



Analyst Call Q2/H1 2021/22

HORNBAACH Holding AG & Co. KGaA

September 30, 2021

HORNBAACH is benefitting from the „new normal“

1 The pandemic has significantly **changed what customers need**. People are attaching greater importance to security and physical proximity. Their homes are very important to them and they are prepared to invest in them.

2 People's need for security is also reflected in their **shopping habits**: fewer contacts, higher average spend, more click & collect, more online.

3 These two changes both play to our strengths and enabled HORNBAACH to **gain substantial market share** in the countries where it operates.

HORNBACH on track to deliver further organic growth

High customer satisfaction across Europe

- # 1 DIY store in Germany, Austria and Sweden according to recent surveys¹⁾
- HORNBACH with the highest net promoter score among German competitors (+31)
- Best webshop in Germany, Austria, the Netherlands, Switzerland²⁾



Sources: 1) Kundenmonitor Germany, Austria, Switzerland (2021), Evimetrix (Sweden; 2021), 2) Kundenmonitor Germany, Austria (2021), Retailer of the Year Austria, Netherlands, Switzerland (2021), no data for Czech Republic, Slovakia, Romania, Luxembourg

Organic network expansion continued

- 2 new stores opened in Q2 2021/22
- 165 DIY stores in 9 countries as of Aug 31, 2021

Trollhättan, Sweden (29.6.2021)

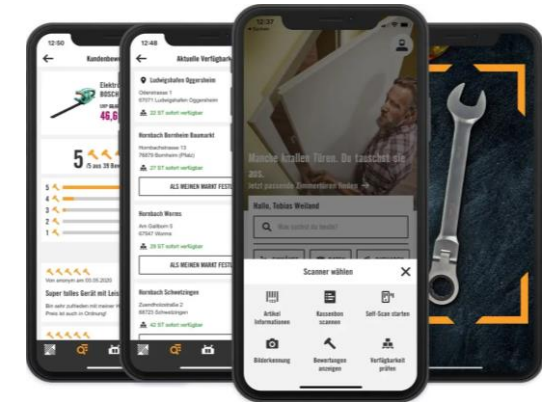


Cluj, Romania (15.7.2021)



E-Commerce sales continue to rise as Covid restrictions lift

- Online sales (incl. Click & Collect) up by **48%** to **€ 593 m** in H1
- Online share of HORNBACH Baumarkt Group sales now at **20%** (LTM)
- Number of customer accounts above **3 million** as of Aug 31, 2021 (+20% since end-FY 2020/21)



H1 21/22 Financial Update: Sales and EBIT ahead of previous year after successful Q2

Customer demand for construction and DIY projects remains at a high level

- Half-year net sales **plus 5.1%** to **€ 3,292 m** (H1 2020/21: € 3,132 m)
- Like-for-like sales **plus 3.4%** (Germany: plus 0.7%; International: plus 6.4%)

Earnings above previous year's record level

- Adj. EBIT **plus 0.7%** to **€ 337.2 m** (H1 2020/21: € 334.7 m)
- Adj. EBIT margin at **10.2%** (H1 2020/21: 10.7%), significantly above pre-Corona H1 2019/20 level (7.6%)
- Earnings per share at **€ 11.69** (H1 2020/21: € 11.57)

FY 21/22 guidance confirmed: Sales and adj. EBIT expected in the upper third of the guidance

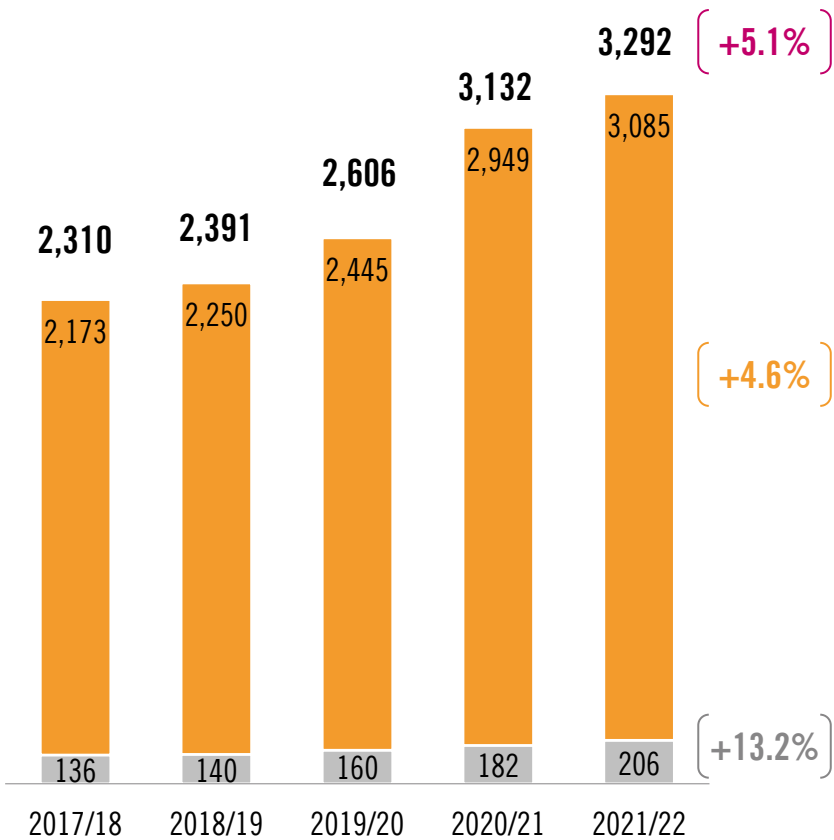
- Sales slightly above previous year (**plus 1% to 5%**)
- Adjusted EBIT between **€ 290 m and € 326 m**; adjusted EBIT margin between **5.3% and 5.7%**



Net sales above previous year's record

HORNBACK Group net sales in H1 (Mar 1 to Aug 31)

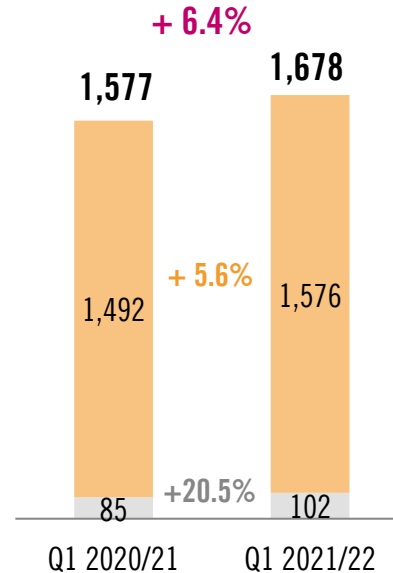
in € million



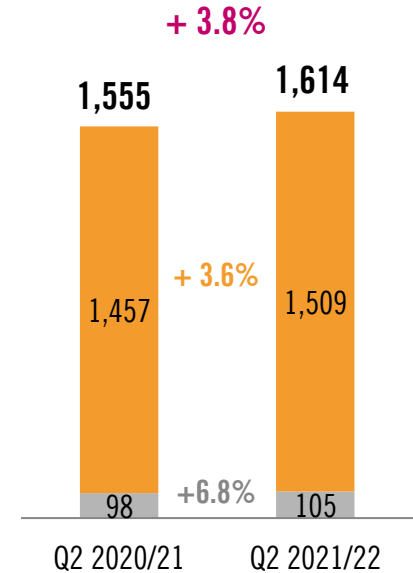
■ HORNBACK Baustoff Union ■ HORNBACK Baumarkt AG

- Strong sales growth in Q1 + Q2 driven by on-going strong demand across all product categories
- Further significantly disproportionate growth in online sales (ICR)

Q1 (Mar 1 to May 31)



Q2 (Jun 1 to Aug 31)



Geographical mix: Solid in Germany and strong international growth

HORNBACH Baumarkt Subgroup

Like-for-like sales growth¹⁾ in %

	Q1 2020/21	Q2 2020/21	H1 2020/21	Q1 2021/22	Q2 2021/22	H1 2021/22
Total	17.5	21.4	19.4	4.3	2.5	3.4
∅ Open to private customers ²⁾	87%	100%	93%	51%	99%	75%
Germany	24.4	24.1	24.3	(0.1)	1.7	0.7
∅ Open to private customers ²⁾	92%	100%	96%	40%	98%	70%
International	10.3	18.6	14.4	9.5	3.4	6.4
∅ Open to private customers ²⁾	79%	100%	90%	67%	100%	84%
Austria	7.6	18.9	13.1	20.4	0.8	10.4
Czech Republic	7.4	6.8	7.1	(3.9)	11.0	3.3
Luxembourg	17.3	46.1	31.2	42.0	0.5	19.7
Netherlands	22.1	20.8	21.4	(11.7)	4.3	(3.8)
Romania	17.9	27.0	22.4	11.2	9.0	10.1
Slovakia	(26.5)	6.8	(10.2)	50.9	11.6	27.8
Sweden	22.4	25.4	23.9	11.1	1.2	6.2
Switzerland	(0.6)	19.4	8.9	33.4	(5.5)	13.1

LFL sales grow in almost all regions despite strong base effects

- **Germany** profited from relaxation of Covid restrictions in Q2 and topped last year's record level in H1
- Sales in the **Netherlands** were impacted by a strict lockdown in Q1 2021/22 while there were no restrictions in 2020/21
- **Romania** and **Sweden** were the only countries without any restrictions on stationary sales
- **Slovakia** made a strong recovery after strict Covid measures in last year's spring season

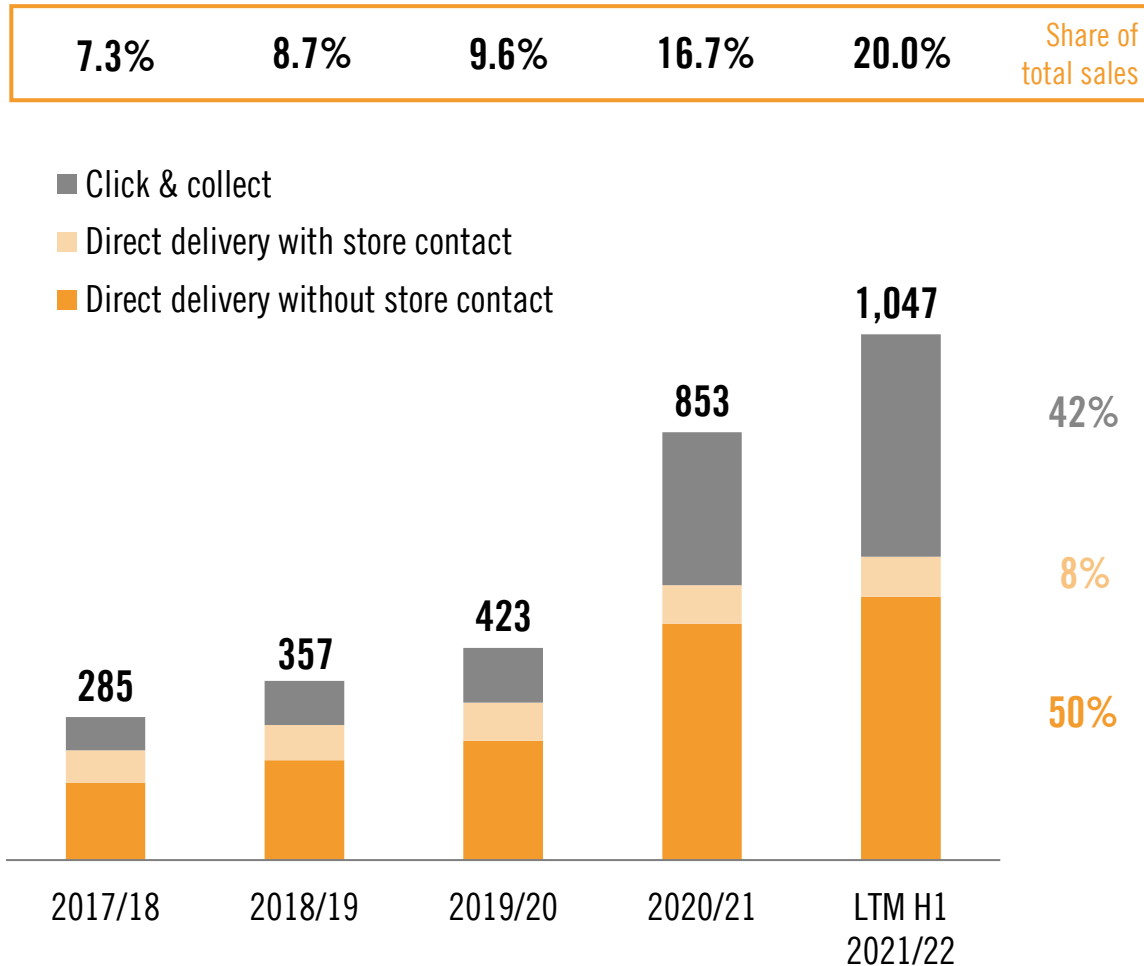
1) In constant currencies; includes sales from all stores that have been open for at least one year as well as sales from online shop

2) Share of HORNBACH stores open to all customers without significant sales restrictions during the reporting period

Further growth in e-commerce amid store reopenings

HORNBACH Baumarkt Subgroup

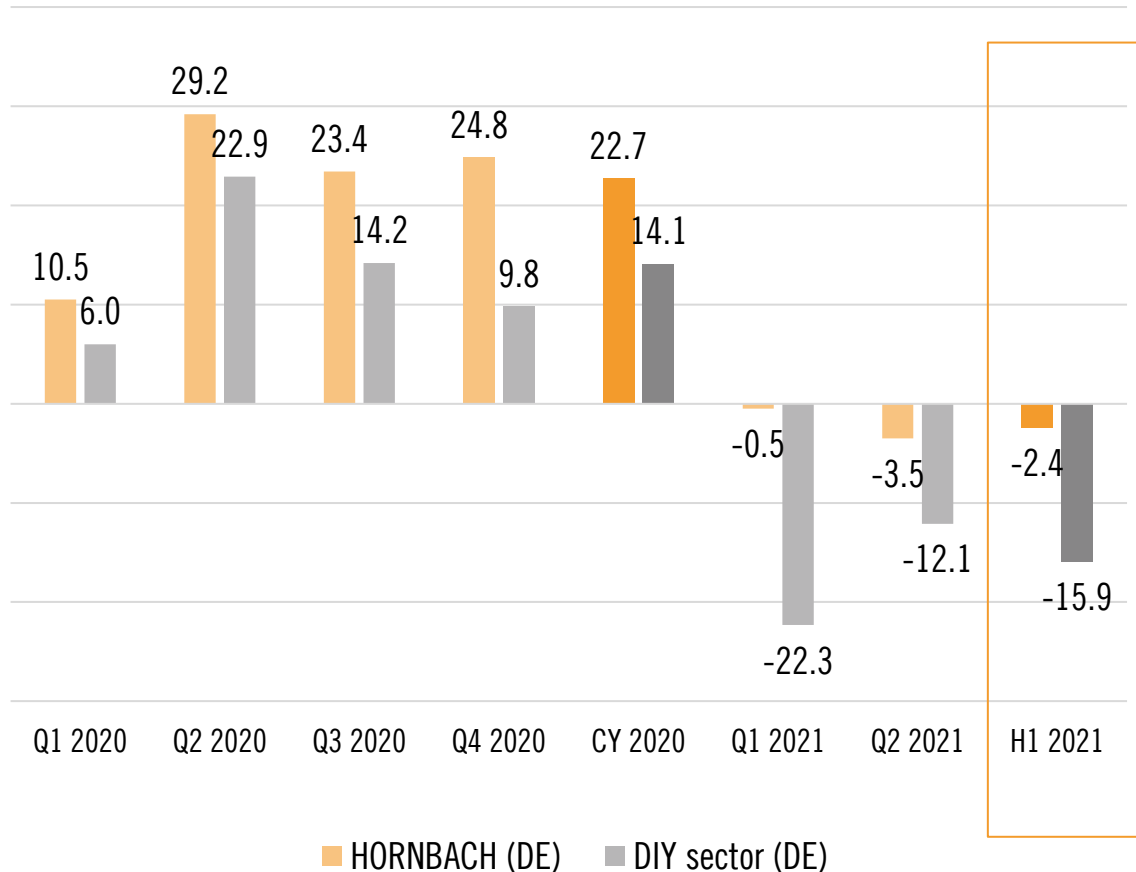
Net sales (€ million) from online channels



- **Online share of total sales** (incl. Click & Collect) increased to **20.0%** on a rolling 12-months basis
 - **Robust e-commerce sales growth** as Covid restrictions lift
 - Q1 + 71%
 - Q2 + 21%
 - **H1 + 48%**
- ↑
- **Click & Collect** with the strongest growth rate at **+135%** in H1 2021/22
 - **Direct delivery** (without store contact) grows by **+20%** in H1, much stronger than Group sales

Sector outperformance continues in Germany

Like-for-like sales growth HORNBACH¹⁾ vs DIY sector²⁾ in Germany (Calendar Year: Jan – Jun 2021)



- Group's market share in **Germany (GfK) climbs to 15.6%** in H1 2021/22 (H1 2020/21: 13.6%)
- **Relatively better performance** of HORNBACH against sector during winter lockdown with nationwide store closures
- Outperformance **continued** in July and August despite full reopening

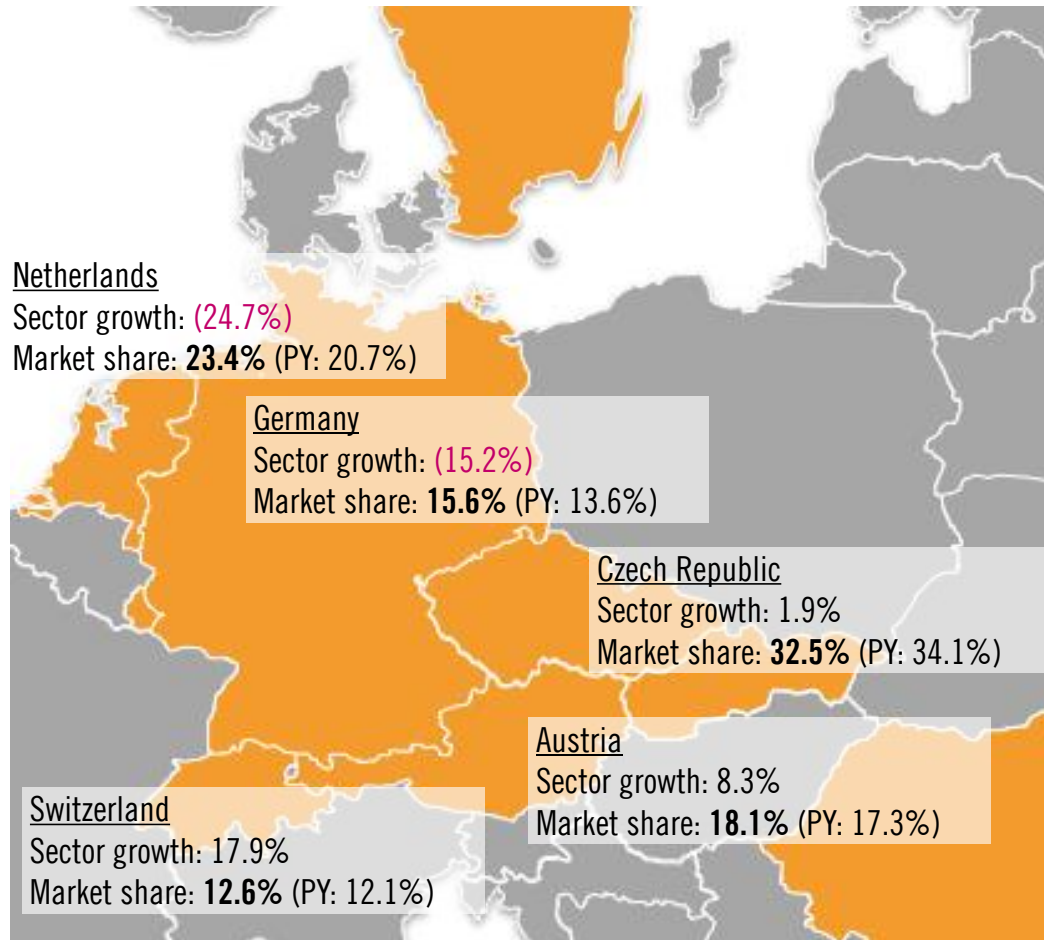
1) In constant currencies; includes sales from all stores that have been open for at least one year as well as sales from online shops

2) Source: GfK DIY-TSR

HORNBAACH winning further market share across Europe

Market shares in Europe in H1 2021 – Large DIY stores >1000 qm

Sector gross sales growth in %, market share of HORNBAACH in % (Jan – Jun 2021)



- HORNBAACH **gained** market share **in almost all countries** where data is available (except Czech Republic)
- Individual market growth significantly impacted by divergent Covid regimes across Europe in 2020 and 2021
- Massive market share gains in countries with relatively strict Covid restrictions (Germany, Netherlands) in H1 2021/22 due to **successful ICR strategy**

Source: GfK DIY-TSR; no data for Sweden, Slovakia, Romania

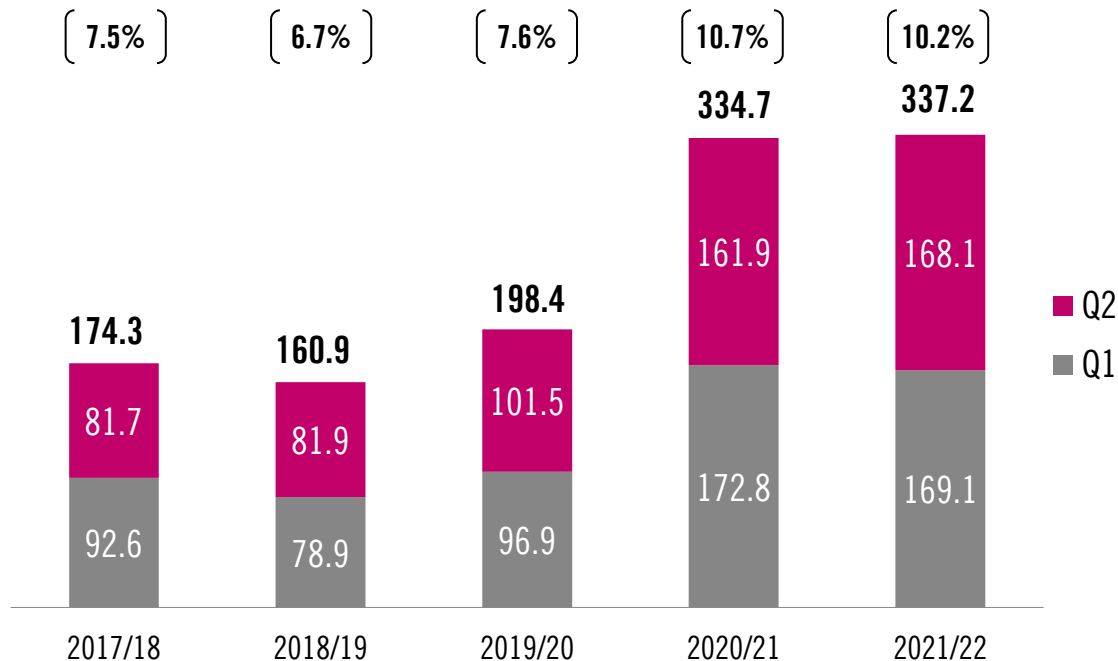
Adjusted EBIT above previous year's record level

HORNBACH Group

Reconciliation	H1 2020/21	H1 2021/22
EBIT (€ m)	335.6	337.2
Non-operating items	-0.9	-
Adjusted EBIT* (€ m)	334.7	337.2

Adj. EBIT* and adj. EBIT margin in H1

in € million and %



- (Adjusted) EBIT on Group level grew **3.8%** in Q2 lifting H1 adjusted EBIT **above previous year's record level**
- **Profitability was maintained** significantly above pre-Covid levels despite higher purchasing prices and shipping costs

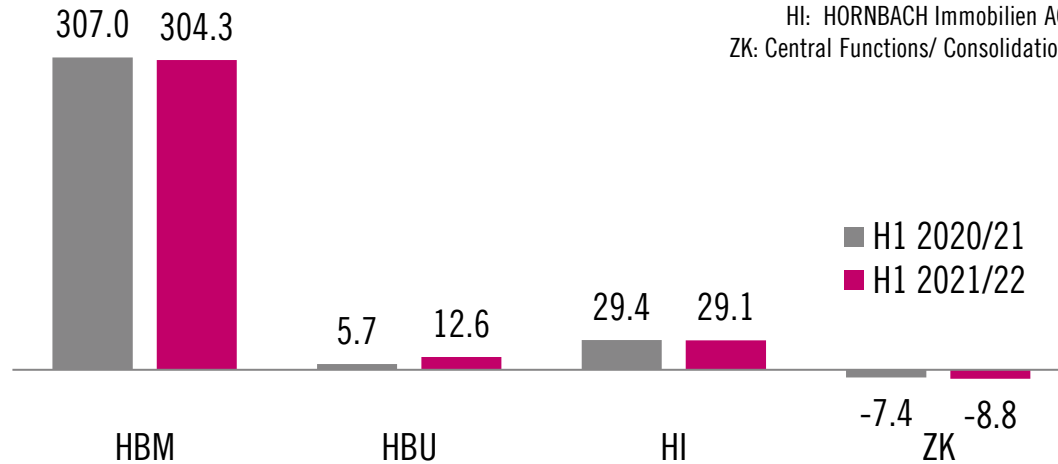
*adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

HORNBACH Baustoff Union with significant jump in adjusted EBIT

HORNBACH Group

Adj. EBIT in H1

in € million



HORNBACH Group - Segments

HBM: HORNBACH Baumarkt AG
 HBU: HORNBACH Baustoff Union GmbH
 HI: HORNBACH Immobilien AG
 ZK: Central Functions/ Consolidation

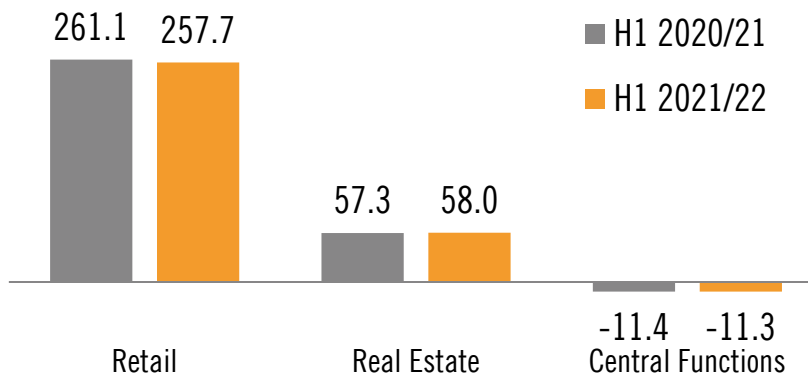
HORNBACH Baustoff Union Subgroup

- Adjusted EBIT of HORNBACH Baustoff Union at **€ 12.6m** significantly ahead of previous year due to strong sales growth and higher gross margin

HORNBACH Baumarkt AG Subgroup

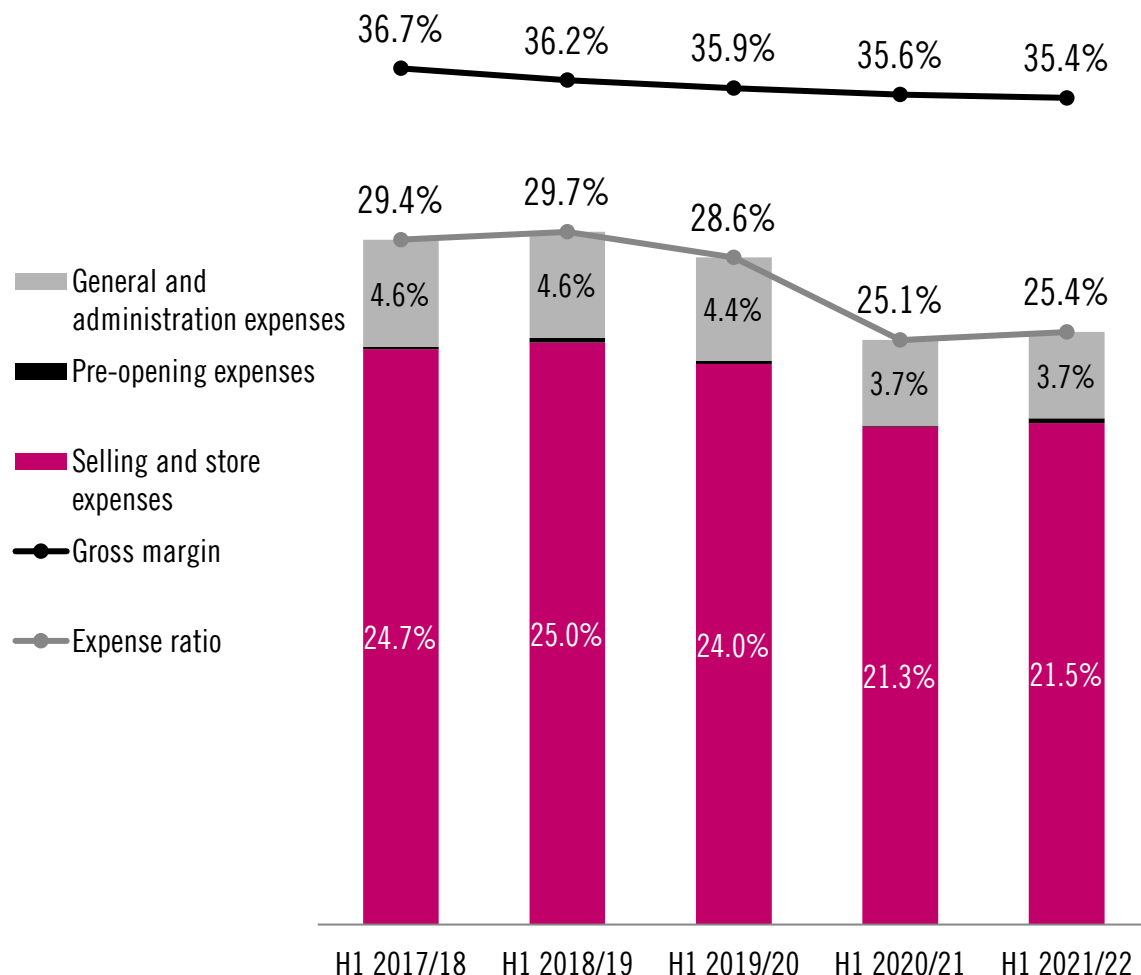
- Adjusted EBIT at **€ 304.3m** close to previous year's record level
- Adjusted EBIT margin at **9.9%** significantly above pre-Covid level (H1 2019/20: 7.0%) and only slightly below H1 2020/21 (10.4%)

HORNBACH Baumarkt Subgroup - Segments



Improved cost structure maintained

HORNBACH Group: Cost structure in % of net sales



Gross margin

- **Structural decline** due to higher online sales (delivery costs)
- Higher purchasing prices in H1 2021/22 not entirely compensated by higher selling prices

Selling and store expenses

- **Normalization** of renovation activities and advertising in H1 2021/22 compared to previous year

Preopening and G&A expenses

- Increase due to **higher rate of expansion** in 2021/22 and following years
- **Normalization** of spending on projects / external consultants

Rising Funds from Operations – FCF on pre-Covid level

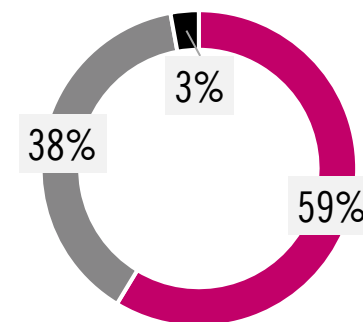
HORNBACH Group

Cash flow (€ million)	H1 2019/20	H1 2020/21	H1 2021/22
Cash flow from operating activities	317.3	510.0	374.3
<i>of which: funds from operations</i>	<i>227.7</i>	<i>330.9</i>	<i>341.5</i>
<i>of which: change in working capital</i>	<i>89.6</i>	<i>179.1</i>	<i>32.9</i>
Cash flow from investing activities	-94.2	-60.9	-155.1
<i>of which: CAPEX Hornbach Group</i>	<i>-79.5</i>	<i>-64.7</i>	<i>-97.0</i>
<i>of which: CAPEX Hornbach Baumarkt</i>	<i>-53.0</i>	<i>-57.4</i>	<i>-91.4</i>
<i>of which: securities and cash investments</i>	<i>-20.0</i>	<i>0</i>	<i>-60.0</i>
Cash flow from financing activities	-74.0	-77.0	-142.6
<i>of which: repayment of lease liabilities (IFRS 16)</i>	<i>-42.6</i>	<i>-42.6</i>	<i>-51.1</i>
Cash-effective change in cash and cash equivalents	149.1	372.1	76.6
Free cashflow	223.1	449.1	219.2

Lower cash inflow from Working Capital in H1 2021/22 due to:

- Exceptionally high order volume in H1 2020/21
- Faster payment of suppliers in H1 2021/22
- Lower level of liabilities from employee premiums

CAPEX HORNBACH Group H1 2021/22



- Real estate
- Plant and office equipment
- Intangible assets

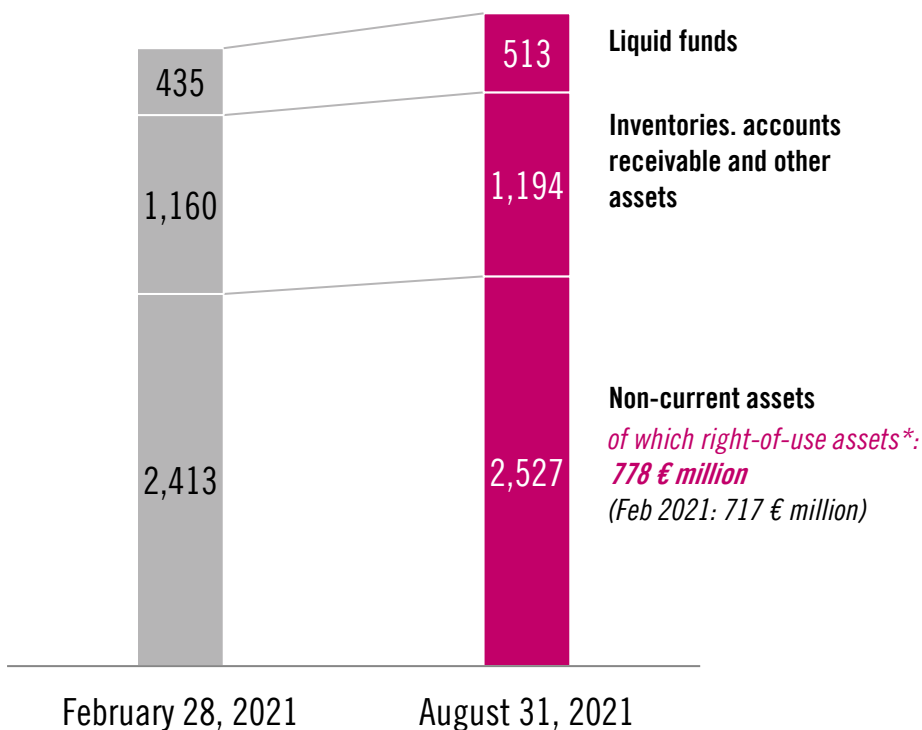
Balance sheet further strengthened (€ million)

HORNBACH Group

- Liquid funds increase by **18%**
- Expansion-related increase in property, plant and equipment and right of use assets

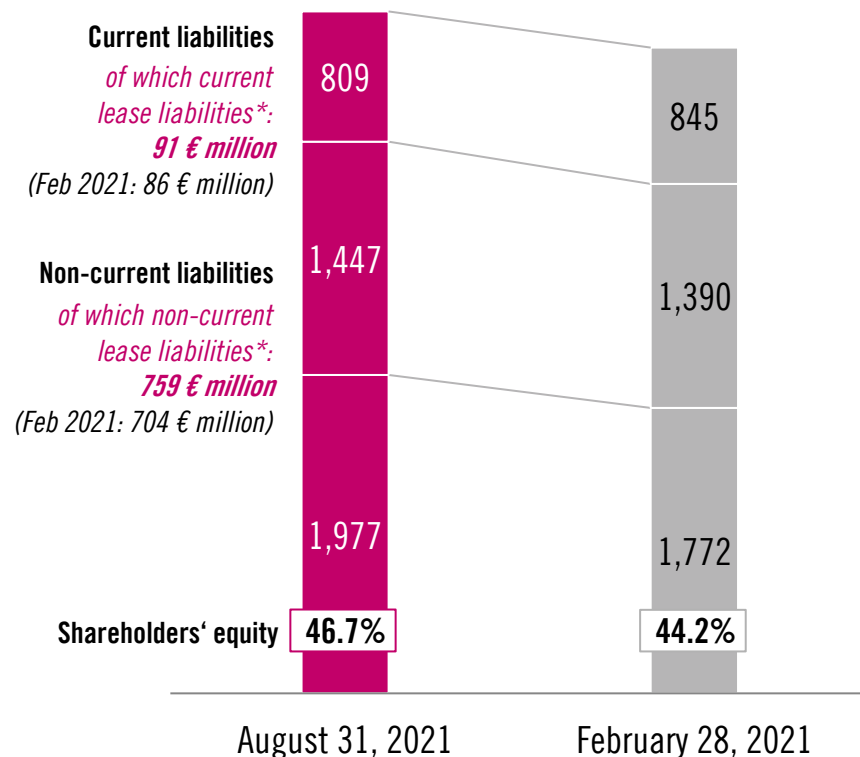
- Shareholders' equity further increased to **46.7%**
- Net financial debt (excl. Lease liabilities) down to **€ 112.5m** (Feb 28, 2021: € 294.8m)

4,008	4,234	Total Assets
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*IFRS 16 leases standard

Total Equity and liabilities	4,234	4,008
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FY 2021/22: Operational and financial outlook

Guidance confirmed: Sales and EBIT expected in the upper third of the guidance range

	HORNBACK Group	HORNBACK Baumarkt
Sales 2021/22	Plus 1% to 5% (upper third) (before: ~previous year's level)	
Sales 2020/21	€ 5.456 m	€ 5.117 m
Adjusted EBIT 2021/22	€ 290 m to € 326 m (upper third)	€ 240m to € 278m (upper third)
	(before: below previous year's level, but significantly above FY 2019/20)	
Adjusted EBIT 2020/21	€ 326 m	€ 279 m
CAPEX 2021/22	> € 200 m	~ € 200 m
CAPEX 2020/21	€ 154 m	€ 140 m

Operations: 3 DIY store openings planned in H2



Key Investment Highlights

Business model supported by positive COVID impact and structural trends

- Increased focus on the home („cocooning“)
- More working from home
- Relocation / rural-urban migration
- Accelerated multichannel adoption
- Need for renovations: Energy efficiency, barrier-free homes

Competitive advantages

- Organically grown homogeneous store network in 9 European countries (60% ownership)
- Strong corporate culture
- Flexible supply chain
- Unified ERP platform
- High share of commercial customers
- ICR Strategy to attract broad customer base

Strong operational track record

- Continuous successful expansion in Europe
- Consistent outperformance of competition across key regions
- Market leader in multichannel DIY retailing in Germany with over € 1 billion e-commerce sales (LTM)
- Successful private labels (~25% share of total sales)
- Strong focus on cost management

HORNBACH Sustainability Magazine 2021



Available at:

www.hornbach-holding.com/FinancialReports

Previous issues:



Financial Calendar

September 30, 2021	Half-Year Financial Report as of August 31, 2021 Analyst Conference of HORNBACH Holding AG & Co. KGaA
December 22, 2021	Financial Update Q3 as of November 30, 2021
March 22, 2022	Trading Statement GJ 2021/22
May 17, 2022	Annual Report as of February 28, 2022 Analyst Conference of HORNBACH Baumarkt AG

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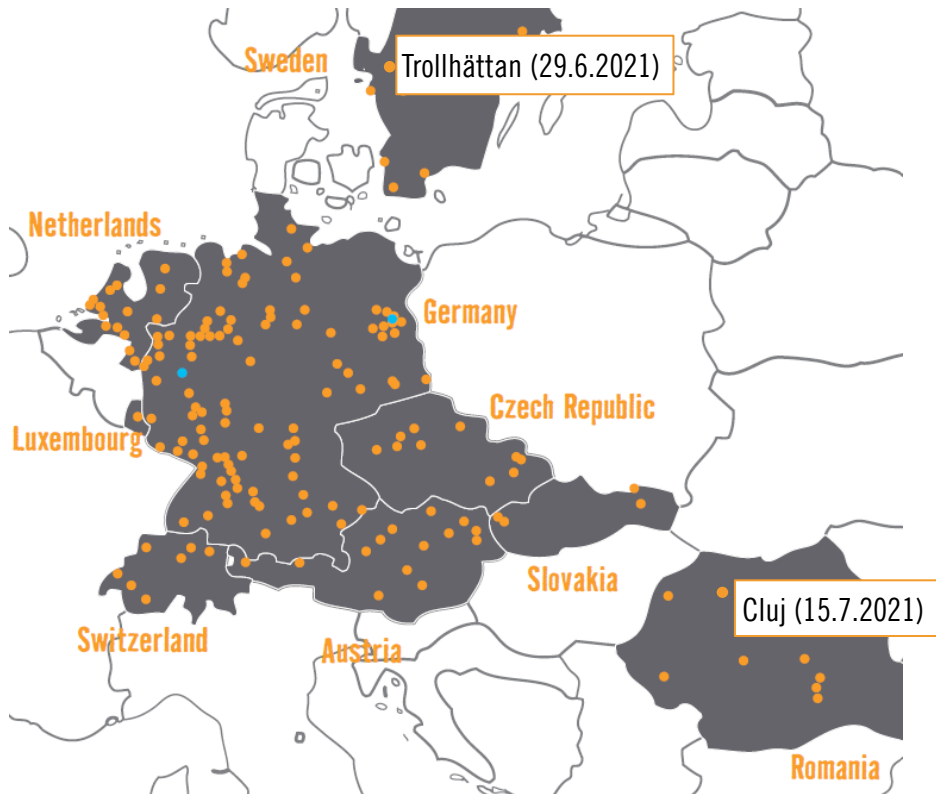
DISCLAIMER

This presentation is to be read in the context of the audited financial data of the HORNBACH 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 HORNBACH'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.

Store network

Status: Aug 31, 2021

- 163 „HORNBACH“ DIY megastores in 9 countries
- 2 „BODENHAUS“ specialist retail stores in Germany



Country	Number of stores	Sales area in sqm (BHB)
Austria	14	168,867
Czech Republic	10	142,236
Germany	98	1,067,479
Luxembourg	1	12,087
Netherlands	15	194,766
Romania	7	115,027
Slovakia	4	58,248
Sweden	8	92,057
Switzerland	7	89,992
Total	165	1,940,759

✚ **HORNBACH Baustoff Union: 36 builders merchant outlets in Germany (34) and France (2)**