4	<b>9,852</b>	9,002
Earnings per share in €	93.8	<b>1.86</b>	0.96
<b>Retail store data</b>			
Number of stores		<b>110</b>	102
of which: in Germany		<b>83</b>	78
in other European countries		<b>27</b>	24
Comparable stores sales growth in %		<b>5.2</b>	1.5
Sales area in m <sup>2</sup> (based on BHB)	10.0	<b>1,115,900</b>	1,014,685
-Weighted average net sales per m <sup>2</sup> in €	6.2	<b>1,804</b>	1,699
-Average store size in m <sup>2</sup>	2.0	<b>10,145</b>	9,948
-Weighted average sales per store		<b>18.3</b>	16.9

- 1) Earnings before interest and taxes
- 2) Earnings before interest, taxes, depreciation and amortization
- 3) Earnings before taxes and extraordinary items plus depreciation
- 4) Gross cash flow plus pre-opening expenses
- 5) Net income for the year plus depreciation