HALF-YEAR FINANCIAL REPORT HORNBACH HOLDING AG GROUP

H1 2013/2014

(MARCH 1 – AUGUST 31, 2013)

HORNBACH
HOLDING AG

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Key Figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	2nd Quarter 2013/2014	2nd Quarter 2012/2013	Change %	1st Half 2013/2014	1st Half 2012/2013	Change %
Net sales	**938.6**	**878.7**	**6.8**	**1,830.6**	**1,797.5**	**1.8**
of which in other European countries	369.2	349.3	5.7	731.6	710.7	2.9
Like-for-like sales growth	4.6%	0.7%		(0.8)%	(0.2)%	
Gross margin as % of net sales	36.6%	36.4%		36.6%	37.0%	
EBITDA	106.0	96.5	9.8	175.5	190.0	(7.6)
EBIT	**87.1**	**77.8**	**12.0**	**138.3**	**153.2**	**(9.7)**
Consolidated earnings before taxes	78.7	71.2	10.4	121.4	136.3	(11.0)
Consolidated net income[1)]	55.2	49.7	11.0	86.4	96.6	(10.5)
Basic/diluted earnings per preference share (€)	2.79	2.51	11.2	4.39	4.83	(9.1)
Investments	32.9	33.9	(2.9)	64.1	66.6	(3.8)

Misc. key figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	August 31, 2013	February 28, 2013	Change %
Total assets	2,421.5	2,269.8	6.7
Shareholders' equity [2)]	1,168.5	1,096.9	6.5
Shareholders' equity as % of total assets [2)]	48.3%	48.3%	
Number of employees	15,287	14,913	2.5

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

1) Including minority interests pursuant to IFRS.
2) Previous year's figures adjusted due to IAS 19R; please see Note [1].

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBACH Group back on growth course thanks to successful race to catch up in second quarter of 2013/2014**
- **Consolidated sales return to positive growth of 1.8% in first half**
- **German business remains key growth driver – Other European countries gain momentum**
  - **DIY megastores and garden centers: Like-for-like sales virtually match previous year's figure in first six months**
  - **Builders' merchant business: Sales rise by 2.2% in first half**
- **Earnings shortfall from first quarter significantly reduced – six-month EBIT down 9.7% to € 138.3 million**

Following a pleasing race to catch up during the summer months, the HORNBACH HOLDING AG Group (HORNBACH Group) returned to its growth course in the first half of its 2013/2014 financial year (March 1 to August 31, 2013). Six-month consolidated sales grew by 1.8% to € 1,830.6 million in the first six months (2012/2013: € 1,797.5 million). The 6.8% jump in sales in the second quarter thus more than made up for the weather-related downturn seen in the first quarter (minus 2.9%).

Sales at the largest operating subgroup, HORNBACH-Baumarkt-AG (DIY retail), also grew by 1.8% in the first half of the year, in this case to € 1,712.5 million. Like-for-like DIY sales net of currency items increased by 4.6% in the second quarter of 2013/2014 (June 1 to August 31, 2013), following a 5.9% downturn in the first quarter. Cumulative sales for the first six months more or less returned to the previous year's level (minus 0.8%). Sales gained significant momentum in the course of the second quarter compared with the previous quarter, and that both in Germany and in other European countries.

Germany still generated the strongest sales momentum within the Group. The HORNBACH DIY megastores with garden centers boosted their like-for-like sales by 7.7% in the second quarter of 2013/2014 and by 0.7% in the first half as a whole. In the period under report (March to August 2013), like-for-like DIY sales in Germany were around three percentage points ahead of the sector average. This is attributable in part to the great popularity HORNBACH's DIY megastores with garden centers enjoy among German consumers. In Kundenmonitor Deutschland, the most prestigious consumer survey for the German retail sector, HORNBACH was ranked first among DIY and home improvement stores in terms of overall satisfaction in 2013 and also notched up the best results in the 21-year history of this sector survey. The international business also made progress in catching up in the summer months in 2013, and that in significantly tougher macroeconomic conditions than in Germany. The shortfall in like-for-like, currency-adjusted sales from the first quarter was reduced by more than half and amounted to minus 2.9% at the end of the first six months. Having opened two new stores in Sweden and Slovakia in the first half of the year, HORNBACH was operating 140 DIY megastores with garden centers across Europe as of August 31, 2013, of which 92 in Germany.

Following second-quarter growth of 5.0%, cumulative sales at the HORNBACH Baustoff Union GmbH subgroup for the first six months increased by 2.2% to € 117.3 million.

Earnings at the HORNBACH HOLDING AG Group grew disproportionately compared with sales in the second quarter of 2013/2014. As the first half progressed, the Group thus managed to make up for part of the shortfall in earnings incurred due to the unsuccessful start to the spring season. At € 138.3 million, cumulative operating earnings (EBIT) fell € 14.9 million, or 9.7%, short of the previous year's figure of € 153.2 million. In the first quarter, this shortfall still amounted to € 24.3 million (minus 32.2%). Cumulative net income for the period totaled € 86.4 million, as against € 96.6 million in the previous year. Earnings per preference share for the first six months are reported at € 4.39 (2012/2013: € 4.83). Given the race to make up lost ground successfully launched in the second quarter, HORNBACH has slightly increased its earnings forecast for 2013/2014.

Macroeconomic Framework

The **global economy** showed moderate growth in the second calendar quarter of 2013. This was largely due to a comparatively flat upward trend in emerging economies. The industrialized economies as a whole noticeably stepped up their growth rates. According to the German Bundesbank, aggregate real-term gross domestic product (GDP) in the USA, Japan, the UK, and the euro area grew by just under 0.5%.

In the second quarter of 2013, **Europe** managed to emerge from the recession in which it had been trapped since the fall of 2011. According to the EU statistics authority Eurostat, seasonally-adjusted GDP grew by 0.4% in the European Union (EU 27) and by 0.3% in the euro area (EA 17) in the second quarter of 2013 compared with the previous quarter. In the previous period, GDP had still contracted by 0.1% (EU 27) and by 0.2% (EA 17). This economic turnaround was due in part to northern EU member states catching up after the first three months of 2013, in which output, especially in the construction sector, had been severely restricted due to persistent cold wintry weather conditions. The overall European economy owes this return to growth in particular to its two largest economies, Germany and France, which increased their macroeconomic output by 0.7% and 0.5% respectively. Not only that, the rate of economic contraction has slowed significantly in the southern-European crisis-hit countries of Italy and Spain. With economic growth of 1.1% in the second quarter of 2013 compared with the previous quarter, Portugal even posted the highest growth rate in Europe.

According to the German Bundesbank, GDP growth within the European Union has benefited in particular from increased exports and from the stabilization in private consumer spending. The bottoming out in consumer spending is on the one hand consistent with the noticeable improvement since December 2012, albeit starting from a low level, in the consumer confidence levels determined by the European Commission. On the other hand, at 11.0% the European unemployment rate is still at a record level, but has not risen any further since February 2013. Furthermore, consumers' propensity to spend has recently also been positively influenced by subdued levels of inflation.

Overall, macroeconomic conditions in the countries outside Germany where the HORNBACH-Baumarkt-AG Group operates improved in the second quarter of 2013 compared with the previous quarter. Based on information available upon completion of this report, economic output in Sweden fell slightly in the second quarter of 2013. The recession in the Netherlands has slowed significantly over the past four quarters. In Germany, Austria, the Czech Republic, Romania, Switzerland, and Slovakia GDP grew, in some cases significantly, in the second quarter of 2013 compared with the previous quarter.

GDP growth rates in countries with HORNBACH DIY megastores and garden centers (calendar year)

Percentage change on previous quarter Source: Eurostat, official statistics	3rd Quarter 2012	4th Quarter 2012	1st Quarter 2013	2nd Quarter 2013
Germany	0.2	-0.5	0.0	0.7
Austria	0.1	-0.1	0.1	0.1
Czech Republic	-0.3	-0.3	-1.3	0.6
Luxembourg	-0.2	2.2	-1.6	n.a.
Netherlands	-0.9	-0.6	-0.4	-0.2
Romania	-0.5	1.0	0.4	0.5
Slovakia	0.2	0.1	0.2	0.3
Sweden	0.2	-0.2	0.3	-0.2
Switzerland	0.7	0.3	0.6	0.5
Euro area (EA17)	**-0.1**	**-0.5**	**-0.2**	**0.3**
EU 27	**0.1**	**-0.4**	**-0.1**	**0.4**

The **German economy** gained momentum following its weak start to the year. According to the Federal Statistical Office, GDP adjusted for prices, seasonal and calendar factors was 0.7% higher in the second quarter of 2013 than in the previous quarter. Based on recalculations performed in August, macroeconomic output in Germany stagnated in the first quarter of 2013 and contracted by 0.5% in the final quarter of 2012. In the second quarter of 2013, the positive momentum came above all from the domestic economy. Both private consumer spending (plus 0.5%) and government consumption (plus 0.6%) were higher than in the first quarter of 2013. Not only that, capital expenditure also picked up, with a 0.9% increase in investments in equipment – which chiefly includes machinery and appliances, as well as vehicles – compared with the previous quarter.

Construction investments even grew by 2.6%. Given that construction activity had been significantly held back by weather conditions in the first quarter, a large share of this growth was due to the implementation of investments previously postponed. What's more, momentum in the housing market was boosted by additional demand. The construction of almost 125,000 residential units was approved in the period from January to June 2013 – 9.6% more than in the first half of 2012. The positive trend in terms of building permits thus continued. Particularly sharp increases were seen in the numbers of permits issued for apartments in apartment blocks (plus 21.7%) and semi-detached houses (plus 13.9%), while only 1.5% more detached houses were approved.

Confidence among German consumers surged to its highest level in August 2013 since the end of 2006. However, a slight degree of skepticism concerning the economic outlook and slightly dampened income expectations then brought the upward trend in consumer confidence to a provisional halt. Given the highly stable situation on the labor market and pleasing overall developments in incomes from employment, the consumer surveyor GfK sees good prospects for consumer confidence stabilizing in the further course of the year. However, this depends on there being no further increase in the insecurity felt by Germans on account of the ongoing international debt crisis and no further intensification in inflation in Germany.

The high propensity to spend seen recently led to a recognizable increase in private consumer spending in the second quarter of 2013, one nevertheless not reflected in the form of corresponding sales growth in the German retail sector. Between January and June 2013, retail sales grew by 1.3% in nominal terms and fell by 0.1% in real (price-adjusted) terms compared with the previous year's period. Food retail reported sales growth of 2.8% in nominal terms and 0.2% in real terms. Non-food retail sales in the first half of 2013 failed to move by more than plus 0.2% in nominal terms and minus 0.5% in real terms.

The DIY store and garden center sector has had a particularly tough time in 2013 to date. In the first six months of the year, the sector showed only a sluggish recovery from the massive downturn in sales due to winter lasting through to April. According to the BHB/GfK report, sales at DIY stores and garden centers in Germany in the first half of 2013 fell year-on-year by 5.2% to € 9.1 billion. Thanks to a neutral second quarter (plus 0.2%), the substantial shortfall in sales from the first quarter, amounting to minus 12.2%, could be reduced by the end of the six-month period. On a like-for-like basis, i.e. excluding sales at stores newly opened or closed, the DIY sector fell 5.1% short of the previous year's figures in the first six months of 2013. The month of March 2013, in which nominal sales plummeted by 24.1% (adjusted: minus 24.3%), was particularly catastrophic for the sector.

One event that caused a stir among the general public and the DIY sector alike was the insolvency of the German DIY group Praktiker in July 2013, a development that affected both the German Praktiker and Max Bahr locations. As a result, the German DIY landscape is expected to be substantially streamlined and reshaped. The contours of this new landscape were not yet apparent upon publication of this report. Having said this, the measures taken to close locations and customer migration in the relevant catchment areas already led sales to shift in favor of other competitors in summer 2013.

Earnings, Financial and Net Asset Situation*

Sales performance

Following a successful race to catch up during the summer months, the HORNBACH HOLDING AG Group returned to its growth course in the first half of its 2013/2014 financial year (March 1 to August 31, 2013). Consolidated sales for the first six months grew by 1.8% to € 1,830.6 million (2012/2013: € 1,797.5 million). The 6.8% jump in sales to € 938.6 million in the second quarter (2012/2013: € 878.7 million) thus more than made up for the weather-related downturn in the first quarter (minus 2.9%).

The HORNBACH HOLDING AG Group (HORNBACH Group) comprises the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

HORNBACH-Baumarkt-AG subgroup

We launched operations at one new HORNBACH DIY megastore with a garden center in the second quarter of 2013/2014, in this case in the Swedish city of Helsingborg in July 2013. Our store network in Sweden now covers five locations. Including the store newly opened in the first quarter (Bratislava Devínska Nová Ves, Slovakia), HORNBACH operated 140 retail outlets across the Group as of August 31, 2013 (February 28, 2013: 138), of which 92 in Germany and 48 in other European countries.

The subgroup's sales increased by 7.0% to € 873.5 million in the period from June 1 to August 31, 2013 (2012/2013: € 816.7 million). On a like-for-like basis and net of currency items, second-quarter consolidated sales were 4.6% ahead of the previous year's figure. Including currency items for non-euro countries, specifically the Czech Republic, Romania, Sweden, and Switzerland, like-for-like sales grew by 4.2%.

Overall sales for the first half of 2013/2014 grew by 1.8% to € 1,712.5 million (2013/2014: € 1,681.9 million). With a cumulative downturn of 0.8%, like-for-like sales net of currency items were almost in line with the previous year's figure. Including currency items, the HORNBACH-Baumarkt-AG subgroup witnessed a 1.1% downturn in like-for-like sales. The degree of sales momentum improved significantly in the course of the second quarter compared with the preceding quarter, and that in both the Germany and the Other European Countries segments. This was also due in part to DIY customers catching up with purchases for numerous construction, renovation, and garden projects previously postponed to subsequent months on account of the spring washout.

■ Germany

In the second quarter of 2013/2014, the domestic stores generated clear year-on-year sales growth in each individual month. Overall, sales in Germany increased by 8.4% to € 506.8 million in the second quarter of 2013/2014 (2012/2013: € 467.5 million). Like-for-like sales growth reached 7.7% in the second quarter, following a decline of 5.8%, principally due to weather conditions, in the previous quarter. Total sales for the first six months improved by 1.5% to € 985.7 million (2012/2013: € 971.3 million). On a like-for-like basis, we generated cumulative growth of 0.7%. In the first half of 2013/2014 as a whole, we thus more than made up for the shortfall in sales in the first quarter.

Following the unusually long period of wintry weather conditions in the first quarter of 2013/2014 and the once-in-a-century floods in early June 2013, the subsequent period of stable summer weather significantly boosted customer demand at our stores in the second quarter. Garden product ranges in particular, such as gardening equipment, machinery, and decoration, were able to make up for lost ground. Not only that, thanks to its consistent focus on project customers, within the DIY sector HORNBACH managed to benefit disproportionately from ongoing high levels of demand in the housing construction and renovation market. In this climate, HORNBACH continued to outperform the overall DIY sector in Germany. In the comparative period from March to August 2013, like-for-like sales in our home market were around three percentage points ahead of the sector averages calculated on the basis of the monthly surveys performed by the BHB sector association. As a result, HORNBACH has further expanded its market share in Germany as the 2013/2014 financial year has progressed.

* Unless otherwise indicated, HORNBACH time periods refer to the company's financial year (March to February).

This development is also due to the great popularity HORNBACH's DIY megastores with garden centers enjoy among German consumers. This has been further boosted by high-profile marketing campaigns such as the recent HORNBACH Hammer campaign. As in previous years, HORNBACH's popularity has been underlined by its very pleasing performance in Kundenmonitor Deutschland, the most prestigious consumer survey in the German retail sector. Based on the findings of the 2013 Kundenmonitor survey, with an overall grade of 2.2 HORNBACH was awarded top position among DIY and home improvement players in terms of overall satisfaction. This grade represents the best results achieved by a DIY company since the sector survey began in 1993. HORNBACH came top in a further 18 of the other 34 evaluation categories, including first position in seven out of nine new product range disciplines. Apart from this, HORNBACH also came second in eight categories and third in three categories. The individual categories in which customers ranked us first include value for money and product quality, as well as in the comparison of our prices and product ranges with those offered by competitors and the up-to-dateness of our product range, selection of private label products, and environmental focus.

■ Other European countries

Due to the Group's expansion, sales in the eight countries outside Germany pooled in the Other European Countries segment grew by 5.0% to € 366.7 million in the second quarter of 2013/2014 (2012/2013: € 349.3 million). At € 726.7 million, sales at the international HORNBACH DIY megastores with garden centers for the first six months as a whole exceeded the previous year's figure (€ 710.6 million) by 2.3%. The international share of half-year consolidated sales at HORNBACH-Baumarkt-AG rose slightly from 42.3% to 42.4%.

In terms of our like-for-like sales performance net of currency items, in the summer months of 2013 we made good progress outside Germany as well in making up for lost ground. Thanks to the improved sales trend in the second quarter, in the six-month period as a whole we managed to reduce the shortfall seen in the first quarter by more than half. Following a downturn of 6.1% in the first quarter of 2013/2014, the increase of 0.5% in the second quarter represents the first positive growth in like-for-like sales net of currency items in the Other European Countries segment since spring 2011. This enabled us to reduce the downturn in sales for the first half of 2013/2014 to minus 2.9%. Including currency items, the reduction in first-half sales amounted to 3.4%. This decrease in adjusted sales in other European countries was virtually offset on group level. In its international activities, HORNBACH once again outperformed the DIY sector average in almost all of its country markets in the first half of the 2013 calendar year and thus gained additional market share.

The weaker sales performance in other European countries compared with Germany is a result of macroeconomic conditions in these countries, which overall are still more fragile than in Germany. In particular, the ongoing tense situation on labor markets and arduous process of consolidation in some EU countries have limited private households' scope for investment and thus their propensity to spend. Based on the European Union consumer confidence data collected by Eurostat, the indicators for those countries in which we operate fell short of the equivalent figures for Germany. Having said this, given the economic recovery forecast for 2013 and 2014 consumer confidence levels have improved noticeably since the end of 2012.

HORNBACH Baustoff Union GmbH subgroup

The HORNBACH Baustoff Union GmbH (HBU) subgroup, which focuses on the needs of professional customers in its main target groups in the main construction and subconstruction trades, as well as on private clients, also managed to increase its sales once again in the first six months. Following pleasing growth of 5.0% to € 64.7 million in the second quarter (2012/2013: € 61.6 million), sales at the 25 builders' merchants outlets in south-western Germany and at the two locations close to the border in France increased by 2.2% to € 117.3 million in the first half of 2013/2014 as a whole (2012/2013: € 114.8 million).

Earnings performance

The following information refers to the earnings performance of the overall HORNBACH HOLDING AG Group.

2nd quarter of 2013/2014

The earnings performance of the HORNBACH Group showed a significant year-on-year improvement in the second quarter of 2013/2014. Key earnings figures showed disproportionate growth compared with sales in the period from June to August 2013. This was mainly driven by like-for-like sales growth in Germany and other European countries, a slightly higher gross margin, and highly disciplined cost management in the operating business and administrative departments. Thanks to lower procurement prices and a slight rise in retail prices, the gross margin rose by 0.2 percentage points to 36.6%. Selling and store expenses showed less marked growth than net sales, rising by 3.8% to € 219.3 million (2012/2013: € 211.2 million). As a result, the store expense ratio dropped from 24.0% to 23.4%. With one new store opening, as against two in the previous year's quarter, pre-opening expenses decreased from € 2.8 million to € 1.9 million. At € 35.4 million, administration expenses more or less remained at the previous year's level. The administration expense ratio reduced from 4.0% to 3.8% Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 9.8% to € 106.0 million (2012/2013: € 96.5 million). Operating earnings (EBIT) grew by 12.0% to € 87.1 million (2012/2013: € 77.8 million). Consolidated earnings before taxes increased by 10.4% to € 78.7 million (2012/2013: € 71.2 million). Net income for the period grew from € 49.7 million to € 55.2 million. Earnings per preference share amounted to € 2.79 in the second quarter of 2013/2014 (2012/2013: € 2.51).

1st half of 2013/2014

Thanks to the positive business performance and earnings contributions generated in the second quarter, in the first half of 2013/2014 as a whole HORNBACH managed to make up for part of the loss in earnings suffered due to the unsuccessful start to the spring season. The year-on-year reduction in the gross margin decreased over the cumulative six-month period. In the first quarter, weather-induced high volumes of write-downs and changes in the product mix in particular meant that the gross margin had still fallen 0.8 percentage points short of the previous year's figure. As a percentage of net sales, the gross margin amounted to 36.6% in the first half of the year (2012/2013: 37.0%).

Thanks to the higher sales basis, cost ratios were also more favorable in the first half as a whole than three months ago. Cumulative selling and store expenses at the Group rose by 3.1% to € 458.3 million (2012/2013: € 444.6 million). This increase was mainly driven by the expansion-related rise in personnel expenses, collectively agreed pay rises, and higher rental, utility and operating expenses. The store expense ratio thus rose by 0.3 percentage points to 25.0%. In the first quarter, this increase had still amounted to 1.4 percentage points. Pre-opening expenses are reported at € 4.2 million (2012/2013: € 5.1 million). Administration expenses grew by 1.7% to € 73.1 million in the first half, thus rising in line with sales. As a result, the administration expense ratio remained constant at 4.0%.

Other income and expenses decreased from € 10.0 million to € 3.2 million in the first half of 2013/2014. The main reason for this reduction was a positive one-off operating item of € 5.5 million reported in the previous year's period in connection with electricity tax in Germany. The non-operating result declined from € 0.2 million to minus € 0.4 million. Here, gains of € 0.9 million from real estate sales were offset in the first half of 2013/2014 by non-operating expenses of € 1.3 million for discontinued expansion projects.

The year-on-year shortfall in key earnings figures reduced significantly in the first six months compared with the first quarter of the current financial year. At € 175.5 million, cumulative EBITDA thus fell € 14.5 million (minus 7.6%) short of the previous year's figure of € 190.0 million. In the first quarter, this shortfall still amounted to € 24.0 million (minus 25.7%). In terms of its operating earnings (EBIT), the Group reduced the shortfall by € 9.3 million in the second quarter. At € 138.3 million, EBIT fell € 14.9 million (minus 9.7%) short of the previous year's figure of € 153.2 million. At minus € 16.9 million, net financial expenses remained at the previous year's level. Here, the reduction in the interest charge from € 18.3 million to € 14.8 million was countered by negative currency items, which deteriorated from plus € 1.4 million in the previous year to minus € 2.1 million in the year under report.

Consolidated earnings before taxes fell by 11.0% to € 121.4 million (2012/2013: € 136.3 million). Net income for the period totaled € 86.4 million, as against € 96.6 million in the previous year. Basic earnings per preference share for the first six months are reported at € 4.39 (2012/2013: € 4.83).

Earnings performance by segment

The key earnings figures at the overall Group were largely shaped in the period under report by the development in earnings at the **HORNBACH-Baumarkt-AG** subgroup. Operating earnings (EBIT) here decreased by 13.7% to € 108.7 million in the first half (2012/2013: € 125.9 million). Further details about the earnings performance can be found in the Half-Year Financial Report 2013/2014 published separately by the HORNBACH-Baumarkt-AG subgroup.

The **HORNBACH Baustoff Union GmbH** subgroup virtually matched the previous year's level of earnings in the first six months of the 2013/2014 financial year. This subgroup's EBIT fell slightly by 3.6% to € 5.3 million (2012/2013: € 5.5 million).

Driven mainly by higher rental income, half-year operating earnings at the **HORNBACH Immobilien AG subgroup** rose by 10.5% to € 25.9 million (2012/2013: € 23.4 million).

Financial and net asset situation

At € 64.1 million, the HORNBACH Group's investments in the first half of 2013/2014 were roughly at the same level as in the previous year (€ 66.6 million). Here, the reduction in funds invested at the HORNBACH-Baumarkt-AG subgroup from € 52.8 million to € 35.2 million was mainly opposed by an increase in investments at the HORNBACH Immobilien AG subgroup from € 11.4 million to € 25.5 million. Around 65% of the funds were channeled into land and buildings, while the rest was invested in plant and office equipment at new and existing stores, as well as in intangible assets (predominantly IT software). Investments were financed in full from the cash flow of € 183.2 million from operations (2012/2013: € 184.2 million). Information about the financing and investment activities of the HORNBACH HOLDING AG Group can be found in the cash flow statement on Page 17.

The total assets of the HORNBACH Group rose to € 2,421.5 million as of August 31, 2013, up 6.7% on the balance sheet date on February 28, 2013. This growth was substantially driven by the significant increase in cash and cash equivalents from € 356.9 million to € 472.8 million (plus € 115.9 million), as well as by increases in property, plant and equipment (plus € 20.9 million) and in current receivables and other assets (plus € 19.2 million).

Shareholders' equity as reported in the balance sheet rose by 6.5%, or € 71.6 million, to € 1,168.5 million. As a result, the equity ratio remained unchanged at 48.3%.

Non-current liabilities fell by € 22.7 million to € 697.7 million (February 28, 2013: € 720.4 million). Current liabilities rose by € 102.8 million to € 555.3 million (€ 452.6 million). This was primarily attributable to increases in trade payables and other liabilities (plus € 51.4 million), income tax liabilities (plus € 20.6 million), and current financial liabilities (plus € 19.8 million).

The net financial debt of the HORNBACH Group reduced from € 370.9 million at the balance sheet date on February 28, 2013 to € 250.2 million as of August 31, 2013.

Employees

A total of 15,287 individuals across Europe were in fixed employment at the HORNBACH HOLDING AG Group at the reporting date on August 31, 2013 (February 28, 2013: 14,913).

Risk Report

We provided a detailed presentation of the risks involved in our business activities on Pages 69 to 75 of the 2012/2013 Annual Report of the HORNBACH HOLDING AG Group. Over and above the information provided in the Annual Report, there have been no major changes in the first half of 2013/2014 which could result in any new risk assessment for the second half of the year. Furthermore, no future risks to the continued existence of the HORNBACH HOLDING AG Group have been identified on the basis of the information currently available.

Events After the Balance Sheet Date

The representatives of the British retail group Kingfisher plc on the Supervisory Board of HORNBACH HOLDING AG, Kevin O'Byrne (Kingfisher Divisional CEO, B&Q) and David Paramor (Finance and Planning Director, Kingfisher plc), stood down from their positions on September 11, 2013. Kingfisher's representative on the Supervisory Board of the HORNBACH-Baumarkt-AG subsidiary, John Declerck, Group Strategy Director, stood down from his position at the same time. The reason given was that this precautionary measure would avoid any potential conflicts of interest resulting from the companies' respective expansion strategies. Since its takeover of 15 Bricostore DIY stores in Romania in May 2013, Kingfisher has been in direct competition with HORNBACH for the first time since the strategic alliance with HORNBACH began in December 2001. As announced by Kingfisher in its half-year report on September 11, 2013, the British company is planning its own market launch in Germany in summer 2014, in this case with four trial "Screwfix" stores, a small-scale specialist retail format aimed at professional customers.

Other than this, no events of material significance for assessing the earnings, financial and net asset position of HORNBACH HOLDING AG, or of the HORNBACH HOLDING AG Group, have occurred since the end of the first half of the financial year on August 31, 2013.

Outlook

We reported at length on the macroeconomic, sector-specific, and strategic opportunities and risks involved in the business activities of the HORNBACH HOLDING AG Group in the outlook on Pages 76 to 86 of the 2012/2013 Annual Report. Our basic assessment of the macroeconomic opportunities and risks facing the HORNBACH HOLDING AG Group in the 2013/2014 financial year and the comments concerning sector-specific and strategic development potential were still valid upon publication of this interim report.

As the European Central Bank (ECB) wrote in its monthly report for September 2013, the global economic recovery remains restrained and is characterized by regional variances. Survey indicators would appear to have approved. Having said this, confidence levels remain subdued, a factor that the ECB interprets as indicating that the global economy will only be slow to regain momentum. Taken together, early indicators on country level imply that the outlook for emerging economies has deteriorated slightly, while there are signs of improved growth prospects in leading industrialized economies.

The latest economic data has fed hopes that the European economy is gradually recovering, albeit at a low level. Economic sentiment in the euro area – measured in terms of the Economic Sentiment Indicator (ESI) calculated by the EU Commission – most recently improved in August, and that more markedly so than economists had expected. With regard to the remainder of 2013 and to 2014, macroeconomic output can be expected to recover slowly, with this recovery being driven in particular by a gradual revival in domestic demand. Not only that, real-term incomes have also benefited recently from lower overall levels of inflation. Euro area unemployment nevertheless remains high. Together with the relentless pressure on governments to consolidate their spending in view of the Euro sovereign debt crisis, this represents an economic risk that must still be taken seriously. Based on the forecasts compiled by the ECB for the euro currency area in September 2013, annual GDP is set to drop by 0.4% in 2013. The macroeconomic forecast has thus been raised by 0.2 percentage points compared with June 2013. For 2014, the ECB experts have revised their forecast level of economic growth slightly downwards to 1.0%.

Growth prospects for 2013 and 2014 in the European countries in which we operate are in most cases more positive than the European average. Apart from the Netherlands and the Czech Republic, which are only expected to emerge from recession in 2014, the Bloomberg "Consensus" predicts that all other HORNBACH countries are set to defy the overall European trend and post growth in 2013 already. Germany is still viewed as the key growth driver in this respect.

Rate of GDP change and growth forecasts in countries with HORNBACH DIY megastores and garden centers

Year-on-year percentage change Source: Eurostat, Bloomberg Consensus (2013; 2014)	2011	2012	2013 Forecast	2014 Forecast
Germany	3.3	0.7	0.5	1.7
Austria	2.8	0.9	0.4	1.5
Czech Republic	1.8	-1.2	-1.0	1.5
Luxembourg	1.7	0.3	0.8	1.6
Netherlands	0.9	-1.2	-1.1	0.5
Romania	2.2	0.7	2.0	2.3
Slovakia	3.2	2.0	0.9	2.2
Sweden	2.9	1.0	1.4	2.4
Switzerland	1.8	1.0	1.6	1.7
Euro area (EA17)	**1.5**	**-0.6**	**-0.4**	**1.2**
EU 27	**1.7**	**-0.4**	**-0.1**	**1.4**

According to the ECB, both hard and soft economic data for the third quarter of 2013 point to ongoing stable developments or slight growth in private consumer spending. In the second quarter, private consumer spending rose by 0.2%, thus showing positive growth for the first time since the fall of 2011. The data calculated through to August 2013 for retail sales, the Purchasing Managers' Index for retail sales and the confidence indicator for the retail sector in Europe were ahead of the respective second-quarter averages. Consumer confidence has consistently improved since the end of 2012. This is because private households are more positive once again in their assessment of future developments in unemployment and the overall economic situation.

Outlook for the Group

Expansion

Two further new openings of HORNBACH DIY megastores with garden centers are scheduled for the second half of the current 2013/2014 financial year. In the third quarter (September 1 to November 30, 2013), we aim to open our tenth location in the Netherlands, in this case in Nieuwerkerk. A new location in Heidelberg is set to open its doors at the end of the fourth quarter (December 1, 2013 to February 28, 2014). This will replace the former location in operation since 1985. By the end of the financial year on February 28, 2014, the total number of HORNBACH DIY megastores with garden centers is expected to reach 141 (of which 49 in other European countries).

Within the current Praktiker/Max Bahr insolvency proceedings, HORNBACH has signaled its interest in taking over individual locations in Germany. Depending on the outcome of these proceedings, which were still underway upon completion of this report, it is possible that – in contrast to our previous plans – we will be stepping up our expansion in Germany in the coming months.

Forecast

Given the pleasing sales and earnings performance of the HORNBACH HOLDING AG Group in the second quarter of 2013/2014 on the one hand and stable macroeconomic trends in Germany and other European countries on the other hand, the basis for forecasting the Group's business prospects for the 2013/2014 financial year as a whole had improved slightly upon completion of this report compared with the situation one quarter earlier.

In terms of our **sales forecast** for the 2013/2014 financial year as a whole, we still expect our overall sales, i.e. net sales including stores newly opened, closed, or extended, for the 2013/2014 financial year to slightly exceed the figure for the 2012/2013 financial year, and that both at the HORNBACH HOLDING AG Group and at the HORNBACH-Baumarkt-AG subgroup. This assessment is based on the assumption that the Euro debt crisis will not trigger any significant deterioration in macroeconomic conditions in the European countries in which we operate in the second half of 2013/2014.

By contrast, we are slightly raising our **earnings forecast** for the 2013/2014 financial year. Previously, we still assumed that operating earnings (EBIT) at the HORNBACH HOLDING AG Group for the 2013/2014 financial year would match or fall slightly short of the figure for the 2012/2013 financial year (€ 145.9 million). Thanks to the race to catch up successfully launched in the second quarter, we now expect the HORNBACH Group's EBIT for 2013/2014 to at least match the level seen in the 2012/2013 financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	2nd Quarter 2013/2014	2nd Quarter 2012/2013	Change %	1st Half 2013/2014	1st Half 2012/2013	Change %
Sales	938.6	878.7	6.8	1,830.6	1,797.5	1.8
Cost of goods sold	595.2	558.9	6.5	1,160.0	1,132.8	2.4
Gross profit	**343.5**	**319.8**	**7.4**	**670.7**	**664.7**	**0.9**
Selling and store expenses	219.3	211.2	3.8	458.3	444.6	3.1
Pre-opening expenses	1.9	2.8	(32.5)	4.2	5.1	(16.2)
General and administration expenses	35.4	35.2	0.7	73.1	71.9	1.7
Other income and expenses	0.2	7.1	(96.6)	3.2	10.0	(68.1)
Earnings before interest and taxes (EBIT)	**87.1**	**77.8**	**12.0**	**138.3**	**153.2**	**(9.7)**
Other interest and similar income	0.2	0.7	(71.2)	0.3	1.5	(76.8)
Other interest and similar expenses	7.5	10.0	(24.5)	15.2	19.8	(23.4)
Other financial result	(1.1)	2.7	(141.6)	(2.1)	1.4	(246.7)
Net financial expenses	**(8.5)**	**(6.6)**	**29.0**	**(16.9)**	**(16.9)**	**0.2**
Consolidated earnings before taxes	**78.7**	**71.2**	**10.4**	**121.4**	**136.3**	**(11.0)**
Taxes on income	23.5	21.5	9.1	35.0	39.8	(12.0)
Consolidated net income	**55.2**	**49.7**	**11.0**	**86.4**	**96.6**	**(10.5)**
of which: income attributable to shareholders	44.4	39.9	11.3	70.1	77.0	(9.0)
of which: non-controlling interest	10.8	9.9	9.9	16.3	19.6	(16.5)
Basic/diluted earnings per share (€)	**2.76**	**2.48**	**11.3**	**4.36**	**4.80**	**(9.2)**
Basic/diluted earnings per preference share (€)	**2.79**	**2.51**	**11.2**	**4.39**	**4.83**	**(9.1)**

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

Statement of Comprehensive Income

€ million	2nd Quarter 2013/2014	2nd Quarter 2012/2013	1st Half 2013/2014	1st Half 2012/2013
Consolidated net income	**55.2**	**49.7**	**86.4**	**96.6**
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	3.2	(5.6)	2.6	(7.3)
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.0	2.4	1.1	3.0
Exchange differences arising on the translation of foreign subsidiaries	(0.3)	4.3	(2.9)	0.3
Deferred taxes on gains and losses recognized directly in equity	(0.9)	0.9	(1.0)	1.3
Other comprehensive income that will be recycled at a later date	**2.0**	**2.0**	**(0.2)**	**(2.8)**
Total comprehensive income	**57.2**	**51.7**	**86.2**	**93.8**
of which: attributable to shareholders	46.0	41.2	69.9	74.2
of which: attributable to non-controlling interest	11.2	10.5	16.3	19.5

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	August 31, 2013		February 28, 2013	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	12.9	0.5	13.7	0.6
Property, plant, and equipment	1,235.9	51.0	1,215.0	53.5
Investment property	38.0	1.6	37.0	1.6
Financial assets	0.3	0.0	2.6	0.1
Non-current receivables and other assets	5.6	0.2	6.0	0.3
Non-current income tax receivables	14.5	0.6	14.4	0.6
Deferred tax assets	14.5	0.6	15.0	0.7
	1,321.7	**54.6**	**1,303.7**	**57.4**
Current assets				
Inventories	511.0	21.1	515.4	22.7
Other receivables and assets	99.6	4.1	80.4	3.5
Income tax receivables	16.3	0.7	10.8	0.5
Cash and cash equivalents	472.8	19.5	356.9	15.7
Non-current assets held for sale and disposal groups	0.0	0.0	2.5	0.1
	1,099.8	**45.4**	**966.1**	**42.6**
	2,421.5	**100.0**	**2,269.8**	**100.0**

Equity and liabilities	August 31, 2013		February 28, 2013	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	48.0	2.0	48.0	2.1
Capital reserve	130.4	5.4	130.4	5.7
Revenue reserves [1)]	783.3	32.3	723.8	31.9
Equity of shareholders of HORNBACH HOLDING AG	**961.7**	**39.7**	**902.2**	**39.7**
Non-controlling interest [1)]	206.8	8.5	194.7	8.6
	1,168.5	**48.3**	**1,096.9**	**48.3**
Non-current liabilities				
Non-current financial debt	606.7	25.1	631.2	27.8
Provisions for pensions [1)]	2.0	0.1	2.0	0.1
Deferred tax [1)]	62.4	2.6	60.7	2.7
Other non-current liabilities	26.6	1.1	26.4	1.2
	697.7	**28.8**	**720.4**	**31.7**
Current liabilities				
Current financial debt	116.4	4.8	96.6	4.3
Trade payables and other liabilities	314.3	13.0	262.9	11.6
Income tax liabilities	50.4	2.1	29.8	1.3
Other provisions and accrued liabilities	74.2	3.1	63.3	2.8
	555.3	**22.9**	**452.6**	**19.9**
	2,421.5	**100.0**	**2,269.8**	**100.0**

Rounding up or down may lead to discrepancies between percentages and totals. Calculation of percentages based on € 000s.
[1)] Previous year's figures adjusted due to IAS 19R; please see Note [1].

Statement of Changes in Equity

1st Half 2012/2013 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interest	Total group equity
Balance at March 1, 2012	**48.0**	**130.4**	**(3.7)**	**21.2**	**658.3**	**854.2**	**187.1**	**1,041.3**
Changes in accounting policy because of IAS 19R					1.1	1.1	0.4	1.5
Balance at March 1, 2012 (adjusted)	**48.0**	**130.4**	**(3.7)**	**21.2**	**659.4**	**855.3**	**187.5**	**1,042.8**
Consolidated net income					77.0	77.0	19.6	96.6
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(2.7)			(2.7)	(0.3)	(3.1)
Foreign currency translation				0.0		0.0	0.3	0.3
Total comprehensive income	**0.0**	**0.0**	**(2.7)**	**0.0**	**77.0**	**74.2**	**19.5**	**93.8**
Dividend distribution					(10.5)	(10.5)	(3.8)	(14.2)
Transactions with other shareholders					0.0	0.0	(0.1)	(0.1)
Balance at August 31, 2012	**48.0**	**130.4**	**(6.5)**	**21.1**	**726.0**	**919.1**	**203.2**	**1,122.3**

1st Half 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to share-holders	Non-controlling interest	Total group equity
Balance at March 1, 2013 [1]	**48.0**	**130.4**	**(6.0)**	**18.5**	**711.3**	**902.2**	**194.7**	**1,096.9**
Consolidated net income					70.1	70.1	16.3	86.4
Measurement of derivative financial instruments (cash flow hedge), net after taxes			2.4			2.4	0.3	2.7
Foreign currency translation				(2.6)		(2.6)	(0.3)	(2.9)
Total comprehensive income	**0.0**	**0.0**	**2.4**	**(2.6)**	**70.1**	**69.9**	**16.3**	**86.2**
Dividend distribution					(10.5)	(10.5)	(3.8)	(14.2)
Transactions with other shareholders							(0.3)	(0.3)
Balance at August 31, 2013	**48.0**	**130.4**	**(3.6)**	**15.9**	**770.9**	**961.7**	**206.8**	**1,168.5**

Rounding up or down may lead to discrepancies between totals.
[1] Previous year's figures adjusted due to IAS 19R; please see Note [1].

Cash Flow Statement

€ million	1st Half 2013/2014	1st Half 2012/2013
Consolidated net income	**86.4**	**96.6**
Depreciation and amortization of non-current assets	37.2	36.8
Change in provisions	(0.6)	(0.1)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(0.2)	(0.8)
Change in inventories, trade receivables, and other assets	(24.8)	(14.1)
Change in trade payables and other liabilities	82.2	69.0
Other non-cash income/expenses	3.1	(3.2)
Cash flow from operating activities	**183.2**	**184.2**
Proceeds from disposal of non-current assets and of non-current assets held for sale	8.8	3.4
Payments for investments in property, plant, and equipment	(52.0)	(65.6)
Payments for investments in intangible assets	(0.9)	(1.0)
Payments for investments in financial assets	(0.1)	0.0
Payments for acquisitions of shareholdings and other business units	(11.0)	0.0
Cash flow from investing activities	**(55.3)**	**(63.2)**
Dividends paid	(14.2)	(14.2)
Proceeds from taking up long-term debt	0.0	102.4
Repayment of long-term debt	(20.5)	(81.2)
Payments for transaction costs	0.0	(0.6)
Change in current financial debt	23.0	(19.7)
Cash flow from financing activities	**(11.7)**	**(13.4)**
Cash-effective change in cash and cash equivalents	116.2	107.6
Change in cash and cash equivalents due to changes in exchange rates	(0.3)	0.0
Cash and cash equivalents at March 1	356.9	422.3
Cash and cash equivalents at August 31	**472.8**	**530.0**

Rounding up or down may lead to discrepancies between totals.

Cash and cash equivalents include cash on hand, credit balances at banks, and other short-term deposits.

The cash flow from operating activities was reduced by income tax payments of € 20.4 million (2012/2013: € 22.2 million) and interest payments of € 11.2 million (2012/2013: € 22.3 million) and increased by interest received of € 0.3 million (2012/2013: € 1.5 million).

The other non-cash income/expenses item mainly relates to unrecognized exchange rate gains/losses, changes in the value of derivative financial instruments (cash flow hedges), and deferred taxes.

NOTES TO THE GROUP INTERIM REPORT

Notes to the Interim Consolidated Financial Statements as of August 31, 2013

(1) Accounting principles

This Group half-year financial report of HORNBACH HOLDING AG and its subsidiaries for the 1st half as of August 31, 2013 has been prepared in accordance with § 315a of the German Commercial Code (HGB) based on International Financial Reporting Standards (IFRS) in the form requiring mandatory application in the European Union. The abridged interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Pursuant to IAS 34 "Interim Financial Reporting", income tax expenses for the first half of the year have been calculated using the average annual tax rate expected for the financial year as a whole.

This interim report is to be read in conjunction with the consolidated financial statements of HORNBACH HOLDING AG for the 2012/2013 financial year. Reference is made to these financial statements on account of the additional information they contain as to the specific accounting and valuation methods applied. The notes included therein also apply to this interim report, unless any amendments are expressly indicated. Moreover, this interim report is also consistent with German Accounting Standard No. 16 (DRS 16) – Interim Reporting – of the German Accounting Standards Committee (DRSC).

By resolution adopted by the Annual General Meeting on July 5, 2013, the group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, was commissioned to perform an audit review of the half-year financial report of the HORNBACH HOLDING AG Group.

Apart from the new requirements set out below, the accounting principles applied in the preparation of this interim report are basically consistent with those applied in the consolidated financial statements as of February 28, 2013.

Changes in accounting principles

The following new standards, amendments to standards, and interpretations required first-time application in the 2013/2014 financial year:

- Amendment to IAS 19 (revised 2011) "Employee Benefits": Due to the amended definition of termination benefits, the top-up payments committed in the context of part-time early retirement agreements now constitute other long-term employee benefits requiring accrual by installment. Moreover, when determining the net interest expense for the return on plan assets, reference must now be made to the rate used to discount pension obligations. The Group has analyzed the implications of the aforementioned amendments to IAS 19 (revised 2011) for its current and past consolidated financial statements and has concluded that these amendments have no material impact on its consolidated financial statements.

  The elimination of the so-called corridor method has no implications for the level of shareholders' equity, as actuarial gains and losses were recognized in equity in full and in line with their respective periods in the past already. Furthermore, the amendment requiring any future retrospective service cost to be recognized through profit or loss directly in the year in which the plan is adjusted has not had any implications for the current or past consolidated financial statements.

With regard to the pension commitments in Switzerland, the recognition of risk sharing between the employer and the employees has the following implications:

€ million	February 28, 2013	March 1, 2012
Assets		
Non-current assets		
Non-current receivables and other assets	0.0	1.8
Equity and liabilities		
Shareholders' equity		
Revenue reserves	1.1	1.1
Non-controlling interest	0.4	0.4
Non-current liabilities		
Provisions for pensions	(1.8)	0.0
Deferred tax liabilities	0.4	0.4

Earnings-effective items arising in the comparative period had no material impact on the consolidated financial statements for the comparative period and were thus already recognized in full as of March 1, 2012.

- IFRS 13 (2011) "Fair Value Measurement": This standard introduces a uniform definition of fair value applicable to all standards. This standard also governs the calculation of fair value and disclosure requirements. Its application has resulted in extended note disclosures (Note 11).

- Amendment to IAS 1 (2011) "Presentation of Items of Other Comprehensive Income": This amendment affects the structure of the statement of comprehensive income. Items due to be reclassified to the income statement ("recycled") at a later date must be presented separately from items that will never be reclassified. Application of this amendment has resulted in an extension in the statement of comprehensive income.

The following standards, revisions, and interpretations requiring mandatory application from the 2013/2014 financial year have no material implications for the consolidated financial statements of HORNBACH HOLDING AG:

- Annual Improvements to IFRS, 2009 – 2011 Cycle (2012)

- Amendments to IFRS 1 (2012) – First-time Adoption of IFRS: Government Loans

- Amendments to IFRS 1 (2010) – First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

- Amendment to IFRS 7 (2011) – Note Disclosures: Offsetting Financial Assets and Financial Liabilities

- Amendments to IAS 12 (2010) – Deferred Taxes: Recovery of Underlying Assets

(2) Scope of consolidation

HORNBACH Real Estate Almelo B.V., Almelo (Netherlands), founded in the first quarter of 2013/2014, was included in the consolidated financial statements for the first time. Furthermore, TIM HB SRL, Timisoara Bd. (Romania), was merged into HORNBACH

Centrala SRL, Domnesti (Romania), by way of transfer of its assets in their entirety. These amendments to the scope of consolidation did not have any material implications for the Group's net asset, financial, and earnings position.

Furthermore, the scope of consolidation was extended by one company due to the acquisition of PCQ Czech a.s., Prague (Czech Republic), in June 2013. The company thereby acquired owns one property and does not itself have any operations. The purchase price amounted to € 12.2 million. Of this total, an amount of € 1.2 million was already paid in the previous year.

(3) Seasonal influences

Due to weather conditions, the HORNBACH HOLDING AG Group generally reports a weaker business performance in the fall and winter than in the spring and summer months. These seasonal fluctuations are reflected in the figures for the first half. The business results for the first six months as of August 31, 2013 do not necessarily provide an indication of the results to be expected for the year as a whole.

(4) Other income and expenses

Other income and expenses are structured as follows:

€ million	2nd Quarter 2013/2014	2nd Quarter 2012/2013	Change %
Other income	3.7	10.2	(63.9)
Other expenses	3.4	3.1	12.5
Other income and expenses	**0.2**	**7.1**	**(96.6)**

€ million	1st Half 2013/2014	1st Half 2012/2013	Change %
Other income	7.9	14.8	(46.3)
Other expenses	4.7	4.8	(0.7)
Other income and expenses	**3.2**	**10.0**	**(68.1)**

Percentages calculated on the basis of € 000s. Rounding up or down may lead to discrepancies between totals.

The other income reported for the first half of 2013/2014 includes operating income of € 7.0 million (2012/2013: € 14.2 million) and mainly involves advertising grants, other supplier credits, ancillary revenues at DIY megastores with garden centers, income from damages payments, and income from the disposal of assets. In the previous year, operating income mainly related to income in connection with energy tax refunds (€ 6.1 million). This resulted from the reversal of provisions recognized in the 2010/2011 financial year (€ 3.9 million) and from compensation not yet invoiced (€ 2.2 million). Non-operating income amounted to € 0.9 million (2012/2013: € 0.6 million) and mainly resulted from the disposal of three properties held for sale. The non-operating income reported for the previous year resulted from the disposal of a closed DIY megastore with a garden center together with its plant and office equipment.

The other expenses reported for the first half of 2013/2014 include operating expenses of € 3.4 million (2012/2013: € 4.4 million) and mainly involve expenses for legal disputes, losses incurred in connection with damages, and impairments of receivables. The operating expenses for the previous year largely involved items analogous to those just listed, as well as service fees incurred in connection with energy tax compensation (€ 0.6 million). The non-operating expenses of € 1.3 million (2012/2013: € 0.4 million) mainly resulted from losses in connection with discontinued real estate projects.

(5) Earnings per share

Basic earnings per share are calculated pursuant to IAS 33 "Earnings per Share" as the quotient of the income attributable to the shareholders of HORNBACH HOLDING AG for the period under report and the weighted average number of shares issued. As in the previous year, no dilutive effects had to be accounted for when calculating earnings per share.

	2nd Quarter 2013/2014	2nd Quarter 2012/2013
Consolidated net income in € million	44.4	39.9
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	**44.1**	**39.6**
Number of ordinary shares issued	8,000,000	8,000,000
Number of preference shares issued	8,000,000	8,000,000
	16,000,000	**16,000,000**
Earnings per share in €	**2.76**	**2.48**
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	**2.79**	**2.51**

	1st Half 2013/2014	1st Half 2012/2013
Consolidated net income in € million	70.1	77.0
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	**69.8**	**76.8**
Number of ordinary shares issued	8,000,000	8,000,000
Number of preference shares issued	8,000,000	8,000,000
	16,000,000	**16,000,000**
Earnings per share in €	**4.36**	**4.80**
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	**4.39**	**4.83**

Rounding up or down may lead to discrepancies between totals.

(6) Other disclosures

The personnel expenses of the HORNBACH HOLDING AG Group amounted to € 289.2 million at the end of the first half as of August 31, 2013 (2012/2013: € 273.6 million).

Depreciation and amortization totaling € 37.2 million was recognized on intangible assets, property, plant and equipment, and investment property at the HORNBACH HOLDING AG Group in the first half of the 2013/2014 financial year (previous year: € 36.8 million).

(7) Shareholders' equity

On July 1, 2013, the Board of Management of HORNBACH-Baumarkt-AG resolved pursuant to § 71 (1) No. 2 of the German Stock Corporation Act (AktG) to acquire up to 50,000 treasury stock shares. These shares are to be acquired for the (annual) issue of employee shares scheduled to take place at the end of 2013.

The buyback of shares pursuant to this management board resolution is being undertaken in accordance with the safe harbor regulations set out in § 20a (3) of the German Securities Trading Act (WpHG) in conjunction with Regulation (EC) No. 2273/2003 of the Commission dated December 22, 2003.

The share buyback began on July 5, 2013 and is limited until February 28, 2014. A total of 13,567 treasury stock shares had been acquired as of August 31, 2013.

(8) Dividends

As proposed by the Board of Management and Supervisory Board of HORNBACH HOLDING AG, following approval by the Annual General Meeting on July 5, 2013 dividends of € 0.64 per ordinary share and € 0.67 per preference share were distributed to shareholders for the 2012/2013 financial year.

(9) Contingent liabilities and other financial obligations

These mainly involve obligations for rental, hiring, leasehold and leasing contracts for which the companies of the HORNBACH HOLDING AG Group do not constitute the economic owners of the assets thereby leased pursuant to IFRS regulations (Operating Lease). These amounted to € 662.7 million at the end of the first half of 2013/2014 (February 28, 2013: € 678.3 million).

(10) Related party disclosures

In addition to the subsidiaries included in the consolidated financial statements, HORNBACH HOLDING AG also has direct or indirect relationships with associated companies when performing its customary business activities. Apart from the transactions reported in the annual financial statements, no major transactions were undertaken with closely related companies and persons during the first half of 2013/2014.

(11) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the previous year. Fair values are calculated on the basis of the three-level hierarchy. Consistent with the availability of input factors, fair values are calculated in line with the following hierarchy:

Level 1 – Current market prices on an active market for identical financial instruments
Level 2 – Current market prices on an active market for comparable financial instruments or using valuation models whose key input factors are based on observable market data
Level 3 – Input factors not based on observable market prices.

The carrying amounts of financial assets and financial liabilities within the scope of IFRS 7 are basically consistent with their respective fair values. Two exceptions here relate to the measurement of the bond and of liabilities to banks.

The fair value of the bond and liabilities to banks totaled € 734.9 million as of August 31, 2013 (February 28, 2013: € 729.3 million). The corresponding carrying amount totaled € 715.0 million as of August 31, 2013 (February 28, 2013: € 714.6 million).

Asset-side derivatives had fair values and carrying amounts of € 0.1 million on August 31, 2013 (February 28, 2013: € 0.1 million). Negative fair values of € 6.9 million were recognized as liabilities at the reporting date (February 28, 2013: € 12.0 million). Derivatives mainly involve interest hedges. Measurement has been based on Level 2 input factors.

(12) Segment report

1st Half 2013/2014 in € million 1st Half 2012/2013 in € million	HORNBACH-Baumarkt-AG subgroup	HORNBACH Baustoff Union GmbH subgroup	HORNBACH Immobilien AG subgroup	Headquarters and consolidation	HORNBACH HOLDING AG Group
Segment sales	**1,712.5**	**117.3**	**38.1**	**(37.3)**	**1,830.6**
	1,681.9	114.8	35.8	(34.9)	1,797.5
Sales to third parties	1,711.9	116.9	0.0	0.0	1,828.8
	1,681.4	114.4	0.0	0.0	1,795.8
Sales to affiliated companies	0.0	0.4	0.0	(0.4)	0.0
	0.0	0.4	0.0	(0.4)	0.0
Rental income from third parties	0.5	0.0	1.3	0.0	1.8
	0.5	0.0	1.3	0.0	1.8
Rental income from affiliated companies	0.0	0.0	36.9	(36.9)	0.0
	0.0	0.0	34.5	(34.5)	0.0
Segment earnings (EBIT)	**108.7**	**5.3**	**25.9**	**(1.6)**	**138.3**
	125.9	5.5	23.4	(1.6)	153.2
Depreciation and amortization/write-ups	**27.6**	**2.5**	**7.1**	**0.0**	**37.2**
	27.6	2.4	6.8	0.0	36.8
EBITDA	**136.2**	**7.8**	**33.0**	**(1.6)**	**175.5**
	153.5	7.9	30.2	(1.6)	190.0
Segment assets	**1,708.1**	**133.5**	**521.7**	**12.9**	**2,376.2**
	1,729.1	122.1	521.3	3.3	2,375.8
of which: credit balances at banks	401.0	0.9	20.9	15.5	438.4
	476.2	1.0	28.0	3.1	508.2

Reconciliation in € million	**1st Half 2013/2014**	1st Half 2012/2013
Segment earnings (EBIT) before "Headquarters and consolidation"	139.9	154.9
Headquarters	(1.3)	(1.4)
Consolidation adjustments	(0.3)	(0.3)
Net financial expenses	(16.9)	(16.9)
Consolidated earnings before taxes	**121.4**	**136.3**

Rounding up or down may lead to discrepancies between totals.

RESPONSIBILITY STATEMENT

We hereby affirm that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Neustadt an der Weinstrasse, September 25, 2013

The Board of Management of HORNBACH HOLDING AG

Albrecht Hornbach   Roland Pelka

REVIEW REPORT

To Hornbach Holding Aktiengesellschaft, Neustadt/Weinstrasse

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and selected explanatory notes – together with the interim group management report of Hornbach Holding Aktiengesellschaft, Neustadt/Weinstrasse, for the period from March 1 to August 31, 2013, which are part of the half-year financial report according to § 37 w WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, September 25, 2013

KPMG AG Wirtschaftsprüfungsgesellschaft

Bertram	Palm
Auditor	Auditor

FINANCIAL CALENDAR 2013/2014

September 26, 2013	Half-Year Financial Report 2013/2014 as of August 31, 2013 DVFA Analysts' Conference
December 20, 2013	Interim Report: 3rd Quarter of 2013/2014 as of November 30, 2013
March 20, 2014	Trading Statement 2013/2014
May 27, 2014	Annual Results Press Conference 2013/2014 Publication of Annual Report

Investor Relations
Axel Müller
Tel: +49 (0) 63 48 / 60 - 24 44
Fax: +49 (0) 63 48 / 60 - 42 99
invest@hornbach.com
Internet: www.hornbach-group.com

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 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.