

# Annual results 2017

Beter Bed Holding N.V.



2 March 2018

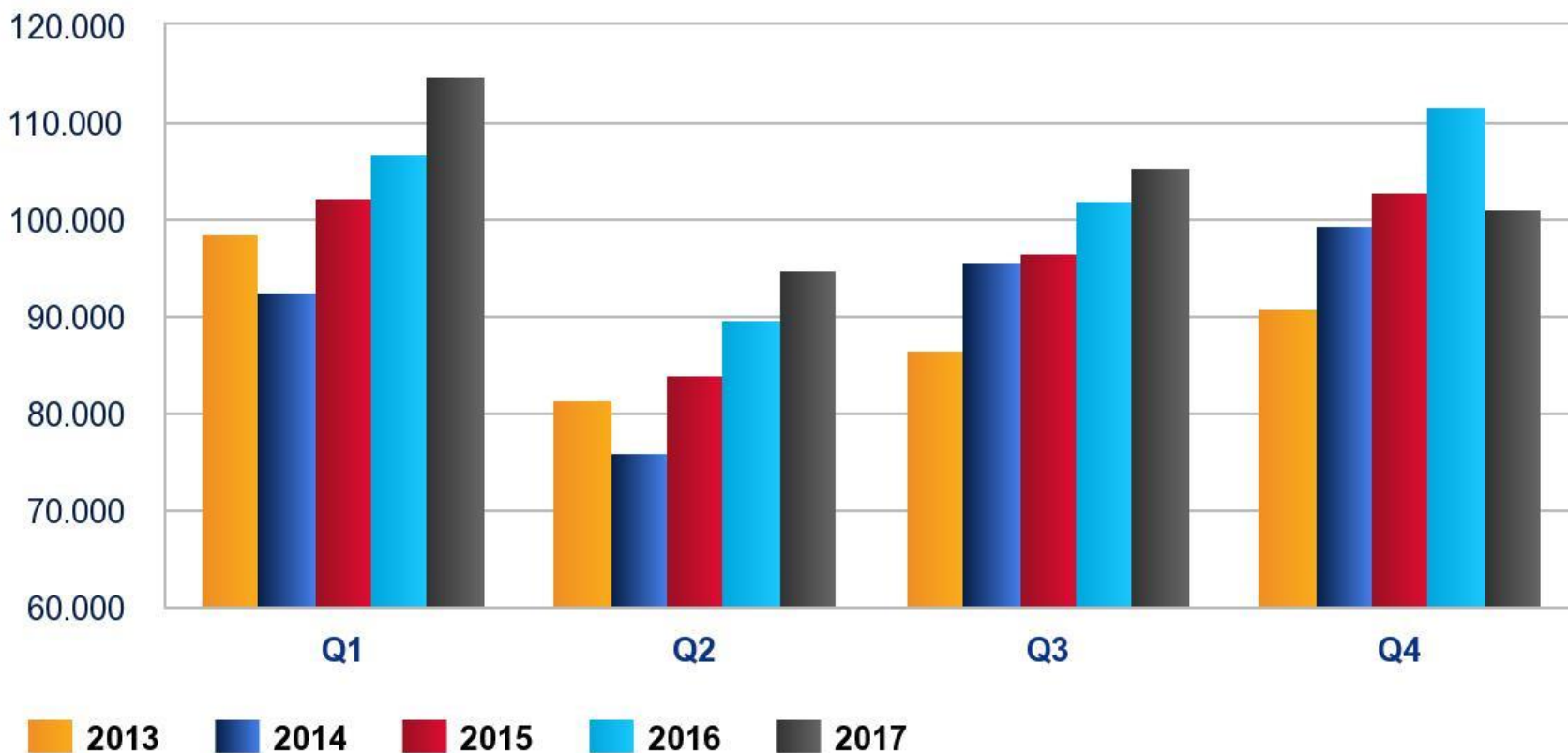
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# Agenda

- Financials
- Objectives and strategy
- Formats
- Outlook

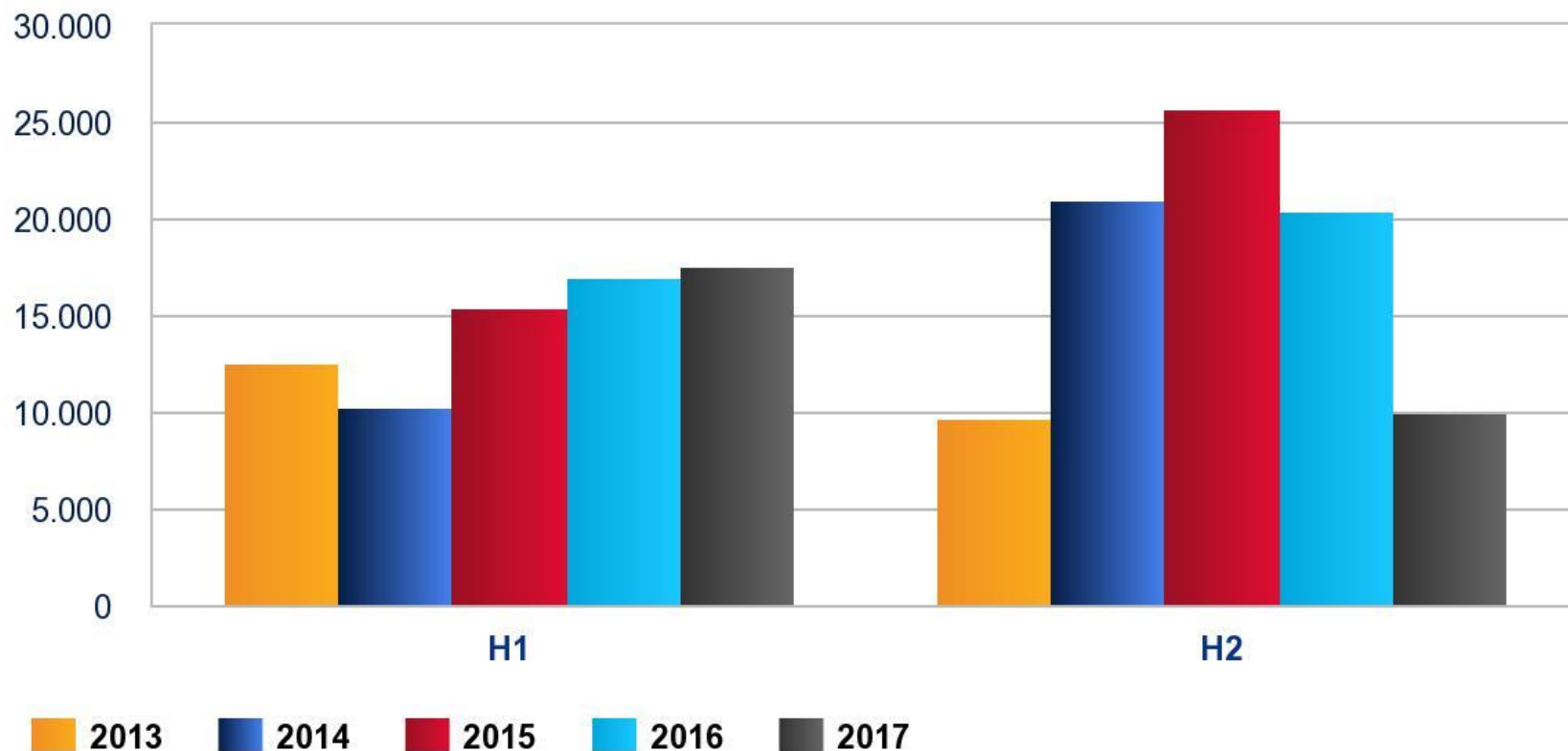
# Revenue per quarter

Eur x 1.000



# EBITDA per half-year

Eur x 1.000



## Key data

	2017	2016
EPS (EUR)	0,43	0,87
Capex (EUR M)	21,4	16,5
Total assets (EUR M)	156,7	143,6
Sales/stocks	6,3	6,6
EBITDA	27,5	37,5
EBIT (EUR M)	14,4	26,0
Net profit (EUR M)	9,5	19,0

# P&L 2017

(EUR x 1.000)	2017		2016	
Revenue	416.426		410.457	
Cost of sales	176.931		173.350	
<b>Gross profit</b>	<b>239.495</b>	<b>57,5%</b>	<b>237.107</b>	<b>57,8%</b>
Personnel expenses	108.262		100.523	
Depreciation and amortisation	12.847		11.168	
Other operating expenses	103.961		99.381	
<b>Total operating expenses</b>	<b>225.070</b>	<b>54,0%</b>	<b>211.072</b>	<b>51,4%</b>
<b>EBIT</b>	<b>14.425</b>	<b>3,5%</b>	<b>26.035</b>	<b>6,3%</b>
Finance income and costs	406-		158-	
Income tax expense	4.494-		6.862-	
Net profit	9.525	2,3%	19.015	4,6%
<b>EBITDA</b>	<b>27.479</b>	<b>6,6%</b>	<b>37.528</b>	<b>9,1%</b>

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# Consolidated Balance sheet

## Total Assets

(EUR x 1.000)

31-12-2017

31-12-2016

Tangible assets	<b>44.236</b>	38.070
Intangible assets	<b>9.030</b>	7.002
Financial assets	<b>2.879</b>	1.877
Inventories	<b>65.697</b>	61.884
Receivables	<b>17.219</b>	12.992
Cash and cash equivalents	<b>17.669</b>	21.792
<b>Total</b>	<b>156.730</b>	143.617



# Consolidated Balance sheet

## Total Equity and Liabilities

(EUR x 1.000)	31-12-2017	31-12-2016
Equity	<b>70.184</b>	76.878
Provisions	<b>44</b>	198
Deferred tax liabilities	<b>3.383</b>	2.154
Current liabilities	<b>83.119</b>	64.387
<b>Total</b>	<b>156.730</b>	143.617



# Cash flow (1/2)

EUR x 1.000

	2017	2016
Operating profit	14.425	26.035
Net finance costs	406-	158-
Income tax paid	8.865-	7.838-
Depreciation and amortisation	12.847	11.168
Costs of share-based compensation	268	301
Movements in:		
- Inventories	3.813-	2.457-
- Receivables	309	4.345-
- Provisions	154-	340-
- Short-term liabilities (excl. bank overdrafts)	1.179	11.810
- Other	104-	131-
<b>Cash flow from operating activities</b>	<b>15.686</b>	<b>34.045</b>

## Cash flow (2/2)

EUR x 1.000

	2017	2016
<b>Cash flow from operating activities</b>	<b>15.686</b>	34.045
Additions to (in)tangible assets	<b>21.384-</b>	16.534-
Acquisitions	-	3.287-
Disposals of (in)tangible assets	<b>207</b>	325
Changes in non-current receivables	<b>134</b>	265-
<b>Cash flow from investing activities</b>	<b>21.043-</b>	19.761-
Dividend paid	<b>16.247-</b>	18.004-
<b>Cash flow from financing activities</b>	<b>16.247-</b>	18.004-
<b>Change in net cash and cash equivalents</b>	<b>21.604-</b>	3.720-

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# Vision & Mission

## Vision

To become **market leader** in the ‘**value for money**’ segment of the bed and mattress market, in a socially responsible manner

## Mission

Nothing inspires and motivates us more than ensuring that all our customers sleep every night in a healthy and comfortable way at an affordable price:

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# Objectives

- Recovery Germany
- Increasing customer satisfaction
- Increasing net profit
- Strong and healthy balance sheet
- Corporate Social Responsibility

# Strategy 2016 – 2020 (1/5)

From Good to Great

## Retail Marketing

- Continuously sharpening the positioning of the formats by offering top quality products and advice against lowest/best price
- Improvement of the customer experience
- Improvement of transaction power in the Benelux and attraction power in other countries (omnichannel LFL sales)
- Investment in (online) marketing/advertising
- Continuous innovation in product and brands
- Investment in training of sales and logistic employees

# Strategy 2016 – 2020 (2/5)

From Good to Great

## E-commerce

- Sharpening the omnichannel e-commerce proposition by optimally facilitating the customer journey
- Significant investment in e-commerce activities; exploiting state of the art web shops
- Investment in people and systems in e-commerce and IT departments

## Expansion

- Expansion primarily in Belgium, Spain and Sweden with low investments, low cost and flexible lease periods per store. Emphasis on opening stores and location improvements in DACH countries

# Strategy 2016 – 2020 (3/5)

From Good to Great

## Purchasing

- Gross margin improvement
- Optimisation of delivery times
- Less (but more strategic) suppliers/less complexity
- Innovation and development of additional assortments

## Sales

- Optimal omnichannel customer experience supported by advice tools, configurators, NPS and customer reviews



# Strategy 2016 – 2020 (4/5)

From Good to Great

## Backoffice (HR, Finance, Logistics and IT)

### HR

- Further professionalisation of HR (incl. 360 degree assessment)
- Creating customer centered high performance KPI and team culture

### Finance

- Strengthen business support position
- Optimise working capital and control/reduce costs

# Strategy 2016 – 2020 (5/5)

From Good to Great

Backoffice (HR, Finance, Logistics and IT)

## Logistics

- Optimisation of infrastructure; faster and more flexible deliveries become the new standard

## IT

- Developing a new customer and employee friendly 'front end' on the basis of a robust (SAP/technical webshop platform) backbone

## Corporate Social Responsibility

- To further develop initiatives of promoting circular economy in dialogue with strategic suppliers
- New objectives and strategy towards 2020

# CSR Objectives (1/2)

- Focus:
  - Circular economy
  - Safety & quality of products and services
  - Sustainable supply chain
  - Energy consumption and CO<sub>2</sub> emissions
  - Safe working conditions

## CSR Objectives (2/2)

Subject	2017	2016
Certified mattresses (NL/D/AT/CH)	90%	93%
Diversity in top management	39% ♀	29% ♀
Energy consumption (in kWh/m <sup>2</sup> )	63,4	64,7
Customer satisfaction (eKomi) (NL/D/ES/BE)	8,5	8,4

# Breakdown of revenue

(EUR x 1,0 million)	%+/- vs. 2016			
	2017	2016	Total	LFL
Matratzen Concord	243,2	257,0	-5,4	-6,0
Beter Bed	133,3	122,4	8,8	7,2
Beddenreus	14,6	11,6	25,4	21,2
Sängjätten	11,6	5,0	133,7	-
El Gigante del Colchón	7,6	7,2	5,6	-5,0
DBC	15,8	17,0	-7,0	-
Intercompany	-9,7	-9,7	-	-
<b>Total</b>	<b>416,4</b>	<b>410,5</b>	<b>1,5</b>	<b>-0,4</b>

## Like-for-like development

%	2017	2016	2015	2014	2013
H1	<b>1,5</b>	3,5	9,1	-2,6	-9,9
H2	<b>-2,0</b>	2,2	2,3	12,2	-12,4
Year	<b>-0,4</b>	2,8	5,4	4,8	-11,2

# Gross profit

%	2017	2016	2015	2014	2013
H1	<b>57,5</b>	57,0	56,6	57,2	56,4
H2	<b>57,5</b>	58,5	58,7	57,4	57,3
Year	<b>57,5</b>	57,8	57,7	57,3	56,9



## Costs

- Overall increase of € 14,0 million (6,6%)
- Increase excl. depreciation € 12,3 million (6,2%)
- Impact redundancy costs approximately € 2 million
- Full-year impact Sweden € 4,6 million

# Number of stores per format

	31-12-2016	closed	opened	31-12-2017
Matratzen Concord	1.004	51	46	<b>999</b>
Beter Bed	100	8	3	<b>95</b>
El Gigante del Colchón	48	5	2	<b>45</b>
Beddenreus	33	7	7	<b>33</b>
Sängjätten	16	-	-	<b>16</b>
Literie Concorde	5	6	1	<b>-</b>
<b>Total</b>	<b>1.206</b>	<b>77</b>	<b>59</b>	<b>1.188</b>

# Number of stores per country

	31-12-2016	closed	opened	31-12-2017
Germany	861	46	34	<b>849</b>
The Netherlands	123	13	7	<b>117</b>
Austria	84	-	1	<b>85</b>
Switzerland	59	5	11	<b>65</b>
Spain	48	5	2	<b>45</b>
Sweden	16	-	-	<b>16</b>
Belgium	10	2	3	<b>11</b>
France	5	6	1	<b>-</b>
<b>Total</b>	<b>1.206</b>	<b>77</b>	<b>59</b>	<b>1.188</b>

# Matratzen Concord

- LFL -5,8% 2017 (2016: -5,6%)
- Successful introduction box springs
- Store refurbishment program on track
- State of the art web shop operational
- New management team started on 1 January 2018
- Store location optimisation



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## Beter Bed

- 2017 strong LFL growth with 7,2% (2016: 19,2%)
- Outperforming market growth
- Continued improving customer reviews and NPS scores
- Online sales continue to grow (7,8% of total sales)
- 24/48-hour delivery implemented







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# Beddenreus

- Successful LFL development of 21,2%
- Expansion
- Online sales continue to grow (5,7% of total sales)





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## Other

- DBC / M line
  - Cooperation with Dreams terminated
- El Gigante del Colchón
  - Format upgrading
- Sängjätten
  - Successful introduction new assortment
  - Expansion







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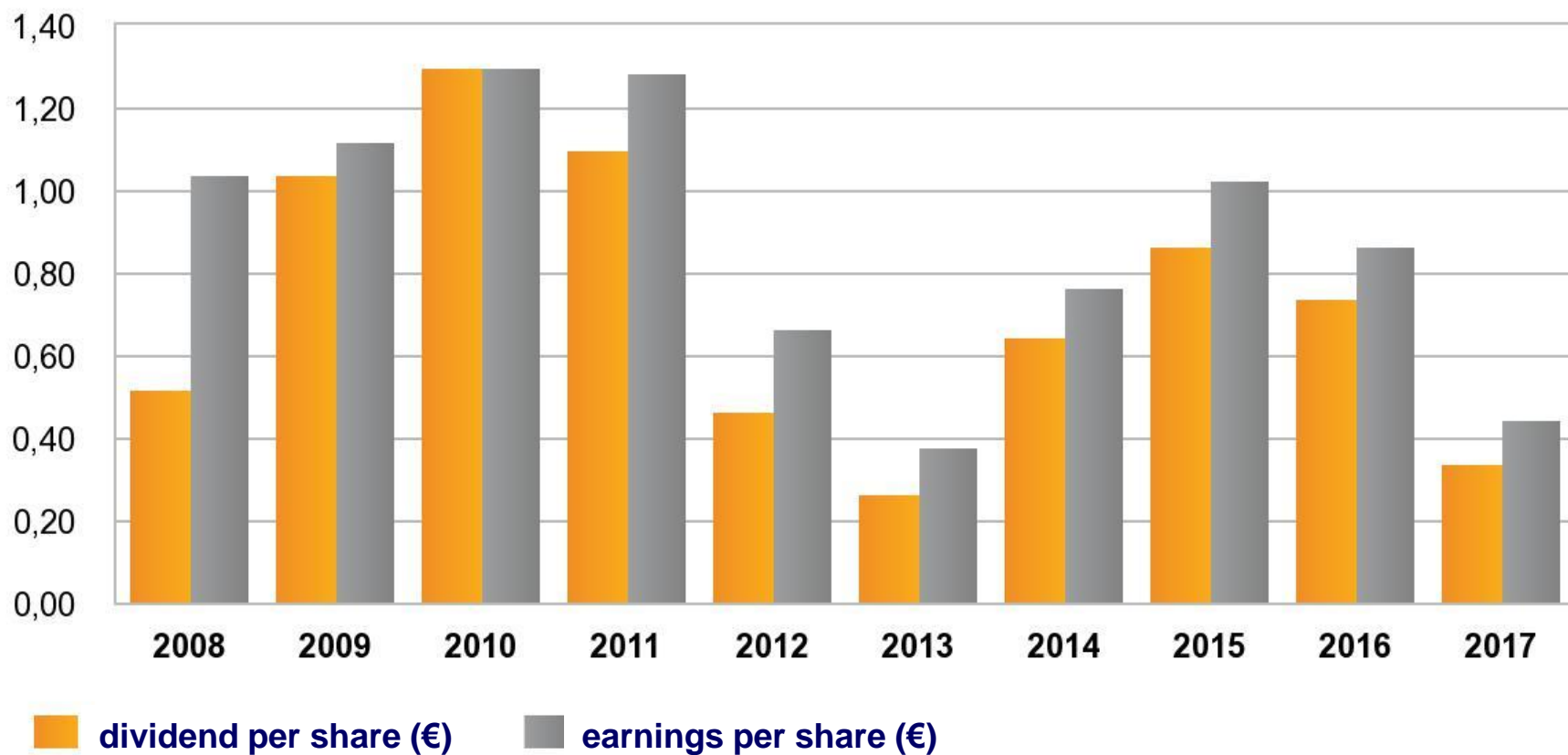
## Dividend policy

- Payout ratio  $>50\%$
- Partly as interim dividend
- Conditions:
  - Solvency  $>30\%$  (2017: 44,8%)
  - Ratio interest-bearing debt/EBITDA  $<2$  (2017: 0)

# Dividend

- Interim dividend 2017: € 0,34
- Proposal final dividend 2017: € 0,03
- Proposal total dividend 2017: € 0,37
- Payout ratio 2017: 86% of 2017 net profit

# EPS/DPS





# Outlook H1 2018

- Macroeconomic prospects remain positive
- Continued focus on Germany
- Increase of online sales in all countries fuelled by new web shop platforms
- Gross margin improvement
- Net working capital improvement

# Annual results 2017

Beter Bed Holding N.V.

**MATRATZEN  
CONCORD**  
GANZ SCHÖN AUSGESCHLAFEN



2 March 2018

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