

Annual results

2017

# Profile

Beter Bed Holding is a European retail organisation that strives to offer its customers a comfortable and healthy night's rest every night at an affordable price. The company does this via stores and its own web shops through the formats:

- Matratzen Concord, located in Germany, Switzerland and Austria.
- Beter Bed, located in the Netherlands and Belgium.
- Beddenreus, located in the Netherlands.
- Sängjätten, located in Sweden.
- El Gigante del Colchón, located in Spain.

The retail formats ensure products of good quality, offer customers the best advice and always the best possible deal.

Beter Bed Holding is also active as a wholesaler of branded products in the bedroom furnishing sector via its subsidiary DBC International. The international brand M line is sold in the Netherlands, Germany, Belgium, Spain, Austria, Switzerland and Sweden.

In 2017, the company achieved revenue of € 416.4 million with a total of 1,188 stores. 64.2% of this figure was realised outside the Netherlands.

Beter Bed Holding N.V. has been listed on the Euronext Amsterdam since December 1996 and its shares (BBED NL0000339703) have been included in the AScX Index.

For more information please visit [www.beterbedholding.com](http://www.beterbedholding.com).

In case of textual contradictions between the Dutch and the English annual results, the first shall prevail.



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## Press release

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# Press release

Uden, the Netherlands, 2 March 2018

## Beter Bed Holding: revenue increases by 1.5% in 2017

- Continuing favourable macroeconomic conditions in the Netherlands.
- Decreasing visitor numbers in the fourth quarter in Germany due to supplier-related problems.
- Successful reintroduction of the Sängjätten format in Sweden.
- Closure in France.
- Increased customer satisfaction.
- Growing role of omnichannel.

### Key figures for the year

(in millions of € unless stated otherwise)

|                           | 2017       | 2016       | Change |
|---------------------------|------------|------------|--------|
| Revenue                   | 416.4      | 410.5      | 1.5%   |
| Gross profit              | 57.5%      | 57.8%      |        |
| EBITDA                    | 27.5       | 37.5       | -26.8% |
| EBIT                      | 14.4       | 26.0       | -44.6% |
| Net profit                | 9.5        | 19.0       | -49.9% |
| <hr/>                     |            |            |        |
| Earnings per share (in €) | 0.43       | 0.87       | -50.6% |
| Dividend per share (in €) | 0.37       | 0.74       | -50.0% |
| Payout ratio              | 86%        | 85%        |        |
| <hr/>                     |            |            |        |
|                           | 31-12-2017 | 31-12-2016 |        |
| Solvency                  | 44.8%      | 53.5%      |        |

### Bart Koops, CFO

'Beter Bed Holding presented a mixed picture in 2017. Performance varied sharply from country to country. The group realised higher revenue with slightly decreasing margins and higher expenses, which resulted in lower operating profit in 2017 compared to the previous year.'

Economic developments remain favourable for 2018. We are optimistic for the Benelux due to the developments in 2017 and the plans for 2018.

Matratzen Concord has started with a new management in 2018. The majority of the stores has been refurbished and the introduction of box springs has been finalised. Supported by the new web shop platform and a new marketing campaign Matratzen Concord should be able to once again attract consumers to its stores and web shops.'

## 2017

Revenue for 2017 increased by 1.5% to € 416.4 million. Revenue at comparable stores decreased by 0.4% in 2017.

Revenue performance per country in 2017 was as follows:

|                     | 2017   |
|---------------------|--------|
| the Netherlands     | 7.9%   |
| Germany             | -5.3%  |
| Austria             | -8.6%  |
| Switzerland         | -1.4%  |
| Spain               | 5.6%   |
| Sweden <sup>1</sup> | 133.7% |
| Belgium             | 36.3%  |

<sup>1</sup> Included in the consolidation as of 17 June 2016.

With the exception of Matratzen Concord the group's formats showed positive revenue performance. Revenues and margins improved in the Benelux and the focus on retail marketing, with customer satisfaction as the spearhead, continued to bear fruit. Supplier-related problems in the sector and the ensuing attention in the media conversely led to a strong decline in the number of visitors in Germany, Austria and Switzerland. Sängjätten in Sweden benefited from the successful introduction of the group's (private label) brand portfolio. Revenue in Spain increased due to a higher average number of stores.

Gross profit as a percentage of revenue amounted to 57.5% in 2017, which represents a slight decrease in comparison to the previous year (2016: 57.8%). This decrease was due to an increasing share of box springs and textiles in the revenue, which was partially compensated by improvements in the terms and conditions and changes to the range. Product innovation and the implementation of price increases also had a positive effect on margins.

Total expenses increased from € 211.1 million in 2016 to € 225.1 million in 2017. Expenses rose in the Benelux primarily due to the further expansion of the omnichannel and customer satisfaction activities and increased logistic efforts as a result of the substantial increase in revenue. In Germany, the further professionalisation of the organisation (connected with the reorganisation expenses) in general and the expansion of the omnichannel organisation in particular led to higher expenses. The marketing efforts were also increased and the amortisation costs rose due to the refurbishment of the stores in Germany. Furthermore the expenses of the activities in Sweden have now been included for a full year in the consolidated figures.

In 2017 the average number of stores was 1.7% higher than in 2016.

EBITDA decreased by 26.8% to € 27.5 million in this period. EBITDA as a percentage of revenue decreased from 9.1% to 6.6%.

Operating profit (EBIT) decreased in this period by 44.6% to € 14.4 million. Operating profit as a percentage of revenue decreased from 6.3% to 3.5%.

Net profit for 2017 decreased by 49.9% from € 19.0 million to € 9.5 million. Earnings per share for 2017 amounted to € 0.43 (2016: € 0.87).

## Investment and cash flow

Investments in intangible and tangible fixed assets amounted to € 21.4 million in 2017 (2016: € 16.5 million).

Investments in stores were € 14.8 million in 2017 (2016: € 10.4 million). In addition high investments took place in the omnichannel infrastructure (e-commerce and web shops).

## Solvency

Solvency amounted to 44.8% on 31 December 2017, compared to 53.5% at year-end 2016.

## Operational

59 stores were opened and 77 stores were closed in 2017. The group had a total of 1,188 stores at year-end 2017.

## Number of stores

| Format                 |                 | 1-1-2017     | Closed    | Opened    | 31-12-2017   |
|------------------------|-----------------|--------------|-----------|-----------|--------------|
| Matratzen Concord      | Germany         | 861          | 46        | 34        | 849          |
|                        | Austria         | 84           | -         | 1         | 85           |
|                        | Switzerland     | 59           | 5         | 11        | 65           |
|                        |                 | 1,004        | 51        | 46        | 999          |
| Beter Bed              | The Netherlands | 90           | 6         | -         | 84           |
|                        | Belgium         | 10           | 2         | 3         | 11           |
|                        |                 | 100          | 8         | 3         | 95           |
| El Gigante del Colchón | Spain           | 48           | 5         | 2         | 45           |
| Beddenreus             | The Netherlands | 33           | 7         | 7         | 33           |
| Sängjätten             | Sweden          | 16           | -         | -         | 16           |
| Literie Concorde       | France          | 5            | 6         | 1         | -            |
| <b>Total</b>           |                 | <b>1,206</b> | <b>77</b> | <b>59</b> | <b>1,188</b> |

## Matratzen Concord

Revenue of the format Matratzen Concord for 2017 totalled € 243.2 million (58.4% of total group revenue). This is a decrease of 5.4% in comparison to 2016. Revenue decreased by 6.0% in comparable stores. 83.2% of the revenue of this format was achieved in Germany and 16.8% in Austria and Switzerland.

## Beter Bed

This format operates in the Netherlands and Belgium. Revenue grew from € 122.4 million to € 133.3 million in 2017, which equals an increase of 8.8%. Order intake at comparable stores increased by 7.2% in 2017. Beter Bed contributes 32.0% to the total group revenue.

## Other formats

The revenue of the other formats amounted to € 39.9 million for 2017, contributing 9.6% to the total group revenue. This includes the revenue of the store formats Beddenreus (The Netherlands), El Gigante del Colchón (Spain), Sängjätten (Sweden) and the wholesaler DBC.

## Outlook 2018

Economic developments remain favourable in the countries in which the group operates. As in 2017, the outlook for the current financial year is primarily determined by the extent to which revenue recovers in the German-speaking markets (more than 50% of group revenue). The introduction of a renewed marketing campaign, the availability of a sufficient range of box springs and the completion of the refurbishment of the stores must enable Matratzen Concord to strengthen its position in the market under new management.

The group continues to pursue fully the objectives set out in the strategic plan 'From Good to Great 2016-2020', with the primary focus being on maximising customer satisfaction within an omnichannel environment. The group furthermore aims to gain market leadership in the various markets through mainly like-for-like growth in revenue and expansion.

## Dividend

Beter Bed Holding N.V.'s dividend policy is aimed at maximising shareholder returns while 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.

The company paid an interim cash dividend of € 0.34 per share in November 2017. A proposal will be submitted to the Annual General Meeting, scheduled for 26 April 2018, to distribute a final cash dividend of € 0.03. This brings the dividend for 2017 to € 0.37 per share (2016: € 0.74 per share) and 86% 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 on 26 April 2018, and for which an unqualified auditor's report has been issued by the independent auditor.

## FOR MORE INFORMATION:

### Bart Koops

CFO

+31 (0)413 338819

+31 (0)6 46761405

bart.koops@beterbed.nl

# Consolidated balance sheet

Per 31 December

in thousand €

|  | 2017           | 2016    |
|--|----------------|---------|
| <b>Fixed assets</b>                    |                |         |
| <b>Tangible assets</b>                 |                |         |
| Land                                   | 7,090          | 7,132   |
| Buildings                              | 3,679          | 3,983   |
| Other fixed operating assets           | 33,467         | 26,955  |
|  | <b>44,236</b>  | 38,070  |
| <b>Intangible assets</b>               |                |         |
| Intangible operating assets            | 9,030          | 7,002   |
| <b>Financial assets</b>                |                |         |
| Deferred tax assets                    | 2,353          | 1,217   |
| Long-term accounts receivable          | 526            | 660     |
|  | <b>2,879</b>   | 1,877   |
| <b>Total fixed assets</b>              | <b>56,145</b>  | 46,949  |
| <b>Current assets</b>                  |                |         |
| <b>Inventories</b>                     |                |         |
| Finished products and goods for resale | 65,697         | 61,884  |
| <b>Receivables</b>                     |                |         |
| Trade accounts receivable              | 3,014          | 4,332   |
| Other receivables                      | 9,669          | 8,660   |
| Profit tax receivable                  | 4,536          | -       |
|  | <b>17,219</b>  | 12,992  |
| <b>Cash and cash equivalents</b>       | <b>17,669</b>  | 21,792  |
| <b>Total current assets</b>            | <b>100,585</b> | 96,668  |
| <b>Total assets</b>                    | <b>156,730</b> | 143,617 |



## Per 31 december

in thousand €

2017

2016

### Equity

#### Equity attributable to equity holders of the parent

|  |               |               |
|--|---------------|---------------|
| Issued share capital                         | 439           | 439           |
| Share premium account                        | 18,434        | 18,434        |
| Reserve for currency translation differences | 673           | 913           |
| Revaluation reserve                          | 2,797         | 2,812         |
| Other reserves                               | 38,316        | 35,265        |
| Retained earnings                            | 9,525         | 19,015        |
| <b>Total equity</b>                          | <b>70,184</b> | <b>76,878</b> |

### Liabilities

#### Non-current liabilities

|                          |              |              |
|--------------------------|--------------|--------------|
| Provisions               | 44           | 198          |
| Deferred tax liabilities | 3,383        | 2,154        |
|                          | <b>3,427</b> | <b>2,352</b> |

#### Current liabilities

|   |               |               |
|---|---------------|---------------|
| Credit institutions                     | 17,481        | -             |
| Trade payables                          | 30,629        | 31,856        |
| Profit tax payable                      | 1,482         | 1,410         |
| Taxes and social security contributions | 9,667         | 9,565         |
| Other liabilities                       | 23,860        | 21,556        |
|   | <b>83,119</b> | <b>64,387</b> |

#### Total liabilities

**86,546**      66,739

#### Total equity and liabilities

**156,730**      143,617

## Consolidated profit and loss account

| in thousand €                   | 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> | 237,107   | 57.8% |
| 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> | 211,072   | 51.4% |
| <b>Operating profit (EBIT)</b>  | <b>14,425</b>  | <b>3.5%</b>  | 26,035    | 6.3%  |
| Finance income                  | 104            |              | 144       |       |
| Finance costs                   | (510)          |              | (302)     |       |
| <b>Profit before taxation</b>   | <b>14,019</b>  | <b>3.4%</b>  | 25,877    | 6.3%  |
| Income tax expense              | (4,494)        |              | (6,862)   |       |
| <b>Net profit</b>               | <b>9,525</b>   | <b>2.3%</b>  | 19,015    | 4.6%  |
| <b>Earnings per share</b>       |                |              |           |       |
| Earnings per share in €         | 0.43           |              | 0.87      |       |
| Diluted earnings per share in € | 0.43           |              | 0.86      |       |

## Consolidated statement of comprehensive income

| in thousand €   | 2017         | 2016          |
|---|--------------|---------------|
| Profit  | 9,525        | 19,015        |
| Non-recyclable:   |              |               |
| Change in revaluation reserve                             |              |               |
| - due to revaluation of land                              | -            | -             |
| Recyclable:   |              |               |
| Movements in reserve for currency translation differences | (240)        | (184)         |
| <b>Total comprehensive income</b>                         | <b>9,285</b> | <b>18,831</b> |

# Consolidated cash flow statement

| in thousand €   | 2017            | 2016           |
|---|-----------------|----------------|
| <b>Cash flow from operating activities</b>                            |                 |                |
| 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 share-based compensation  | 268             | 301            |
| Movements in:   |                 |                |
| – Inventories   | (3,813)         | (2,457)        |
| – Receivables   | 309             | (4,345)        |
| – Provisions  | (154)           | (340)          |
| – Current liabilities (excl. credit institutions)                     | 1,179           | 11,810         |
| – Other   | (104)           | (131)          |
|   | 15,686          | 34,045         |
| <b>Cash flow from investing activities</b>                            |                 |                |
| Additions to (in)tangible assets                                      | (21,384)        | (16,534)       |
| Acquisitions  | -               | (3,287)        |
| Disposals of (in)tangible assets                                      | 207             | 325            |
| Changes in non-current receivables                                    | 134             | (265)          |
|   | (21,043)        | (19,761)       |
| <b>Cash flow from financing activities</b>                            |                 |                |
| Dividend paid   | (16,247)        | (18,004)       |
|   | (16,247)        | (18,004)       |
| <b>Change in net cash and cash equivalents</b>                        | <b>(21,604)</b> | <b>(3,720)</b> |
| Net cash and cash equivalents at the beginning of the financial year  | 21,792          | 25,512         |
| <b>Net cash and cash equivalents at the end of the financial year</b> | <b>188</b>      | <b>21,792</b>  |

## Consolidated statement of changes in equity

| in thousand €                                    | Total         | Issued<br>share<br>capital | Share<br>premium<br>reserve | Reserve for<br>currency<br>translation | Revalua-<br>tion<br>reserve | Other<br>reserves | Retained<br>earnings |
|--|---------------|----------------------------|-----------------------------|--|-----------------------------|-------------------|----------------------|
| <b>Balance on 1 Jan. 2016</b>                    | <b>75,750</b> | <b>439</b>                 | <b>18,434</b>               | <b>1,097</b>                           | <b>2,812</b>                | <b>30,409</b>     | <b>22,559</b>        |
| Net profit 2016                                  | 19,015        | -                          | -                           | -                                      | -                           | -                 | 19,015               |
| Other components of<br>comprehensive income 2016 | (184)         | -                          | -                           | (184)                                  | -                           | -                 | -                    |
| Profit appropriation 2015                        | -             | -                          | -                           | -                                      | -                           | 22,559            | (22,559)             |
| Final dividend 2015                              | (10,539)      | -                          | -                           | -                                      | -                           | (10,539)          | -                    |
| Interim dividend 2016                            | (7,465)       | -                          | -                           | -                                      | -                           | (7,465)           | -                    |
| Costs of share-based<br>compensation             | 301           | -                          | -                           | -                                      | -                           | 301               | -                    |
| <b>Balance on 31 Dec. 2016</b>                   | <b>76,878</b> | <b>439</b>                 | <b>18,434</b>               | <b>913</b>                             | <b>2,812</b>                | <b>35,265</b>     | <b>19,015</b>        |
| Net profit 2017                                  | 9,525         | -                          | -                           | -                                      | -                           | -                 | 9,525                |
| Other components of<br>comprehensive income 2017 | (240)         | -                          | -                           | (240)                                  | -                           | -                 | -                    |
| Profit appropriation 2016                        | -             | -                          | -                           | -                                      | -                           | 19,015            | (19,015)             |
| Final dividend 2016                              | (8,782)       | -                          | -                           | -                                      | -                           | (8,782)           | -                    |
| Interim dividend 2017                            | (7,465)       | -                          | -                           | -                                      | -                           | (7,465)           | -                    |
| Transfer to other reserves                       | -             | -                          | -                           | -                                      | (15)                        | 15                | -                    |
| Costs of share-based<br>compensation             | 268           | -                          | -                           | -                                      | -                           | 268               | -                    |
| <b>Balance on 31 Dec. 2017</b>                   | <b>70,184</b> | <b>439</b>                 | <b>18,434</b>               | <b>673</b>                             | <b>2,797</b>                | <b>38,316</b>     | <b>9,525</b>         |