

Uden, the Netherlands, 19 July 2019

- **Agreement reached with banks and major shareholders to facilitate exit of Matratzen Concord**
- **Beter Bed Holding announces Q2 2019 like-for-like sales increase of 2.4%**

Highlights:

- Liquidity issue has been addressed:
 - Waivers agreed with banks on covenant testing of the existing covenants; new covenants will be in place as of 30 September 2019.
 - Secured loan of € 7 million provided by three major shareholders.
- Anticipated completion of the, previously announced, full or partial exit of Matratzen Concord before the end of 2019. Already several parties have expressed serious interest.
- With these actions, Beter Bed Holding will be enabled to further grow and accelerate the good sales performance in its remaining markets.

Trading update:

- Over the second quarter of 2019, sales were almost stable at € 88.6 million. Like-for-like sales increased by 2.4% due to good sales increase at Beter Bed in the Benelux, Sweden and in DBC Wholesale, which compensated the decrease at Matratzen Concord.

John Kruijssen, CEO of Beter Bed Holding, comments:

‘Over the past period, we have been in constructive dialogue with our banks, and I am pleased to announce that we have been able to reach an agreement. At the same time, we were able to secure additional financing from our major shareholders. This shows that we have key stakeholders that are confident on the strategic direction and that we are taking the right actions to get back on track to a financially healthy company with strong prospects. The announced financial short-term platform, by means of temporarily waiving covenants and a secured loan, enables us to proceed with the process to investigate the full or partial exit alternatives for Matratzen Concord.

At the same time, our key focus will remain on accelerating our activities in the Benelux region, that showed a strong sales performance over the second quarter of this year, with increased focus on Sweden and on boosting the Digital and Wholesale channels, where the current growth rates are ahead of what was initially anticipated. Although the general market conditions will remain essential, we believe these activities and their current performance positions us well for a sustainable future.’

Financing arrangements

The constructive dialogues with the banks on the financing arrangements have led to temporary waivers of the existing covenant testing. Based on the confirmation of the business plan by an independent services provider, the covenants under the facilities will be amended to new covenants for the period 30 September 2019 until 30 June 2020. Additionally, Beter Bed Holding will have to meet various milestones and conditions

in the mid-term. As part of the agreement, Beter Bed Holding has drawn an extra € 3 million under the existing revolving credit facility, as a result of which both existing facilities have now been drawn in full.

As part of the agreement, three major shareholders agreed that they would provide a loan of € 7 million with a maturity date of 15 July 2020, to be provided in two equal tranches; one tranche to be provided upon the execution of documentation and the other upon satisfactory confirmation of the business plan by an independent services provider. The shareholder loan is to be secured by second ranking security rights on the Dutch assets of Beter Bed Holding. The interest rate on this loan is Euribor plus the higher of (i) 2% per annum, or (ii) the margin of the existing revolving credit facility with the banks. The shareholders are entitled to an additional upside, which may consist of any means, including the issuance of shares or equity linked instruments, to be determined as soon as possible reflecting a fair compensation for providing the essential liquidity that is provided by the shareholders in a short timeframe.

Q2 2019 performance by market

The table below shows the key figures for Q2 2019.

Q2 2019

€ million	Sales				Online channel		Stores		
	2019 Q2	% vs 2018	LFL	LFL	2019 Q2	% pts vs 2018	# of stores	vs Q2 2018	vs 1-1-2019
			sales	orderidtake					
Benelux	38,7	14,8%	13,8%	-0,7%	10,4%	1,8%	134	2	1
Matratzen Concord DACH	44,7	-15,2%	-6,4%	-7,7%	3,3%	1,1%	822	(165)	(27)
New Business	5,2	62,5%	27,9%	25,1%	1,3%	0,5%	27	2	-
Total Group	88,6	-1,1%	2,4%	-3,6%	6,6%	2,1%	983	(161)	(26)

Year-to-date 2019 (Q1 +Q2)

€ million	Sales				Online channel		Stores		
	2019 Q2 YTD	% vs 2018	LFL	LFL	2019 Q2 YTD	% pts vs 2018	# of stores	vs Q2 2018	vs 1-1-2019
			sales	orderidtake					
Benelux	83,1	6,4%	5,5%	3,4%	9,9%	1,5%	134	2	1
Matratzen Concord DACH	91,9	-18,1%	-9,8%	-8,8%	3,7%	1,7%	822	(165)	(27)
New Business	11,0	34,1%	1,6%	9,2%	1,6%	-0,3%	27	2	-
Total Group	186,0	-6,3%	-3,4%	-3,2%	6,5%	2,0%	983	(161)	(26)

Benelux

The Benelux region of Beter Bed realised € 38.7 million sales in Q2 2019, representing a strong growth of 14.8% on total sales and 13.8% on like-for-like sales. The half-year sales of € 83.1 million of the Beter Bed and Beddenreus stores in the Benelux meant an increase of 6.4% compared to the same period last year, or +5.5% like-for-like. The like-for-like order intake showed a growth of 3.4%. This good sales performance is a reflection of the increased investments in both gross margin as well as supply chain costs to deliver the orderbook that was at a record-high at the beginning of the second quarter.

Sales performance in the Netherlands continued the good trend due to (i) the addition of new brands such as Tempur and the first ever completely circular box spring Element, (ii) a continued strong online and digital proposition, and (iii) new campaigns and aggressive promotions. Also, the sales performance in Belgium is steadily improving. Under new Belgian leadership the commercial program has been strengthened and local operations have improved with improving like-for-like performance as a result.

The online channel share in the Benelux increased to above 10%, especially driven by strong progress through beterbed.nl and supported by growth in key marketplaces, such as bol.com, Fonq and Wehkamp.



These positive sales results have led to a steadily growing market share in the Benelux. To sustain these growth rates, Beter Bed has introduced several further improvements in its commercial proposition, especially focused on new products and campaigns. In addition, the substantially simplified and improved supply chain is anticipated to lead to better service and through-put to customers.

Matratzen Concord DACH

The Matratzen Concord stores in Germany, Austria and Switzerland (DACH) realised € 44.7 million sales in Q2 2019, a decrease of 15.2% compared to the same period last year. This decrease is due to the closure of 165 unprofitable stores in the last 12 months, as well as a like-for-like sales decline of 6.4% in the remaining stores. While Beter Bed Holding is investigating the partial or full exit of Matratzen concord, it continues to push the previously announced improvement program to regain Matratzen Concord's historical position as value-for-money leader for the remaining stores.

Beter Bed Holding aims to complete the previously announced process of a, full or partial, exit of Matratzen Concord before the end of 2019. Already several parties expressed serious interest. The company has made, and will in the near term continue to make, substantial one-time costs in connection with the agreement that has been reached and the assessment and resolution of the situation involving Matratzen Concord.

New business

The new businesses, comprising Sängjätten in Sweden and the DBC wholesale business, realised € 5.2 million sales, representing a strong total sales growth of 62.5% compared to the same period last year, and a like-for-like sales growth of 27.9%.

Sängjätten reported a strong sales increase, with good progress made due to (i) aggressive commercial activities (better pricing and promotions), (ii) the addition of new brands Tempur and Ecolife, (iii) simplified and strengthened store processes, and (iv) a reorganized supply chain with significantly improved customer performance and lower costs.

The DBC wholesale business showed continued strong sales results, both for existing B2B customers and new customers to which the first orders have been delivered. We continue to add new B2B customers, including local dealers and international retailers. Going forward, growth acceleration remains a key focus and opportunity.

Beter Bed Holding will publish its full results over the first half of 2019 on 30 August 2019.

Profile

Beter Bed Holding is a European retail organisation that offers its customers the best quality rest at affordable prices. The organisation's aim is to do this through its international retail brands and own wholesaler operation DBC International. All brands provide the best customer advice to their customers on all relevant channels including online. In 2018, the company achieved € 396,3 million sales with a total of 1,009 stores per 31 December 2018 and an increasingly relevant share of online sales.

For more information

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