

Press release

Bauwerk Boen Group realigns production capacities

The newly formed Bauwerk Boen Group is responding to price pressure in the fiercely competitive market for standard parquet floors and is realigning its production capacities. As of spring 2014, the production of the standard two-layer parquet will mainly be carried out at the expandable, high-tech Kietaviskes-based plant belonging to the Group in Lithuania; production will cease at the Salzburg location in Austria. By significantly reducing manufacturing costs, the Bauwerk Boen Group will be able to compete on the market on a sustainable basis.

St. Margrethen, Switzerland, 12 June 2013 – The European competition authorities have approved the merger between Bauwerk Parkett AG from Switzerland and Boen AS from Norway, which was announced at the end of March. The transaction has now been completed with the founding of the Bauwerk Boen Group. The newly formed group is now able to harness synergies in the product range and in the area of procurement. The merger also allows the group to respond to the challenging market conditions and realign production capacities.

Reaction to challenging market conditions

As a result of overcapacities and cheap imports, the parquet market has been subjected to intense price pressure for many years now. Bauwerk Parkett responded to this development several years ago by outsourcing the manufacture of its products that have the least added value (glued parquet and Prepark). At the same time, a great deal of money was invested into strengthening the company's market position in the high-quality specialities sector. As a result, the Bauwerk Boen Group now enjoys an excellent positioning in the higher-margin premium market and there is potential for growth. The price pressure in the standard parquet sector, however, continues to increase, as an ever-expanding number of companies from countries with low wages manufacture this product.

Reorganisation of the European production facilities improves cost structures

During the course of the continuous expansion of the state-of-the-art plant in Kietaviskes, the Bauwerk Boen Group will integrate the production of the standard two-layer parquet, which was manufactured up until now in Salzburg, into the operations of the Lithuanian plant by spring 2014. This means that the production location in Austria will be closed down. The St. Margrethen production location, which mainly manufactures high-quality country home planking and parquet specialities, is not affected by this move. Thanks to the new significantly lower manufacturing costs, the Bauwerk Boen Group will be able to compete on the market on a sustainable basis.

Concentrating on sales and distribution in Austria

The planned realignment will result in a gradual reduction in the number of jobs at the Salzburg location. There are currently 154 people employed at this site, and this figure will be reduced to around 40 by spring 2014. After the relocation of production, the Salzburg location will in future be solely focused on the marketing and sales of Bauwerk products in

the key market of Austria. The aim of this is to guarantee the security of 40 jobs in Austria for as long as possible.

Socially responsible downsizing in Salzburg

All of the employees affected in Salzburg have now been informed in detail as regards the schedule of the relocation process and their planned departure date. In parallel to this, the Executive Board has contacted social partners and the local authorities in order to organise the relocation process and the associated downsizing in staff in a circumspect and socially responsible manner.

For further information please contact:

Bauwerk Boen Group

Klaus Brammertz, CEO

+41 71 747 72 79 or mobile: +41 79 660 45 26

klaus.brammertz@bauwerk.com