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**HORNBAACH Group reports good start to new financial year**

**Consolidated sales rise by 7.0 percent to Euro 696.7 million in first quarter of 2006/2007 / Double-digit earnings growth / CEO Albrecht Hornbach: “We are considerably outperforming our sector.”**

Bornheim, July 6, 2006. The HORNBAACH Group, one of Europe’s largest operators of DIY megastores with garden centers, has reported a pleasing start to its 2006/2007 financial year despite poor springtime weather conditions. Consolidated sales at the HORNBAACH HOLDING AG Group rose by 7.0 percent in the first quarter (March to May 2006) to Euro 696.7 million (2005/2006: Euro 651.0m). “We are continuing to outperform our sector in the new financial year as well. More important than mere sales growth, however, is the fact that we are increasing our earnings power on a sustainable basis. We have raised our profitability significantly compared with the previous year. This provides clear proof that we are on the right track with our corporate strategy”, commented Albrecht Hornbach, Chairman of the Board of Management at HORNBAACH HOLDING AG.

The earnings of the HORNBAACH Group showed even higher growth than sales. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 14.1 percent to Euro 65.0 million (56.9). Earnings before interest and taxes (EBIT) rose by 17.0 percent at the overall Group to reach Euro 46.3 million (39.6). Consolidated earnings before taxes showed considerable growth of 26.3 percent to Euro 37.2 million (29.5). The consolidated net income increased by 18.8 percent to Euro 22.6 million (19.0).

**Strong momentum provided by international business**

Net sales at the HORNBAACH-Baumarkt-AG subgroup, which operates 122 DIY megastores with garden centers in eight European countries (of which 90 in Germany), rose by 6.9 percent in the first quarter to Euro 659.4 million (616.7). The share of sales generated by the international stores rose by more than one percentage point compared with the equivalent period in the previous year to 35.5 percent. Like-for-like sales (excluding newly opened stores) improved by 1.4 percent across the Group and even by 6.6 percent at the international stores. The slight decline of 1.3 percent at the German stores is mainly due to the fact that fewer garden products were sold in March and April as a result of the pro-

longed winter. “The expected sales boom then arrived in May”, remarked Hornbach.

### **Outlook: earnings set to rise more rapidly than sales**

The HORNBAACH Group expects its sales for the overall financial year to grow at a medium-level single-digit percentage rate. Earnings, by comparison, are set to rise as a percentage of sales. “This is a highly ambitious target, given that this year will be unusual in that we will not be opening any new stores”, added Hornbach. This was the result of a delay in the granting of building permits for some planned locations. Following the scheduled closure of two former Lafiora garden centers as of May 31, 2006, the store network would total 122 locations at the end of the 2006/2007 financial year (previous year: 124). “However, this does not mean that we will be twiddling our thumbs,” stressed Hornbach. One new store was currently under construction and three outlets were being expanded into the latest prototype with drive-in construction materials facilities. Moreover, preparations for construction had already begun at four further locations.

“We will be pressing ahead with our expansion at full steam in the coming financial year already, and will be opening up to ten new DIY megastores with garden centers in Munich, Darmstadt and in other European countries,” announced the Board Chairman. An annual average of seven new store openings was then planned for the coming five years, well over half of which would be in other European countries. HORNBAACH’s entry into the Rumanian market, for example, was due to take place in the summer of 2007.

The upward trend seen at HORNBAACH Baustoff Union GmbH in the previous financial year has continued in the first quarter of 2006/2007. Net sales at the subgroup’s 18 outlets in south-west Germany rose by 7.7 percent to Euro 37.9 million (35.2). This success was based on the company’s focus on its core builders’ merchant and construction materials business. The subsidiary reached breakeven on an operating level in the first quarter – which is also the target for the overall 2006/2007 financial year.

**The most important key figures can be found 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 internet pages of the HORNBAACH Group at [www.hornbach-group.com](http://www.hornbach-group.com).**

## Overview of Key Figures

<b>HORNBACH HOLDING AG</b> Key Figures for the Group (in € million, unless otherwise stated)	<b>1<sup>st</sup> Quarter</b> <b>2006/2007</b>	<b>1<sup>st</sup> Quarter</b> <b>2005/2006</b>	<b>Change</b> <b>in %</b>
Net sales	<b>696.7</b>	651.0	7.0
of which in other European countries	<b>234.2</b>	211.6	10.7
Gross margin (as % of net sales)	<b>35.6%</b>	35.2%	
EBITDA	<b>65.0</b>	56.9	14.1
Earnings before interest and taxes (EBIT)	<b>46.3</b>	39.6	17.0
Consolidated earnings before taxes	<b>37.2</b>	29.5	26.3
Consolidated net income*	<b>22.6</b>	19.0	18.8
Undiluted earnings per preference share (€)	<b>2.29</b>	2.01	13.9
No. of employees at the HORNBACH Group	<b>12,082</b>	11,709	3.2
Investments	<b>17.1</b>	45.5	-62.4
Total assets	<b>1,862.7</b>	1,850.9	0.6
Shareholders' equity	<b>582.2</b>	553.4	5.2
Shareholders' equity as % of total assets	<b>31.3%</b>	29.9%	

\* Pursuant to IFRS including minority interests

<b>HORNBACH-Baumarkt-AG</b> Key Figures for the Subgroup (in € million, unless otherwise stated)	<b>1<sup>st</sup> Quarter</b> <b>2006/2007</b>	<b>1<sup>st</sup> Quarter</b> <b>2005/2006</b>	<b>Change</b> <b>in %</b>
Net sales	<b>659.4</b>	616.7	6.9
of which in other European countries	<b>234.2</b>	211.6	10.7
Like-for-like sales growth	<b>1.4%</b>	-0.5%	
Gross margin (as % of net sales)	<b>36.2%</b>	35.7%	
EBITDA	<b>55.8</b>	46.8	19.4
Earnings before interest and taxes (EBIT)	<b>40.9</b>	32.4	26.3
Consolidated earnings before taxes	<b>35.0</b>	25.6	36.4
Consolidated net income	<b>21.8</b>	16.5	31.7
Undiluted earnings per share (€)	<b>1.43</b>	1.09	31.2
No. of employees	<b>11,509</b>	11,095	3.7
Investments	<b>11.4</b>	30.9	-63.1
Total assets	<b>1,353.50</b>	1,357.9	-0.3
Shareholders' equity	<b>437.7</b>	416.2	5.2
Shareholders' equity as % of total assets	<b>32.3%</b>	30.6%	
No. of stores	<b>122</b>	119	2.5
Sales area as per BHB (in 000 m <sup>2</sup> )	<b>1,312</b>	1,231	6.6
Average store size (in m <sup>2</sup> )	<b>10,755</b>	10,344	4.0

## **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 average HORNBACH DIY megastore with garden center has a sales area of virtually 11,000 square meters. This is a figure not reached by any other DIY player in Germany or Europe. Founded in 1877, the family-run company, which has its roots in the Palatinate region, first went public in 1987. HORNBACH currently operates 122 DIY megastores with garden centers in eight countries, of which 90 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. A strategic partnership was established with the British retail group Kingfisher in 2001. HORNBACH has acted as a "job machine" for decades, with more than 12,000 employees now participating in the success of the Group.*

## **Financial Calendar 2006**

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|----------------------|---|
| ▪ July 6, 2006       | <b>Interim Report as of May 31, 2006</b>                                    |
| ▪ July 13, 2006      | <b>Annual General Meeting of HORNBACH-Baumarkt-AG<br/>Frankfurt am Main</b> |
| ▪ July 14, 2006      | <b>Annual General Meeting of HORNBACH HOLDING AG<br/>Frankfurt am Main</b>  |
| ▪ September 28, 2006 | <b>DVFA Analysts' Conference</b>  |
|                      | <b>Interim Report as of August 31, 2006</b>                                 |
| ▪ December 21, 2006  | <b>Interim Report as of November 30, 2006</b>                               |

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