

# **Analyst & Investor Conference 2023 of HORNBAACH Holding AG & Co. KGaA**

May 16, 2023

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## Delivering resilient financial performance amid a challenging macroeconomic environment

### Net sales

Outlook (as of May 17, 2022):  
Slightly above 2021/22 (€ 5,875m)

**Result 2022/23:**  
**+6.6% to € 6,263m**

### Adjusted EBIT

Outlook (as of June 13, 2022):  
Low double digit %-range below 2021/22 (€ 362.6m)

**Result 2022/23:**  
**-20% to € 290.1m**

### Investments (CAPEX)

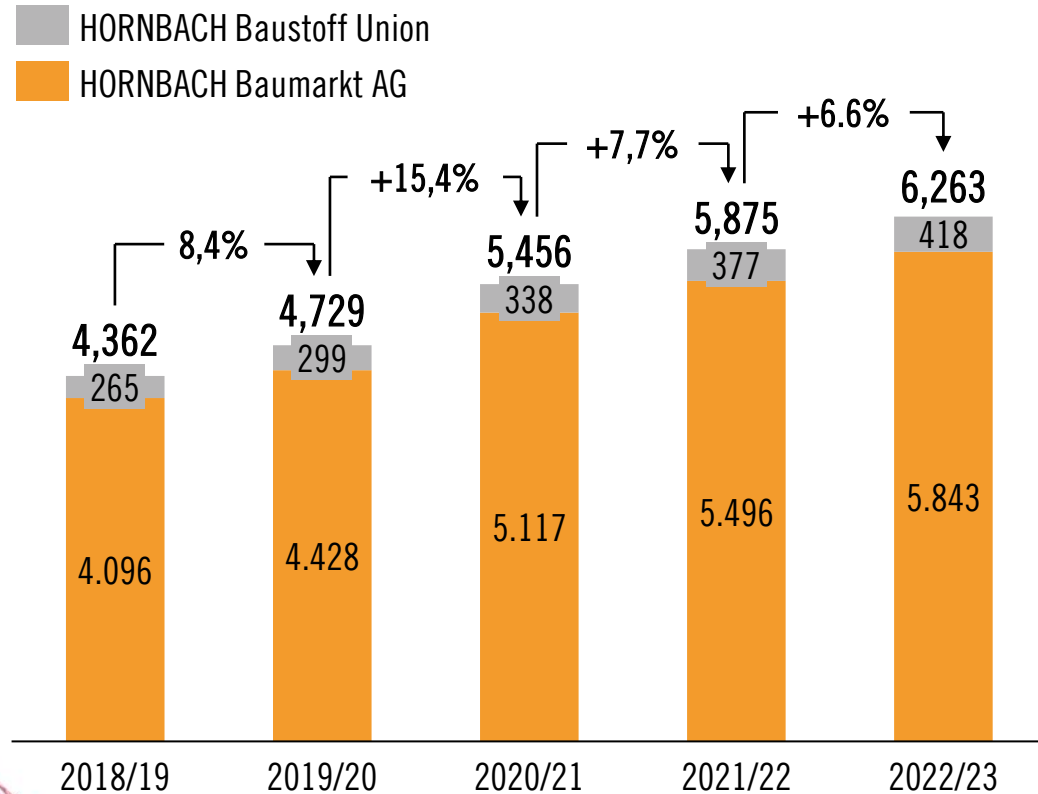
Slightly above the level of 2021/22 (€ 178.6m)

**Result 2022/23:**  
**€ 203.5m**

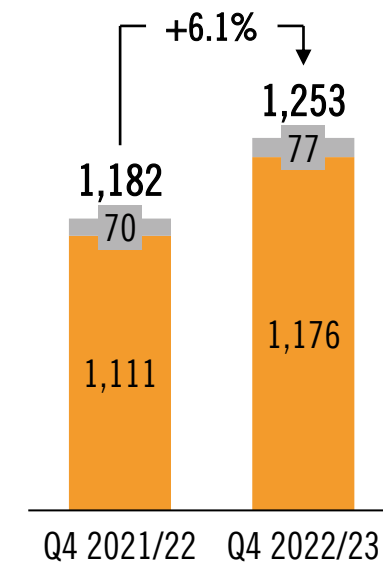


## Net sales in FY 2022/23 significantly ahead of previous year's record level

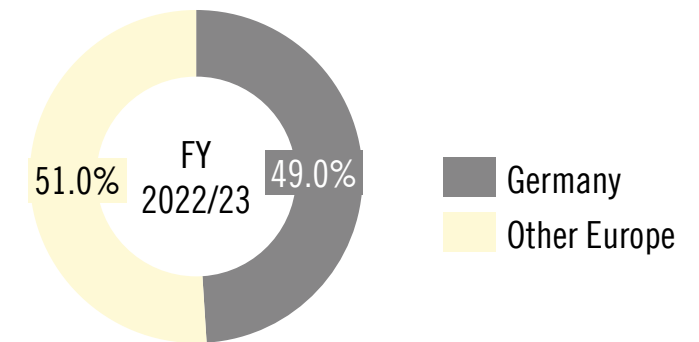
Net sales (Mar 1 – Feb 28 / Q4: Dec 1 – Feb 28)<sup>1)</sup>



- Continued sales growth from good like-for-like performance and expansion
- Net sales HORNBAACH Baumarkt subgroup +6.3%
  - Germany: +2.9% / Other Europe: +9.8%
  - International share increased to 51.0%
- Net sales HORNBAACH Baustoff Union subgroup +11.6%<sup>2)</sup>



HORNBAACH Baumarkt AG: Share of net sales by region



1) Consolidated net sales 2) based on net sales before consolidation

## Robust like-for-like growth in FY 2022/23

- Robust LFL performance in Q4 and FY 2022/23 driven by **resilient demand** amid inflationary environment
- LFL sales significantly ahead of pre-pandemic performance: **3-year LFL<sup>2)</sup> +28.4%**

Like-for-like sales growth<sup>1)</sup> per quarter and financial year in %

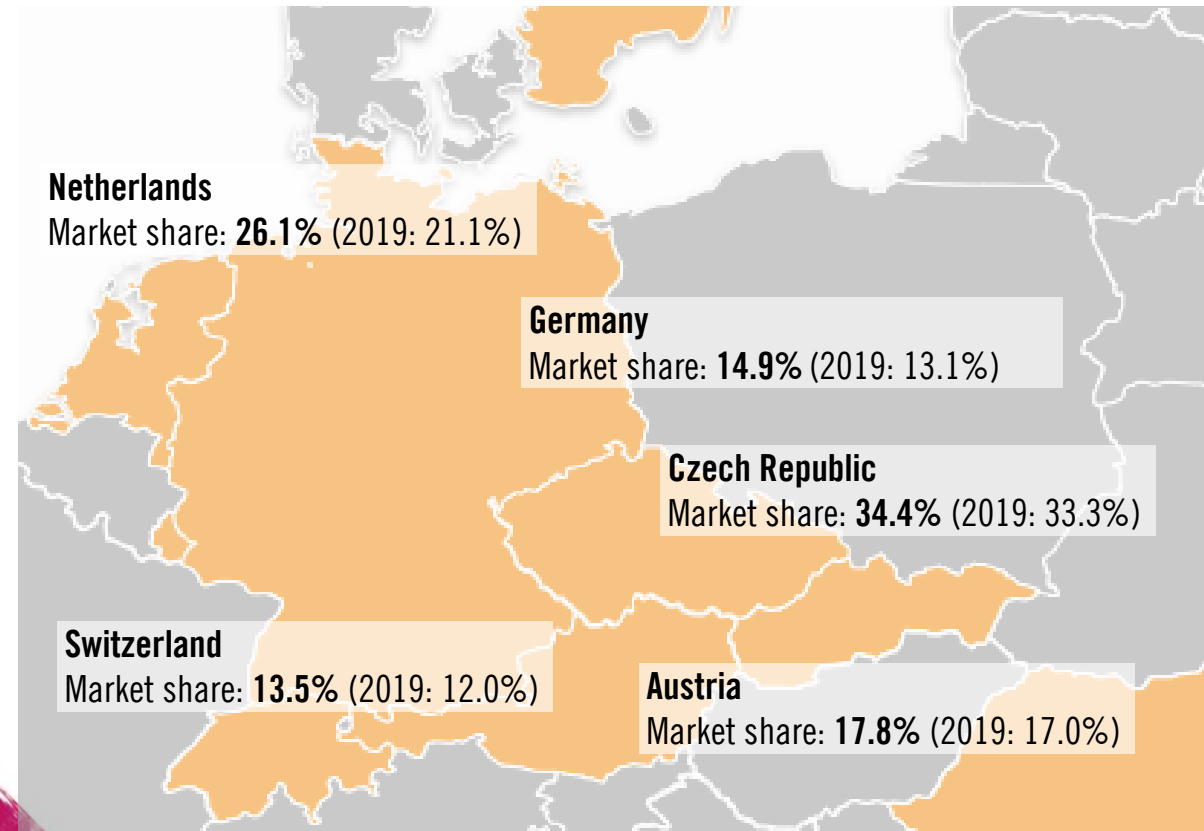
	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	FY 2022/23	3-year LFL <sup>2)</sup>
<b>Total</b>	<b>5.3</b>	<b>(1.7)</b>	<b>7.2</b>	<b>4.1</b>	<b>3.6</b>	<b>28.4</b>
<b>Germany</b>	<b>4.4</b>	<b>(2.9)</b>	<b>7.8</b>	<b>0.7</b>	<b>2.4</b>	<b>26.6</b>
<b>Other Europe</b>	<b>6.2</b>	<b>(0.6)</b>	<b>6.7</b>	<b>7.5</b>	<b>4.7</b>	<b>30.3</b>
Austria	(2.5)	(0.8)	11.3	7.3	2.8	23.1
Czech Republic	18.0	(1.2)	3.6	0.4	5.4	18.8
Luxembourg	(7.3)	(2.6)	6.4	5.7	(0.4)	46.1
Netherlands	22.5	0.3	11.4	21.3	13.2	36.8
Romania	14.1	5.8	10.1	3.7	8.6	55.7
Slovakia	16.0	1.2	8.9	9.5	8.7	37.1
Sweden	(3.6)	(3.7)	(4.0)	(6.9)	(4.3)	39.8
Switzerland	(12.2)	(3.6)	(0.4)	(0.2)	(5.0)	17.2

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 FY 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 Dec

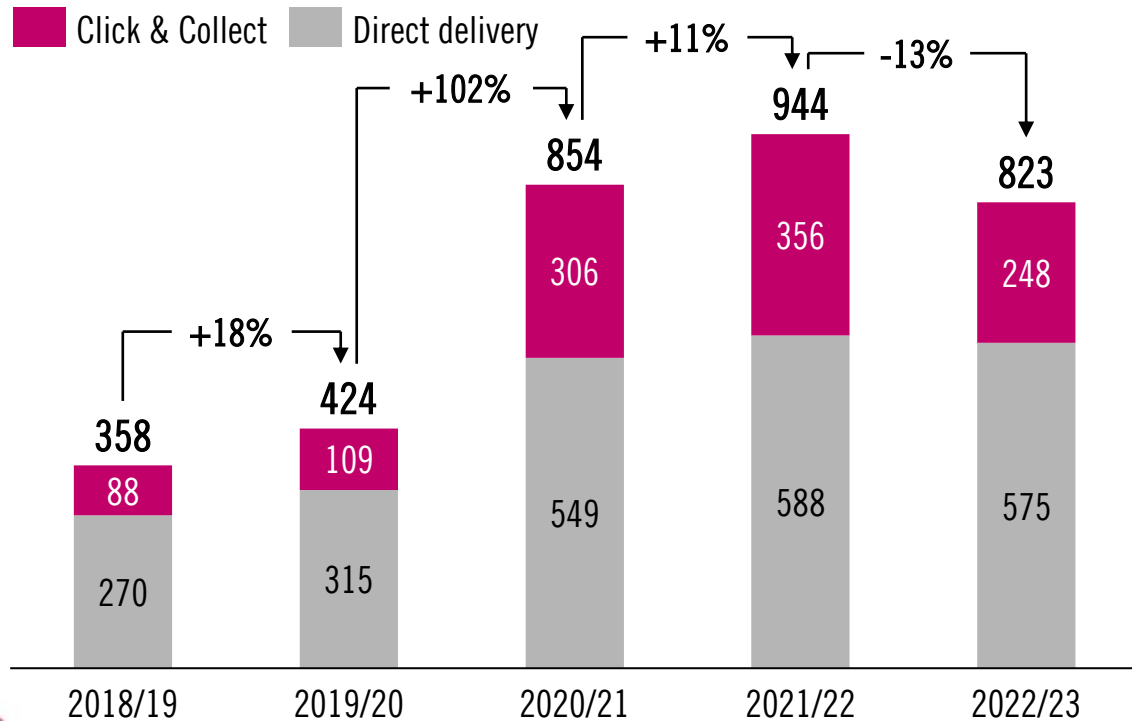


- Market share in **Germany** increased from 13.1% in 2019 to 14.9% in 2022 on the back of a successful Interconnected Retail execution during the Covid period.
- Strong market share development in the **Netherlands** driven by like-for-like sales growth as well as expansion (+3 stores)
- **Switzerland** added 1 new store
- **Czech Republic** and **Austria** increased market share without adding new stores.

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

## E-commerce significantly ahead of pre-pandemic levels – direct delivery established

8.7%    9.6%    16.7%    17.2%    14.1%    E-commerce share<sup>1)</sup>



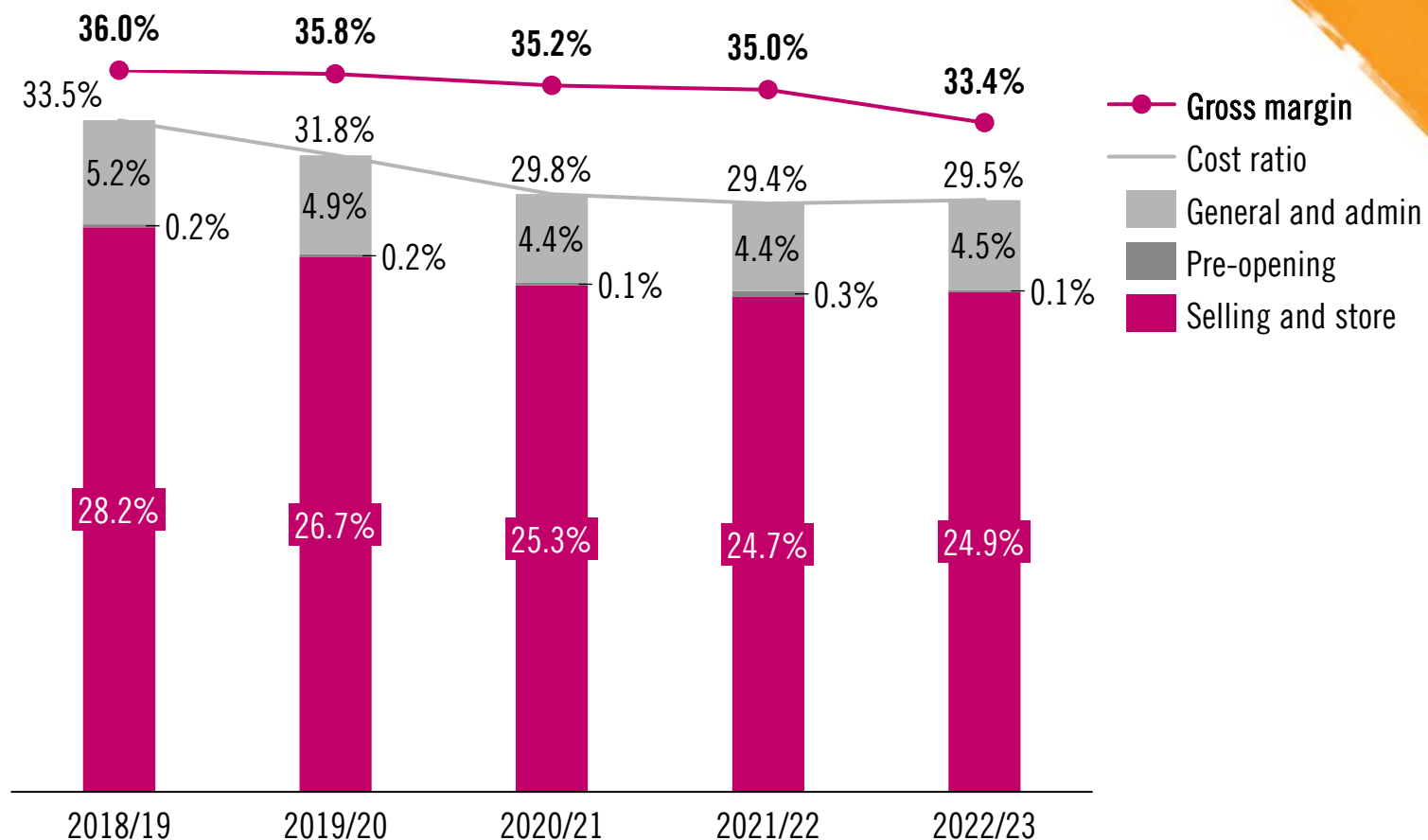
1) In % of HORNBACH Baumarkt subgroup net sales

- E-commerce share of HORNBACH Baumarkt sales** (incl. Click & Collect) at **14.1%** in 2022/23 significantly above pre-Covid levels
- FY 2022/23 e-commerce sales** minus 12.8% to € 823m with direct delivery remaining on elevated levels since Covid-pandemic

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

### Gross margin reflects higher 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 specifically due to investments in IT headcount and inflation





## Adjusted EBIT<sup>1)</sup> in € million and adjusted EBIT margin in %

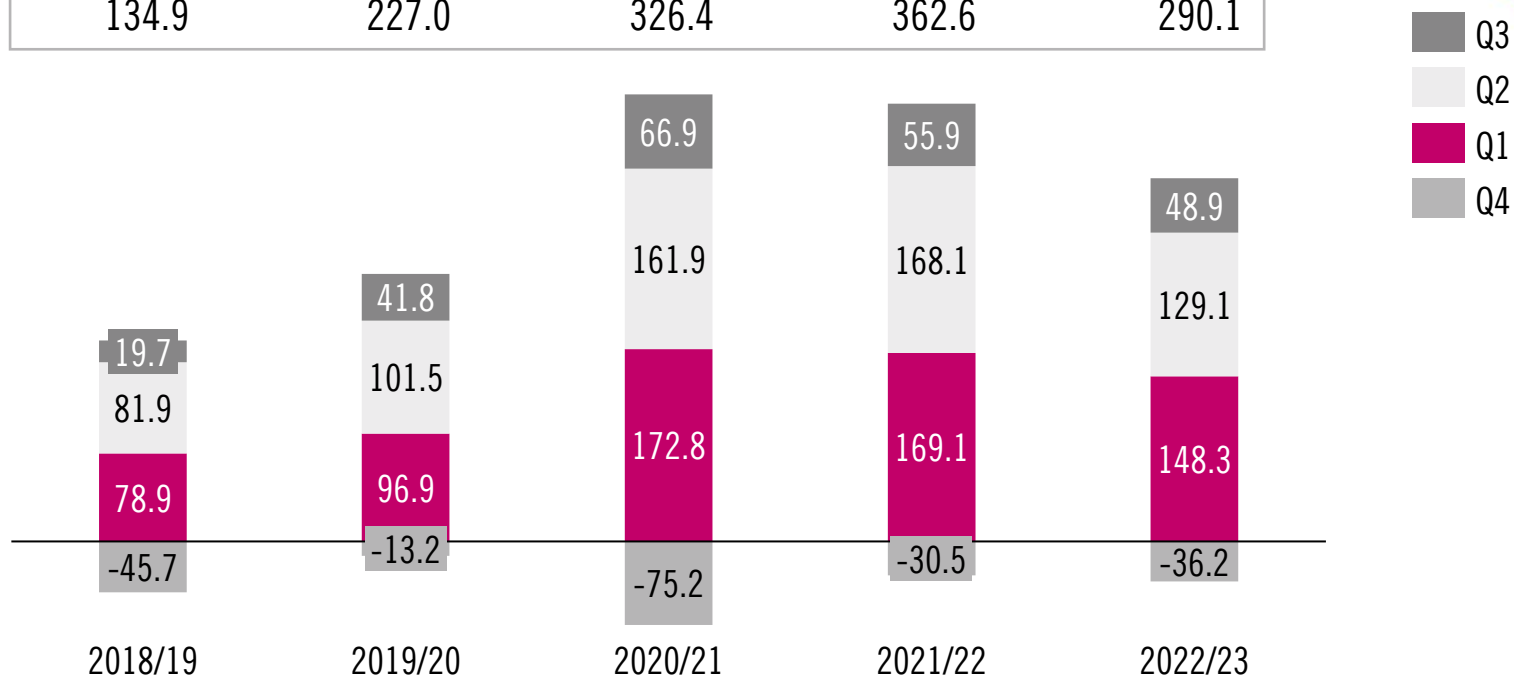
### Adjusted EBIT remains ahead of pre-Covid levels

- Adjusted EBIT on Group level **down 20%** in FY 2022/23 vs. previous year – in line with guidance; however **up 28% compared to 2019/20**
- Group profitability** affected by higher purchasing and shipping costs
- Impairments (IAS 36) increase mainly due to valuation effects resulting from higher interest rates

Reconciliation (in €m)	FY 2021/22	FY 2022/23
<b>EBIT</b>	<b>355.0</b>	<b>258.5</b>
Non-operating effects	7.6	31.6
<b>Adjusted EBIT</b>	<b>362.6</b>	<b>290.1</b>

### Adjusted EBIT and adjusted EBIT margin FY:

Adjusted EBIT margin FY:	3.1%	4.8%	6.0%	6.2%	4.6%
Adjusted EBIT (€ million)	134.9	227.0	326.4	362.6	290.1



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

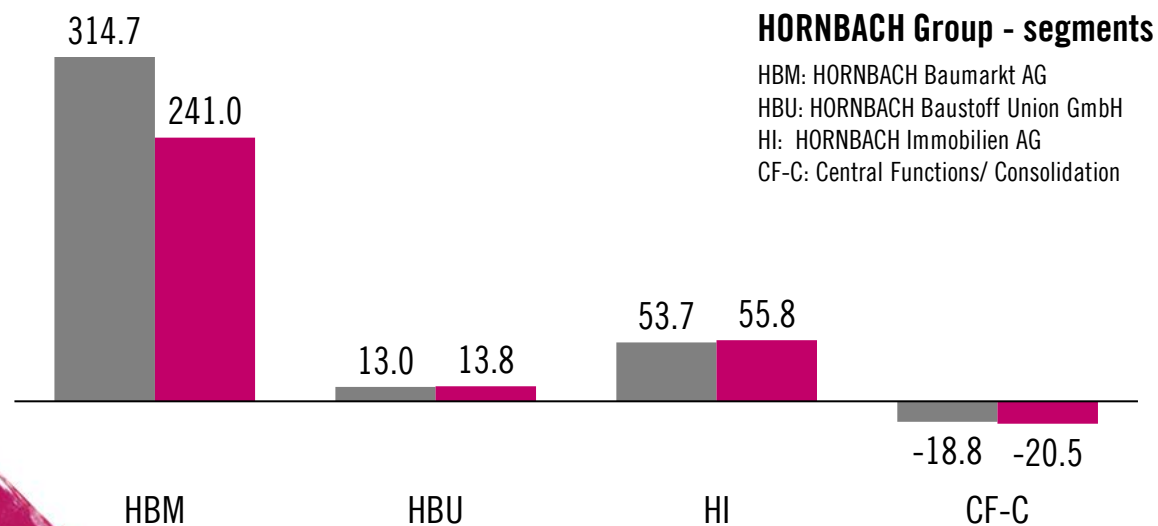
Fiscal year segment adj. EBIT in € million and segment adjusted EBIT margin in %

## Adjusted EBIT declines in Baumarkt segment – Baustoff Union and Immobilien show slight increase

### Operational segments

- HORNBAACH Baumarkt: adj. EBIT -23.4%; € 241.0m
- HORNBAACH Baustoff: adj. EBIT +6.2%; € 13.8m
- HORNBAACH Immobilien: adj. EBIT +3.9%; € 55.8m

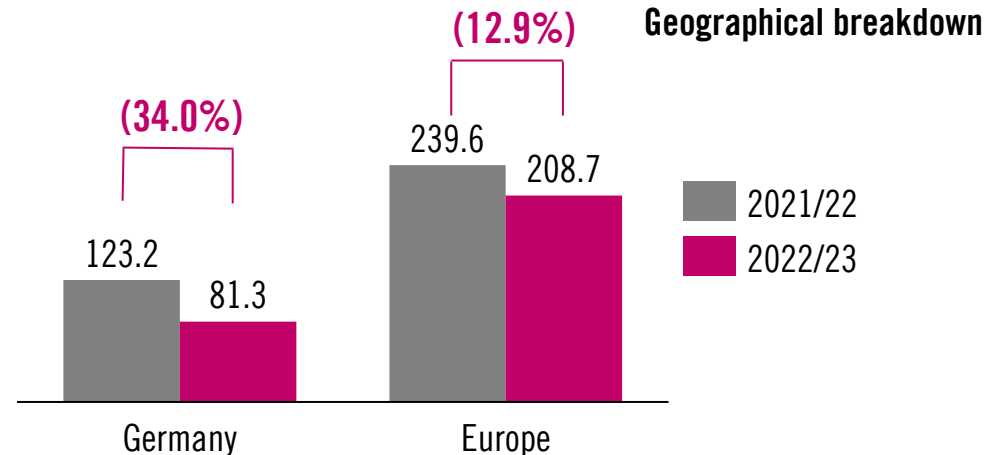
5.7%	4.1%	3.4%	3.3%	67.4%	67.6%	adj. EBIT margin
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### Geographical segments

- Germany (34.0%) / other Europe (12.9%)
- **Germany contributes 28% of adj. EBIT**
- **Other Europe contributes 72% of adj. EBIT**

3.9%	2.5%	8.8%	7.0%	adj. EBIT margin
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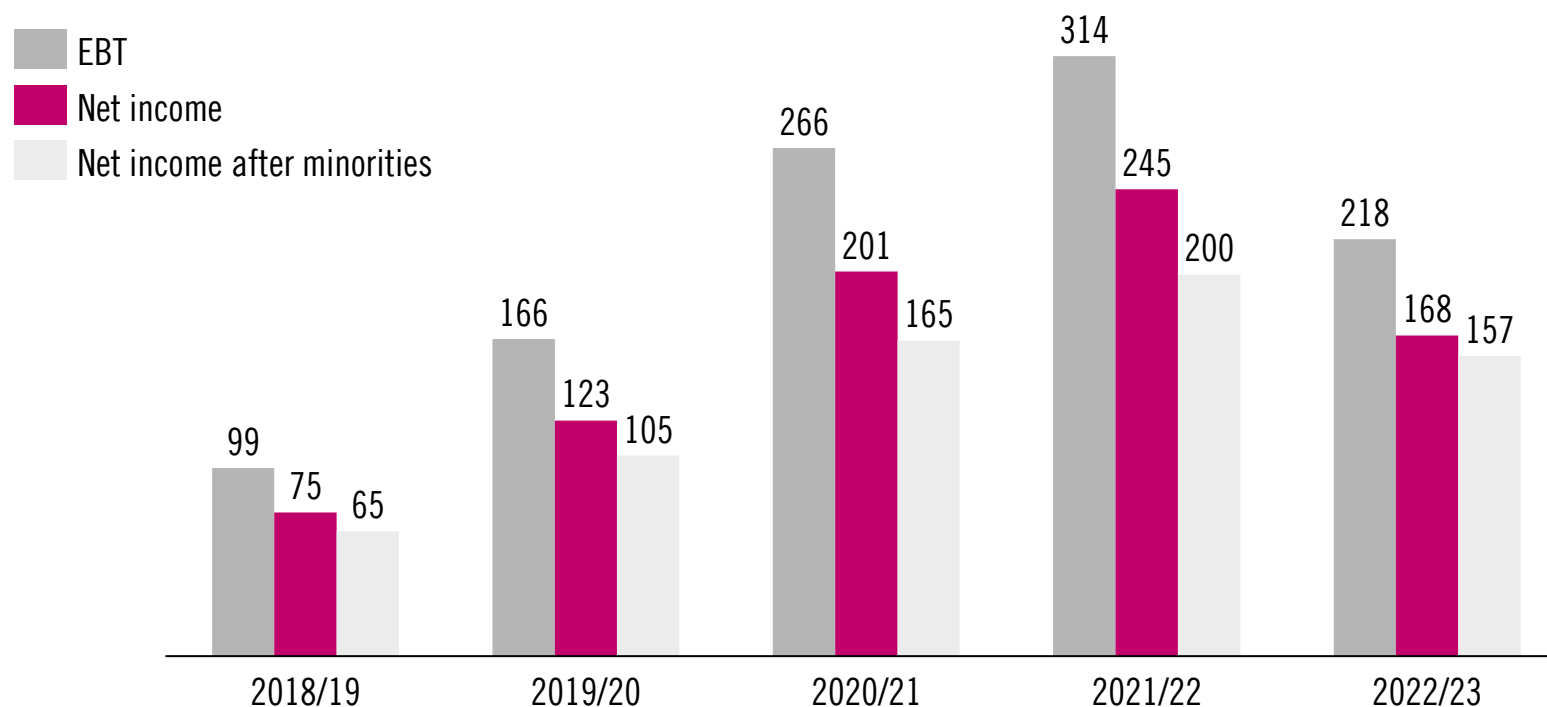


## Earnings before taxes and net income in € million

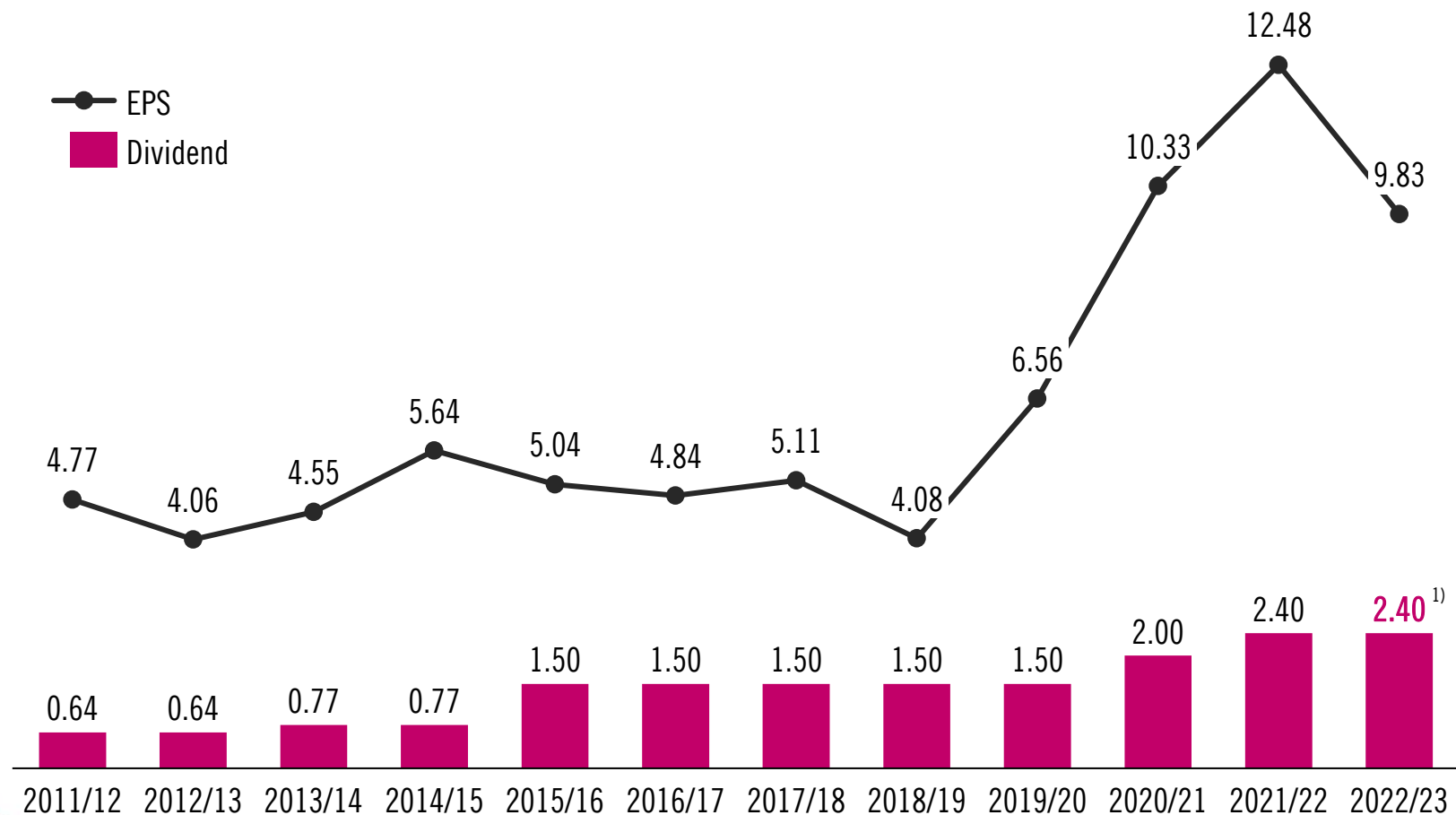
### Earnings figures down from previous year

- **Earnings before taxes** decreased by 30.5% to € 218.3m
- **Net income** decreased by 31.4% to € 167.8m
- **EPS** at € 9.83 (-21.2%)

<b>Tax rate</b>	23.7%	25.8%	24.3%	22.2%	23.1%
<b>EPS</b>	€ 4.08	€ 6.56	€ 10.33	€ 12.48	€ 9.83



## Stable dividend proposed for financial year 2022/23



1) Dividend proposal for the financial year 2022/23, subject to approval at the annual general meeting

### Dividend policy

- **Sustainable pay-outs:** Continuous dividend payments since IPO
- **Stable dividend:** Pay-out at least at previous year's level
- **Target:** Average pay-out ratio of around 30% of consolidated net income (2022/23: **24.4%**)

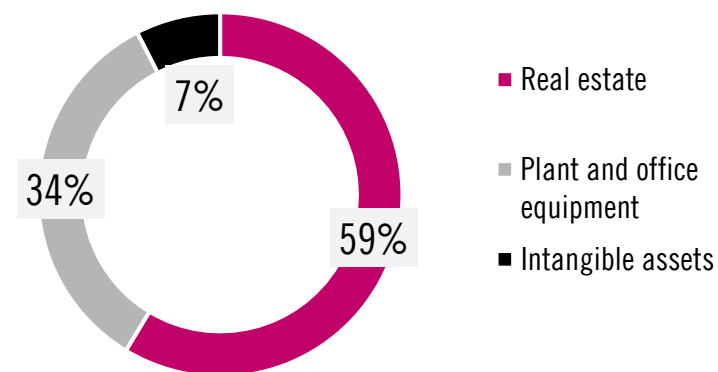


## Free cash flow stable – slightly above previous years

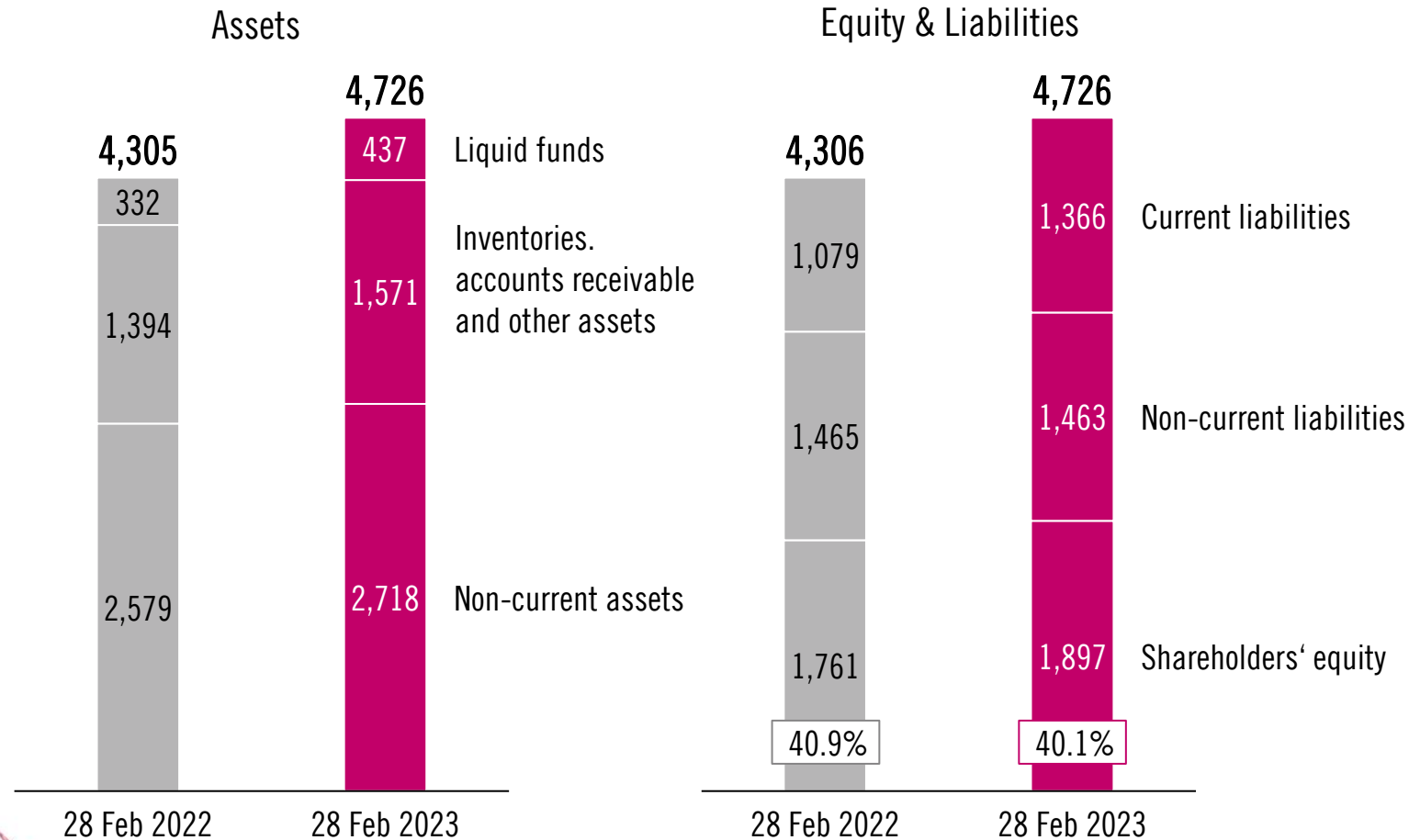
	2020/21	2021/22	2022/23
<b>Cash flow from operating activities</b>	<b>346.5</b>	<b>344.9</b>	<b>425.4</b>
<i>of which: funds from operations</i>	400.2	446.5	403.7
<i>of which: change in working capital</i>	-53.7	-101.6	21.7
<b>Cash flow from investing activities</b>	<b>-149.2</b>	<b>-171.7</b>	<b>-198.0</b>
<i>of which: gross CAPEX</i>	-154.4	-178.6	-203.5
<b>Cash flow from financing activities</b>	<b>-129.0</b>	<b>-278.5</b>	<b>-135.1</b>
<i>of which: dividends</i>	-29.1	-38.8	-41.0
<b>Cash-effective change in cash and cash equivalents</b>	<b>68.3</b>	<b>-105.3</b>	<b>92.3</b>
<b>Free cash flow</b> (after net CAPEX and dividend)	<b>168.2</b>	<b>134.5</b>	<b>186.5</b>

- **Change in Working Capital** contains reverse factoring program
- **60%** of tangible CAPEX spent on **new stores**, **40%** for **maintenance** and **store extensions**

CAPEX split of HORNBACH Group 2022/23



## Strong balance sheet structure



- Additions to **property, plant and equipment** and **right-of-use assets** of € 120m
- Increase in **inventories** by € 152m due to higher in-stock position and inflation
- Increase in **liquid funds** by € 105m
- **Equity ratio** at 40.1%

## Outlook for FY 2023/24

**Net sales 2023/24**

**Around the level of 2022/23**

Net sales 2022/23

€ 6,263m

**Adjusted EBIT 2023/24**

Group adj. EBIT difficult to guide in light of the challenging environment, with **downside risk (-5% to -15%) vs. 2022/23**

Adjusted EBIT 2022/23

€ 290.1m

### Additional items

**CAPEX 2023/24**

**On the level of 2022/23**

CAPEX 2022/23

€ 203.5m

### 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.

## Key investment highlights



### Efficient and scalable set up

- **Organically grown** network of **homogeneous** big box stores
- **61% owned real estate** for operational and financial flexibility
- **Interconnected retail (ICR)** with online shops and mobile app in 9 countries
- **Scalable** B2B and B2C logistics network



### Attractive customer proposition

- Focus on **project and trade customers**
- **Price leadership** in all countries of operation
- **#1 in customer satisfaction** across multiple markets<sup>1)</sup>
- **Seamless customer journey** across ICR channels



### Proven growth strategy

- **Ongoing physical expansion:** approx. 20 stores in next 5 years
- **Ongoing investments in ICR:** e.g. online shop, app, VR
- Sustainable **long-term like-for-like growth rate** above sector average
- Leading home improvement player in terms of **sales per sqm<sup>2)</sup>**



### Structural growth foundation

- **“Cocooning”** and **working from home**
- **Need for renovations:** Energy efficiency and CO2 reduction, barrier-free homes, ageing European building stock
- Growth opportunities **beyond the DIY core market:** trade professionals and Do-it-for-me segment

Committed to sustainable business, reflected in our values and CSR guidelines

Strong commitment and support of Hornbach family as anchor shareholder

1) Kundenmonitor Germany/Austria/Switzerland (2022), Retailer of the Year 2022 (Netherlands), Evimetrix 2022 (Sweden) 2) Dähne Statistik Baumarkt+Garten 2023, HORNBACH (as measured by weighted net sales per sqm (fiscal year 2022/23))



# Upcoming events & contact

## Financial Calendar

<b>May 16, 2023</b>	<b>Annual Report 2022/23 as of February 28, 2023</b>
May 17, 2023	German Spring Conference (Equity Forum), Frankfurt
<b>June 23, 2023</b>	<b>Quarterly Statement Q1 2023/24 as of May 31, 2023</b>
<b>July 7, 2023</b>	<b>Annual General Meeting HORNBAACH Holding AG &amp; Co. KGaA</b>
September 4, 2023	German Fall Conference (Equity Forum), Frankfurt
September 5, 2023	ODDO BHF / Commerzbank Corporate Conference, Frankfurt
September 18, 2023	Berenberg & Goldman Sachs German Corporate Conference, Munich
<b>September 27, 2023</b>	<b>Half-year financial report as of August 31, 2023</b>
November 27, 2023	Deutsches Eigenkapitalforum, Frankfurt
<b>December 20, 2023</b>	<b>Quarterly Statement Q3 2023/24 as of November 30, 2023</b>

Updates on our [IR website](#)

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