



GLOBAL MATTRESS OUTLOOK

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CSIL

CSIL's World Mattress Industry report has been published since 2003 starting with 5 European countries. Today the study includes the 30 most important mattress manufacturing countries. An updated edition will be available in June 2012.

WORLDWIDE OVERVIEW

The mattress industry is a mature sector, which has grown slowly worldwide until 2008, was in recession in 2009 and is now showing signs of recovering. Traditionally the United States are the leading country in terms of production. Over the last decade China started a major expansion, registering by far the highest annual growth rates. Other important manufacturers are Brazil, Italy, Canada and Germany. Regarding mattress consumption, again the leader is by far the US, accounting for over one fourth of total consumption in the 30 countries considered. The USA is followed by China, which showed the most impressive increase in terms of mattress consumption over the last decade. China is followed by Brazil,

Germany, France and Canada. The top 6 mattress consuming countries mentioned above account for approximately 66% of consumption of the top 30 countries included in CSIL's World Mattress Industry report.

Over the last 10 years, the most important growth rates were registered by Asian countries including China, Malaysia and India. But more interesting is to point out that also some Central and Eastern European countries including the Czech Republic, Poland and Russia, still comparatively small mattress consuming markets, registered significant growth rates. They are obviously becoming increasingly dynamic local markets not yet mature as it is the case for Western European markets like France and Germany, or the USA and Canada.

If we take a look at per capita mattress consumption in the different countries we can note that highest per capita consumption is registered in North America, Germany and the Northern countries, while Eastern Europe and Asia have the lowest per capita consumption.

INTERNATIONAL TRADE IS RECOVERING

International trade of mattresses almost reached US\$ 3 billion in 2011, above pre-crisis levels. The ratio of exports over production in the mattress segment amounts currently to around 15% (8% in 2000). Even though this ratio is growing it remains low compared to the furniture sector where the export/production ratio for the same countries is almost 30%.

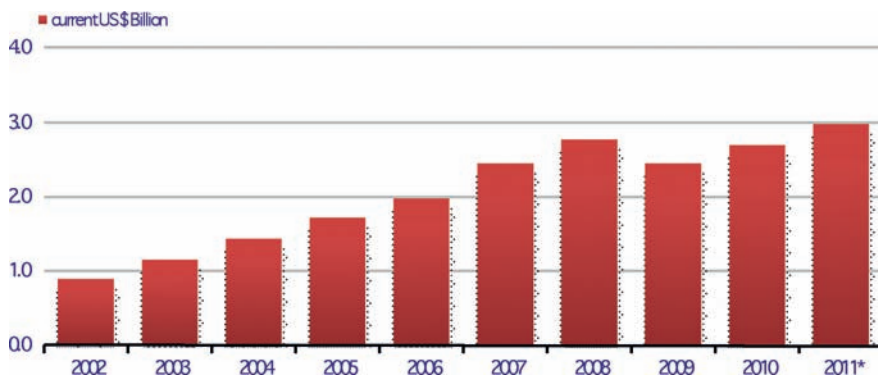
Recovery from the crisis seems evident and CSIL estimates that the overall value for mattress trade will continue to grow slowly over the coming years. One of the most important engines for mattress growth is the opening of the different mattress markets as well as the increasing role of emerging markets, not only in terms of productive location for mattress plants but also in terms of mattress consumption. Another reason is that until recently mattresses were manufactured and sold within the local or neighbouring markets, being too bulky to be transported economically for long distances. Progress in vacuum packing of mattresses and in transport logistics has been changing the economics of mattress trade, and imports and exports are becoming more substantial.

IMPORT/EXPORT FLOWS

Top mattress exporting countries are since 2007 Poland, China, followed by Italy and Belgium. Poland and China clearly lead mattress exports, with exports representing more than double in value terms than those made by Italy and Belgium in 2011.

Main mattress importing countries are Germany, the USA, France, Japan, the Netherlands and the United Kingdom. Germany, the USA and France increased their import activity significantly in 2011 thanks to the recovery of local consumption after the crisis. Looking at the opening of the studied markets, the part of imported mattresses in local consumption has been increasing from 7% in

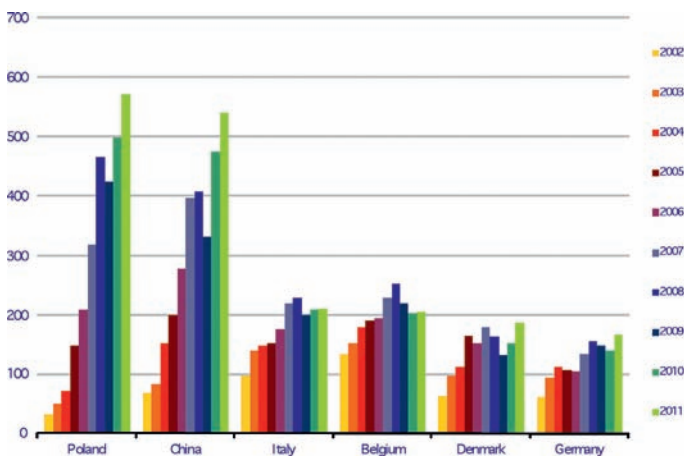
INTERNATIONAL TRADE OF MATTRESSES, 60 COUNTRIES 2002-2011*



Source: CSIL

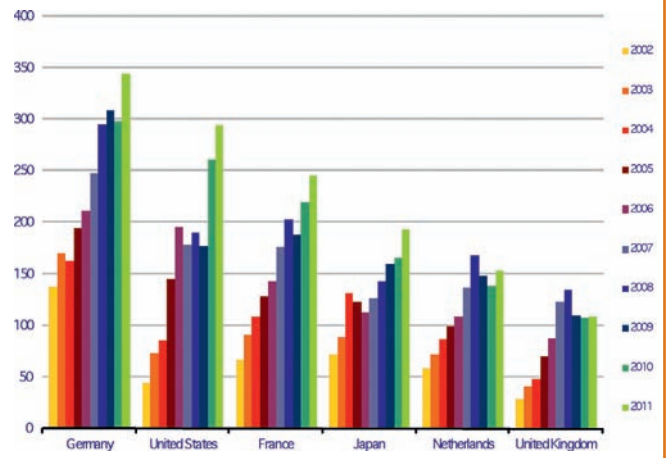
* Preliminary estimate

MATTRESS EXPORTS, 6 MAJOR EXPORTING COUNTRIES, 2002-2011*. US\$ MILLION



Source: CSIL processing of official data
* Preliminary estimate

MATTRESS IMPORTS, 6 MAJOR IMPORTING COUNTRIES, 2002-2011*. US\$ MILLION



Source: CSIL processing of official data
* Preliminary estimate

2001 to approximately 12% in 2011. This import/consumption ratio remains however still low compared to the furniture sector where the ratio is of almost 30% for the countries studied.

Germany and France are very open markets in terms of mattress imports as imports/ consumption ratio is of about 34% and 27% respectively. While in the USA currently only about 5% of consumption is being satisfied by imports.

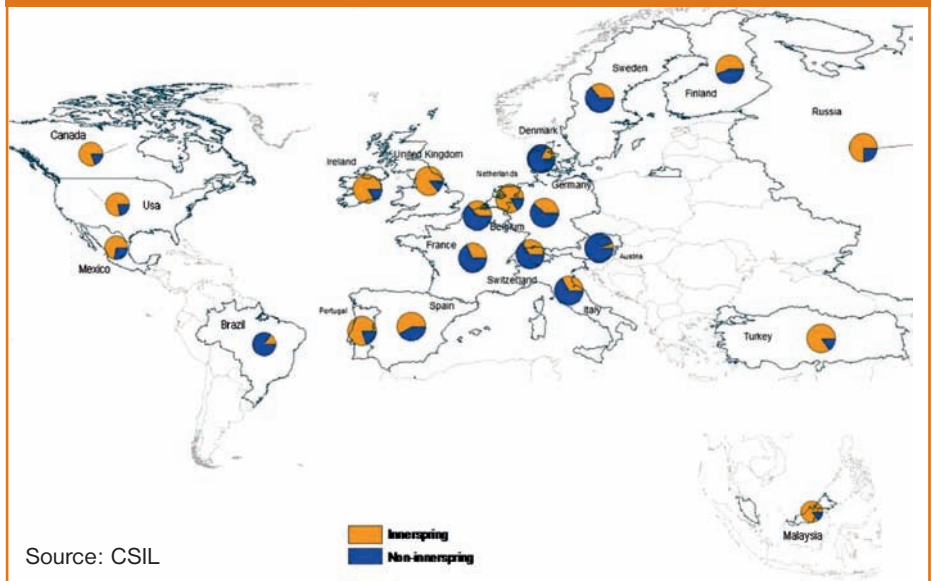
MATERIAL TRENDS

Looking at the current trends in terms of material used in mattress production in a selection of countries it is interesting that mattress production in North America and United Kingdom and Ireland continues to be mainly concentrated in innerspring mattress production. While generally in Europe production is more concentrated in non-innerspring mattresses (foam and latex). It has however to be noted that the material breakdown in terms of consumption may be different for some countries as trade is playing an increasingly important role.

MATERIAL TRENDS: FOCUS ON GERMANY AND FRANCE

France is one of the rare countries studied by CSIL where mattress production by material is almost equally divided into latex, foam and innerspring, all accounting for about a third of production. Over recent years, however, and especially since 2008, foam mattress production has increased while the production of latex and innerspring mattresses witnessed a slight slowdown. This seems to

INNERSPRING AND NON-INNERSPRING MATTRESSES PERCENTAGES OF VALUE OF PRODUCTION, LAST AVAILABLE YEAR



Source: CSIL

be a tendency all over Europe, latex is clearly losing share in favour of spring and foam fillings.

German (as well as in most European countries except France) consumers traditionally preferred innerspring mattresses, which were leading consumption and production in value terms until 2005. Over recent years production of innerspring mattresses followed a decreasing trend in favour of foam mattresses, which became Germany's favourite in 2006. Between 2008 and 2010 production was more or less stable. Latex production in Germany is currently very small, compared to France.

ISPA EXPO 2012 was held March 14-17, 2012 in Indianapolis, Indiana, USA.



Almost 200 exhibitors from 62 countries and nearly 3,200 mattress industry participants attended the International Sleep Products Association's (ISPA) EXPO 2012. The event started off with a number of educational sessions for its attendees, including a presentation of the "World Mattress Industry Outlook" given by CSIL partner Sylvia Weichenberger.