

## Press Release

### ***Higher profitability thanks to efficiency gains***

**During the first half of 2017, Bauwerk Boen Group held its currency-adjusted revenue steady compared to the strong prior year period. The operating results increased encouragingly despite slightly lower volumes as higher selling prices were able to compensate to a large extent for the continued raw materials' price increases. EBITDA and EBITA rose by 5.4% and 8%, respectively, compared to the prior period. The net result increased by 53% to CHF 3.5 million (vs. CHF 2.3 million) thanks to a lower tax rate compared to the prior year. For the second half-year, the Bauwerk Boen Group expects to achieve a further rise in operating incomes thanks to the measures that have been implemented.**

St. Margrethen, 28 September 2017 – Consolidated net turnover of the Bauwerk Boen Group during the first semester of 2017 amounted to CHF 143.7 million, compared to CHF 145.9 million during the first half of 2016 (-1.6%). Adjusted for currency influences, net turnover was virtually level to the prior year period at CHF 145.5 million. Excluding extraordinary effects and currency influences, the Group achieved an operating result (EBITDA) of CHF 15.8 million, corresponding to an adjusted EBITDA margin of 10.8% (prior year: 10.3%).

### ***Price increases compensate for lower volumes***

The two brands Bauwerk Parkett and Boen recorded slightly lower volumes sold during the first half of 2017 compared to the prior period. This is due, on the one hand, to the plan to forego orders with insufficient margins and, on the other hand, to a strong first half-year 2016 (volume growth of 5.6%). Overall, the reduction in sold volumes during the first semester amounted to 4.4% to 4.8 million square meters. However, the Group realized specific increases in selling prices to compensate for higher raw materials' prices, resulting in a revenue decrease of only 1.6% in Swiss francs. While in the focus market Germany volumes had increased by 15% during the prior year period, the situation normalized during the first half-year of 2017. Developments in the Scandinavian markets were favorable, especially in Norway and Denmark. In Switzerland, business also developed positively in a still difficult market environment. Revenues recorded by the subsidiary in Hong Kong, which was founded in 2015, rose markedly (+20%). Thus the export markets outside of Europe contributed around 8% to overall revenues (prior year 7%).

### ***Production build-up in Croatia on track***

The integration of the Croatian company Haas dom d.o.o., which was acquired in December 2016 to secure the raw materials' supply from the south-eastern European region, is progressing according to plan. Thus, following the successful build-up of the infrastructure, the manufacture of top-layer-lamellas has been transferred from St. Margrethen to Đurđevac in July 2017, where production is now being ramped up. With the further build-up to a state-of-the-art parquet factory during the second half of 2017, the production in Lithuania will subsequently be reduced to a 3-shift-operation as planned.

### ***Efficiency measures taking hold***

Despite a still challenging situation on the raw materials' markets with continued price increases especially with large formats, the Bauwerk Boen Group made very good progress in profitability during the first half-year of 2017. The operating result EBITDA reached CHF 15.4 million, up 5.4% on the prior year period, corresponding to an EBITDA margin of 10.7% (10.0%). The extensive efficiency projects implemented in Lithuania during the second semester of 2016 contributed to the increase in productivity in both material as well as personnel costs. The operating result after depreciation and before amortization EBITA grew by 8% to CHF 10.3 million, corresponding to an EBITA margin of 7.1% (previous period 6.5%). On the EBIT level, the increase amounted to around 10% to CHF 8.3 million or 5.8% of net turnover, compared to CHF 7.5 million and an EBIT margin of 5.2% during the first half-year 2016. Net income of CHF 3.5 million was significantly above the prior year level (CHF 2.3 million, +53%) thanks to a lower tax rate.

### ***Solid financing***

The balance sheet and financial key figures of the Bauwerk Boen Group continue to remain solid, even after the acquisition of Haas dom d.o.o. The equity ratio as of 30 June 2017 amounted to 41.1% when taking the shareholder loan into account, which is subordinate to the 4.125% corporate bonds issued in spring 2013 (41.9% as of 31 December 2016). The increase in the balance sheet total to CHF 281.2 million (CHF 264.3 million) is the result of a higher net debt level as well as the short-term increase in inventories due to the acquisition and the build-up of the facility in Croatia.

## Outlook 2017

Thanks to the encouraging developments during the first half of 2017, the Bauwerk Boen Group is confident to make further progress in productivity also during the second half-year. The new production location in Croatia will improve the raw materials' supply sustainably from 2018 onwards and contribute substantially to a more efficient capacity utilization at all locations. This will include the reduction of the plant in Lithuania to a more efficient 3-shift-operation.

The Group anticipates that volumes can be stabilized during the second semester despite the deliberate decision to forego low-margin business thanks to product innovations and selective price increases. Thanks to the measures that have been implemented Bauwerk Boen will record significantly better results in 2017 compared to prior year and also achieve sustainable results' improvements in the medium term.

<b>Consolidated Income Statement</b>			
in 1000 CHF	2017	2016	Change
	Jan-Jun	Jan-Jun	in %
<b>Net turnover</b>	<b>143'667</b>	<b>145'963</b>	<b>-1.6</b>
Material and goods	-67'818	-69'260	
Personnel costs	-32'163	-33'297	
Other operating costs	-27'761	-28'559	
Other revenues	581	211	
Other expenditures (incl. restructurings)	-1'134	-477	
<b>Operating results before depreciation and amortisation (EBITDA)</b>	<b>15'372</b>	<b>14'581</b>	<b>5.4</b>
EBITDA in % of net turnover	10.7%	10.0%	
Depreciation	-5'102	-5'069	
<b>Operating results before amortisation (EBITA)</b>	<b>10'270</b>	<b>9'512</b>	<b>8.0</b>
EBITA in % of net turnover	7.1%	6.5%	
Amortisation	-2'006	-1'983	
<b>Operating result (EBIT)</b>	<b>8'264</b>	<b>7'529</b>	<b>9.8</b>
EBIT in % of net turnover	5.8%	5.2%	
Financial results	-3'131	-3'182	
Extraordinary / non-recurring expenses	-495	-465	
<b>Result before taxes (EBT)</b>	<b>4'638</b>	<b>3'882</b>	<b>19.5</b>
EBT in % of net turnover	3.2%	2.7%	
Taxes	-1'138	-1'588	
<b>Net income</b>	<b>3'500</b>	<b>2'294</b>	<b>52.6</b>
Net income in % of net turnover	2.4%	1.6%	

<b>Consolidated Balance Sheet</b> in 1000 CHF	<b>30 Jun 2017</b>	<b>in %</b>	<b>30 Jun 2016</b>	<b>in %</b>	<b>Change</b>	<b>in %</b>
<b>Assets</b>						
Cash and cash equivalents	7'402		7'675			
Other current assets	137'960		126'300			
<b>Current assets</b>	<b>145'362</b>	<b>51.7</b>	<b>133'975</b>	<b>50.6</b>	<b>11'387</b>	<b>8.5</b>
Financial assets	1'514		1'840			
Tangible fixed and intangible assets	134'338		128'757			
<b>Non-current assets</b>	<b>135'852</b>	<b>48.3</b>	<b>130'597</b>	<b>49.4</b>	<b>5'255</b>	<b>4.0</b>
<b>Total assets</b>	<b>281'214</b>	<b>100.0</b>	<b>264'572</b>	<b>100.0</b>	<b>16'642</b>	<b>6.3</b>
<b>Equity and liabilities</b>						
Financial liabilities	109'725		96'948			
Other current liabilities	36'050		38'421			
Other non-current liabilities	16'860		15'822			
<b>Total liabilities</b>	<b>162'635</b>	<b>57.8</b>	<b>151'191</b>	<b>57.1</b>	<b>5'809</b>	<b>4.0</b>
<b>Shareholder loan</b>	<b>40'169</b>	<b>14.3</b>	<b>40'078</b>	<b>15.1</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)	33'107		28'000			
<b>Total equity</b>	<b>78'410</b>	<b>27.9</b>	<b>73'303</b>	<b>27.7</b>	<b>3'393</b>	<b>4.8</b>
<b>Total equity and liabilities</b>	<b>281'214</b>	<b>100.0</b>	<b>264'572</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, the US and Hong Kong are being served by local subsidiaries. Administrative headquarters of the Group are located in St. Margrethen/Switzerland. The production locations are currently concentrated in St. Margrethen and Kietaviškės/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.