



BETER BED HOLDING N.V.

PRESS RELEASE

ANNUAL RESULTS 2013

Uden, the Netherlands, 14 March 2014

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1. Press release

Beter Bed revenue under pressure in 2013

- 2013 net revenue fell by 10% to € 357.4 million (2012: € 397.3 million).
- Gross profit rose to 56.9% (2012: 56.3%).
- Non-recurring expenses mainly for streamlining the Benelux formula portfolio and store closures in Spain amounted to € 7.4 million.
- 2013 net profit including non-recurring expenses and write-downs fell by 43.1% to € 8.2 million (2012: € 14.4 million); earnings per share stood at € 0.38 (2012: € 0.67).
- Normalised net profit in 2013 (excluding non-recurring expenses) decreased by 36.8% to € 14.0 million (2012: € 22.2 million); normalised earnings per share stood at € 0.65 (2012: € 1.02).
- Dividend proposal: € 0.27 per share, payout ratio of 72%.

Key figures for the year

(in millions of € unless stated otherwise)	2013	2012	Change
Revenue	357.4	397.3	-10.0%
Change in revenue at comparable stores	-11.2%	-4.7%	
Gross profit (%)	56.9%	56.3%	
EBITDA	22.3	38.1	-41.6%
Operating profit/EBIT	12.3	23.7	-48.2%
Net profit	8.2	14.4	-43.1%
Earnings per share (in €)	0.38	0.67	-43.3%
Proposed dividend (in €)	0.27	0.47	-42.6%
Payout ratio	72%	70%	
Solvency	56.6%	50.4%	
Number of stores	1,175	1,219	-3.6%
Normalised EBITDA	27.8	40.4	-31.3%
Normalised operating profit/EBIT	19.6	31.2	-37.0%
Normalised net profit	14.0	22.2	-36.8%
Normalised earnings per share (in €)	0.65	1.02	-36.9%

Key figures for the fourth quarter

(in millions of € unless stated otherwise)	Q4 2013	Q4 2012	Change
Revenue	90.8	100.8	-10.0%
Change in revenue at comparable stores	-9.2%	-10.5%	
Gross profit	58.3%	58.0%	
Operating profit/EBIT	0.5	4.5	-87.9%
EBITDA	3.8	11.9	-68.3%
Net profit	0.0	0.9	-102.8%
Earnings per share (in €)	0.00	0.05	-103.1%
Normalised operating profit/EBIT	6.9	10.6	-34.4%
Normalised EBITDA	8.3	13.0	-36.0%
Normalised net profit	4.9	7.5	-34.8%
Normalised earnings per share (in €)	0.22	0.34	-35.0%

Ton Anbeek, Chief Executive Officer:

'2013 was a difficult year for our company. With the exception of Austria and Switzerland, the propensity to buy was under pressure in all markets, which was primarily reflected in lower visitor numbers. Despite a higher conversion, this ultimately led to 10% lower revenue. Germany saw a decline in the propensity to buy in the home furnishings segment in general and the bedroom furniture segment in particular. Our market share nevertheless grew. Consumer confidence dropped to a low point in the Netherlands. This led to fewer visitors in the stores. Two of our formulas, Slaapgenoten and Matrassen Concord in the Benelux, were hit particularly badly by this development, which forced us to decide to discontinue these formulas and to shift the strategic focus in the Netherlands and Belgium to Beter Bed and BeddenREUS. The group was able to raise gross profits further and achieve additional cost-savings in 2013. The net working capital was also reduced.

In anticipation of recovery of the markets, which is not expected before the fourth quarter of this year, we will begin working on relaunching and fine-tuning all the formulas in all the countries in which we are active. The initial steps in this process have already been taken for Beter Bed Benelux in early 2014. We will also continue to focus on measures in the field of cost-savings and improving margins. The group's financial position remains strong, with a healthy balance sheet and a strong cash position. This, combined with the commitment of our motivated employees, provides us with the foundation to look to the future with confidence despite the current difficult market conditions.'

Fourth quarter 2013

The revenue of Beter Bed Holding decreased by 10.0% to € 90.8 million in the fourth quarter of 2013 (fourth quarter 2012: € 100.8 million). The revenue at comparable stores fell by 9.2% (fourth quarter 2012: -10.5%).

Revenue performance per country in the fourth quarter was as follows:

Germany	-4%
The Netherlands	-19%
Switzerland	-3%
Austria	+1%
Spain	-52%
Belgium	-14%

Revenue in Germany decreased by 4% in the fourth quarter. Revenue at comparable stores fell by 7% in the fourth quarter (fourth quarter 2012: -8%). This decrease in revenue is attributable to low consumer spending in Germany within the home furnishings segment, which includes mattresses. In the Netherlands, a combination of a lower-than-average number of stores and a 16% decrease in revenue at comparable stores in the fourth quarter led to a 19% decrease in revenue. In Spain, the drop in revenue at comparable stores amounted to 14% in the fourth quarter.

Gross profit amounted to 58.3% in the fourth quarter of 2013 (fourth quarter 2012: 58.0%). Operating expenses decreased by 3.0% from € 54.0 million in 2012 to € 52.3 million in 2013. Average expenses per store increased by 0.8% in the fourth quarter of 2013. Operating profit (EBIT) in the fourth quarter of 2013 amounted to € 0.5 million (2012: € 4.5 million). Net profit in the fourth quarter of 2013 decreased to € 0.0 million (2012: € 0.9 million).

Streamlining of Benelux formula portfolio

For the sake of portfolio rationalisation Beter Bed Holding announced on 22 January 2014 its decision to close the Slaapgenoten and Matrassen Concord formulas in the Benelux in 2014. As a result of this the fixed assets of these formulas have been written down, a stock provision has been made and a provision for onerous rental contracts has been formed with a total negative effect on operating profit in 2013 of € 6.4 million and € 4.9 million on net profit.

Full year 2013

Revenue for the full year 2013 decreased by 10% to € 357.4 million (2012: € 397.3 million). This decline is due to the decrease in revenue at comparable stores of 11.2% (2012: -4.7%). The number of stores decreased by 44 to 1,175 (year-end 2012: 1,219 stores), primarily as a result of store closures in Spain. Continuing low consumer confidence in the Netherlands led to a 16% decrease in revenue at comparable stores. Consumers' reduced propensity to buy in the home furnishings and bedroom furnishings segments in Germany and the bad weather in the first half of the year led to an 8% decrease in revenue at comparable stores on an annualised basis.

Revenue performance per country in the full year 2013 was as follows:

Germany	-5%
The Netherlands	-17%
Switzerland	+2%
Austria	+4%
Spain	-48%
Belgium	-25%

Gross profit rose to 56.9% (2012: 56.3%) in 2013 due to substantially improved purchasing conditions. As a result of the initiated cost-savings program, operational expenses fell from € 200.1 million to € 190.9 million. Costs as a percentage of revenue rose from 50.4% to 53.4%.

Operating profit for the full year 2013 amounted to € 12.3 million (3.4% of revenue) compared to € 23.7 million (6.0% of revenue) in 2012. Net profit in 2013 amounted to € 8.2 million (2012: € 14.4 million). Earnings per share amounted to € 0.38 in 2013 (2012: € 0.67).

2013 and 2012 normalised

In addition to the non-recurring expenses of € 6.4 million in connection with the closure of the Slaapgenoten and Matrassen Concord formulas in the Benelux, the company incurred non-recurring expenses totalling € 1.0 million in early 2013 for the closure of the stores in Spain and the reorganisation of the head office in the Netherlands.

An amount of € 7.5 million in additional expenses was included in the 2012 financial statements for the write-down of the activities in Spain and other reorganisation expenses.

The normalised operational expenses decreased in 2013 by € 8 million to € 184.6 million (2012: € 192.6 million). The normalised average expenses per store decreased by 3.0% in 2013. The normalised operating profit fell from € 31.2 million (7.9% of revenue) to € 19.6 million (5.5% of revenue). Normalised net profit amounted to € 14.0 million in 2013 (2012: € 22.2 million).

Investments, cash flow and balance sheet positions

Total investments in 2013 amounted to € 5.4 million (2012: € 10.9 million). A total of € 3.7 million of this amount was invested in new and existing stores in 2013 (2012: € 7.2 million). The remaining amount has been invested primarily in IT. The cash flow (net profit plus depreciations and write-downs) amounted to € 18.2 million in 2013, compared to € 28.8 million in 2012. Solvency at year-end 2013 amounted to 56.6% (2012: 50.4%). Interest-bearing debt amounted to € 5.0 million at year-end 2013 (year-end 2012: € 12.3 million).

Operational

A total of 75 stores were opened and 119 stores were closed in 2013. The total number of stores consequently decreased by 44 on balance. The company had 1,175 stores at the end of 2013.

Number of stores	31-12-2012	Closed	Opened	31-12-2013
Matratzen Concord	1,004	72	70	1,002
Beter Bed	88	-	4	92
El Gigante del Colchón	63	32	-	31
BeddenREUS	44	4	-	40
Slaapgenoten	16	7	-	9
Schlaferater.com	4	4	1	1
Total	1,219	119	75	1,175

Matratzen Concord

The revenue of the cash & carry retail formula Matratzen Concord amounted to € 238.4 million in 2013 (66.7% of the total group revenue). This represents a decrease of 5.1% compared to 2012. Revenue at comparable stores decreased by 7.7%. The formula closed a net total of two stores in 2013. Twelve stores were opened on balance in Germany. The number of stores in the other countries decreased.

Number of stores	31-12-2012	Closed	Opened	31-12-2013
Germany	852	44	56	864
Austria	67	7	4	64
Switzerland	52	10	9	51
The Netherlands	27	9	-	18
Belgium	6	2	1	5
Total	1,004	72	70	1,002

Beter Bed

This formula is active in the Netherlands and Belgium. The number of Beter Bed stores grew by four from 88 to 92 as a result of store openings in Belgium. Revenue fell by 12.6% in 2013 to € 89.5 million (2012: € 102.4 million). The formula consequently contributes 25.0% to the total group revenue. Beter Bed's revenue at comparable stores fell by 13.5% for the full year 2013. Online revenue performed according to expectation in 2013 and contributed approximately 5% to the total revenue.

Other formulas

The revenue of the other formulas amounted to € 29.5 million in 2013 (2012: € 43.7 million). This includes the revenue of the BeddenREUS (Netherlands), Slaapgenoten (Netherlands), El Gigante del Colchón (Spain) retail formulas and the wholesaler DBC. These other formulas contribute 8.3% to the total group revenue.

Dividend

Beter Bed Holding N.V.'s dividend policy is aimed at maximising shareholder return while at the same time maintaining a solid capital position. The company aims to distribute at least 50% of its net profit to the shareholders provided that its solvency is not less than 30% and the net-interest-bearing debt/EBITDA ratio does not exceed two.

In November 2013, the company paid an interim cash dividend of € 0.20 per share. A proposal will be submitted to the Annual General Meeting of Shareholders, scheduled for 19 May 2014, to distribute a final cash dividend of € 0.07. This brings the dividend for 2013 to € 0.27 per share (2012: € 0.47 per share) and 72% of net profit will be distributed to shareholders.

Auditor's report

The financial information in the appendices is taken from the consolidated financial statements of Beter Bed Holding N.V., which will be submitted for adoption to the Annual General Meeting of Shareholders on 19 May 2014, and for which an unqualified auditor's report has been issued by the independent auditor.

Developments and outlook 2014

The company expects that the economic situation in the Netherlands will only begin to recover cautiously at the end 2014 or beginning of 2015. This will be followed by an increase in consumer spending. It is also still too early to be able to detect a change in German consumers' buying behaviour. There will consequently not be a substantial increase in revenue in the short term. The various formulas will be fine-tuned further in the months ahead, with the related focus being on increasing the number of visitors, the conversion, the service and customer satisfaction. In addition, priority will be placed on improving margins, reducing costs and closing poor-performing stores.

Profile

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,175 stores at the end of 2013 that operate via the chains Beter Bed (active in the Netherlands and Belgium), Matratzen Concord (active in Germany, Switzerland, Austria, the Netherlands and Belgium), El Gigante del Colchón (active in Spain), BeddenREUS and Slaapgenoten (both active in the Netherlands). Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishing sector in the Netherlands, Germany, Belgium, Spain, Austria, Switzerland and the United Kingdom via its subsidiary DBC International. Beter Bed Holding N.V. achieved net revenue of € 357.4 million in 2013. More than 67% of the group's net revenue is realised outside the Netherlands. The company has been listed on the NYSE Euronext Amsterdam since 1996 and is included in the Amsterdam Small Cap Index.

Financial Calendar

Analysts' Meeting annual results 2013	week 11	14.03.2014
Publication Annual Report 2013	week 13	24.03.2014
Annual General Meeting of Shareholders	week 21	19.05.2014
Publication Q2 2014 trading statement	week 29	18.07.2014
Publication interim figures 2014	week 34	22.08.2014
Analysts' Meeting interim figures 2014	week 34	22.08.2014
Publication Q4 2014 trading statement	week 4	23.01.2015

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2. Consolidated balance sheet

(* EUR 1,000)	31-12-2013	31-12-2012
Tangible fixed assets	25,591	30,936
Intangible fixed assets	2,833	2,855
Financial fixed assets	826	978
Stocks	55,549	60,712
Debtors	8,132	10,150
Cash and cash equivalents	9,554	5,224
TOTAL ASSETS	102,485	110,855
Equity attributable to equity holders of the parent	57,963	55,832
Long-term obligations	2,424	3,400
Provisions	2,678	-
Credit institutions	4,975	11,327
Other current liabilities	34,445	40,296
TOTAL LIABILITIES	102,485	110,855

3. Consolidated profit and loss account

(* EUR 1,000)

Fourth quarter			Cumulative	
2013	2012		2013	2012
90,755	100,844	Revenue	357,363	397,288
<u>(37,858)</u>	<u>(42,363)</u>	Cost of sales	<u>(154,178)</u>	<u>(173,445)</u>
52,897	58,481	Gross profit	203,185	223,843
58.3%	58.0%		56.9%	56.3%
21,943	23,342	Wage and salary costs	87,369	91,126
3,232	7,387	Depreciation and impairments of fixed assets	9,988	14,424
<u>27,173</u>	<u>23,222</u>	Other operating expenses	<u>93,544</u>	<u>94,574</u>
52,348	53,951	Total operating expenses	190,901	200,124
57.7%	53.5%		53.4%	50.4%
549	4,530	Operating profit (EBIT)	12,284	23,719
0.6%	4.5%		3.4%	6.0%
(313)	(68)	Financial income and expenses	(716)	(402)
236	4,462	Profit before taxation	11,568	23,317
(261)	(3,569)	Income tax expense	(3,370)	(8,899)
(25)	893	Net profit	8,198	14,418
0.0%	0.9%		2.3%	3.6%
0.00	0.05	Earnings per share in €	0.38	0.67
0.00	0.04	Diluted earnings per share in €	0.38	0.66

4. Consolidated cash flow statement

(* EUR 1,000)

	2013	Cumulative 2012
Cash flow from operating activities		
Profit before taxes	11,568	23,317
Income tax paid	(8,722)	(6,308)
Depreciation and impairments	9,988	14,424
Costs employee stock options	(101)	202
Movements in:		
Stocks	5,163	(1,251)
Debtors	2,942	(1,842)
Provisions	2,678	-
Short-term liabilities	(1,497)	(3,308)
Other	153	(168)
	22,172	25,066
Cash flow from investing activities		
Additions to (in)tangible fixed assets	(5,439)	(10,910)
Disposals of (in)tangible fixed assets	806	648
Changes in long-term accounts receivable	251	87
	(4,382)	(10,175)
Cash flow from financing activities		
Repayment of loan	(2,000)	(2,000)
Share reissuance	846	492
Dividend paid	(6,954)	(21,247)
	(8,108)	(22,755)
Change in net cash and cash equivalents	9,682	(7,864)
Cash and cash equivalents at the end of the reporting period	9,554	5,224
Current bank overdraft not including repayment obligations at the end of the reporting period	(3,975)	(9,327)
Net cash and cash equivalents at the end of the reporting period	5,579	(4,103)
Cash and cash equivalents at the start of the reporting period	5,224	7,075
Current bank overdraft not including repayment obligations at the start of the reporting period	(9,327)	(3,314)
	(4,103)	3,761
Change in net cash and cash equivalents	9,682	(7,864)

5. Consolidated statement of comprehensive income

		(* EUR 1,000)		
Fourth quarter 2013	2012		Cumulative 2013	2012
(25)	893	Net profit	8,198	14,418
		Non recyclable:		
		Change in revaluation reserve		
-	107	- due to revaluation land	-	107
		Recyclable:		
		Movements in reserves for currency		
111	(28)	translation differences	142	(155)
<u>86</u>	<u>972</u>	Total comprehensive income	8,340	14,370

6. Consolidated statement of changes in equity

(* EUR 1,000)

	Total	Issued share capital	Share premium reserve	Reserve for currency translation differences	Revaluation reserve	Other reserves	Retained earnings
Balance on 1 January 2012	62,015	436	16,145	768	2,740	13,901	28,025
Net profit for 2012	14,418	-	-	-	-	-	14,418
Other components of comprehensive income 2012	(48)	-	-	(155)	107	-	-
Profit appropriation 2011	(13,655)	-	-	-	-	14,370	(28,025)
Interim dividend 2012	(7,592)	-	-	-	-	(7,592)	-
Reissuance of shares	492	-	-	-	-	492	-
Costs of employee stock options	202	-	-	-	-	202	-
Balance on 31 December 2012	55,832	436	16,145	613	2,847	21,373	14,418
Net profit for 2013	8,198	-	-	-	-	-	8,198
Other components of comprehensive income 2013	142	-	-	142	-	-	-
Profit appropriation 2012	(2,608)	-	-	-	-	11,810	(14,418)
Interim dividend 2013	(4,346)	-	-	-	-	(4,346)	-
Reissuance of shares	846	-	-	-	-	846	-
Free fall of employee stock options	(101)	-	-	-	-	(101)	-
Balance on 31 December 2013	57,963	436	16,145	755	2,847	29,582	8,198