

Update Call Q2/H1 2022/23

HORNBACH Holding AG & Co. KGaA

Karin Dohm (CFO)

September 29, 2022, 8:30 a.m. CEST

Disclaimer

This document has been prepared by HORNBAACH Holding AG & Co. KGaA (the “Company”, and together with its consolidated subsidiaries, the “HORNBAACH Group”) solely for informational purposes. This disclaimer shall apply in all respects to the entire presentation, including any oral presentation of the slides by the representatives of the Company (or any other person on behalf of the Company), any questions-and-answer session that follows an oral presentation as well as any additional materials distributed at, or in connection with, this presentation (collectively, the “Presentation”).

The Presentation may not be reproduced or redistributed in whole or in part without the prior written consent of the Company.

None of the Company, its affiliates or any of their respective board members, directors, officers, employees, agents or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of the Presentation or its contents or otherwise arising in connection with the Presentation. The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as of the date of the document and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained in the Presentation.

The Presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to, or acquire, securities of the Company or its affiliates, or an inducement to enter into investment activity in the United States or in any other country. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on by any person in connection with, any contract or commitment or investment decision whatsoever.

Certain industry, market and competitive position data contained in this Presentation come from official or third-party sources. Third-party publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of the publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein, and the Company assumes no responsibility whatsoever in respect of the accuracy and completeness of any such data. In addition, certain industry, market and competitive position data contained in this Presentation come from the HORNBAACH Group’s own research and analyses and certain estimates are based on the knowledge and experience of the HORNBAACH Group’s management in the markets in which the HORNBAACH Group operates. While the Company believes that such research, analyses and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy and completeness and are subject to change without notice. Therefore, the Company also assumes no responsibility whatsoever in respect of the accuracy and completeness of any such research, analyses and estimates.

Certain information in the Presentation, including, inter alia, statements regarding the possible or assumed future performance of the Company and its affiliates or its industry or other projections, constitute forward-looking statements. These statements reflect the Company’s current knowledge and expectations and projections about future events. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors include, but are not limited to, changes in economic conditions and industry-specific conditions, the competitive as well as the political situation, changes in national and international law, interest rate or exchange rate fluctuation, legal disputes and investigations, and the availability of funds. These factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements are correct, complete or accurate. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements.

The financial information of the HORNBAACH Group included in the Presentation should be read in conjunction with the relevant audited annual financial statements, reviewed half-year financial statements and unaudited quarterly financial statements. In addition to figures prepared in accordance with IFRS, the Presentation also includes certain alternative performance measures. These alternative performance measures have been included because the Company believes that investors may find them helpful to assess the HORNBAACH Group’s performance. However, these alternative performance measures should be considered only in addition to, but not in isolation or as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles, and other companies that report similarly named measures may define or calculate these performance measures in different ways.

Due to rounding, numbers presented in this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



Stable demand continues – guidance reconfirmed

Overall demand for construction and DIY products has remained steady

- H1 2022/23 net sales ahead of previous year's record level: +5.2% to € 3,463m
- Online sales share at 14.8% in H1 2022/23 – significantly ahead of pre-Covid levels

Earnings well ahead of pre-Covid levels

- H1 2022/23 adj. EBIT at € 277.4m: 1-year change: (17.7%) / 3-year change: +39.8%
- Gross margin at 33.7% from 35.4% in H1 2021/22 reflecting challenging macro environment

Outlook for FY 2022/23 reconfirmed¹⁾

- Sales slightly above previous year
- Low double-digit percentage decline in adjusted EBIT due to inflationary and cost pressures

1) Revised outlook as of June 13, 2022

HORNBACH on track to deliver further organic growth

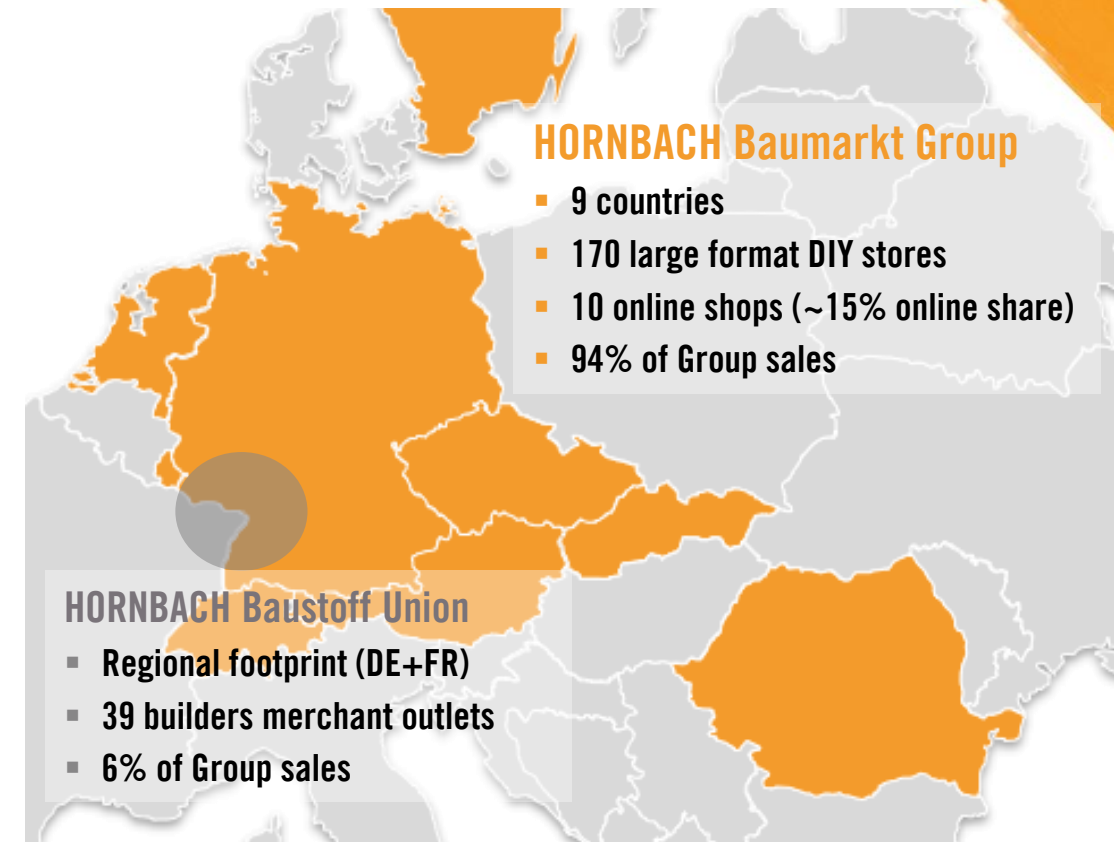
Organic network expansion continued

- HORNBACH Baumarkt opened new stores in Nitra (Slovakia) and Enschede (Netherlands) in March 2022. Recent opening in Constanta (Romania) in September 2022
- HORNBACH Baustoff Union took over 2 builders merchant outlets in Saarbrücken (DE) and Saarlouis (DE) as of July 1, 2022

Interconnected Retail (ICR) expansion

- BODENHAUS direct delivery started in September 2022 (Germany)
- Webshop back-end migration with good progress according to plan

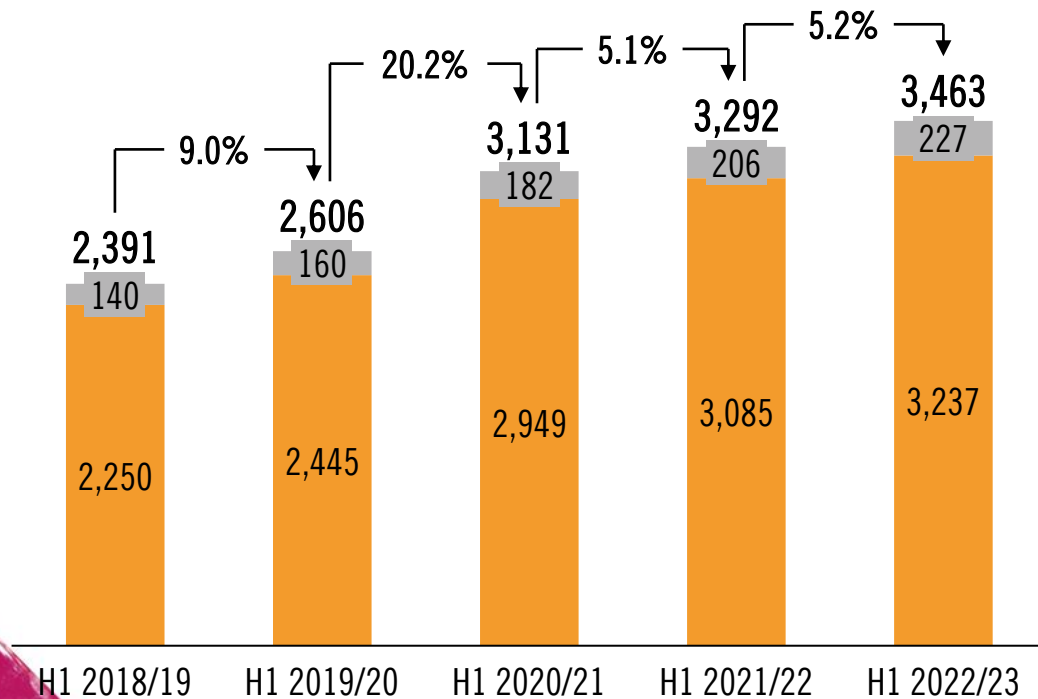
HORNBACH Group: European footprint (September 2022)



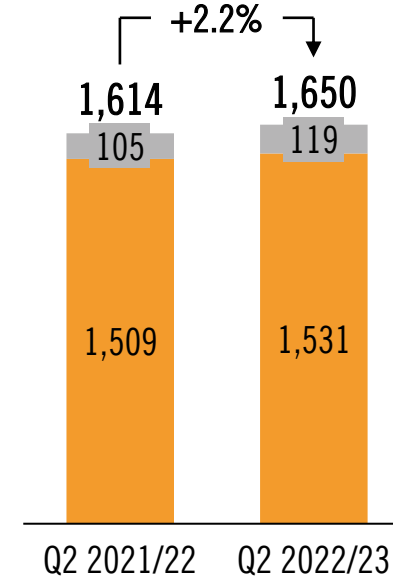
Net sales in Q2 and H1 2022/23 ahead of previous year's record level

Net sales (H1: Mar 1 – August 31 / Q2: Jun 1 – August 31)

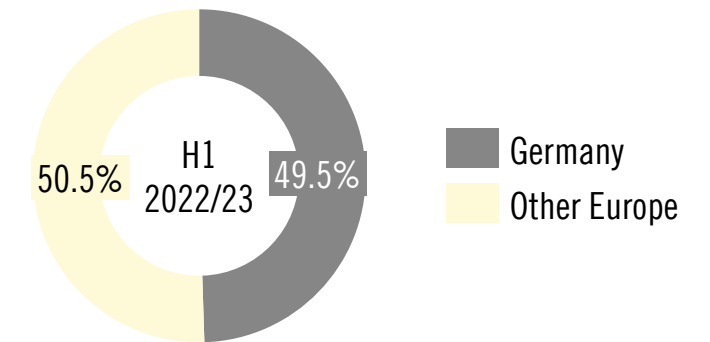
■ HORNBACH Baustoff Union
 ■ HORNBACH Baumarkt AG



- Continued sales growth – driven by steady demand amid inflation
- Net sales HORNBACH Baumarkt subgroup +4.9%
 - Germany: +1.4% / Other Europe: +8.6%
 - International share increased to 50.5%
- Net sales HORNBACH Baustoff subgroup +9.7%



HORNBACH Baumarkt AG: Share of net sales by region



Robust like-for-like growth in H1 2022/23

- Continued like-for-like sales growth in Germany and Other Europe in H1 2022/23
- LFL sales significantly ahead of pre-pandemic performance: 3-year LFL²⁾ +28.7%
- Continuously improving LFL performance in Q2 after slower start – good momentum at the start of Q3

Like-for-like sales growth¹⁾ per quarter and half-year in %

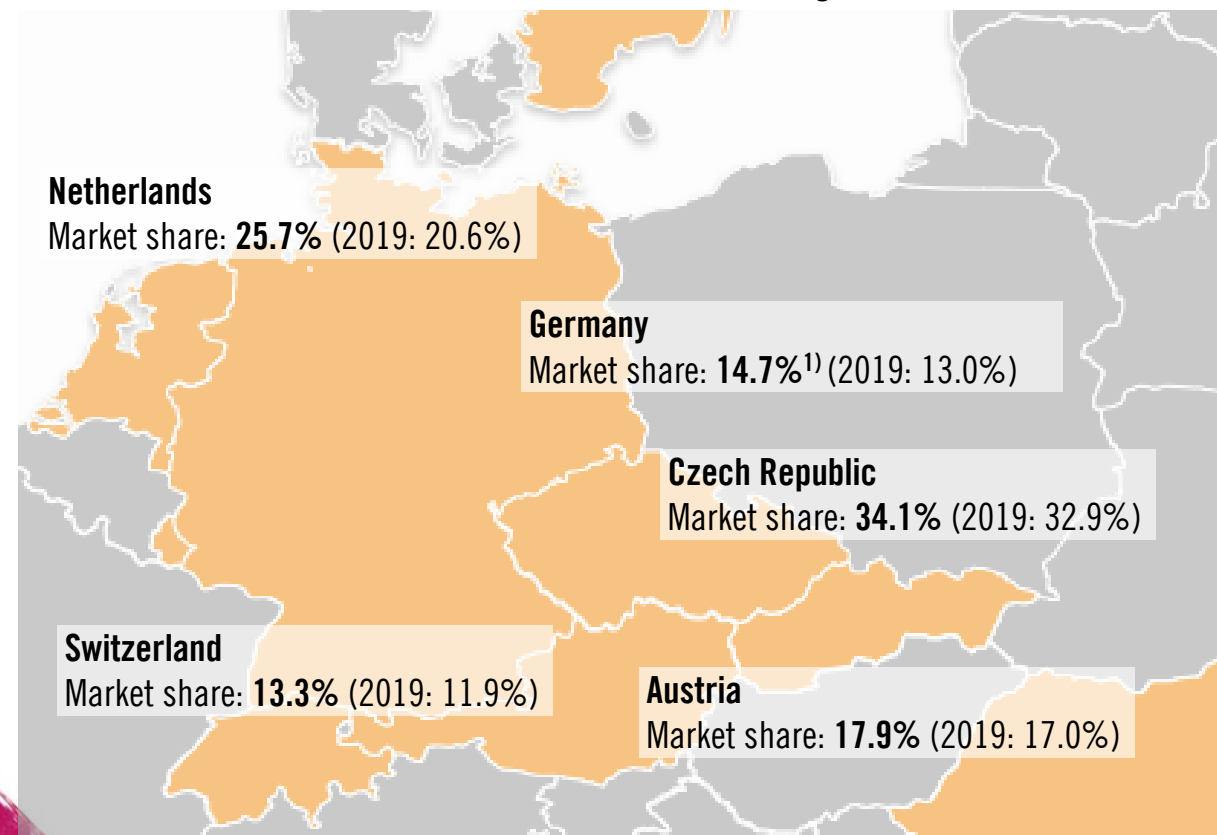
	Q1 2021/22	Q2 2021/22	H1 2021/22	Q1 2022/23	Q2 2022/23	H1 2022/23	3-year LFL
Total	4.3	2.5	3.4	5.3	(1.7)	1.9	28.7
Germany	(0.1)	1.7	0.7	4.4	(2.9)	0.9	27.0
Other Europe	9.5	3.4	6.4	6.2	(0.6)	2.9	30.4
Austria	20.4	0.8	10.4	(2.5)	(0.8)	(1.7)	22.7
Czech Republic	(3.9)	11.0	3.3	18.0	(1.2)	8.1	20.3
Luxembourg	42.0	0.5	19.7	(7.3)	(2.6)	(5.2)	49.0
Netherlands	(11.7)	4.3	(3.8)	22.5	0.3	10.7	35.5
Romania	11.2	9.0	10.1	14.1	5.8	9.8	55.9
Slovakia	50.9	11.6	27.8	16.0	1.2	8.4	40.9
Sweden	11.1	1.2	6.2	(3.6)	(3.7)	(3.6)	47.6
Switzerland	33.4	(5.5)	13.1	(12.2)	(3.6)	(8.5)	14.8

1) Lfl = Like-for-like, 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) compared to H1 2019/20

HORNBACH Baumarkt: Strong market share in DIY retailing across Europe

Large DIY stores > 1,000 sqm

Market share of HORNBACH Baumarkt in % (GfK) – Jan to Aug

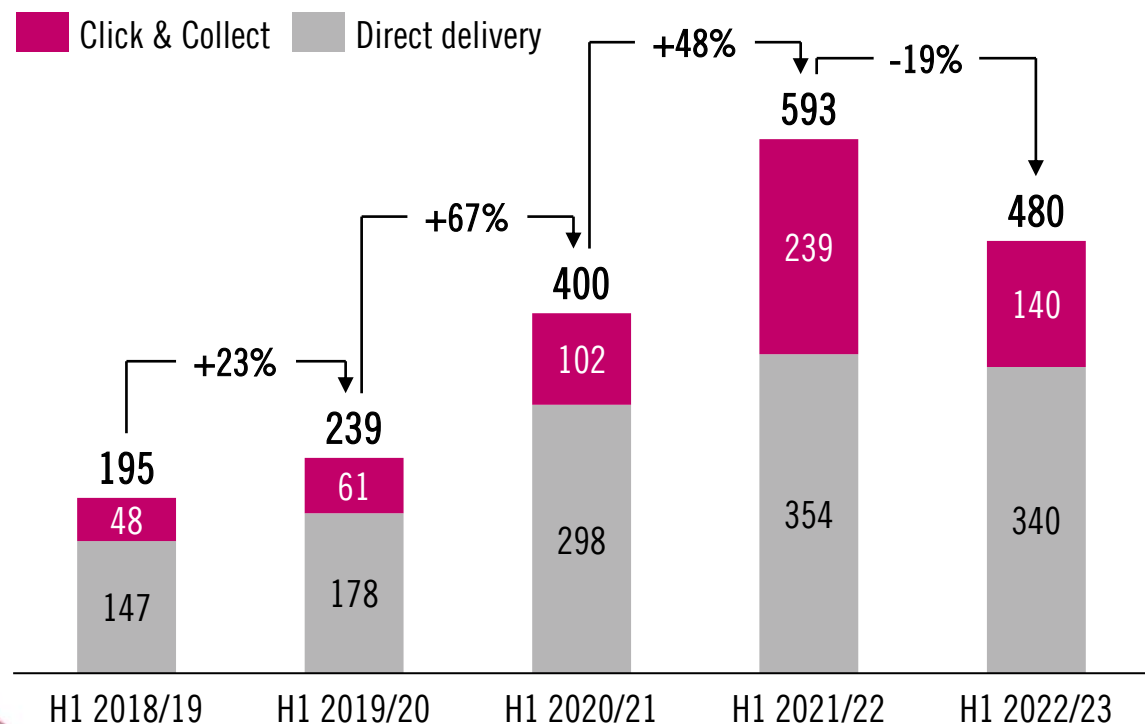


- Market share in **Germany** increased from 13.0% in 2019 to 14.7% in 2022 on the back of a successful Interconnected Retail execution during the Covid period.
- Strong market share development in the **Netherlands** driven by like-for-like sales growth as well as expansion (+3 stores)
- **Switzerland** added 1 new store
- **Czech Republic** and **Austria** increased market share without adding new stores.

1) GfK market share in the period Jan – Jul 2022

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

E-commerce significantly ahead of pre-pandemic levels



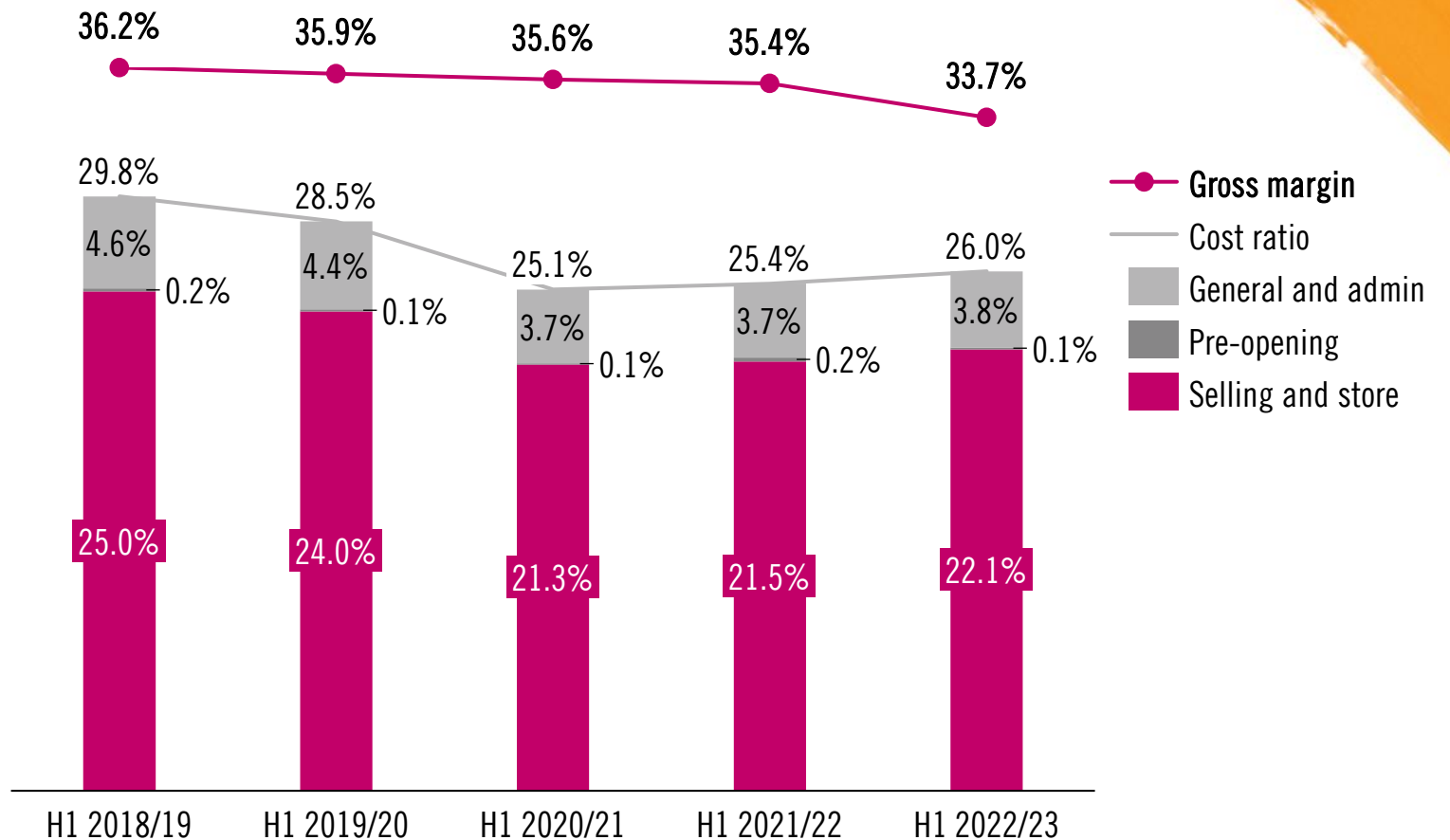
1) In % of HORNBACH Baumarkt subgroup net sales

- E-commerce share of HORNBACH Baumarkt sales** (incl. Click & Collect) at **14.8%** in H1 2022/23 significantly above pre-Covid levels
- Click & Collect** with a strong decline in Q1 reflecting reversal of 2021/22 sales restrictions – however sales are on the previous year’s level in Q2 2022/23
- Direct delivery** remained on a high level in H1 2022/23 with a slight increase in Q2 2022/23 vs Q2 2021/22

Cost structure in % of net sales and gross margin in %

Gross margin reflects risen purchase prices and transportation costs

- **Gross margin** impacted by challenging market environment with higher purchasing and transportation costs
- **Selling and store expenses** in % of sales slightly increase due to higher personnel and energy costs
- **General and administration expenses** slightly higher due to an increase in headcount and inflation in material costs



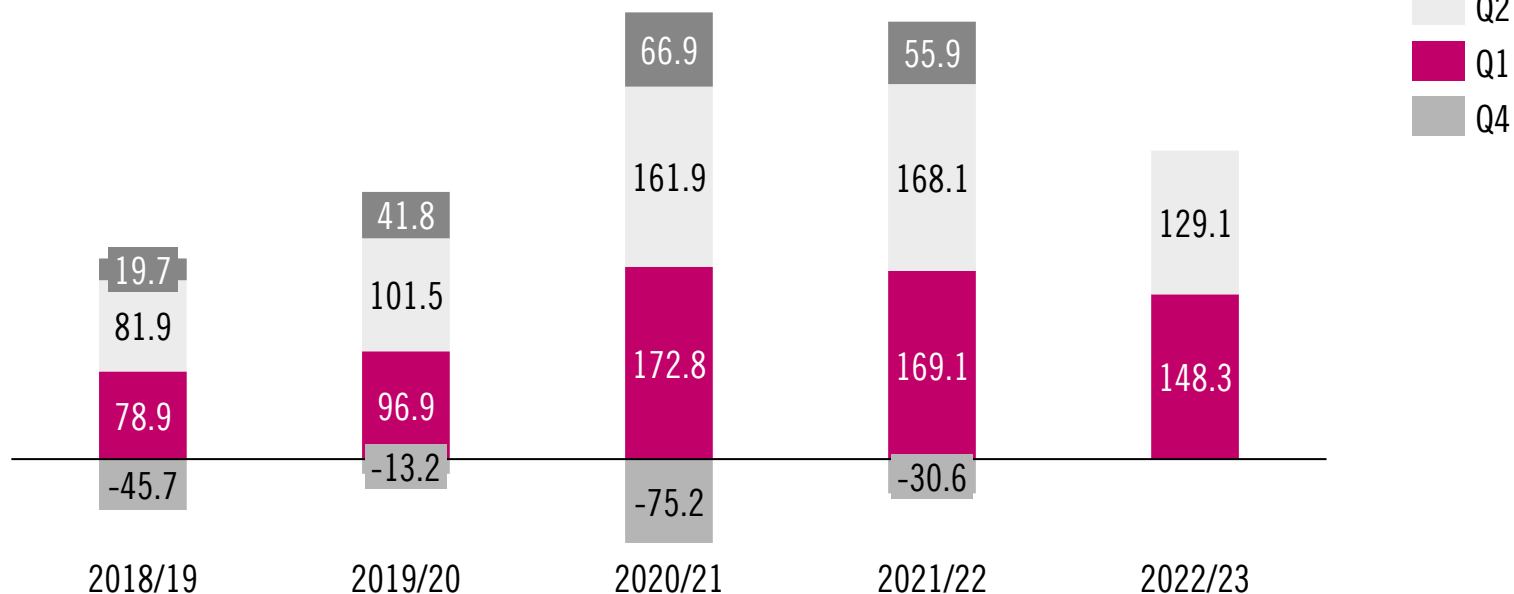
Adjusted EBIT¹⁾ in € million and adjusted EBIT margin in %

Adjusted EBIT remains ahead of pre-Covid levels

- **Solid group profitability** despite higher purchasing and shipping costs
- Adjusted EBIT on Group level **down 17.7%** in H1 2022/23 vs. previous year; however up **39.8% compared to 2019/20**
- **Adjusted EBIT margin at 8.0%**

Adjusted EBIT and adjusted EBIT margin H1:

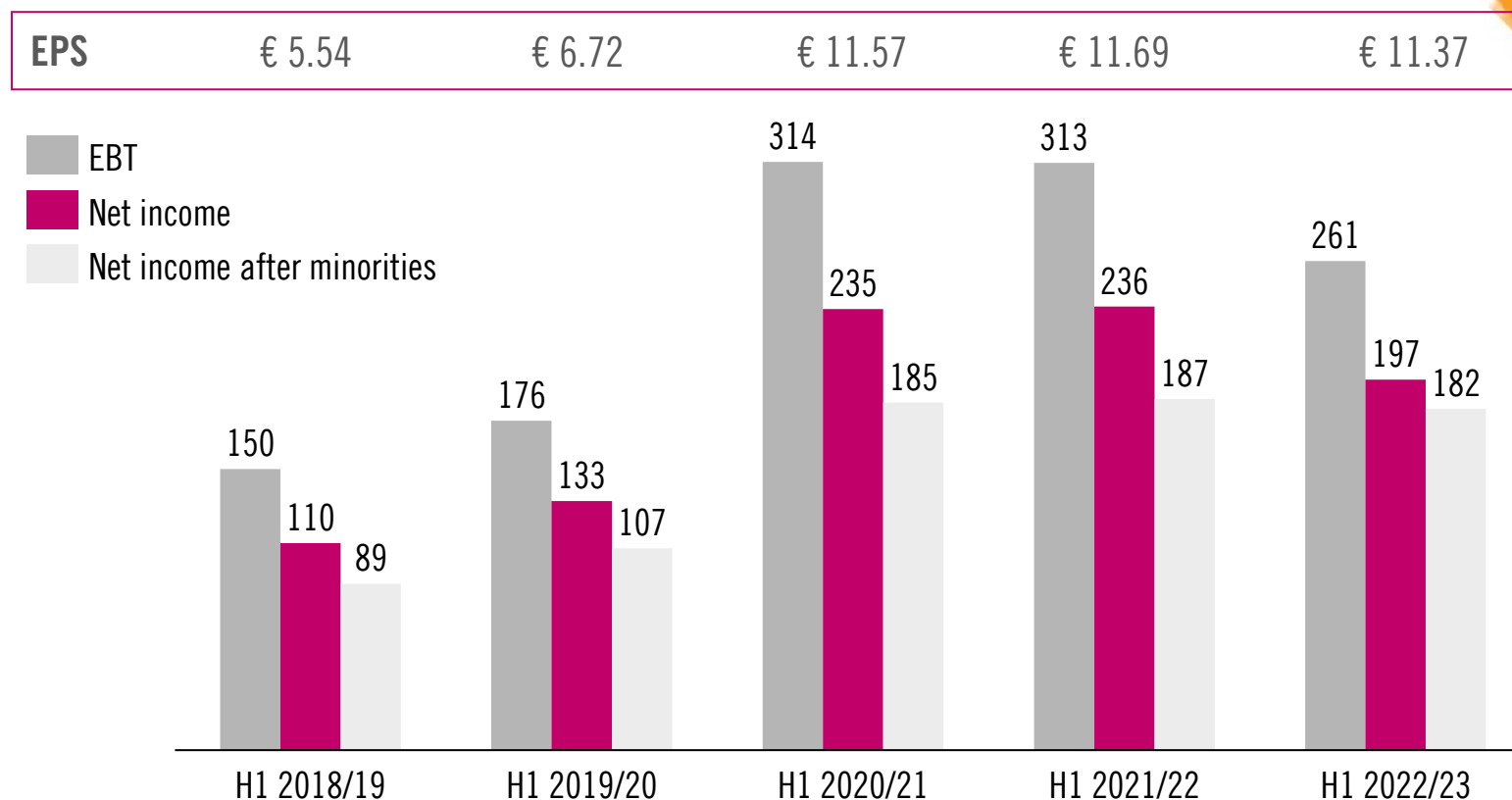
6.7%	7.6%	10.7%	10.2%	8.0%
160.9	198.4	334.7	337.2	277.4



1) 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

Development of further key earnings figures

- **Earnings before taxes** decreased by 16.7% to € 260.6m
- **Net income** decreased by 16.5% to € 197.3m
- **Tax rate** at 24.3% in H1 2022/23 (H1 2021/22: 24.4%)
- **EPS** at € 11.37 reflects higher share in HORNBACH Baumarkt AG

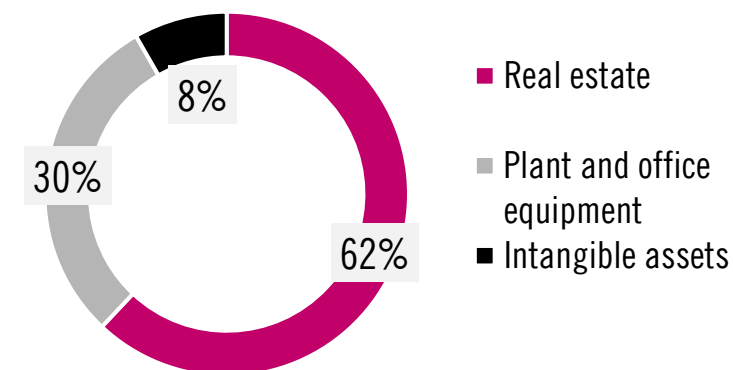


Funds from operations remain on a high level

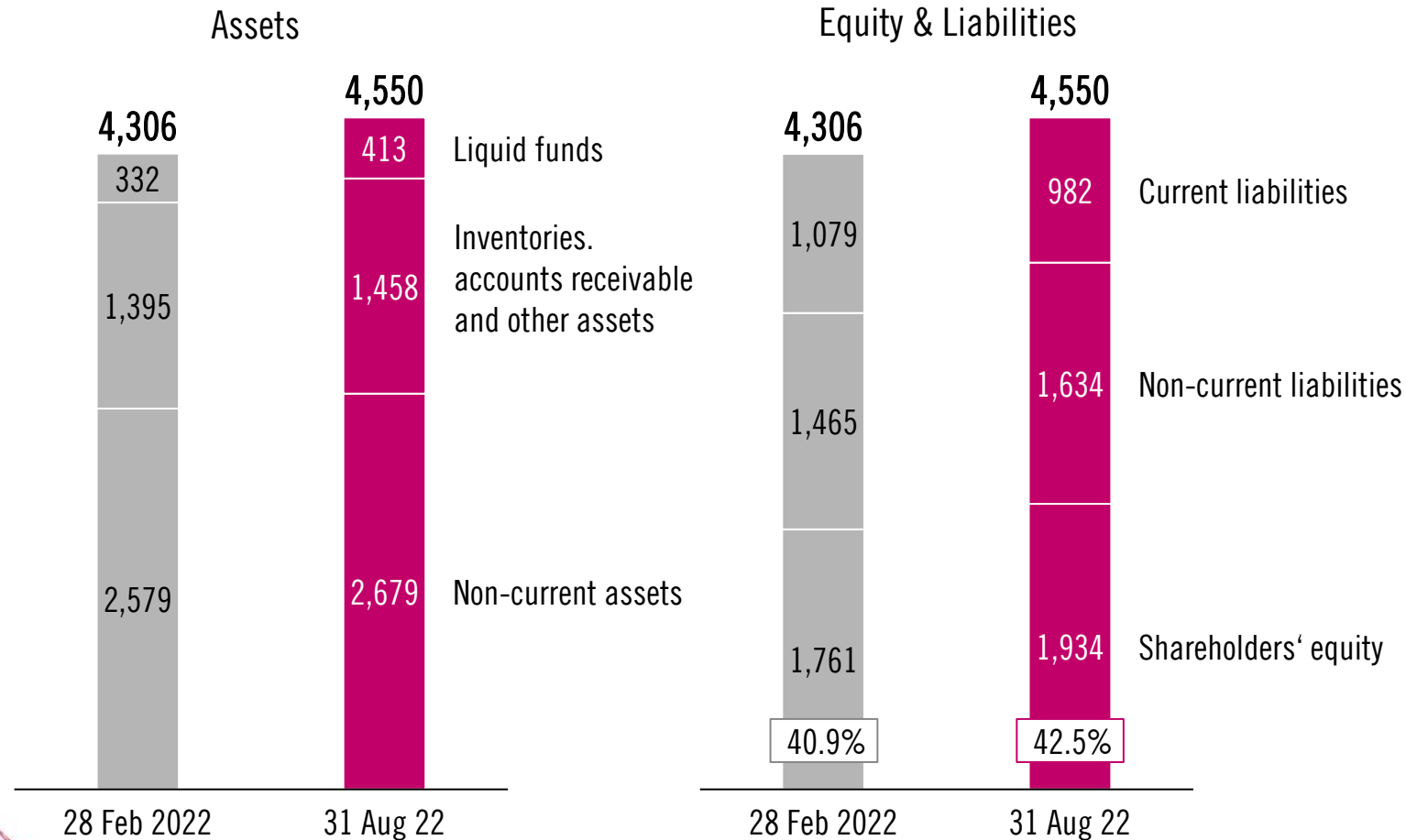
	H1 2019/20	H1 2020/21	H1 2021/22	H1 2022/23
Cash flow from operating activities	317.3	510.0	374.3	253.2
<i>of which: funds from operations</i>	<i>227.7</i>	<i>330.9</i>	<i>341.5</i>	<i>311.7</i>
<i>of which: change in working capital</i>	<i>89.6</i>	<i>179.1</i>	<i>32.9</i>	<i>-58.5</i>
Cash flow from investing activities	-94.2	-60.9	-155.1	-110.3
<i>of which: gross CAPEX</i>	<i>-79.5</i>	<i>-64.7</i>	<i>-97.0</i>	<i>-114.2</i>
Cash flow from financing activities	-74.0	-77.0	-142.6	-64.0
Cash-effective change in cash and cash equivalents	149.1	372.1	76.6	78.9
Free cash flow (after net CAPEX and dividend)	214.0	420.0	180.4	102.0

- Decline in operating cash flow mainly driven by working capital
- Funds from operations remain significantly above pre-Covid levels (+€ 84m vs. 2019/20)

CAPEX split of HORNBACH Group H1 2022/23



Strong balance sheet structure



- Increase in **inventories** by € 31m mainly due to inflation
- Additions to **property, plant and equipment** and **right-of-use assets** of € 92m
- Increase in **liquid funds** by € 80m
- **Equity ratio increased** to 42.5%

Outlook for FY 2022/23 confirmed¹⁾

Net sales 2022/23

Slightly above 2021/22

Net sales 2021/22

€ 5,875m

Adjusted EBIT 2022/23

Below 2021/22 in a low double-digit percentage range

Adjusted EBIT 2021/22

€ 362.6m

Additional items

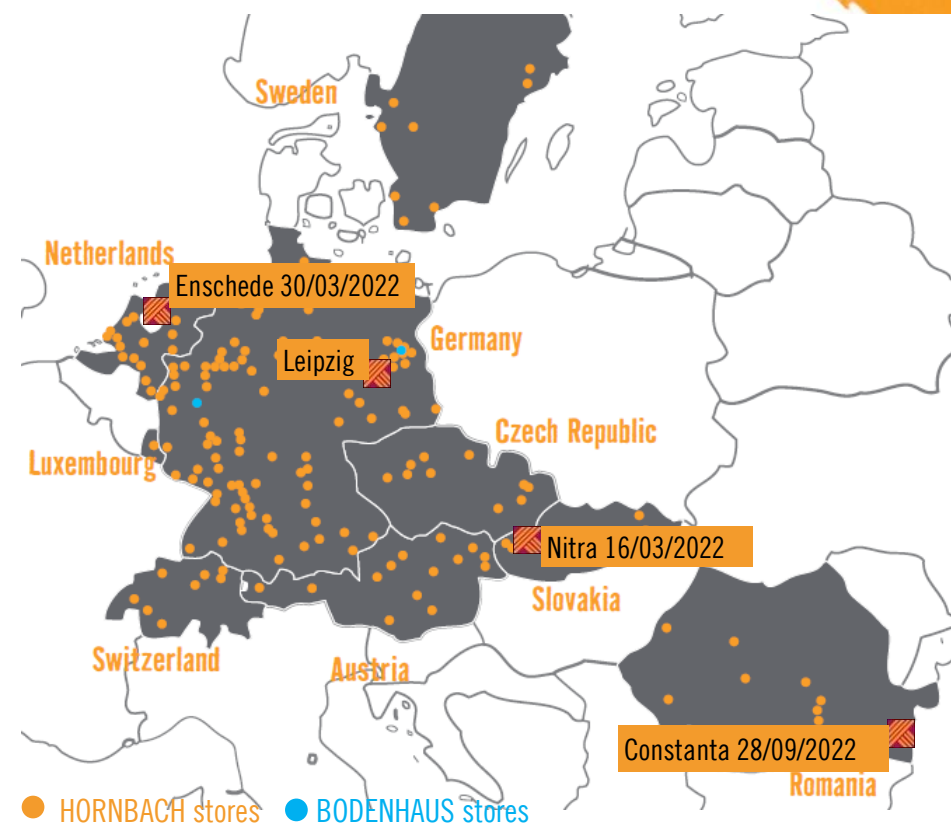
CAPEX 2022/23

On the level of 2021/22

CAPEX 2021/22

€ 178.6m

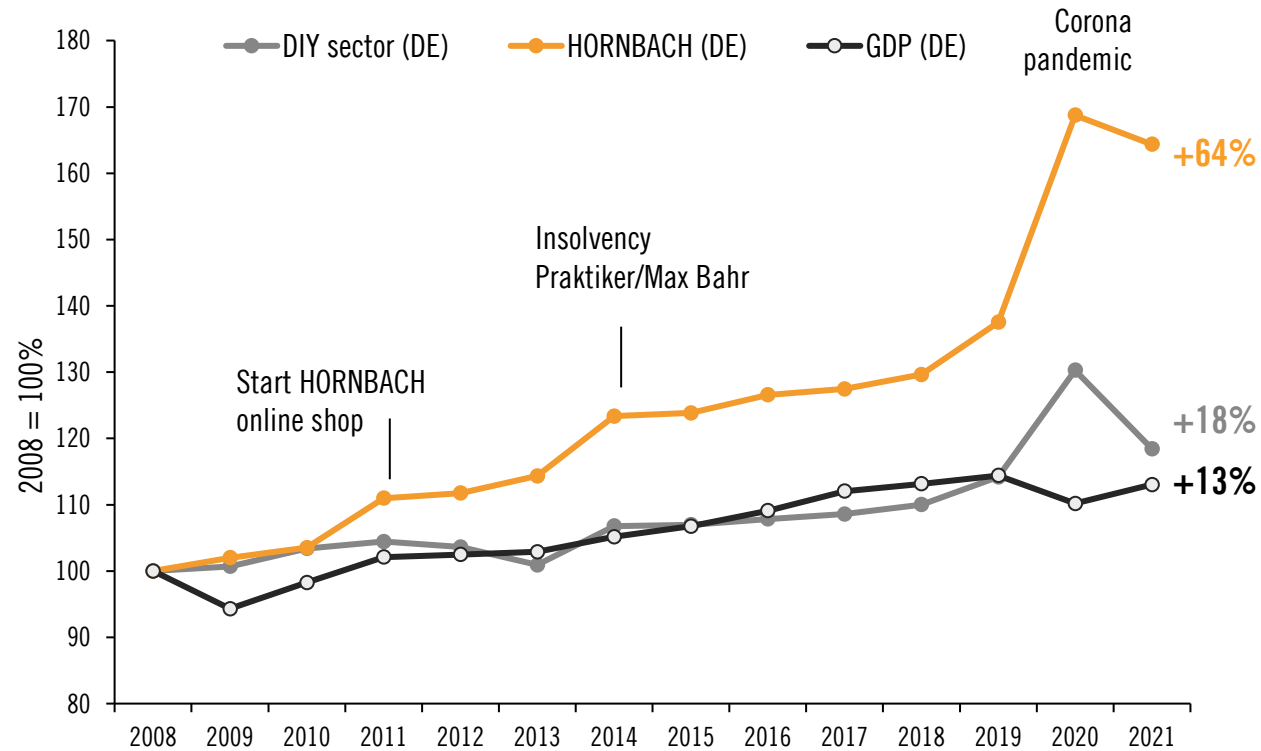
HORNBACH Baumarkt: Store openings in 2022/23



Future developments are subject to considerable uncertainty. Please see disclaimer at the beginning of the presentation regarding forward-looking statements 1) Revised outlook as published on June 13, 2022.

Consistent organic growth demonstrates resilience through the cycle

Like-for-like growth rate of the German DIY sector / German GDP vs HORNBACH (calendar year)¹⁾²⁾



- Proven ability to **outperform sector and GDP growth**
- Significant proportion of sales linked to **repair and maintenance**
- **Robust performance** in previous recessions
- **Well diversified business model** addressing professional and retail customers across different sales channels and geographies
- **Well positioned** to benefit from long-term industry trends
 - Homing & Cocooning including working from home
 - Focus on energy efficiency
 - Increasing demand for renovation of existing buildings (climate targets, ageing society)

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) GfK DIY panel (until 2013), GfK DIY-TSR (since 2014) 3) Accenture COVID-19 Consumer Research (Aug 2020) 4) European Commission 2050 long-term strategy 5) Arbeitsgemeinschaft für zeitgemäßes Bauen e.V. - „Wohnungsbau Studie – Die Zukunft des Bestands“ (September 2022)

Upcoming events & contact

Financial Calendar

October 18, 2022	Roadshow London
November 22, 2022	DZ BANK Equity Conference, Frankfurt / Main
November 29, 2022	Deutsches Eigenkapitalforum, Frankfurt / Main
November 14, 2022	Mannheimer Kapitalmarktforum
December 22, 2022	Financial Update: 3rd Quarter of 2022/2023 as of November 30, 2022

Updates on our [IR website](#)

Investor Relations contact

Antje Kelbert

(+49) 0 63 48 / 60 – 2444

antje.kelbert@hornbach.com

Anne Spies

(+49) 0 63 48 / 60 – 4558

anne.spies@hornbach.com

www.hornbach-group.com

HORNBACH on [LinkedIn](#)

BACKUP

HORN ACH



Key figures: 10-year overview

In € million unless otherwise stated	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Net sales	5,875	5,456	4,729	4,362	4,141	3,941	3,755	3,572	3,369	3,229
of which in Germany	3,149	2,985	2,536	2,376	2,312	2,262	2,223	2,172	2,035	1,949
of which in other European countries	2,726	2,471	2,193	1,986	1,829	1,679	1,533	1,400	1,334	1,280
Sales growth as % of net sales	7.7	15.4	8.4	5.3	5.1	4.9	5.1	6.0	4.3	0.8
Gross margin as % of net sales	35.0	35.2	35.8	36.0	36.6	36.6	37.0	37.3	36.6	36.5
EBITDA	565	516	420	235	263	254	231	243	236	221
as % of net sales	9.6	9.5	8.9	5.4	6.3	6.5	6.2	6.8	7.0	6.9
EBIT	355	312	214	121	161	157	138	165	160	146
as % of net sales	6.0	5.7	4.5	2.8	3.9	4.0	3.7	4.6	4.8	4.5
Adjusted EBIT ¹⁾	363	326	227	135	166	160	151	167	164	146
as % of net sales	6.2	6.0	4.8	3.1	4.0	4.1	4.0	4.7	4.9	4.5
Earnings before taxes (EBT)	314	266	166	99	132	130	113	140	128	108
as % of net sales	5.3	4.9	3.5	2.3	3.2	3.3	3.0	3.9	3.8	3.3
Net income for the year before non-controlling interest	245	201	123	75	96	90	98	107	86	77
as % of net sales	4.2	3.7	2.6	1.7	2.3	2.3	2.6	3.0	2.6	2.4
Earnings per share	12.48	10.33	6.56	4.08	5.11	4.84	5.04	5.64	4.55	4.06
Employees - annual average - converted into full-time equivalents	19,961	18,720	17,935	17,053	16,223	15,751	15,283	14,663	14,064	13,289

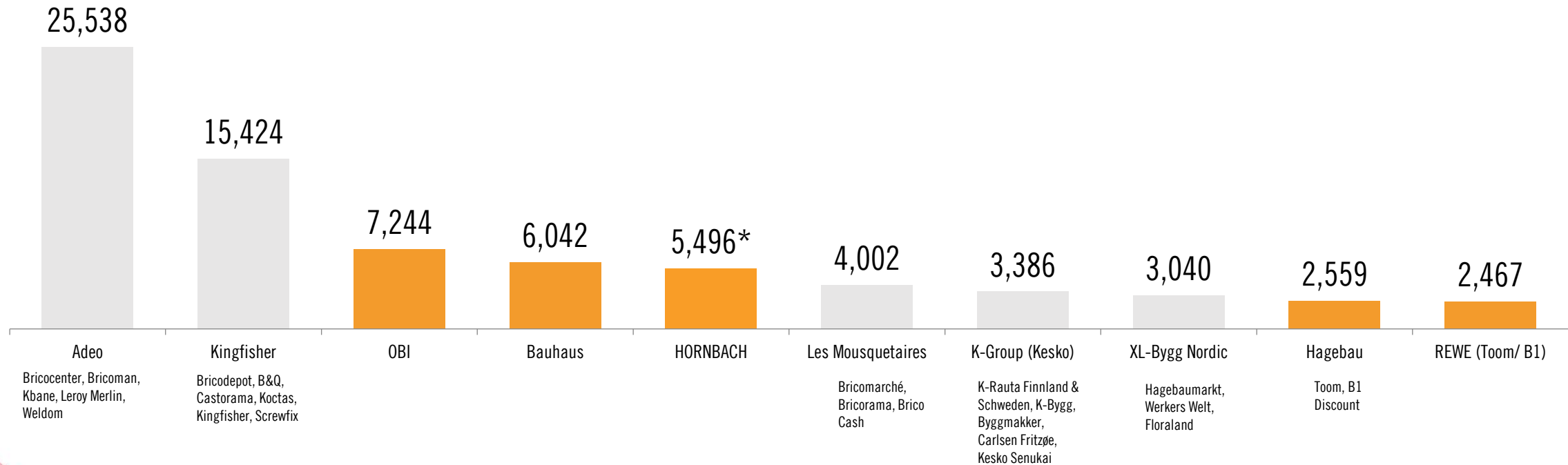
1) adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

HORNBACH Baumarkt: 5th largest DIY store operator in Europe

RO	RO	AT	AT LU	AT NL	SE	SE	AT	DE
		CH	CH NL	CH RO			DE	
		CZ	CZ SE	CZ SE			LU	
		DE	DE SK	DE SK				
		SK		LU				

Presence of competitors in HORNBACH business regions

Sales (net) in € m (2021)



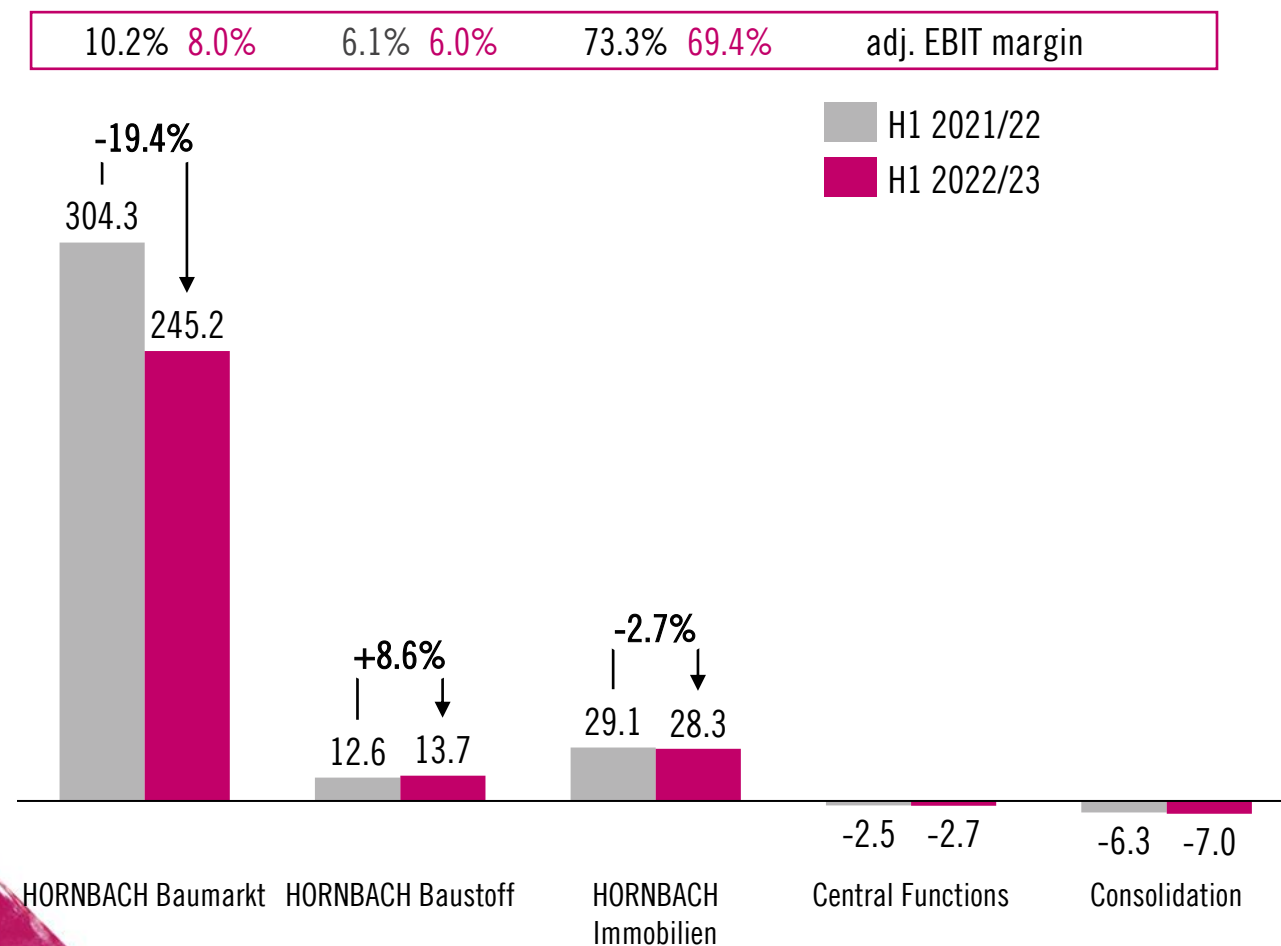
Source: Dähne Statistik Baumarkt + Garten 2022, HORNBACH, own research *Net sales 2021/22 of HORNBACH Baumarkt

Stationary store closures for private customers

Country	Overview of restrictions	No. of stores
Germany	<p>1 Mar to 6 Jun 2021: Incidence-based closures for private customers of on average half of the store network – gardening section mostly open</p> <p>22 Nov 2021 to 18 Feb 2022: Proof of vaccination or recovery required in some Federal States</p>	98
Austria	<p>31 Mar to 2 May 2021: Incidence-based closures for private customers of parts of store network (6 of 14 stores)</p> <p>22 Nov to 12 Dec 2021: Closed for private customers</p> <p>15 Nov 2021 to 11 Feb 2022: Proof of vaccination or recovery required</p>	14
Czech Republic	<p>1 Mar to 9 May 2021: Closed for private customers, gardening section open</p>	10
Luxembourg	No restrictions	1
Netherlands	<p>1 Mar to 27 Apr 2021: Closed for private customers</p> <p>19 Dec 2021 to Jan 14 2022: Closed for private customers</p>	15+1 (13 Oct 2021)
Romania	<p>25 Oct 2021 to 28 Feb 2022: Proof of vaccination or recovery required</p>	7+1 (14 Jul 2021)
Slovakia	<p>1 Mar to 18 Apr 2021: Closed for private customers, gardening section open</p> <p>25 Nov to 9 Dec 2021: Closed for private customers, gardening section open</p> <p>10 Dec 2021 to 25 Feb 2022: Proof of vaccination or recovery required</p>	4
Sweden	No restrictions	7+1 (29 Jun 2021)
Switzerland	No restrictions	7+1 (4 Nov 2021)
Group		167

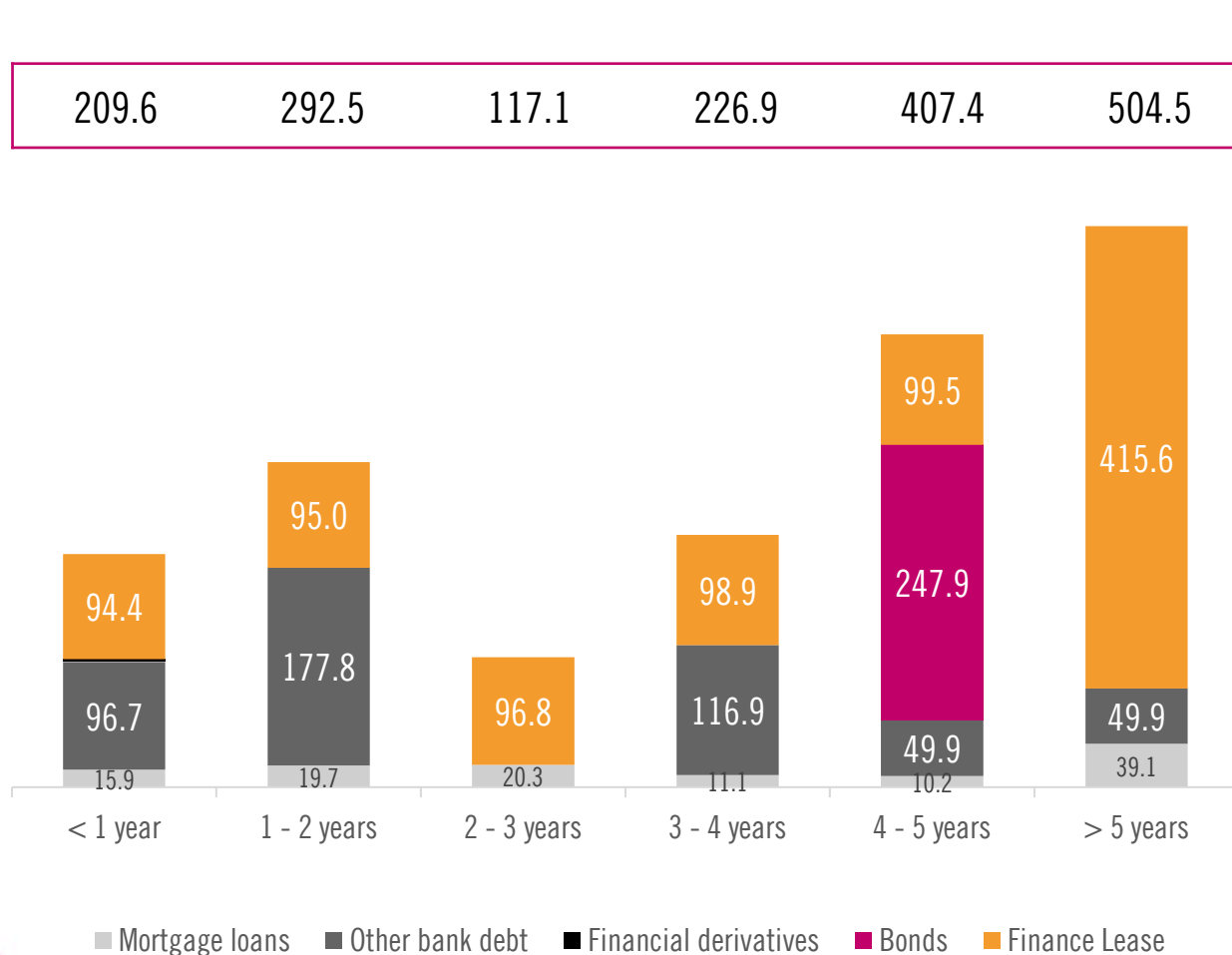
Segment adj. EBIT in € million and segment adjusted EBIT margin in %

Decline in adjusted EBIT mainly from Baumarkt segment



- Adjusted EBIT of **HORNBACH Baumarkt** down 19.4% vs. H1 2021/22
- HORNBACH Baustoff** above previous year's record level by +8.6%
- HORNBACH Immobilien** with slight decrease of -2.8%

Financial debt maturity profile as of August 31, 2022 in € million



August 31, 2022

Feb 28, 2022

1,758.0	1,688.3	Total financial debt
412.7	332.3	Cash and cash equivalents
1,345.3	1,356.0	Net financial debt
513.8	564.9	EBITDA (LTM ¹⁾)
2.6	2.4	Net debt / EBITDA

- Bridge loan utilization reduced from € 145m as of May 31, 2022 to € 70m as of August 31, 2022
- Promissory notes issued in June 2022 (€ 100m for 5 / 7 years)
- New syndicated loan agreement finalized in September

1) Last twelve months