

HORNBACH Holding AG & Co. KGaA  
Group

1<sup>st</sup> QUARTER  
2017/2018

Quarterly Statement  
as of May 31, 2017

# HORNBACK HOLDING AG & CO. KGaA GROUP

## Statement on 1<sup>st</sup> Quarter of 2017/2018 (March 1 – May 31, 2017)

Key Figures of the HORNBACK Holding AG & Co. KGaA Group (in € million, unless otherwise stated)	1 <sup>st</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2016/2017	Change %
<b>Net sales</b>	<b>1,195.5</b>	<b>1,116.1</b>	<b>7.1</b>
of which: in Germany	676.4	647.0	4.5
of which: other European countries	519.2	469.1	10.7
Like-for-like sales growth	5.4%	4.4%	
Gross margin as % of net sales	37.2%	36.8%	
EBITDA	117.2	99.5	17.8
<b>EBIT</b>	<b>92.7</b>	<b>76.5</b>	<b>21.2</b>
<b>Adjusted EBIT</b>	<b>92.6</b>	<b>76.5</b>	<b>20.9</b>
Consolidated earnings before taxes	85.9	68.4	25.6
Consolidated net income	63.9	50.9	25.3
Basic/diluted earnings per preference share (€)	3.18	2.56	24.2
Investments	25.8	49.9	(48.3)

Misc. key figures of the HORNBACK Holding AG & Co. KGaA Group (in € million, unless otherwise stated)	May 31, 2017	February 28, 2017	Change %
Total assets	2,770.5	2,648.3	4.6
Shareholders' equity	1,461.2	1,397.7	4.5
Shareholders' equity as % of total assets	52.7%	52.8%	
Number of employees	18,133	17,738	2.2

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentage figures based on € 000s.

<sup>1)</sup> Including minority interests pursuant to IFRS

## Summary

- HORNBACK Group posts successful start to 2017/2018 financial year
- Consolidated sales for first quarter of 2017/2018 up 7.1% to € 1,196 million
- Like-for-like sales growth of 5.4% at DIY stores with garden centers – sales in builders' merchant business up 13.8%
- Operating earnings (EBIT) with disproportionate growth of 21.2% to € 92.7 million – EPS up 24.2% to € 3.18
- Full-year sales and earnings forecast confirmed for 2017/2018

The HORNBACK Holding AG & Co. KGaA Group (HORNBACK Group) began the 2017/2018 financial year on a successful note. Consolidated sales for the first quarter of 2017/2018 (March 1 to May 31, 2017) grew by 7.1% to € 1,195.5 million (2016/2017: € 1,116.1 million). At HORNBACK Baumarkt AG, the largest subgroup (DIY retail), we increased our sales by 6.7% to € 1,130.3 million (2016/2017: € 1,058.9 million). On a like-for-like basis and net of currency items, DIY sales rose by 5.4% in the first three months. The HORNBACK Baustoff Union GmbH subgroup improved its sales year-on-year by 13.8% to € 64.6 million. In conjunction with a higher gross margin and more favorable cost ratios, this very pleasing sales momentum led to disproportionate earnings growth at the HORNBACK Group. Consolidated operating earnings (EBIT) rose by 21.2% to € 92.7 million (2016/2017: € 76.5 million). At the end of the first three months, earnings per Holding share were reported up 24.2% at € 3.18 (2016/2017: € 2.56). The sales and earnings forecast for the 2017/2018 financial year as a whole has been confirmed.

## Earnings, Financial and Net Asset Situation

The HORNBAACH Holding AG & Co. KGaA Group comprises the HORNBAACH Baumarkt AG, HORNBAACH Baustoff Union GmbH, and HORNBAACH Immobilien AG subgroups.

### Seasonal and calendar-related fluctuations

As a general rule, due to seasonal factors within the financial year the HORNBAACH Group reports a stronger business performance in the spring and summer months than in the fall and winter. Exceptional weather conditions may have a significant impact on the Group's sales performance within these reporting periods. Compared with the corresponding periods in previous years, this may also result in seasonal base effects. Any assessment of the business performance should also take account of those base effects that may result from different numbers of business days in the comparative periods. The Group's business performance in the three-month period as of May 31 does not necessarily provide an indication of its full-year business performance.

Weather conditions in the first three months of the 2017/2018 financial year were more favorable overall for the DIY retail business in Germany and the eight countries in the Other European countries region than in the previous year's quarter. Thanks to record temperatures in March and summery weather in May, the spring months of 2017 brought above-average temperatures across large parts of Europe. Even the chillier conditions witnessed in April 2017 were unable to leave their mark on the favorable overall conditions for construction and renovation projects.

In the first quarter (Q1) of 2017/2018, there was a group-wide average of one business day more than in the previous year's quarter.

### Sales performance of the HORNBAACH Group

Consolidated sales grew by 7.1% to € 1,195.5 million in the first quarter of 2017/2018 (2016/2017: € 1,116.1 million).

#### HORNBAACH Baumarkt AG subgroup

We opened a new DIY megastore with a garden center and sales areas of around 12,300 m<sup>2</sup> in The Hague in April 2017, bringing the number of HORNBAACH locations in the Netherlands to 13 in total. The HORNBAACH Baumarkt AG subgroup was thus operating 156 retail outlets as of May 31, 2017 (February 28, 2017: 155), of which an unchanged total of 98 stores are located in Germany and 58 in other European countries.

Net sales at the subgroup rose by 6.7% to € 1,130.3 million in Q1 2017/2018 (2016/2017: € 1,058.9 million). On a **like-for-like basis and net of currency items** [→ **Brief Glossary** on Page 6], DIY sales for the first quarter exceeded the high standard set in the previous year (plus 4.4%) by 5.4%. Including currency items for non-euro countries, namely the Czech Republic, Romania, Sweden, and Switzerland, subgroup-wide like-for-like sales growth also amounted to 5.4%. From a geographical perspective, this pleasing sales growth was driven by both the Germany and the Other European countries regions.

Key data relating to the sales performance in Q1 2017/2018 is as follows:

#### Germany region

- Net sales up 3.6% to € 613.4 million (2016/2017: € 591.9 million)
- Like-for-like sales growth of 3.8%
- HORNBAACH once again outperforms the German sector average in Q1 2017/2018.

#### Other European regions

- Net sales up 10.7% to € 516.9 million (2016/2017: € 467.0 million)
- International share of subgroup's sales rises from 44.1% to 45.7%
- Like-for-like, currency-adjusted sales up 7.5% – including currency items also up 7.5%

### HORNBAACH Baustoff Union GmbH subgroup

The HORNBAACH Baustoff Union GmbH (HBU) subgroup, which focuses above all on the needs of professional customers in its target groups of the main and secondary construction trades, as well as private construction clients, increased its sales by a substantial 13.8% to € 64.6 million in the first quarter of 2017/2018 (2016/2017: € 56.8 million). The Kaiserslautern outlet, which has been designed in line with the latest standards, was newly opened on an expanded area of more than 40,000 m<sup>2</sup> at the end of April 2017. As of May 31, 2017, the subgroup operated 25 builders' merchant outlets in south-western Germany and at two locations close to the border in France (Lorraine).

### Earnings performance

The following comments refer to the earnings performance at the overall HORNBAACH Holding AG & Co. KGaA Group.

#### Key data relating to the earnings performance in the first quarter of 2017/2018 (March 1 to May 31, 2017) is as follows:

- Gross profit grew disproportionately compared with sales in the first quarter of 2017/2018, rising 8.2% to € 444.4 million (2016/2017: € 410.6 million). The **gross margin** improved from 36.8% to 37.2%. The increase in the gross margin [↔ [Brief Glossary](#) on Page 7] was chiefly driven by positive changes in the product mix in the retail business at the HORNBAACH Baumarkt AG subgroup.
- Selling and store expenses rose by 3.7%, and thus less rapidly than sales, in the period under report. The **store expense ratio** [↔ [Brief Glossary](#) on Page 6] showed a marked reduction from 25.8% to 24.9%. After one new store opening in Q1 2017/2018 (Q1 2016/2017: two new store openings), the **pre-opening expense ratio** [↔ [Brief Glossary](#) on Page 6] halved to 0.1%. General and administration expenses rose by 17.2% and thus significantly more rapidly than sales. Pure administration expenses showed only slightly disproportionate growth compared with sales, while forward-looking expenses to expand e-commerce and our interconnected retail (ICR) strategy rose by 27.8%. The **administration expense ratio** [↔ [Brief Glossary](#) on Page 6] increased from 4.2% to 4.6%. Based on the total of selling, store, pre-opening, general, and administration expenses, our overall expense ratio (as a percentage of sales) improved by 50 base points.
- **EBITDA** [↔ [Brief Glossary](#) on Page 7] grew by 17.8% to € 117.2 million in the first quarter of 2017/2018 (2016/2017: € 99.5 million).
- Consolidated operating earnings (**EBIT**) improved by 21.2% to € 92.7 million (2016/2017: € 76.5 million). Non-operating income and expenses played a negligible role in the income statement for the first quarter of 2017/2018. At € 92.6 million, adjusted EBIT thus largely corresponds to EBIT (2016/2017: € 76.5 million).
- Due in particular to lower interest expenses and positive currency items, **net financial expenses** improved from minus € 8.1 million to minus € 6.8 million.
- **Consolidated earnings before taxes** grew by 25.6% to € 85.9 million (2016/2017: € 68.4 million).
- Net income for the period rose by 25.3% to € 63.9 million (2016/2017: € 50.9 million). **Earnings per Holding share** came to € 3.18 in the first quarter of 2017/2018 (2016/2017: € 2.56).

### Earnings performance by segment

- Operating earnings (EBIT) at the **HORNBAACH Baumarkt AG** subgroup increased by 26.1% to € 77.6 million in Q1 2017/2018 (2016/2017: € 61.5 million). Further details about the earnings performance can be found in the quarterly statement published separately by the subgroup.
- At € 1.5 million, EBIT at the **HORNBAACH Baustoff Union GmbH** subgroup was slightly ahead of the previous year's figure (plus 2.1%).
- At € 14.3 million, EBIT at the **HORNBAACH Immobilien AG** subgroup virtually matched the previous year's figure (2016/2017: € 14.4 million).

### Financial and net asset situation

Investments decreased from € 49.9 million to € 25.8 million in the first three months of the current 2017/2018 financial year, as – unlike in the previous year – no investments were made in reserve land. At € 9.4 million, around 36% of this total was invested in land and buildings (2016/2017: € 33.7 million), while the remainder was channeled into plant and office equipment at new and existing stores, as well as into intangible assets (mainly IT software). Investments were fully financed by the cash flow of € 125.2 million from operations (2016/2017: € 120.7 million). Information about the financing and investing activities of the HORNBAACH Group can be found in the cash flow statement on Page 12.

Total assets grew to € 2,771 million as of May 31, 2017, up 4.6% compared with the balance sheet date on February 28, 2017. This was mainly due to increases in cash and cash equivalents (plus € 76 million) and inventories (plus € 43 million). Shareholders' equity as posted in the balance sheet rose to € 1,461 million, up 4.5% compared with the previous reporting date. At 52.7%, the **equity ratio** [↔ **Brief Glossary** on Page 7] remained high (February 28, 2017: 52.8%). **Net financial debt** [↔ **Brief Glossary** on Page 7] decreased from € 506 million to € 393 million as of May 31, 2017. Including current financial assets, net financial debt amounted to € 373 million as of May 31, 2017 (February 28, 2017: € 476 million).

## Other Disclosures

### Employees

A total of 18,133 employees were in fixed employment at HORNBAACH Holding AG & Co. KGaA Group as of the reporting date on May 31, 2017 (February 28, 2017: 17,738).

### Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBAACH Holding AG & Co. KGaA Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (operating lease). These amounted to € 584.8 million at the end of the first quarter as of May 31, 2017 (February 28, 2017: € 596.9 million).

### Statement of figures

Figures have been rounded up or down to the nearest million euro amount. Such rounding up or down may result in minor discrepancies between the various presentations. Percentages have been calculated on the basis of thousand euro figures.

## Outlook

The outlook and other statements made concerning the expected performance of the Group in the 2017/2018 financial year have not changed materially compared with the assessments published in the 2016/2017 Annual Report of the HORNBAACH Holding AG & Co. KGaA Group.

The Board of Management can confirm the sales and earnings forecast for the 2017/2018 financial year published on Pages 93 to 96 of the 2016/2017 Annual Report.

Accordingly, the company still expects to generate consolidated sales growth in a medium single-digit percentage range. With regard to the earnings forecast, the company still expects its consolidated operating earnings (EBIT) to match or slightly exceed the previous year's figure (€ 156.8 million) and its EBIT adjusted to exclude non-operating items to approximate to the level seen in the 2016/2017 financial year (€ 159.8 million).

## Brief Glossary of Alternative and Further Key Performance Figures

In this quarterly statement we also refer to the following key performance figures that are not defined under IFRS to comment on our asset, financial, and earnings situation. These figures should also be viewed in the overall context of the information published in the Annual Report concerning the Group's management system.

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### Like-for-like sales net of currency items (change in %)

*Alternative key performance figure to measure the operating business performance and indicate the organic growth achieved by our retail activities (stationary stores and online shops)*

The calculation of like-for-like sales is based on all DIY stores with garden centers that have been in operation for at least one full year. No account is taken of stores newly opened, closed, or subject to substantial conversion measures in the past twelve months. Like-for-like sales are calculated excluding sales tax (net) and based on the local currency for the reporting period under comparison (currency-adjusted). The rate of change in like-for-like sales net of currency items is therefore a performance indicator independent of exchange rate factors. On a euro basis, like-for-like sales are also calculated including currency items for those countries in our European store network that have currencies other than the euro.

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### Cost ratios

*Alternative key performance figures for the development in store, pre-opening, and administration expenses as a percentage of net sales*

The store expense ratio is obtained by dividing selling and store expenses by net sales. Selling and store expenses comprise those costs incurred in connection with the operation of stationary DIY stores with garden centers and the online shops. They mainly include personnel expenses, costs of premises, and advertising expenses, as well as depreciation, amortization, and general operating expenses, such as transport expenses, service and maintenance.

The pre-opening expense ratio is calculated by dividing pre-opening expenses by net sales. Costs incurred in connection with and upon the construction of a new stationary DIY store with a garden center through to opening are reported as pre-opening expenses. Pre-opening expenses largely comprise personnel expenses, costs of premises, and administration expenses.

The administration expense ratio is the quotient of administration expenses and net sales. Administration expenses include all administrative expenses incurred in connection with the operation or construction of stationary DIY stores with garden centers and with the development and operation of online retail (e-commerce) and which cannot be directly allocated to such. They mainly consist of personnel expenses, legal and advisory expenses, depreciation and amortization, costs of premises, and IT, travel, and vehicle expenses. As well as purely administrative expenses, they also include project-related expenses and in particular the expenses incurred for the increasing digitization of our business model (interconnected retail).

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<b>EBITDA</b>	<i>Alternative key performance figure to comment on earnings performance</i>	EBITDA stands for earnings before interest, taxes, depreciation and amortization (on property, plant and equipment and on intangible assets). EBITDA is a cash flow-based figure, as depreciation and amortization, which do not impact on liquidity, are added to operating earnings (EBIT).
<b>Equity ratio</b>	<i>Alternative key performance figure to comment on asset situation</i>	The equity ratio is derived by dividing shareholders' equity as reported in the balance sheet (equity posted) by total capital (balance sheet total).
<b>Net financial debt</b>	<i>Alternative key performance figure to comment on financial situation</i>	Net financial debt is calculated as the total of current and non-current financial debt less cash and cash equivalents. To avoid negative interest rates on cash deposits, from the beginning of the 2016/2017 financial year part of the company's cash and cash equivalents has been reclassified as near-liquid current financial assets with terms of more than three and up to a maximum of twelve months. The inclusion of current financial assets in the calculation of net financial debt enhances comparability with the previous period.
<b>Gross margin</b>	<i>Further key performance figure to comment on earnings performance</i>	The gross margin is defined as gross profit (net balance of sales and cost of goods sold) as a percentage of net sales. This key management figure is chiefly influenced by developments in procurement and retail prices, changes in the product mix, and currency items resulting from international procurement.

## Income Statement

€ million <sup>1)</sup>	1 <sup>st</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2016/2017	Change %
Sales	1,195.5	1,116.1	7.1
Cost of goods sold	751.1	705.5	6.5
<b>Gross profit</b>	<b>444.4</b>	<b>410.6</b>	<b>8.2</b>
Selling and store expenses	298.2	287.5	3.7
Pre-opening expenses	1.1	2.1	(47.8)
General and administration expenses	55.1	47.1	17.2
Other income and expenses	2.7	2.5	7.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>92.7</b>	<b>76.5</b>	<b>21.2</b>
Interest and similar income	0.2	0.4	(59.1)
Interest and similar expenses	6.4	7.9	(18.8)
Other financial result	(0.6)	(0.7)	(15.6)
<b>Net financial expenses</b>	<b>(6.8)</b>	<b>(8.1)</b>	<b>(16.3)</b>
<b>Consolidated earnings before taxes</b>	<b>85.9</b>	<b>68.4</b>	<b>25.6</b>
Taxes on income	22.0	17.4	26.4
<b>Consolidated net income</b>	<b>63.9</b>	<b>50.9</b>	<b>25.3</b>
of which: income attributable to shareholders	50.8	41.0	24.0
of which: non-controlling interest	13.0	9.9	30.9
<b>Basic/diluted earnings per share (€)</b>	<b>3.18</b>	<b>2.56</b>	<b>24.2</b>

<sup>1)</sup> Previous year's figures adjusted; please see "Amendments in statement" in 2016/2017 Annual Report (Page 103).

## Statement of Comprehensive Income

€ million	1 <sup>st</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2016/2017
<b>Consolidated net income</b>	<b>63.9</b>	<b>50.9</b>
Actuarial gains and losses on defined benefit plans	1.3	(1.8)
Deferred taxes on actuarial gains and losses on defined benefit plans	(0.2)	0.3
<b>Other comprehensive income that will not be recycled at a later date</b>	<b>1.1</b>	<b>(1.5)</b>
Measurement of derivative financial instruments (cash flow hedge)		
Measurement of derivative hedging instruments directly in equity <sup>1)</sup>	(0.2)	(0.3)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.2	0.7
Exchange differences arising on the translation of foreign subsidiaries	(1.5)	(2.2)
Deferred taxes on gains and losses recognized directly in equity	0.0	(0.1)
<b>Other comprehensive income that will be recycled at a later date</b>	<b>(1.5)</b>	<b>(1.9)</b>
<b>Total comprehensive income</b>	<b>63.5</b>	<b>47.5</b>
of which: attributable to shareholders	50.4	38.3
of which: attributable to non-controlling interest	13.1	9.2

<sup>1)</sup> Represents the residual value of fair value changes and recognized changes in the value of corresponding hedge instruments in the period under report.



## Balance Sheet

Assets <sup>1)</sup>	May 31, 2017		February 28, 2017	
	€ million	%	€ million	%
<b>Non-current assets</b>				
Intangible assets	16.1	0.6	15.4	0.6
Property, plant, and equipment	1,597.0	57.6	1,599.8	60.4
Investment property	36.5	1.3	36.2	1.4
Non-current receivables and other assets	5.7	0.2	5.5	0.2
Deferred tax assets	10.2	0.4	10.1	0.4
	<b>1,665.6</b>	<b>60.1</b>	<b>1,667.0</b>	<b>62.9</b>
<b>Current assets</b>				
Inventories	705.4	25.5	662.0	25.0
Current financial assets	20.0	0.7	30.0	1.1
Trade receivables	34.6	1.2	29.5	1.1
Other current assets	58.5	2.1	53.2	2.0
Income tax receivables	19.1	0.7	15.3	0.6
Cash and cash equivalents	265.9	9.6	190.1	7.2
Non-current assets held for sale and disposal groups	1.5	0.1	1.2	0.0
	<b>1,104.9</b>	<b>39.9</b>	<b>981.2</b>	<b>37.1</b>
	<b>2,770.5</b>	<b>100.0</b>	<b>2,648.3</b>	<b>100.0</b>

Equity and liabilities <sup>1)</sup>	May 31, 2017		February 28, 2017	
	€ million	%	€ million	%
<b>Shareholders' equity</b>				
Share capital	48.0	1.7	48.0	1.8
Capital reserve	130.4	4.7	130.4	4.9
Revenue reserves	1,031.8	37.2	981.4	37.1
<b>Equity of shareholders of HORNBACH Holding AG &amp; Co. KGaA</b>	<b>1,210.2</b>	<b>43.7</b>	<b>1,159.8</b>	<b>43.8</b>
Non-controlling interest	251.0	9.1	237.9	9.0
	<b>1,461.2</b>	<b>52.7</b>	<b>1,397.7</b>	<b>52.8</b>
<b>Non-current liabilities</b>				
Non-current financial debt	611.0	22.1	620.5	23.4
Provisions for pensions	13.9	0.5	15.2	0.6
Deferred tax liabilities	52.9	1.9	51.9	2.0
Other non-current liabilities	37.0	1.3	36.4	1.4
	<b>714.7</b>	<b>25.8</b>	<b>724.0</b>	<b>27.3</b>
<b>Current liabilities</b>				
Current financial debt	47.8	1.7	75.8	2.9
Trade payables	281.6	10.2	259.3	9.8
Other current liabilities	125.8	4.5	88.4	3.3
Income tax liabilities	33.5	1.2	22.7	0.9
Other provisions and accrued liabilities	105.8	3.8	80.3	3.0
	<b>594.6</b>	<b>21.5</b>	<b>526.5</b>	<b>19.9</b>
	<b>2,770.5</b>	<b>100.0</b>	<b>2,648.3</b>	<b>100.0</b>

<sup>1)</sup> Previous year's figures adjusted; please see "Amendments in statement" in 2016/2017 Annual Report (Page 103).

## Statement of Changes in Equity

1 <sup>st</sup> Quarter 2016/2017 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
<b>Balance at March 1, 2016</b>	48.0	130.4	(1.8)	21.6	906.0	1,104.3	229.3	1,333.6
Consolidated net income					41.0	41.0	9.9	50.9
Actuarial gains and losses on defined benefit plans, net after taxes					(1.2)	(1.2)	(0.4)	(1.5)
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.2			0.2	0.1	0.3
Foreign currency translation				(1.7)		(1.7)	(0.4)	(2.2)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>(1.7)</b>	<b>39.9</b>	<b>38.3</b>	<b>9.2</b>	<b>47.5</b>
<b>Balance at May 31, 2016</b>	<b>48.0</b>	<b>130.4</b>	<b>(1.6)</b>	<b>19.9</b>	<b>945.9</b>	<b>1,142.6</b>	<b>238.6</b>	<b>1,381.2</b>

1 <sup>st</sup> Quarter 2017/2018 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
<b>Balance at March 1, 2017</b>	48.0	130.4	(1.5)	22.4	960.5	1,159.8	237.9	1,397.7
Consolidated net income					50.8	50.8	13.0	63.9
Actuarial gains and losses on defined benefit plans, net after taxes					0.8	0.8	0.3	1.1
Measurement of derivative financial instruments (cash flow hedge), net after taxes			0.0			0.0	0.0	0.0
Foreign currency translation				(1.3)		(1.3)	(0.2)	(1.5)
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.3)</b>	<b>51.7</b>	<b>50.4</b>	<b>13.1</b>	<b>63.5</b>
<b>Balance at May 31, 2017</b>	<b>48.0</b>	<b>130.4</b>	<b>(1.4)</b>	<b>21.1</b>	<b>1,012.2</b>	<b>1,210.2</b>	<b>251.0</b>	<b>1,461.2</b>

## Cash Flow Statement

€ million	1 <sup>st</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2016/2017
<b>Consolidated net income</b>	<b>63.9</b>	<b>50.9</b>
Depreciation and amortization of non-current assets	24.6	23.0
Change in provisions	0.8	0.1
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.4)	(0.4)
Change in inventories, trade receivables, and other assets	(61.5)	(40.9)
Change in trade payables and other liabilities	95.7	86.8
Other non-cash income/expenses	2.1	1.1
<b>Cash flow from operating activities</b>	<b>125.2</b>	<b>120.7</b>
Proceeds from disposal of non-current assets and of non-current assets held for sale	3.8	0.7
Payments for investments in property, plant, and equipment	(24.3)	(48.3)
Payments for investments in intangible assets	(1.6)	(1.6)
Cash paid for investments in connection with short-term finance planning	10.0	(60.0)
<b>Cash flow from investing activities</b>	<b>(12.0)</b>	<b>(109.3)</b>
Repayment of long-term debt	(7.8)	(6.5)
Change in current financial debt	(29.1)	(13.8)
<b>Cash flow from financing activities</b>	<b>(36.9)</b>	<b>(20.3)</b>
Cash-effective change in cash and cash equivalents	76.2	(8.9)
Change in cash and cash equivalents due to changes in exchange rates	(0.4)	(0.3)
Cash and cash equivalents at March 1	190.1	349.7
<b>Cash and cash equivalents at May 31</b>	<b>265.9</b>	<b>340.6</b>

## Segment Report

1 <sup>st</sup> Quarter 2017/2018 in € million 1 <sup>st</sup> Quarter 2016/2017 in € million	HORNBAACH Baumarkt AG subgroup	HORNBAACH Baustoff Union GmbH subgroup	HORNBAACH Immobilien AG subgroup	Headquarters and consolidation	HORNBAACH Holding AG & Co. KGaA Group
<b>Segment sales</b>	<b>1,130.3</b>	<b>64.6</b>	<b>19.7</b>	<b>(19.2)</b>	<b>1,195.5</b>
	1,058.9	56.8	19.8	(19.4)	1,116.1
Sales to third parties	1,130.0	64.6	0.0	0.0	1,194.5
	1,058.4	56.6	0.0	0.0	1,115.1
Sales to affiliated companies	0.0	0.1	0.0	(0.1)	0.0
	0.0	0.2	0.0	(0.2)	0.0
Rental income from third parties	0.4	0.0	0.6	0.0	1.0
	0.4	0.0	0.6	0.0	1.0
Rental income from affiliated companies	0.0	0.0	19.1	(19.1)	0.0
	0.0	0.0	19.2	(19.2)	0.0
<b>Segment earnings (EBIT)</b>	<b>77.6</b>	<b>1.5</b>	<b>14.3</b>	<b>(0.7)</b>	<b>92.7</b>
	61.5	1.5	14.4	(0.9)	76.5
<b>Depreciation and amortization/write-ups</b>	<b>19.6</b>	<b>1.5</b>	<b>3.4</b>	<b>0.0</b>	<b>24.5</b>
	18.2	1.3	3.5	0.0	23.0
<b>EBITDA</b>	<b>97.1</b>	<b>3.0</b>	<b>17.8</b>	<b>(0.7)</b>	<b>117.2</b>
	79.7	2.7	17.9	(0.9)	99.5
<b>Segment assets</b>	<b>2,078.3</b>	<b>163.7</b>	<b>463.3</b>	<b>36.0</b>	<b>2,741.2</b>
	2,100.4	143.8	479.9	44.2	2,768.2

Reconciliation in € million	1 <sup>st</sup> Quarter 2017/2018	1 <sup>st</sup> Quarter 2016/2017
<b>Segment earnings (EBIT) before "Headquarters and consolidation"</b>	<b>93.4</b>	<b>77.4</b>
Headquarters	(0.8)	(0.9)
Consolidation adjustments	0.1	0.0
Net financial expenses	(6.8)	(8.1)
<b>Consolidated earnings before taxes</b>	<b>85.9</b>	<b>68.4</b>

# FINANCIAL CALENDAR 2017

June 30, 2017	Quarterly Statement: 1 <sup>st</sup> Quarter of 2017/2018 as of May 31, 2017
July 7, 2017	Annual General Meeting Festhalle Landau, Landau/Pfalz
September 28, 2017	Half-Year Financial Report 2017/2018 as of August 31, 2017 DVFA Analysts Conference
December 21, 2017	Quarterly Statement: 3 <sup>rd</sup> Quarter of 2017/2018 as of November 30, 2017

## Investor Relations

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## DISCLAIMER

*This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of HORNBACH. Statements referring to the future are always 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 also turn out to be accurate. The assumptions may involve risks and uncertainties which could result in actual results differing significantly from the forecast statements. The factors which could produce such variances include changes in the economic and business environment, particularly in respect of consumer behavior and the competitive environment in those retail markets of relevance for HORNBACH. Furthermore, they include unusual weather conditions, a lack of acceptance of new sales formats or new product ranges, as well as changes to the corporate strategy. HORNBACH has no plans to update the forecast statements, neither does it accept any obligation to do so.*