

A woman with curly hair is lying in bed, partially covered by a white blanket, looking down at a smartphone in her hands. The background is dark, suggesting a nighttime setting.

Capital Markets Day

October 26th, 2018

Cautionary notice

Forward-looking statements and other important information

This communication includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as expected, on track, leveraging, being accelerated, build, strategies, improve, renew, remodeling program, will or other similar words or expressions are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause actual results of Beter Bed Holding N.V. (the “Company”) to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks relating to competition and pressure on profit margins in the furniture retail industry; the impact of the Company’s outstanding financial debt; future changes in accounting standards; the Company’s ability to generate positive cash flows; general economic conditions; the Company’s international operations; the impact of economic conditions on consumer spending; turbulences in the global credit markets and the economy; increases in interest rates and the impact of downgrades in the Company’s credit ratings; competitive labor markets, changes in labor conditions and labor disruptions; environmental liabilities associated with the properties that the Company owns or leases; the Company’s inability to locate appropriate real estate or enter into real estate leases on commercially acceptable terms; exchange rate fluctuations; additional expenses or capital expenditures associated with compliance with federal, regional, state and local laws and regulations in the Netherlands, Germany and other countries; product liability claims and adverse publicity; risks related to corporate responsibility and sustainable retailing; the Company’s inability to successfully implement its strategy, manage the growth of its business or realize the anticipated benefits of acquisitions; its inability to successfully complete divestitures and the effect of contingent liabilities arising from completed divestitures; unexpected outcomes with respect to tax audits; disruption of operations and other factors negatively affecting the Company’s suppliers; natural disasters and geopolitical events; inherent limitations in the Company’s control systems; the failure or breach of security of IT systems; changes in supplier terms; antitrust and similar legislation; unexpected outcome in the Company’s legal proceedings; adverse results arising from the Company’s claims against its self-insurance programs; increase in costs associated with the Company’s defined benefit pension plans; and other factors discussed in the Company’s public filings and other disclosures.

Forward-looking statements reflect the current views of the Company’s management and assumptions based on information currently available to the Company’s management. Forward-looking statements speak only as of the date they are made, and the Company does not assume any obligation to update such statements, except as required by law.

Third party market data

Statements regarding market developments, including those regarding Beter Bed’s competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Beter Bed, those statements may also be based on estimates and projections prepared by outside sources or management.

First impressions



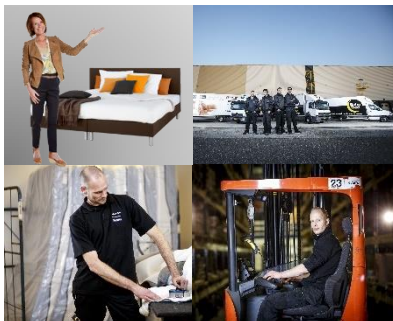
Stores



Online



German market



Employees



Organization



Share price

Interventions since April 2018



Discontinuation Spain

€ +2 million
EBIT impact
2019



Store closures in Germany

176 stores
being closed



Reorganization Germany

Reduced
64 FTE



Capex & inventory discipline

€ 4 million YTD
inventory
reduction



One-group procurement

€ 1.5 million
savings in 2018



Exchanged management
teams

90% of DACH,
BNL & Group
leadership new

The new group leadership team (GLT) is in place



John Kruijssen
CEO



Hugo van den Ochtend
CFO



Ronald Voogt
GM BNL



Pieter-Bas Stehmann
GM DBC



Dario Marotta
GM DACH

We have a long-term vision



Envisioned future as value-for-money leader

	<i>From</i>	<i>To</i>
Sleeping experience	Quality products	Sleep solutions / services
	Late replenishment	Circular replenishment
	Reactive sales	Proactive sleep advice
Customer relation	Complicated offering	Simplified offering
	Sales in-store / online	True omni-channel
	A great one time deal	Lifetime relationship
Service model	Traditional channels	New / creative channels
	Cost efficient	Cost leadership
	Leader in core markets	Expansion

CSR remains critically important

CSR initiatives

- Circular economy
- Safety & quality
- Responsible supply chain
- Safe working conditions
- Energy & CO₂ emissions
- Employees



But first things first



Agenda

Introduction

Short-term restructuring

Mid-term strategy

Performance framework

Closing

Matratzen Concord store closures to optimize footprint



Store closures / footprint rationalization



Actions taken

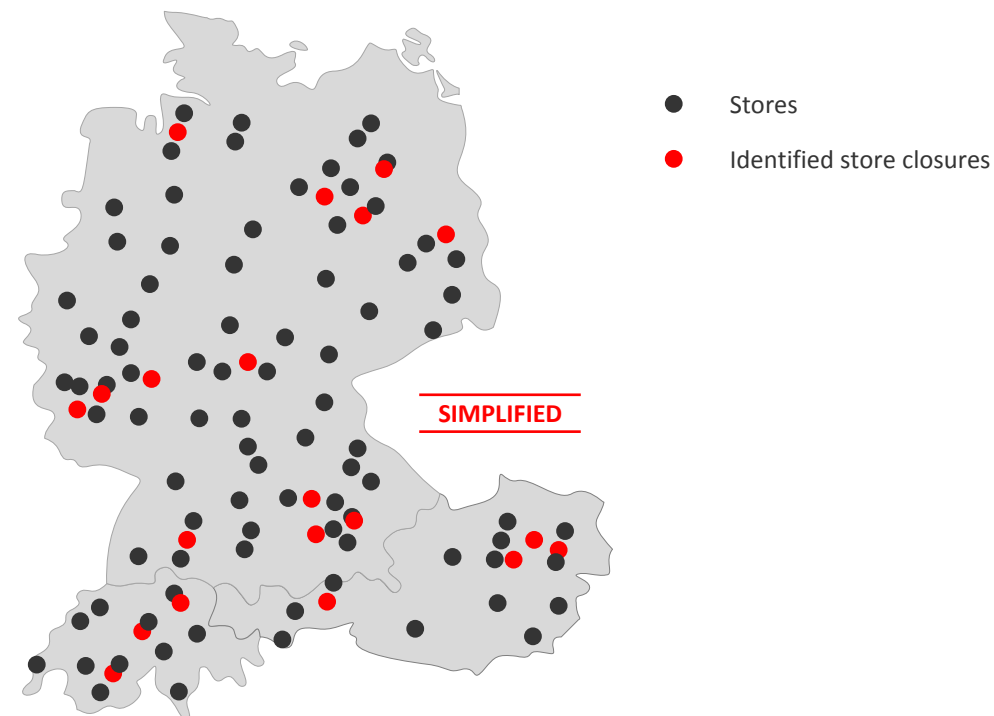
- Identified 176 stores with no store contribution
- Screened for turnaround potential, rental contracts, margin and turnover impact
- Maintaining nation-wide coverage throughout DACH region



Impact by end '18

- **Guaranteed closure of the identified 176 stores**
- **Dedicated project team to drive impact**

Optimizing footprint: -17% stores, while keeping coverage



Matratzen Concord HQ FTE reduction



Matratzen Concord HQ FTE reduction



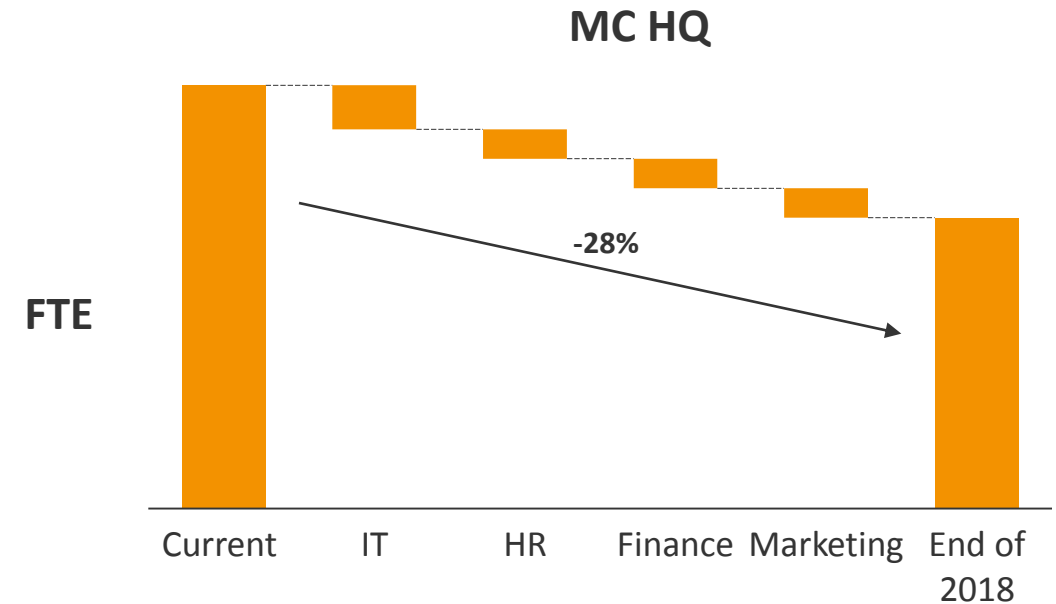
Actions taken

- Reset cost-base to historical level
- Organization shifting to digital & IT
- New way of working as part of 'virtual HQ' across the group



Impact by end '18

- **Matratzen Concord HQ reduction of 38 FTE**
- **All announcements made to the affected individuals, individual packages have been developed and exit has been effectuated**



Matratzen Concord sales overhead reduction: leaner district structure



Sales overhead reduction



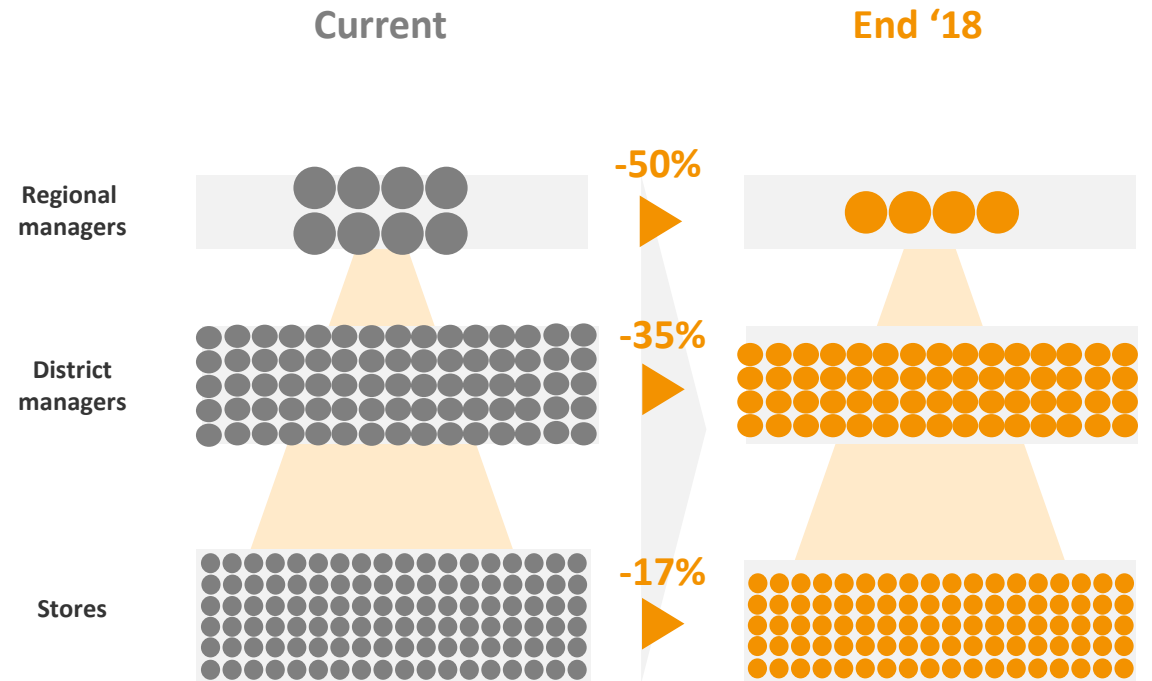
Actions taken

- Redesign of sales processes to lean out the district layer
- Reduction of sales overhead in excess of store reductions



Impact by end '18

- Sales support overhead reduction of 26 FTE
- All announcements made to the affected individuals, individual packages have been developed and exit has been effectuated



Matratzen Concord inventory reduction to free-up cash



Inventory reduction



Actions taken

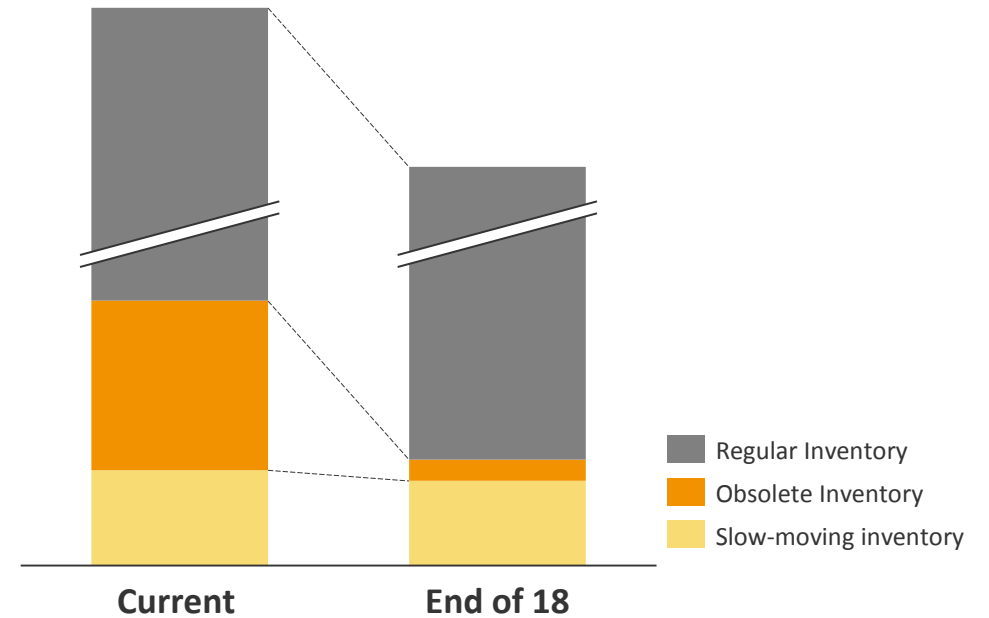
- Accelerated clean-up of obsolete products
- Targeted reduction of slow-moving inventory
- Sharpened rules and procedures on the reordering process
- Installed tooling to manage inventory on ongoing basis



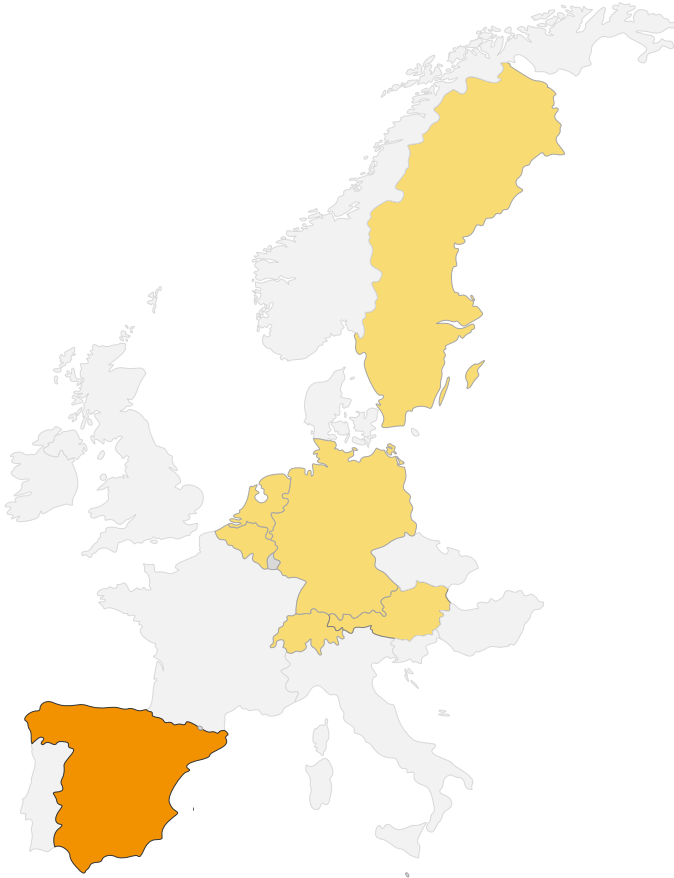
Impact by end '18

- **25% inventory reduction in Germany**
- **Weekly district-level inventory management installed**
- **District-level sharing of inventory**

Targeted reduction of inventory



Exploitation of El Gigante del Colchón discontinued per 1 November 2018



- Strategic outlook questionable
- Break-even would require unrealistic growth
- High capex required in SCM & IT
- High degree of complexity requires disproportionate management attention
- Executed discontinuation as asset deal
- New owners will be a former supplier and other retailer

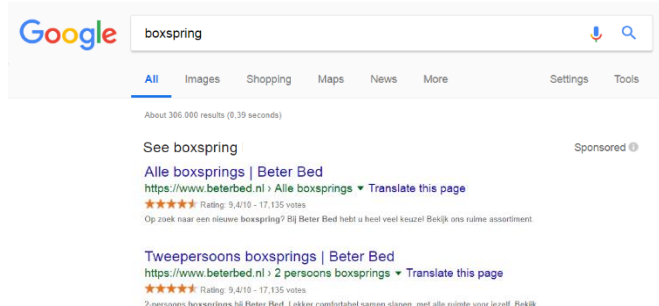
Fight for sales through creative, disruptive commercial actions



Aggressive in-store communication



Aggressive promotions



Improved online marketing campaigns



Creative marketing campaigns

Fight for sales through creative, disruptive commercial actions



Engage into partnerships for joint go-to-market

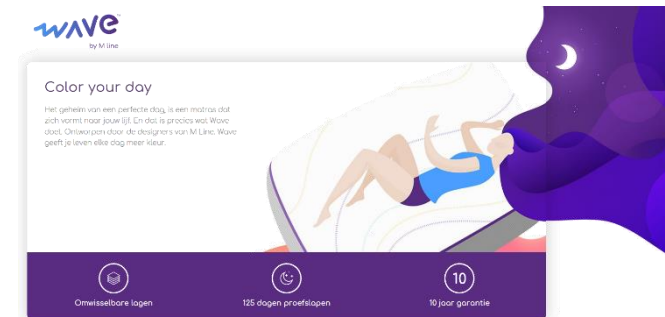


Online 3rd party partnerships

Boxspring Ab 399⁰⁰ €



Innovation in product offering



New online propositions

Short-term restructuring will provide a solid basis for future growth

Matratzen Concord turnaround	Close 176 stores	€ 6 million EBIT impact 2019
	Reduce 38 FTE at HQ	
	Reduce 26 FTE sales support overhead	
	25% inventory reduction in Germany	
Discontinue Spain	Discontinue El Gigante del Colchón	€ 2 million EBIT impact 2019
Fight for sales	Boost sales with commercial aggressiveness	Return to LFL growth

Agenda

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Mid-term strategy

Performance framework

Closing

A leading retailer providing sleep solutions for more than 35 years



Awarded Best Retail

2016-2017
2017-2018
2018-2019



in sleep category

Awarded Best Website

2016-2017
2017-2018
2018-2019



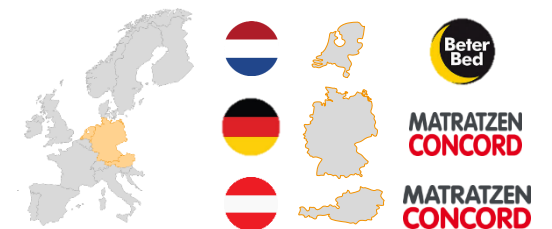
in sleep category

Shop Usability Award

2018



Market leadership



The sleep-domain is more relevant than ever

Quality sleep is vital ...



Physical health
Happiness
Productivity
Creativity
Attractiveness
Success

(>17k studies)



... but under pressure

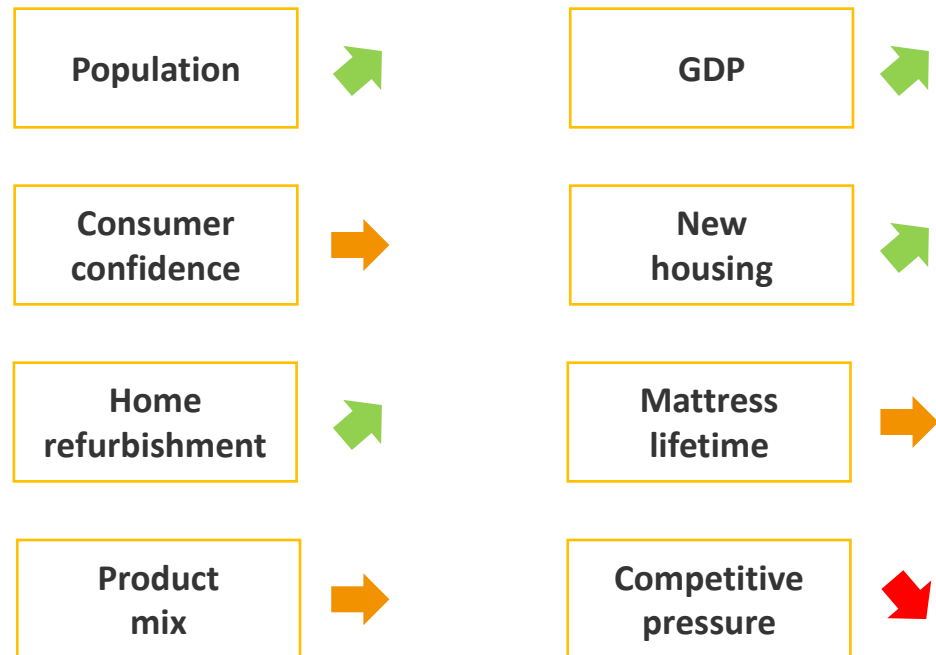


Work-life
Stress
Sleeping
disorders
Screen-time

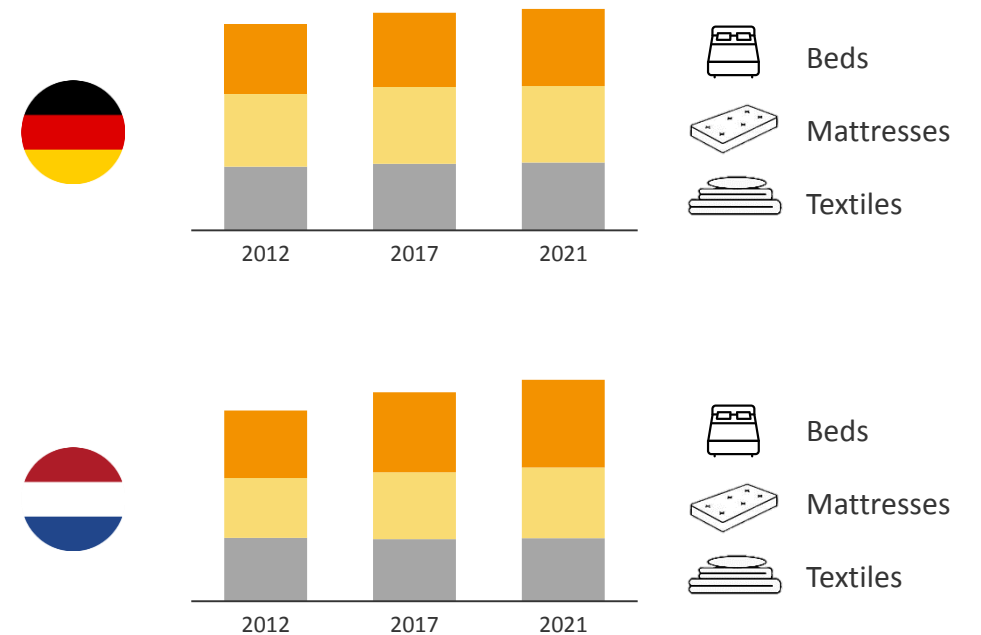


The market fundamentals remain strong

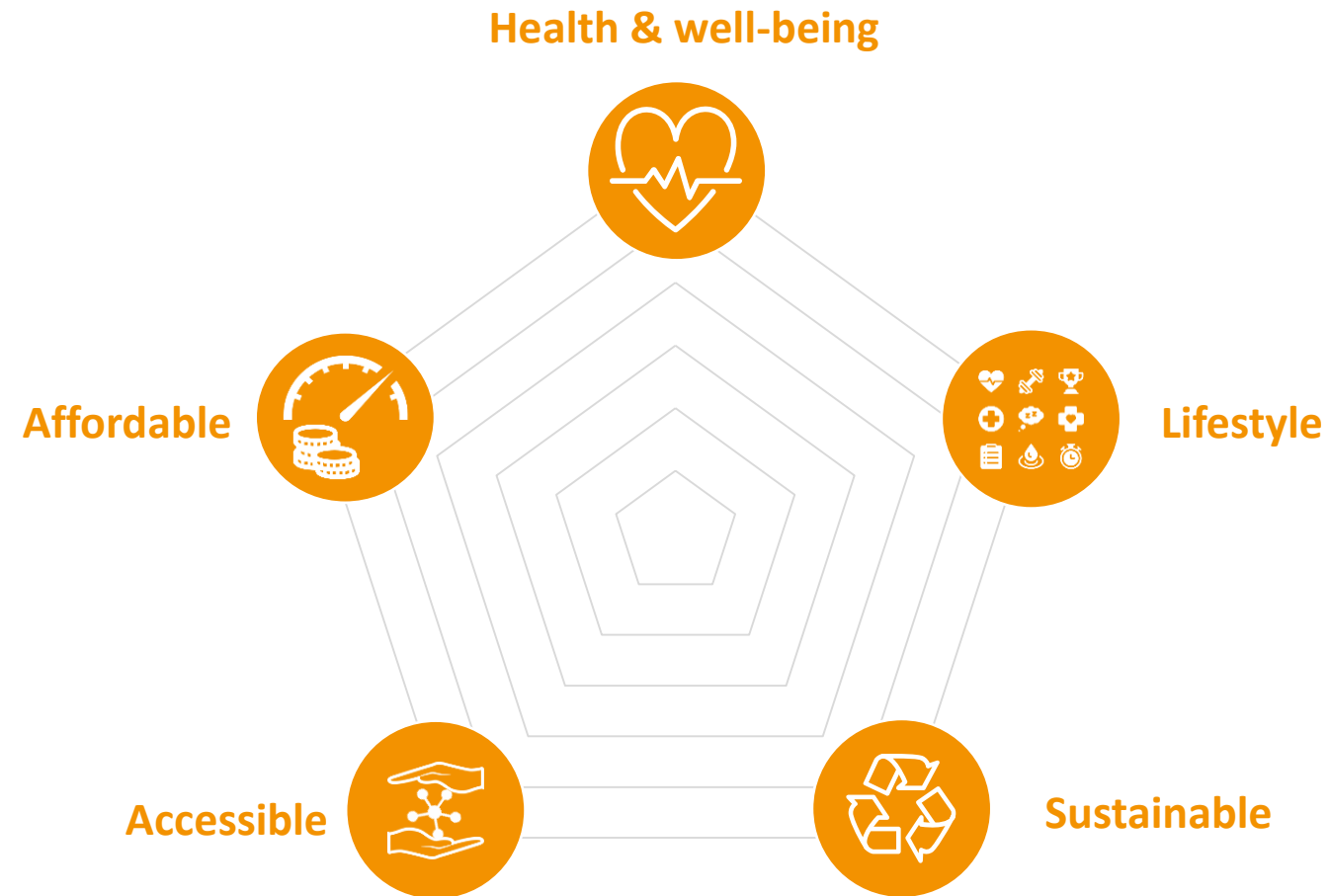
Fundamental drivers remain strong



Outlook in core markets is stable



Several consumer-trends guide changes in demand



Consumer feedback indicates many opportunities in the customer journey

Consumer experience

40% of consumers **struggle to find the right sleeping solution**



Too much complexity



Choice paradox: black box

20% of consumers experience the **buying process as annoying**



Time consuming & frustrating



Don't care & take shortcuts

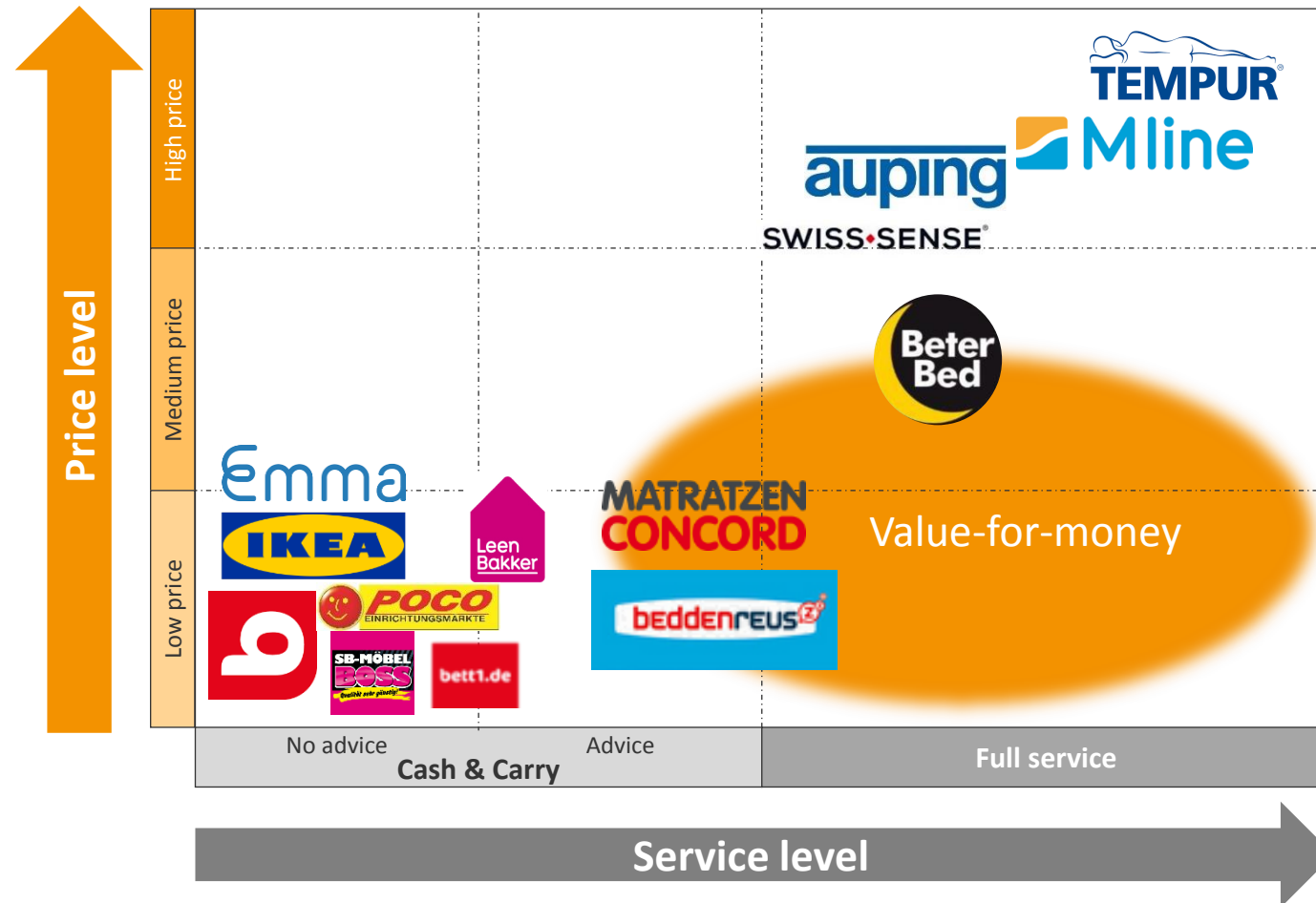
20-25% of consumers found **online information insufficient & confusing**

#1 reason not to buy is that products are perceived too expensive

#2 reason not to buy is that people struggle to find the right sleep solution

Out of frustration consumers take shortcuts and end up with a suboptimal sleep solution

There is room for true value-for-money play



Our promise

Offer best **QUALITY REST** @ **AFFORDABLE** prices

We deliver our promise through 5 strategy pillars

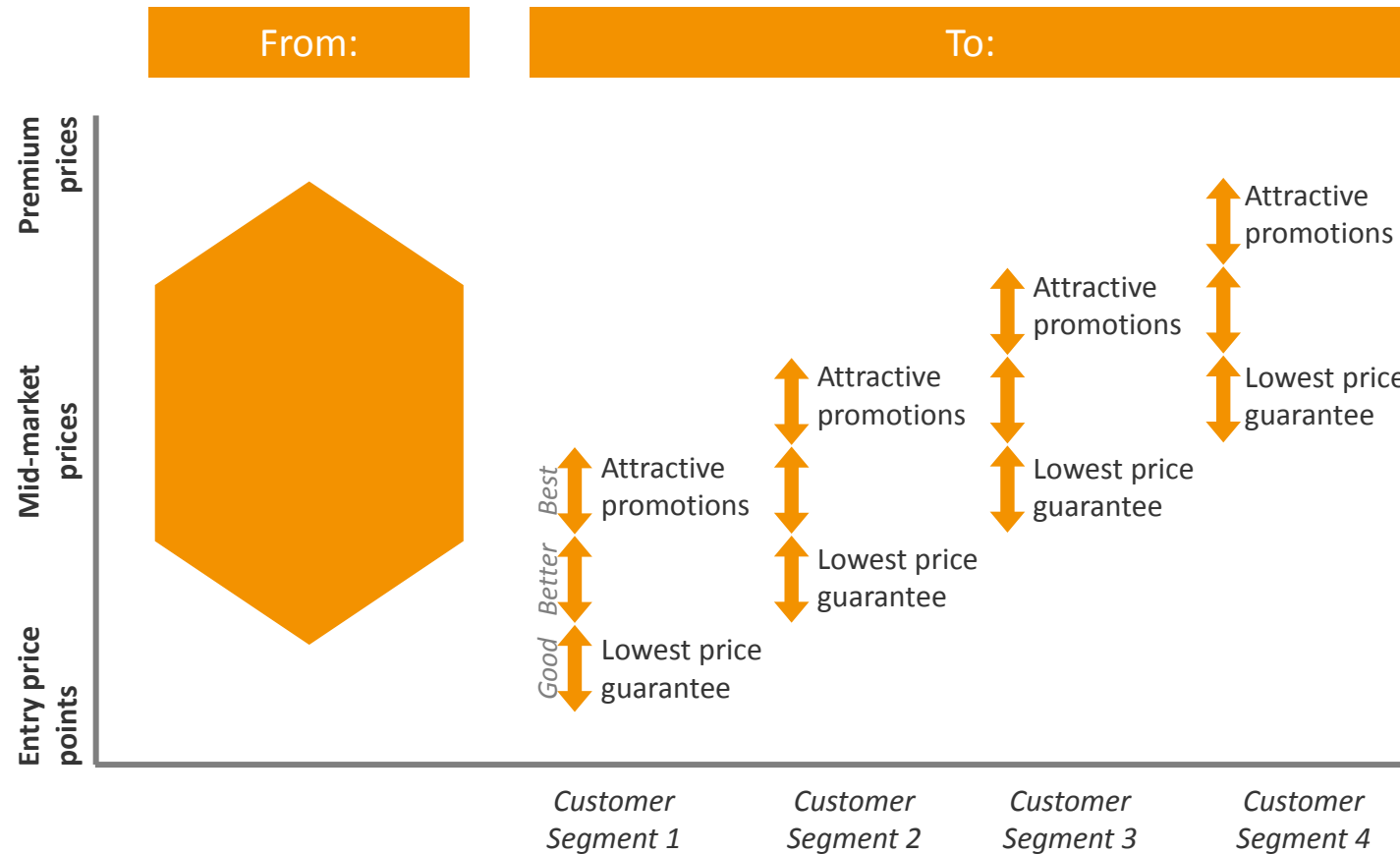
Strategy pillars

Value-for-money proposition	Value-for-money pricing	LFL acceleration
	Customer oriented, focused & innovative assortment	
Best advice	Best sleep advice throughout the full customer journey	
Seamless omni-channel	Seamless omni-channel experience	Boost online
Performance culture	Strong performance culture to win, lead & outcompete	Employee engagement
Cost leadership	Streamlined operating model and cost leadership	€ 25 million cost reduction

Impacting all our businesses



Focused value-for-money offering

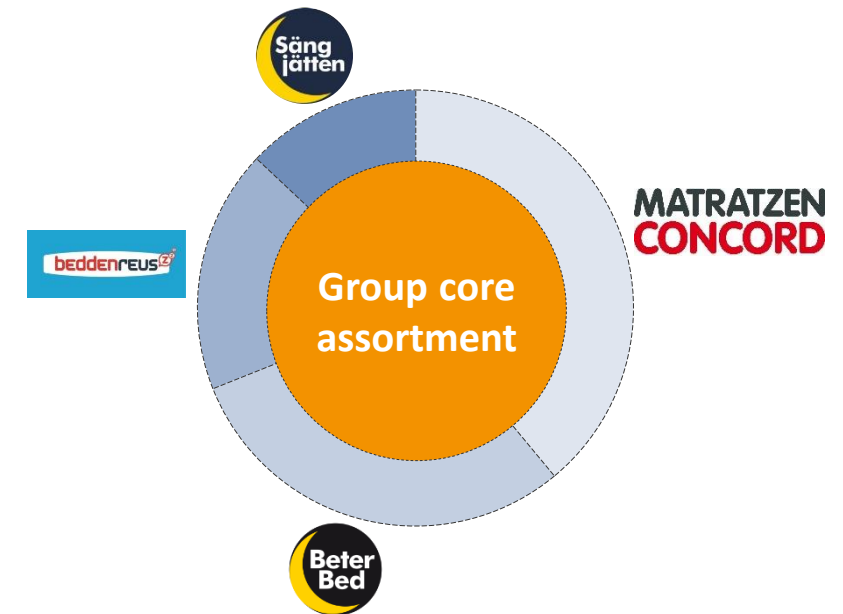


1. 4 distinct customer segments defined through data-driven cluster analysis
2. For each customer segment the best products at the best prices
3. Lowest price guarantee for essential products per segment
4. Attractive promotions for other products
5. Transparent prices: "what you see is what you get"

Towards a customer oriented & focused assortment across the group

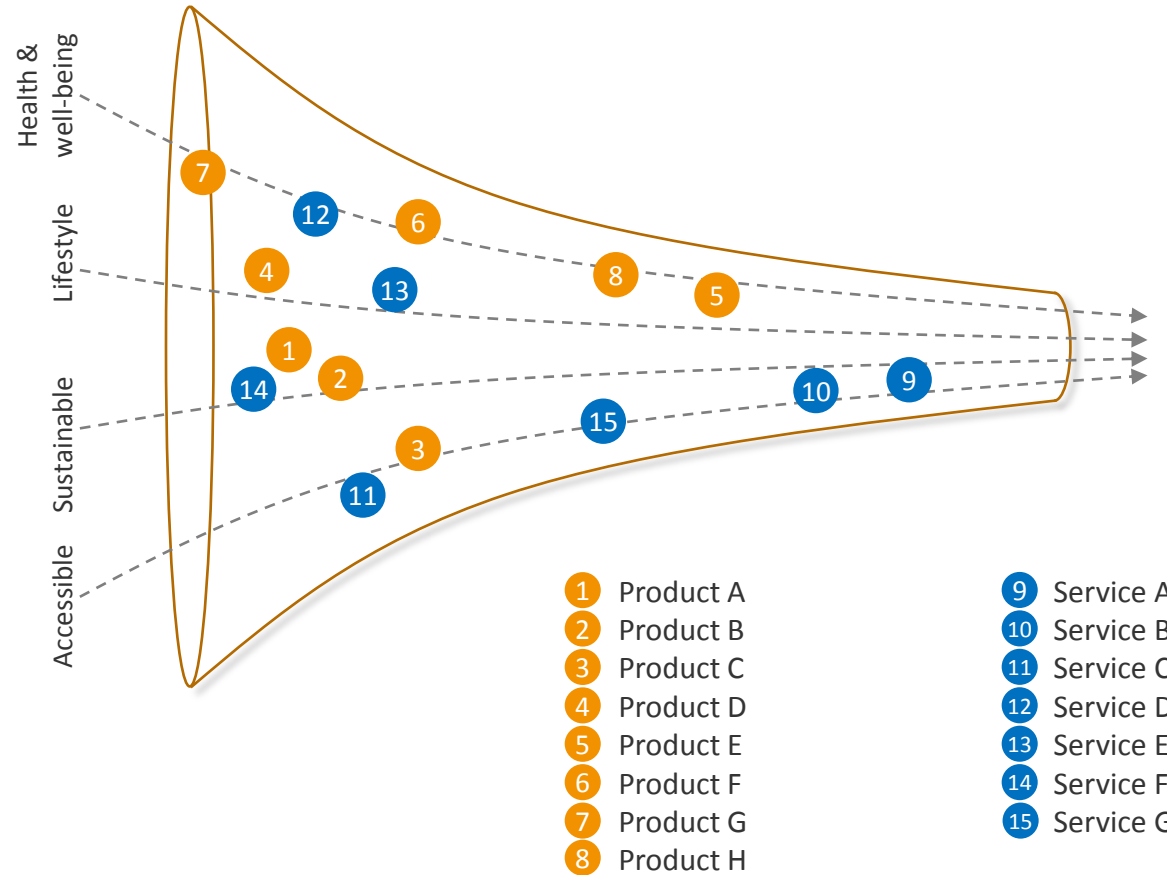
Introduce **Category management**:

- Strengthen market & **customer intelligence**
- **Develop one core, focused assortment**, tailored additions per business
- **Winning private label products** for each price range
- **One voice to suppliers**



Own innovation pipeline and delivery engine

Trends

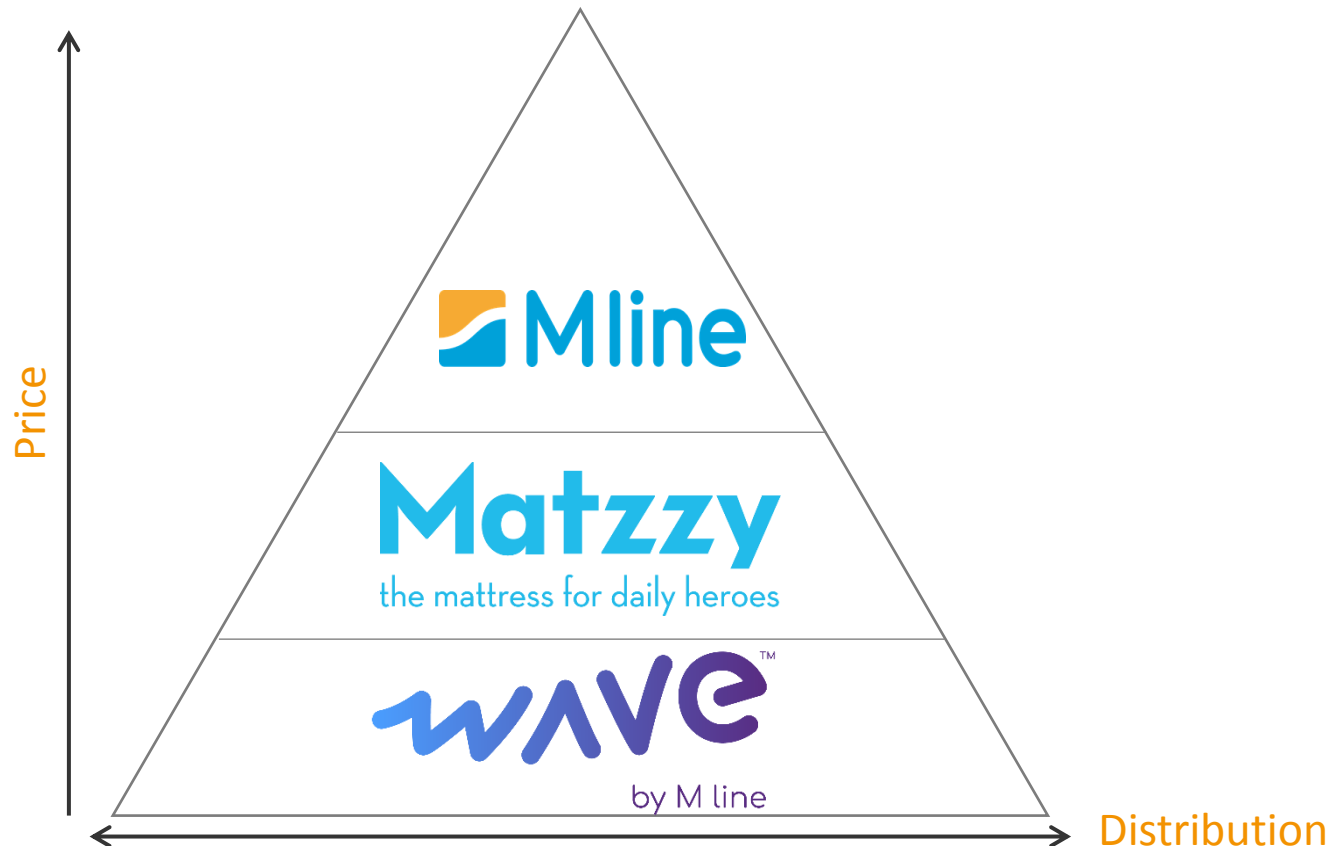


From reactive, supplier-driven innovation

To in-house research & development of new products and services, applying 'Fail Fast' delivery of innovation projects

New products have been introduced

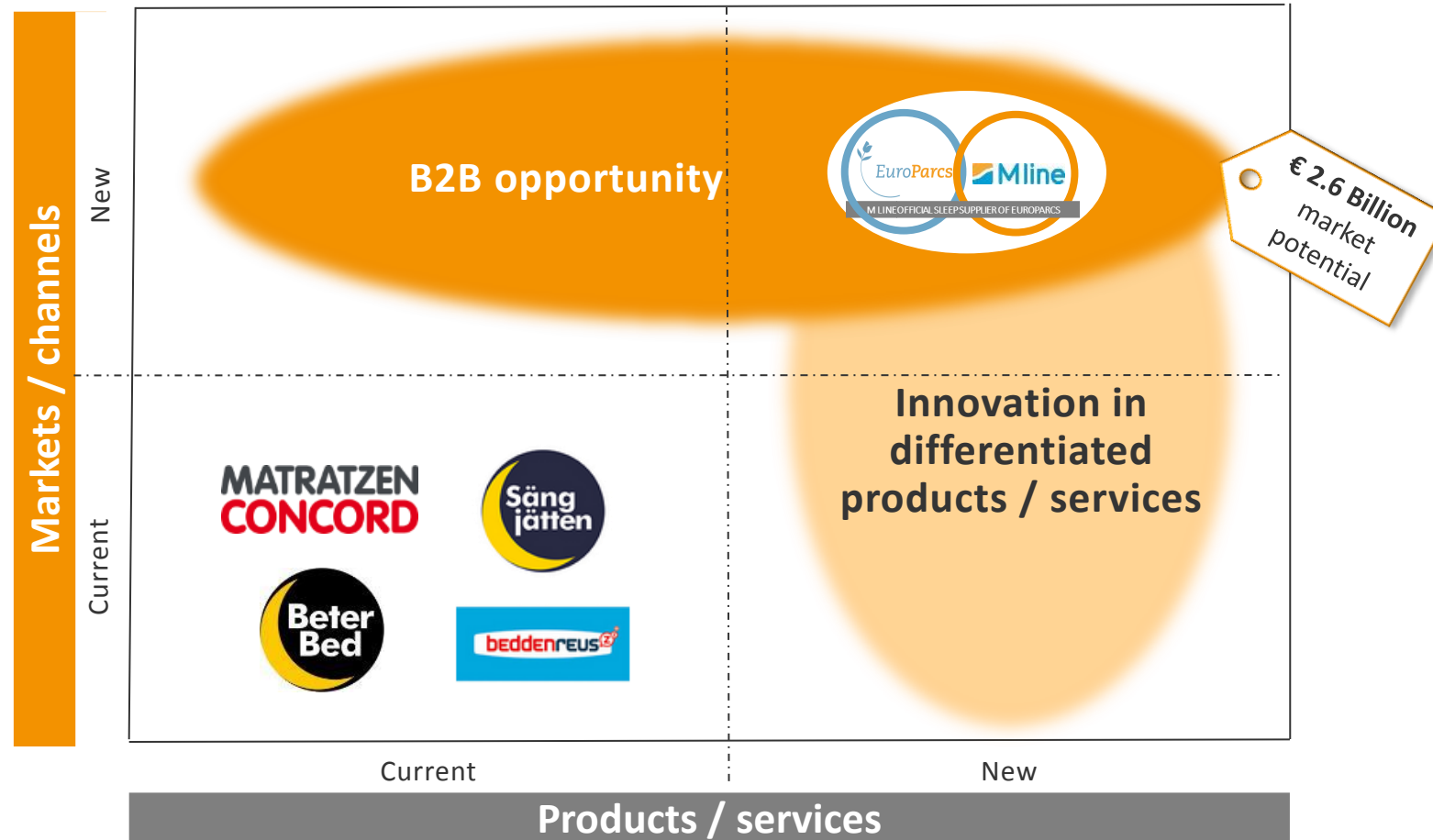
New product line architecture



Products

- M line: “World’s best mattress!”
 - ✓ Sleeping is the most underestimated aspect of a healthy life
 - ✓ Best in class service
 - ✓ Price transparency
- Matzzy: “The mattress for daily heroes!”
 - ✓ Designed for over 3,000 sleep positions
 - ✓ Personal sleep perfection
 - ✓ Permanent customization with sleep guarantee
- Wave: “Color your day!”
 - ✓ “No-Body” is the same
 - ✓ World’s best value-for-money
 - ✓ Simplicity with extreme comfort “one-size-fits-all”
 - ✓ Exceptional quality standards

International wholesale is an untapped opportunity for BBH



Strengthen advice to continue helping our customers

From: sales people



To: sleep advisors...



Customers are afraid to buy the wrong product

Prices are #1 purchase barrier as products are insufficiently understood

Many customers feel insecure and anxious during the purchase process

... with future capabilities



4-step advice logic



Individualized CRM



Customer lifetime value

Our agenda to lead in digital towards a 20% online channel share

Leverage Beterbed.nl capabilities

MATRATZEN
CONCORD

beddennews

Säng
jätten



x



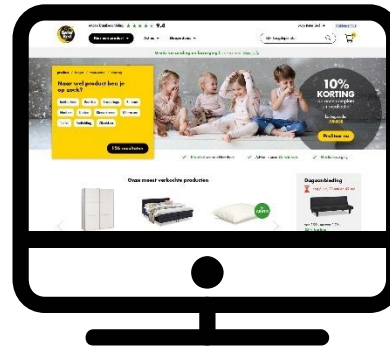
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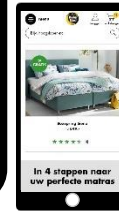
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Move to omni-channel



"Online is
20%"



"Digital is
100%"

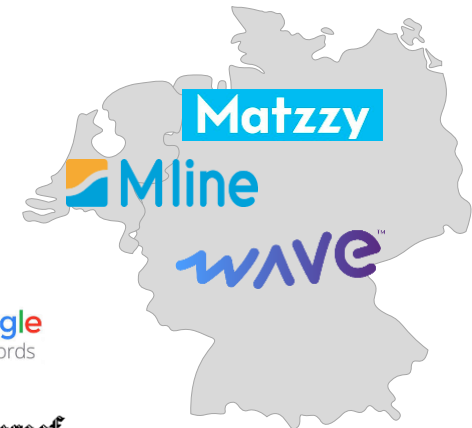
New direct online business

www.matzzy.nl / www.matzzy.de
www.wavematrass.nl / www.wave.de
www.mline.shop

Digital marketing



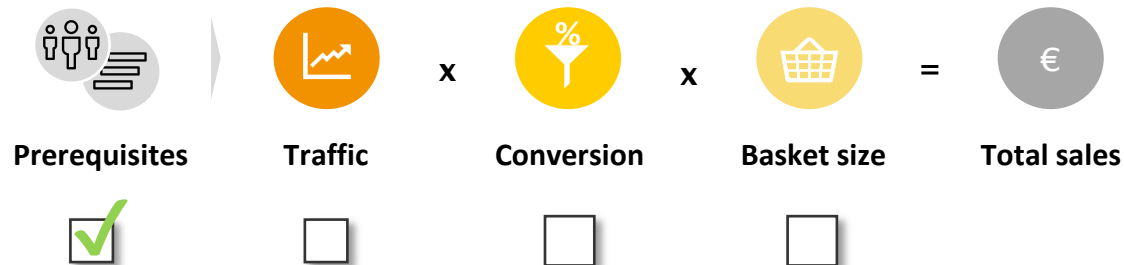
De Telegraaf



A step-change will be made to boost online sales for Matratzen Concord

Prerequisites are in place...

**MATRATZEN
CONCORD**



...now big changes will boost online

Customer & Marketing

- ☐ Open up new digital channels
- ☐ MROI analytics for data-driven digital marketing effectiveness

Product & Pricing

- ☐ Extended online assortment
- ☐ Pricing & promo analytics

Technology

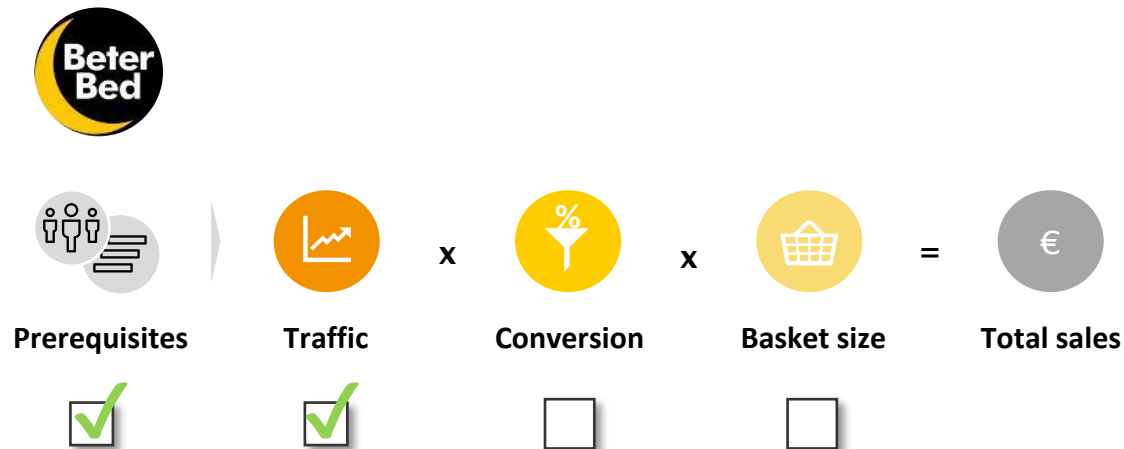
- ☐ Align web & mobile customer experience

Fulfillment

- ☐ <48h delivery of foldable mattresses
- ☐ <5 days delivery of box springs & other mattresses

Required traffic is in place to accelerate online for BeterBed.nl

Traffic is in place...



...further changes will boost online

Customer & Marketing

- ☐ Improved CRM through customer data analytics
- ☐ Personalization on the web site
- ☐ Intensified marketing automation efforts

Product & Pricing

- ☐ Extended online textile assortment
- ☐ Introduce smart bundle sales & cross sales

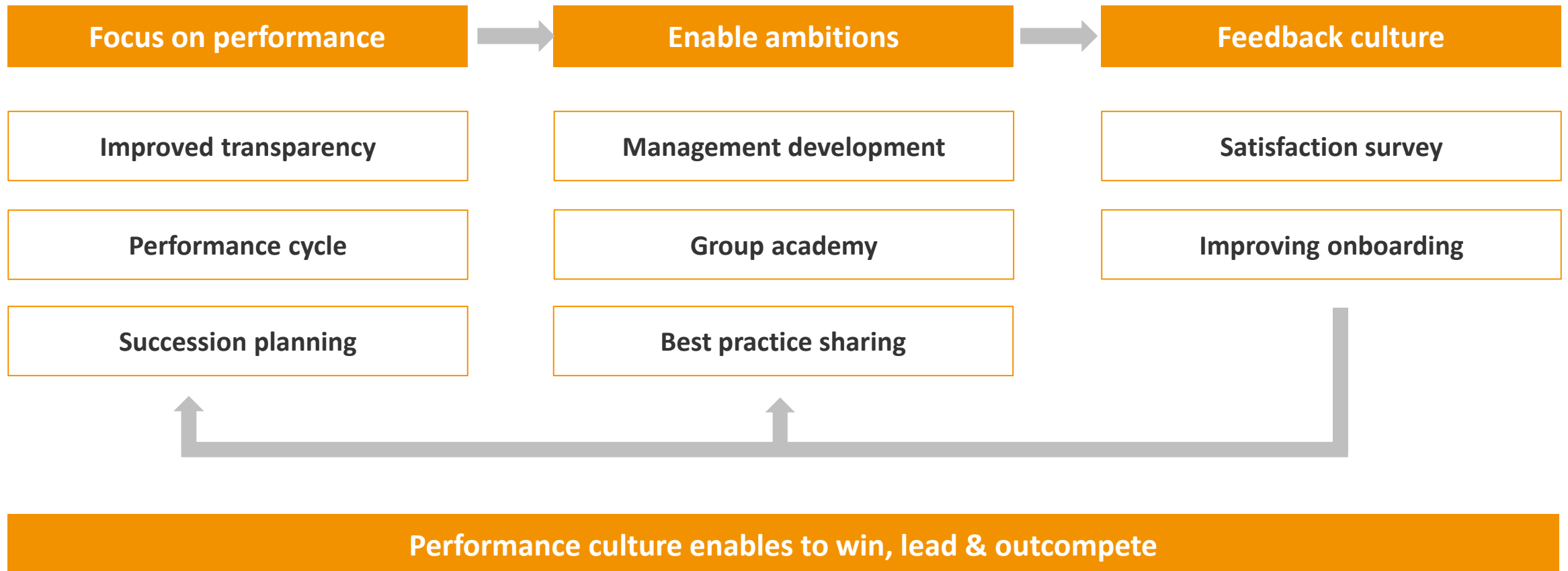
Technology

- ☐ Online mattress finder & box spring configurator
- ☐ Improve site performance and load times

Fulfillment

- ☐ Shorten and broaden delivery times
- ☐ Improved communication about deliveries (track & trace)

A stronger performance culture: Win, lead & outcompete



We will leverage our scale as market leader

Current

Holding	<ul style="list-style-type: none"> • Holding processes (reporting, tax, consolidation / controlling) • Holding leadership (CEO/CFO)
Country	<ul style="list-style-type: none"> • Format and brand leadership - now combined with regional / country leadership • Local sourcing • Format & store management • Local fulfillment / operations • Local marketing
Store	<ul style="list-style-type: none"> • Local in-store execution • Local marketing activation

Ambition

Group	<ul style="list-style-type: none"> • Group leadership • Group retail formats / labels • Group product brands • Group sourcing • Group services (IT, Fin, HR) • Group operations • Group format & store design • Group talent development
Country	<ul style="list-style-type: none"> • Local marketing • Local retail management • Local sourcing • Local fulfillment / operations
Store	<ul style="list-style-type: none"> • Local in-store execution • Local marketing activation

Act as one international team: centralize and leverage scale & resources where effective

One program to drive successful delivery: Revitalize

Guiding principles

- Two-year transformation program across the group
- Umbrella for all strategy, cost and operational excellence initiatives
- Progress tracking to ensure delivery
- Generate ingredients to drive growth & effectiveness



Agenda

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Short-term restructuring

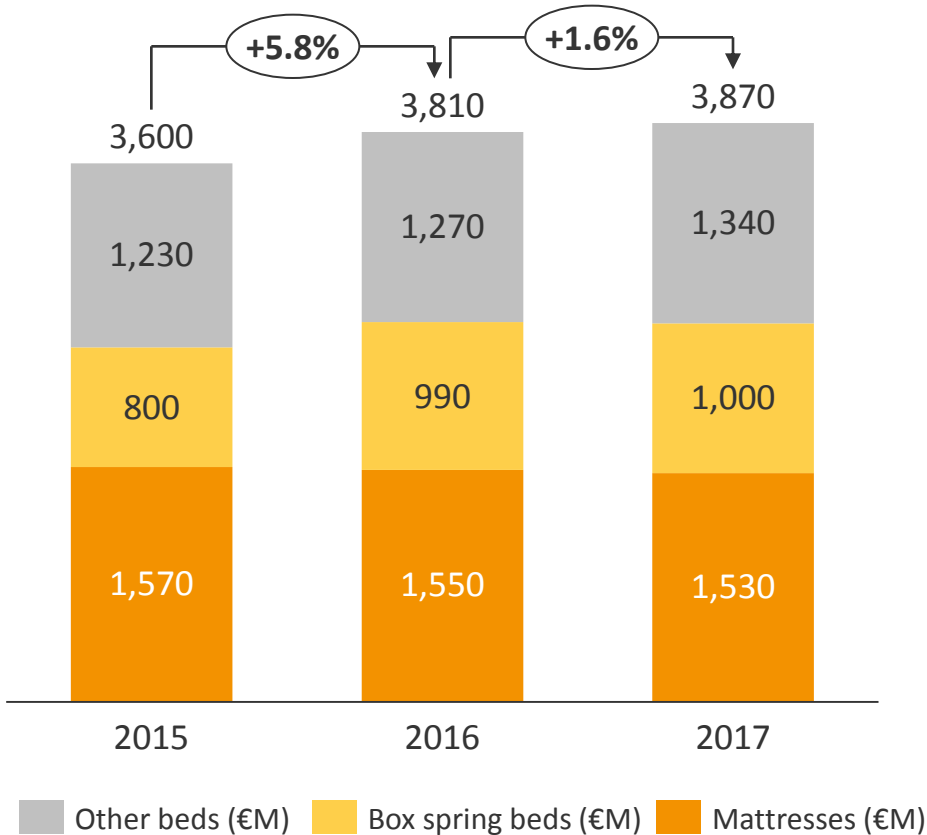
Mid-term strategy – Matratzen Concord

Performance framework

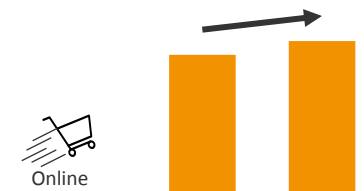
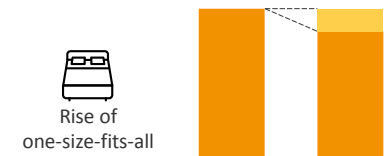
Closing

German market stable overall, yet several underlying shifts

Bedding market in Germany in 2017 € 3.9 billion



Market shifting to one-size-fits-all mattresses and the online channel

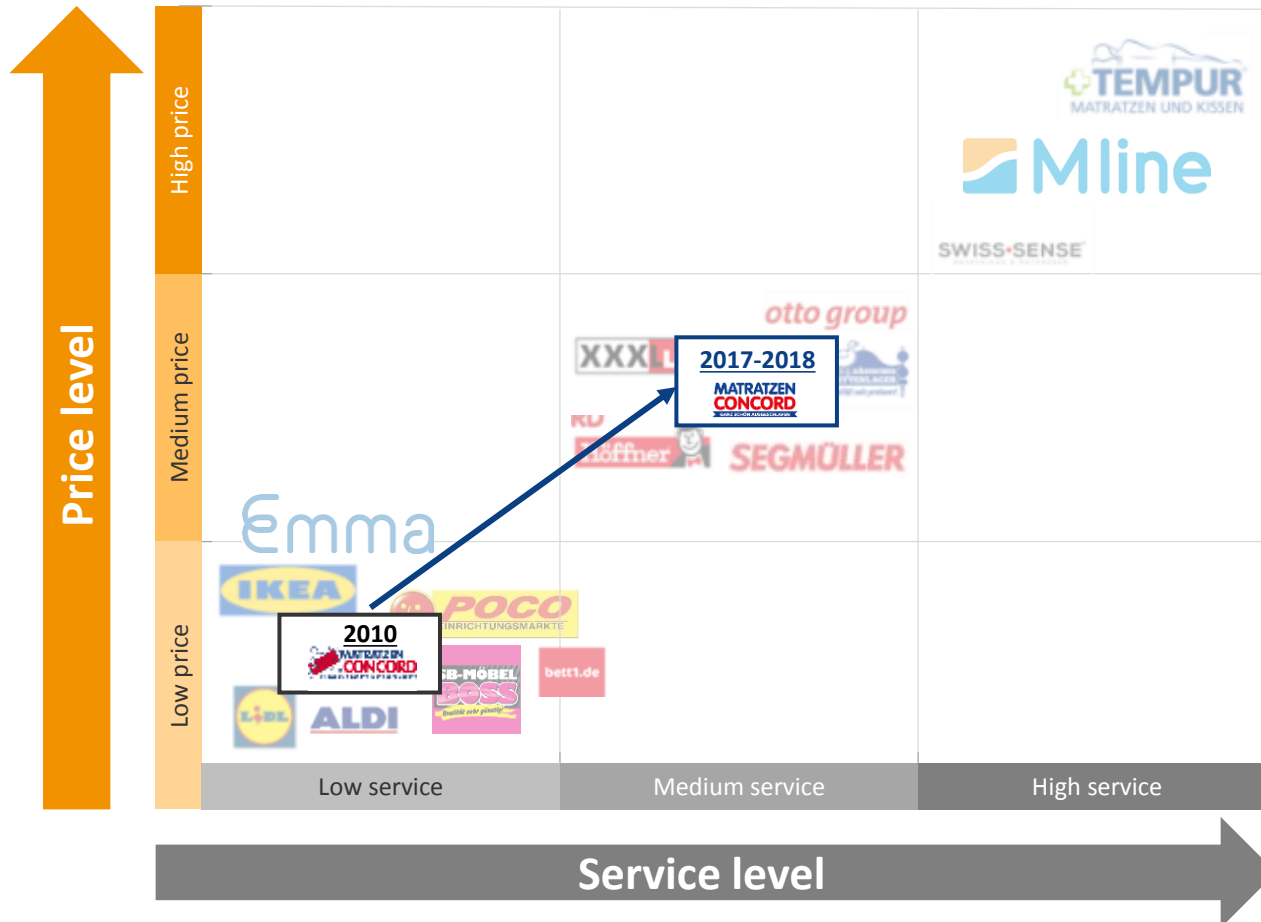


2015 – 2018

- Market disruption by one-size-fits-all mattresses: from 0% market share in 2015 to 15% in 2017
- Steady & big growth of online segment
- New entrants with a make or break mindset: either taking large shares or declining again

Matratzen Concord strayed from its path...

What we were is not what we became and not what we want to be



Discounts



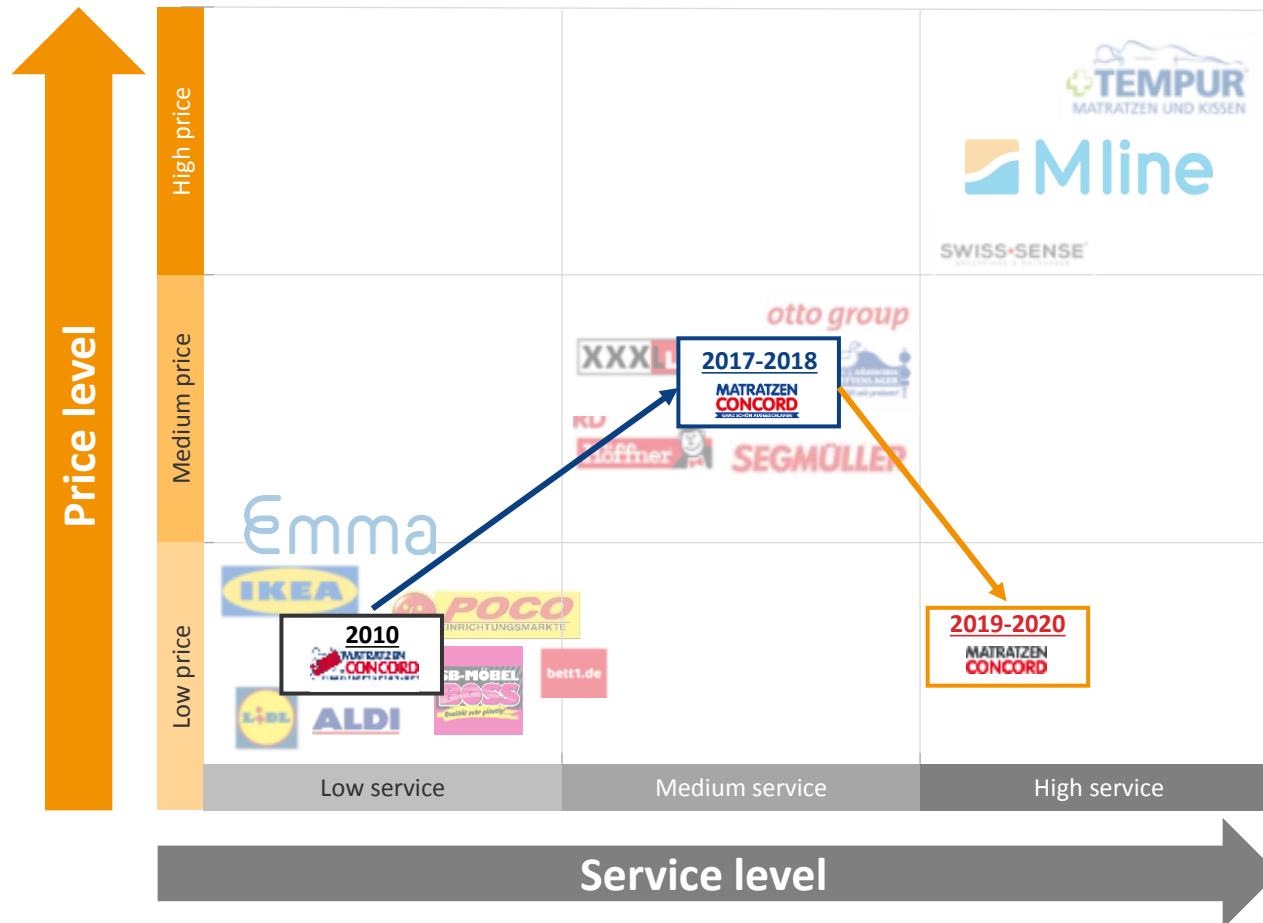
High prices



Online insufficiently commercialized



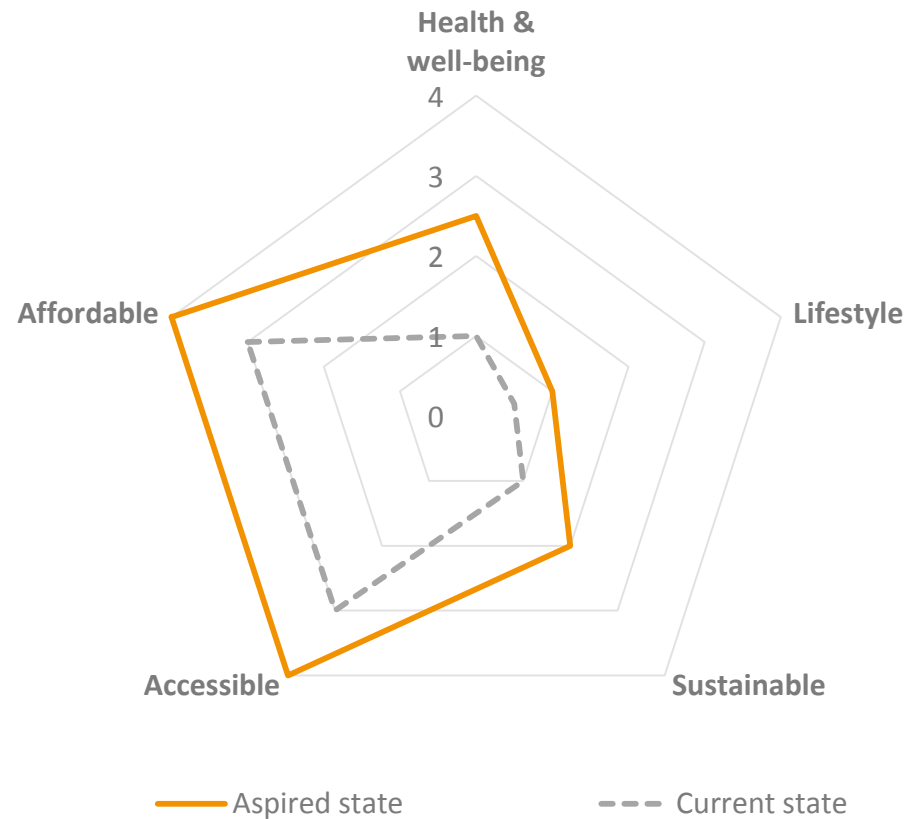
... We will return to be a true discounter... with high service



SMART DISCOUNT

“Lowest price, Best service”

Discounter-position will be revitalized and new trends embraced



Current position Matratzen Concord

- Wide store network
- Too broad range of products
- Assortment unfitting to discounter proposition
- Unclear price & promotions

Aspired position Matratzen Concord

- Smart discounter: lowest price, best service
- Healthy sleep for everyone
- Accessible any time, any where, any device
- Delivery, disposal, 400 days return, price guarantee

Our core value proposition

Offer best **QUALITY REST** @ **AFFORDABLE** prices

**MATRATZEN
CONCORD**

Positioning as smart discounter:
“Lowest price, Best service”

LOWEST PRICE



BEST ASSORTMENT



BEST ADVICE

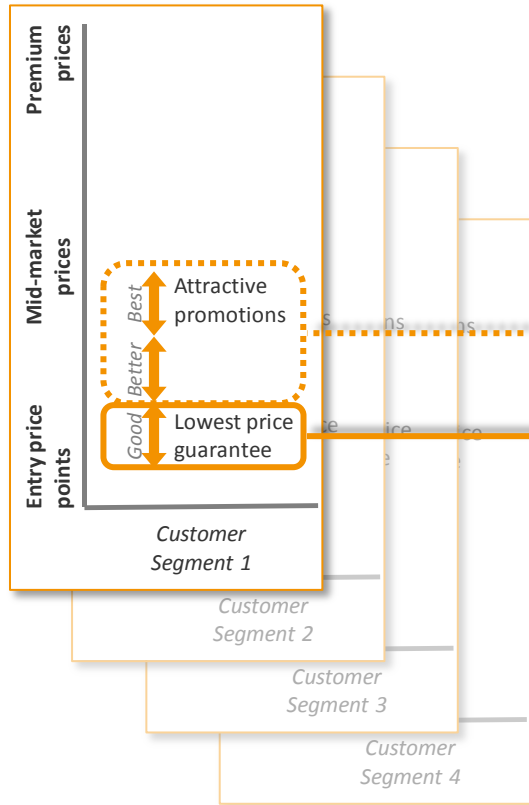


BEST OMNI-CHANNEL

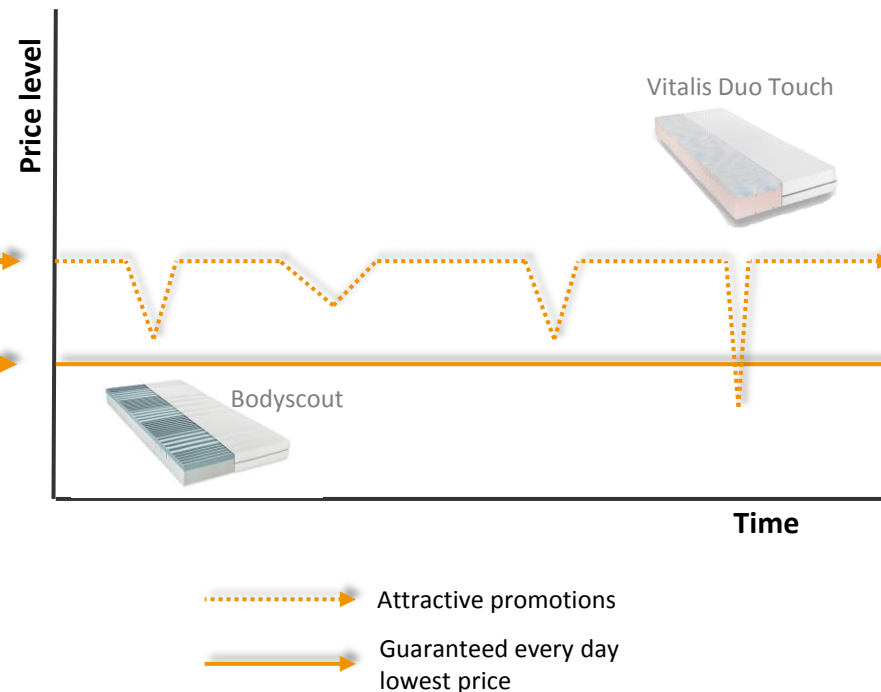


Disrupting the market on lowest price & best advice

Focused value-for-money offering...



Every day lowest price for essential products, disruptive promotions on rest of assortment



Pricing principles

- Best products at each price point:
 - Entry-level box spring € 399 (from € 1,200)
 - Top-of-the-line box spring € 3,000 (from € 4,000)
 - Mattress' focus shifts to entry level (€ 49 - € 300)
- For essential products every day lowest price, best service, GUARANTEED
- Disruptive discounts in special promotions on remaining assortment



Assortment in line with smart discount proposition



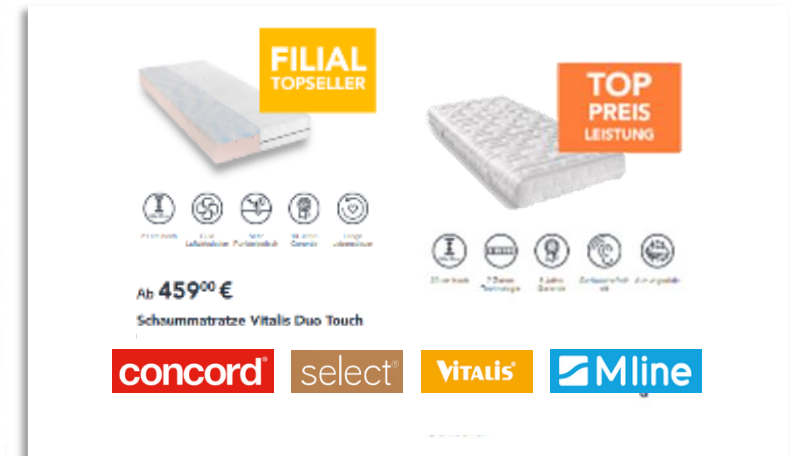
Prime focus on mattresses

- Reduced assortment in physical stores: from 53 to 29 models
- Award-winning assortment (StiWa)
- Value for money: best products at each price point
- Advice & testing



Best offering in beds

- Box spring entry price of € 399, already available in >200 stores. Available in all stores by end of 2018
- Best bed frames & bed bottoms



Core stays on private label

- Concord (Good-Better-Best Logic)
- In-house innovation to be in control of what products and services we offer
- 3rd party brands for traffic and for special promotions

Experienced staff offer personalized advice with in-store testing



Stores

- Clear service promise
- Easy orientation
- In-store testing & sleep lab
- Cash & carry



Advice

- Personalized & best advice
- Experienced & knowledgeable sleep advisors
- Guaranteed best value for money
- Supported by technology



Exclusive service

- Unbeatable service package:
 - ✓ lowest price guarantee
 - ✓ 400 days return
 - ✓ free delivery & disposal
- After-sales service – keep in touch

Seamless across channels, with relevant content for all touchpoints

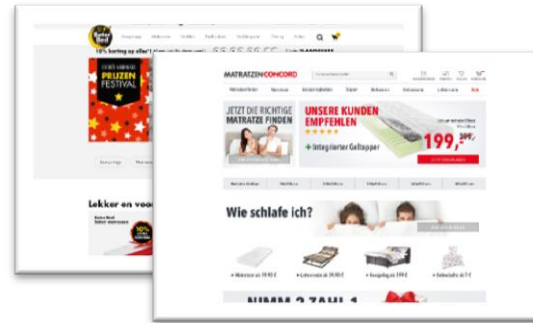


Priorities to boost online growth



Delivery time

- Reduce delivery time < 48h
- Drop shipment < 5 days
- Immediate availability in store for bestseller (click & collect)



Shop optimization

- Clear price and service promise
- Easy orientation
- Unbeatable offers on the landing page to reduce re-bounces and improve conversion



Performance marketing

- Buying most relevant keywords (SEA)
- Improve visibility
- Improve organic traffic with optimized e-shop structure



Social media presence

- Content management with sales oriented approach
- Relevant content for target groups
- Viral marketing

Rundown of main change points

What we were and what we want to be is not what we became

Strategy pillars

Value-for-money
proposition

Best advice

Seamless
omni-channel

From

- Discounts & high prices
- 53 mattress models
- Sales people
- Online insufficiently commercialized



To

- Lowest price guarantee
- Entry level box spring € 399
- 29 mattress models
- Simplified layout
- Sleep advisors
- Delivery
- Click & collect

Agenda

Introduction

Short-term restructuring

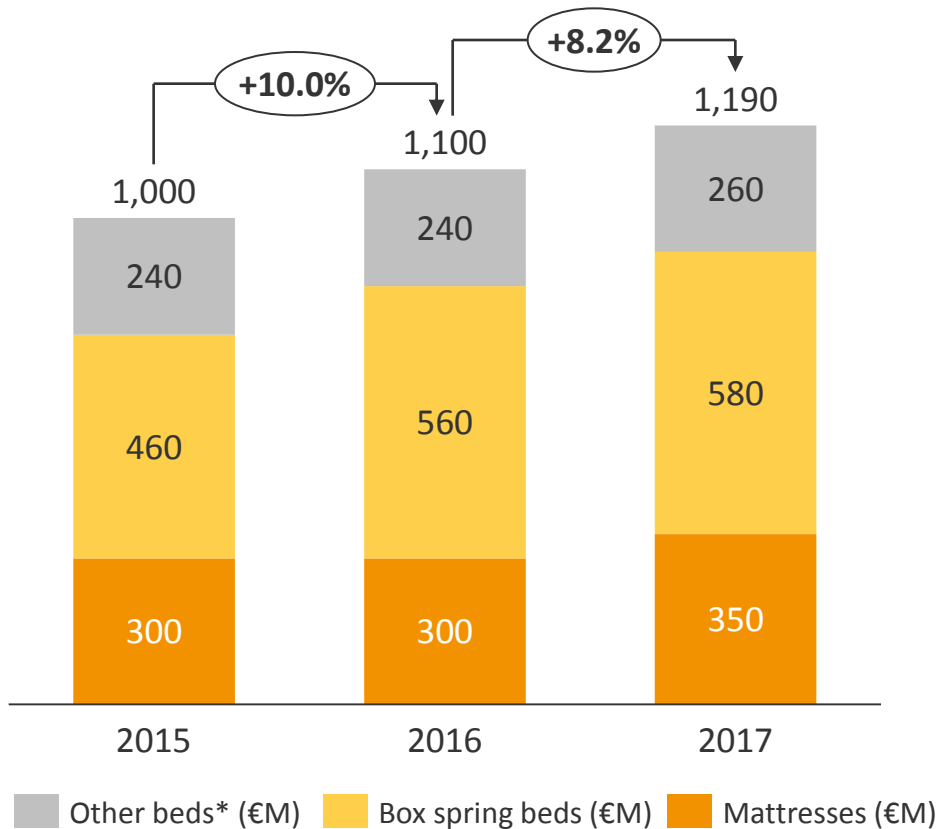
Mid-term strategy – Beter Bed

Performance framework

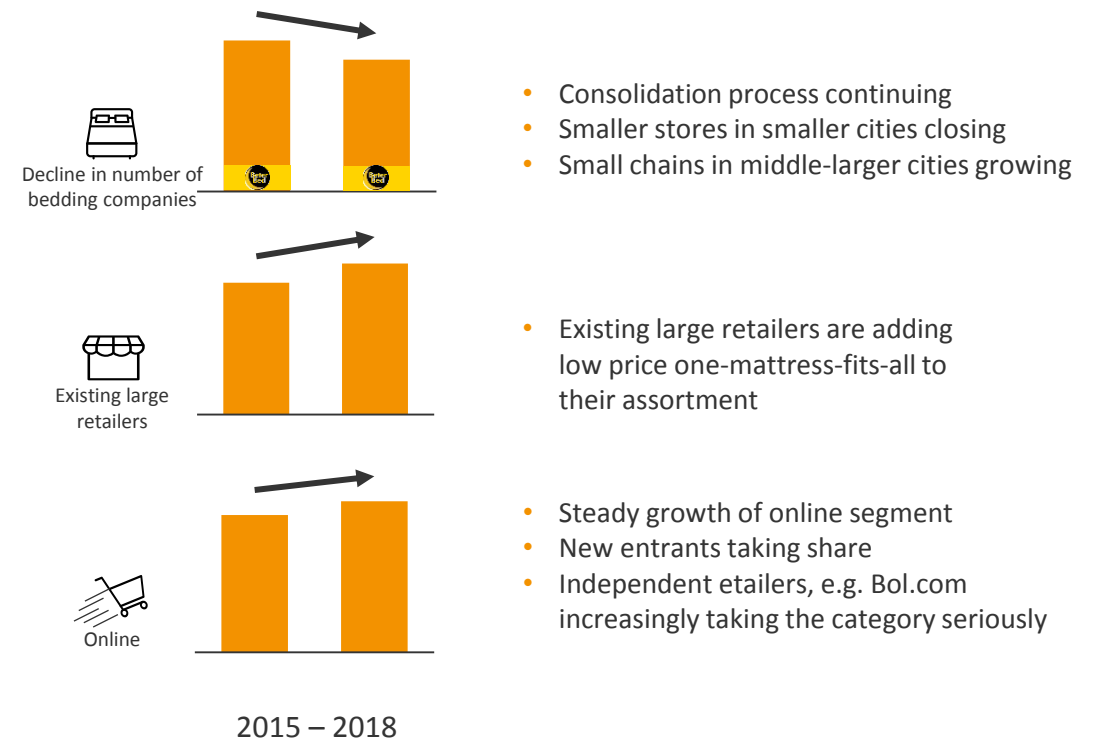
Closing

The Dutch market growing strongly

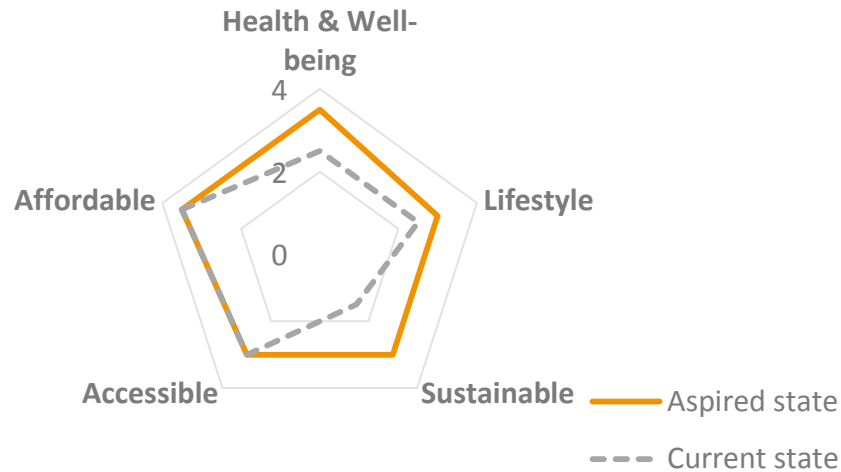
Bedding market in the Netherlands in 2017 € 1.2 billion



And the players and channels change rapidly, where focus is on one-mattress-fits-all



Customer relevant assortments with differentiated price strategies



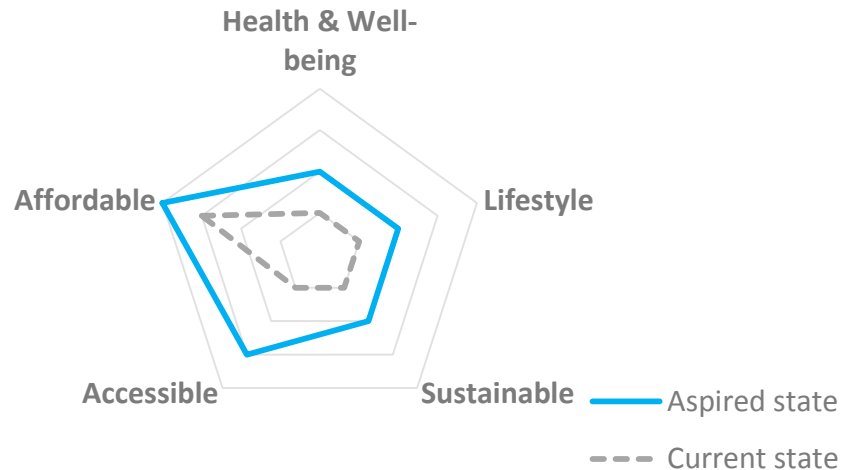
Current position
Beter Bed

- Slightly higher price than BR with focus on health and lifestyle
- Stores with national coverage

Aspired position
Beter Bed

- Focus on health & well-being as well as sustainability while maintaining the strong focus on affordable product
- Help and advice are core to the offering online and offline

Focus for today



Current position
Beddenreus

- Focus on affordability of product range

Aspired position
Beddenreus

- Focus on limited number of high selling beds & mattresses with cash & carry, trendy assortment in textiles & accessories
- Extended trendy online assortment

Our core value proposition

Offer best **QUALITY REST** @ **AFFORDABLE** prices



Sleep destination for you

LOWEST PRICES



*The best bed and mattress
for you at all price levels*

BEST ASSORTMENT



BEST ADVICE



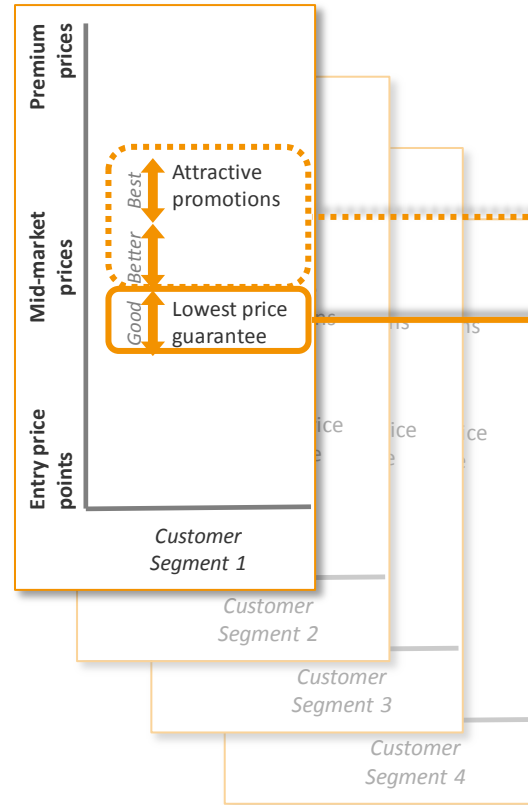
*Beter Bed mattress and
Box spring configurator*

BEST OMNI-CHANNEL

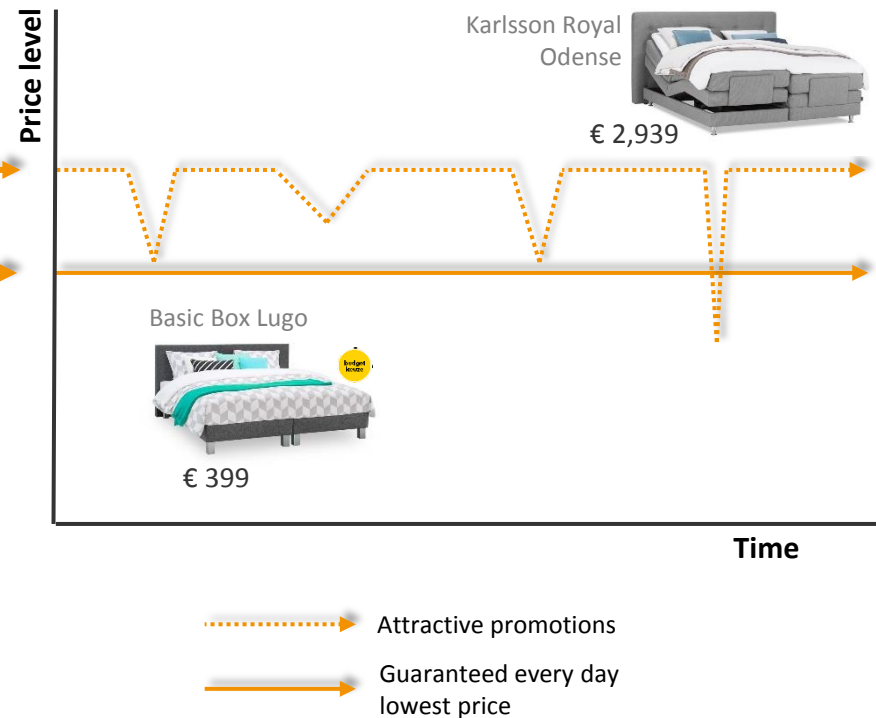


Always a sharp price for everyone...

Focused value-for-money offering...



...with every day lowest price for essential products, disruptive promotions on rest of assortment



Pricing principles

- Best products at each price point
- Sharp pricing in lower price segment
- Transparent prices to consumers "What you see is what you get"
- Extra discounts in special promotions



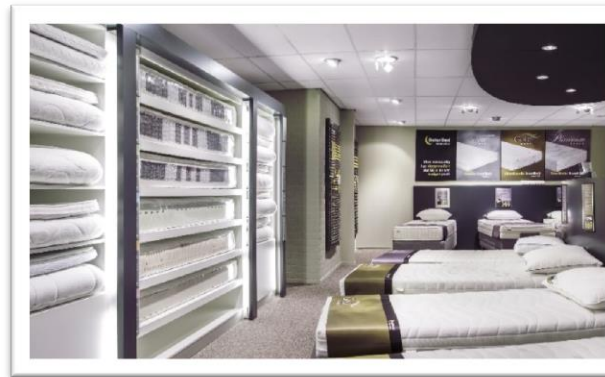
... accompanied with the right assortment

Prime focus on beds



- Best assortment online and in-store
- Best bed frames & bed bottoms
- Initiate product innovation power
- Box spring configurator
- Add 3rd party brands

Best offering on mattresses



- Best assortment online and in-store
- Less mattress models in-store: from 49 to 29
- Initiate product innovation power
- Mattress selector and configurator
- Add 3rd party brands

Textiles and accessories



- Intensifies touchpoints with customers
- Completes value proposition
- Growth category for online

State-of-the-art advice to guide the customer to the right products

Stores



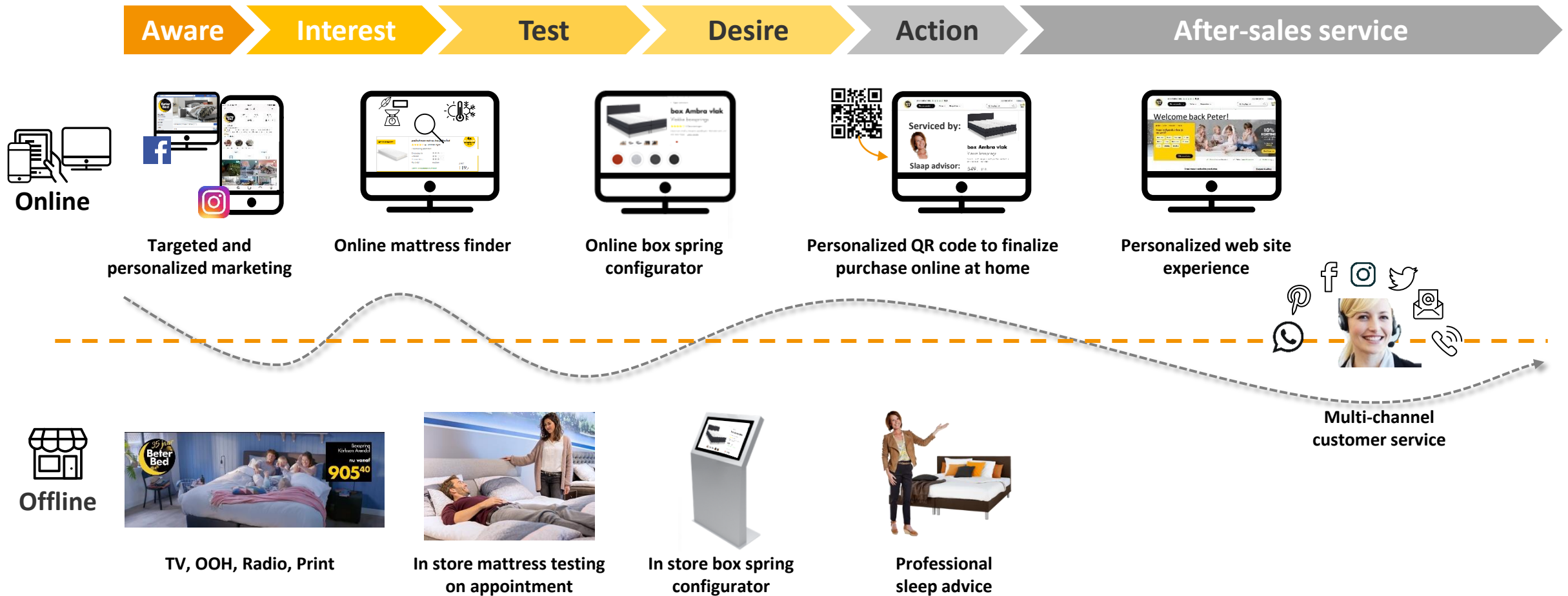
- Sleep destination store lay-out
- Best 'solution-for-you' advice process
- Self-service bed and mattress configurators
- Sleep lab help for mattress testing
- Delivery service made for you

Advice

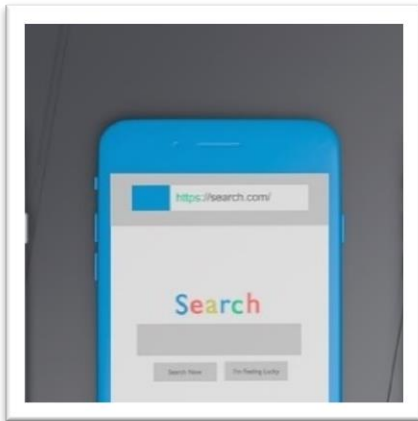


- Modern technology will be used to provide quality advice in an efficient manner
- Experienced & knowledgeable advisors
- Cooperation with sleep related institutes
- Knowledgeable customer care center and large online expert network

Seamless across channels, with relevant content for all touchpoints



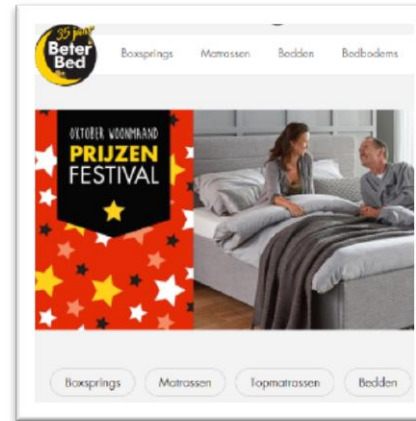
Therefore, we are investing in online



Search engine marketing
Optimization program



Social media presence
Facebook, Instagram,
Snapchat



Long tail
Online (only) assortment
in beds, mattresses
& textiles and accessories



Easy selection
Search function and
guided selection and
configurator



Delivery
Broad range of
delivery services

Rundown of main change points

Strategy pillars

Value-for-money
proposition

Best advice

Seamless
omni-channel

From

- Mixed price strategies
- 49 mattress models
- Sales people
- Primary focus on offline customer journey



To

- Transparent & logic price
- Clear price guarantee
- 29 mattress models
- Configurator
- Sleep advisors
- Seamless engagement both online and in-store
- Extended online offering

Agenda

Introduction

Short-term restructuring

Mid-term Strategy

Performance framework

Closing

Impressions & interventions

One team



Regain profitable growth



Business dynamics



Fight for sales



Engage into partnerships for joint go-to-market



Boxspring Ab 399⁰⁰ €



Innovation in product offering



New online propositions

Our performance framework

Accelerate our strategy

- Value-for-money proposition
 - Lowest price guarantee
 - Market share improvement
- Best advice
 - Customer satisfaction
- Accelerate seamless omni-channel
 - Online 20% of total sales
- Performance culture
 - Employee engagement
 - CSR targets delivered
- Cost leadership
 - € 25 million cost savings by 2020

Regain profitable growth

- Sales growth ambition of 4-5% per year
- EBITDA margin ambition of 7-9% of sales

Drive value creation

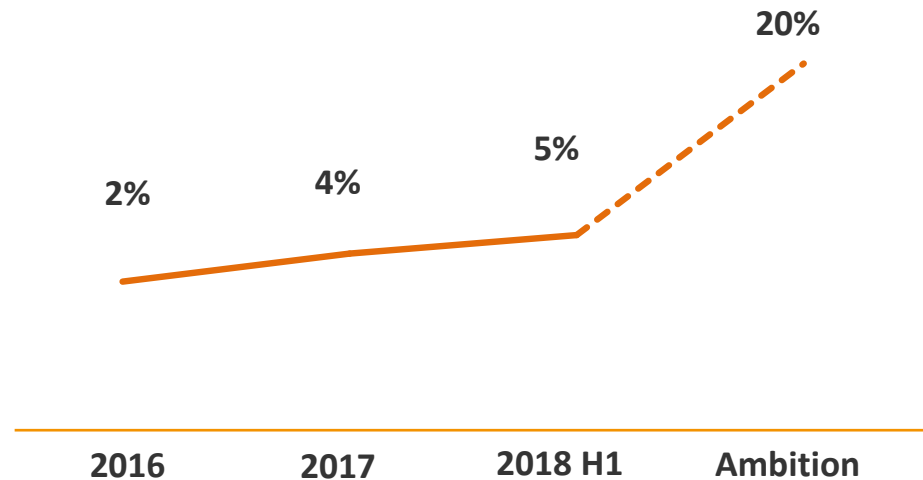
- Balanced portfolio
- Capex of 3-4% of sales, shifting to digital and IT
- Structural net working capital improvements
- Operate within leverage and TNW ratios
- Maintain dividend pay-out ratio ambition of minimum 50%, if financial position sufficient

Online channel share of 20%

Online channel share

% of total sales

All entities Beter Bed Holding



- Online market expected to grow to 20% of total market
- BBH defined a roadmap for, also, 20% channel share. Key elements are fulfillment, marketing, IT, assortment
- Start with core: BeterBed.nl and MatratzenConcord.de
- Then expand to new businesses / markets



€ 25 million cost savings by 2020

Guiding principles

- Leverage scale across the group
- Common elements across brands and countries
- Including € 15 million cost savings as part of the Matratzen Concord restructuring
- Cost savings targets cascaded to individuals to ensure delivery ...
- ... to generate fuel to support the bottom-line and invest in growth

€ 25 million cost savings

COGS	€ 5-7 m
Operating Expenses	€ 10-12 m
Productivity	€ 4-6 m
Org and HQ structure	€ 3-4 m
	€ 22-29 m

**MATRATZEN
CONCORD**

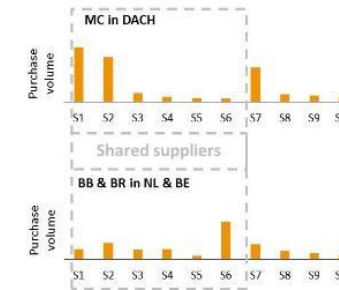
€ 18-24 m



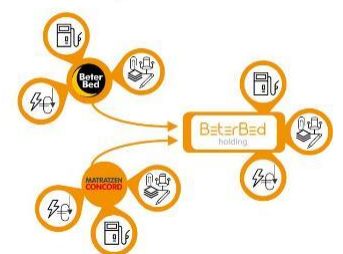
€ 4-5 m

Already started ...

Top 10 suppliers for MC vs. BB & BR



Pooling of indirect spend



Productivity Agenda:

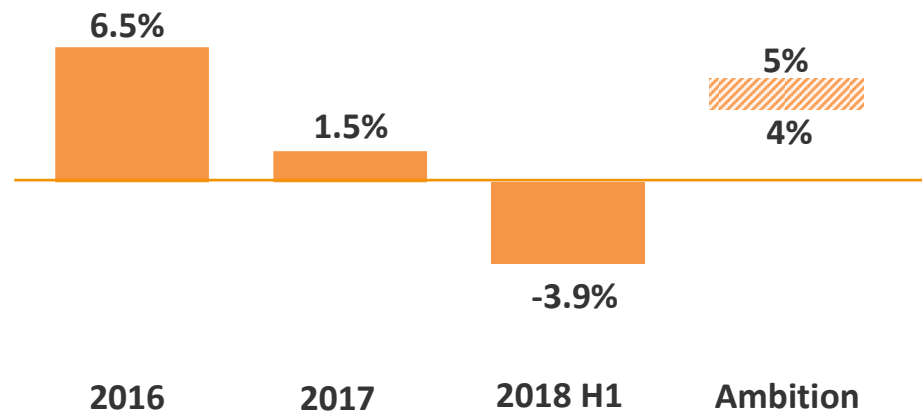


Sales growth of 4 – 5% per year

Sales growth

% versus prior year

All entities Beter Bed Holding



- Physical stores grow 1-2% sales per year
- Acceleration online to 20% of sales
- DBC tapping in new opportunities
- Closed stores: one-time - € 23 million in 2019

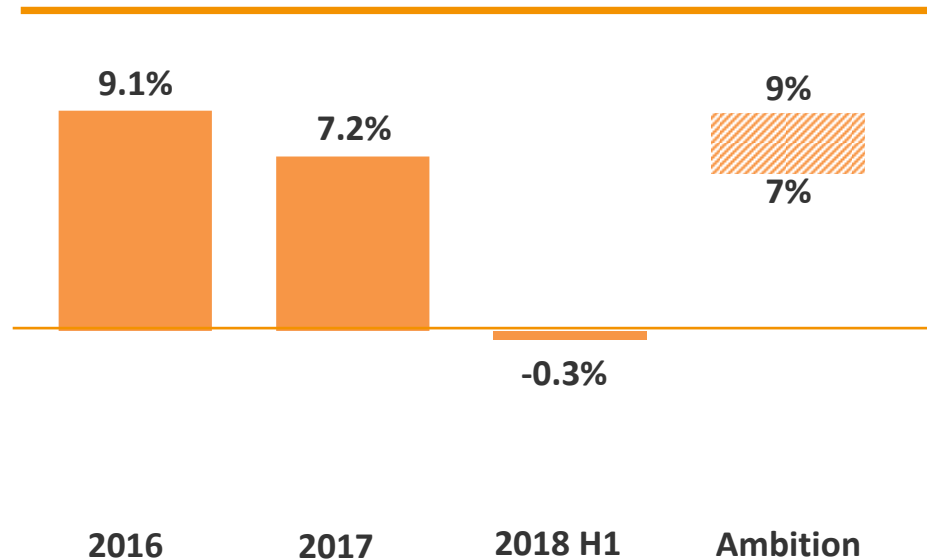


EBITDA margin of 7 – 9%

EBITDA margin

% of sales

All entities Beter Bed Holding



Return to historical healthy margin level, but in a future proof and sustainable way

Gross margin pressure will continue:

- Product mix of online and box springs
- Competitive pressure new entrants
- Commodity prices

Operating expenses will decrease faster:

- Cost savings program
- Savings one group added as accelerator

We will carefully manage the portfolio mix:

- Online business must be profitable
- All countries and brands should contribute
- DBC offers profitable incremental growth

Balanced portfolio approach

Core

**MATRATZEN
CONCORD**



Accelerate sales

**MATRATZEN
CONCORD**



- All markets and brands play a clear, but distinctive, role in our portfolio
- All markets and brands have targets to remain / become margin accretive
- Regular review process of all markets and brands to remain on track to add value to the portfolio

Capex of 3-4% of sales

Capex spend...

- Industry benchmark of capex spend of 3-4%
- 2019 reduction to 2% by a freeze on bricks investments in H1 2019
- After 2019, capex spend of 3-4% of sales

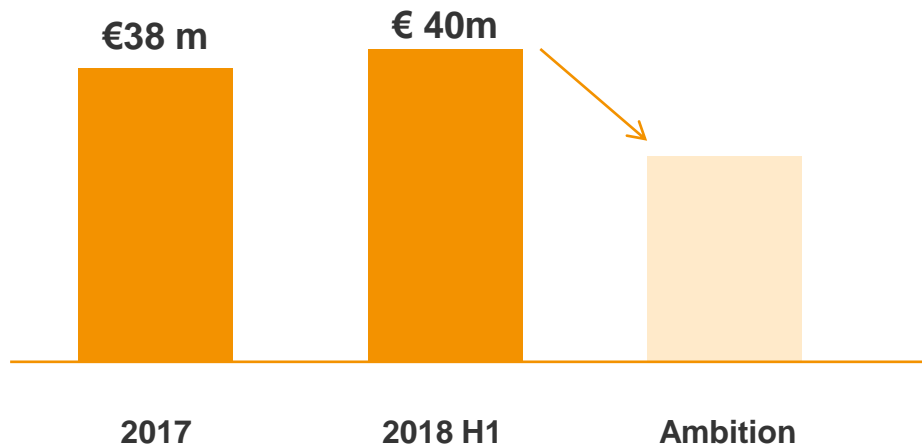
...shifting to omni-channel & IT

- Infrastructure that enables omni-channel ambitions
- Continuous site improvement that drives organic traffic, content management, omni-channel
- Physical stores will benefit most from omni-channel investments
- From omni-channel to 360° channel: a cloud based platform for the whole customer journey

Structural improvement net working capital

Net working capital

€ million; inventory - AP + AR
All entities Beter Bed Holding



2018 efficiencies include:

- Inventory optimization program. From store-led to algorithm-based
- Collaboration program with suppliers and landlords

2019 efficiencies include:

- European supply chain management program
- Automation where possible

Mid-term ambition to reduce NWC by 25%



All measures drive value creation

Clear plan to return to cash generation

Plans assume funding from existing credit facilities

Agreements with banks to amend the conditions of the Net debt / EBITDA covenant per year-end 2018 to an absolute EBITDA measure

Long-term dividend pay-out ratio remains a minimum of 50%, if financial position sufficient
For 2018 and 2019 no dividend is expected

Share price development L12M



Key risks and opportunities

Risks

Sales growth recovery at Matratzen Concord

Late digital acceleration Matratzen Concord

Organizational impact of transformation

Market dynamics

Opportunities

Great opportunities in B2B through DBC

Already winning market share

Scale of the group in Logistics, IT, Ecommerce, Finance

Consumers increasingly aware of importance good sleep

Scalable ecommerce platform to new markets

New team with great willingness to win

Strong new relationships with suppliers through bundling

Tax items

- Recovery of tax from loss-making Spanish operation
- Discussion with German tax authorities on intercompany loans and its interest rates

Revitalize program to ensure successful delivery



Guiding principles

- Two-year transformation program across the group
- Umbrella for all strategy, cost and operational excellence initiatives
- Progress tracking to ensure delivery
- Generate ingredients to drive growth & effectiveness
- Quarterly sales updates
- Half-yearly updates on financial metrics, including progress on implementation of the strategy
- Capital Markets Day in H2 2019

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Offer best **QUALITY REST** @ **AFFORDABLE** prices





Consumer needs

-  Health & well-being
-  Lifestyle
-  Affordable
-  Accessible
-  Sustainable

Win as value-for-money leader

1. Customer focused value-for-money **PROPOSITION**
2. Best sleep **ADVICE** throughout the full customer journey
3. Seamless **OMNI-CHANNEL** experience
4. Strong **PERFORMANCE CULTURE** to win, lead & outcompete
5. Streamlined operating model and **COST** leadership

Consumer experience

-  Too much complexity
-  Choice paradox: black box
-  Time consuming & frustrating
-  Don't care & take shortcuts



Customer focused businesses



Sales growth ambition of 4 - 5% per year
EBITDA margin ambition of 7 – 9% of sales

Creating sustainable value

Dividend policy maintained

BetterBed
holding



Thank you!