

## **HORNBAACH Group concludes best year in its history** **– 1,000 new jobs created**

**Record sales and a jump in earnings in the 2004/2005 financial year / consolidated sales rise by 8 percent to Euro 2.22 billion / EBIT improves by 25 percent to Euro 99 million / Company outperforms the sector**

Frankfurt am Main, June 24, 2005. The HORNBAACH GROUP, which operates one of the largest DIY store chains in Europe, countered the trend in the overall sector and achieved significant sales and earnings growth in the 2004/2005 financial year (02.28). Even though the “Do-it-yourself” sector, like the overall retail sector, was affected by the subdued consumer climate, and by an aggressive price war, the net sales of the HORNBAACH HOLDING AG parent company rose by eight percent to Euro 2.22 billion. The HORNBAACH-Baumarkt-AG subgroup, at which the core DIY store and garden center business is pooled, improved its net sales by 8.9 percent to Euro 2.09 billion, breaking through the Euro 2 billion mark for the first time.

“2004/2005 was the best financial year in the long history of our company,” commented Roland Pelka, CFO of HORNBAACH HOLDING AG, at the annual press conference in Frankfurt am Main. The earnings before interest and taxes (EBIT) of the overall Group rose by 25 percent compared with the previous year to reach Euro 99 million. The EBIT of the HORNBAACH-Baumarkt-AG subgroup rose by 41 percent to a record Euro 91 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) showed a year-on-year improvement of 16 percent to reach Euro 181 million at the overall Group, and of 20 percent to reach Euro 152 million at the Baumarkt subgroup. Earnings before tax at the overall Group rose by 37 percent to Euro 62 million, while pre-tax earnings at HORNBAACH-Baumarkt-AG improved by an impressive 55 percent to reach Euro 68 million.

## PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

### **Solid financial base for the Group**

Pelka highlighted the Group's solid financial base. "With an equity ratio of 30.4 percent at the overall Group and of 31.3 percent at the HORNBACH-Baumarkt-AG subgroup, we can rely on a high degree of security and flexibility for the ongoing financing of our growth in Germany and abroad." The high level of liquidity at the company was largely due to the Euro 250 million bond placed with institutional investors by HORNBACH-Baumarkt-AG in November 2004. In terms of accessing sources of capital for further expansion, this represented new territory for a family-managed medium-sized company.

### **Dividend at same level as in previous year**

As a result of the excellent earnings situation in the past financial year, the Board of Management will be proposing the distribution of dividends of the same level as in the previous year for approval by the annual general meetings to be held at the beginning of September. The dividends would amount to Euro 1.14 for the preference shares in HORNBACH HOLDING AG and Euro 0.87 for the ordinary shares in HORNBACH-Baumarkt-AG. "We are thus maintaining our policy of dividend continuity," stressed the CFO. "Investors can rely on HORNBACH shares as a solid long-term investment with high intrinsic value and a stable dividend."

### **More than 11,700 employees at HORNBACH**

HORNBACH opened five new DIY megastores with garden centers in the past financial year and created just under 1,000 new jobs, half of which are in Germany. The company currently operates 119 DIY megastores and garden centers with total sales areas of more than 1.2 million square meters. In the current financial year, the total number of stores is expected to increase to up to 125 with total sales areas of more than 1.3 million square meters. The HORNBACH Group now has more than 11,700 employees. The 2005/2006 financial year can be expected to see further growth in this respect as well.

## PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

### **Sales growth maintained in Q1, but earnings down on previous year**

The HORNBAACH Group increased its sales in the first quarter of the current 2005/2006 financial year, with both companies reporting sales growth of 5.4% to Euro 651 million (Group) and Euro 617 million (HORNBAACH-Baumarkt-AG). However, the sales growth was mainly attributable to the increase in sales areas, with a marginal decline in like-for-like sales. This was principally due to the cold, wet weather conditions in March, the effects of which could not be fully compensated for in the two subsequent months. Moreover, in view of price competition remaining tough, the company had budgeted for a lower gross margin than in the previous year. Taken together, these factors meant that earnings fell short of expectations – as already published in ad-hoc announcements.

### **Strategic partnership with Kingfisher pays off**

For the overall financial year, the company expects to generate sales of around Euro 2.4 billion (Group) and of almost Euro 2.3 billion (HORNBAACH-Baumarkt-AG). Earnings at the overall Group and at its DIY subsidiary will fall short of the record figures published for the past year. This is partly due to the increased costs relating to the opening of nine new DIY megastores with garden centers, and to the rollout of SAP to all stores. Earnings will be positively affected by the company's strategic partnership with the British Kingfisher group. This cooperation with the largest DIY operator in Europe not only represents a strategic competitive advantage, but also produces price benefits as a result of the joint product procurement activities.

### **Higher growth than the sector**

“We expect our comparable store sales and earnings to show more rapid growth than the overall sector once again,” underlined Pelka. This would mark the seventh consecutive year in which HORNBAACH had outperformed the sector average in its core German market. The market share of the HORNBAACH Group will grow from 7.6 percent to 8 percent in the current financial year. By comparison, in 1998 it had still amounted to 4.9 percent.

PRESSEMITTEILUNG – PRESS RELEASE – PRESSEMITTEILUNG

*Note: the annual report for the 2004/2005 financial year and the extensive quarterly report for the first quarter of 2005/2006 have been published at [www.hornbach.com](http://www.hornbach.com).*

**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)

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