

Press release

2019 business year:

BHS tabletop AG grows in revenue and remains stable in profit

Group revenue increases to EUR 121.4 million / BauscherHepp on the road to success / Further investments in digital and IT projects / Sales successes: between the Hard Rock hotel and the highest hotel in Africa

Selb, March 9th 2020. Despite noticeable reluctance to invest on the part of customers in export markets and numerous lingering trade conflicts, BHS tabletop AG – a company of the Serafin Group - achieved profitable growth in the past business year. At EUR 121.4 million, group turnover was up slightly compared to the previous year (EUR 118.7 million). The company remains profitable and generated operating net income (EBIT) before special effects of EUR 3.9 million, only slightly down on the previous year's figure (EUR 4.1 million). The special effects affecting net income result from a change in the management board and a value adjustment in respect of a passive financial asset.

The group's annual surplus, adjusted for special effects, is EUR 2.8 million (previous year: EUR 2.9 million). The positive economic situation goes hand in hand with the almost unchanged number of employees. In 2019, the average number of employees was 1,155, compared to 1,165 in the previous year.

'We have managed to serve the central needs of our customers – e.g. through new product concepts, individual decor solutions from our creative centre or the PLAYGROUND tabletop range. This enabled us to compensate for opposing trends in the market,' says Gerhard Schwalber.

The readiness to invest on the part of the hotel and catering industry in Germany in 2019 has had a positive effect, although the political and economic conditions in many tourism destinations, particularly in the Middle East, have had a negative impact.

BauscherHepp, Inc. with significant increase in turnover

The American distribution subsidiary BauscherHepp increased its turnover significantly by 11 per cent from USD 17.3 million to USD 19.2 million (EUR 17.1 million). This was due to sales success in several segments, including porcelain, cutlery and buffet furniture. BauscherHepp also acquired the Hard Rock Hotel as a new client, underlining the attractive complete package of BauscherHepp as a tabletop provider.

However, the negative effects of the unresolved Brexit situation, which were also evident in the past financial year and have led to a number of restaurant closures in the UK, caused a noticeable decrease in revenue at John Artis Ltd. to GBP 11.2 million (EUR 12.7 million). In this challenging environment, John Artis was nevertheless able to maintain a high return on sales. As a distribution company, John Artis thus made a valuable contribution to the company's results.

According to Gerhard Schwalber, the positive figures at BHS should not disguise the fact that the situation in the German porcelain industry is tense. This is on account of high price pressure on the one hand and the anticipated effects of the German government's climate package on the other. 'CO2 emissions from operation of the kilns, which are essential in the porcelain production process, will place a considerable strain on the company in the foreseeable future if the current implementation continues,' says Schwalber. BHS tabletop has made significant investments in recent years to use less energy and to reduce its CO2 emissions, including the state-of-the-art, energy-efficient annealing furnace in Schönwald, which went online in 2019.

Due to the lack of technical alternatives, however, the planned climate policy steering effect may fail to materialise. 'Due to the intense international competition, there is also no point in pricing in fine ceramics from an environmental perspective, if jobs are to be retained at the porcelain companies in Bavaria and carbon leakage is to be prevented.'

Sales success with the brands

However, the sales power of BHS has proven strong. It has won many new prestigious customers, with those in Germany including Munich Re, Schlosshotel Kronberg and ZDF, which now uses our RFID solution *pabis* in its canteen.

The brands also enjoyed sales success internationally. Tafelstern professional porcelain supplied the newly opened congress centre and Hotel Leonardo in Johannesburg – currently the tallest building in Africa at 234 metres. Schönwald achieved success at the luxury hotel Alsik in Sønderborg, Denmark, which was designed by star architect Frank Gehry and which opened in 2019. Bauscher supplied the Italian cruise ship Costa Smeralda with 130,000 pieces of porcelain. This now exclusively serves *Enjoy*, *Purity* and *Modern Rustic* porcelain from Bauscher at its 17 outlets.

2020: investments in further digitisation and showrooms

Despite the challenging conditions, BHS tabletop is planning investments of EUR 5 million in 2020, primarily in digitisation and IT. With this, the company aims to achieve more streamlined processes and even faster customer service. The company is also investing in strengthening its international visibility and the recognition of its brands in the UK and is set to open a showroom in London in the second half of 2020.

BHS tabletop is anticipating a strong negative impact from the possible further spread of the coronavirus, as this would have a huge effect on the travel and spending behaviour of tabletop customers such as hotels, restaurants, airlines and cruise ships.

Nevertheless, with its three brands, its tabletop range and its efficient production and control processes, the BHS tabletop Group is well equipped for 2020. 'We will continue to work intensively on development and distribution projects that will boost sales while at the same time optimising our cost structures,' says CEO Gerhard Schwalber, outlining the company strategy. 'Assuming that conditions remain stable, we are currently anticipating stable to slight growth in revenue. The planned strengthening of our sales force and our investments in strategic projects will have a short-term effect on net income and will strengthen the market position of BHS in the medium and long term.'

About BHS tabletop:

BHS tabletop AG (www.bhs-tabletop.de) is part of the Serafin Group, whose philosophy is based on the 150 years of entrepreneurial tradition of the shareholder family. Based on the guiding principle of 'responsibility borne out of tradition', Serafin invests in companies to develop them in accordance with all interest groups. Support is provided by the experienced members of the advisory board Professor Bernd Gottschalk, Wolfgang Ley and Professor Heinrich von Pierer.

www.serafin-gruppe.de/en

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