

INTERIM REPORT

HORNBACH HOLDING AG GROUP

FIRST NINE MONTHS

2014/2015

(MARCH 1 – NOVEMBER 30, 2014)

HORNBACH HOLDING AG GROUP

Nine-Month Interim Report 2014/2015

(March 1 – November 30, 2014)

Key Figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	3 rd Quarter 2014/2015	3 rd Quarter 2013/2014	Change %	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Net sales	875.8	851.1	2.9	2,851.4	2,681.7	6.3
of which in other European countries	339.9	334.1	1.8	1,116.6	1,065.7	4.8
Like-for-like sales growth	1.0%	4.6%		4.9%	0.8%	
Gross margin as % of net sales	36.7%	36.0%		37.2%	36.4%	
EBITDA	55.4	53.9	2.7	245.3	229.4	6.9
EBIT	36.5	35.3	3.6	189.2	173.5	9.0
Consolidated earnings before taxes	29.4	27.5	6.9	165.7	148.9	11.3
Consolidated net income ¹⁾	22.0	18.9	16.6	119.0	105.3	13.1
Basic/diluted earnings per preference share (€)	1.22	1.03	18.4	6.09	5.41	12.6
Investments	37.5	19.1	96.5	91.6	83.1	10.2

Misc. key figures of the HORNBACH HOLDING AG Group (in € million, unless otherwise stated)	November 30, 2014	February 28, 2014	Change %
Total assets	2,459.0	2,362.3	4.1
Shareholders' equity	1,260.0	1,164.1	8.2
Shareholders' equity as % of total assets	51.2%	49.3%	
Number of employees ²⁾	16,490	16,021	2.9

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⁾ Head count at reporting date including persons in marginal employment

INTERIM GROUP MANAGEMENT REPORT

Summary

- **HORNBAACH Group increases sales by 6.3% to € 2.85 billion in first nine months of 2014/2015**
 - **DIY megastores with garden centers:**
 - Third-quarter like-for-like sales exceed previous year's high standard – Pleasing performance in Germany and other European countries – After eight new openings, 147 locations across Europe as of November 30, 2014
 - **Builders' merchant business maintains its ground well**
- **Disproportionate earnings growth in first nine months – Group EBIT grows by 9.0% to € 189.2 million**

The HORNBAACH HOLDING AG Group (HORNBAACH Group) significantly improved its sales and earnings in the first nine months of 2014/2015. The pleasing sales performance in the third quarter (September 1 to November 30, 2014), which successfully braved substantial base effects from the previous year's quarter, also contributed to this growth.

Sales at HORNBAACH-Baumarkt-AG, the largest operating subgroup (DIY retail), grew 3.4% to € 814.9 million in the period from September 1 to November 30, 2014 (2013/2014: € 788.1 million). In the first nine months of 2014/2015, the HORNBAACH DIY megastores with garden centers increased their sales by 6.8% to € 2,669.8 million (2013/2014: € 2,500.6 million). Net of currency items, like-for-like DIY sales for the third quarter added 1.0% to the previous year's high basis for comparison (plus 4.6%). This like-for-like sales growth was driven by the stores both in Germany and in other European countries. On a cumulative basis for the first nine months, the subgroup's like-for-like sales net of currency items grew by 4.9%.

The key growth driver was once again the DIY stores with garden centers in Germany, which boosted their sales in the period from September to November 2014 by 4.5% to € 477.4 million (2013/2014: € 456.8 million). Like-for-like sales grew by 1.4% over the same period. Nine-month domestic sales increased by 8.2% to € 1,560.9 million (2013/2014: € 1,442.6 million) and by 6.5% on a like-for-like basis. HORNBAACH's stores in Germany thus yet again outperformed the sector average and expanded their market share. Sales in other European countries rose by 1.9% to € 337.5 million (2013/2014: € 331.3 million) in the third quarter of 2014/2015 and by 4.8% to € 1,108.9 million in the nine-month period (2013/2014: € 1,058.0 million). Net of currency items, like-for-like sales in the international business grew by 0.6% in the third quarter and by 2.6% cumulatively in the first nine months. After three store openings in the third quarter of 2014/2015, HORNBAACH operated 147 DIY megastores with garden centers in nine European countries as of November 30, 2014, of which 98 stores in Germany.

Third-quarter sales at the HORNBAACH Baustoff Union GmbH subgroup decreased by 3.2% to € 60.5 million (2013/2014: € 62.5 million). At € 180.2 million, sales for the first nine months of 2014/2015 maintained their ground slightly ahead of the previous year's figure (€ 179.8 million).

Earnings at the HORNBAACH Group showed disproportionate growth compared with sales in the first nine months of 2014/2015. Thanks above all to pleasing like-for-like sales growth at the DIY stores with garden centers in conjunction with an improved gross margin, the Group significantly offset higher costs incurred in the second and third quarters, particularly for its expansion. Earnings also benefited from increased earnings strength at the HORNBAACH Baustoff Union GmbH and HORNBAACH Immobilien AG subgroups. Consolidated operating earnings (EBIT) for the first nine months grew by 9.0% to € 189.2 million (2013/2014: € 173.5 million). Net income for the nine-month period surged by 13.1% to € 119.0 million (2013/2014: € 105.3 million). Cumulative earnings per preference share amount to € 6.09 (2013/2014: € 5.41).

Macroeconomic Framework

According to the Bundesbank, the global economy maintained its moderate growth course in the third quarter of the 2014 calendar year. The European economy developed similarly. From July to September 2014, gross domestic product (GDP) in the euro area (EA 18) and in the EU as a whole (EU 28) showed positive growth, and thus for the fifth quarter in succession, albeit once again at a very low rate. Based on Eurostat figures, the EA 18 countries grew by 0.2% and the EU 28 countries by 0.3% compared with the previous quarter. Alongside persistently weak growth in parts of the euro area, the Bundesbank still attributes these meager growth rates to sanctions and countermeasures imposed in connection with the Ukraine conflict. Growth has also been held back by a downturn in business and consumer confidence triggered by the crises in Eastern Europe and other regions of the world.

The macroeconomic framework in those countries outside Germany in which the HORNBAACH Group operates led to mostly positive growth rates in the third quarter of 2014 compared with the previous quarter. Based on the economic data available upon completion of this report, economic output in Romania in particular showed positive developments (plus 1.8%). Slovakia has also shown pleasing momentum, with four consecutive quarters with growth of 0.6%. Apart from Austria (minus 0.3%), all other countries reported growth of between 0.1% and 0.6% in the period from July to September 2014.

GDP growth rates in countries with HORNBAACH DIY megastores and garden centers

Percentage change on previous quarter Source: Eurostat	4 th Quarter 2013	1 st Quarter 2014	2 nd Quarter 2014	3 rd Quarter 2014
Germany	0.4	0.8	-0.1	0.1
Austria	0.2	0.1	0.0	-0.3
Czech Republic	1.1	0.6	0.2	0.4
Luxembourg	0.2	1.7	0.7	n.a.
Netherlands	0.6	-0.3	0.6	0.2
Romania	0.9	0.7	-0.4	1.8
Slovakia	0.6	0.6	0.6	0.6
Sweden	1.1	0.2	0.5	0.3
Switzerland	0.5	0.4	0.3	0.6
Euro area (EA 18)	0.2	0.3	0.1	0.2
EU 28	0.4	0.4	0.2	0.3

Economic output in Germany showed very subdued growth in the third quarter of 2014. Adjusted for seasonal and calendar factors, real-term GDP grew by a mere 0.1%. Following weather-related ups and downs in the first half of the 2014 calendar year, the construction industry was unable to match the high comparative figures for the previous year. Consumer spending, by contrast, generated clearly positive momentum once again in the third quarter of 2014. Given higher pay increases and a further revival in the labor market, private households have significantly stepped up their consumer spending.

Improved consumer confidence also left its mark on German retail between January and September 2014. Year-on-year, the sector increased its sales by 1.8% in nominal terms and by 1.3% in real terms. Sector sales at DIY stores and garden centers in Germany fell by 5.8% to € 13.5 billion in the period from January to September 2014. It should be noted here that the previous year's figures still included sales at the Praktiker Group, which filed for insolvency in July 2013. On a like-for-like basis and excluding Praktiker / Max Bahr, the sector posted sales growth of 6.4% in the first nine months of 2014, benefiting in particular from mild weather conditions in the first quarter of 2014, contrasting sharply with the previous year's severe winter.

Earnings, Financial and Net Asset Situation

Sales performance

The sales of the HORNBACH Group grew by 2.9% to € 875.8 million (2013/2014: € 851.1 million) in the third quarter of the 2014/2015 financial year (September 1 to November 30, 2014). Driven by the high growth rates seen in the first three months, consolidated sales for the first nine months of 2014/2015 rose by 6.3% to € 2,851.4 million (2013/2014: € 2,681.7 million). The HORNBACH HOLDING AG Group comprises the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

HORNBACH-Baumarkt-AG subgroup

In the third quarter of the 2014/2015 financial year (September 1 to November 30, 2014) we launched operations at three more of the six Praktiker / Max Bahr locations we have taken over in total. These stores are located in Ulm, Lüneburg, and Kamen. As in the previous quarter, there were no new store openings outside Germany in the third quarter of 2014/2015. The expansion in our international business will only continue once again in the new 2015/2016 financial year. As of November 30, 2014, we were operating a group-wide total of 147 retail outlets (February 28, 2014: 141). Of these, 98 stores are in Germany and 49 in other European countries. Total sales areas at the HORNBACH-Baumarkt-AG subgroup amounted to around 1.7 million m² as of November 30, 2014.

The sales performance of this subgroup largely shaped the business performance of the overall Group. Sales in the third-quarter of 2014/2015 had to measure up to the ambitious growth rates achieved in the previous year's quarter. In the period under report from September to November 2014, we increased the subgroup's sales by 3.4% to € 814.9 million (2013/2014: € 788.1 million), following growth of 5.6% in the third quarter of the previous year.

On a like-for-like basis and net of currency items, sales grew by 1.0% in the third quarter. Including currency items for non-euro countries, specifically the Czech Republic, Romania, Sweden, and Switzerland, sales rose by 0.7%. This like-for-like sales growth was driven by the stores both in Germany and in other European countries.

Thanks to pleasing growth in the first and third quarters, the subgroup boosted its sales for the nine-month period (March 1 to November 30, 2014) by 6.8% to € 2,669.8 million (2013/2014: € 2,500.6 million). On a like-for-like basis and net of currency items, sales showed cumulative growth of 4.9%. Including currency items, group-wide sales growth amounted to 4.4%.

■ Germany

Sales at the domestic HORNBACH stores gained additional momentum in the third quarter compared with the previous quarter. Based on the same number of business days as in the previous year, we managed to increase sales in our Germany segment by 4.5% to € 477.4 million in the period from September to November 2014 (2013/2014: € 456.8 million). Like-for-like sales grew by 1.4% in the quarter under report, and that despite the strong base effects in the previous year's quarter: from September to November 2013, like-for-like sales growth had accelerated from month to month, surging by 7.0% in the quarter as a whole.

Cumulative sales for the first nine months grew by 8.2% to € 1,560.9 million (2013/2014: € 1,442.6 million). On a like-for-like basis, we generated growth of 6.5% in Germany. In the period from March to November 2014, our DIY stores and garden centers thus yet again exceeded the sector average figures calculated on the basis of the monthly BHB survey, and that even though the previous year's figures meant that HORNBACH had a significantly tougher basis for comparison. We have further expanded our domestic market share. This is all the more remarkable given the fact that the macroeconomic and sector-specific framework in Germany developed less favorably in the second half of the 2014 calendar year than in the previous year's period. The geopolitical hot spots have left clear negative marks on macroeconomic forecasts, while economists have repeatedly reduced their growth forecasts and the housing construction market has lost momentum since summer 2014. As expected, competitive pressure within the DIY sector has intensified once again now that most of the former Praktiker / Max Bahr locations taken over by competitors

have re-entered the market under new brands. With its attractive retail format, HORNBACH successfully asserted itself in this tough climate both in the third quarter and in the first nine months of 2014/2015.

■ Other European countries

We increased our sales in the eight countries outside Germany pooled in the Other European countries segment by 1.9% to € 337.5 million in the third quarter of 2014/2015 (2013/2014: € 331.3 million). Sales here for the first nine months of 2014/2015 rose overall by 4.8% to € 1,108.9 million (2013/2014: € 1,058.0 million). Given the stronger relative performance in domestic sales, the international share of consolidated sales at HORNBACH-Baumarkt-AG reduced from 42.3% to 41.5%.

Like in Germany, sales in other European countries gained additional momentum in the third quarter of 2014/2015 compared with the previous quarter. We thus improved our like-for-like sales net of currency items in other European countries by 0.6% in the third quarter and by 2.6% cumulatively. Including currency items, adjusted sales almost matched the previous year's level in the third quarter (minus 0.2%) and grew by 1.5% in the nine-month period. The fact that DIY demand outside Germany is weaker overall than in the domestic business is attributable to slower overall rates of economic growth, less favorable labor market conditions, and weaker consumer confidence figures in most countries within our network. Having said this, countries particularly hard hit by the financial crisis, such as the Netherlands, Romania and the Czech Republic, have most recently witnessed a marked upward trend in consumer confidence, a factor also reflected in our like-for-like sales performance.

HORNBACH Baustoff Union GmbH subgroup

Consistent with the slowdown seen in the construction sector since the summer months of 2014, third-quarter sales at the HORNBACH Baustoff Union GmbH subgroup showed a slight decline of 3.2% to € 60.5 million (2013/2014: € 62.5 million). At € 180.2 million, the subgroup's sales for the first nine months of 2014/2015 were slightly ahead of the previous year's figure (€ 179.8 million). As of November 30, 2014, HORNBACH Baustoff Union GmbH was operating an unchanged total of 25 outlets in south-western Germany and two locations close to the border in France.

Earnings performance

The following comments refer to the earnings performance of the overall HORNBACH HOLDING AG Group.

3rd quarter of 2014/2015

The HORNBACH Group exceeded the previous year's level of earnings in the third quarter. Earnings were positively influenced by pleasing like-for-like sales growth at the DIY stores with garden centers in Germany and abroad in conjunction with an improved gross margin. However, these positive factors were largely offset by higher store and pre-opening expenses incurred in connection with the conversion and opening of the three former Praktiker / Max Bahr locations taken over in Ulm, Lüneburg and Kamen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the period from September to November 2014 rose 2.7% to € 55.4 million (€ 53.9 million). Consolidated operating earnings (EBIT) grew by 3.6% to € 36.5 million (2013/2014: € 35.3 million). Given a € 0.6 million improvement in net financial expenses to minus € 7.1 million, consolidated earnings before taxes rose by 6.9% to € 29.4 million (2013/2014: € 27.5 million). Net income for the period grew by 16.6% to € 22.0 million (2013/2014: € 18.9 million). Third-quarter earnings per preference share are reported at € 1.22 (2013/2014: € 1.03).

First nine months of 2014/2015

Thanks to sharp earnings growth in the first quarter, cumulative nine-month earnings are well ahead of the previous year's figures. This growth was predominantly driven by like-for-like sales growth in conjunction with an improvement in the gross margin. Due primarily to more favorable procurement terms and unchanged retail prices, as well as to changes in the product mix, the gross margin rose from 36.4% in the previous year to 37.2%. This increase in the gross margin significantly offset the rise in costs in the Group's store operations, expansion and administration.

Mainly on account of higher personnel expenses (including bonuses) and general operating expenses, selling and store expenses showed slightly disproportionate growth compared with sales in the first nine months of 2014/2015, rising by 7.8% to € 746.6 million (2013/2014: € 692.4 million). As a result, the store expense ratio increased by 0.4 percentage points to 26.2%. After eight new store openings at the HORNBACH-Baumarkt-AG subgroup, compared with three in the previous year's period, cumulative pre-opening expenses rose by € 6.0 million to € 12.1 million. Administration expenses grew by 7.2% to € 117.3 million (2013/2014: € 109.5 million). The administration expense ratio remained unchanged at 4.1%.

All key earnings figures showed disproportionate growth compared with sales in the first nine months of 2014/2015. EBITDA rose by 6.9% to € 245.3 million (2013/2014: € 229.4 million). Consolidated operating earnings (EBIT) increased by 9.0% to € 189.2 million (2013/2014: € 173.5 million). Due to lower interest expenses and positive currency items, net financial expenses improved by 4.7% to minus € 23.5 million in the period under report (2013/2014: minus € 24.6 million). Consolidated earnings before taxes increased by 11.3% to € 165.7 million (2013/2014: € 148.9 million). Net income for the nine-month period grew by 13.1% to € 119.0 million (2013/2014: € 105.3 million). Nine-month earnings per preference share amounted to € 6.09 (2013/2014: € 5.41).

Earnings performance by segment

The key earnings figures for the overall Group in the period under report were largely shaped by the development in earnings at the **HORNBACH-Baumarkt-AG** subgroup. Operating earnings (EBIT) here improved by 9.8% to € 141.4 million in the first nine months of 2014/2015 (2013/2014: € 128.7 million). Further details about this company's earnings performance can be found in the interim report published separately by the HORNBACH-Baumarkt-AG subgroup.

Earnings at the **HORNBACH Baustoff Union GmbH** subgroup showed slightly disproportionate growth compared with sales in the first nine months of the 2014/2015 financial year. Thanks mainly to an improved gross margin, EBIT increased by 1.6% to € 8.7 million (2013/2014: € 8.6 million).

At the **HORNBACH Immobilien AG** subgroup, higher rental income and the profit on the sale of a property no longer required for operations more than offset higher real estate expenses. Operating earnings grew 7.7% to € 41.6 million (2013/2014: € 38.6 million).

Financial and net asset situation

Due to the Group's expansion, investments rose from € 83.1 million to € 91.6 million in the first nine months of 2014/2015. Around 56% of the funds were channeled into land and buildings, while the rest was mostly invested in plant and office equipment at new and existing stores, as well as into intangible assets (predominantly IT software). Investments were financed in full from the cash flow of € 198.0 million from operations (2013/2014: € 212.8 million). Information about the financing and investing activities of the HORNBACH Group can be found in the cash flow statement on Page 14.

Total assets rose to € 2,459.0 million as of November 30, 2014, up 4.1% compared with the balance sheet date on February 28, 2014. This growth was largely driven by the increase in cash and cash equivalents by € 58.9 million to € 487.7 million and in property, plant and equipment by € 24.0 million to € 1,259.4 million. Shareholders' equity as reported in the balance sheet rose to € 1,260.0 million, up 8.2%, or € 95.9 million, compared with the previous balance sheet date. As a result, the equity ratio increased from 49.3% to 51.2%. The net financial debt of the HORNBACH Group reduced from € 280.1 million at the balance sheet date on February 28, 2014 to € 183.1 million as of November 30, 2014.

Employees

A total of 16,490 employees across Europe were in fixed employment at HORNBAACH HOLDING AG or one of its subsidiaries as of the reporting date on November 30, 2014 (February 28, 2014: 16,021). Since the 2014/2015 financial year, the calculation of employee totals has also included persons in marginal employment (so-called "mini-jobbers"). The comparative figures for the balance sheet date on February 28, 2014 have been retrospectively adjusted.

Events After the Balance Sheet Date

No events of material significance for assessing the earnings, financial and net asset position of HORNBAACH HOLDING AG, or of the HORNBAACH HOLDING AG Group, have occurred since the end of the first nine months on November 30, 2014.

Risk and Opportunity Report

We presented the risks and opportunities involved in the future business activities of the HORNBAACH HOLDING AG Group in detail in the risk and opportunity reports in our 2013/2014 Annual Report (from Page 79 onwards). This basic assessment of the Group's medium to long-term development potential was still largely valid upon publication of this interim report.

Outlook

We presented the forecast macroeconomic and sector-specific framework and the Group's forecast business performance for 2014/2015 in detail on Pages 91 to 97 of the 2013/2014 Annual Report of the HORNBAACH HOLDING AG Group. Our basic assessment of the business prospects both for the DIY and builders' merchant sectors and for HORNBAACH were still valid upon publication of this interim report.

In our Half-Year Financial Report 2014/2015, we were more cautious in our forecast for the macroeconomic and sector-specific framework in the second half of the 2014/2015 financial year (September 1, 2014 to February 28, 2015) than in the 2013/2014 Annual Report. Following persistent geopolitical tension, further downturns in key macroeconomic indicators, and numerous downward corrections in growth forecasts by major economic research institutes since summer 2014, our more skeptical assessment of the economic outlook for the European countries in which we operate through to the end of the 2014/2015 financial year has been confirmed and remains largely unchanged.

Expansion

In the fourth quarter of the current 2014/2015 financial year we intend to close our standalone garden center in Lohfelden near Kassel and to gradually convert the adjacent existing DIY store into a combined HORNBAACH DIY megastore with a garden center. This will take the group-wide total number of HORNBAACH DIY megastores with garden centers to 146 by the end of the financial year on February 28, 2015.

Sales and earnings forecast

Compared with the third quarter of 2014/2015, the base effects from the previous year will intensify even further in the fourth quarter of the current 2014/2015 financial year. With record 10.6% growth in like-for-like consolidated DIY sales, the fourth quarter of 2013/2014 benefited above all from unusually mild weather conditions and substantial positive consolidation factors in the German market.

With regard to our **sales forecast**, the current sales trend and our overall assessment of the expected positive and negative factors mean that we remain confident that our consolidated sales, i.e. net sales including stores newly opened, closed and extended, will show growth in a medium single-digit percentage range in the 2014/2015 financial year and most probably exceed the rate of growth seen in the previous 2013/2014 financial year (plus 4.3%).

With regard to our **earnings forecast**, we expect the operating earnings (EBIT) of the HORNBACH HOLDING AG Group for the 2014/2015 financial year to exceed the previous year's figure (€ 160.4 million). This expectation also includes the possibility of disproportionate EBIT growth compared with the increase in sales. As already indicated in the Half-Year Financial Report, forecasting uncertainty remains high given the unpredictability of economic developments and weather conditions in the fourth quarter.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

€ million	3 rd Quarter 2014/2015	3 rd Quarter 2013/2014	Change %	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Sales	875.8	851.1	2.9	2,851.4	2,681.7	6.3
Cost of goods sold	554.1	545.0	1.7	1,791.4	1,705.0	5.1
Gross profit	321.7	306.1	5.1	1,060.0	976.7	8.5
Selling and store expenses	247.0	234.1	5.5	746.6	692.4	7.8
Pre-opening expenses	3.3	1.8	78.0	12.1	6.1	98.9
General and administration expenses	36.8	36.4	1.2	117.3	109.5	7.2
Other income and expenses	1.9	1.5	28.7	5.1	4.7	9.8
Earnings before interest and taxes (EBIT)	36.5	35.3	3.6	189.2	173.5	9.0
Interest and similar income	0.2	0.2	(26.8)	0.6	0.6	12.8
Interest and similar expenses	6.8	7.5	(9.9)	22.3	22.7	(1.9)
Other financial result	(0.5)	(0.4)	17.4	(1.8)	(2.5)	(26.1)
Net financial expenses	(7.1)	(7.7)	(8.0)	(23.5)	(24.6)	(4.7)
Consolidated earnings before taxes	29.4	27.5	6.9	165.7	148.9	11.3
Taxes on income	7.4	8.6	(14.2)	46.7	43.6	7.0
Consolidated net income	22.0	18.9	16.6	119.0	105.3	13.1
of which: income attributable to shareholders	19.3	16.3	18.7	97.3	86.4	12.6
of which: non-controlling interest	2.7	2.6	3.4	21.8	18.9	15.1
Basic/diluted earnings per share (€)	1.19	1.00	19.0	6.06	5.38	12.6
Basic/diluted earnings per preference share (€)	1.22	1.03	18.4	6.09	5.41	12.6

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

Statement of Comprehensive Income

€ million	3 rd Quarter 2014/2015	3 rd Quarter 2013/2014	Nine Months 2014/2015	Nine Months 2013/2014
Consolidated net income	22.0	18.9	119.0	105.3
Actuarial gains and losses on defined benefit plans	(7.4)	0.0	(7.4)	0.0
Deferred taxes on actuarial gains and losses on defined benefit plans	1.4	0.0	1.4	0.0
Other comprehensive income that will not be recycled at a later date	(5.9)	0.0	(5.9)	0.0
Measurement of derivative financial instruments (cash flow hedge)				
Measurement of derivative hedging instruments directly in equity	(0.5)	(2.3)	(3.0)	0.3
Gains and losses from measurement of derivative financial instruments transferred to profit or loss	0.6	0.5	2.4	1.6
Exchange differences arising on the translation of foreign subsidiaries	0.0	(6.1)	0.6	(9.0)
Deferred taxes on gains and losses recognized directly in equity	(0.1)	0.5	0.1	(0.5)
Other comprehensive income that will be recycled at a later date	0.0	(7.4)	0.2	(7.6)
Total comprehensive income	16.1	11.5	113.3	97.7
of which: attributable to shareholders	14.7	10.1	92.5	80.0
of which: attributable to non-controlling interest	1.4	1.4	20.8	17.7

Rounding up or down may lead to discrepancies between totals.

Balance Sheet

Assets	November 30, 2014		February 28, 2014	
	€ million	%	€ million	%
Non-current assets				
Intangible assets	10.5	0.4	12.0	0.5
Property, plant, and equipment	1,259.4	51.2	1,235.4	52.3
Investment property	46.3	1.9	38.5	1.6
Non-current receivables and other assets	5.0	0.2	5.1	0.2
Non-current income tax receivables	7.0	0.3	10.6	0.4
Deferred tax assets	8.6	0.4	8.9	0.4
	1,336.8	54.4	1,310.4	55.5
Current assets				
Inventories	520.4	21.2	539.1	22.8
Other receivables and assets	95.0	3.9	72.9	3.1
Income tax receivables	19.1	0.8	11.0	0.5
Cash and cash equivalents	487.7	19.8	428.8	18.2
	1,122.2	45.6	1,051.9	44.5
	2,459.0	100.0	2,362.3	100.0

Equity and liabilities	November 30, 2014		February 28, 2014	
	€ million	%	€ million	%
Shareholders' equity				
Share capital	48.0	2.0	48.0	2.0
Capital reserve	130.4	5.3	130.4	5.5
Revenue reserves	861.4	35.0	781.9	33.1
Equity of shareholders of HORNBACH HOLDING AG	1,039.8	42.3	960.2	40.6
Non-controlling interest	220.2	9.0	203.9	8.6
	1,260.0	51.2	1,164.1	49.3
Non-current liabilities				
Non-current financial debt	589.1	24.0	614.7	26.0
Provisions for pensions	8.1	0.3	0.8	0.0
Deferred tax liabilities	56.3	2.3	57.4	2.4
Other non-current liabilities	25.7	1.0	25.6	1.1
	679.2	27.6	698.5	29.6
Current liabilities				
Current financial debt	81.8	3.3	94.3	4.0
Trade payables and other liabilities	322.1	13.1	300.0	12.7
Income tax liabilities	47.0	1.9	31.8	1.3
Other provisions and accrued liabilities	68.9	2.8	73.6	3.1
	519.8	21.1	499.7	21.2
	2,459.0	100.0	2,362.3	100.0

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

Statement of Changes in Equity

Nine Months 2013/2014 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
Balance at March 1, 2013	48.0	130.4	(6.0)	18.5	711.3	902.2	194.7	1,096.9
Consolidated net income					86.4	86.4	18.9	105.3
Actuarial gains and losses on defined benefit plans, net after taxes					0.0	0.0	0.0	0.0
Measurement of derivative financial instruments (cash flow hedge), net after taxes			1.2			1.2	0.2	1.5
Foreign currency translation				(7.6)		(7.6)	(1.4)	(9.0)
Total comprehensive income	0.0	0.0	1.2	(7.6)	86.4	80.0	17.7	97.7
Dividend distribution					(10.5)	(10.5)	(3.8)	(14.2)
Transactions with other shareholders					0.0	0.0	0.0	0.0
Treasury stock transactions					0.0	0.0	0.0	0.0
Balance at November 30, 2013	48.0	130.4	(4.8)	11.0	787.2	971.8	208.6	1,180.4

Nine Months 2014/2015 € million	Share capital	Capital reserve	Hedging reserve	Cumulative currency translation	Other revenue reserves	Equity attributable to shareholders	Non-controlling interest	Total group equity
Balance at March 1, 2014	48.0	130.4	(4.3)	11.4	774.7	960.2	203.9	1,164.1
Consolidated net income					97.3	97.3	21.8	119.0
Actuarial gains and losses on defined benefit plans, net after taxes					(4.5)	(4.5)	(1.4)	(5.9)
Measurement of derivative financial instruments (cash flow hedge), net after taxes			(0.7)			(0.7)	0.2	(0.4)
Foreign currency translation				0.5		0.5	0.2	0.6
Total comprehensive income	0.0	0.0	(0.7)	0.5	92.7	92.5	20.8	113.3
Dividend distribution					(12.6)	(12.6)	(4.5)	(17.1)
Transactions with other shareholders					(0.3)	(0.3)	0.1	(0.2)
Treasury stock transactions					(0.2)	(0.2)	0.0	(0.2)
Balance at November 30, 2014	48.0	130.4	(5.0)	11.9	854.5	1,039.8	220.2	1,260.0

Rounding up or down may lead to discrepancies between totals.

Cash Flow Statement

€ million	Nine Months 2014/2015	Nine Months 2013/2014
Consolidated net income	119.0	105.3
Depreciation and amortization of non-current assets	56.1	55.9
Change in provisions	(0.5)	(1.3)
Gains/losses on disposals of non-current assets and of non-current assets held for sale	(3.1)	(0.4)
Change in inventories, trade receivables, and other assets	(8.7)	(16.8)
Change in trade payables and other liabilities	35.0	66.8
Other non-cash income/expenses	0.2	3.3
Cash flow from operating activities	198.0	212.8
Proceeds from disposal of non-current assets and of non-current assets held for sale	4.7	10.4
Payments for investments in property, plant, and equipment	(90.8)	(70.8)
Payments for investments in intangible assets	(0.8)	(1.2)
Payments for investments in financial assets	0.0	(0.1)
Payments for acquisitions of shareholdings and other business units	0.0	(11.0)
Cash flow from investing activities	(86.9)	(72.7)
Dividends paid	(17.1)	(14.2)
Proceeds from taking up long-term debt	21.2	37.7
Repayment of long-term debt	(52.9)	(29.8)
Payments for transaction costs	(0.5)	0.0
Change in current financial debt	(2.7)	3.7
Cash flow from financing activities	(51.9)	(2.7)
Cash-effective change in cash and cash equivalents	59.1	137.4
Change in cash and cash equivalents due to changes in exchange rates	(0.2)	(0.6)
Cash and cash equivalents at March 1	428.8	356.9
Cash and cash equivalents at November 30	487.7	493.8

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 € 35.3 million (2013/2014: € 20.3 million) and interest payments of € 14.5 million (2013/2014: € 15.5 million) and increased by interest received of € 0.6 million (2013/2014: € 0.6 million).

The other non-cash income/expenses item mainly relates to the period-based update of financing expenses deferred using the effective interest method, unrecognized exchange rate gains/losses, and deferred taxes.

NOTES

Notes to the Interim Consolidated Financial Statements as of November 30, 2014

(1) Accounting principles

This unaudited group interim report of HORNBAACH HOLDING AG and its subsidiaries for the first nine months as of November 30, 2014 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 nine months of 2014/2015 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 HORNBAACH HOLDING AG for the 2013/2014 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).

Changes in accounting principles

The new standards, amendments to standards, and interpretations requiring first-time application in the 2014/2015 financial year are described in the notes to the consolidated financial statements for 2013/2014. Alongside a basic description of the relevant accounting principle, these also present any implications resulting from first-time application.

The amendments and new regulations requiring first-time mandatory application in the 2014/2015 financial year have not had any material implications for the group interim report of HORNBAACH HOLDING AG.

(2) Scope of consolidation

HORNBAACH Asia Ltd., Hong Kong (Hong Kong), was included in the consolidated financial statements for the first time in the first quarter of 2014/2015. In the second quarter, the scope of consolidation was extended to include Hornbach Real Estate Duiven B.V., Duiven (Netherlands). Both companies were founded in the 2014/2015 financial year.

Furthermore, BM Immobilien Gamma GmbH, Bornheim (Germany), and BM Immobilien Lambda GmbH, Bornheim (Germany), were merged into HORNBAACH-Baumarkt-AG, Bornheim (Germany). Moreover, HIAG Immobilien Gamma GmbH, Bornheim (Germany) and HIAG Immobilien Delta GmbH, Bornheim (Germany), were merged into HORNBAACH Immobilien AG, Bornheim (Germany).

In addition, in the second quarter of 2014/2015 HORNBAACH Immobilien AG, Bornheim (Germany), raised its shareholding in SULFAT GmbH & Co. Objekt Saarbrücken KG, Pullach (Germany), a company fully included in the scope of consolidation, from 90% to 100%. The consideration paid for the minority interests acquired amounted to € 0.1 million. SULFAT GmbH & Co. Objekt Saarbrücken KG, Pullach (Germany), was merged into HORNBAACH Immobilien AG, Bornheim (Germany).

These changes to the scope of consolidation did not have any material implications for the Group's net asset, financial, or earnings position.

(3) Seasonal influences

Due to weather conditions, the HORNBAACH 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 nine months. The business results for the first nine months as of November 30, 2014 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	3 rd Quarter 2014/2015	3 rd Quarter 2013/2014	Change %
Other income	7.1	3.7	93.2
Other expenses	5.2	2.2	136.3
Other income and expenses	1.9	1.5	28.8

€ million	Nine Months 2014/2015	Nine Months 2013/2014	Change %
Other income	16.1	11.6	38.4
Other expenses	10.9	6.9	57.6
Other income and expenses	5.1	4.7	9.9

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

Other income for the first nine months of 2014/2015 chiefly involves operating income of € 13.7 million (2013/2014: € 10.7 million) and mostly relates to ancillary revenues at DIY megastores with garden centers, income from damages payments, income from the disposal of non-current assets, and advertising grants and other supplier credits. Non-operating income amounts to € 2.4 million (2013/2014: € 0.9 million) and mainly results from the sale of a property held for sale.

Other expenses chiefly involve operating expenses of € 10.4 million (2013/2014: € 5.5 million). These primarily relate to impairments of receivables and losses incurred for damages. Non-operating expenses amount to € 0.5 million (2013/2014: € 1.4 million).

(5) Net financial expenses

Interest expenses for the first nine months of 2014/2015 include expenses of € 0.4 million resulting from the reversal of a cash flow hedge relationship. As a result of the decision taken by the Board of Management to prematurely redeem a CZK loan in June 2014, the transaction expected upon designation is no longer applicable. The fair value changes of the hedging instrument recognized in equity through to reversal have therefore been recognized through profit or loss in net financial expenses.

(6) 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 HORNBAACH HOLDING AG for the period under report and the weighted average number of shares issued. No dilutive effects had to be accounted for when calculating earnings per share.

	3rd Quarter 2014/2015	3 rd Quarter 2013/2014
Consolidated net income in € million	19.3	16.3
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	19.1	16.1
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 €	1.19	1.00
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	1.22	1.03

	Nine Months 2014/2015	Nine Months 2013/2014
Consolidated net income in € million	97.3	86.4
Additional dividend for preference shares in € million	0.2	0.2
Consolidated net income adjusted to account for additional dividend claims in € million	97.0	86.1
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 €	6.06	5.38
Additional dividend claim per preference share in €	0.03	0.03
Earnings per preference share in €	6.09	5.41

Rounding up or down may lead to discrepancies between totals.

(7) Other disclosures

The personnel expenses of the HORNBACH HOLDING AG Group amounted to € 478.5 million at the end of the first nine months as of November 30, 2014 (2013/2014: € 435.4 million).

Depreciation and amortization totaling € 56.1 million was recognized on intangible assets, property, plant and equipment, and investment property at the HORNBACH HOLDING AG Group in the first nine months of the 2014/2015 financial year (2013/2014: € 55.9 million).

(8) Shareholders' equity

On July 7, 2014, 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. The buyback of shares began on July 10, 2014 and is limited to February 28, 2015. A total of 41,850 shares were issued to employees on November 11, 2014. The share buyback is deemed complete following the issue of these employee shares.

The buyback of shares pursuant to this management board resolution was 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.

In connection with the employee share program at HORNBACH-Baumarkt-AG, HORNBACH HOLDING AG issued 60 shares in HORNBACH-Baumarkt-AG to employees of HORNBACH HOLDING AG.

(9) Dividend

As proposed by the Board of Management and Supervisory Board of HORNBACH HOLDING AG, following approval by the Annual General Meeting on July 10, 2014 dividends of € 0.77 per ordinary share and € 0.80 per preference share were distributed to shareholders for the 2013/2014 financial year.

(10) Pensions

The persistently low level of interest rates has resulted in material actuarial items of € 7.4 million (2013/2014: € 0.0 million). These items relate to the Swiss pension plan.

(11) 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 € 684.2 million at the end of the first nine months of 2014/2015 (February 28, 2014: € 738.8 million).

(12) 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 nine months of 2014/2015.

(13) Fair value disclosures

The methods and principles used to calculate fair value have basically remained unchanged compared with the consolidated financial statements. 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 following tables present the carrying amounts of financial instruments broken down by IAS 39 measurement categories as well as their fair values broken down by balance sheet category:

€ million	Category	Carrying amount 11.30.2014	Fair value 11.30.2014	Carrying amount 2.28.2014	Fair value 2.28.2014
Assets					
Other receivables and assets					
Derivatives without hedge relationship	FAHfT	0.0	0.0	0.3	0.3
Other financial assets	LaR	85.3	85.3	63.9	63.9
Cash and cash equivalents	LaR	487.7	487.7	428.8	428.8
Equity and liabilities					
Financial debt					
Bonds	FLAC	246.9	275.6	246.4	263.3
Liabilities to banks	FLAC	414.0	433.4	454.1	472.1
Liabilities in connection with finance leases	n.a.	0.9	0.9	1.0	1.1
Derivatives with hedge relationship	n.a.	7.4	7.4	7.4	7.4
Derivatives without hedge relationship	FLHfT	1.7	1.7	0.0	0.0
Trade payables and other liabilities	FLAC	246.4	246.4	252.2	252.2
Accrued liabilities	FLAC	22.5	22.5	19.7	19.7

Rounding up or down may lead to discrepancies between totals.

Receivables and other assets of € 14.7 million (February 28, 2014: € 13.8 million), trade payables and other/sundry liabilities of € 101.4 million (February 28, 2014: € 73.5 million), and accrued liabilities of € 40.0 million (February 28, 2014: € 46.6 million) are outside the scope of IFRS 7.

€ million	11.30.2014	2.28.2014
Assets		
Valuation based on level 2 input data		
Financial assets held for trading	0.0	0.3
Equity and liabilities		
Valuation based on level 2 input data		
Derivatives with hedge relationship	7.4	7.4
Financial liabilities held for trading	1.7	0.0

Rounding up or down may lead to discrepancies between totals.

The derivative financial instruments with hedge relationships recognized in the balance sheet mainly relate to interest hedges (interest swaps). Derivative financial instruments without hedge relationships involve foreign currency items for outstanding orders.

(14) Segment report

Nine Months 2014/2015 in € million Nine Months 2013/2014 in € million	HORNBACH- Baumarkt-AG subgroup	HORNBACH Baustoff Union GmbH subgroup	HORNBACH Immobilien AG subgroup	Headquarters and consolidation	HORNBACH HOLDING AG Group
Segment sales	2,669.8	180.2	58.7	(57.3)	2,851.4
	2,500.6	179.8	57.4	(56.1)	2,681.7
Sales to third parties	2,668.8	179.6	0.0	0.0	2,848.4
	2,499.8	179.2	0.0	0.0	2,679.0
Sales to affiliated companies	0.0	0.5	0.0	(0.6)	0.0
	0.1	0.6	0.0	(0.6)	0.0
Rental income from third parties	0.9	0.1	2.0	0.0	3.0
	0.8	0.0	1.9	0.0	2.7
Rental income from affiliated companies	0.0	0.0	56.7	(56.7)	0.0
	0.0	0.0	55.5	(55.5)	0.0
Segment earnings (EBIT)	141.4	8.7	41.6	(2.4)	189.2
	128.7	8.6	38.6	(2.4)	173.5
Depreciation and amortization	41.3	3.8	10.9	0.0	56.1
	41.3	3.8	10.7	0.0	55.9
EBITDA	182.7	12.5	52.5	(2.4)	245.3
	170.0	12.4	49.3	(2.4)	229.4
Segment assets	1,739.5	138.0	516.1	30.6	2,424.3
	1,696.8	134.0	541.6	7.2	2,379.6
of which: credit balances at banks	384.2	1.4	32.0	30.4	448.0
	400.5	1.2	48.3	10.1	460.1

Reconciliation in € million	Nine Months 2014/2015	Nine Months 2013/2014
Segment earnings (EBIT) before "Headquarters and consolidation"	191.6	175.9
Headquarters	(2.2)	(2.1)
Consolidation adjustments	(0.2)	(0.3)
Net financial expenses	(23.5)	(24.6)
Consolidated earnings before taxes	165.7	148.9

Rounding up or down may lead to discrepancies between totals.

Neustadt an der Weinstrasse, December 22, 2014

The Board of Management of HORNBACH HOLDING AG

Albrecht Hornbach

Roland Pelka

FINANCIAL CALENDAR 2015

March 24, 2015	Trading Statement 2014/2015
May 28, 2015	Annual Results Press Conference 2014/2015 Publication of Annual Report
June 26, 2015	Interim Report: 1 st Quarter 2015/2016 as of May 31, 2015
July 9, 2015	Annual General Meeting of HORNBACH HOLDING AG Festhalle Landau, Landau/Pfalz
September 29, 2015	Half-Year Financial Report 2015/2016 as of August 31, 2015 DVFA Analysts' Conference
December 21, 2015	Interim Report: 3 rd Quarter 2015/2016 as of November 30, 2015

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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.