

# Update Call Q3/9M 2023/24

HORNBACH Holding AG & Co. KGaA

December 20, 2023, 8:30 a.m. CET

## Disclaimer

This document has been prepared by HORNBAACH Holding AG & Co. KGaA (the “Company”, and together with its consolidated subsidiaries, the “HORNBAACH Group”) solely for informational purposes. This disclaimer shall apply in all respects to the entire presentation, including any oral presentation of the slides by the representatives of the Company (or any other person on behalf of the Company), any questions-and-answer session that follows an oral presentation as well as any additional materials distributed at, or in connection with, this presentation (collectively, the “Presentation”).

The Presentation may not be reproduced or redistributed in whole or in part without the prior written consent of the Company.

None of the Company, its affiliates or any of their respective board members, directors, officers, employees, agents or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of the Presentation or its contents or otherwise arising in connection with the Presentation. The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as of the date of the document and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained in the Presentation.

The Presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to, or acquire, securities of the Company or its affiliates, or an inducement to enter into investment activity in the United States or in any other country. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on by any person in connection with, any contract or commitment or investment decision whatsoever.

Certain industry, market and competitive position data contained in this Presentation come from official or third-party sources. Third-party publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of the publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein, and the Company assumes no responsibility whatsoever in respect of the accuracy and completeness of any such data. In addition, certain industry, market and competitive position data contained in this Presentation come from the HORNBAACH Group’s own research and analyses and certain estimates are based on the knowledge and experience of the HORNBAACH Group’s management in the markets in which the HORNBAACH Group operates. While the Company believes that such research, analyses and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy and completeness and are subject to change without notice. Therefore, the Company also assumes no responsibility whatsoever in respect of the accuracy and completeness of any such research, analyses and estimates.

Certain information in the Presentation, including, inter alia, statements regarding the possible or assumed future performance of the Company and its affiliates or its industry or other projections, constitute forward-looking statements. These statements reflect the Company’s current knowledge and expectations and projections about future events. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors include, but are not limited to, changes in economic conditions and industry-specific conditions, the competitive as well as the political situation, changes in national and international law, interest rate or exchange rate fluctuation, legal disputes and investigations, and the availability of funds. These factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements are correct, complete or accurate. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements.

The financial information of the HORNBAACH Group included in the Presentation should be read in conjunction with the relevant audited annual financial statements, reviewed half-year financial statements and unaudited quarterly financial statements. In addition to figures prepared in accordance with IFRS, the Presentation also includes certain alternative performance measures. These alternative performance measures have been included because the Company believes that investors may find them helpful to assess the HORNBAACH Group’s performance. However, these alternative performance measures should be considered only in addition to, but not in isolation or as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles, and other companies that report similarly named measures may define or calculate these performance measures in different ways.

Due to rounding, numbers presented in this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Update Call Q3/9M 2023/24

HORNBACH Holding AG & Co. KGaA

Karin Dohm (CFO)

December 20, 2023, 8:30 a.m. CET

## Earnings figures sequentially improving in Q3

**Earnings further stabilizing in Q3 driven by gross margin improvement and successful cost management**

- Q3 2023/24 adj. EBIT at € 48.1m (-1.7%)
- Gross margin improved to 33.4% in Q3 from 32.4%

**Q3 sales influenced by ongoing consumer caution in big ticket and discretionary categories**

- Q3 2023/24 net sales decreased by 4.0% to € 1,485m – HORNBACH Baumarkt net sales down by 3.5%
- HORNBACH Baumarkt expanded market share in key international markets in the first 10 months of the calendar year 2023

**FY outlook 2023/24 confirmed– sales and adjusted EBIT expected at mid to low range of guidance published on Sep 15, 2023:**

- Sales: at or slightly below previous year's level (€ 6,263m)
- Adjusted EBIT: -10% to -25% below FY 2022/23 (€ 290.1m)



### Investing in do-it-for-me services and ESG

#### Acquisition of Seniovo

- IT driven start-up with highly automated processes in **serial and standardized bathroom renovation**
- Expansion of do-it-for-me services into **barrier-free renovations**
- **Synergies** expected in sourcing and logistics, customer acquisition as well as through the combination of **partner networks**



- On the market since 2017
- >3,000 bathroom conversions realized
- Fully automated value chain
- Extensive partner network

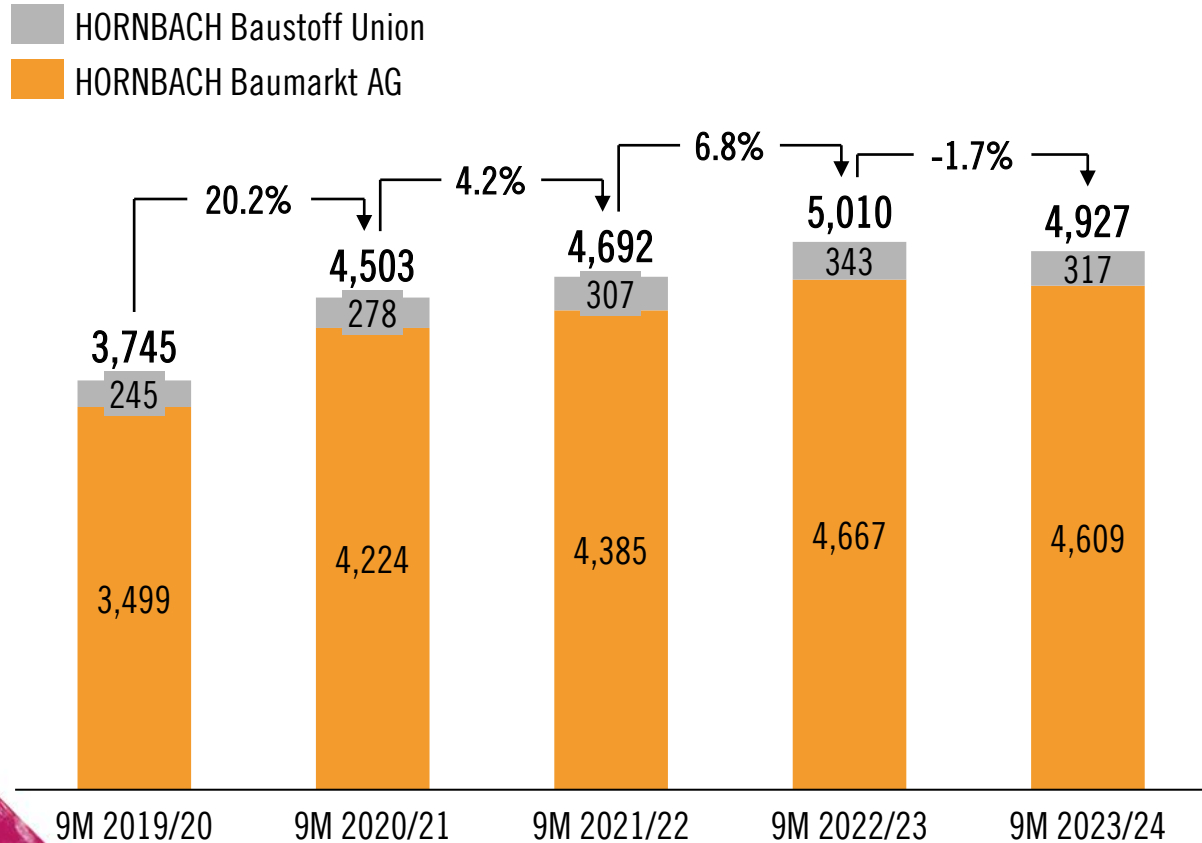
#### Advancing ESG initiatives

- 6 new **photovoltaic systems** installed in Q3 – 32 PV systems in total as of Nov 2023
- **Conversion of heating** from fossil fuels to more sustainable alternatives started in selected stores
- **Extension of energy refurbishment assortment** – insulation and energy generation

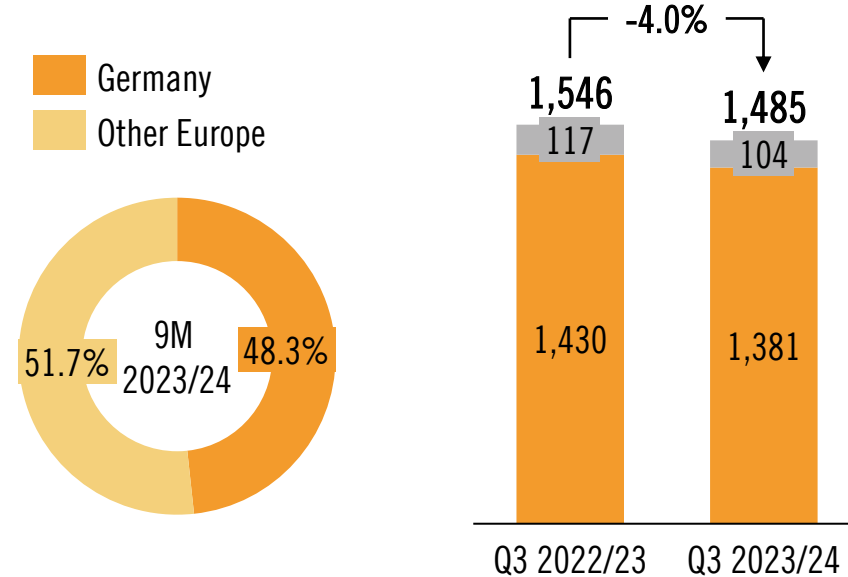


## Net sales in 9M 2023/24 close to previous year's record level

9M net sales (Mar 1 – Nov 30)



- 9M net sales **HORNBAACH Baumarkt** subgroup -1.3%
  - Q1: -2.2%; Q2: +1.9%; Q3: -3.5%
  - Germany: -2.9%; Other Europe: +0.4%
- 9M net sales **HORNBAACH Baustoff** subgroup -7.6%
  - Q1: -2.4%; Q2: -9.4%; Q3: -10.6%



## Like-for-like sales in Q3 reflect customer caution and base effect

- **Like-for-like sales down (-2.2%)** compared to strong previous year (Q3 2022/23 : +7.2%)
- **Deflationary effects** in some core commodity categories starting to show in Q3
- **Strong performance in the Netherlands** driven by increased footfall and strong project sales
- In 9M 2023/24 Group-wide on average **0.7 business days less** than previous year (business days: Q1: -1.5; Q2: +0.8; Q3: +/-0)

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

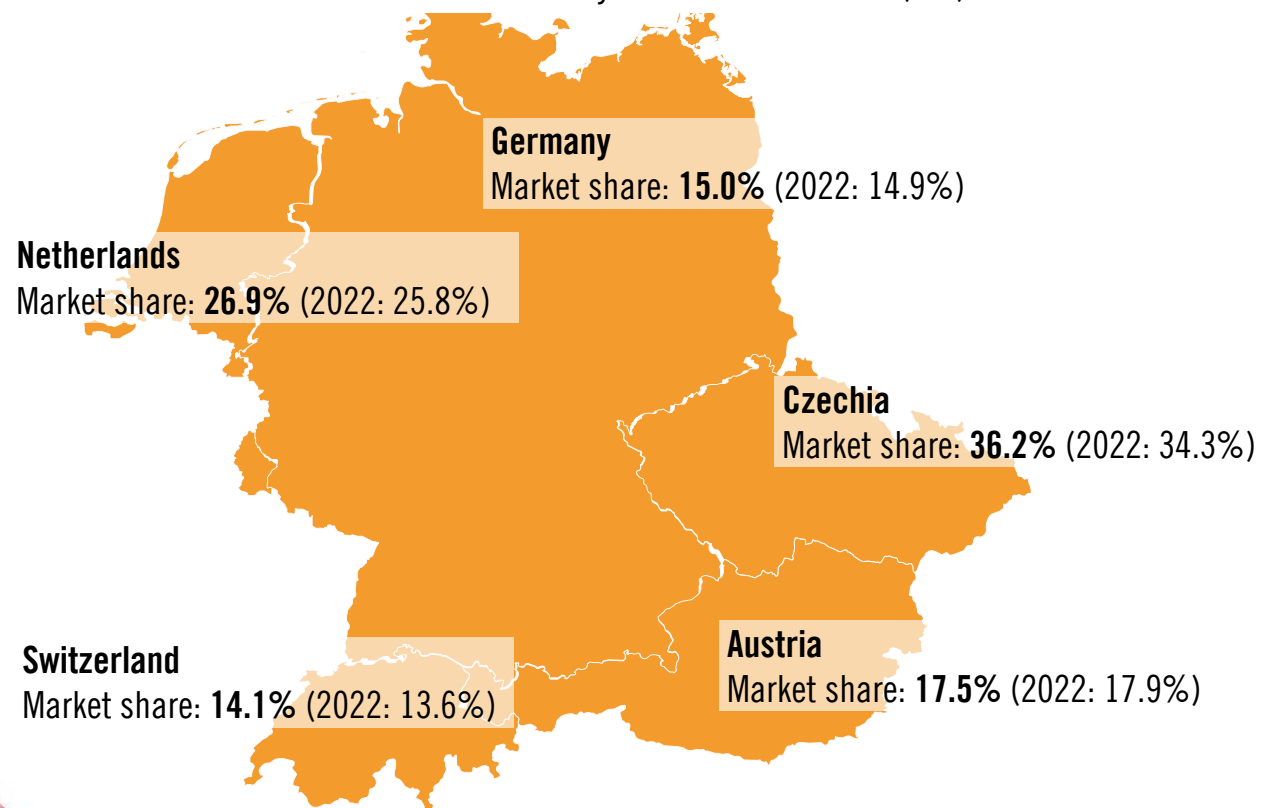
|                     | Q1 2023/24   | Q2 2023/24 | Q3 2023/24   | 9M 2023/24   |
|---------------------|--------------|------------|--------------|--------------|
| <b>Total</b>        | <b>(3.2)</b> | <b>1.0</b> | <b>(4.3)</b> | <b>(2.2)</b> |
| <b>Germany</b>      | <b>(5.7)</b> | <b>0.3</b> | <b>(5.0)</b> | <b>(3.5)</b> |
| <b>Other Europe</b> | <b>(0.8)</b> | <b>1.6</b> | <b>(3.6)</b> | <b>(0.9)</b> |
| Austria             | (6.6)        | (3.5)      | (9.0)        | (6.3)        |
| Czechia             | (3.2)        | (1.2)      | (5.6)        | (3.3)        |
| Luxembourg          | 0.6          | 7.7        | (1.0)        | 2.4          |
| Netherlands         | 7.7          | 7.5        | (0.3)        | 5.1          |
| Romania             | (2.2)        | (0.9)      | (3.5)        | (2.2)        |
| Slovakia            | (0.4)        | 1.3        | (5.2)        | (1.3)        |
| Sweden              | (7.1)        | (0.7)      | 0.5          | (2.8)        |
| Switzerland         | (2.3)        | 1.6        | (3.9)        | (1.5)        |

1) Lfl = Like-for-like, In constant currencies; includes sales from all stores that have been open for at least one year as well as sales from online shop

## HORNBACH Baumarkt: Gaining further market share in key international markets

### Market share 2023 year-to-date in key countries

Market share of HORNBACH Baumarkt January – October 2023 in % (GfK)



Source: GfK DIY-TSR (Large DIY stores > 1,000 sqm), no data for Luxemburg, Romania, Slovakia, Sweden

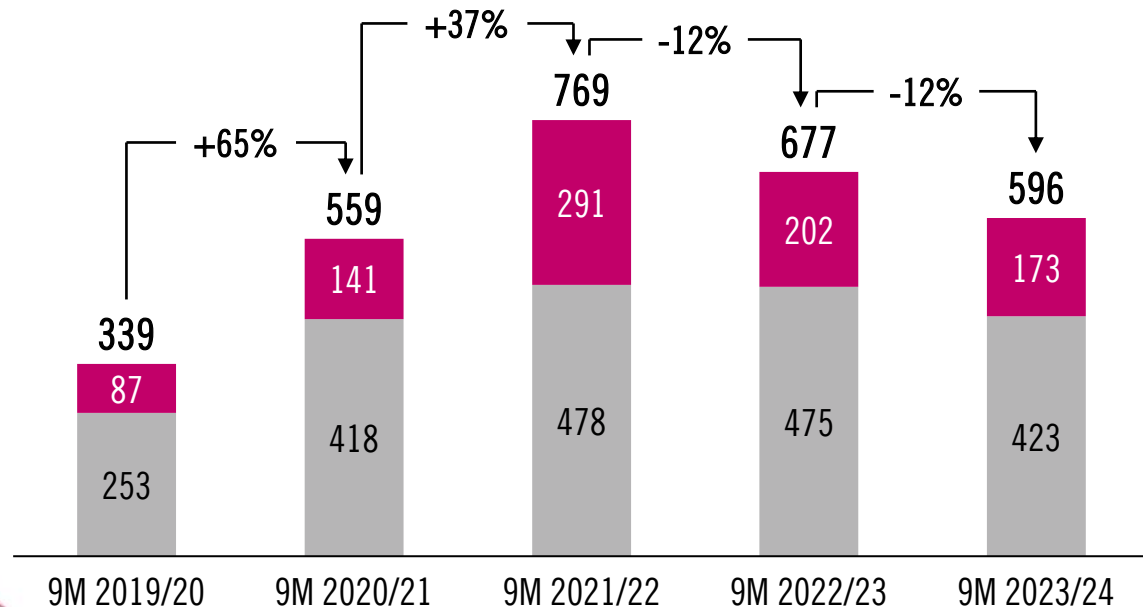
- HORNBACH continued to **gain market share** (GfK) in key international markets between January and October 2023
- Strong market share gains in the **Netherlands** (+ 1.1 ppt) and **Czechia** (+1.9 ppt).
- Market share in **Germany** stable on a high level at **15.0%**
- Recent store openings in **Germany** (Leipzig) and **the Netherlands** (Enschede, Nijmegen) supporting continued growth



## E-commerce share remains well above pre-Covid levels

|      |       |       |       |       |                  |
|------|-------|-------|-------|-------|------------------|
| 9.7% | 13.2% | 17.6% | 14.5% | 12.9% | E-commerce share |
|------|-------|-------|-------|-------|------------------|

■ Click & Collect 
 ■ Direct delivery



- **E-commerce share of HORNBACH Baumarkt sales** (incl. Click & Collect) at **12.9%** in 9M 2023/24
- **Direct delivery** and **Click & Collect** remain well above pre-pandemic levels – established sales channels in DIY and DIFM
- Number of **customer accounts** increased by **15%** to 4.1 million in 9M 2023/24
- More than half of our **online orders** were fulfilled through our stores

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

### Gross margin starting to improve – costs down from previous year in Q3 2023/24

- **Gross margin** increased by 1 ppt. in Q3 as renegotiated purchase prices take effect
- **Selling and store expenses** slightly down in Q3 (-0.3%) – 9M figures include impairment effects (+€ 20m) and higher personnel costs (+€ 27m) partly offset by lower operating expenses (-€ 14m)
- **General and administration expenses** decrease in Q3 (-2.3%) – 9M impacted by personnel and technology/IT investments

in € million

**Gross profit**

*Gross profit margin in %*

Selling and store expenses

Pre-opening expenses

General and administration expenses

*Cost ratio in %*

|                                     | Q3<br>2022/23 | Q3<br>2023/24 | Change in<br>% | 9M<br>2022/23 | 9M<br>2023/24 | Change in<br>% |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
| <b>Gross profit</b>                 | <b>500</b>    | <b>496</b>    | <b>(0.9)</b>   | <b>1,668</b>  | <b>1,643</b>  | <b>(1.5)</b>   |
| <i>Gross profit margin in %</i>     | <i>32.4</i>   | <i>33.4</i>   |                | <i>33.3</i>   | <i>33.3</i>   |                |
| Selling and store expenses          | 381           | 380           | (0.3)          | 1,147         | 1,182         | 3.1            |
| Pre-opening expenses                | 1.3           | 0.9           | (31.4)         | 4.0           | 4.6           | 16.6           |
| General and administration expenses | 72            | 71            | (2.3)          | 205           | 219           | 7.0            |
| <i>Cost ratio in %</i>              | <i>29.4</i>   | <i>30.4</i>   |                | <i>27.1</i>   | <i>28.5</i>   |                |

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

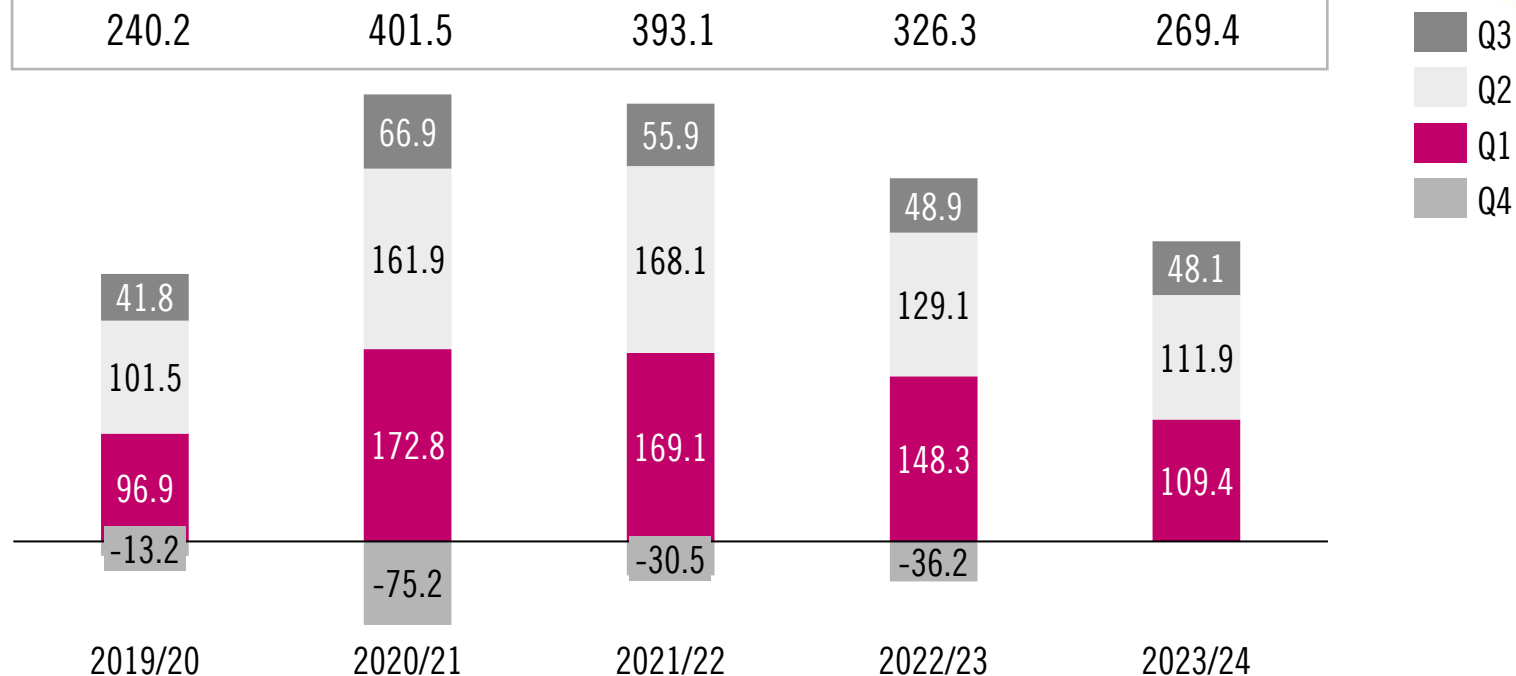
## Robust profit development in Q3 2023/24

- Adjusted EBIT on Group level slightly **down 1.7% in Q3 2023/24** and 17.4% in 9M 2023/24 vs. previous year
- Non-operating effects in Q3 2023/24 mainly from the sale of land (+€ 1.4 m) – total effect in 9M -€ 17.9m

| Reconciliation (in €m) | 9M 2022/23   | 9M 2023/24   |
|------------------------|--------------|--------------|
| <b>EBIT</b>            | <b>324.8</b> | <b>251.5</b> |
| Non-operating effects  | 1.5          | 17.9         |
| <b>Adjusted EBIT</b>   | <b>326.3</b> | <b>269.4</b> |

### Adjusted EBIT and adjusted EBIT margin 9M:

| Adjusted EBIT margin 9M | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-------------------------|---------|---------|---------|---------|---------|
| Adjusted EBIT margin 9M | 6.4%    | 8.9%    | 8.4%    | 6.5%    | 5.5%    |
| Adjusted EBIT 9M        | 240.2   | 401.5   | 393.1   | 326.3   | 269.4   |



1) Adjusted to exclude non-operating earnings items, e.g. impairment losses on assets, income from disposals of properties, income from write-ups of assets impaired in previous years

### Active management of gross margin and inventory going forward

#### Gross margin improvement targeted

- Maintaining focus on competitive pricing (EDLP strategy) to protect market share
- Benefitting from decreasing input costs for many products - constructive negotiations with suppliers ongoing
- Effects of lower moving average purchasing costs starting to show

#### On track with inventory reductions

- Inventories down 18% vs. Feb 2023
- Optimized purchasing behavior while maintaining high product availability
- Significant inventory reduction as of end of February 2024 expected

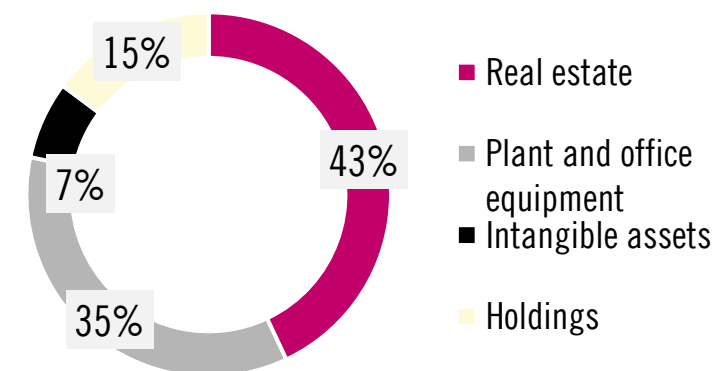


## Working capital reduction driven by successful inventory management and reverse factoring

|   | 9M 2022/23     | 9M 2023/24           |
|---|----------------|----------------------|
| <b>Cash flow from operating activities</b>  | <b>278.6</b>   | <b>236.9</b>         |
| <i>of which: funds from operations</i>  | 389.7          | 335.2                |
| <i>of which: change in working capital</i>  | (111.1)        | (98.3) <sup>1)</sup> |
| <b>Cash flow from investing activities</b>  | <b>(154.3)</b> | <b>(170.4)</b>       |
| <i>of which: gross CAPEX</i>  | (158.6)        | (149.2)              |
| <i>of which: fixed-term deposits</i>  | -              | (30.0)               |
| <b>Cash flow from financing activities</b>  | <b>(106.3)</b> | <b>(171.7)</b>       |
| <b>Cash-effective change in cash and cash equivalents</b>                             | <b>18.0</b>    | <b>(105.3)</b>       |
| <b>Free cash flow (after net CAPEX adjusted for fixed-term deposits and dividend)</b> | <b>83.4</b>    | <b>55.9</b>          |
| <b>Adjusted free cash flow for reverse factoring effect</b>                           | <b>83.4</b>    | <b>305.9</b>         |

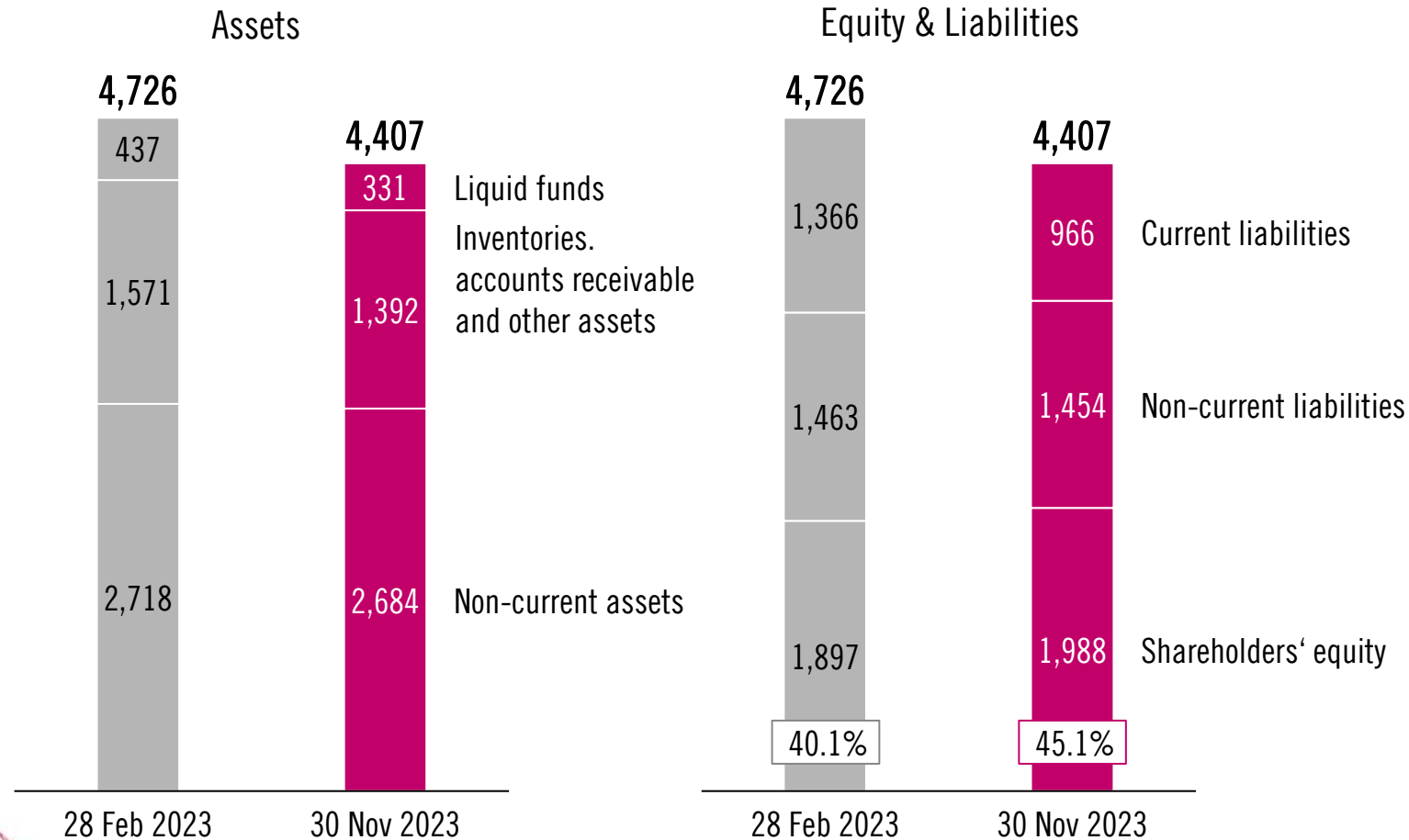
- **Operating cash flow** on a high level in Q3 at € 114.3m (Q3 2022/23: € 25.4)
- Change in **working capital** includes repayments from the reverse factoring program (€ 250m), which were partly offset by inventory reductions

CAPEX split of HORNBACH Group 9M 2023/24



1) Includes repayments of € 250m from reverse factoring program

## Strong balance sheet structure



- Successful reduction of **inventories** by € 252m compared to Feb 2023 according to plan – reduction of €155m compared to Nov 2022
- Decrease in liabilities (long- and short term)
- **Equity ratio further strengthened** at 45.1%

## Navigating current challenges while pursuing long-term opportunities



- Focused on **improving efficiency** through actively managing costs and inventory
- Maintaining **price leadership** and ensuring we remain a reliable partner to our customers
- Continuing to invest in our ICR strategy and digitalization of our business to **maintain our strong market positions**
- **Committed to sustainability** in our own operations, our supply chain and regarding our product offering
- **Robust balance sheet** and **reliable dividend**
- **Confident in our business model** and well positioned to navigate current macroeconomic environment and grow market shares



Q & A



# Upcoming events & contact

## Financial Calendar

|                       |  |
|-----------------------|--|
| January 9, 2024       | Commerzbank & ODDO BHF German Investment Seminar, New York                   |
| January 15, 2024      | ODDO BHF Forum – Digital Days (virtual)                                      |
| January 16, 2024      | Kepler Cheuvreux & UniCredit German Corporate Conference, Frankfurt          |
| February 7, 2024      | Dr. Kalliwoda Conference, Warsaw   |
| February 8, 2024      | Montega – Hamburger Investorentag (HIT), Hamburg                             |
| <b>March 26, 2024</b> | <b>Trading Statement FY 2023/24 as of February 29, 2024</b>                  |
| April 23, 2024        | Quirin Champions Conference, Frankfurt                                       |
| May 14, 2024          | Equity Forum – German Spring Conference, Frankfurt                           |
| <b>May 22, 2024</b>   | <b>Annual Report FY 2023/24 as of February 29, 2024 / Analyst Conference</b> |

## Investor Relations contact

### Antje Kelbert

(+49) 0 63 48 / 60 – 2444

[antje.kelbert@hornbach.com](mailto:antje.kelbert@hornbach.com)

### Anne Spies

(+49) 0 63 48 / 60 – 4558

[anne.spies@hornbach.com](mailto:anne.spies@hornbach.com)

### Jonas Peter

(+49) 0 63 48 / 60 – 5398

[Jonas.peter@hornbach.com](mailto:Jonas.peter@hornbach.com)

[www.hornbach-group.com](http://www.hornbach-group.com)

HORNBACH on [LinkedIn](#)

Updates on our [IR website](#)

