

# HORNBACH Factbook

Q3 / 9M + Trading Statement

2016/2017

A photograph of a Hornbach building facade at dusk. The building has a dark red upper section and a blue lower section. The word "HORNBACH" is written in large, white, 3D block letters with blue outlines, mounted on the red section. To the right of the name is a square logo with diagonal red and yellow stripes. Below the building, a dark metal structure with several long, rectangular light fixtures is visible.

HORNBACH

# History HORNBACH Group

1877 Foundation

1968 1st DIY store with garden center

1980 1st DIY megastore

1987 Going public HORNBACH HOLDING Group

1993 Going public HORNBACH-Baumarkt Subgroup

1996 Austria

1997 Netherlands

1998 Czech Republic

2001 „Zuckerhut“ Award

2002 Switzerland



2003 Sweden

2004 Slovakia

2004 Emission High Yield bond (6.125%)

2006 HORNBACH wins German „Handelspreis“

2007 Romania

2007 Lifetime Award for Otmar Hornbach

2008 Retailer of the Year in Germany

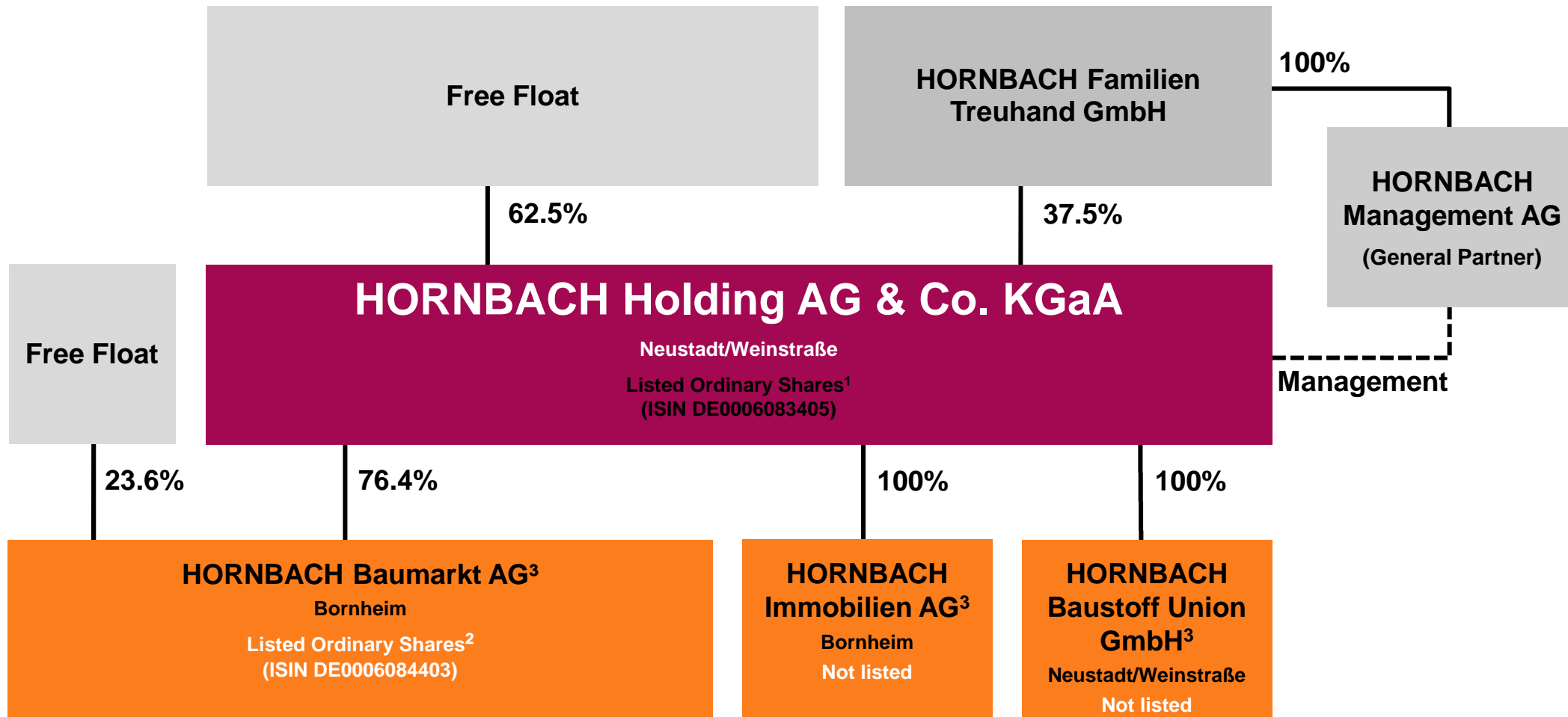
2010 Start of Multi-Channel Retailing

2013 Emission Eurobond (3.875%)

2015 Change in legal form of HORNBACH Holding AG into „KGaA“

# Shareholder Structure HORNBACH Group

since March 28, 2017



<sup>1</sup> Number of shares: 16,000,000 / Stock market code: HBH

<sup>2</sup> Number of shares: 31,807,000 / Stock market code: HBM

<sup>3</sup> plus other subsidiary companies in Germany and abroad

# Group Structure

## HORNBAACH Group

# HORNBAACH

■ Holding

Neustadt/Weinstrasse

100%



**HORNBAACH**  
IMMOBILIEN AG

Property Development  
within  
HORNBAACH Group

76.4%



**HORNBAACH**  
Es gibt immer was zu tun.

**155 DIY and garden stores**  
**1.8 million sqm sales area**  
**in 9 countries**

Germany (98)  
Austria (14), Netherlands (12),  
Czech Republic (10), Luxembourg (1),  
Switzerland (6), Sweden (5),  
Slovakia (3), Romania (6)

100%



**HORNBAACH BAUSTOFF**  
**UNION**

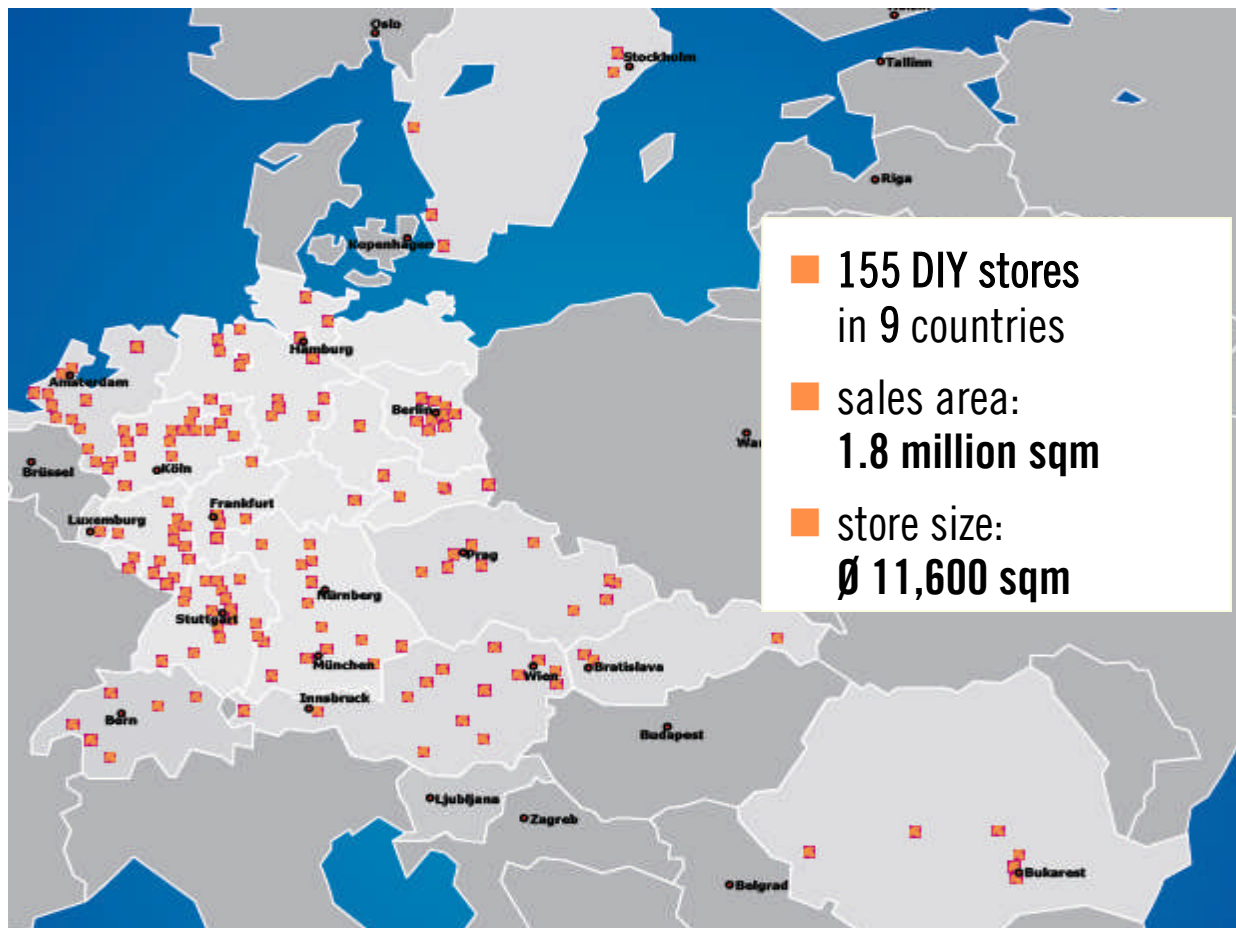
27 Outlets  
Builders' merchant  
business

South-West Germany (25)  
France (2)









February 28, 2017

# Network HORNBAACH Group

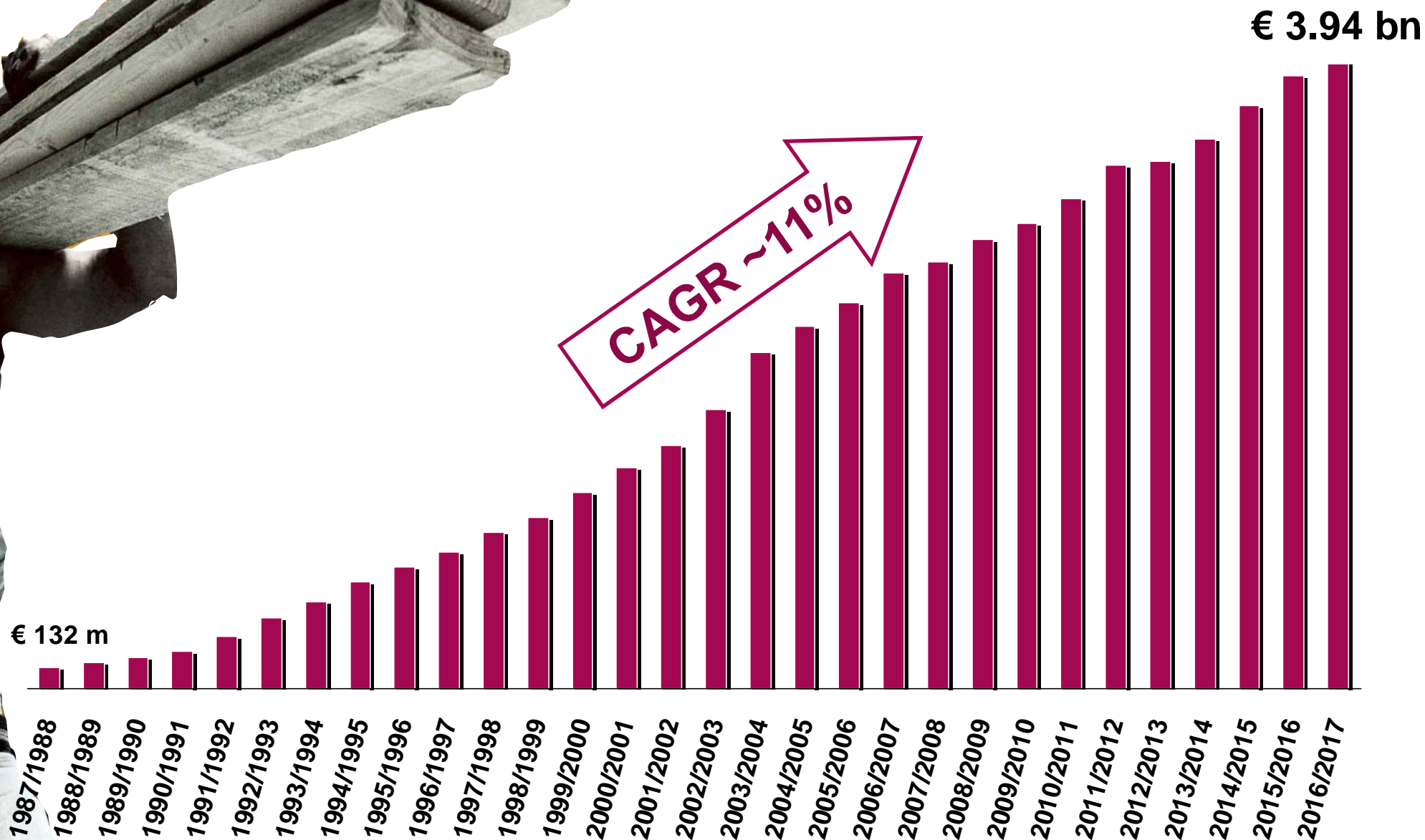
February 28, 2017



**Germany**   25   
 98 stores  
 1,048,900 sqm 2 

<b>Austria</b> 14 stores 168,600 sqm 	<b>Romania</b> 6 stores 86,600 sqm 
<b>Czech Republic</b> 10 stores 139,800 sqm 	<b>Slovakia</b> 3 stores 46,300 sqm 
<b>Luxembourg</b> 1 store 12,100 sqm 	<b>Sweden</b> 5 stores 73,100 sqm 
<b>Netherlands</b> 12 stores 152,300 sqm 	<b>Switzerland</b> 6 stores 78,000 sqm 

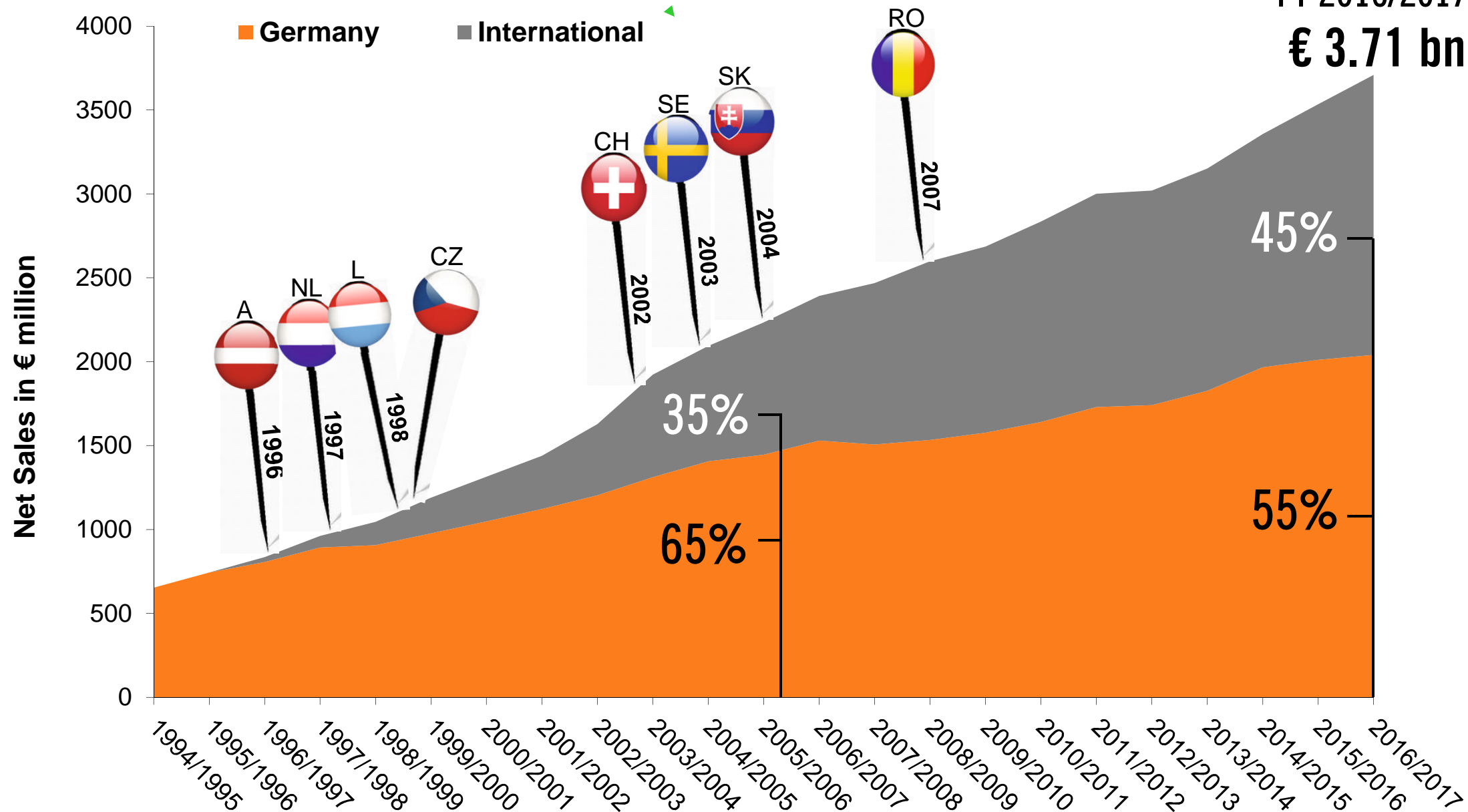
# Sales Growth HORNBACH Group



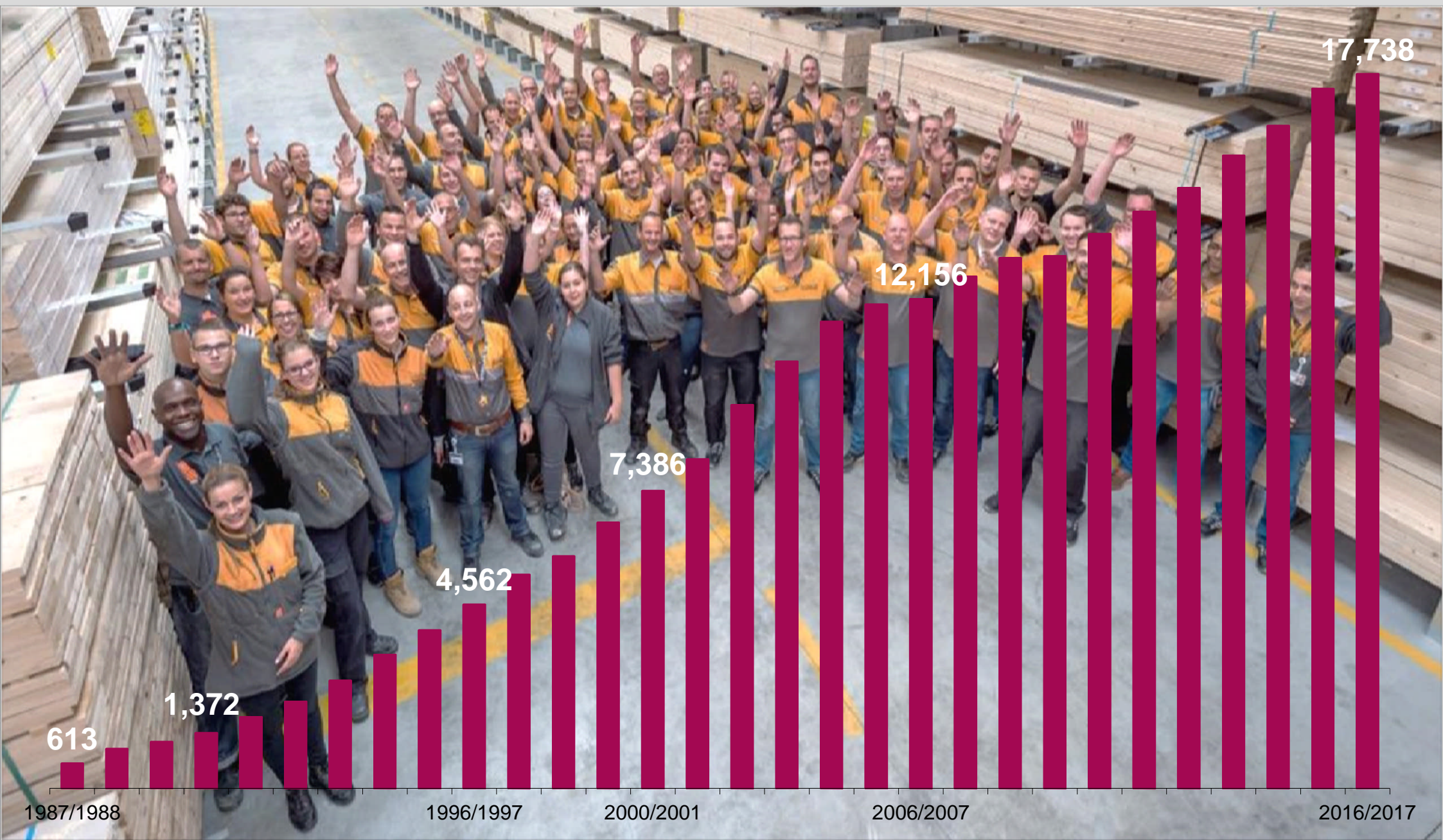
# Expansion

## HORNBACH Baumarkt AG

FY 2016/2017:  
**€ 3.71 bn**



# Jobmaschine HORNBACH-Gruppe





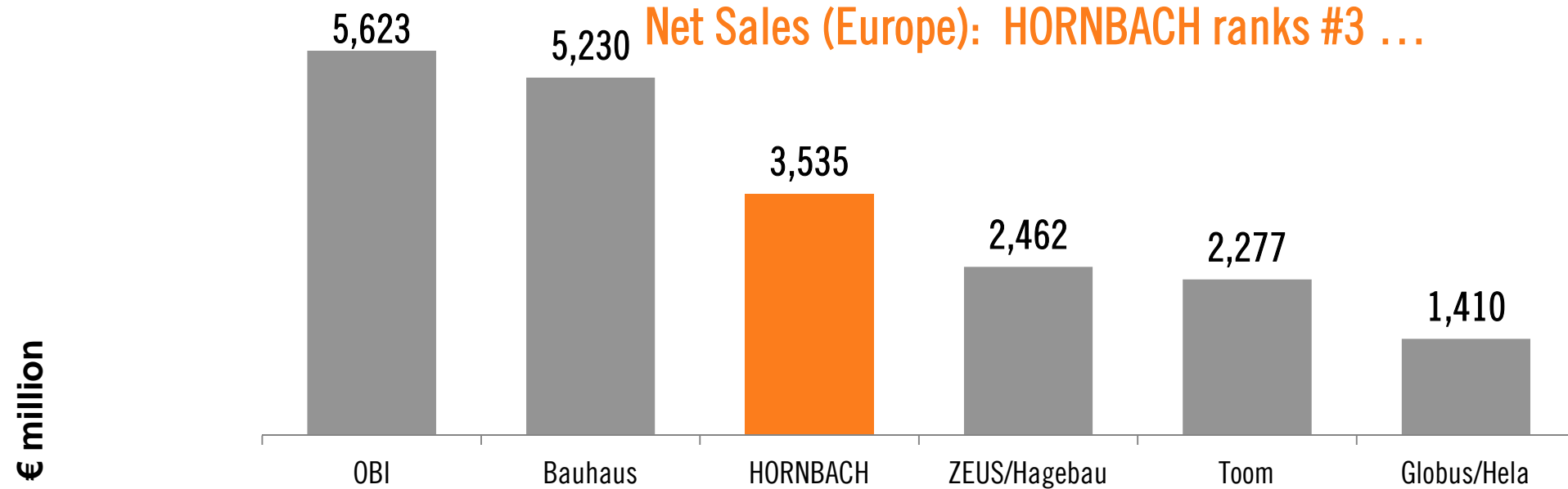
# Market Position – Strategy – Growth Opportunities



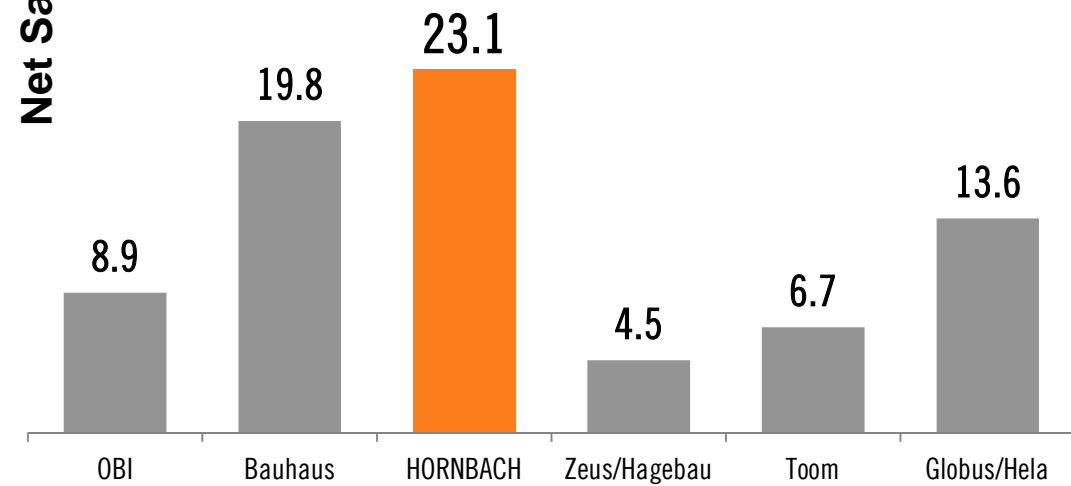
# Top 6 Ranking (2015): German DIY Retailers

## HORNBACH Baumarkt AG

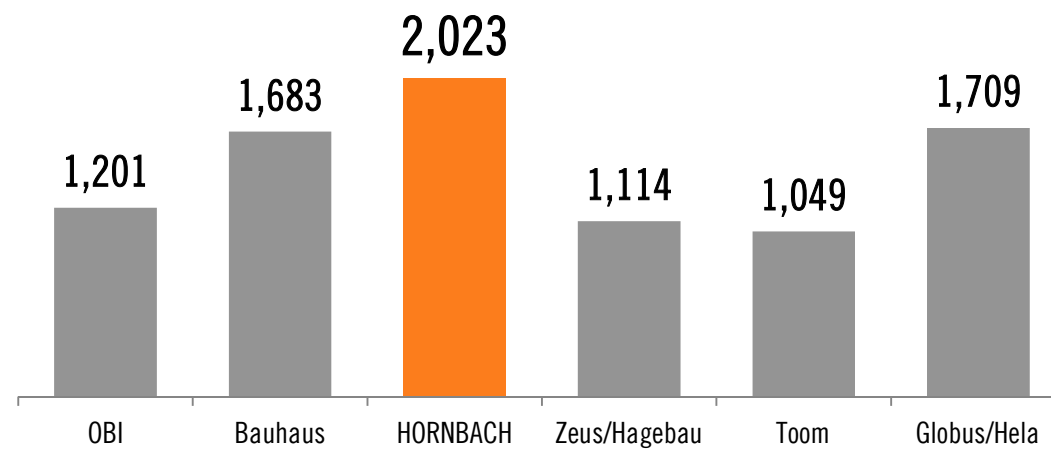
Net Sales (Europe): HORNBACH ranks #3 ...



...but is #1 in sales per store (€ million)



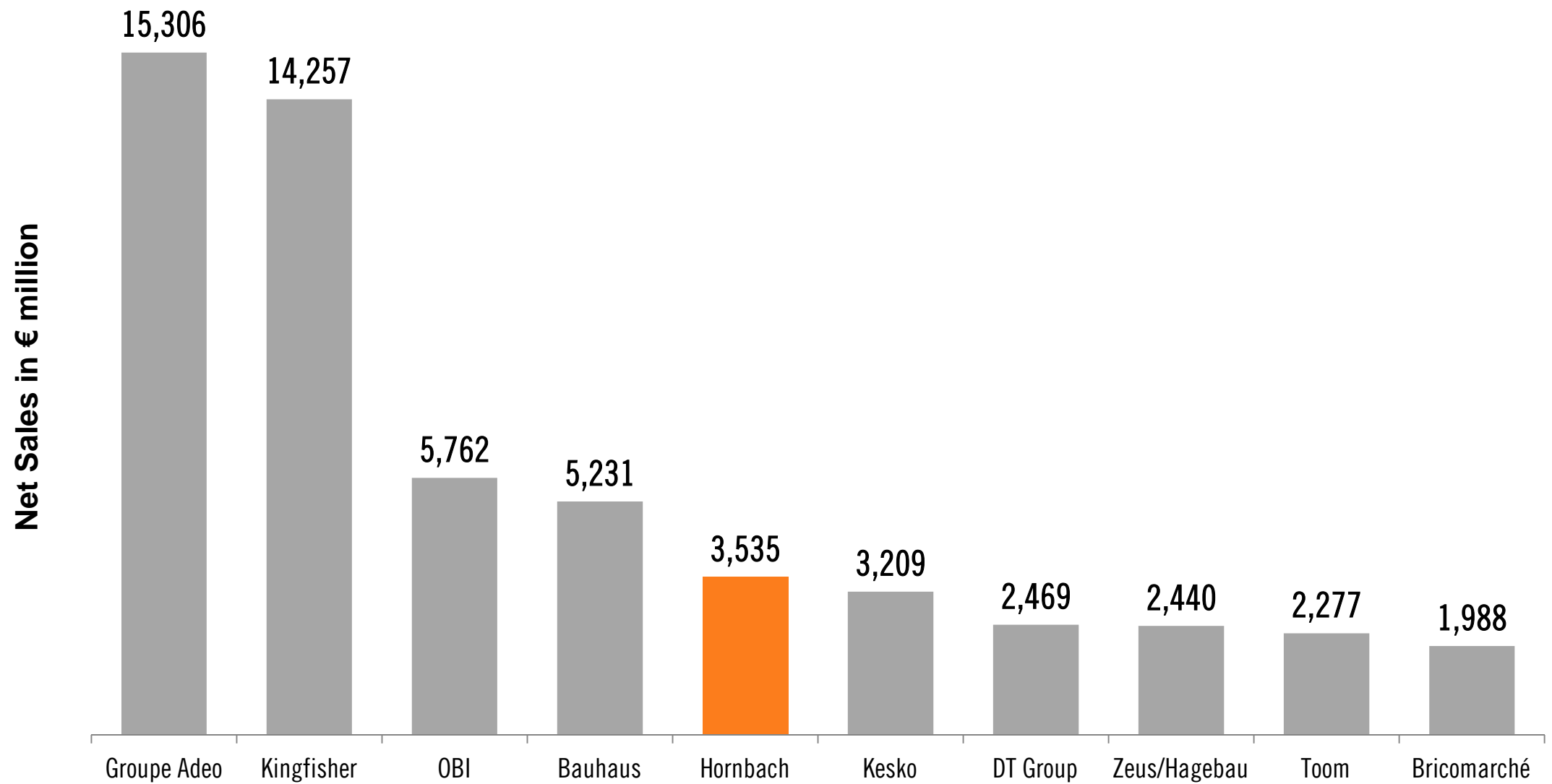
... and sales per sqm (€)



[Source: Dähne, Company information]

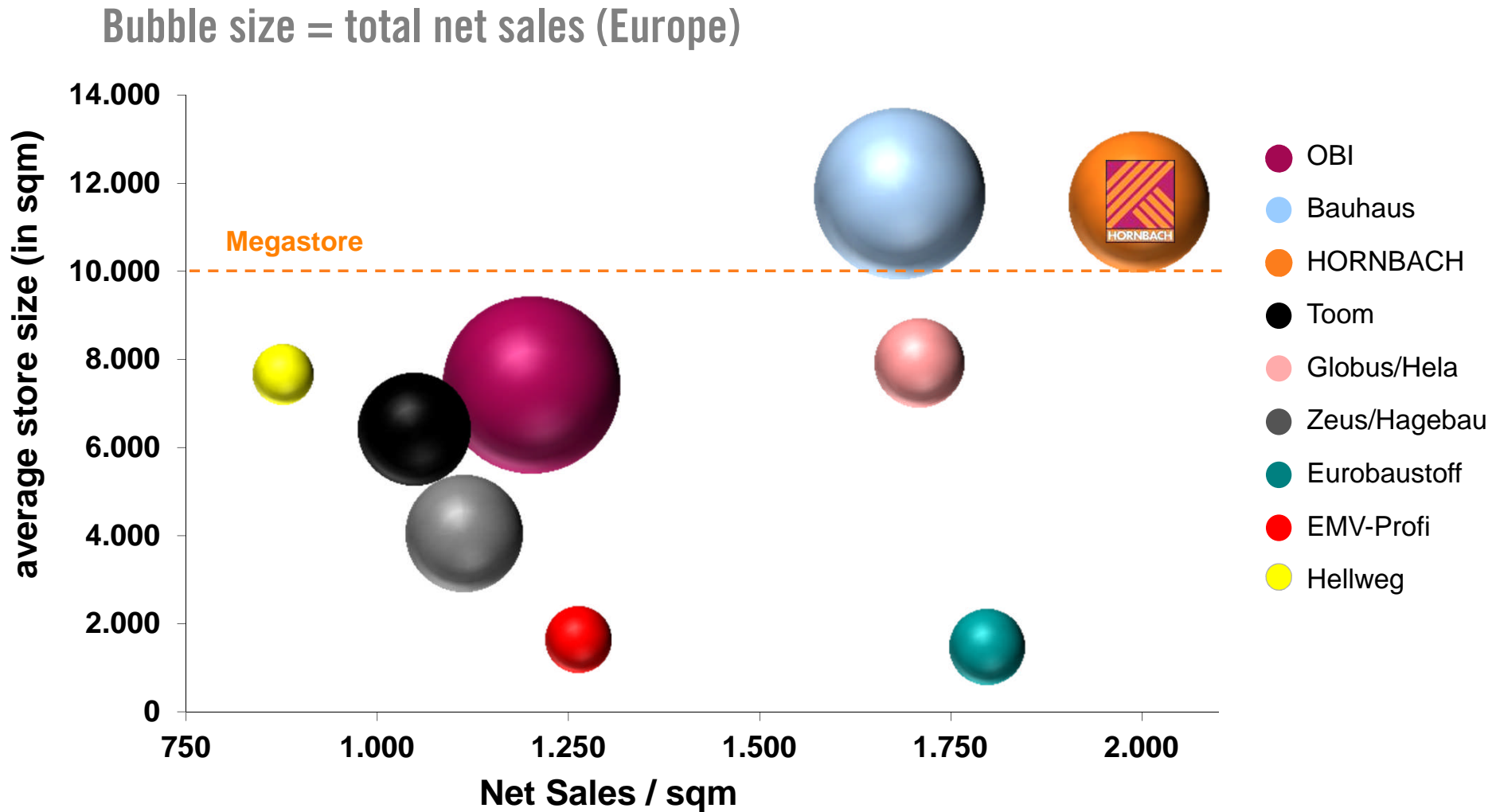
# Top 10 Ranking (2015): European DIY Retailers

## HORNBACH Baumarkt AG



[Source: Dähne, Company information]

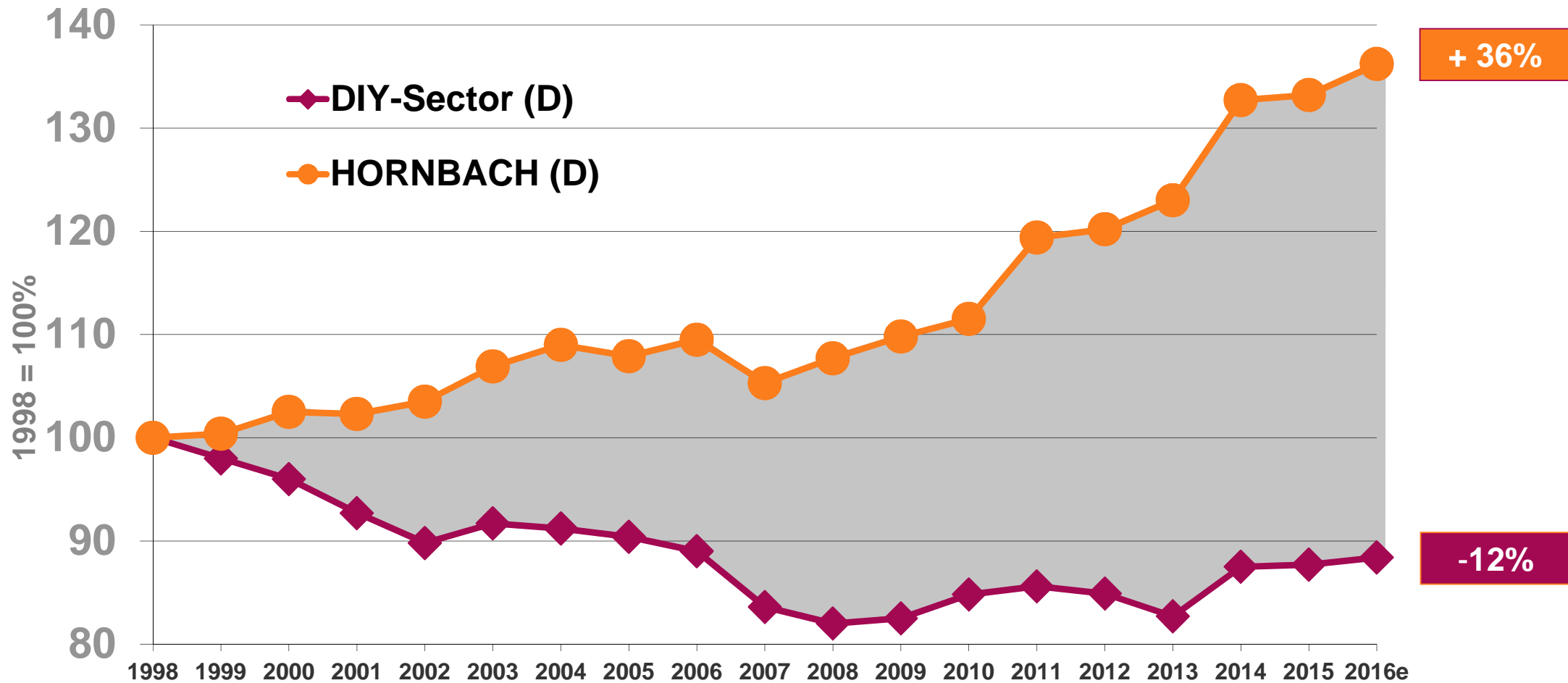
# Average store size, net sales and sales densities (2015): HORNBACH Baumarkt AG



[Source: Dähne, HORNBACH]

# Like-for-like Sales in Germany

## HORNBACH Baumarkt AG

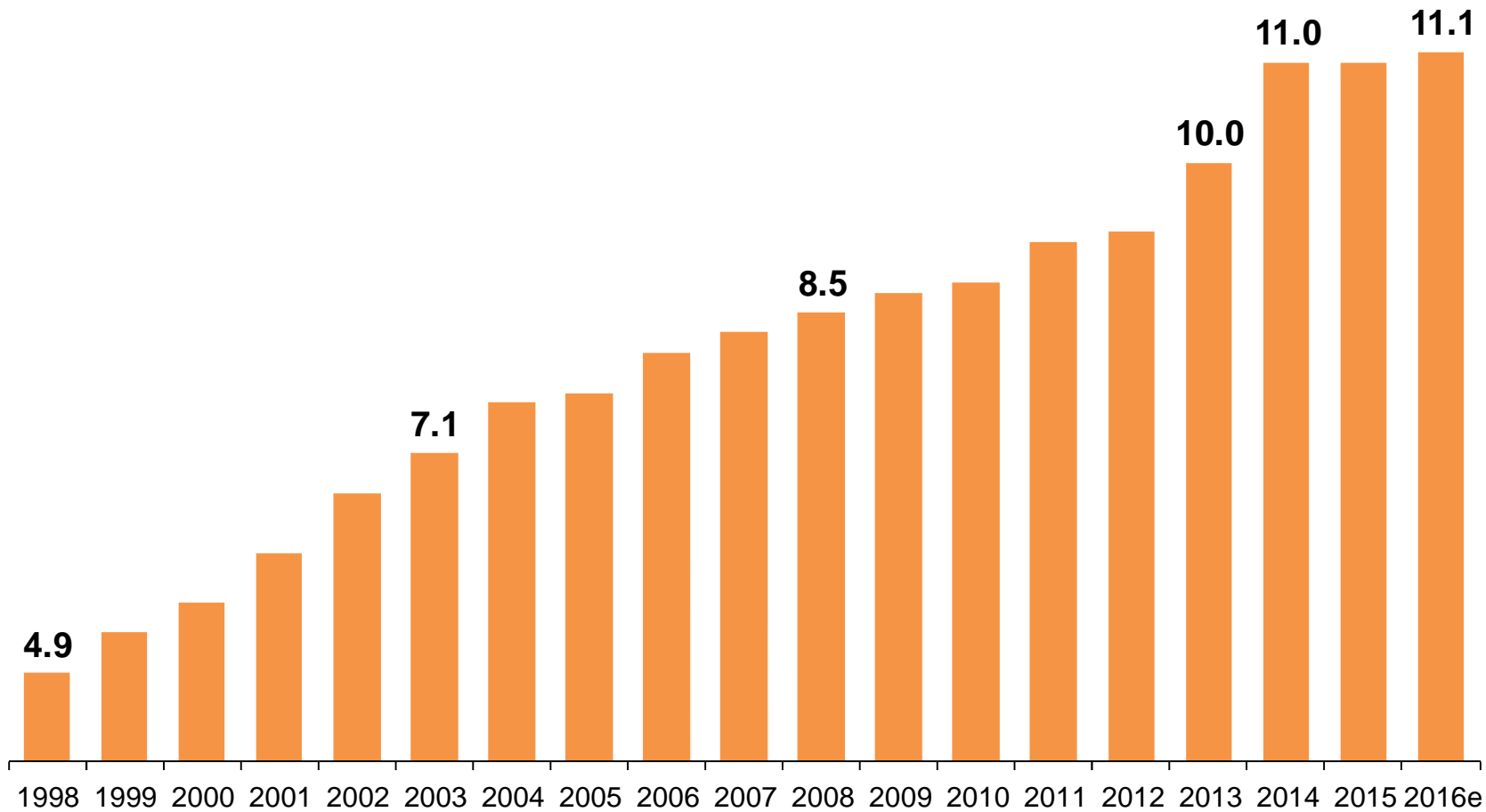


[Source: BHB, HORNBACH]

# Market Share (Germany)

## HORNBACH Baumarkt AG

in % of DIY store sales



[Source: BHB/GfK DIY-Panel (until 2013), GfK DIY-TSR (from 2014), HORNBACH]



# Strategy

## HORNBACH Baumarkt AG

**HORNBACH is the top address for DIY projects**

Every-day-  
low-price

Superior  
product offering

Project-oriented  
services

Megastore network  
& multi-channel retailing

Sophisticated  
logistics & IT

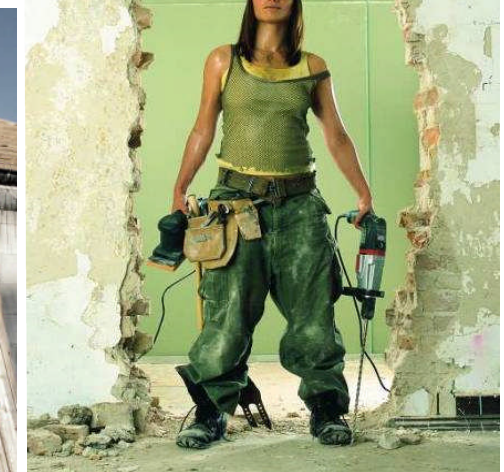
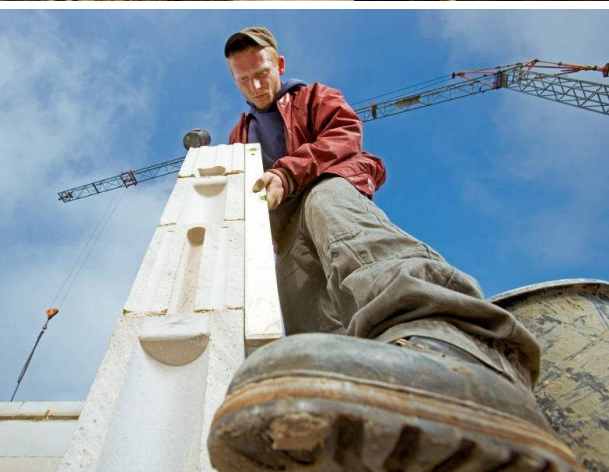
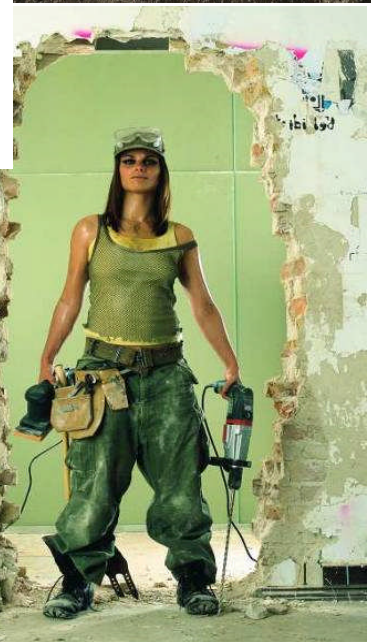
Continuing  
internationalisation

**Outperforming the DIY market &  
delivering a unique customer experience**

# “We’re a Project DIY Store” HORNBAACH Baumarkt AG



- Partner for project customers and professionals.
- Top quality specialist advice.
- Added value with our product range and service offerings.
- Everything in stock.
- Making shopping easier.
- Unique advertising campaigns.
- Every-Day-Low-Price.





# Customers across Europe honor HORNBACH's concept HORNBACH Baumarkt AG

**Kundenmonitor 2016**  
**HORNBACH sagt Danke!**

Im Urteil der Kunden ist HORNBACH die:

## Nr. 1

Kundenmonitor Deutschland

- Fachliche Beratung
- Preis-Leistungs-Verhältnis
- Preise im Vergleich zum Wettbewerb
- Auswahl- und Angebotsvielfalt
- Qualität der Waren und Produkte

... und in vielen weiteren Kategorien

**HORNBACH**

ABN-AMRO

## Beste Winkelketen van Nederland

2016 - 2017  
Bouwmarkten

Deutscher Online-Handels-Award 2016

TOP 3 Heimwerken & Garten

- 1 Hornbach
- 2 GartenXXL
- 3 Hellweg

**ECC KÖLN ONLINE EXPERTS**

## HORNBACH VORNE!

Das bestätigt der Kundenmonitor Schweiz 2015, die grosse unabhängige Studie zur Messung der Kundenzufriedenheit.

Vergleich Wettbewerbsvorteile in der Branche  
Do it yourself, Bau- und Heimwerkermärkte 2015  
(Anbieter mit mindestens 30 Beiträgen)

Wettbewerbsvergleich Preise 2015

Wettbewerbsvergleich Hornbach 2015 vs. Do it yourself, Bau- und Heimwerkermärkte 2015

Wettbewerbsvergleich Werbung 2015

**HORNBACH**  
Es gibt immer was zu tun.

**19 x Platz 1**

**14 x Platz 1**

**9 x Platz 1**





Kundenmonitor Österreich

hagebau

# Store Formats

## HORNBACH Baumarkt AG

- Prime locations
- Focus on big catchment areas
- Large store format
- Homogeneous store network
- Generates economies of scale in store operation and store development
- Meets customers needs and provides superior shopping experience

	Store Type	Selling Space (BHB weighted)	CapEx <sup>1)</sup>
	Type 4	8,500 – 10,999 sqm (incl. drive thru)	15 – 20 €m
	Type 5	11,000 – 14,999 sqm	20 – 25 €m
	Type 6	≥ 15,000 sqm (incl. drive thru)	25 – 30 €m
	Type 2 („HORNBACH Compact“) <sup>2)</sup>	~ 800 sqm	~ 2 €m

<sup>1)</sup> average CapEx for property and building

<sup>2)</sup> currently in trial phase

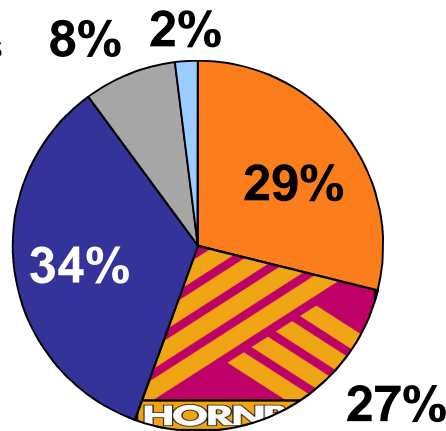
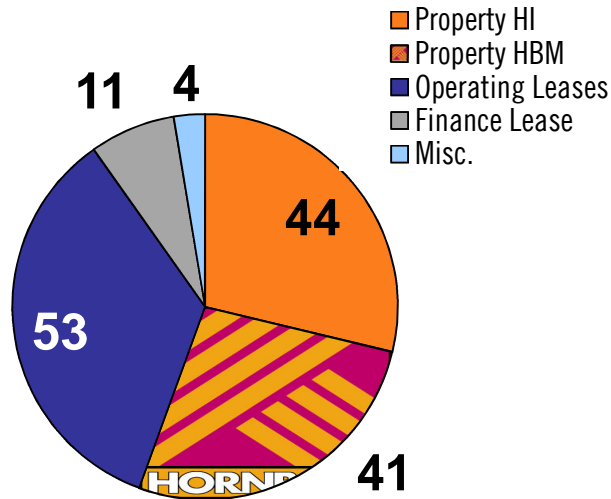
# Property Ownership and Hidden Reserves

## HORNBACK Group

No. of stores

Sales area in %

February 29, 2016



### Most recent DIY property transactions 2016/2017

cash

Seite teilen

#### Schroders ImmoPLUS wird Baumarkt-Vermieter

Schroder ImmoPLUS kauft ein Portfolio von drei Baumarkt-Liegenschaften, die an die Hornbach-Gruppe vermietet sind.

01.12.2016 10:40

Schroder ImmoPLUS erwirbt ein Retail-Portfolio im Heimwerker-Bereich. Damit steigt das Fondsvermögen auf rund CHF 1.5 Mrd. gegenüber CHF 1,37 Mrd. Ende September 2016.

Das Retail Portfolio wurde als "share deal" Transaktion von Rockspring Property Investment Managers übernommen und besteht aus drei Geschäftsimmobiliien mit 55'000m<sup>2</sup> Verkaufsfläche an den Standorten Luzern, Villeneuve und Etoy.

Rental Multiplier:  
x21  
(December 2016)

IMMOBILIEN ZEITUNG  
FACHZEITUNG FÜR DIE IMMOBILIENWIRTSCHAFT

2  
Nachrichten

0  
Premium-Inhalte

Alle Leistungen ansehen

NACHRICHTEN TRANSAKTIONEN IZ PROFILE IZ WOHNMARKTANALYSE RECHERCHE

<< Zurück

TRANSAKTIONEN | 16.01.2017  
Von Christoph von Schwanenflug

### Hahn schlägt zu und kauft sieben Hornbach-Märkte

In diesem Artikel:

- Städte: Arlöv, Berlin, Binzen, Essen, Kiel, München, Remseck am Neckar
- Projekte: Einzelhandelsimmobilie Muthmannstraße 4 München, Einzelhandelsimmobilie Gradestraße 100 Berlin, Einzelhandelsimmobilie Econova-Allee 2 Essen, Einzelhandelsimmobilie Theodor-Heuss-Ring 136 Kiel, Einzelhandelsimmobilie Am Holzbach 2-4 Remseck, Einzelhandelsimmobilie Vassvägen 10 Malmö, Einzelhandelsimmobilie Eulerstraße 2 Binzen
- Unternehmen: DLA Piper, Hahn Gruppe, Hornbach, McDermott Will & Emery, Taurus Investment Holding
- Finanzprodukte: Hahn VZWL Retail Fund
- Immobilienart: Einzelhandel



Hornbach-Filiale in Kiel

Bild: Hahn

Rental Multiplier:  
x16,5  
(January 2017)

Die Hahn-Gruppe hat für 190 Mio. Euro sechs deutsche und eine schwedische Hornbach-Filiale gekauft. Verkäuferin der Immobilien ist die Taurus-Gruppe.

Die auf großflächige Einzelhandelsimmobilien spezialisierte Hahn-Gruppe, Bergisch Gladbach, hat für einen Immobilienfonds sieben langfristig an die Baumarktkette Hornbach vermietete Baumärkte gekauft. Das Investitionsvolumen beträgt inklusive Kaufnebenkosten 190 Mio. Euro. Der Nutzen-Lasten-Übergang erfolgte Anfang 2017. Verkäuferin ist die Investmentgesellschaft Taurus.

Die Liegenschaften sind für den Hahn VZWL Retail Fund bestimmt. Im Einzelnen handelt es sich um folgende Filialen: Berlin-Britz (Gradestraße 100), München (Muthmannstraße 4), Essen (Econova-Allee 2), Kiel (Theodor-Heuss-Ring 136), Binzen (Eulerstraße 2), Remseck (Am Holzbach 2-4), Malmö (Vassvägen 10). Die gesamte Mietfläche des Pakets liegt bei 114.000 qm.

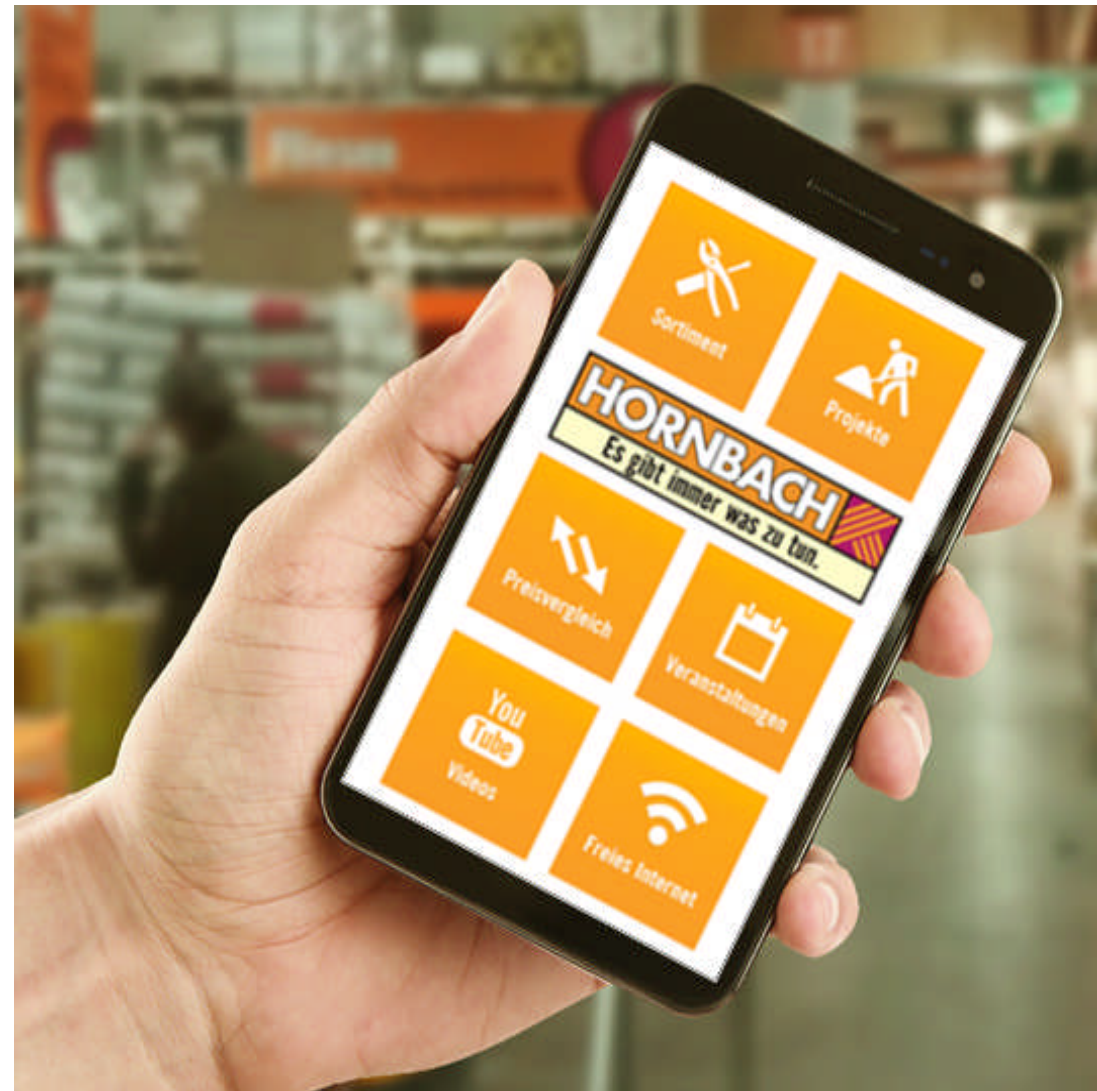
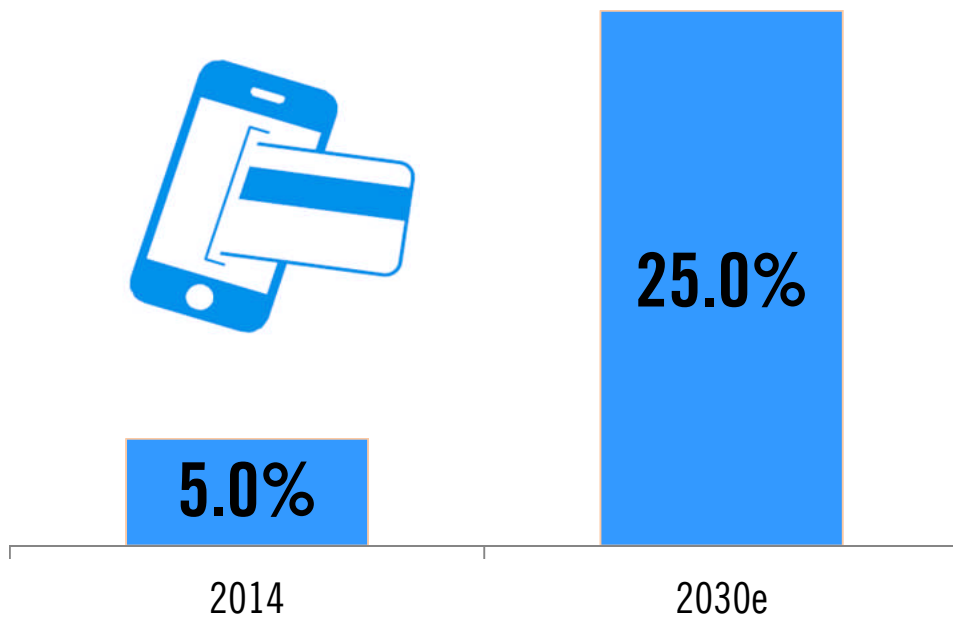
FY 15/16 (€ million)	Book value	Yield value (x13)	Hidden Reserves (x13)
Baumarkt Subgroup	545	823	278
Immobilien Subgroup	446	805	359
HORNBACK Group	991	1,628	637

# Online share of DIY retail market (Deutschland)

## HORNBACH Baumarkt AG

### Online share of DIY retail market (Germany)

- In 2014, online retail accounted for around 5% of DIY sales in Germany.
- Industry experts expect e-commerce to account for 25% of sales by 2030.



[Source: IFH, BHB, Roland Berger]

# Sustainable Multichannel Strategy

## HORNBACH Baumarkt AG

- Since launching its webshop in December 2010, HORNBACH has Germany's most extensive online range of construction and renovation products.
- Catalyst for EDLP transparency and price awareness
- Time-saving: "Reserve online & collect in-store"
- Spill-over benefits for our stores
- Additionally addressing customers living outside of the catchment areas of our stationary stores
- International roll-out

# Going Live Road-Map

## HORNBACH Baumarkt AG

Country	Start of Online Shop	Number of SKUs (January 2017)
<b>Germany</b>	December 2010	133,000
<b>Austria</b>	January 2013	99,000
<b>Switzerland</b>	November 2014	87,000
<b>Netherlands</b>	March 2015	51,000
<b>Czech Republic</b>	December 2015	28,000
<b>Luxembourg</b>	December 2015	94,000
<b>Romania / Slovakia / Sweden</b>	scheduled for 2017/2018	



Advantages of stationary retail

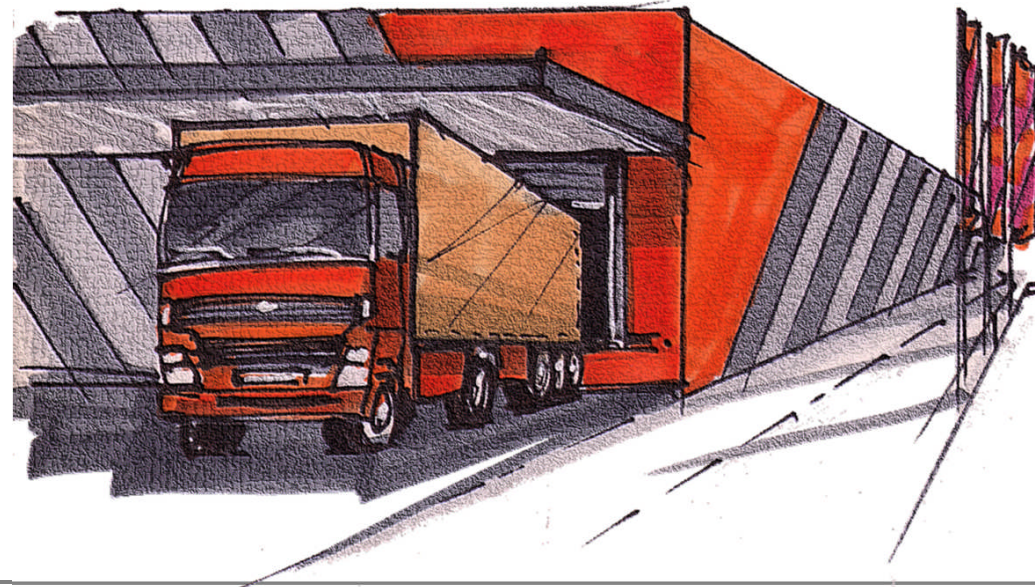
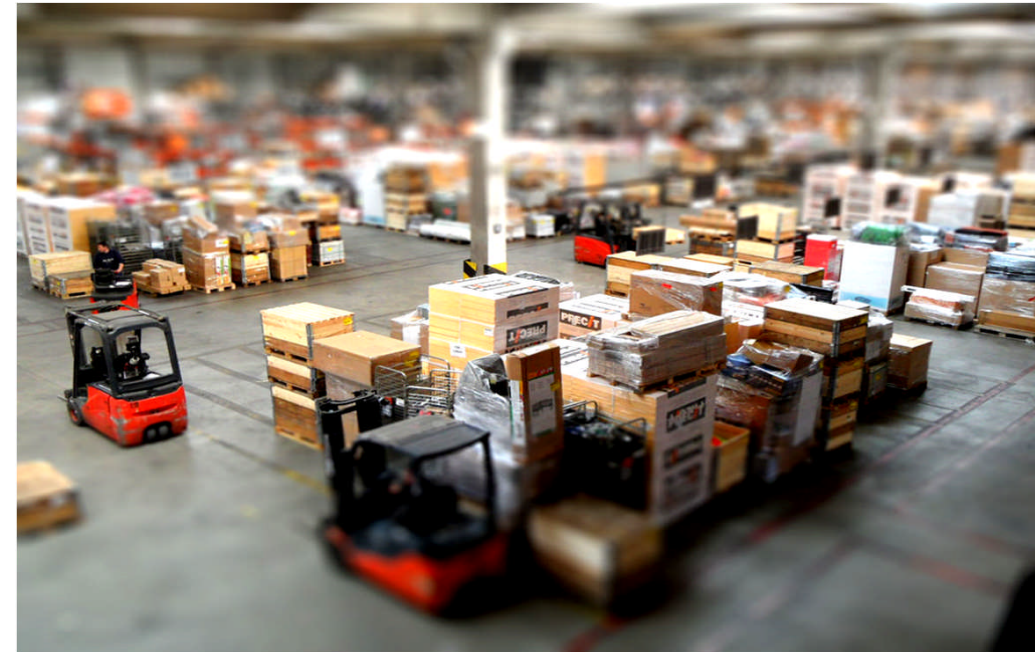


Advantages of online retail



# Elaborated Supply Chain Management Ensures Europe-wide Logistics (B2B)

- Sophisticated merchandise management in conjunction with our homogeneous store network
- Our logistics system combines direct supplies to stores and indirect deliveries via logistics centers
- Enhanced import possibilities
- Group-wide integrated IT and merchandise systems



# B2B Logistics

## HORNBACH Baumarkt AG



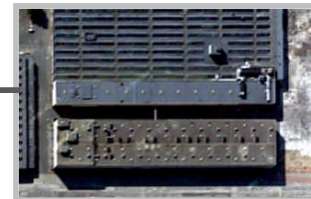
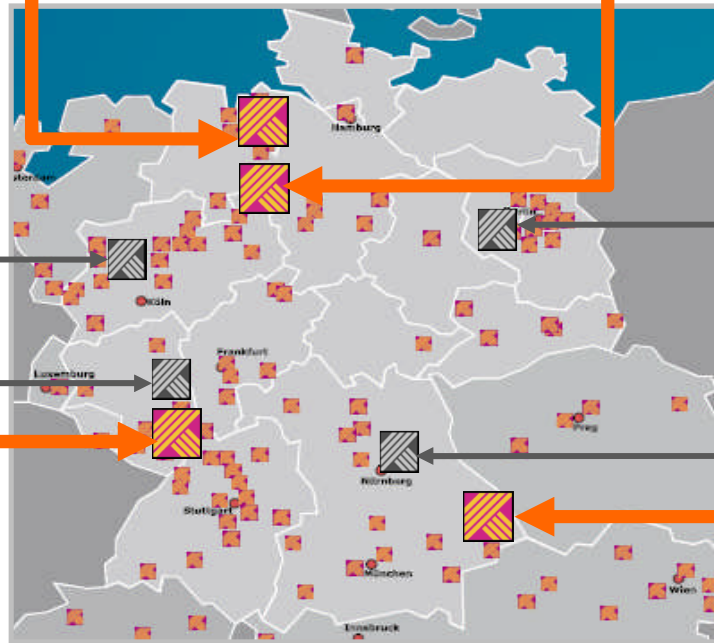
Soltau (2012)



Lehrte (1994)



Castrop-Rauxel (2015)



Berlin (2015)



Lorsch (2015)



Nürnberg (2015)



Essingen (1999)



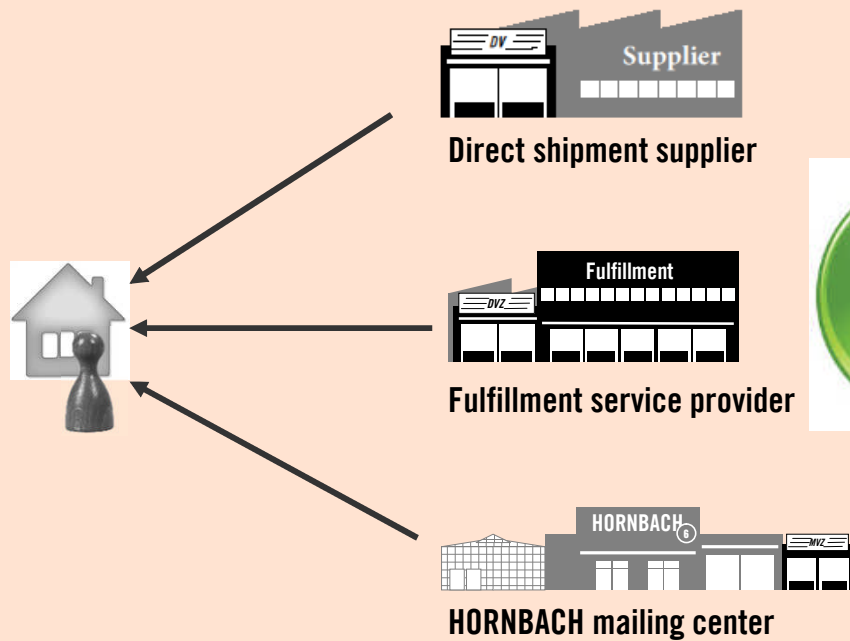
Vilshofen (2005)



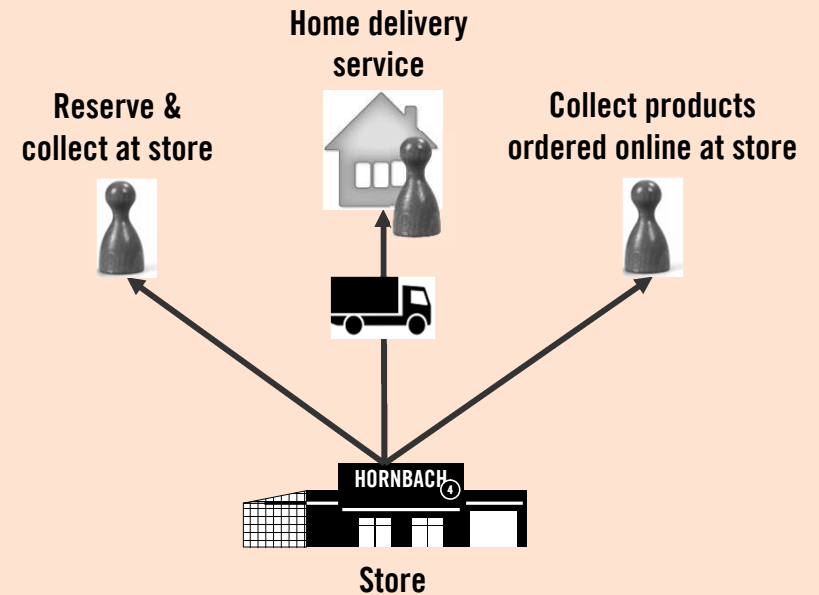
# B2C Logistics

## HORNBACH Baumarkt AG

### Pure online business: 3 ways to customers



### Store as e-commerce service partner



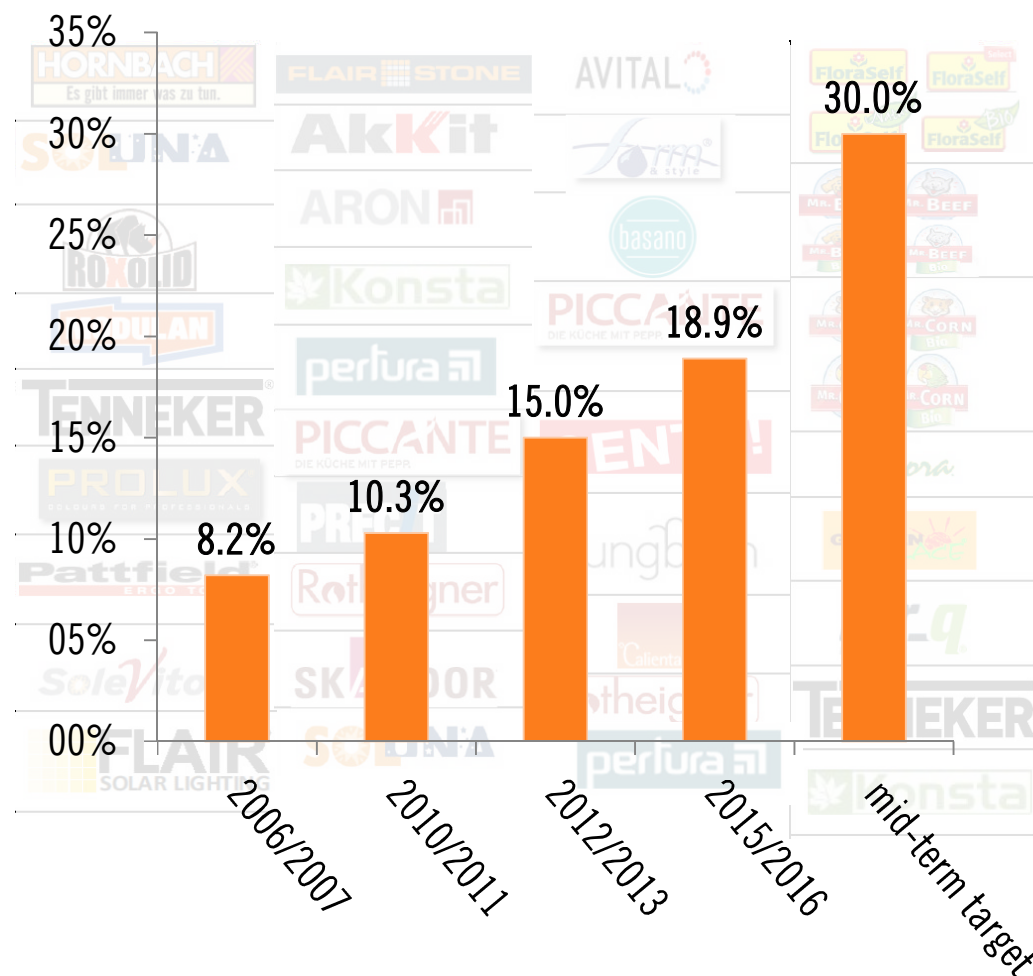
# Private Label Strategy

## HORNBACH Baumarkt AG

### Benefits of private labels

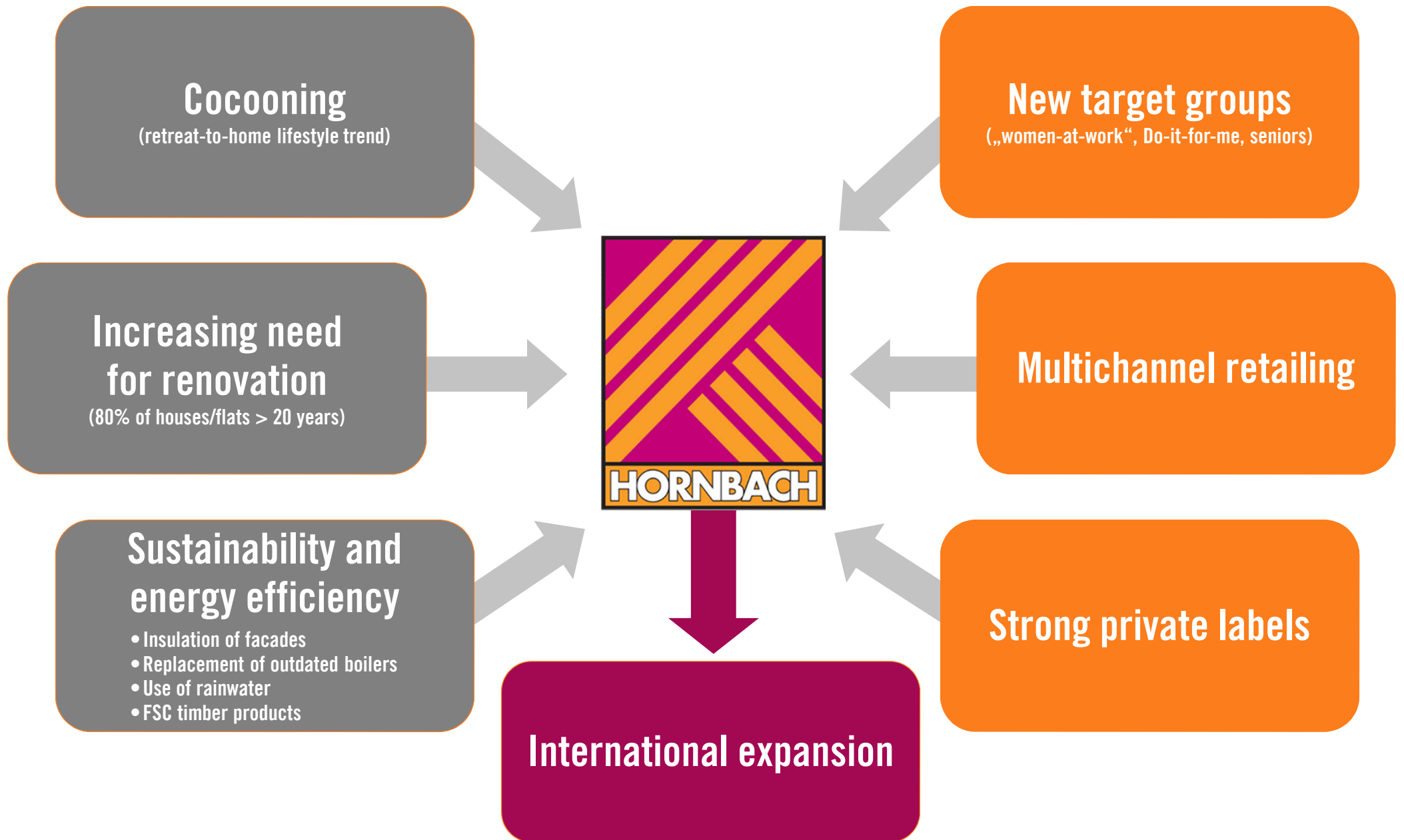
- USP compared with competitors.
- Lower dependency on national manufacturer brands.
- Exclusive control over market launch and market positioning.
- Active management of product lifecycle.
- Significantly higher gross margins!
- Successful way to counter downward price pressure from internet!

### Private labels share of sales\*



\* year-end figure

# Growth Drivers HORNBAACH Group



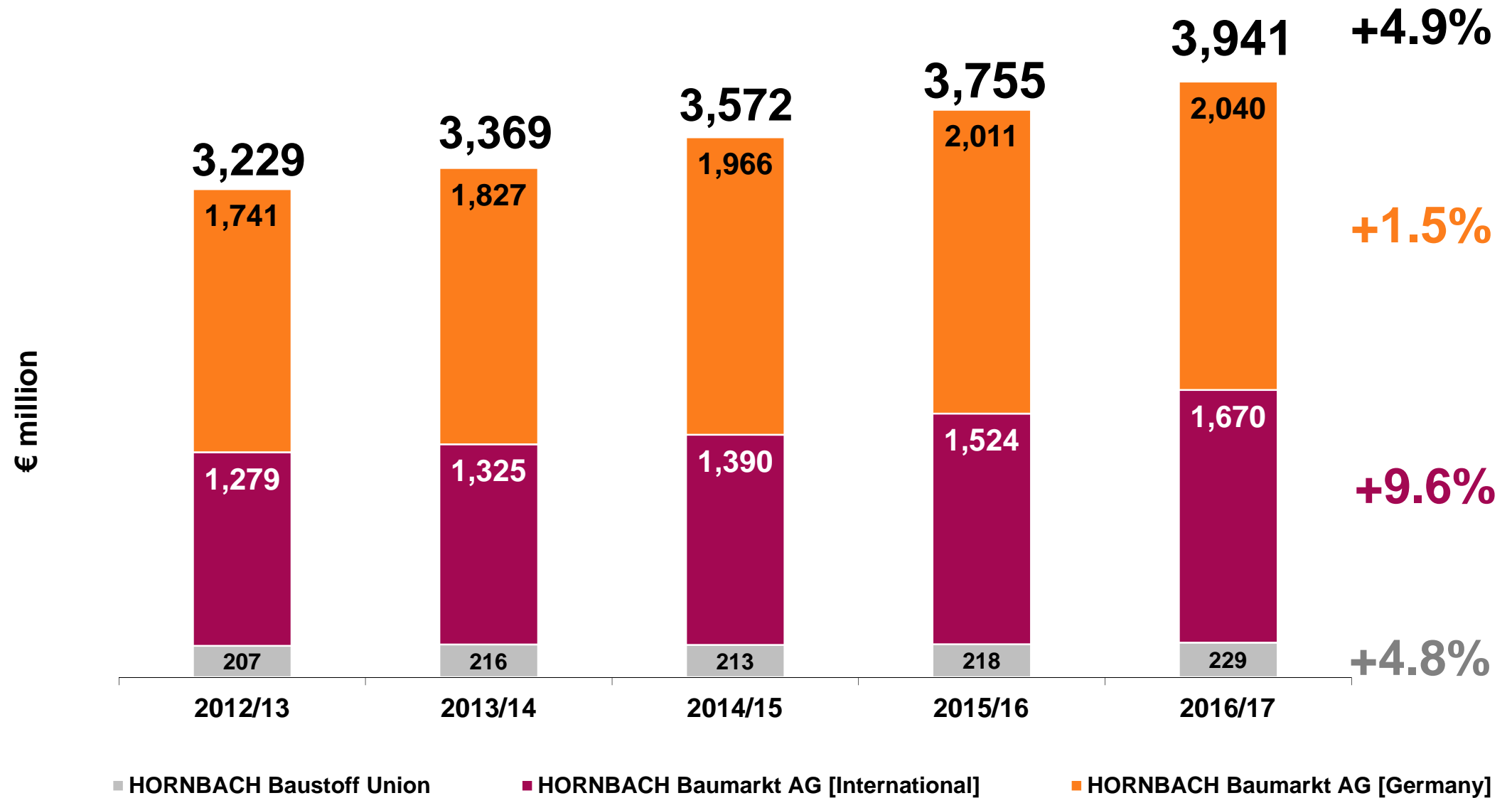
# SALES

## Financial Year 2016/2017



# Sustainable Sales Growth (1)

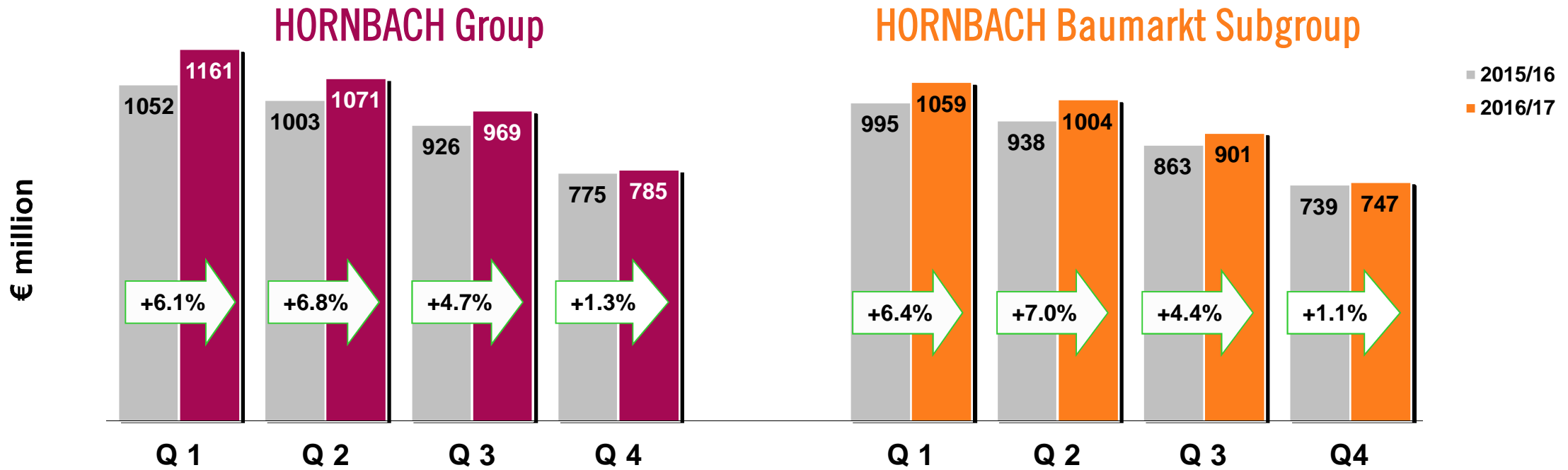
## HORNBACH Group



dounding differences

# Sustainable Sales Growth (2)

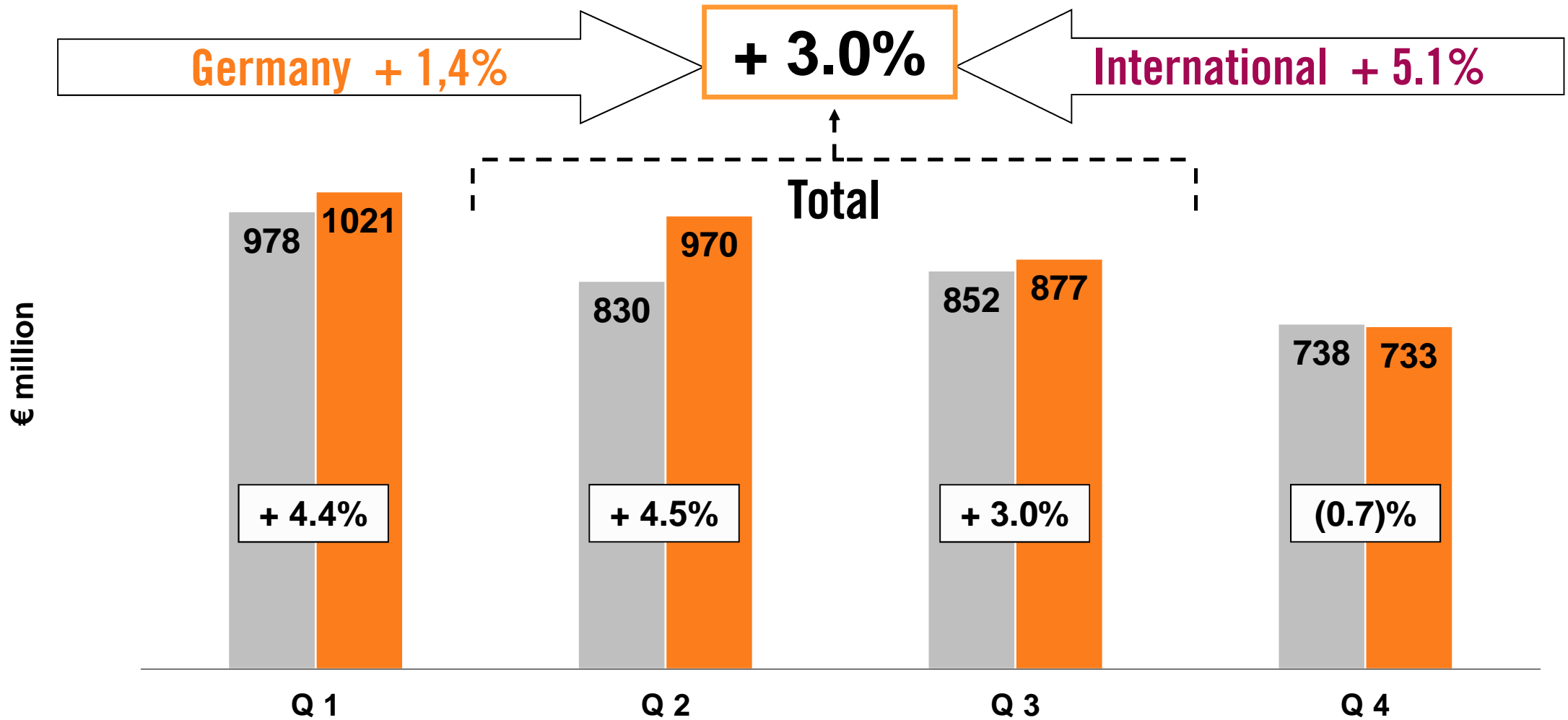
## HORNBACH Group



# Like-for-like Sales\*

## HORNBACH Baumarkt AG Subgroup

■ 2015/16 ■ 2016/17

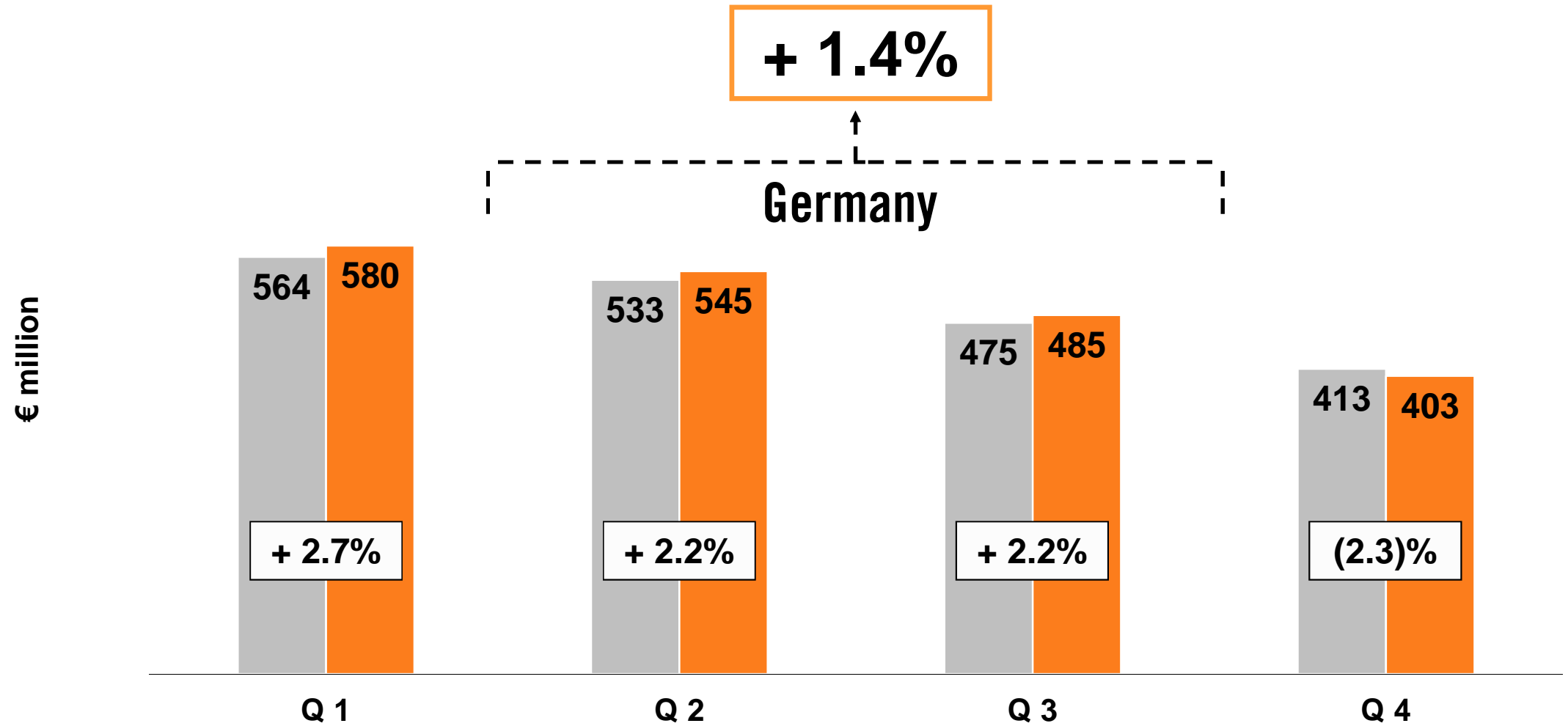


\* in constant currencies

# Like-for-like Sales

## HORNBACH Baumarkt AG Subgroup

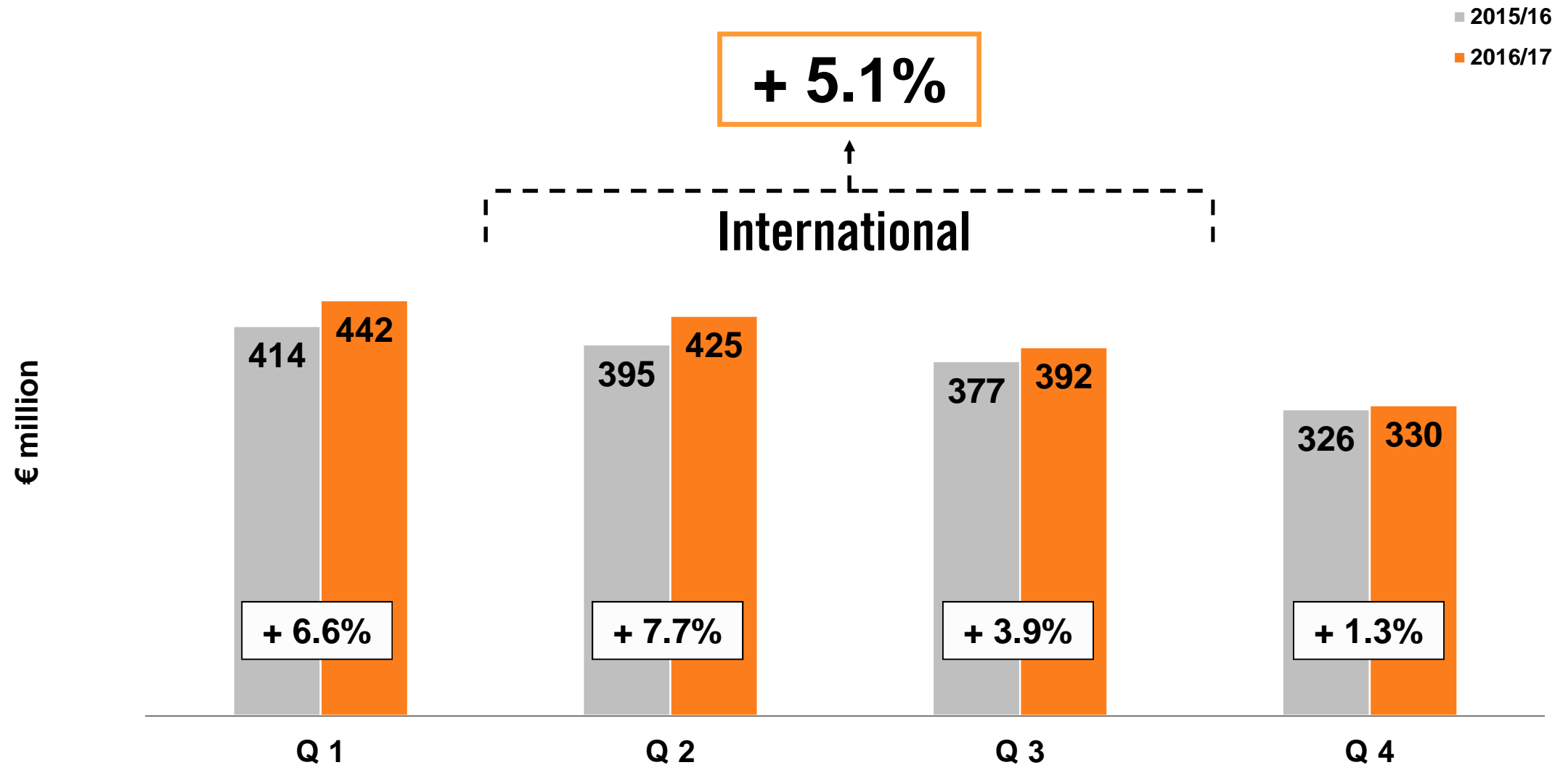
■ 2015/16 ■ 2016/17





# Like-for-like Sales\*

## HORNBACH Baumarkt AG Subgroup



\* in constant currencies

# 3<sup>rd</sup> Quarter / 9 months 2016/2017



# Highlights 9 months 2016/2017

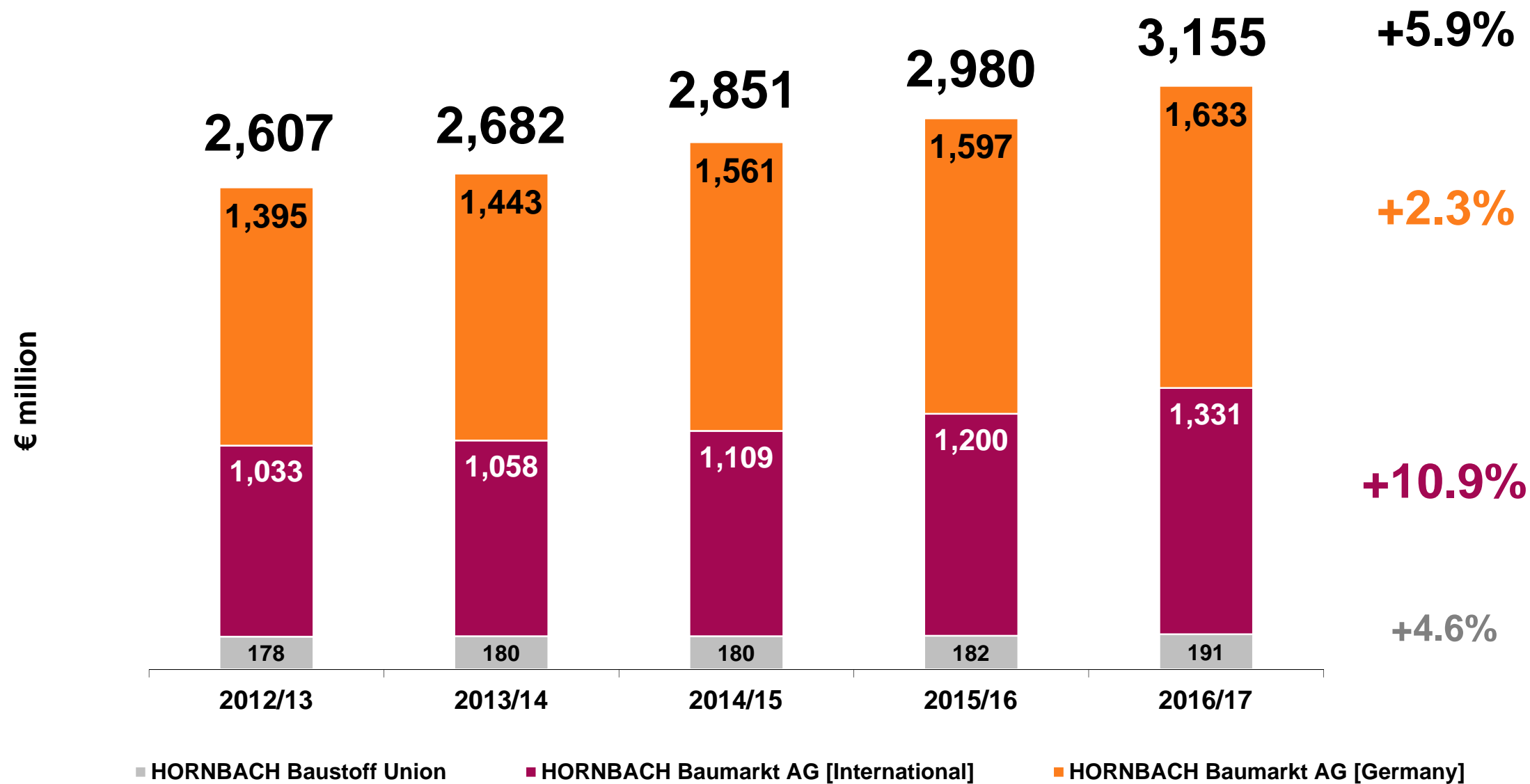
## HORNBACH Group

- DIY store openings in Prag, Innsbruck, closing Mannheim - new HBU branch
- Group sales up 5.9% to approx. 3.2€bn
- Like-for-like sales growth (DIY) of 4.0%
  - Germany +2.4%
  - Other European countries +6.1%
- Earnings figures to exceed previous year's level in nine-month period
  - Gross margin -60 bp to 36.3%
  - Store expense ratio decreased (-50 bp to 26.0%)
  - Pre-opening expenses significantly down on previous year (ratio -20 bp auf 0,1%)
  - Higher administration expense ratio due to ICR (+10 bp auf 4.6%)
- EBIT cumulatively +5.7% to 182.3 Mio.
- Swap of operating leases into finance leases reflects a positive EBIT effect, but higher interest expenses
- Negative currency items (YoY chg. -4.4€m)
- EPS after 9M at 6,06 € (previous year: 5,94 €)



# Growth in net sales– nine months

## HORNBACH Group

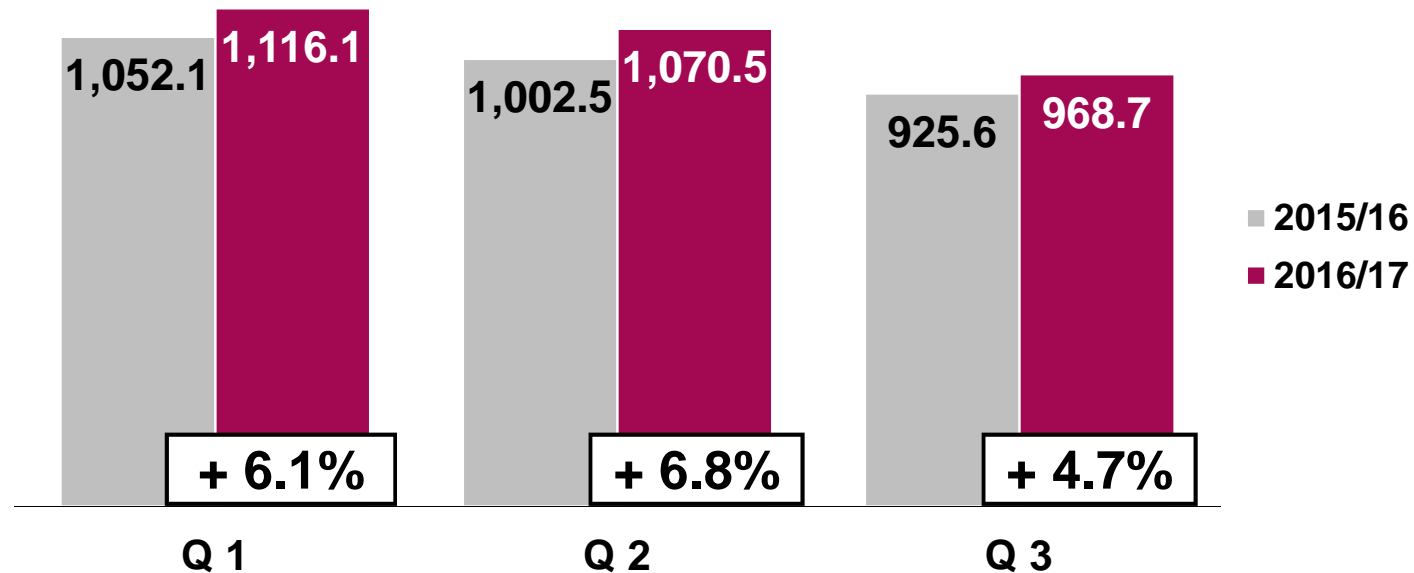


[rounding differences]

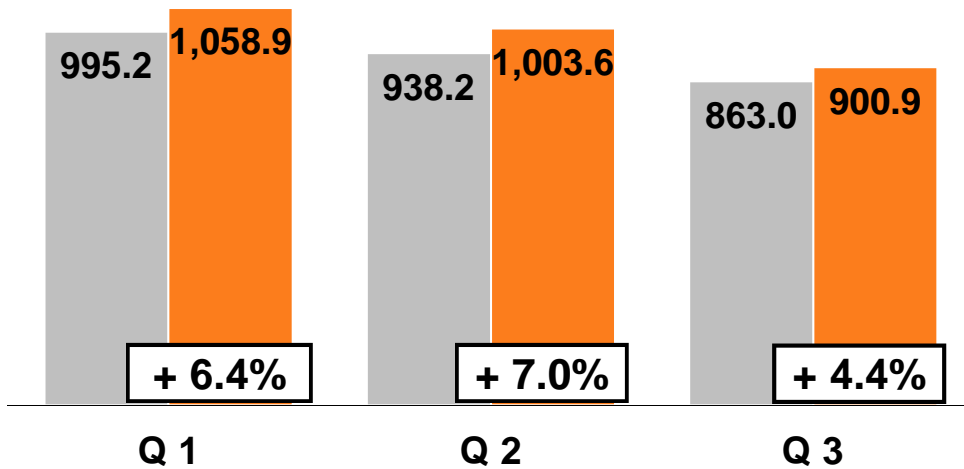
# Growth in Net Sales – Q1 / Q2 / Q3

## HORNBACH Group

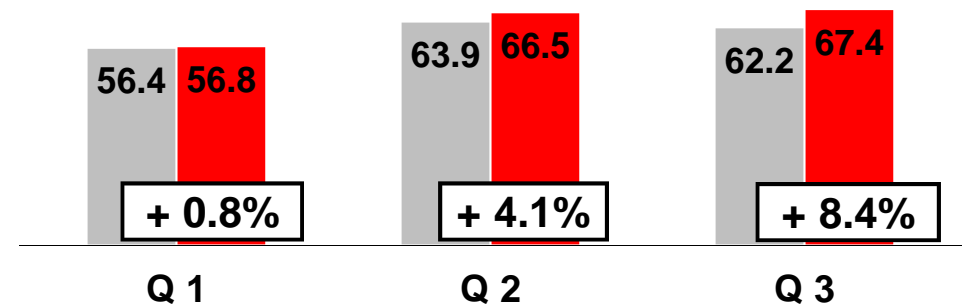
### HORNBACH Holding Group



### HORNBACH Baumarkt Subgroup



### HORNBACH Baustoff Union Subgroup



# Like-for-like Sales\*

## HORNBACH Baumarkt AG Subgroup

annual percentage change

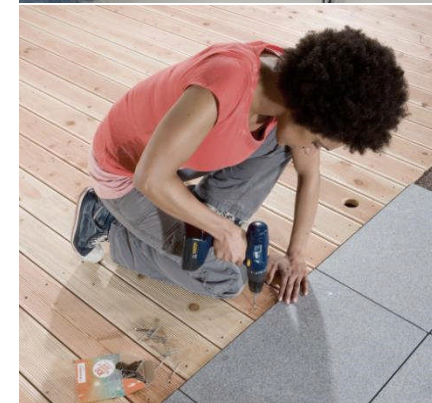
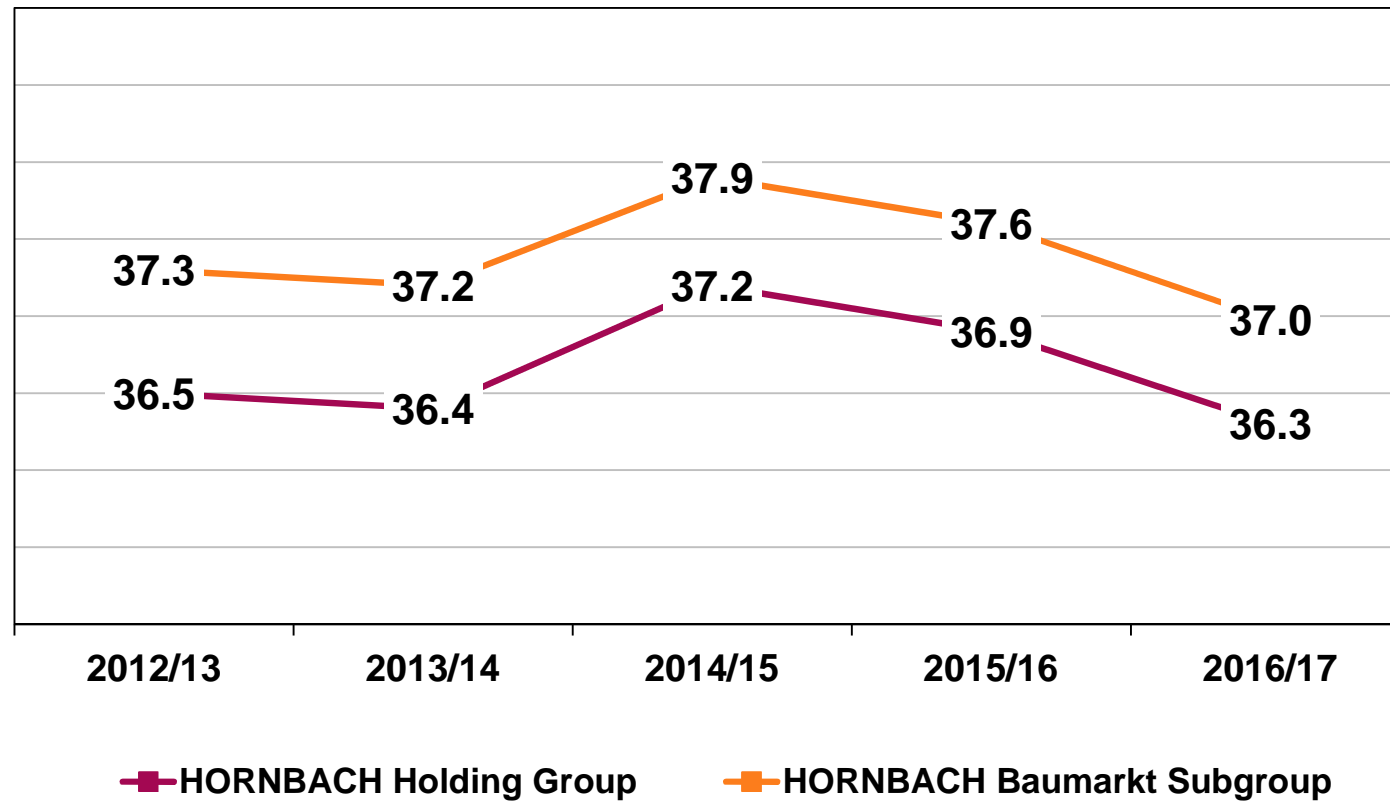
	Q 4 2015/16	FY 2015/16	Q1 2016/17	Q 2 2016/17	H 1 2016/17	Q 3 2016/17	9 M 2016/17
<b>Total</b>	<b>5.6</b>	<b>2.6</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>3.0</b>	<b>4.0</b>
<i>previous year</i>	2.4	4.4	(1.1)	4.0	1.3	2.9	1.8
<b>Germany</b>	<b>2.5</b>	<b>0.8</b>	<b>2,7</b>	<b>2.2</b>	<b>2.5</b>	<b>2.2</b>	<b>2.4</b>
<i>previous year</i>	1.8	5.5	(2.4)	4.0	0.6	(0.2)	0.4
<b>International</b>	<b>9.7</b>	<b>4.9</b>	<b>6.6</b>	<b>7.7</b>	<b>7.1</b>	<b>3.9</b>	<b>6.1</b>
<i>previous year</i>	3.4	2.8	0.7	4.0	2.3	7.0	3.7

\* in constant currencies

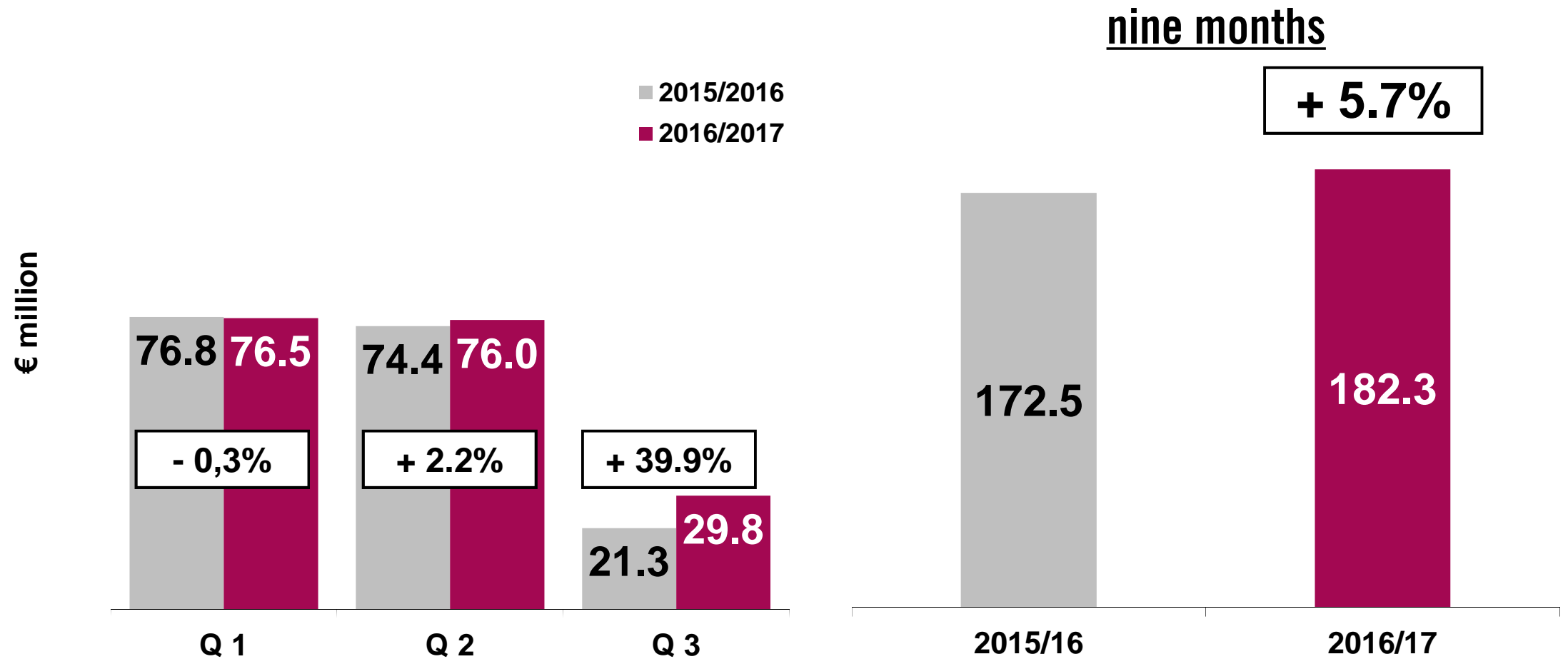
# Gross Margin– nine months

## HORNBACK Group

In % of net sales



# EBIT HORNBACH Group

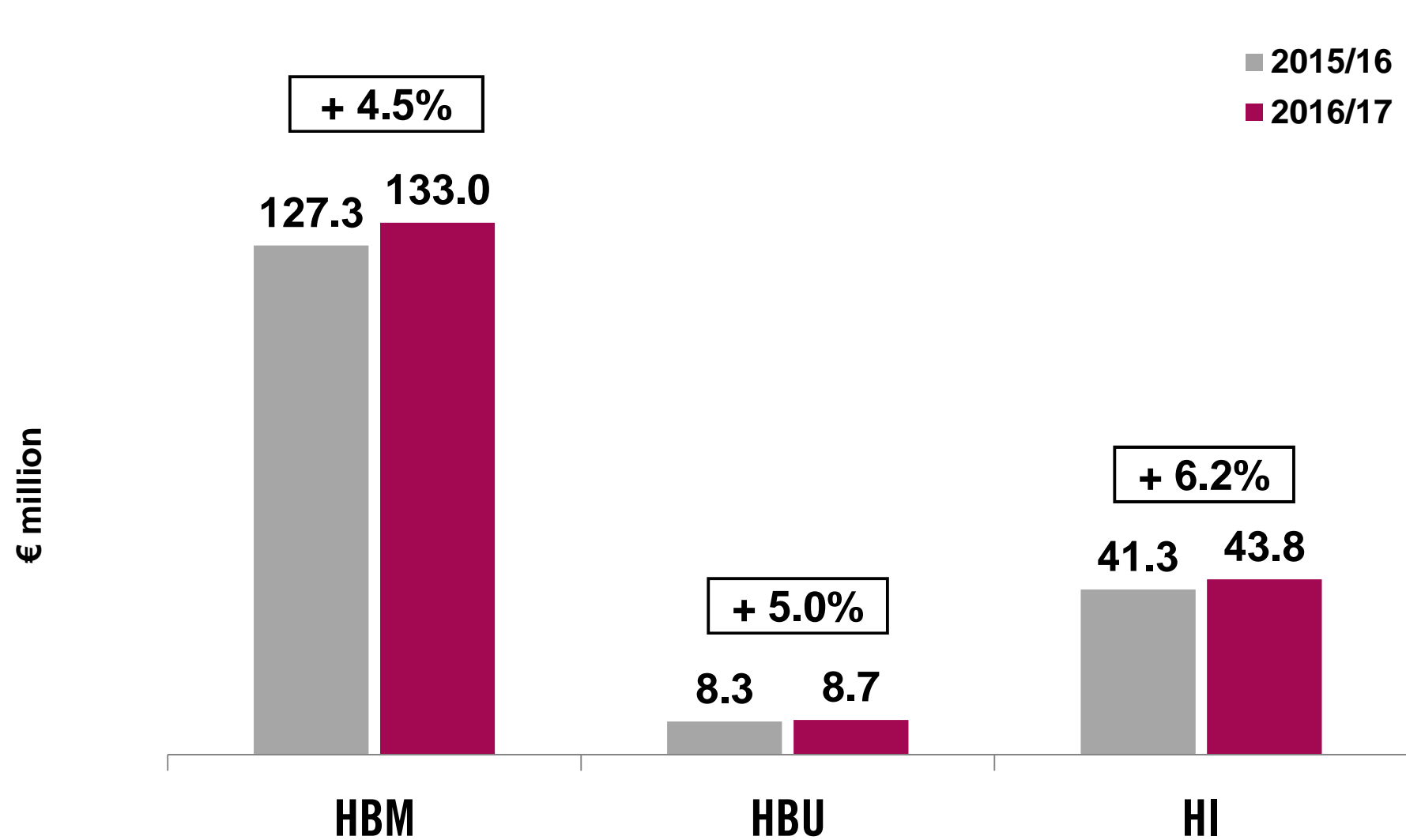


based on International Financial Reporting Standards (IFRS)

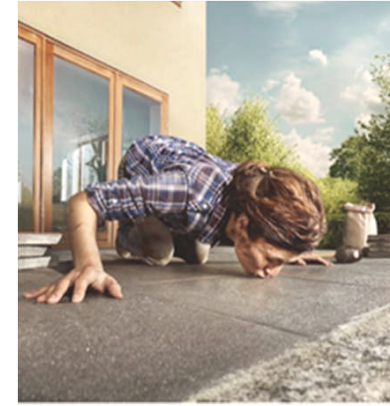


# EBIT – Breakdown – nine months

## HORNBACK Group



HBM: HORNBACK Baumarkt Subgroup  
 HBU: HORNBACK Baustoff Union Subgroup  
 HI: HORNBACK Immobilien Subgroup

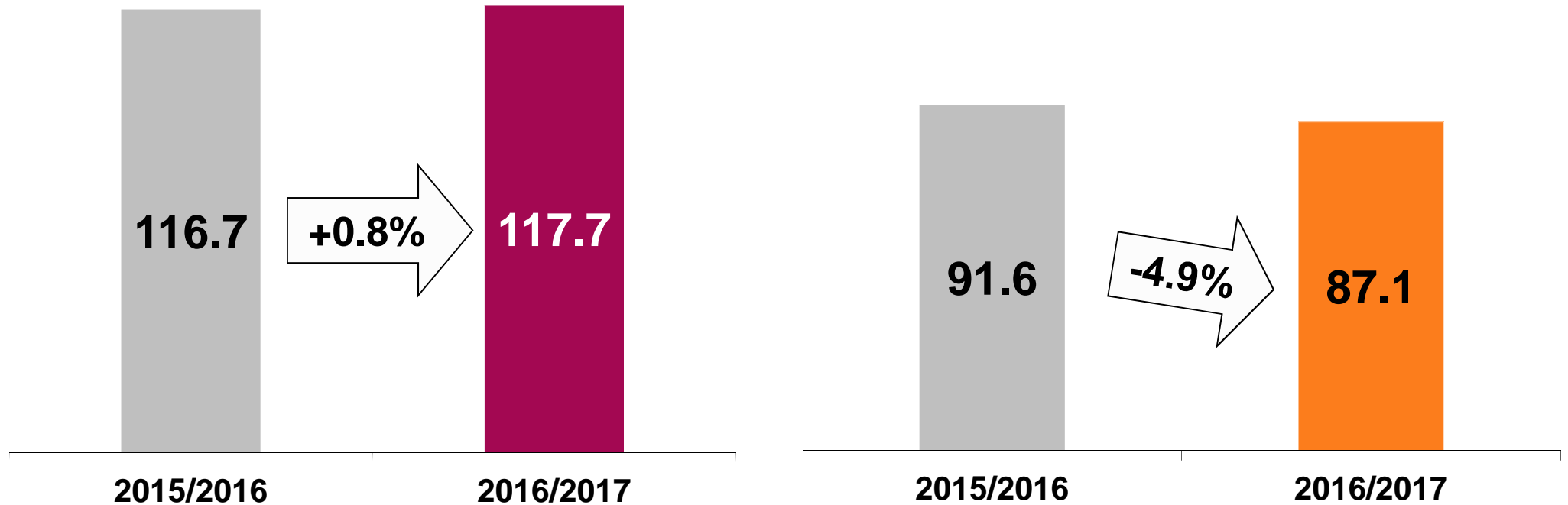


# Net Income – nine months

## HORNBACH Holding Group

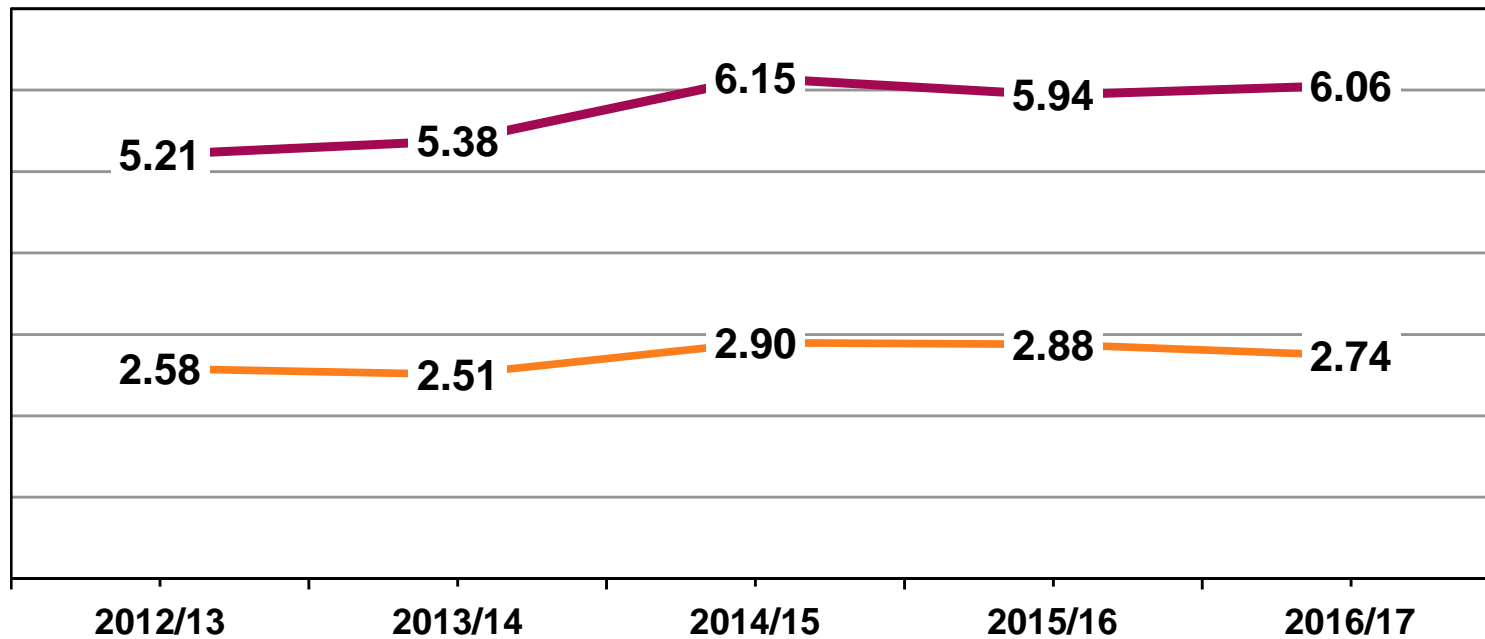
## HORNBACH Baumarkt Subgroup

€ million



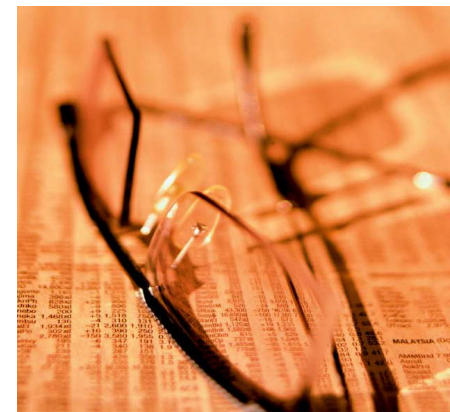
# Earnings per Share – nine months

## HORNBACH Group



— HORNBACH Holding Group\* — HORNBACH Baumarkt Subgroup

\*until FY 2014/2015 average earnings per share



# Cash Flow Statement

## HORNBACH Group

Cash flow statement (abridged)	2016/2017	2015/2016
€ million	9 months	9 months
Cash flow from operating activities	223.4	195.1
<i>of which: funds from operations</i>	191.5	174.0
<i>of which: change in working capital</i>	31.9	21.1
Cash flow from investing activities	(184.5)	(118.3)
Cash flow from financing activities	(137.0)	(33.1)
<b>Cash-effective change in cash and cash equivalents</b>	<b>(98.1)</b>	<b>43.7</b>
Change in cash and cash equivalents due to changes in exchange rates	0.0	0.0
Cash and cash equivalents at March 1	349.7	400.9
<b>Cash and cash equivalents at November 30</b>	<b>251.6</b>	<b>444.6</b>

rounding differences

# Cash Flow Statement

## HORNBACH Baumarkt AG

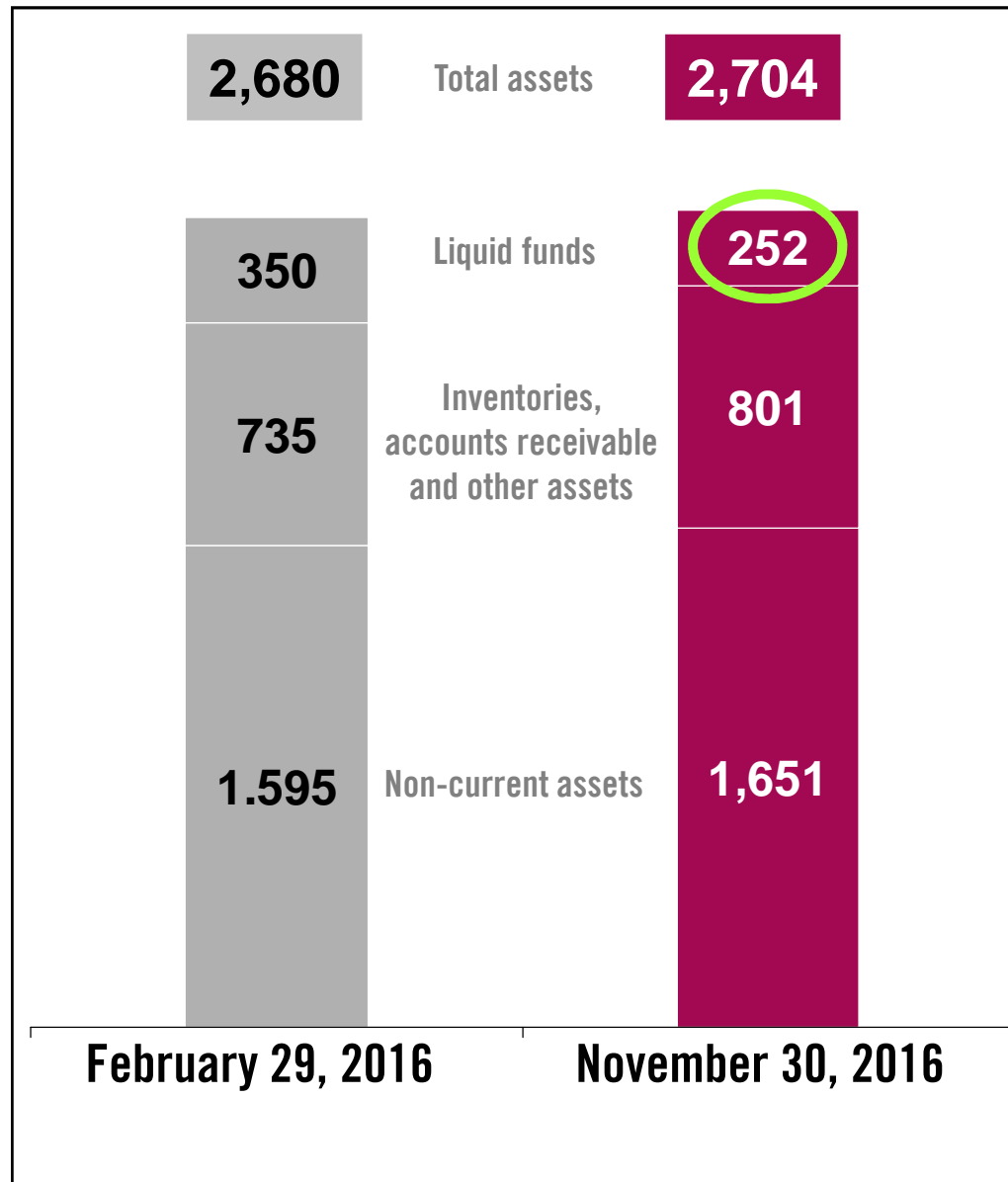
Cash flow statement (abridged)	2016/17	2015/16
€ million	9 months	9 months
Cash flow from operating activities	176.3	168.9
<i>of which: funds from operations</i>	146.2	135.3
<i>of which: change in working capital</i>	30.1	33.6
Cash flow from investing activities	(161.8)	(108.6)
Cash flow from financing activities	(101.0)	(13.0)
<b>Cash-effective change in cash and cash equivalents</b>	<b>(86.6)</b>	<b>47.3</b>
Change in cash and cash equivalents due to changes in exchange rates	0.0	(0.1)
Cash and cash equivalents at March 1	283.0	334.8
<b>Cash and cash equivalents at November 30</b>	<b>196.4</b>	<b>382.1</b>

rounding differences

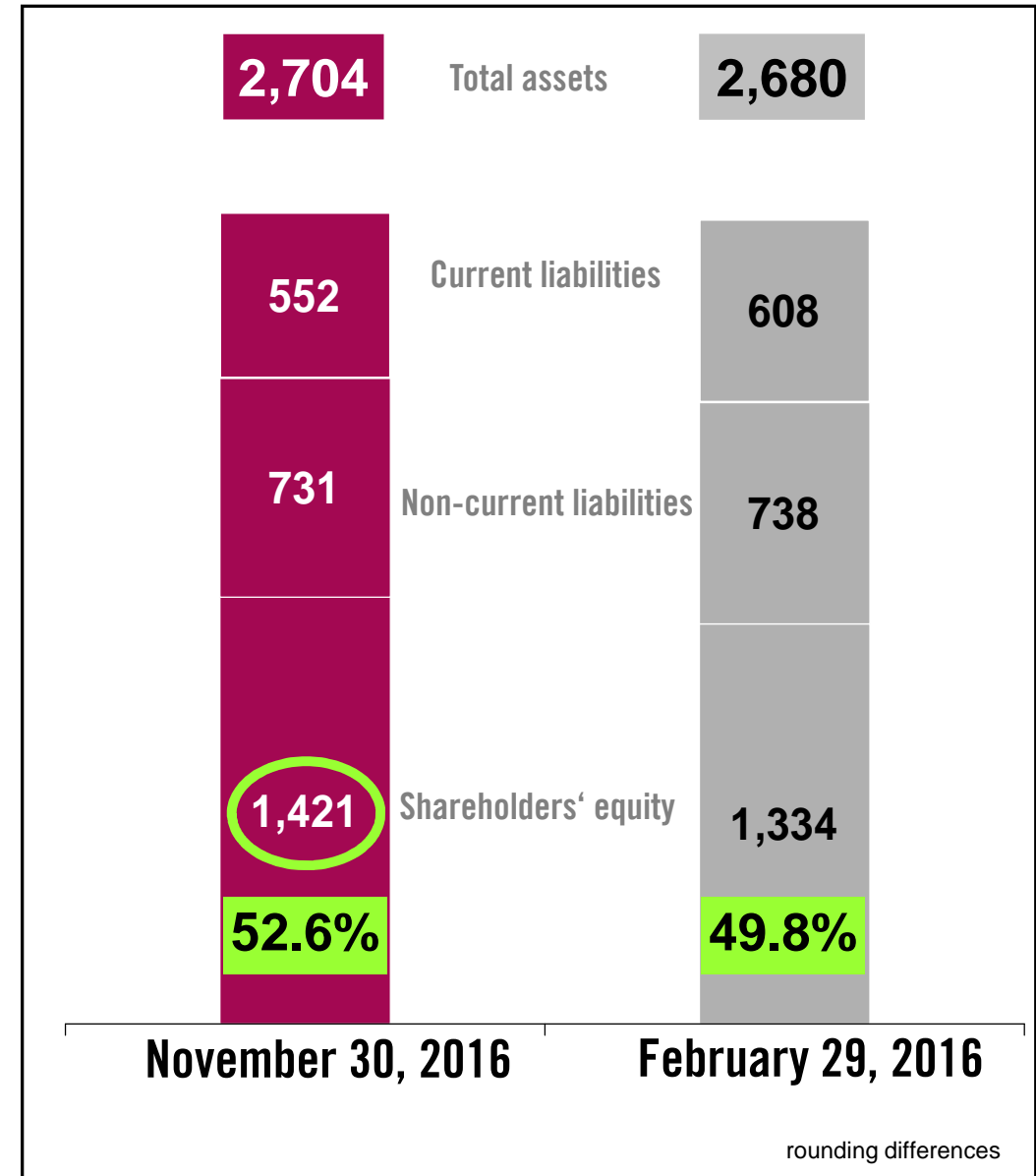
# Group Balance Sheet Structure (IFRS)

## HORNBAACH Holding

### ASSETS



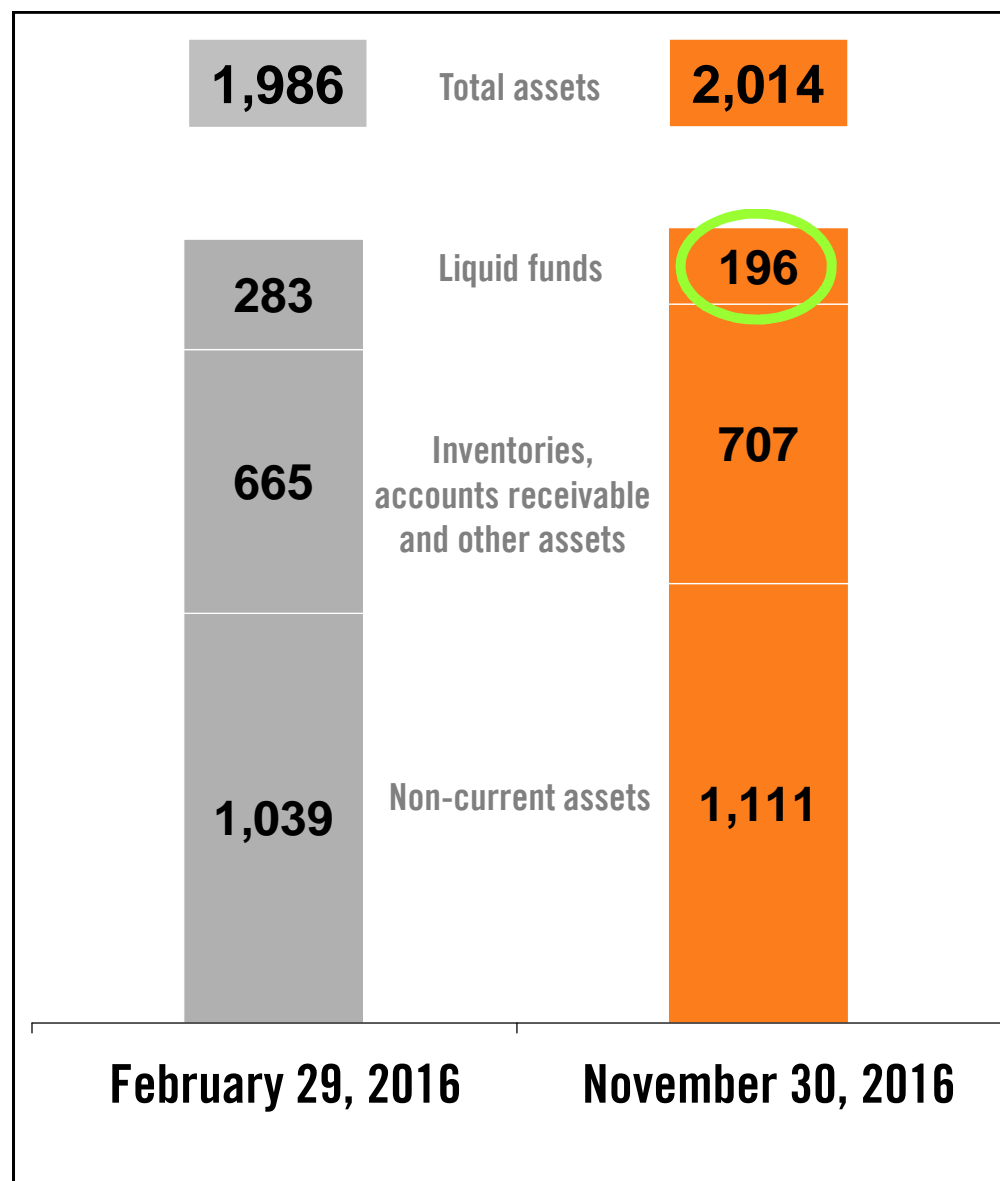
### EQUITY and LIABILITIES



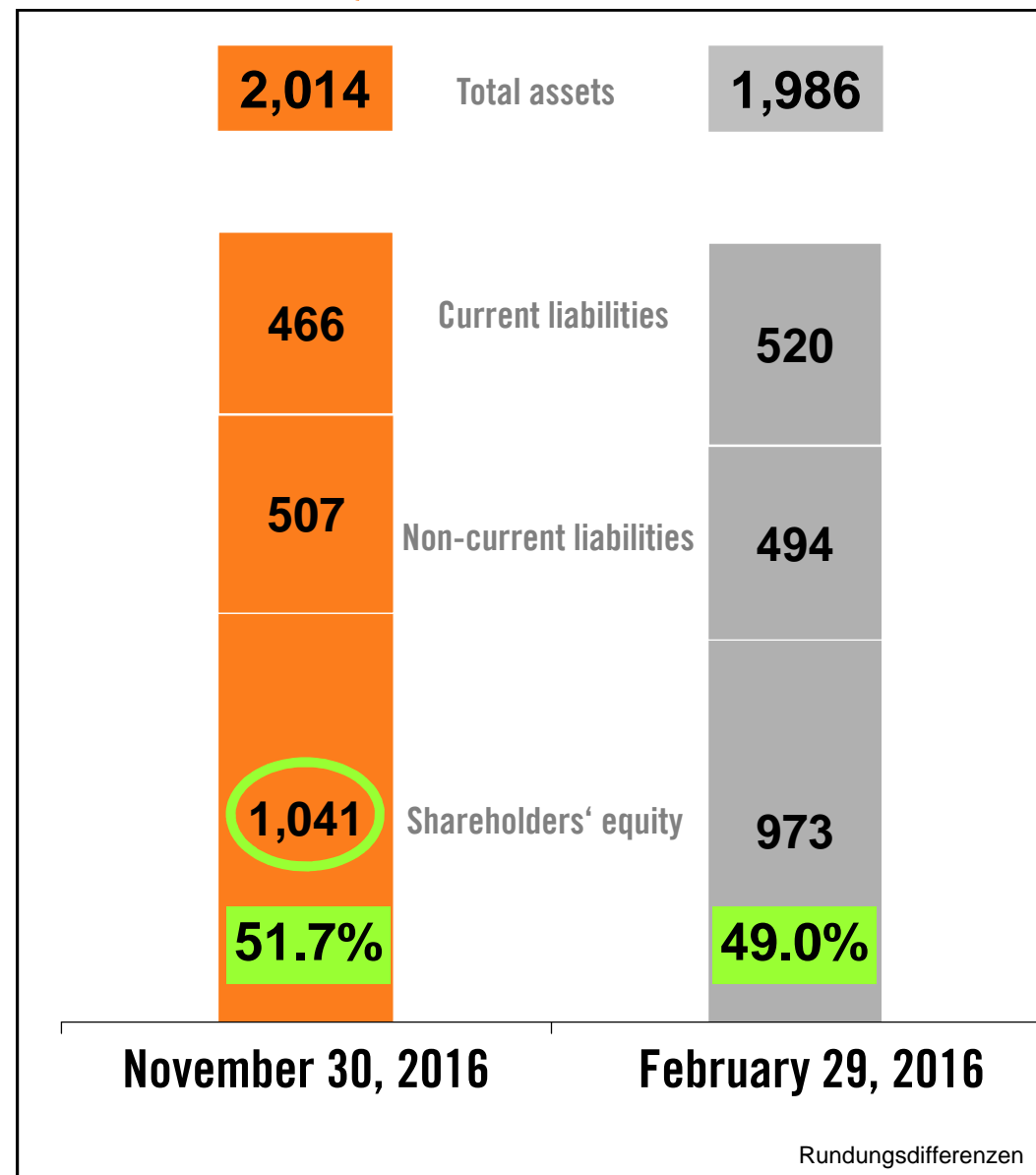
# Group Balance Sheet Structure (IFRS)

## HORNBACH Baumarkt AG

### ASSETS

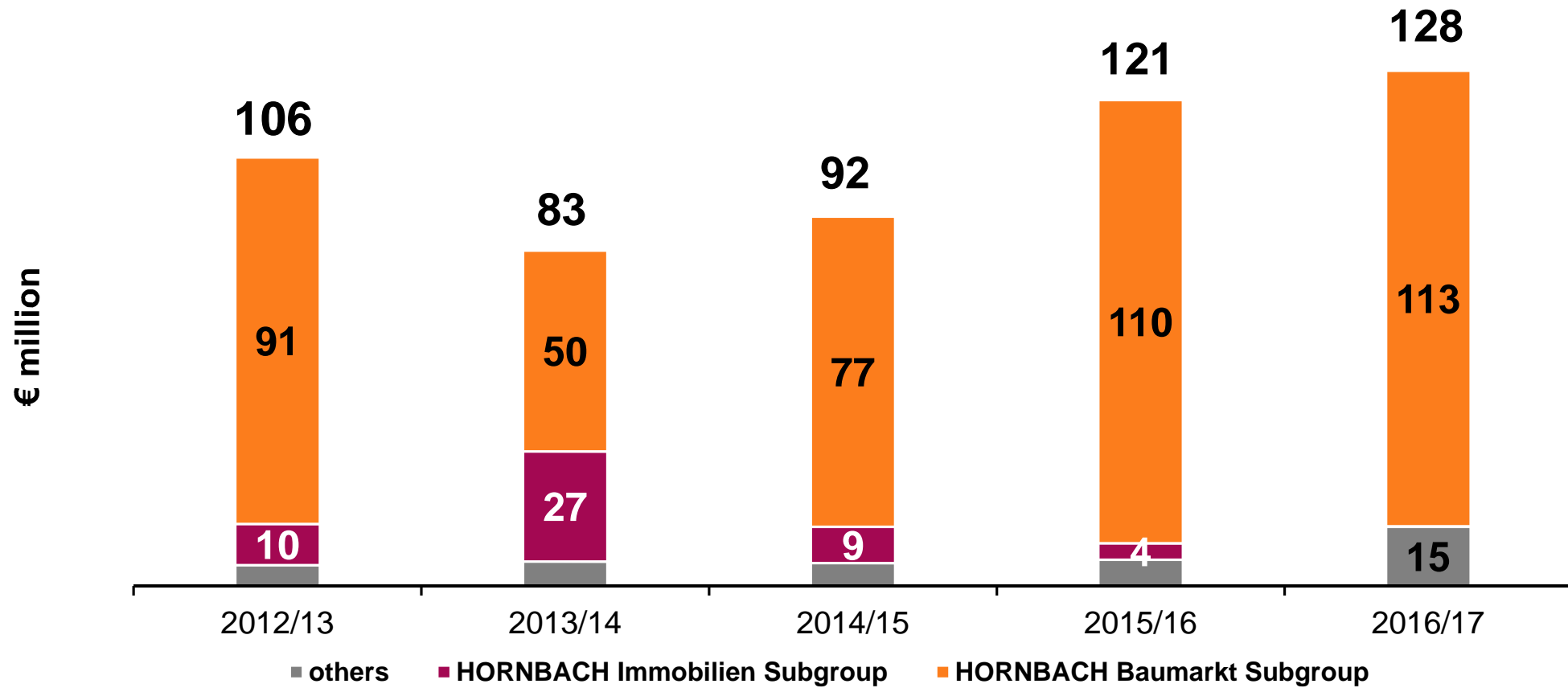


### EQUITY and LIABILITIES



# Capital Expenditures – nine months

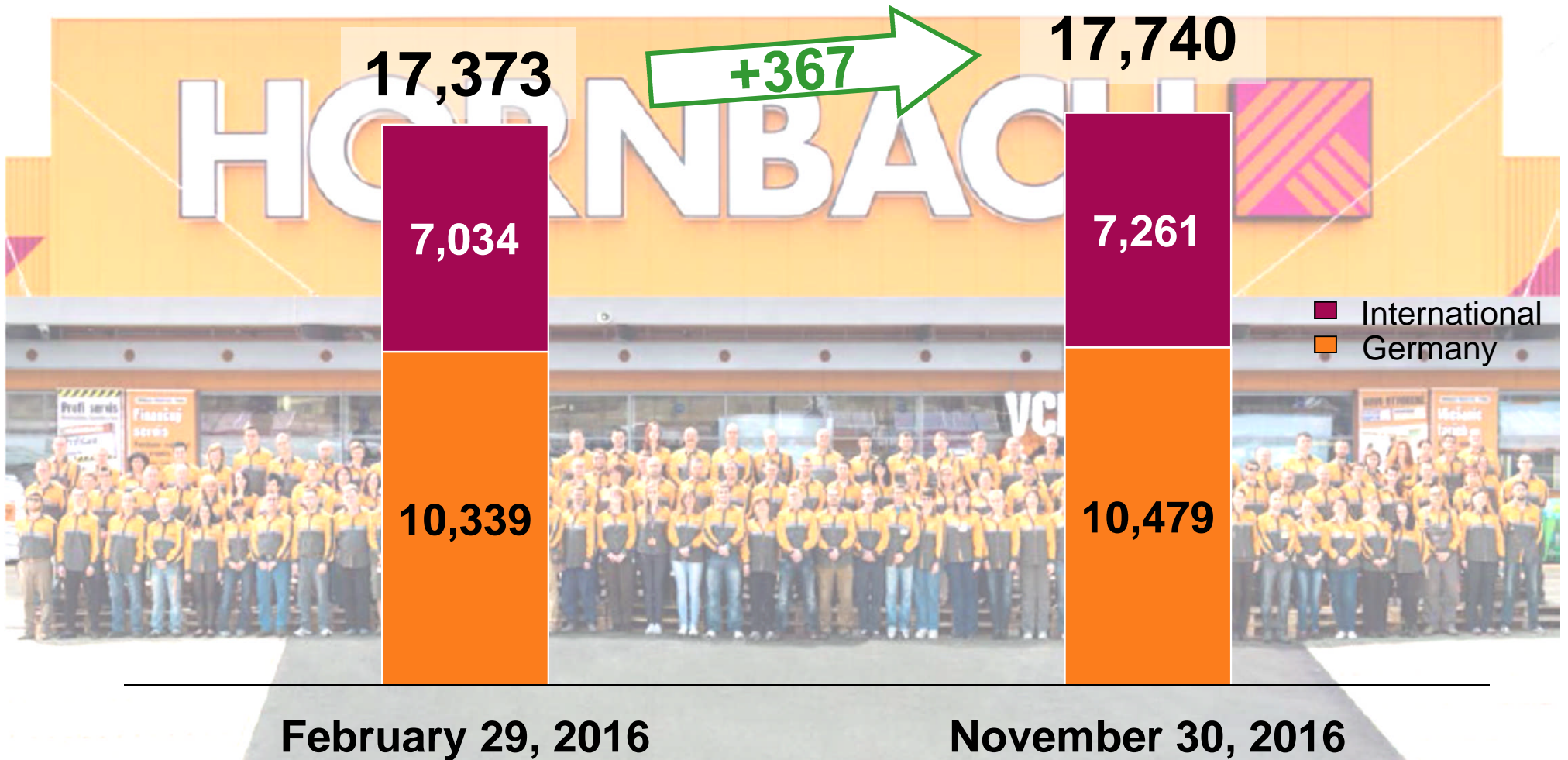
## HORNBACH Group



Olomouc



# Employees HORNBACH Group

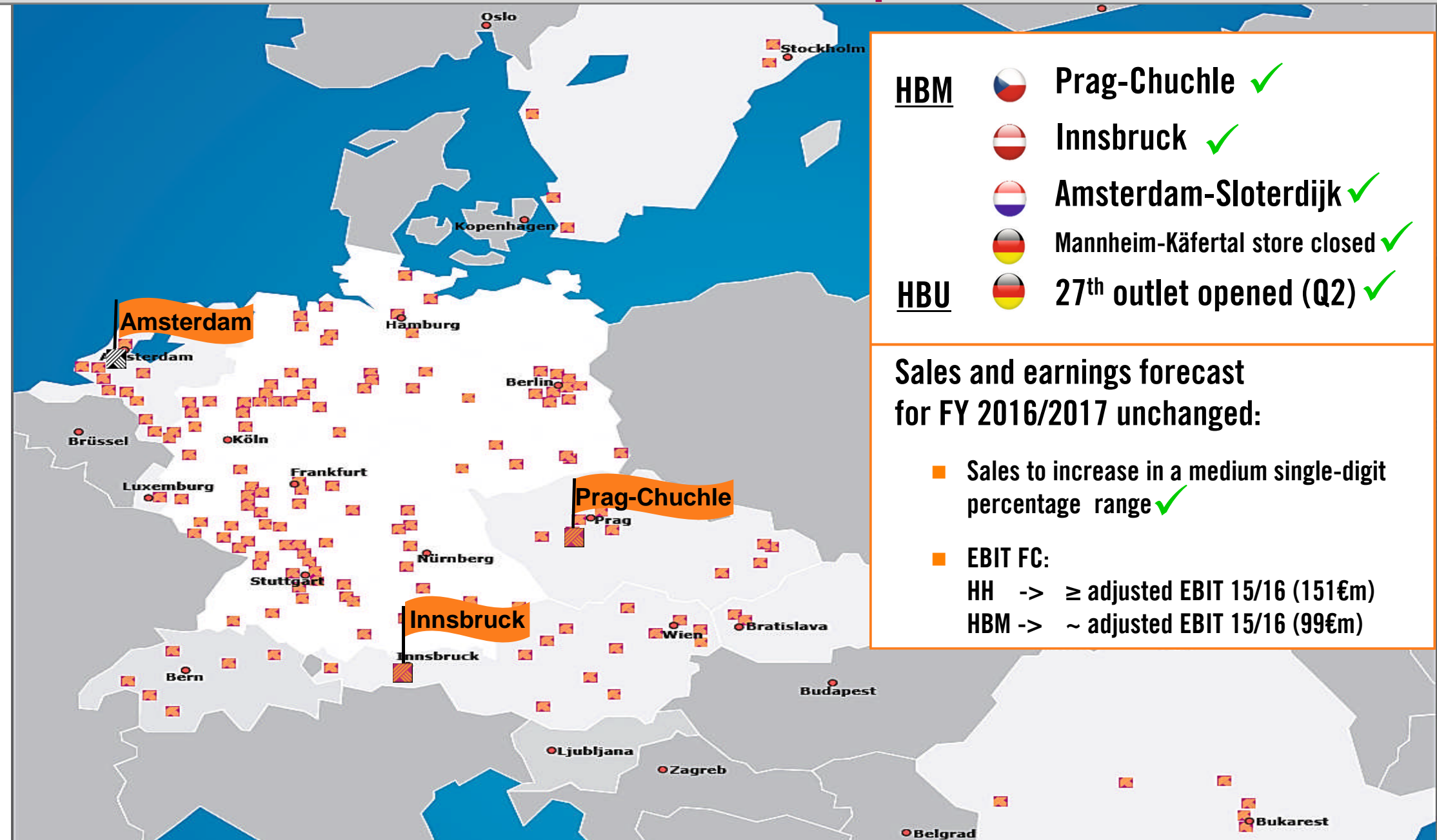


# Outlook



# New Store Openings and Outlook 2016/2017

## HORNBACK Group



# Financial Calender 2017 – Contact – Disclaimer

## HORNBACK Group

<b>May 29, 2017</b>	<b>Annual Press Conference 2016/2017 Publication Annual Report 2016/2017 DVFA Analysts' Conference HORNBACK Baumarkt</b>
<b>June 30, 2017</b>	<b>Financial Update: 1st Quarter of 2017/2018</b>
<b>July 6, 2017</b>	<b>Annual General Meeting HORNBACK Baumarkt</b>
<b>July 7, 2017</b>	<b>Annual General Meeting HORNBACK Holding</b>
<b>September 28, 2017</b>	<b>Half-Year Financial Report 2017/2018 DVFA Analysts' Conference HORNBACK Holding</b>
<b>December 21, 2017</b>	<b>Financial Update: 3rd Quarter of 2017/2018</b>

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This presentation is to be read in the context of the audited financial data of the HORNBACK Holding Group and the disclosures made in the notes to the consolidated financial statements contained in the annual report. It contains statements relating to the future based on assumptions and estimates made by HORNBACK's Board of Management. Forward-looking statements are only valid at the time at which they are made. Although we assume that the expectations reflected in these forecast statements are realistic, the company can provide no guarantee that these expectations will turn out to be accurate. The assumptions may involve risks and uncertainties which could result in actual events differing significantly from the forecast statements. Such factors include those discussed in the "Risk Report" and "Outlook" of the annual report. We do not assume any obligation to update the forward-looking statements contained in this presentation.