

Press Release

The Bauwerk Boen Group further expanded its leading position in parquet flooring during the first half of 2015 in a challenging market environment and despite the strength of the Swiss franc. As such, revenue growth in local currencies amounted to a respectable 8.9%. Efficiency improvements resulting from the production sites' relocation completed in 2014 compensated the negative currency impact, thus operating margins could be increased. The group is confident to be able to achieve a good result also during the second half of 2015.

St. Margrethen, 24 September, 2015 – Consolidated net turnover of the Bauwerk Boen Group amounted to CHF 133.7 million during the first half of 2015, compared to CHF 138.4 million during the previous year's period, corresponding to a currency-induced decrease of -3.4%. Despite negative impacts from the strength of the Swiss franc of about 50 to 70 basis points (bps), the operating result before depreciation and amortisation (EBITDA) improved to CHF 14.8 Million, equivalent to a margin of 11.1%, 100 basis points (bps) above the prior period. As a result of currency-related negative one-time impacts of CHF 2.7 million on inventories and extraordinary expenses of CHF 0.5 million, net income for the period amounted to CHF 0.5 million, compared to CHF 0.3 million in the prior year period.

Bauwerk Boen Group on growth track

During the first half of 2015 sold volumes grew by 7.4% to 4.7 million square meters. Thanks to the increase of average selling prices, currency-adjusted growth amounted to a respectable 8.9%. Both brands, Bauwerk Parkett and Boen, contributed to the expansion of market shares and thus confirm the growth track embarked upon since the merger of the two groups. Besides the core markets Switzerland, Germany and Norway, the activities in the UK and in Asia also added to volume growth. The export markets outside of Europe currently contribute around 5% to total revenues. Notably the establishment of Bauwerk Boen Group Asia with base in Hongkong during the first half of 2015 should increase the Asia contribution medium-term.

Profitability improvements

The operating result before depreciation and amortisation (EBITDA) could be increased over-proportionally from CHF 13.9 million to CHF 14.8 million, therefore expanding the margin by 100 bps to 11.1%. The EBIT margin thus also increased, thanks to slightly lower depreciation from 4.8% to 6.1%. Despite negative currency impacts, the efficiency gains from the business combination and the relocations of production capacities are beginning to bear fruit. As a result of the removal of the Euro minimum rate to the Swiss franc as of mid-January, inventories that were previously purchased at a higher Euro exchange rate had to be written off during the first half-year

of 2015. This currency-related one-time impact of around CHF 2.7 million is charged to the income statement under the position extraordinary/non-recurring expenses. The remaining CHF 0.5 million are related to extraordinary expenses in connection with logistics' optimization and the sale of real estate that is no longer necessary for operations.

Stable financing

The balance sheet and financial key figures of the Bauwerk Boen Group have essentially remained stable. Considering the shareholder loan of CHF 37.3 million which is subordinate to the outstanding bonds issued in spring of 2013, the equity ratio amounts to 40.7% as of 30 June, 2015 (41.1% as of 30 June, 2014).

Outlook

On the basis of the positive business developments during the first half-year, the savings resulting from the production relocations, as well as other measures to improve competitiveness and market orientation, the Bauwerk Boen Group is confident for developments during the traditionally stronger second half-year, despite continuing headwinds from the currency situation.

This is a translation of the German press release. In case of doubt, the German original prevails.

Consolidated Income Statement in 1000 CHF	2015 Jan-Jun	2014 Jan-Jun	Change in %
Net turnover	133'660	138'365	-3.4
Material and goods	-59'818	-61'738	
Personnel costs	-31'569	-35'305	
Other operating costs	-27'642	-27'428	
Other revenues	458	116	
Other expenditures (incl. restructurings)	-254	-100	
Operating results before depreciation and amortisation (EBITDA)	14'835	13'910	6.6
EBITDA in % of net turnover	11.1%	10.1%	
Depreciation	-4'770	-5'340	
Amortisation	-1'968	-1'936	
Operating result (EBIT)	8'097	6'634	22.1
EBIT in % of net turnover	6.1%	4.8%	
Financial results	-3'905	-3'933	
Extraordinary / non-recurring expenses	-3'198	-2'332	
Result before taxes (EBT)	994	369	169.4
EBT in % of net turnover	0.7%	0.3%	
Taxes	-494	-92	
Net income	500	277	80.5
Net income in % of net turnover	0.4%	0.2%	

Consolidated Balance Sheet in 1000 CHF	30 Jun 15	in %	30 Jun 14	in %	Change	in %
Assets						
Cash and cash equivalents	10'596		5'035			
Other current assets	108'841		125'775			
Current assets	119'437	47.3	130'810	45.6	-11'373	-8.7
Financial assets	1'236		1'840			
Tangible fixed and intangible assets	131'798		154'071			
Non-current assets	133'034	52.7	155'911	54.4	-22'877	-14.7
Total assets	252'471	100.0	286'721	100.0	-34'250	-11.9
Equity and liabilities						
Financial liabilities	95'116		113'151			
Other current liabilities	37'363		39'069			
Other non-current liabilities	14'597		15'014			
Total liabilities	147'076	58.3	167'234	58.3	-20'158	-12.1
Shareholder loan	38'984	15.8	38'910	13.6	1'074	2.8
Share capital	19'260		19'260			
Capital reserves	25'895		25'883			
Retained earnings (incl. currency translation differences)	20'256		35'434			
Total equity	65'411	25.9	80'577	28.1	-15'166	-18.8
Total equity and liabilities	252'471	100.0	286'721	100.0	-34'250	-11.9

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About Bauwerk Boen Group

By combining the two leading parquet manufacturers Bauwerk Parkett AG and Boen AS as of 22 May, 2013, 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 emerged. With sold volumes of around 9 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 largely independent brands Bauwerk and Boen. The core markets Switzerland, Norway and Germany as well as Austria, the UK, France and the US are being served by local subsidiaries. Administrative headquarters of the group are located in St. Margrethen/Switzerland, the production locations are concentrated in St. Margrethen and Kietaviskes/Lithuania. During the financial year 2014, the Bauwerk Boen Group generated a net turnover of around CHF 282 million and employed around 1'700 people.