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BENE AG: Bene focuses on internationalisation and growth in the 3rd quarter 2012/13

Wien/Waidhofen an der Ybbs (pta008/12.12.2012/09:10) - In the first nine months of the financial year 2012/13 (February 1, 2012 to October 31, 2012), in a very competitive environment, the Vienna Stock Exchange listed BENE AG continued on the growth and internationalisation path and increased sales by 16.2 %. Quarter-on-quarter, for more than two years, Bene has always improved sales and with this substantial growth has shown a significantly better performance than the European office furniture market. The earnings figures were negatively impacted by the decline in the gross profit margin as a result of an unusual product mix in the current quarter as well as by the not yet fully effective future investments in the course of the internationalisation strategy.

Substantial sales growth in all segments
After significant sales increases in the first two quarters of the current financial year, the Bene Group once again continued this development in the third quarter and achieved partly substantial gains in all segments in comparison with the previous year's reference period. In the first nine months of the current fiscal year, total sales reached EUR 153.9 million and thus were 16.2 % higher than the reference value of the past year (Q1-Q3 2011/12: EUR 132.5 million).

Bene recorded double-digit growth rates in the first nine months in the core markets Austria (+ 13.9 % from EUR 33.8 million to EUR 38.5 million), Germany (+ 10.2 % from EUR 38.2 million to EUR 42.1 million) and Russia (+ 73.5 % from EUR 9.8 million to EUR 17.0 million). Likewise, the ‚Other markets' segment showed dynamic growth. Total sales of this segment improved significantly by 14.8 % to EUR 40.3 million (Q1-Q3 2011/12: EUR 35.1 million). Particularly markets such as Poland, Romania, Ireland, Scandinavia, Kazakhstan and India reported considerably higher sales than in the past year's reference period. In the UK segment, the Bene Group improved sales by 2.7 % to EUR 16.0 million (Q1-Q3 2011/12: EUR 15.6 million) in the first nine months of the current financial year.

Successful in South East Asia and Australia
In the process of its internationalisation strategy, the Bene Group focuses on further growth in South East Asia and Australia. The joint venture ‚Bene Asia Pacific' newly founded at the end of February 2012, has intensified its activities in the third quarter. A further sales company based in Shanghai has started operations. Thus, the first expansion phase in China is completed. In the first nine months of the current financial year, Bene has realised numerous international projects in the ‚Asia Pacific' region and compared to the previous year's reference period has more than doubled sales to EUR 3.6 million (Q1-Q3 2011/12: EUR 1.1 million).

Earnings figures impacted by decline in gross profit margin
In the third quarter of 2012/13, the earnings figures of the Bene Group were impacted by a weak order intake in the holiday months of August and a clearly unfavourable spread between the high-margin volume business and the low-margin large project business. Affected by these special effects, Bene could not continue the positive development of earnings from preceding quarters. The gross profit margin (= revenue +/- inventory changes - expenses for materials and supplies in relation to revenue) dropped to 53.4% after the first nine months of the period under review (Q1-Q3 2011/12: 54.5 %). In the process of the consistent implementation of its growth and internationalisation strategy, in the first nine months of the current financial year, the Bene Group has taken many future initiatives. The activities were particularly strengthened in the Asia Pacific region, where not only the new joint venture was founded, but likewise the purchasing and sales support were significantly improved. At the same time, Bene has further developed

the existing sales activities in the traditional core markets in Western Europe and here especially in Germany and with the development of a key account department for global contractual customers has created a central unit for international customers. In line with this, Bene has also increased the international project management capacities, has expanded international logistics and has developed a supply chain management. All these sales activities were supported by the participation in the Orgatec 2012, Europe's largest office furniture fair, where the Bene Group attracted a lot of attention with its new products developed in the last months, such as an alternative workplace design for temporary activities (DOCKLANDS) or modular workplaces for stationary work with integrated storage space (CUBE_S) as well as new products around PARCS, an exclusive collection of fabrics and a new chair. These forward-looking activities as well as personnel related provisions for a flexible working time model resulted in an increase in personnel and material expenses.

In the first nine months of the current reporting period, the number of employees increased by 4.5 % to 1,380 persons (Q1-Q3 2011/12: 1,321). In the same period, personnel expenses rose by 11.4 % to EUR 55.0 million (Q1-Q3 2011/12: EUR 49.3 million) and other expenses by 23.0 % to EUR 27.9 million (Q1-Q3 2011/12: EUR 22.7 million).

In the first nine months of the period under review, the EBITDA amounted to EUR 2.2 million and thus was EUR 1.8 million lower than the reference value of the prior year (Q1-Q3 2011/12: EUR 4.0 million). In the same period, depreciation and amortisation on intangible assets and property, plant and equipment amounted to EUR 6.4 million (Q1-Q3 2011/12: EUR 6.2 million). Accordingly, the EBIT dropped to EUR -4.2 million after the first nine months of the current fiscal year (Q1-Q3 2011/12: EUR -2.2 million).

Due to the reduced gross profit margin and the stated cost effects, the EBT of the Bene Group fell to EUR -7.2 million in the first three quarters (Q3 2011/12: EUR -3.5 million).

Assets and capital structure

In comparison with the balance sheet date January 31, 2012, as of October 31, 2012, the balance sheet total increased by EUR 12.4 million to EUR 149.6 million (January 31, 2012: EUR 137.2 million). As of October 31, 2012, the equity ratio came to 18.3 % (January 31, 2012: 25.5 %).

As of October 31, 2012, the working capital (= inventories + trade receivables - trade liabilities - prepayments received) increased by EUR 35.2 million to EUR 43.4 million compared to the balance sheet date January 31, 2012 (January 31, 2012: EUR 8.2 million). This rise was mainly resulting from the increase in trade receivables in the amount of EUR 27.5 million, the higher inventories of EUR 5.8 million as well as the reduction in trade payables amounting to EUR 1.9 million.

Investments

The expansion steps in Asia also reflected in the additions to property, plant and equipment and to intangible assets; these increased to EUR 7.2 million against EUR 4.5 million in the previous year's reference period. Investments in machinery and replacements at the site in Waidhofen/Ybbs as well as the opening and the modernisation of the showrooms in Asia, Moscow, Zurich and Budapest represented the largest positions.

Headcount slightly increased

On the reporting date October 31, 2012, the Bene Group occupied 1,380 employees and thus 59 persons or 4.5 % more than on October 31, 2011

Outlook

After the first half-year of 2012/13, against the background of the at that time expected increased project activity in the core markets and the planned growth initiatives in Asia, the Management Board was generally cautiously optimistic with his forecast for the financial year 2012/13.

This estimate was also partly confirmed by the Bene Group's significant sales increase in a challenging environment in the first nine months. Due to a clearly unfavourable spread between high-margin volume business and low-margin large project business (also because of a weak order intake in the holiday months of August), the Bene Group however had to record clearly negative earnings figures in the third quarter. This development probably cannot be compensated in the fourth quarter. That is why the Bene Group expects to report a negative result for the full year of 2012/13.

Considering the positive reactions to the new product ranges presented at the Orgatec 2012, the still stable project pipelines in all major markets and despite the unfolding economic slowdown, the Management Board believes that the Bene Group with its broad geographic presence, the strong direct sales network and its comprehensive full range of products is strategically well positioned and is well prepared for the economically challenging times.

The report on the first three quarters of 2012/13 is available on the Internet under http://bene.com/office-furniture/investor-relations-status-reports/http://bene.com/office-furniture/investor-relations-status-reports/

Note

Among others, this report contains statements on potential future developments, which were made on the basis of currently available information. Such statements, which reflect the current assessment of future developments by our Management Board, cannot be construed as guarantees for future performance and bear unforeseeable risks and uncertainties. There may be a variety of reasons for actual results and conditions to diverge from the assumption, on which the statements were based.

About Bene

Bene is convinced that there is a clear connection between the design of office and working environments, corporate culture and the success of a company. Bene's concepts, products, and services put this philosophy into reality. Development, design, and production as well as consulting and sales are covered under one roof. With 85 sites in 35 countries and 1,380 employees worldwide, Bene offers its customers regional access to all of its services. In the business year 2011/12, consolidated sales of the Bene Group amounted to EUR 193.9 million. Bene is market leader in Austria and number five in Europe.

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