

HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

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HORNBACH presents its interim report for the first nine months of 2004/2005

Significant Year-On-Year Increase in Sales and Earnings

- Group sales up by 8.9% – HORNBACH DIY megastores with garden centers report growth of 10.1%
- Earnings increase maintained in third quarter
- Swiss store network grows to three locations

Neustadt an der Weinstrasse, December 21, 2004.

The HORNBACH Group has reported a significant year-on-year increase in its sales and earnings both for the first nine months of the 2004/2005 financial year (March 1 to November 30, 2004) and for the third quarter. The consolidated sales of HORNBACH HOLDING AG rose by 8.9% over the first nine months to reach €1.77 billion (previous year: €1.62 billion). Around €1.66 billion of this total was contributed by the 117 DIY megastores with garden centers operated in eight countries by HORNBACH-Baumarkt-AG, the largest operating subgroup (previous year: €1.51 billion). Due to the downturn in consumer confidence witnessed in Germany since the autumn, like-for-like sales growth could not be maintained at the dynamic level seen in the first half of the financial year. As a result, like-for-like sales declined by 0.9% in the period of September to November 2004. For the first nine months, the Group reported cumulative like-for-like sales growth of 2.5%. Its earnings for the first nine months continued to rise as a percentage of sales. Earnings before taxes at the HORNBACH HOLDING AG Group improved by 47% to €86.5 million and at the Baumarkt subgroup by 54% to €81.4 million.

The HORNBACH HOLDING AG Group consists of the HORNBACH-Baumarkt-AG, HORNBACH Baustoff Union GmbH and HORNBACH Immobilien AG subgroups.

The net sales of the HORNBACH HOLDING AG Group rose by 6.0% during the third quarter (September 1 to November 30, 2004) to reach €554.1 million (previous year: €522.9 million). Cumulative consolidated sales rose by 8.9% to reach €1,765.7 million in the first nine months of the financial year (previous year: €1,621.4 million).

Following two new openings in the third quarter, the HORNBACH-Baumarkt-AG subsidiary was operating 117 DIY megastores with garden centers across Europe with a total sales area of around 1,196,000 m² as of November 30, 2004. Net sales at the HORNBACH-Baumarkt-AG Group rose by 6.6% in the third quarter to €518.3 million (previous year: €486.0 million) and by 10.1% in the first nine months to reach €1,658.8 million (previous year: €1,506.7 million).

In Germany, a new megastore was opened in Braunschweig in November with more than 16,000 m² of sales area. This location, which has been combined with a construction materials drive-in facility, replaces the former DIY store with a garden center in the town itself, which was no longer up to date. In Switzerland, the opening of the DIY megastore with a garden center in Villeneuve on Lake Geneva means that the network of Swiss HORNBACH megastores has now expanded to three locations. The share of international

HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

PRESSEMITTEILUNG – PRESS RELEASE

sales at the subgroup amounted to 32.7% at the end of the first nine months (previous year: 31.9%).

Like-for-like sales in Germany and abroad rose by 2.5% across the Group during the reporting period from March to November 2004, building on the very strong performance reported for the equivalent period in the previous year (+3.9%). In Germany, this key figure improved by 1.2%, while the international HORNBACH DIY megastores with garden centers reported like-for-like sales growth of 5.3%.

In the third quarter of the current 2004/2005 financial year, like-for-like sales were not able to maintain the dynamic pace reported for the first six months of the financial year. Like-for-like sales at the HORNBACH-Baumarkt-AG subgroup fell by 0.9% in the months of September to November 2004 (previous year: +5.7%).

The slowdown in the sales performance is primarily attributable to the highly subdued level of consumer demand in the German retail sector, which has declined markedly since September of this year. The DIY and garden center segment achieved sales growth of 1.7% in real terms between January and September 2004, based on figures released by the Federal Statistics Office, which means that it has significantly outperformed the overall retail sector (-1.4% in real terms). Nevertheless, since the summer the DIY segment has hardly managed to escape the general downturn in consumer expenditure. According to the Federal Association of German Home Improvement, DIY and Specialist Garden Stores (BHB), the growth in like-for-like DIY sales in Germany did not exceed 0.1% during the first three quarters of the 2004 calendar year. Over the same period of January to September 2004, HORNBACH generated sales growth of 3.4% in Germany, even though the business climate had been difficult in terms of price competition.

In spite of underlying conditions remaining difficult in the construction sector, the cumulative net sales of the HORNBACH Baustoff Union GmbH (HBU) subgroup improved in the first three quarters from € 102.6 million in the previous year to € 108.7 million (plus 6%).

Earnings Performance

Earnings at the HORNBACH HOLDING AG Group and at the HORNBACH-Baumarkt-AG subgroup continued to rise as a percentage of sales both in the third quarter and in the first nine months of 2004/2005.

At the HORNBACH HOLDING AG Group, consolidated earnings before taxes, the extraordinary result and minority interests rose by 32.8% in the period from September 1 to November 30, 2004 to reach € 8.5 million (previous year: € 6.4 million). At the HORNBACH-Baumarkt-AG subgroup, consolidated earnings before taxes and the extraordinary result rose by 62.7% to € 8.3 million (previous year: € 5.1 million).

Earnings for the first nine months of the 2004/2005 financial year are significantly up on those for the previous year. At HORNBACH HOLDING AG, cumulative earnings before taxes grew by 47.1% to € 86.5 million (previous year: € 58.8 million). Pre-tax earnings at the HORNBACH-Baumarkt-AG subgroup rose by 54.2% to € 81.4 million (previous year: € 52.8 million). Average earnings per share at the overall Group calculated in line with IFRS for the first nine months rose from € 3.67 to € 5.17 (plus 40.9%) and at the Baumarkt subgroup from € 2.23 to € 3.33 (plus 49.3%).

The pleasing earnings performance during the first nine months is principally due to like-for-like sales growth, earnings contributions from newly opened megastores, a lower level of

HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

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pre-opening expenses and improved procurement conditions with a slight reduction in retail prices.

Earnings at the builders merchant business operated by HBU fell short of expectations. Its operating earnings were burdened by maintenance and restructuring measures. Operating earnings at the HORNBACH Immobilien AG subgroup were up on those in the previous year.

The most important key figures of the two companies have been provided in the tables.

Outlook

No further new openings of DIY megastores with garden centers are scheduled to take place in the fourth quarter of the 2004/2005 financial year. The total of 117 retail outlets within the HORNBACH-Baumarkt-AG subgroup are expected to generate net sales approaching €2.1 billion. The performance of like-for-like sales is expected to exceed the sector average.

Net sales at the HORNBACH HOLDING AG Group are expected to rise to more than €2.2 billion in the current financial year. On account of the company's scheduled expansion, like-for-like sales growth and a stable gross margin, consolidated earnings for the overall year are expected to rise as a percentage of sales.

Further details of the business performance of the overall HORNBACH HOLDING AG Group and of the HORNBACH-Baumarkt-AG subgroup can be found in the interim reports published today on the internet.

- HORNBACH-Baumarkt-AG: www.hornbach.com
- HORNBACH HOLDING AG: www.hornbach-holding.com

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Key Figures for the First Nine Months of 2004/2005 (IFRS)

HORNBACH HOLDING AG Group (ISIN DE0006083439)

Key Figures HORNBACH HOLDING AG Group (in € million, unless otherwise indicated)	3 rd Quarter 2004/2005	3 rd Quarter 2003/2004	± %	9 Months 2004/2005	9 Months 2003/2004	± %
Net sales	554.1	522.9	6.0	1,765.7	1,621.4	8.9
of which in other European countries	172.2	155.2	11.0	542.5	480.5	12.9
Gross margin (as % of net sales)	34.2%	33.8%		35.6%	34.4%	
EBITDA	36.3	32.9	10.3	166.4	135.6	22.7
EBIT	17.5	14.7	19.0	112.5	82.8	35.9
Consolidated earnings before taxes, extraordinary result and minority interests	8.5	6.4	32.8	86.5	58.8	47.1
Extraordinary result	0	0	-	0	1.1	-
Consolidated net income*	3.7	3.0	23.3	41.3	29.3	41.0
Average earnings per share (in €)	0.46	0.38	21.1	5.17	3.67	40.9
No. of employees at HORNBACH Group				11,411	10,571	7.9
Investments				118.7	110.8	7.1
Total assets				1,868.8	1,661.6	12.5
Shareholders' equity**				465.9	442.1	5.4
Shareholders' equity as % of total assets**				25.0	26.6	

* after minority interests

** excluding minority interests

HORNBACH-Baumarkt-AG Subgroup (ISIN DE0006084403)

Key Figures HORNBACH-Baumarkt-AG Group (in € million, unless otherwise indicated)	3 rd Quarter 2004/2005	3 rd Quarter 2003/2004	± %	9 Months 2004/2005	9 Months 2003/2004	± %
Net sales	518.3	486.0	6.6	1,658.8	1,506.7	10.1
of which in other European countries	172.2	155.2	11.0	542.5	480.5	12.9
Like-for-like sales growth	-0.9%	5.7%		2.5%	3.9%	
Gross margin (as % of net sales)	34.8%	34.4%		36.1%	34.9%	
EBITDA	29.1	25.0	16.4	141.1	111.4	26.7
EBIT	13.4	10.0	34.0	96.4	68.0	41.8
Consolidated earnings before taxes and extraordinary result	8.3	5.1	62.7	81.4	52.8	54.2
Extraordinary result	0	0	-	0	1.1	-
Consolidated net income	5.4	3.4	58.8	50.0	33.5	49.3
Earnings per share (in €)	0.36	0.22	58.8	3.33	2.23	49.3
No. of employees				10,752	9,814	9.6
Investments				75.0	53.2	41.0
Total assets				1,332.8	1,129.5	14.7
Shareholders' equity				401.8	369.9	11.8
Shareholders' equity as % of total assets				30.2%	32.8%	
No. of stores				117	108	8.3
Sales area as per BHB (in 000 m ²)				1,196	1,093	9.4
Average store size (in m ²)				10,224	10,117	1.1

HORNBACH HOLDING AG – HORNBACH-Baumarkt-AG

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Financial Calendar

- April 14, 2005
- June 24, 2005

- September 01, 2005
- September 02, 2005
- September 29, 2005

- December 21, 2005

Preliminary Results 2004/2005

Financial Statements Press Conference 2004/2005

DVFA Analysts Conference: HORNBACH-Baumarkt-AG
Interim Report as of May 31, 2005

Annual General Meeting: HORNBACH-Baumarkt-AG

Annual General Meeting: HORNBACH HOLDING AG

Interim Report as of August 31, 2005

DVFA Analysts Conference: HORNBACH HOLDING AG

Interim Report as of November 30, 2005

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