

Uden, the Netherlands, 18 January 2019

Beter Bed Holding: Q4 sales increased by 2.2%; restructuring on track

As announced at the Capital Markets Day on 26 October 2018, Beter Bed Holding decided to restructure its international businesses. At the same event, a new mid-term strategy with the overarching customer promise to offer the best quality rest at affordable prices was presented. The Group Leadership Team of Beter Bed Holding is pleased to announce that the Q4 commitments have been successfully delivered.

This included, amongst others, the following:

- closure of 172 Matratzen Concord stores in Germany, Austria and Switzerland;
- headcount reduction of the Matratzen Concord support organization by 64 FTE;
- inventory reduction by more than € 8 million;
- successful discontinuation of the Spanish operation;
- execution of all plans within the communicated one-off restructuring costs and within the amended agreements with the banks.

While taking the above measures the company has been working hard to improve the business trends and to launch new initiatives. As a result, the first steps to change the sales trend at Matratzen Concord have been taken. Secondly, new customer driven assortment such as the Green Motion 100% recyclable mattress and the Wave one size fits all mattress were launched. Thirdly, new partnerships with the NOC*NSF and the Dutch female national soccer team through the wholesale business DBC with the M line brand were communicated.

Q4 Trading update

Q4 sales of the continued operations of € 101.8 million increased by 2.2% compared to last year. The increase was primarily driven by good like-for-like performance in the Netherlands and Belgium. In these two markets, strong commercial plans were rolled out with new products, attractive promotions, new innovative campaigns such as the Mattress for Life. Part of the healthy order intakes was already delivered to the customers during Q4 2018, and the remaining part led to a healthy order book more than € 2 million ahead of year-end 2017.

Sales of the Matratzen Concord businesses in Germany, Austria and Switzerland slowly recovered towards the desired level of growth. Austria and Switzerland already delivered a promising level of sales growth. Although the sales momentum in Germany improved compared to the first three quarters of 2018, it was impacted by the significant efforts required by the local organization to successfully complete the massive Q4 restructuring. With the restructuring completed, all focus and efforts of the local teams will be on aggressive sales recovery. Amongst others, this should result in sharper pricing, new attractive promotions, online sales acceleration, and the commercialization of new assortment such as the Bodyscout mattress with a consumer price of € 179 and the Pura boxspring with consumer prices as of € 399.

Total sales in Sweden increased due to the opening of new stores during 2018. After the successful completion of this first round of store expansion the focus will shift to improving the underlying performance of the current stores. To deliver a step change in the performance of the Swedish operation a new leadership team has been appointed.

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The market shares in both key markets the Netherlands and Germany are expected to continue to improve. In the Netherlands the market share improved due to good commercial proposition leading to the healthy development of the order intake. The indication of the German market is that the industry will report that the market is still under pressure and, therefore, being worse than the Matratzen Concord performance.

The table below shows the sales performance for Q4 and full-year 2018.

Total sales (in million €)

	2018 Q4	vs 2017	2018 YTD	vs 2017
Continued operations	101,8	2,2%	396,3	-3,1%
Total operations including Spain	103,1	1,8%	402,6	-3,3%

Sales growth

	2018 Q4		2018 YTD	
	Total sales	LFL growth	Total sales	LFL growth
The Netherlands (Beter Bed and Beddenreus)	2,7%	8,7%	1,9%	2,5%
Beter Bed Belgium	42,7%	4,2%	46,1%	17,6%
Total Benelux	4,2%	8,5%	3,6%	3,2%
Matratzen Concord Germany (store portfolio 1-1-2019)	-2,0%	-1,8%	-4,3%	-6,4%
Matratzen Concord Austria (store portfolio 1-1-2019)	12,1%	10,0%	1,2%	0,2%
Matratzen Concord Switzerland (store portfolio 1-1-2019)	13,8%	-0,5%	-5,8%	-11,2%
Total Matratzen Concord	0,1%	-0,5%	-3,9%	-6,4%
Sängjätten Sweden	37,1%	-9,3%	15,5%	-3,6%

The table below shows the development of the store portfolio per year-end 2018.

Number of stores

	1 Jan 2018	Closed	Opened	31 Dec 2018
The Netherlands (Beter Bed and Beddenreus)	117	1	1	117
Beter Bed Belgium	11	1	6	16
Total Benelux	128	2	7	133
Matratzen Concord Germany	849		14	

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		146		717
Matratzen Concord Austria	85	12	3	76
Matratzen Concord Switzerland	65	14	5	56
Total Matratzen Concord	999	172	22	849
Sängjätten Sweden	16	-	11	27
El Gigante del Colchón Spain	45	45	-	-
Total Group	1 188	219	40	1 009

Miscellaneous

Beter Bed Holding successfully closed the two open tax items as disclosed at the Capital Markets Day of 26 October 2018. Firstly, the cumulative losses of the Spanish operations will be deducted in the Dutch corporate income tax position as part of the Dutch liquidation losses regulation. Secondly, a settlement with the German tax authorities on the structure of the intercompany loans and its interest rates over the period 2011-2016 has been made. The net impact of both events is a positive tax gain of approximately € 1.5 million.

After several unsuccessful attempts to try to discuss the Q4 2017 issues with BASF, Beter Bed decided to start formal legal proceedings against BASF to receive compensation for the costs and damages it incurred in the Netherlands due to those Q4 2017 issues.

All 2018 data mentioned in this press release are unaudited. Further details will be shared on Friday, 1 March 2019 with the publication of the 2018 full-year results.

Profile

Beter Bed Holding is a European retail organization that offers its customers the best quality rest at affordable prices. The organization will do this through its international brands Matratzen Concord, Beter Bed, Beddenreus, Sängjätten and own wholesaler operation DBC International. All brands provide the best customer advice to their customers on all relevant channels including online.

In 2018, the company achieved € 396 million sales with a total of 1,009 stores and an increasingly relevant share of online sales.

For more information

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