



BETER BED HOLDING N.V.

PRESS RELEASE

ANNUAL RESULTS 2014

Uden, the Netherlands, 13 March 2015

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1. Press Release

Beter Bed achieves higher revenue and profit in 2014

- Net revenue increased by 1.8% to € 364.0 million.
- Like-for-like order intake rose by 4.8%.
- Average number of stores decreased by 4.1%.
- Gross profit rose to 57.3%.
- Operating profit increased to € 23.0 million (2013: € 12.3 million).
- Net profit amounted to € 16.9 million (2013: € 8.2 million).
- Dividend proposal: € 0.65 per share, pay-out ratio of 85%.
- Final dividend proposal: € 0,37 per share.

Key figures for the year

(in millions of € unless stated otherwise)	2014	2013	Change
Revenue	364.0	357.4	1.8%
Gross profit (%)	57.3	56.9	
EBIT	23.0	12.3	87.6%
Net profit	16.9	8.2	105.7%
Earnings per share (in €)	0.77	0.38	102.6%
Proposed dividend (in €)	0.65	0.27	
Pay-out ratio (in %)	85	72	
Operating cash flow (net profit plus depreciation)	25.1	18.2	38.0%
	31-12-2014	31-12-2013	
Solvency (%)	58.6	56.6	

Ton Anbeek, Chief Executive Officer:

'2014 was a year with two faces for Beter Bed Holding. After a difficult start we saw a positive development of the order intake and revenue in the second quarter of 2014 in almost all the countries in which the group operates. The second half of the year was very successful in the Netherlands thanks in part to the recovering housing market and the successful relaunch of the Beter Bed formula. Revenue in Germany rose substantially due to an increase in propensity to buy and consumer confidence, as well as the successful marketing campaigns. Spain and Austria also showed very positive developments thanks to the successful marketing campaigns and the start of the relaunch of the El Gigante del Colchón formula. In addition to the relaunch of the formulas, which will be implemented in all countries in the coming years, we are working hard on rolling out the customer satisfaction benchmark 'Net Promoter Score' and the execution of an omni-channel strategy internationally.'

Key figures for the fourth quarter

(in millions of € unless stated otherwise)

	Q4 2014	Q4 2013	Change
Revenue	99.6	90.8	9.7%
Gross profit (%)	58.8	58.3	
EBIT	10.5	0.5	
Net profit	7.5	0.0	

Fourth quarter 2014

Revenue at comparable stores in Germany and the Netherlands rose by 11.5% and 14.3% respectively in the fourth quarter of 2014 based on order intake. There was also a like-for-like increase in virtually all the other countries in which the group operates. Revenue at comparable stores increased by 11.8% in total in this period.

Total revenue rose by 9.7% to € 99.6 million in the fourth quarter of 2014. Gross profit amounted to 58.8% in this period and is higher in comparison to the fourth quarter of 2013. This increase is attributable to factors including the result of improved purchasing conditions, changes to the sales mix and the closure of Slaapgenoten and Matrassen Concord Netherlands and Belgium that exerted downward pressure on gross profit in 2013.

Expenses fell by 8.4% to € 48.0 million in the fourth quarter of 2014. This decrease of € 4.4 million was due primarily to the closure of Slaapgenoten and Matrassen Concord Netherlands and Belgium, which accounted for € 6.4 million in non-recurring expenses in 2013. When these non-recurring expenses are excluded, expenses increased by approximately € 2.0 million (4.4%). This increase was due mainly to higher marketing spending and staff costs.

Operating profit (EBIT) rose to € 10.5 million in the fourth quarter. Net profit for the fourth quarter of 2014 totalled € 7.5 million positive (fourth quarter 2013: € 0.0 million).

2014

Revenue increased by 1.8% to € 364,0 million in 2014. Revenue at comparable stores rose by 4.8% in 2014.

Revenue performance per country in 2014 was as follows:

Netherlands	-5.0%
Germany	6.0%
Austria	13.3%
Switzerland	-3.8%
Spain	-17.8%
Belgium	28.9%

Lower revenue in the Netherlands was caused partially by the phased closure of the Slaapgenoten and Matrassen Concord Netherlands and Belgium formulas in 2014. Excluding these formulas, revenue remained stable in the Netherlands in 2014.

The decrease in Spain is attributable entirely to the closure of 32 El Gigante del Colchón stores in 2013. The stores in Spain that remained after the downsizing realised a 15.7% increase in revenue at comparable stores.

Gross profit as a percentage of revenue amounted to 57.3% in 2014 and was consequently higher than in the same period of 2013 (2013: 56.9%). The increase was realised in part by improved purchasing conditions, year-end bonuses, the phasing out of the aforementioned activities and price increases when deemed possible and responsible.

Total expenses decreased from € 190.9 million to € 185.6 million. This decrease of 2.8% was caused largely by the non-recurring expenses totalling € 7.4 million that were the consequence of the closure of Slaapgenoten and Matrassen Concord Netherlands and Belgium which were accounted for in 2013, plus the expenses connected with the restructuring of the activities in Spain and the head office in the Netherlands.

When these non-recurring expenses are excluded, expenses increased by 1.1% (approximately € 2.1 million). This increase was caused primarily by higher marketing and staff costs.

The average number of stores decreased by 4.1%. Due to this and higher marketing and staff costs, average expenses per store rose by 5.3%. The closure of Slaapgenoten and Matrassen Concord Netherlands and Belgium and the restructuring of El Gigante del Colchón also caused the number of stores with a relatively higher cost base to rise.

Operating profit rose by 87.6% to € 23 million in this period. Operating profit as a percentage of revenue increased from 3.4% to 6.3%.

Net profit rose by 105.7% from € 8.2 million to € 16.9 million in 2014. Earnings per share amounted to € 0.77 in 2014 (2013: € 0.38).

Investments and cash flow

Investments in 2014 totalled € 13.2 million (2013: € 5.4 million). Investments in stores amounted to € 10.8 million in 2014 (2013: € 3.7 million). The remaining amount was invested primarily in IT and to a lesser degree in other operating assets. This means that the group's investment returned to the pre-crisis level. Operational cash flow (net profit plus depreciation) rose by 38% from € 18.2 million in 2013 to € 25.1 million in 2014.

Financing

Solvency amounted to 58.6% on 31 December 2014, compared to 56.6% on 31 December 2013.

Operational

63 stores were opened and 111 stores were closed in 2014. The decrease in the number of stores was due primarily to the phased closure of the Slaapgenoten and Matrassen Concord Belgium and the Netherlands formulas. The group had a total of 1,127 stores at the end of 2014.

Number of stores	31-12-2013	Closed	Opened	31-12-2014
Matratzen Concord	1,002	74	38	966
Beter Bed	92	13	15	94
El Gigante del Colchón	31	2	3	32
Beddenreus	40	12	7	35
Slaapgenoten	9	9	-	-
Schalfberater.com	1	1	-	-
Total	1,175	111	63	1,127

Matratzen Concord

Number of stores	31-12-2013	Closed	Opened	31-12-2014
Germany	864	47	29	846
Netherlands	18	18	-	-
Austria	64	3	6	67
Switzerland	51	1	3	53
Belgium	5	5	-	-
Total	1,002	74	38	966

Matratzen Concord

The cash & carry formula Matratzen Concord realised revenue totalling € 249.1 million in 2014 (68.5% of the total group revenue), which is an increase of 4.5% compared to 2013. Revenue at comparable stores rose by 5.1%. 85.5% of this formula's revenue was realised in Germany and 13.8% in Austria and Switzerland.

Beter Bed

This formula operates in the Netherlands and Belgium. The number of Beter Bed stores increased by two in 2014. Revenue in 2014 rose from € 89.5 million to € 91.3 million, which is an increase of 2.1%. Revenue in comparable stores increased by 5.3% in 2014. Beter Bed contributed 25.1% to the total group revenue in 2014.

Other formulas

The revenue of the other formulas amounted to € 23.5 million in 2014 and consequently contributed 6.4% to the total group revenue. This includes the revenue of the Beddenreus (Nederland), Slaapgenoten (Nederland) and El Gigante del Colchón (Spain) retail formulas and the wholesaler DBC.

Outlook 2015

The economic outlook remains moderately positive, as does the forecast for consumer spending. The focus remains fully on like-for-like growth in revenue and consequently on formula and product innovation, omni-channel e-commerce and customer satisfaction. In addition to completing the refurbishment of the Beter Bed stores, the process of rolling out the updated store concepts will also commence for the other formulas following the successful conclusion of the pilots that are currently underway.

Improving margins, stringently controlling expenses and lowering net working capital will obviously continue to receive our full attention.

The company consequently expects the positive revenue trend of 2014 to continue in 2015, although in the Netherlands this will be partially dependent upon the speed of recovery of the housing market.

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 2014, the company paid an interim cash dividend of € 0.28 per share. A proposal will be submitted to the Annual General Meeting of Shareholders, scheduled for 19 May 2015, to distribute a final cash dividend of € 0.37. This brings the dividend for 2014 to € 0.65 per share (2013: € 0.27 per share) and 85% 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 2015, and for which an unqualified auditor's report has been issued by the independent auditor.

Profile

Beter Bed Holding N.V. operates in the European bedroom furnishings market. Its activities include retail trade through a total of 1,127 stores at the end of 2014 that operate via the chains Beter Bed (the Netherlands and Belgium), Matratzen Concord (Germany, Switzerland and Austria), El Gigante del Colchón (Spain) and Beddenreus (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 and Switzerland via its subsidiary DBC International. Beter Bed Holding N.V. achieved net revenue of € 364.0 million in 2014. 70% 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. Consolidated balance sheet

(* EUR 1,000)	31-12-2014	31-12-2013
Tangible fixed assets	28,889	25,591
Intangible fixed assets	3,517	2,833
Financial fixed assets	768	826
Stocks	53,481	55,549
Debtors	9,585	8,132
Cash and cash equivalents	20,883	9,554
TOTAL ASSETS	<u>117,123</u>	<u>102,485</u>
Equity attributable to equity holders of the parent	68,635	57,963
Provisions	1,251	2,678
Long-term obligations	2,218	2,424
Credit institutions	-	4,975
Other current liabilities	45,019	34,445
TOTAL LIABILITIES	<u>117,123</u>	<u>102,485</u>

3. Consolidated profit and loss account

(* EUR 1,000)

Fourth quarter			Cumulative	
2014	2013		2014	2013
99,559	90,755	Revenue	363,953	357,363
<u>(41,041)</u>	<u>(37,858)</u>	Cost of sales	<u>(155,300)</u>	<u>(154,178)</u>
58,518	52,897	Gross profit	208,653	203,185
58.8%	58.3%		57.3%	56.9%
24,580	21,943	Wage and salary costs	89,858	87,369
2,228	3,232	Depreciation and impairment of fixed assets	8,242	9,988
<u>21,168</u>	<u>27,173</u>	Other operating expenses	<u>87,511</u>	<u>93,544</u>
(47,976)	(52,348)	Total operating expenses	(185,611)	(190,901)
-48.2%	-57.7%		-51.0%	-53.4%
10,542	549	Operating profit (EBIT)	23,042	12,284
10.6%	0.6%		6.3%	3.4%
(75)	(313)	Financial income and expenses	(299)	(716)
10,467	236	Profit before taxation	22,743	11,568
(2,932)	(261)	Income tax expense	(5,883)	(3,370)
7,535	(25)	Net profit	16,860	8,198
7.6%	0.0%		4.6%	2.3%
0.34	-	Earnings per share in €	0.77	0.38
0.34	-	Diluted earnings per share in €	0.77	0.38

4. Consolidated cash flow statement

(* EUR 1,000)

	2014	2013
Cash flow from operating activities		
Profit before taxes	22,743	11,568
Income tax paid	(7,143)	(8,722)
Depreciation and impairments	8,242	9,988
Costs employee stock options	(439)	(101)
Movements in:		
- Stocks	2,068	5,163
- Debtors	(347)	2,942
- Short-term liabilities	10,574	(1,497)
- Provisions	(1,427)	2,678
- Short-term investment liabilities	(1,701)	-
- Other	42	153
	32,612	22,172
Cash flow from investing activities		
Additions to (in)tangible fixed assets	(13,211)	(5,439)
Short-term investment liabilities	1,701	-
Disposals of (in)tangible fixed assets	1,004	806
Changes in long-term accounts receivable	6	251
	(10,500)	(4,382)
Cash flow from financing activities		
Repayment of loan	(1,000)	(2,000)
Share (re)issuance	1,851	846
Dividend paid	(7,659)	(6,954)
	(6,808)	(8,108)
Change in net cash and cash equivalents	15,304	9,682
Cash and cash equivalents at the end of the reporting period	20,883	9,554
Current bank overdraft not including repayment obligations at the end of the reporting period	-	(3,975)
Net cash and cash equivalents at the end of the reporting period	20,883	5,579
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)
	5,579	(4,103)
Change in net cash and cash equivalents	15,304	9,682

5. Consolidated statement of comprehensive income

(* EUR 1,000)

Fourth quarter			Cumulative	
2014	2013		2014	2013
12,429	5,420	Net profit	16,860	8,198
		Non-recyclable:		
		Movements in reserve for currency translation		
<u>24</u>	<u>124</u>	differences	<u>59</u>	<u>142</u>
12,453	5,544	Total comprehensive income	16,919	8,340

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 2013	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	-
Costs of employee stock options	(101)	-	-	-	-	(101)	-
Balance on 31 December 2013	57,963	436	16,145	755	2,847	29,582	8,198
Balance on 1 January 2014	57,963	436	16,145	755	2,847	29,582	8,198
Net profit for 2014	16,860	-	-	-	-	-	16,860
Other components of comprehensive income 2014	59	-	-	59	-	-	-
Profit appropriation 2013	(1,526)	-	-	-	-	6,672	(8,198)
Interim dividend 2014	(6,133)	-	-	-	-	(6,133)	-
(Re)issuance of shares	1,851	2	1,528	-	-	321	-
Costs of employee stock options	(439)	-	-	-	-	(439)	-
Balance on 31 December 2014	68,635	438	17,673	814	2,847	30,003	16,860