

## **PRESS RELEASE**

Uden, 9 March 2001

### **BETER BED HOLDING: OPERATING PROFIT IN LINE WITH EXPECTATIONS**

**Beter Bed Holding achieved operating profit of EUR 21.2 million for 2000, almost identical to that recorded in 1999 (EUR 22.1 million). Net turnover for 2000 amounted to EUR 226.3 million, an increase of 9% on 1999 (EUR 207.2 million). Profit on ordinary activities amounted to EUR 11.6 million, a fall of 9.1% on 1999 (EUR 12.7 million). Profit on ordinary activities per share amounted to EUR 1.50. As announced in October 2000, a provision of EUR 7.7 million was formed for restructuring the organisation in the Netherlands which was charged to the profit for 2000. Net profit for 2000 amounted to EUR 6.6 million, a decrease of 48% compared with 1999 (EUR 12.7 million). In 2000, earnings per share amounted to EUR 0.85, a fall of 49% compared with 1999 (EUR 1.66). A dividend of EUR 0.57 per share (the same as in 1999) will be proposed to the Annual General Meeting of Shareholders.**

The tax burden was higher than in 1999, due to the fact that a larger portion of the profit was achieved in Germany. In addition, interest expenses were higher compared with 1999 in connection with the financing of the last payment in connection with the acquisition of Matratzen Concord.

#### Restructuring

The provision for restructuring, in particular, caused the net profit to fall. It became evident in the autumn of 2000 that turnover of Beter Bed in the Netherlands would be lower than expected. The disappointing turnover brought further weaknesses to light at Beter Bed in the Netherlands, as a result of which the Board of Directors decided to reorganise. A new management team was appointed to optimise operations. The results were under pressure from the increase in costs at Beter Bed in the Netherlands and the sharp rise in stocks. The provision for restructuring will be used to improve efficiency and effectiveness of the organisation and focuses on streamlining the product range and reducing the stocks and delivery times, among other things. The decision has been made to opt for a partly decentralised logistical set up in three distribution centres.

#### Review of operations

Matratzen Concord further continued its expansion policy in 2000. It opened 76 new outlets in Germany, Austria, Switzerland, the Netherlands, France and Italy. At year-end 2000, this formula owned 397 outlets in these countries. 2000 was a successful year for Matratzen Concord, which will continue its expansion in the coming years. Turnover rose by 24.6%, overall and 4.2% in comparable stores.

At year-end 2000, Beter Bed owned 83 (1999: 73) outlets in the Netherlands and three (1999: 4) in Germany. It was decided to restructure the activities in the Netherlands due to disappointing turnover and logistical and stock management problems at Beter Bed in the Netherlands. This restructuring is well underway and will be completed in 2001. Turnover of Beter Bed in the Netherlands rose by 3%, while there was a 4.6% decline in comparable stores.

In Germany, two branches were closed in early 2000 and one opened at the end of the year. In 2000, the formula of Beter Bed in Germany was further tailored to the German market. Comparable stores reported an increase in turnover of 15%.

In the second half of 2000, Beter Baby and the plant in Uden were sold and Dormaël was converted into a franchise formula. With a product range that is much wider than bedroom furniture, Beter Baby did not form part of the core activities of Beter Bed Holding N.V. Also in view of the limited growth forecasts, it was decided to sell Beter Baby as part of a management buy-out. The plant in Uden was also sold. With Beter Bed's large scale of operations, it no longer needs its own production capacity to market own models. The plant faced considerable surplus capacity, while the remaining production capacity can be purchased under similar conditions elsewhere. Dormaël was converted into a franchise formula, since there was insufficient synergy with other activities. Dormaël's positioning in the higher market segment required a different approach to customers and product range. These restructurings have been completed without any material impact on net profit.

### Strategy

Beter Bed Holding's strategy is aimed at strengthening its position as the leading player in the bedroom furniture market. The strategy focuses on international expansion. In the coming years, the increase in the number of outlets will be achieved almost entirely outside the Netherlands, with the exception of the number of Matratzen Concord outlets in the Netherlands. Approximately 50% of the new outlets will be opened in Germany, the remaining 50% in the rest of Europe. In 2001, Matratzen Concord intends to open some 80 new outlets in the six countries referred to above. In 2001, Beter Bed in the Netherlands will devote its energy in particular to optimising logistics, stock management and the existing outlets. The number of outlets is not expected to increase further. The expansion of Beter Bed in Germany will be continued. The branding activities, as part of which own-brand product ranges with high added value are developed and sold, will be expanded further in 2001, first of all in the Netherlands and Germany.

### Dividend

It will be proposed to the shareholders at the Annual General Meeting of Shareholders on 26 April 2001 that a dividend of EUR 0.57 (1999: EUR 0.57) per share be declared. At the option of the shareholders, the dividend will be paid out either in cash or in ordinary shares, to be charged to the share premium account. On 10 May 2001, after the close of business on Euronext Amsterdam, the ratio between the cash dividend and the stock dividend will be determined based on the average share price during the period between 27 April and 10 May 2001, allowing for the value of the dividend in shares to exceed the value of the cash dividend by 2 to 5%. The final dividend will become payable as from 15 May 2001.

### Change in the Board of Directors

Mr A.P.J. (Arno) van der Heijden, Finance Director of Beter Bed Holding N.V., has announced his intention to leave the company in order to look for a new challenge in his career. Mr Van der Heijden will leave the company in March 2001. The duties of Mr Van der Heijden will be taken over by Mr A.E.P (Anton) Sanders, managing director of Beter Bed in the Netherlands and former Group Controller.

### Prospects

The Board of Directors is satisfied with the progress in the restructuring in the Netherlands, but does not, for the time being, wish to forecast results for 2001 in view of the uncertainty about developments in consumer spending and the rate at which the developments will benefit results. The company aims to return to at least 12% annual growth in earnings per share in the medium term.

### Beter Bed Holding - company profile

Beter Bed Holding is active in the European bedroom furniture market. Its activities include retailing through the Beter Bed (in the Netherlands and Germany), Matratzen Concord (in the Netherlands, Germany, Austria, Switzerland, France and Italy) and Dormaël (in the Netherlands) chains, which include almost 500 outlets. In addition, Beter Bed Holding sells brand name bedroom furniture through its subsidiary DFC Comfort and produces bedroom furniture for Beter Bed outlets and third parties in its two plants in Poland. Retail turnover on goods produced by the group's own plants will represent some 5% of total consumer turnover of Beter Bed Holding in the current year. In 2000, Beter Bed Holding generated turnover of EUR 226 million with 1,758 staff. Since 1996, it has been listed on the Official Market of Euronext Amsterdam.

### **ANNEXES**

**1 Consolidated profit and loss account for 2000**

**2 Consolidated balance sheet**

## ANNEXE 1: CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2000

(in EUR thousands)	2000	1999
Net turnover	226,325	207,175
Cost of sales	<u>(101,165)</u>	<u>(95,723)</u>
Gross profit	<u>125,160</u>	<u>111,452</u>
Staff costs	47,578	41,810
Depreciation of tangible fixed assets	5,198	4,794
Other operating expenses	<u>51,211</u>	<u>42,706</u>
Total operating expenses	<u>(103,987)</u>	<u>(89,310)</u>
Operating profit	<u>21,173</u>	<u>22,142</u>
Net financial expense	(2,139)	(1,452)
Profit on ordinary activities before taxation	<u>19,034</u>	<u>20,690</u>
Corporate income tax	(7,421)	(7,943)
Profit on ordinary activities after taxation	<u>11,613</u>	<u>12,747</u>
Extraordinary expense	(7,714)	0
Tax on extraordinary item	<u>2,700</u>	<u>0</u>
Extraordinary expense after taxation	<u>(5,014)</u>	<u>0</u>
Net profit	<u><u>6,599</u></u>	<u><u>12,747</u></u>

**ANNEXE 2: CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2000**  
(before proposed profit appropriation)

(in EUR thousands)	<b>31/12/00</b>	<b>31/12/99</b>
Tangible fixed assets	26,068	29,726
Financial fixed assets	0	0
Stocks	31,372	32,924
Debtors, prepayments and accrued income	8,756	2,327
Cash at bank and in hand	2,017	8,295
<b>TOTAL ASSETS</b>	<b><u>68,213</u></b>	<b><u>73,272</u></b>
Capital and reserves	12,391	8,407
Subordinated loan	4,310	12,782
Capital base	<u>16,701</u>	<u>21,189</u>
Provisions	5,310	2,864
Long-term liabilities	5,351	6,066
Current liabilities, accruals and deferred income	40,851	43,153
<b>TOTAL LIABILITIES</b>	<b><u>68,213</u></b>	<b><u>73,272</u></b>