

Half-year figures 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 webshops 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.
- Literie Concorde, located in France.

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, France, Sweden and the United Kingdom.

In 2016, the company achieved net revenue of € 410.5 million with a total of 1,206 stores. 66.4% 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.

In case of textual contradictions between the Dutch and the English interim report, the first shall prevail.



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Interim report

Uden, the Netherlands, 30 August 2017

Beter Bed Holding realised higher revenue in first six months of 2017

- Revenue rose by 6.7% to € 209.8 million.
- Gross profit increased to 57.5%.
- EBITDA increased to € 17.5 million.
- Operating profit amounted to € 11.5 million.
- Net profit € 7.5 million.

Key figures interim results

(in millions of € unless stated otherwise)

	2017 H1	2016 H1	Change
Revenue	209.8	196.7	6.7%
Gross profit (%)	57.5	57.0	
EBITDA	17.5	17.1	2.8%
Operating profit	11.5	11.6	-1.3%
Net profit	7.5	8.4	-11.1%
Earnings per share (in €)	0.34	0.38	-10.5%

Ton Anbeek, Chief Executive Officer

“Overall, we are satisfied with the revenue growth and results for the first six months of 2017, partly in view of the growth we are seeing in the group’s two most important markets. Beter Bed is benefiting from the high level of consumer confidence and the strong propensity to buy which remain unabatedly high in the Netherlands. Our continual focus on customer satisfaction is reflected in revenue growth that is outpacing the average market trend. In addition, a trend towards improving revenue growth is visible in Germany in the first six months of 2017, driven mainly by swifter execution of the strategic plans. The reintroduction of the Sängjätten brand in Sweden, followed by a comprehensive range change in that country, has also had a very positive impact on like-for-like revenue growth.”

First six months of 2017

Revenue rose by 6.7% to € 209.8 million in the first six months of 2017. Excluding the acquisition of Sängjätten, revenue grew by 4.1%. The like for like development is 1.5% in the first six months of 2017.

Revenue performance per country in the first six months of 2017 was as follows:

Netherlands	9.3%
Germany	0.4%
Austria	-5.8%
Switzerland	6.5%
Spain	17.3%
Belgium	34.2%
France	23.3%
Sweden (order intake development)	19.2%

With the exception of Austria, all countries in which the group operates reported revenue growth in the first six months of 2017. A slight increase in revenue is visible in Germany, which appears to indicate a reversal of the downward revenue spiral, despite unfavourable weather conditions in the second quarter in particular. Further recovery is possible due to the introduction of a broad boxspring and textiles range and the expansion of the omnichannel strategy. Revenue in the Netherlands benefited from the continuing positive economic conditions. The decrease in Austria was due to the strong comparative basis last year. A sale of the inventories of the former BettenMax format took place early in 2016, which boosted revenue at the time.

Gross profit for the first six months of the year was 57.5%, up 0.5% from the same period a year ago (H1 2016: 57.0%). This increase was achieved due to a continual focus on improvement in conditions, the product range, product innovation and where possible the introduction of price increases. In addition, the current purchasing volumes, which are related to a simplification of the product range, lead to higher volume discounts.

Total expenses rose from € 100.5 million to € 109.1 million in the first six months of the year. This 8.6% increase was mainly attributable to the expansion of the group (3.5% more stores), increased logistics expenses associated with the increased revenue (which entails higher logistics expenses in the Netherlands in particular) and increased overhead costs, related to the further expansion of the IT and e-commerce activities in line with the strategy. Adjusted for the (partly non-recurring) costs relating to Sängjätten, expenses rose by 5.3%. Average expenses per store excluding Sängjätten increased by 2.7% in the first six months of 2017.

The group already pursued a strict cost control and investment policy in the second quarter of 2017. Its most significant effects will only become manifest in the second half of the year. The average number of stores rose by 3.5% in the first six months of 2017 compared to the same period in 2016.

EBITDA for the first six months of the year was € 17.5 million. This is an increase of € 0.4 million (2.8%) compared to the same period of last year. Excluding Sängjätten, EBITDA rose by 5.3% compared to the same period of last year.

Operating profit (EBIT) fell by 1.3% to € 11.5 million in the first six months of 2017. Excluding Sängjätten, EBIT rose by 5.2%. As a percentage of revenue, operating profit decreased from 5.9% to 5.5%.

Net profit decreased by 11.1% from € 8.4 million to € 7.5 million in the first six months of 2017. The decrease is for the largest part attributable to changes in German laws concerning corporate income tax and tax losses carryforwards that have not been capitalised (for the time being).

Earnings per share in the first six months of 2017 amounted to € 0.34 (first six months of 2016: € 0.38).

Investments and cash flow

Investments in intangible and tangible fixed assets in the first six months of 2017 totalled € 9.9 million (H1 2016: € 6.8 million). Investments in stores in this period amounted to € 6.8 million (H1 2016: € 4.5 million). A significant part of this amount related to the remodelling of the Matratzen Concord stores in the German-speaking countries, and the remaining amount was invested mainly in IT.

Financing/solvency

Solvency amounted to 56.3% on 30 June 2017. This was 53.5% at year-end 2016.

Operational

24 stores were opened and 36 stores were closed in the first six months of 2017. The group had a total of 1,194 own stores at the end of June 2017.

Number of stores

	31-12-2016	Closed	Opened	30-6-2017
Matratzen Concord	1,004	26	16	994
Beter Bed	100	4	1	97
El Gigante del Colchón	48	2	2	48
Beddenreus	33	4	4	33
Sängjätten	16	-	-	16
Literie Concorde	5	-	1	6
Total	1,206	36	24	1,194

Matratzen Concord

Number of stores	31-12-2016	Closed	Opened	30-6-2017
Germany	861	22	11	850
Austria	84	-	-	84
Switzerland	59	4	5	60
Total	1,004	26	16	994

Matratzen Concord

Revenue of the cash & carry format Matratzen Concord in the first six months of 2017 totalled € 123.9 million (59.1% of total group revenue). This is an increase of 0.3% compared to the first six months of 2016. Of the revenue of this format, 83.2% was achieved in Germany and 16.8% in Austria and Switzerland. Revenue at comparable stores (open for at least one year) decreased by 1.6%.

Beter Bed

This format operates in the Netherlands and Belgium. Revenue grew in the first six months of 2017 by € 5.4 million to € 66.5 million, which equals an increase of 8.8%. The order intake in comparable stores increased by 5.9% in the first six months of 2017. Beter Bed contributed 31.7% to the total group revenue.

Other formats

Revenue of the other formats rose by 61.7% in the first six months of 2017 to € 19.4 million. The other formats contributed 9.2% to the total group revenue. This includes the revenues of the retail formats Beddenreus (The Netherlands), Sängjätten (Sweden), El Gigante del Colchón (Spain), Literie Concorde (France) and the wholesaler DBC.

Outlook for the second half of 2017

The outlook for the second half of 2017 is positive. The simplification of the product range together with a greater emphasis on boxsprings at Matratzen Concord form the basis for further improvement in revenue growth. The investments in e-commerce and the cooperation with Emma will enable the company to serve consumers in the Netherlands and Germany even better, both online and offline. In addition, the high level of consumer confidence and the strong propensity to buy in the Benelux appear to be unabatedly high going forward. Lastly, the initial effects of the cost saving programme have already been realised in the first six months of 2017. On the basis of the current progress and the measures we have taken, the savings target for the full year 2017 issued previously is expected to be achieved. Apart from unforeseen circumstances, the group is expected to realise a further improvement of the EBITDA.

Interim dividend

The company plans to pay an interim dividend in 2017. As is customary, further information regarding this matter will be provided upon the publication of the trading update on 3 November 2017.

FOR MORE INFORMATION:

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Condensed consolidated balance sheet

in thousand €	30-6-2017	31-12-2016
Fixed assets		
Tangible assets	41,339	38,070
Intangible assets	7,593	7,002
Financial assets	1,922	1,877
Total fixed assets	50,854	46,949
Current assets		
Inventories	65,574	61,884
Receivables	11,478	12,992
Cash and cash equivalents	6,648	21,792
Total current assets	83,700	96,668
Total assets	134,554	143,617
Equity		
Equity attributable to equity holders of the parent	75,712	76,878
Total equity	75,712	76,878
Liabilities		
Non-current liabilities	2,313	2,352
Current liabilities	56,529	64,387
Total liabilities	58,842	66,739
Total equity and liabilities	134,554	143,617

Consolidated profit and loss account

in thousand €

First half year

	2017		2016	
Revenue	209,772		196,663	
Cost of sales	(89,170)		(84,562)	
Gross profit	120,602	57.5%	112,101	57.0%
Personnel expenses	52,871		47,793	
Depreciation and amortisation	5,993		5,440	
Other operating expenses	50,272		47,248	
Total operating expenses	109,136	52.0%	100,481	51.1%
Operating profit (EBIT)	11,466	5.5%	11,620	5.9%
Finance income and costs	(113)		(73)	
Profit before taxation	11,353	5.4%	11,547	5.9%
Income tax expense	(3,890)		(3,149)	
Net profit	7,463	3.6%	8,398	4.3%
Earnings per share				
Earnings per share in €	0.34		0.38	
Diluted earnings per share in €	0.34		0.38	

Consolidated statement of comprehensive income

in thousand €	First half year	
	2017	2016
Profit	7,463	8,398
Non-recyclable:		
Change in revaluation reserve		
- due to revaluation of land	-	-
Recyclable:		
Movements in reserve for currency translation differences	(10)	(69)
Total comprehensive income	7,453	8,329

The amounts listed above are net amounts. In principle the movement in reserve for translation differences is fully recyclable. The movement in revaluation is not. There is no tax impact on the translation differences reserve.

Consolidated cash flow statement

	First half year	
in thousand €	2017	2016
Cash flow from operating activities		
Operating profit	11,466	11,620
Interest paid	(110)	(67)
Income tax paid	(6,318)	(5,246)
Depreciation and amortisation	5,993	5,294
Costs share-based compensation	163	136
Movements in:		
– Inventories ¹	(3,690)	450
– Receivables	2,486	874
– Provisions	(39)	(301)
– Current liabilities ¹	(6,446)	(342)
– Other	(10)	(46)
	3,495	12,372
Cash flow from investing activities		
Additions to (in)tangible assets ¹	(9,931)	(6,812)
Acquisitions ¹	-	(3,287)
Disposals of (in)tangible assets	78	146
Changes in long-term accounts receivable	(4)	(115)
	(9,857)	(10,068)
Cash flow from financing activities		
Dividend paid	(8,782)	(10,539)
	(8,782)	(10,539)
Change in net cash and cash equivalents	(15,144)	(8,235)
Net cash and cash equivalents at the beginning of the financial year	21,792	25,512
Net cash and cash equivalents at the end of the financial year	6,648	17,277

¹ 2016 adjusted for comparison purposes

Consolidated statement of changes in equity

in thousand €	Total	Issued share capital	Share premium reserve	Reserve for currency translation	Revalua- tion reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2016	75,750	439	18,434	1,097	2,812	30,409	22,559
Net profit 2016	8,398	-	-	-	-	-	8,398
Other components of comprehensive income 2016	(69)	-	-	(69)	-	-	-
Profit appropriation 2015	-	-	-	-	-	22,559	(22,559)
Final dividend 2015	(10,539)	-	-	-	-	(10,539)	-
Costs of share-based compensation	136	-	-	-	-	136	-
Balance on 30 June 2016	73,676	439	18,434	1,028	2,812	42,565	8,398
Balance on 1 Jan. 2017	76,878	439	18,434	913	2,812	35,265	19,015
Net profit 2017	7,463	-	-	-	-	-	7,463
Other components of comprehensive income 2017	(10)	-	-	(10)	-	-	-
Profit appropriation 2016	-	-	-	-	-	19,015	(19,015)
Final dividend 2016	(8,782)	-	-	-	-	(8,782)	-
Costs of share-based compensation	163	-	-	-	-	163	-
Balance on 30 June 2017	75,712	439	18,434	903	2,812	45,661	7,463

General notes

The condensed consolidated interim financial data of Beter Bed Holding N.V. (domiciled in Uden, the Netherlands) contained in this interim report, consisting of the condensed consolidated balance sheet as at 30 June 2017; the consolidated profit and loss account; the consolidated statement of comprehensive income; the consolidated cash flow statement and the consolidated statement of changes in equity for the period from 1 January 2017 to 30 June 2017, plus the notes, have been reviewed by our external auditor. The other condensed consolidated statements contained in this interim report, including the notes, have not been reviewed or audited for the purpose of this interim report. These statements and notes were taken from the 2016 financial statements of Beter Bed Holding N.V. (domiciled in Uden, the Netherlands) and the 2016 interim report, respectively. The company's Management Board is responsible for drafting and disclosing the interim financial data in accordance with IAS 34, 'Interim Financial Reporting', as accepted within the European Union. The notes constitute an integral part of this condensed consolidated interim report.

Certain prior-period amounts have been reclassified in line with the presentation for the period under review. These reclassifications relate mainly to the consolidated cash flow statement.

Beter Bed Holding N.V. defines EBITDA as follows: Operating profit plus depreciation, amortisation, impairments and book value of disposals.

General details

Beter Bed Holding is domiciled in Uden, the Netherlands and listed on Euronext Amsterdam. The consolidated interim report of Beter Bed Holding N.V. (the 'company') for the first half of 2017 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 2016. This condensed consolidated interim report was approved by the Supervisory Board on 28 August 2017.

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 2016 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 2017.

Estimates

The preparation of interim reports requires that the management form a judgement 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 judgements 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 2016 financial year.

Risk

The risks recognised by the company and the internal control environment correspond with the information contained on this subject in the 2016 annual report.

Seasonal pattern

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

Related parties

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost fully in receiving dividends and receiving interest on loans provided.

Post-balance sheet events

On 14 July 2017, the Chief Executive Officer, Ton Anbeek, announced that he would be leaving Beter Bed Holding N.V. as of 1 November 2017. The Supervisory Board has already commenced its search for a new CEO.

The evaluation of the test in France that Beter Bed Holding N.V. carried out in August 2017 led to the conclusion that sufficiently profitable operations are unlikely in the short to medium term. The stores will therefore be closed before the end of the current financial year. The financial implications of this decision will be accounted for in the results for the second half of 2017. The closure is not expected to have a significant effect on the group's net profit.

No other events that are required to be disclosed occurred in the period between the end of the reporting period and this interim report.

Notes to the condensed consolidated balance sheet

Tangible fixed assets

Investments in stores totalled € 6.8 million during the first half of 2017 (versus € 4.5 million in the first half of 2016). Among the investments in other fixed operating assets are also investments in IT. Land is stated at fair value, based on regular appraisals carried out by an external expert. The company is of the view that the fair value has not changed significantly since the most recent appraisals.

Equity

The movements in the equity items are shown in the consolidated statement of changes in equity (see page 12). As at end of June 2017, a total of 21,955,562 shares were issued and paid up. During the reporting period, the number of issued and fully paid shares remained unchanged. Beter Bed Holding does not hold shares in portfolio.

The average number of outstanding shares during the reporting period for the calculation of the earnings per share was 21,955,562. The number of shares used to calculate the diluted earnings per share is equal to 21,958,122.

During the reporting period, the final dividend for the 2016 financial year was fixed at € 0.40 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 € 8.8 million.

Notes to the consolidated profit and loss account

Other operating expenses

The other operating expenses consist of € 25.2 million in rental and leasing costs (2016: € 23.3 million). The remainder of these expenses consists mainly of selling and distribution costs.

Income taxes

The effective tax rate for the first six months of the year increased from 27.3% to 34.3%. This increase is attributable to changes in German laws concerning corporate income tax, tax loss carryforwards that have not been capitalised (for the time being) and adjustments in prior-year income tax.

Statement from the management board

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

- the interim figures 2017 give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of the company and the entities included in the consolidation;
- the interim figures 2017 give 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

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2017 of Beter Bed Holding N.V., Uden, which comprises the condensed consolidated balance sheet as at 30 June 2017, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the selected explanatory notes for the six-month period then ended. The management board is responsible for the preparation and presentation of this (condensed) 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 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 company. 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 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 condensed consolidated interim financial information for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Eindhoven, 28 August 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.C. van Rooij