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DIY Group with excellent performance in first half of 2006/2007

HORNBAACH Group increases profitability and considerably outperforms sector by means of organic growth

Total sales improve by 6.8 percent / EBIT rises by 22% to Euro 99.8 million / DIY chain launches trust offensive prior to sales tax hike / Top marks once again in *Kundenmonitor 2006* consumer survey

Frankfurt, September 28, 2006. The HORNBAACH Group, one of the largest operators of DIY megastores with garden centers in Europe, once again grew more rapidly than the sector in the first half of its 2006/2007 financial year, with earnings also rising as a proportion of sales. "The pleasing half-year results have again affirmed our longstanding corporate strategy. Our clear profile enables us to differentiate ourselves from our competitors and will secure our organic growth in the future as well", commented Albrecht Hornbach, Chairman of the Board of Management of HORNBAACH HOLDING AG, at the presentation of the figures in Frankfurt am Main on Thursday.

The sales of the holding company HORNBAACH HOLDING AG rose by 6.8 percent in the first six months of the financial year to reach around Euro 1.380 billion (equivalent period in previous year: Euro 1.292 billion). The HORNBAACH-Baumarkt-AG subgroup, which operates 121 DIY megastores with garden centers in eight European countries, improved its sales by 6.6 percent to around Euro 1.298 billion, compared with Euro 1.218 billion in the previous year.

Double-digit earnings growth

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the overall HORNBAACH HOLDING AG Group rose by 17.5 percent to Euro 138.7 million (Euro 118.1m). The EBITDA of HORNBAACH-Baumarkt-AG, the largest subgroup, even improved by 25.0 percent to Euro 119.5 million (Euro 95.6m). Operating earnings (EBIT) rose at the overall Group by 21.7 percent to Euro 99.8 million (Euro 82.0m) and at the largest subsidiary by 34.0 percent to Euro 87.9 million (Euro 65.6m).

The somewhat lower level of earnings growth reported by the overall Group compared with HORNBAACH-Baumarkt-AG is mainly due to the lower level of operating earnings at HORNBAACH Immobilien AG. In the first half of 2005/2006, this subsidiary had generated profits of around Euro 6.1 million from the sale of real estate. There have been no such transactions in the current financial year to date. The third subgroup, HORNBAACH Baustoff Union, succeeded in increasing its sales by 8.5 percent in the first half and is expected to break even on an operating level (EBIT) for the overall financial year.

European expansion to be maintained

In the coming years, the HORNBAACH Group will continue to press ahead with its expansion based on organic growth in Germany and abroad. "We are planning to open 17 DIY megastores with garden centers in the next two financial years, i.e. by early 2009," announced Albrecht Hornbach. Due to delays in the granting of building permits, no new stores will be opened in the current financial year. The opening of a second HORNBAACH DIY megastore with a garden center in Munich is expected to take place in March 2007. Work has begun in Bucharest on the construction of the first HORNBAACH store in Rumania, which is expected to open its doors in June 2007. Up to ten new stores are planned to be opened in the 2007/2008 financial year alone. "In addition to Germany and Rumania, we are also planning new locations in the Netherlands, Switzerland, the Czech Republic and Sweden," stated the company Chairman.

Sales tax increase: "No furtive price increases in advance"

Albrecht Hornbach also addressed the question of the forthcoming increase in sales tax at the half-year press conference. "I can assure you with no strings attached that HORNBAACH will not be adjusting its prices in the run-up to the increase in the sales tax. We will simply factor the increased tax rate of 19 percent into our price calculations on January 1, 2007." Hornbach described the attempts by some retailers and manufacturers to use the tax increase as an excuse for raising prices in 2006 already as "poisoning consumer confidence". His company would counter such moves with "the greatest possible transparency, reliability and honesty in terms of its pricing policy".

Hornbach reiterated his invitation to media and consumer protection representatives to inspect HORNBAACH's price calculations. "We will not be undertaking any furtive price increases. Our cards are on the table. As the price leader in the DIY sector and having caused quite a sensation in the market for many years now with our permanently low prices, we would not even consider any other approach."

HORNBACH once again in the lead in terms of customer satisfaction

The fourth-largest German DIY chain sees its company philosophy affirmed by the renowned customer opinion barometer, *Kundenmonitor Deutschland 2006*, in which HORNBACH was awarded top marks in its sector for the second year in succession. The 6,169 customers surveyed with regard to DIY stores by the Munich-based company Servicebarometer AG awarded HORNBACH an average score of 2.33 in terms of overall satisfaction (on a scale of one to five; previous year's score: 2.35). This year's runners up were Globus (2.37), Hagebau (2.42), Bauhaus (2.45), Obi (2.46), Max Bahr and Marktkauf (both 2.47), Toom (2.53), Praktiker (2.61) and Hellweg (2.71).

"We are particularly pleased by this distinction, especially in view of the fact that it is the result of a survey of our customers," commented Hornbach with regard to the top marks awarded to his company. "I very much look forward to seeing an evaluation of the details, especially given that in the *Kundenmonitor 2005* we were in top position not only in terms of overall satisfaction, but also in the value for money, selection and variety of product range categories."

About HORNBACH

The HORNBACH Group is one of Europe's largest operators of DIY megastores with garden centers. In addition to the largest operating subgroup, HORNBACH-Baumarkt-AG (DIY megastores with garden centers), the overall HORNBACH HOLDING AG Group also comprises the subgroups of HORNBACH Baustoff Union GmbH (regional builders' merchant and construction materials business) and HORNBACH Immobilien AG (real estate and location development). The HORNBACH DIY megastores with garden centers have an average size of almost 11,000 square meters, a figure unmatched by any other competitor in Germany and Europe. Founded in 1877, the family-run company, which has its roots in the Palatinate region, was first publicly listed in 1987. HORNBACH currently operates 121 DIY megastores with garden centers in eight countries, of which 89 are in Germany. Its sales concept and product range are entirely tailored to the needs of project and professional customers. HORNBACH guarantees its customers permanently low prices and is thus the price leader in the sector. The high quality of advice and excellent service provided by the company have been attested in numerous independent tests and studies. Pioneering achievements, such as the first combined DIY store with a garden center (1968), the first megastore (1980) and the first DIY store with a drive-in facility (2003) provide proof of HORNBACH's ongoing innovative power. Since 2001, a strategic partnership has been in place with the British retail group Kingfisher. HORNBACH has acted as "job machine" for decades, with more than 12,000 employees now participating in the success of the company.

The most important key figures can be found on the following page. The extensive interim reports of HORNBACH HOLDING AG and HORNBACH-Baumarkt-AG have been published in the Investor Relations section of the internet pages of the HORNBACH Group at www.hornbach-group.com.

Overview of Key Figures

HORNBACH HOLDING AG Group

Key Figures for the Group (in € million, unless otherwise stated)	2nd Quarter 2006/2007	2nd Quarter 2005/2006	Change in %	1st Half 2006/2007	1st Half 2005/2006	Change in %
Net sales	682.8	641.1	6.5	1,379.6	1,292.1	6.8
of which in other European countries	233.4	216.1	8.0	467.6	427.7	9.3
Gross margin (as % of net sales)	34.7%	34.2%		35.2%	34.7%	
EBITDA	73.7	61.2	20.6	138.7	118.1	17.5
Earnings before interest and taxes (EBIT)	53.5	42.4	26.1	99.8	82.0	21.7
Consolidated earnings before taxes	43.9	31.5	39.5	81.1	61.0	33.1
Consolidated net income*	31.3	21.4	46.2	53.8	40.4	33.3
Undiluted earnings per preference share (€)	3.18	2.22	43.2	5.43	4.20	29.3
No. of employees at the HORNBACH Group				12,116	11,872	2.1
Investments				37.7	107.9	-65.1
Total assets				1,830.6	1,850.2	-1.1
Shareholders' equity				603.3	575.4	4.8
Shareholders' equity as % of total assets				33.0%	31.1%	

HORNBACH-Baumarkt-AG Subgroup

Key Figures for the Subgroup (in € million, unless otherwise stated)	2nd Quarter 2006/2007	2nd Quarter 2005/2006	Change in %	1st Half 2006/2007	1st Half 2005/2006	Change in %
Net sales	638.5	600.8	6.3	1,297.8	1,217.5	6.6
of which in other European countries	233.4	216.1	8.0	467.6	427.7	9.3
Like-for-like sales growth	1.9%	2.1%		1.6%	0.8%	
Gross margin (as % of net sales)	35.4%	34.7%		35.8%	35.2%	
EBITDA	63.7	48.9	30.4	119.5	95.6	25.0
Earnings before interest and taxes (EBIT)	47.0	33.2	41.6	87.9	65.6	34.0
Consolidated earnings before taxes	40.8	25.3	61.7	75.8	50.9	48.9
Consolidated net income	28.7	16.9	69.8	50.5	33.4	50.9
Undiluted earnings per share (€)	1.88	1.12	67.9	3.30	2.21	49.3
No. of employees				11,529	11,251	2.5
Investments				24.2	76.4	-68.3
Total assets				1,327.4	1,354.4	-2.0
Shareholders' equity				458.1	433.8	5.6
Shareholders' equity as % of total assets				34.5%	32.0%	
No. of stores				121	121	0.0
Sales area as per BHB (in 000 m ²)				1,312	1,262	4.0
Average store size (in m ²)				10,842	10,433	3.9