

**Nine Month Report 2005/2006**

**HORNBAACH sees good prospects for  
further growth in Germany and abroad**

**Nine-month sales of HORNBAACH HOLDING AG rise by 7.2 percent to Euro 1.892 billion / HORNBAACH to open 15 new DIY megastores with garden centers in Germany by 2010 / Company to press ahead with expansion in other European countries**

Frankfurt am Main, December 21, 2005. The HORNBAACH Group, operator of one of Europe's largest DIY chains, is consistently maintaining its growth trajectory in Germany and Europe. "We will be opening 15 new DIY megastores with garden centers in Germany alone in the coming five years," announced Albrecht Hornbach, Chairman of the Board of Management of HORNBAACH HOLDING AG, at the presentation of the third-quarter results for 2005/2006 in Frankfurt am Main on Wednesday. The HORNBAACH Group will also be pressing ahead with its growth in other European countries. HORNBAACH currently operates 123 DIY megastores with garden centers in eight European countries, of which 91 are in Germany.

**Further increase in like-for-like sales**

HORNBAACH HOLDING AG increased its consolidated sales by 7.2 percent to Euro 1.892 billion in the first nine months of the 2005/2006 financial year (March 1 to November 30, 2005). Third-quarter net sales rose by 8.3 percent to Euro 600 million. Like-for-like sales at the DIY megastores with garden centers operated by the HORNBAACH-Baumarkt-AG subgroup rose by 1.8 percent in the third quarter and by 1.1 percent for the first nine months.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to Euro 152.0 million in the first nine months, compared with Euro 166.4 million in the equivalent period in the previous year. Operating earnings (EBIT) amounted to Euro 95.3 million, compared with Euro 112.5 million in the first nine months of the previous financial year. Consolidated earnings before taxes and minority interests reached Euro 66.0 million, compared with Euro 86.5 million in the same period in 2004/2005.

## PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

### **Rejection of destructive discount battles**

According to Albrecht Hornbach, this decline in earnings is mainly due to two factors. "On the one hand, we reported superb earnings in the past financial year, which are very difficult to top. On the other hand, our sector is still subject to merciless competition, which is increasingly taking the form of discount battles. By adjusting our price management to the market, we have extended our price leadership." The Board Chairman is convinced that HORNBAACH's strong position will enable the company to emerge as a victor from the "era of destructive discount battles". "HORNBAACH is playing no part in the ups and downs in pricing policy – we offer our goods at permanently low prices."

### **Praktiker IPO welcomed**

Albrecht Hornbach welcomed the stock market return of the Metro subsidiary, Praktiker, as representing a "step towards the further opening up of the DIY sector to the capital markets." The Board Chairman added that "we see it as a very positive development that following our own IPO in 1987 a competitor has now also taken this step." This would contribute to enhancing transparency within the sector and stimulate competition on the capital markets.

### **Munich, Düsseldorf and Hamburg in focus**

One focus of the company's further expansion in Germany is on Greater Munich, where three new stores are scheduled to be opened by 2007. The outlet in Munich-Fröttmaning, which is located in the North of the state capital on the A9 motorway directly adjacent to the Allianz Arena, is opening on December 27. The purchase agreement for an attractive piece of land in Freiham in the West of Munich was also signed a few weeks ago. A further location in the South of the Bavarian metropolis is also in the planning stage.

HORNBAACH is also planning new openings in Düsseldorf and Hamburg for the coming years. "In spite of the existing overcapacity in the market, we still see Germany as offering space for our unique business model," stressed Hornbach. The HORNBAACH success model could be summarized as follows: "We focus on project and professional customers. That is why our stores are characterized by large-scale surfaces and broad product ranges, high quality of advice and permanently low prices."

### **Renowned studies award top marks to HORNBAACH**

"We will also not be cutting back on our customer advice, as some competitors are planning to do, but will rather expand the service division even further," affirmed Albrecht Hornbach. After all, it was precisely the high quality of

## PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

customer advice and excellent level of service which made HORNBAACH so attractive for DIY enthusiasts and professional tradesmen.

Numerous independent studies have confirmed HORNBAACH's leading position in terms of service orientation and quality of customer advice. This year's "Customer Monitor Germany" survey undertaken by the Munich consumer affairs company Servicebarometer AG awarded HORNBAACH a satisfaction index of 2.35, thus placing the company ahead of all other large DIY chains. The Customer Monitor survey questioned more than 19,000 consumers on their experiences with 19 different sectors. In the DIY store section of the survey, HORNBAACH was also awarded top position in the price structure and product range categories.

In the Summer, HORNBAACH won a comprehensive DIY store test undertaken by the television programs "market" (WDR) and "Plusminus" (ARD). TV teams had closely examined the five largest providers of DIY products over several weeks and declared HORNBAACH the winner, with an overall grade of 2.3.

### **"Best DIY store in the Netherlands"**

It is not only in Germany that consumers prize the product range, service levels and price structures offered by HORNBAACH. Readers of the respected Dutch daily newspaper "De Telegraaf" recently voted the HORNBAACH DIY megastore with a garden center in Zaandam as the "best DIY store in the Netherlands".

**The most important key figures have been provided on the following page. The extensive interim reports of HORNBAACH HOLDING AG and HORNBAACH-Baumarkt-AG have been published in the "Investor Relations" section of the website of the HORNBAACH Group at [www.hornbach-holding.de](http://www.hornbach-holding.de).**

### **Contact**

#### **Investor Relations**

Axel Müller  
76878 Bornheim bei Landau  
Tel: (+49) 0 63 48/ 60 - 24 44  
Fax: (+49) 0 63 48/ 60 - 42 99  
E-Mail: [invest@hornbach.com](mailto:invest@hornbach.com)

#### **Press/Public Relations**

Dr. Ursula Dauth  
67433 Neustadt a. d. W.  
Tel: (+49) 0 63 21/ 678 - 93 21  
Fax: (+49) 0 63 21/ 678 - 93 00  
E-Mail: [presse@hornbach.com](mailto:presse@hornbach.com)

**Internet:** [www.hornbach-holding.com](http://www.hornbach-holding.com)

## PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

### Key Figures at a Glance:

#### HORNBACH HOLDING AG Group

(in EUR million, unless otherwise stated)	3 <sup>rd</sup> Quarter 2005/2006	3 <sup>rd</sup> Quarter 2004/2005	± %	9 Months 2005/2006	9 Months 2004/2005	± %
<b>Net sales</b>	<b>599.9</b>	<b>554.1</b>	<b>8.3</b>	<b>1,892.0</b>	<b>1,765.7</b>	<b>7.2</b>
of which in other European countries	200.2	172.2	16.3	627.9	542.5	15.7
Gross margin (as % of net sales)	33.8%	34.2%		34.4%	35.6%	
EBITDA	33.8	36.3	-7.0	152.0	166.4	-8.7
Earnings before interest and taxes (EBIT)	13.2	17.5	-24.3	95.3	112.5	-15.3
<b>Consolidated earnings before taxes and minority interests</b>	<b>5.0</b>	<b>8.5</b>	<b>-40.5</b>	<b>66.0</b>	<b>86.5</b>	<b>-23.7</b>
Consolidated net income*	0.5	3.7	-85.5	33.9	41.3	-18.0
Earnings per preference share (EUR)	0.10	0.49	-79.6	4.27	5.20	-17.9
No. of employees at HORNBACH Group				12,090	11,411	6.0
Investments				170.9	118.7	44.0
Total assets				1,835.6	1,868.8	-0.2
Shareholders' equity				566.4	547.4	3.5
Shareholders' equity as % of total assets				30.9%	29.4%	

(Percentage changes calculated on EUR 000s basis)

\* after minority interests

#### HORNBACH-Baumarkt-AG Group

(in EUR million, unless otherwise stated)	3 <sup>rd</sup> Quarter 2005/2006	3 <sup>rd</sup> Quarter 2004/2005	± %	9 Months 2005/2006	9 Months 2004/2005	± %
<b>Net sales</b>	<b>561.6</b>	<b>518.3</b>	<b>8.3</b>	<b>1,779.1</b>	<b>1,658.8</b>	<b>7.2</b>
of which in other European countries	200.2	172.2	16.3	627.9	542.5	15.7
Like-for-like sales growth	1.8%	-0.9%		1.1%	2.5%	
Gross margin (as % of net sales)	34.3%	34.8%		34.9%	36.1%	
EBITDA	26.4	29.1	-9.2	122.1	141.1	-13.4
Earnings before interest and taxes (EBIT)	9.2	13.4	-31.5	74.8	96.4	-22.4
<b>Consolidated earnings before taxes</b>	<b>4.0</b>	<b>8.3</b>	<b>-52.2</b>	<b>54.9</b>	<b>81.4</b>	<b>-32.6</b>
Consolidated net income	0.9	5.4	-84.3	34.3	50.0	-31.4
Undiluted earnings per share (EUR)	0.06	0.36	-83.3	2.26	3.33	-32.1
No. of employees				11,473	10,752	6.7
Investments				123.7	75.0	64.9
Total assets				1,331.2	1,332.8	-0.1
Shareholders' equity				423.2	401.8	5.3
Shareholders' equity as % of total assets				31.8%	30.2%	
No. of stores				123	117	5.1
Sales area as per BHB (in 000 m <sup>2</sup> )				1,305	1,196	9.1
Average store size (in m <sup>2</sup> )				10,608	10,224	3.8

(Percentage changes calculated on EUR 000s basis)