

## Press Release

### ***Second half year 2016 slows down growth dynamics***

During the financial year 2016, Bauwerk Boen Group achieved an increase in sales of 4.7%, slightly above market growth. The Group thus gained further market shares especially in the important markets of Germany and Norway. While developments during the first half-year were very gratifying, the second semester was marked by strong shortages in the raw materials' supply of large formats. On the profitability level, the massive price increases for large format oak planks lead to additional material costs of around CHF 6 million. Due to this, the achieved operative efficiency gains are not reflected in the operating results. EBITDA and EBITA, respectively, were 3.8% and 2.3% below the prior year. Net income of CHF 4.1 million, however, could be more than doubled compared to the prior year (2015: CHF 1.9 million). Bauwerk Boen Group is confident to be able to continue to gain further market shares and again increase operating results thanks to the measures taken in the current financial year.

St. Margrethen, 27 April 2017 – Consolidated net turnover of Bauwerk Boen Group in fiscal 2016 reached CHF 279.4 million, compared to CHF 266.7 million in the previous year (+4.7%). Adjusted for currency influences, net turnover amounted to CHF 277.4 million, equivalent to an adjusted growth rate of 4.0%. Excluding extraordinary effects and currency influences, the Group achieved an operating result (EBITDA) of CHF 28.2 million, corresponding to an adjusted EBITDA margin of 10.2% (prior year: 11.0%).

### ***Full year marked by varying volume developments***

While sold volumes under the two brands Bauwerk Parkett and Boen increased satisfyingly by 5.6% during the first half of 2016, the Group recorded a decrease in volumes in line with market developments during the second half-year. Overall, Bauwerk Boen achieved volume growth of 1.2% to 9.5 million square meters in fiscal 2016. The Group realized volume and sales growth of 5% each in Europe's largest and Group focus market of Germany, where growth – following a buoyant start to the year – slowed during the second half-year due to capacity constraints of parquet laying craftsmen. Thanks to a normalization of this situation during the first quarter of 2017, the Group thus is confident to be able to again increase market shares in the current year. In Scandinavia, Bauwerk Boen also recorded good growth, especially by realizing 3% volume and sales growth in the important Norwegian market, despite a challenging environment. In Switzerland, sales were flat on a high level in a slightly declining market environment. The export markets outside of Europe contributed around 8% to overall revenues (prior year 7%), with Asia accounting for the main

contribution. The subsidiary in Hong Kong, founded in January 2015, sold over 250,000 square meters – thus achieving growth of 59% – and will continue to create further momentum in the region.

### ***Raw materials' shortage remains a challenge***

A company takeover planned for a long time to secure raw materials' supply from the Southern European region as well as to reduce the operations in Lithuania to a more economical 3-shift-operation did not materialize on the finishing line. As an alternative, the Group as of 7 December 2016 acquired the company Haas dom d.o.o., which has an own lumber mill and a long-term supply contract with the state forestry administration in Đurđevac, Croatia. Thanks to the acquisition, Bauwerk Boen is able to react to the shortage tendencies on the procurement markets, especially for large formats such as wide planks. With the build-up of a state-of-the-art parquet factory in Croatia, the Group will furthermore be able to reduce production in Lithuania to a 3-shift-operation, as planned, during the second half of 2017.

### ***Efficiency measures were not enough to compensate materials price increases***

On the profitability level, the tight situation on the raw materials' markets depressed results. The operating result EBITDA reached CHF 25.7 million during 2016, against CHF 26.7 million in the previous year, corresponding to an EBITDA margin of 9.2% (10.0%). The operating result has been reduced by unplanned and partially massive price increases due to raw material supply shortages especially of large format oak planks and oak top-layer-lamellas during the second half-year. Overall, material costs were additionally charged by around CHF 6 million. Efficiency gains in personnel and other operating costs (reduction by 100 and 80 basis points, respectively, compared to net turnover) could not compensate for this development during the reporting year. Considering special effects of a total of CHF 1.2 million (among others for one-time costs in connection with efficiency projects in Lithuania, the further integration of ERP systems, and acquisition costs in Croatia) as well as currency effects when applying the previous year's exchange rates, EBITDA amounted to CHF 28.2 million or 10.2% of turnover (CHF 29.4 million or 11.0%). The operating result after depreciation and before amortization EBITA reached CHF 16.5 million or 5.9% of net turnover, compared to CHF 16.9 million or a 6.3% EBITA margin in the previous year. Adjusted for the mentioned special and currency effects, EBITA arrived at CHF 19.2 million or 6.9% of net turnover, a reduction of 50 basis points compared to the 2015 EBITA margin. Net income of CHF 4.1 million was significantly above the prior year level (CHF 1.9 million) thanks to lower financial charges as well as a lower tax rate.

### ***Solid financing***

The balance sheet and financial key figures of the Bauwerk Boen Group continue to remain stable, even after the acquisition of Haas dom d.o.o. The equity ratio as of 31 December 2016 amounted to 41.9% when taking the shareholder loan into account, which is subordinate to the 4.125% corporate bonds issued in spring 2013 (42.1% as of 31 December 2015). The increase in the balance sheet

total to CHF 264.3 million (CHF 255.0 million) was due to the short-term increase in inventories as well as the year-end effects of the acquisition.

***Outlook 2017***

Bauwerk Boen Group started the current year with a line-up of innovations, but especially with price increases in all sales areas which reflect the corresponding tendencies on the raw materials' markets. Thanks to the new production site in Croatia, the Group will be able to sustainably improve its raw materials' supply. The build-up and expansion of the parquet factory there and the hereto related reduction of the Lithuania production to a more efficient 3-shift-operation are moving along according to plan. The focus project aimed at sustainable efficiency improvements in Lithuania is also developing according to plan. Although the raw materials' shortage will remain a challenge in the short to medium term, Bauwerk Boen Group is confident to be able to continue on the growth path, gain further market shares and achieve sustainable profit improvements thanks to the implemented efficiency measures.

<b>Consolidated Income Statement</b> in 1000 CHF	2016	2015	Change in %
<b>Net turnover</b>	<b>279'389</b>	<b>266'732</b>	<b>4.7</b>
Material and goods	-136'549	-123'243	
Personnel costs	-63'039	-62'873	
Other operating costs	-52'459	-54'570	
Other revenues	580	1'151	
Other expenditures (incl. restructurings)	-1'267	-536	
<b>Operating results before depreciation and amortisation (EBITDA)</b>	<b>25'655</b>	<b>26'661</b>	<b>-3.8</b>
EBITDA in % of net turnover	9.2%	10.0%	
Depreciation	-9'138	-9'752	
<b>Operating results before amortisation (EBITA)</b>	<b>16'517</b>	<b>16'909</b>	<b>-2.3</b>
EBITA in % of net turnover	5.9%	6.3%	
Amortisation	-3'964	-3'964	
<b>Operating result (EBIT)</b>	<b>12'553</b>	<b>12'945</b>	<b>-3.0</b>
EBIT in % of net turnover	4.5%	4.9%	
Financial results	-6'030	-6'961	
Extraordinary / non-recurring expenses	-1'057	-2'161	
<b>Result before taxes (EBT)</b>	<b>5'466</b>	<b>3'823</b>	<b>43.0</b>
EBT in % of net turnover	2.0%	1.4%	
Taxes	-1'381	-1'892	
<b>Net income</b>	<b>4'085</b>	<b>1'931</b>	<b>111.5</b>
Net income in % of net turnover	1.5%	0.7%	

<b>Consolidated Balance Sheet</b> in 1000 CHF	<b>31 Dec 2016</b>	<b>in %</b>	<b>31 Dec 2015</b>	<b>in %</b>	<b>Change</b>	<b>in %</b>
<b>Assets</b>						
Cash and cash equivalents	13'594		18'581			
Other current assets	113'492		102'222			
<b>Current assets</b>	<b>127'086</b>	<b>48.1</b>	<b>120'803</b>	<b>47.4</b>	<b>6'283</b>	<b>5.2</b>
Financial assets	1'644		1'639			
Tangible fixed and intangible assets	135'567		132'588			
<b>Non-current assets</b>	<b>137'211</b>	<b>51.9</b>	<b>134'227</b>	<b>52.6</b>	<b>2'984</b>	<b>2.2</b>
<b>Total assets</b>	<b>264'297</b>	<b>100.0</b>	<b>255'030</b>	<b>100.0</b>	<b>9'267</b>	<b>3.6</b>
<b>Equity and liabilities</b>						
Financial liabilities	99'476		94'239			
Other current liabilities	33'972		33'784			
Other non-current liabilities	16'743		16'359			
<b>Total liabilities</b>	<b>150'191</b>	<b>56.8</b>	<b>144'382</b>	<b>56.6</b>	<b>5'809</b>	<b>4.0</b>
<b>Shareholder loan</b>	<b>40'678</b>	<b>15.4</b>	<b>40'613</b>	<b>15.9</b>	<b>65</b>	<b>0.2</b>
Share capital	19'260		19'260			
Capital reserves	26'043		26'043			
Retained earnings (incl. currency translation differences)	28'125		24'732			
<b>Total equity</b>	<b>73'428</b>	<b>27.8</b>	<b>70'035</b>	<b>27.5</b>	<b>3'393</b>	<b>4.8</b>
<b>Total equity and liabilities</b>	<b>264'297</b>	<b>100.0</b>	<b>255'030</b>	<b>100.0</b>	<b>9'267</b>	<b>3.6</b>

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#### About Bauwerk Boen Group

Bauwerk Boen Group is Europe's leading developer, manufacturer and supplier of parquet flooring in the premium segment as well as the second-largest market participant in wood flooring. With sold volumes of over 9.5 million square meters annually, the Group offers a complementary portfolio of two- and three-layer parquets as well as wooden sports flooring under the two brands Bauwerk and Boen. The key markets Switzerland, Norway and Germany as well as Austria, the UK, France and the US are being served by local subsidiaries. The Asian region is served from Hong Kong by Bauwerk Boen Group Asia Ltd., which was established in January 2015. Administrative headquarters of the Group are located in St. Margrethen/Switzerland. The production locations are currently concentrated in St. Margrethen and Kietaviskes/Lithuania, while the Group is building up a further parquet factory in Croatia in order to sustainably secure raw materials' supply as well as realise better capacity utilization. During the financial year 2016, the Bauwerk Boen Group generated a net turnover of CHF 279.4 million and employed around 1'900 people.