

Beter Bed Holding



HARD AT WORK ON A
GOOD NIGHT'S REST

ANNUAL RESULTS 2015

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 webshops through the formulas:

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

The retail formulas ensure products of good quality, offer better advice to customers than their competitors and always offer 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, Austria, Switzerland, Spain and France.

In 2015, the company achieved net revenue of € 385.4 million with a total of 1,159 stores. 70.1% 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.



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PRESS RELEASE

Uden, the Netherlands, 11 March 2016

Beter Bed again achieves higher revenue and profit in 2015

- Net revenue rose by 5.9% to € 385.4 million.
- Gross profit increased to 57.7% (2014: 57.3%).
- EBITDA up 31.4% to € 41.1 million (2014: € 31.3 million).
- Operating profit up 33.2% to € 30.7 million (2014: € 23.0 million).
- Net profit amounted to € 22.6 million (2014: € 16.9 million).
- Dividend proposal: € 0.92 per share, pay-out ratio of 90%.

Key figures for the year

(in millions of € unless stated otherwise)

	2015	2014	Change
Revenue	385.4	364.0	5.9%
Gross profit (%)	57.7	57.3	
EBITDA	41.1	31.3	31.4%
EBIT	30.7	23.0	33.2%
Net profit	22.6	16.9	33.8%
Earnings per share (in €)	1.03	0.77	33.2%
Proposed dividend (in €)	0.87	0.65	
Pay-out ratio (in %)	85	85	

	31-12-2015	31-12-2014
Solvency (%)	57.5	58.6

Ton Anbeek, Chief Executive Officer

'The company's organic (like-for-like) growth continued to increase in 2015. The first half of 2015 in Germany and Austria in particular as well as the sharply increasing growth in the Benelux contributed significantly to this. Beter Bed Holding was able to further improve its market position in almost all countries. In 2015, the new strategy 2016-2020 ('From Good to Great') was developed in order to strengthen the attraction power and transaction power of the various formulas in the coming years. The spearheads of this strategy are customer satisfaction, innovation, omnichannel e-commerce, IT systems, logistics, expansion and acquisitions.'

Key figures for the four quarter results

(in millions of € unless stated otherwise)

	2015 Q4	2014 Q4	Change
Revenue	102.9	99.6	3.4%
Gross profit (%)	60.6	58.8	
EBITDA	14.9	12.2	22.0%
EBIT	12.7	10.5	20.2%
Net profit	9.3	7.5	23.9%

Fourth quarter of 2015

Group revenue at comparable stores rose by 2.2% in the fourth quarter. There was a strong increase in the Netherlands especially, where like-for-like revenue on the basis of order intake increased by 17.7%. In Germany like-for-like revenue decreased 3.6% due to a challenging basis of comparison (like-for-like revenue growth in Q4 2014: 11.5%). In Spain and Austria, like-for-like revenue was also subject to pressure due to a challenging basis of comparison. Like-for-like revenue rose in Belgium and Switzerland.

Total revenue increased by 3.4% to € 102.9 million in the fourth quarter. At 60.6%, gross profit was higher in this quarter than in the same period in 2014. The increase was partly attributable to improved purchasing conditions and higher supplier bonuses.

Expenses rose by 3.5% to € 49.7 million in the fourth quarter. This increase of € 1.7 million was caused on the one hand by expansion, as a result of which the average number of stores increased by 1.8%, and on the other by higher marketing spending in Germany, higher depreciation as a result of the investment programme in particularly the shops, rising logistics costs owing to the revenue growth and higher overhead costs due to expansion of the e-commerce activities.

EBITDA rose to € 14.9 million. Operating profit (EBIT) increased to € 12.7 million in the fourth quarter. Net profit for the fourth quarter of 2015 totalled € 9.3 million (Q4 2014: € 7.5 million).

2015

Revenue increased in 2015 by 5.9% to € 385.4 million. Revenue in comparable stores rose by 5.4% in 2015.

Revenue performance per country in 2015 was as follows:

Netherlands	5.5%
Germany	4.5%
Austria	15.4%
Switzerland	10.2%
Spain	8.4%
Belgium	28.8%

All countries of the group achieved revenue growth. In Germany, the Netherlands and Belgium, this was mainly attributable to like-for-like growth. In Austria, due to the acquisition of BettenMax, and Spain revenue rose as a consequence of expansion in combination with like-for-like revenue growth. Switzerland reported lower revenue on a like-for-like basis, caused by the economic conditions (as a result of the revaluation of the Swiss franc).

Gross profit as a percentage of revenue was 57.7% in 2015, up from the same period in the preceding year (2014: 57.3%). The increase was partly attributable to improved purchasing conditions, year-end bonuses and responsible price increases.

Total expenses rose from € 185.6 million to € 191.5 million. This 3.2% increase was largely attributable to higher depreciation resulting from the investment programme launched in 2014 and higher marketing spending, mainly for preparations for the relaunch of the Matratzen Concord formula. In addition, staff costs rose due to higher staff deployment and the pay-out of higher bonuses as a result of the higher revenue. The higher revenue also led to higher logistics costs. Lastly, overhead costs rose due to expansion of the e-commerce activities in particular.

The average number of stores fell by 1.5%. Owing to this decrease and the cost increases referred to earlier, average costs per store rose by 4.6%.

EBITDA rose by 31.4% to € 41.1 million in this period. EBITDA as a percentage of revenue increased from 8.6% to 10.7%.

Operating profit increased by 33.2% to € 30.7 million in this period. Operating profit as a percentage of revenue rose from 6.3% to 8.0%.

Net profit for 2015 increased by 33.8% from € 16.9 million to € 22.6 million. Earnings per share for 2015 were € 1.03 (2014: € 0.77).

Investment and cash flow

Investments amounted to € 16.0 million in 2015 (2014: € 13.2 million). Investments in stores were € 8.9 million in 2015 (2014: € 10.8 million). Beter Bed also acquired a logistics centre that had previously been rented for € 2.5 million. The remaining amount was invested primarily in IT and to a lesser extent in other operating assets.

Solvency

Solvency amounted to 57.5% on 31 December 2015, compared to 58.6% on 31 December 2014.

Operational

In 2015, 95 stores were opened and 63 stores were closed. The growth of the number of stores was mainly attributable to the acquisition of BettenMax at the end of 2015. At year-end 2015, the group had a total of 1,159 stores.

Number of stores

	31-12-2014	Closed	Opened	31-12-2015
Matratzen Concord	966	46	72	992
Beter Bed	94	9	12	97
El Gigante del Colchón	32	2	6	36
Beddenreus	35	6	5	34
Total	1,127	63	95	1,159

Matratzen Concord

Number of stores	31-12-2014	Closed	Opened	31-12-2015
Germany	846	42	45	849
Austria	67	3	21	85
Switzerland	53	1	6	58
Total	966	46	72	992

Matratzen Concord

Revenue of the cash & carry formula Matratzen Concord for 2015 totalled € 262.2 million (68.0% of total group revenue). This is an increase of 5.2% compared to 2014. Revenue at comparable stores grew by 3.1%. Within revenue of this formula, 85.0% was achieved in Germany and 15.0% in Austria and Switzerland.

Beter Bed

This formula operates in the Netherlands and Belgium. The number of Beter Bed stores increased by three. Revenue grew from € 91.3 million to € 101.3 million in 2015, up 10.9%. Order intake in comparable stores rose by 11.6% in 2015. Beter Bed contributed 26.3% to the total group revenue.

Other formulas

The revenue of the other formulas amounted to € 22.0 million for 2015, contributing 5.7% to the total group revenue. This includes the revenue of the store formulas Beddenreus (Netherlands), El Gigante del Colchón (Spain) and the wholesaler DBC. The revenue of the other formulas is lower than in the preceding year as a result of the closure of Slaapgenoten during 2014.

Outlook 2016

The outlook for 2016 is positive. The economic outlook and the development of the housing market (at low mortgage interest rates) continue to appear to be favourable, despite a number of uncertainties. Building on the results of the measures put in place in the past few years, steps will be taken to continue like-for-like growth and to ensure that the formulas remain contemporary. To achieve this, a new strategic plan was formulated in 2015 for the period 2016-2020, named *'From good to great'*. The primary focus in that plan will be on innovation and maximum customer satisfaction in an omnichannel environment. Expansion will also be a priority, in order to further strengthen the position of our formulas in the various countries.

Dividend

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

In November 2015 the company paid an interim cash dividend of € 0.39 per share.

A proposal will be submitted to the Annual General Meeting of Shareholders, scheduled for 19 May 2016, to distribute a final cash dividend of € 0.48. This brings the dividend for 2015 to € 0.87 per share (2014: € 0.65 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 2016, and for which an unqualified auditor's report has been issued by the independent auditor.

FOR FURTHER INFORMATION:

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CONSOLIDATED BALANCE SHEET

Per 31 December

(* EUR 1.000)	2015	2014
Fixed assets		
Tangible assets	34,520	28,889
Intangible assets	3,477	3,517
Financial assets	1,580	768
Current assets		
Inventories	57,926	53,481
Receivables	8,662	9,585
Cash and cash equivalents	25,512	20,883
TOTAL ASSETS	131,677	117,123
Equity		
Equity attributable to equity holders of the parent	75,750	68,635
Liabilities		
Provisions	538	1,251
Non-current liabilities	2,279	2,218
Current liabilities	53,110	45,019
TOTAL EQUITY AND LIABILITIES	131,677	117,123

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Fourth quarter			Cumulative	
2015	2014	(* EUR 1.000)	2015	2014
102,914	99,559	Revenue	385,440	363,953
(40,566)	(41,041)	Cost of sales	(163,225)	(155,300)
62,348	58,518	Gross profit	222,215	208,653
60.6%	58.8%		57.7%	57.3%
24,167	24,580	Wage and salary costs	92,176	89,858
2,238	2,228	Amortisation	9,825	8,242
23,272	21,168	Other operating expenses	89,515	87,511
(49,677)	(47,976)	Total operating expenses	191,516	185,611
-48.3%	-48.2%		49.7%	51.0%
12,671	10,542	Operating profit (EBIT)	30,699	23,042
12.3%	10.6%		8.0%	6.3%
86	(75)	Finance income and costs	(51)	(299)
12,757	10,467	Profit before taxation	30,648	22,743
(3,419)	(2,932)	Income tax expense	(8,089)	(5,883)
9,338	7,535	Net profit	22,559	16,860
9.1%	7.6%		5.9%	4.6%
Earnings per share				
0.43	0.34	Earnings per share in €	1.03	0.77
0.42	0.34	Diluted earnings per share in €	1.02	0.77

CONSOLIDATED CASH FLOW STATEMENT

(* EUR 1.000)	2015	2014
Cash flow from operating activities		
Operating profit	30,699	23,042
Interest paid	(51)	(305)
Income tax paid	(4,443)	(7,143)
Amortisation	9,825	8,242
Costs (Release) of employee stock options	192	(439)
Movements in:		
– Inventories	(4,445)	2,068
– Receivables	(1,104)	(120)
– Provisions	(713)	(1,427)
– Current liabilities	5,857	10,353
– Other	192	42
	36,009	34,313
Cash flow from investing activities		
Additions to (in)tangible assets	(15,963)	(13,211)
Disposals of (in)tangible assets	591	1,004
Changes in non-current receivables	(124)	6
	(15,496)	(12,201)
Cash flow from financing activities		
Repayment of loan	-	(1,000)
Share (re)issuance	803	1,851
Dividend paid	(16,687)	(7,659)
	(15,884)	(6,808)
Change in net cash and cash equivalents	4,629	15,304
Cash and cash equivalents at the end of the financial year	25,512	20,883
Current bank overdraft not including repayment obligations at the end of the financial year	-	-
Net cash and cash equivalents at the end of the financial year	25,512	20,883
Cash and cash equivalents at the beginning of the financial year	20,883	9,554
Current bank overdraft not including repayment obligations at the beginning of the financial year	-	(3,975)
Net cash and cash equivalents at the beginning of the financial year	20,883	5,579
Change in net cash and cash equivalents	4,629	15,304

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fourth quarter		(* EUR 1.000)	Cumulative	
2015	2014		2015	2014
9,338	7,535	Profit	22,559	16,860
		Non-recyclable:		
		Change in revaluation reserve		
(175)	-	- due to revaluation of land	(35)	-
		Recyclable:		
(46)	16	Movements in reserve for currency translation differences	283	59
9,117	7,551	Total comprehensive income	22,807	16,919

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(* EUR 1.000)

	Total	Issued share capital	Share premium reserve	Reserve for currency translation	Revalua- tion reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2014	57,963	436	16,145	755	2,847	29,582	8,198
Net profit 2014	16,860	-	-	-	-	-	16,860
Other components of comprehensive income 2014	59	-	-	59	-	-	-
Profit appropriation 2013	-	-	-	-	-	8,198	(8,198)
Final dividend 2013	(1,526)	-	-	-	-	(1,526)	-
Interim dividend 2014	(6,133)	-	-	-	-	(6,133)	-
(Re)issuance of shares	1,851	2	1,528	-	-	321	-
Release of employee stock options	(439)	-	-	-	-	(439)	-
Balance on 31 Dec. 2014	68,635	438	17,673	814	2,847	30,003	16,860
Net profit 2015	22,559	-	-	-	-	-	22,559
Other components of comprehensive income 2015	248	-	-	283	(35)	-	-
Profit appropriation 2014	-	-	-	-	-	16,860	(16,860)
Final dividend 2014	(8,124)	-	-	-	-	(8,124)	-
Interim dividend 2015	(8,563)	-	-	-	-	(8,563)	-
Issuance of shares	803	1	761	-	-	41	-
Costs of employee stock options	192	-	-	-	-	192	-
Balance on 31 Dec. 2015	75,750	439	18,434	1,097	2,812	30,409	22,559