



# **BETER BED HOLDING N.V.**

## **PRESS RELEASE**

### **HALF-YEAR FIGURES 2014**

*Uden, the Netherlands 22 August 2014*

*In the event of any differences in interpreting the half-year figures, the Dutch version shall prevail.*

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## 1. Interim Report

### Beter Bed achieves lower result in first half year of 2014

- Revenue decrease of 6.3% to € 168.7 million, mainly due to store closures.
- Recovery continues in second quarter:
  - Like-for-like order intake Beter Bed Netherlands + 5.4%;
  - Like-for-like revenue in Spain + 12.7%.
- Gross profit rises to 57.2%.
- Expenses down 3.5% to € 90.2 million.
- Operating profit € 6.4 million (H1 2013: € 8.1 million).
- Net profit € 4.9 million (H1 2013: € 5.4 million).

#### Key figures interim results

(in millions of € unless stated otherwise)

	2014 H1	2013 H1	Change
Revenue	168.7	180.1	(6.3%)
Gross profit (%)	57.2	56.4	
EBIT	6.4	8.1	(21.2%)
Net profit	4.9	5.4	(10.1%)
Earnings per share (in €)	0.22	0.25	(10.4%)
Operating cash flow	10.5	11.9	(11.8%)
	<b>30-6-2014</b>	<b>30-6-2013</b>	
Solvency (%)	60.2	57.6	

#### **Ton Anbeek, Chief Executive Officer:**

*“Following a difficult start to the year due to the weak order intake during the Christmas period and lower-than-expected sales in January and February, we now see revenue, order intake and like-for-like growth developing positively in the Netherlands. The new advertising campaign, the more contemporaneous image of the Beter Bed stores and the growing consumer confidence are contributing greatly to this development. The market situation in Germany remained unchanged during the first half year of 2014, with the propensity to buy continuing to be low in the furniture segment (including mattresses). We were again able to largely compensate the decrease in revenue by means of margin improvements and effective cost control.*

*We see like-for-like revenue at Matratzen Concord Germany and Matratzen Concord Austria picking up in the third quarter. Like-for-like revenue remained stable in Switzerland, while the recovery in Spain is continuing. Like-for-like revenue in Belgium is also growing.”*

## Key figures second quarter results

(in millions of € unless stated otherwise)

	2014 Q2	2013 Q2	Change
Revenue	76.0	81.5	(6.8%)
Gross profit (%)	57.7	56.4	
EBIT	0.0	0.1	
Net profit	0.4	(0.2)	

### Second quarter 2014

In the second quarter, revenue in comparable stores in Germany fell by 2.5%, whereas it increased by 3.5% in the Netherlands on the basis of order intake. Revenue in comparable stores decreased by 0.8% for the group as a whole in the second quarter. Excluding the revenue of the formulas set to be closed, Slaapgenoten and Matrassen Concord Belgium and Netherlands, revenue in comparable stores for the group decreased by 0.4% in the second quarter.

Total revenue fell by 6.8% to € 76.0 million in the second quarter. Gross profit, at 57.7%, improved in the second quarter of 2014 compared with the second quarter of 2013, partly due to improved purchasing terms, changes in the sales mix and the phasing out of the above-mentioned activities.

A cost reduction of 4.6% to € 43.8 million was achieved in the second quarter. This decrease, amounting to € 2.1 million, was mainly due to the closure of Slaapgenoten and Matrassen Concord stores in Belgium and the Netherlands and was partly offset by higher marketing expenditure and higher expenses for the online activities. In addition, an amount of € 0.6 million was released in the second quarter in connection with lower liabilities ensuing from employee stock options. Lastly, the second quarter of last year included non-recurring expenses of € 1 million for the closure of 32 stores in Spain. The average expenses (excl. DBC) per store fell by 0.1% in the second quarter.

The operating profit (EBIT) fell by € 0.1 million to € 0.0 million in the second quarter. Net profit for the second quarter 2014 amounted to € 0.4 million (second quarter 2013: net loss of € 0.2 million).

Owing to the seasonal pattern in consumer demand, revenue and net profit are usually lower in the second and third quarters than in the first and fourth quarters.

## First half year 2014

Revenue for the first half year 2014 fell by 6.3% to € 168.7 million. Revenue in comparable stores fell by 2.6% in the first half year of 2014.

The movements in revenue for the first half year by country were as follows:

Netherlands	-13.3%
Germany	-1.1%
Austria	-3.3%
Switzerland	-6.9%
Spain	-33.2%
Belgium	31.1%

The lower revenue in the Netherlands was partly due to the phased closure of the Slaapgenoten and Matrassen Concord Netherlands formulas in 2014. Excluding these formulas, revenue in the Netherlands decreased by 9.3% in the first half year 2014. The decrease in Spain is attributable in full to the closure of 32 stores of El Gigante del Colchón in 2013. The 31 Spanish stores remaining after the downsizing recorded revenue growth of 10.8%.

Gross profit as a percentage of revenue was 57.2% in the first half of the year, up from the same period of last year (H1 2013: 56.4%). The increase was partly due to improved purchasing terms and the phasing out of above-mentioned activities.

The average number of stores fell in the first half year of 2014 by 4.2% compared with the first half of 2013. Total expenses declined 3.5% from € 93.5 million to € 90.2 million in the first half year. This decrease is flatter than the decrease in percentage terms of the number of stores. This is because the stores that were closed had a relatively low cost base. Moreover, marketing expenses rose in the first half year 2014. Operating expenses as a percentage of revenue for the first half year increased from 51.9% in 2013 to 53.5% in 2014.

Average expenses (excl. DBC) per store rose by 0.9% in the first half of 2014 owing to the fall in the number of stores and the increase in marketing expenses.

Operating profit (EBIT) fell by 21.2% to € 6.4 million in this period. Operating profit (EBIT) as a percentage of revenue declined from 4.5% to 3.8%.

The tax burden for the first half year fell from 29.6% to 21.3%. This was mainly due to the absence of foreign losses as well as lower results in combination with a tax facility in Germany.

Net profit for the first half year decreased by 10.1% from € 5.4 million to € 4.9 million. Earnings per share for the first half of 2014 were € 0.22 (first half of 2013: € 0.25).

## Result of continuing operations

Revenue of Beter Bed Holding for the first half year, excluding the revenue of Slaapgenoten and Matrassen Concord Belgium and Netherlands, amounted to € 166.2 million, a decrease of 4.5% compared with the same period of last year.

Due to the closure of the onerous operations referred to above and the successful reorganisation of El Gigante del Colchón, some € 3.5 million of losses were eliminated compared with the same period of last year.

This closure and restructuring operation will accordingly contribute to the quality of the results of Beter Bed Holding in the long term.

## Investments and cash flow

Investments amounted to € 4.5 million in the first half of 2014 (first half of 2013: € 2.6 million). Investments in stores totalled € 3.7 million in the first half of 2014 (first half of 2013: € 2.0 million). The remaining amount was invested mainly in IT and to a lesser extent in other operating assets. The operating cash flow decreased by 11.8% from € 11.9 million in 2013 to € 10.5 million in 2014.

## Financing

Solvency was 60.2% as at 30 June 2014, compared with 57.6% on 30 June 2013 and 56.6% at year-end 2013.

## Operational

In the first half of 2014, 29 stores were opened and 55 stores were closed. The fall in the number of stores is mainly due to the decision taken at the start of this year to implement a phased closure of the Slaapgenoten and Matrassen Concord Belgium and Netherlands formulas. At the end of June 2014, the group had a total of 1,149 stores.

Number of stores	31-12-2013	Closed	Opened	30-6-2014
Matratzen Concord	1,002	42	19	979
Beter Bed	92	5	7	94
El Gigante del Colchón	31	-	-	31
BeddenREUS	40	5	3	38
Slaapgenoten	9	2	-	7
Schlafberater.com	1	1	-	-
<b>Total</b>	<b>1,175</b>	<b>55</b>	<b>29</b>	<b>1,149</b>

## Matratzen Concord

Number of stores	31-12-2013	Closed	Opened	30-6-2014
Germany	864	20	14	858
Netherlands	18	15	-	3
Austria	64	1	3	66
Switzerland	51	1	2	52
Belgium	5	5	-	-
<b>Total</b>	<b>1,002</b>	<b>42</b>	<b>19</b>	<b>979</b>

## Matratzen Concord

The revenue of the cash & carry formula Matratzen Concord for the first half of 2014 totalled € 112.7 million (66.8% of total group revenue). That is a decrease of 2.7% compared with the same period in 2013. Within the revenue of this formula, 85.1% is achieved in Germany and 14.9% in Austria and Switzerland. Revenue decreased by 2.5% in the comparable stores.

## **Beter Bed**

This formula is active in the Netherlands and Belgium. The number of Beter Bed stores increased by two. Revenue decreased by 8.1% from € 47.9 million to € 44.0 million in the first half of 2014. Revenue in comparable stores fell by 1.6% in the first half of 2014. Beter Bed contributes 26.1% of total group revenue.

## **Other formulas**

Revenue of the other formulas for the first half of 2014 was € 12.0 million, accounting for 7.1% of total group revenue. This includes the revenue of the retail formulas BeddenREUS (the Netherlands), Slaapgenoten (the Netherlands), El Gigante del Colchón (Spain) and the wholesaler DBC. Revenue of the other formulas for the first half of 2014 was therefore 26.8% lower than in the same period of last year.

## **Outlook for 2014**

The cautious recovery of the Dutch economy identified in the second quarter is visibly continuing in the third quarter. The order portfolio at Beter Bed is clearly better filled than a year ago and like-for-like revenue is developing favourably. There is distinct like-for-like revenue growth in Belgium and Spain. From July, a recovery of like-for-like revenue has also been manifest in Germany and Austria.

## **Interim dividend**

The company intends to distribute an interim dividend in 2014. As usual, further information will be provided on this upon the publication of the trading update on 30 October of this year.

## **Profile**

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,149 stores at the end of June 2014 that operate via the chains Beter Bed (active in the Netherlands and Belgium), Matratzen Concord (active in Germany, Switzerland, Austria and the Netherlands), El Gigante del Colchón (active in Spain), and 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 Euronext Amsterdam since 1996 and is included in the Amsterdam Small Cap Index.

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## 2. Condensed consolidated balance sheet

(* EUR 1,000)	30-06-2014	30-06-2013	31-12-2013
Tangible fixed assets	25,864	29,167	25,591
Intangible fixed assets	2,782	2,583	2,833
Financial fixed assets	817	873	826
Stocks	55,075	57,645	55,549
Debtors	8,202	5,834	8,132
Cash and cash equivalents	11,189	5,553	9,554
<b>TOTAL ASSETS</b>	<b>103,929</b>	<b>101,655</b>	<b>102,485</b>
Equity attributable to equity holders of the parent	62,583	58,528	57,963
Provisions	2,042	-	2,678
Long-term obligations	2,424	2,400	2,424
Credit institutions	-	5,810	4,975
Other current liabilities	36,880	34,917	34,445
<b>TOTAL LIABILITIES</b>	<b>103,929</b>	<b>101,655</b>	<b>102,485</b>



## 3. Condensed consolidated income statement

(\* EUR 1,000)

Second quarter			Cumulative	
2014	2013		2014	2013
76,006	81,546	Revenue	168,715	180,065
(32,177)	(35,554)	Cost of sales	(72,159)	(78,502)
<b>43,829</b>	<b>45,992</b>	<b>Gross profit</b>	<b>96,556</b>	<b>101,563</b>
<b>57.7%</b>	<b>56.4%</b>		<b>57.2%</b>	<b>56.4%</b>
20,986	21,721	Wage and salary costs	43,099	44,328
1,992	2,267	Depreciation and impairment of fixed assets	3,940	4,544
20,851	21,940	Other operating expenses	43,164	44,632
<b>(43,829)</b>	<b>(45,928)</b>	<b>Total operating expenses</b>	<b>(90,203)</b>	<b>(93,504)</b>
<b>-57.7%</b>	<b>-56.3%</b>		<b>-53.5%</b>	<b>-51.9%</b>
-	64	<b>Operating profit (EBIT)</b>	<b>6,353</b>	<b>8,059</b>
<b>0.0%</b>	<b>0.1%</b>		<b>3.8%</b>	<b>4.5%</b>
(91)	(126)	Financial income and expenses	(132)	(320)
<b>(91)</b>	<b>(62)</b>	<b>Profit before taxation</b>	<b>6,221</b>	<b>7,739</b>
507	(142)	Income tax expense	(1,327)	(2,294)
<b>416</b>	<b>(204)</b>	<b>Net profit</b>	<b>4,894</b>	<b>5,445</b>
<b>0.5%</b>	<b>-0.3%</b>		<b>2.9%</b>	<b>3.0%</b>
0.02	(0.01)	Earnings per share in €	0.22	0.25
0.02	(0.01)	Diluted earnings per share in €	0.22	0.25

## 4. Consolidated cash flow statement

(\* EUR 1,000)

	First half year	
	2014	2013
<b>Cash flow from operating activities</b>		
Profit before taxes	6,221	7,739
Income tax paid	(3,136)	(5,398)
Depreciation and impairments	3,940	4,544
Costs employee stock options	(569)	(154)
Movements in:		
Stocks	474	3,067
Debtors	1,739	4,316
Short-term liabilities	2,435	(2,275)
Provisions	(636)	-
Other	1	34
	<b>10,469</b>	<b>11,873</b>
<b>Cash flow from investing activities</b>		
Additions to (in)tangible fixed assets	(4,485)	(2,597)
Disposals of (in)tangible fixed assets	330	73
Changes in long-term accounts receivable	9	105
	<b>(4,146)</b>	<b>(2,419)</b>
<b>Cash flow from financing activities</b>		
Repayment of loan	(1,000)	(1,000)
Share (re)issuance	1,813	-
Dividend paid	(1,526)	(2,608)
	<b>(713)</b>	<b>(3,608)</b>
<b>Change in net cash and cash equivalents</b>	<b>5,610</b>	<b>5,846</b>
Cash and cash equivalents at the end of the reporting period	11,189	5,553
Current bank overdraft not including repayment obligations at the end of the reporting period	-	(3,810)
Net cash and cash equivalents at the end of the reporting period	11,189	1,743
Cash and cash equivalents at the start of the reporting period	9,554	5,224
Current bank overdraft not including repayment obligations at the start of the reporting period	(3,975)	(9,327)
	<b>5,579</b>	<b>(4,103)</b>
<b>Change in net cash and cash equivalents</b>	<b>5,610</b>	<b>5,846</b>

## 5. Consolidated statement of comprehensive income

(\* EUR 1,000)

Second quarter			Cumulative		First quarter	
2014	2013		2014	2013	2014	2013
416	(204)	Net profit	4,894	5,445	4,478	5,649
(21)	24	Movements in reserve for currency translation differences	8	13	29	(11)
<b>395</b>	<b>(180)</b>	<b>Total comprehensive income</b>	<b>4,902</b>	<b>5,458</b>	<b>4,507</b>	<b>5,638</b>

The amounts listed above are net amounts and fully recyclable. There is no tax impact on the translation differences reserve.

## 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
<b>Balance on 1 January 2013</b>	<b>55,832</b>	<b>436</b>	<b>16,145</b>	<b>613</b>	<b>2,847</b>	<b>21,373</b>	<b>14,418</b>
Net profit for 2013	5,445	-	-	-	-	-	5,445
Other components of comprehensive income 2013	13	-	-	13	-	-	-
Profit appropriation 2012	(2,608)	-	-	-	-	11,810	(14,418)
Costs of employee stock options	(154)	-	-	-	-	(154)	-
<b>Balance on 30 June 2013</b>	<b>58,528</b>	<b>436</b>	<b>16,145</b>	<b>626</b>	<b>2,847</b>	<b>33,029</b>	<b>5,445</b>
<b>Balance on 1 January 2014</b>	<b>57,963</b>	<b>436</b>	<b>16,145</b>	<b>755</b>	<b>2,847</b>	<b>29,582</b>	<b>8,198</b>
Net profit for 2014	4,894	-	-	-	-	-	4,894
Other components of comprehensive income 2014	8	-	-	8	-	-	-
Profit appropriation 2013	(1,526)	-	-	-	-	6,672	(8,198)
(Re)issuance of shares	1,813	-	-	-	-	1,813	-
Costs of employee stock options	(569)	-	-	-	-	(569)	-
<b>Balance on 30 June 2014</b>	<b>62,583</b>	<b>436</b>	<b>16,145</b>	<b>763</b>	<b>2,847</b>	<b>37,498</b>	<b>4,894</b>

## 7. General notes

### General details

The consolidated interim report of Beter Bed Holding N.V. (the 'company') for the first half of 2014 covers the company and its operating companies (collectively referred to as the 'Group'). This condensed consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34, 'Interim Financial Reporting'. It does not contain all the information required for full financial statements and is to be reviewed in conjunction with the Group's consolidated financial statements for 2013. This condensed consolidated interim report was approved by the Supervisory Board on 21 August 2014.

### Accounting principles and policies for the determination of the result

The accounting principles and policies for the determination of the result are identical to those for the 2013 financial statements. The application of new standards has not resulted in any material changes in the figures and notes included in these half-year figures for 2014.

### Estimates

The preparation of interim reports requires that the management form a judgment and make estimates and assumptions that affect the application of financial reporting standards, the reported value of assets and liabilities and the level of income and expenditure. Actual outcomes may vary from these estimates. Unless otherwise specified, in the preparation of this condensed consolidated interim report the significant judgments formed by the management in the application of the Group's financial reporting standards and the main sources of estimation used are identical to the judgments and sources used in preparing the consolidated financial statements for the 2013 financial year.

## 8. Notes to the condensed consolidated balance sheet

### Equity

The movements of equity items are shown in the consolidated statement of changes in equity on page 11.

At the end of June 2014, a total of 21,905,562 shares had been issued and fully paid. During the reporting period, the number of issued and fully paid shares has increased by 100,445 due to the exercise of employee stock options. At the end of June 2013, the number of issued and fully paid shares totalled 21,805,117.

The average number of outstanding shares during the reporting period for the calculation of the earnings per share was 21,806,175. The number of shares for the calculation of the diluted earnings per share is equal to 21,865,658.

During the reporting period, the final dividend for the 2013 financial year was fixed at € 0.07 per ordinary share with a nominal value of € 0.02 and was paid accordingly. The total amount of dividend paid during the reporting year was € 1,525,742.

## 9. Notes to the condensed consolidated profit and loss account

### **Taxation**

The tax burden for the first half year fell from 29.6% to 21.3%. This was mainly due to the absence of foreign losses as well as to lower results in combination with a tax facility in Germany.

### **Result of continuing operations**

Revenue of Beter Bed Holding for the first half year, excluding the revenue of Slaapgenoten and Matrassen Concord Belgium and The Netherlands, amounted to € 166.2 million, a decrease of 4.5% compared with the same period of last year.

## 10. Statement from the Management Board

The Management Board, to the best of her knowledge, hereby confirms that:

- the half-year figures 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation;
- the management report to the half-year figures 2014 gives a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and, the most important related party transactions.

The Management Board

A.H. Anbeek

B.F. Koops

## 11. Review report

To: The Supervisory and Management Board of Beter Bed Holding N.V.

### *Introduction*

We have reviewed the, in this press release 2014 half-year figures, included interim financial information of Beter Bed Holding N.V., Uden, The Netherlands, which comprises the condensed consolidated balance sheet as per 30 June 2014, the condensed consolidated income statement, the consolidated cash flow statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity for the period 1 January 2014 up to and including 30 June 2014 including disclosure information. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### *Scope*

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information for the period 1 January 2014 up to and including 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Eindhoven, 21 August 2014

Ernst & Young Accountants LLP

was signed W.J. Spijker