



LSF9 Balta Issuer S.A.

Financial Performance for the Year Ended December 31, 2016 and the
Quarter Ended March 31, 2017

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The financial information herein includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures include, among others, EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

Organic growth measures the change in revenue as compared with the same period in the previous year, at constant exchange rates. In order to measure the FX impact on revenue, the exchange rate effect is calculated by applying the previous period’s exchange rates to revenue for the current period and calculating the difference as compared with revenue for the current period. It also includes the impact of price adjustments intended to offset movements in local currencies, regardless of whether such price adjustments are (i) automatic via contractual mechanisms or (ii) the result of management action. In order to determine the organic growth at EBITDA level, management judgement has been made in good faith to estimate the FX impact, given that not all parameters used in the calculation can be easily derived from the company’s accounting system.

The financial information included in this document includes preliminary figures that have not been subject to an audit or review by any independent auditor in accordance with any generally accepted auditing standards. This presentation also includes certain unaudited pro forma consolidated financial information. The unaudited pro forma adjustments are based upon available information and certain assumptions that Balta management believes to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Agenda

- FY16 Results
- Acquisition of Bentley Mills
- Q1/17 Results
- Q&A



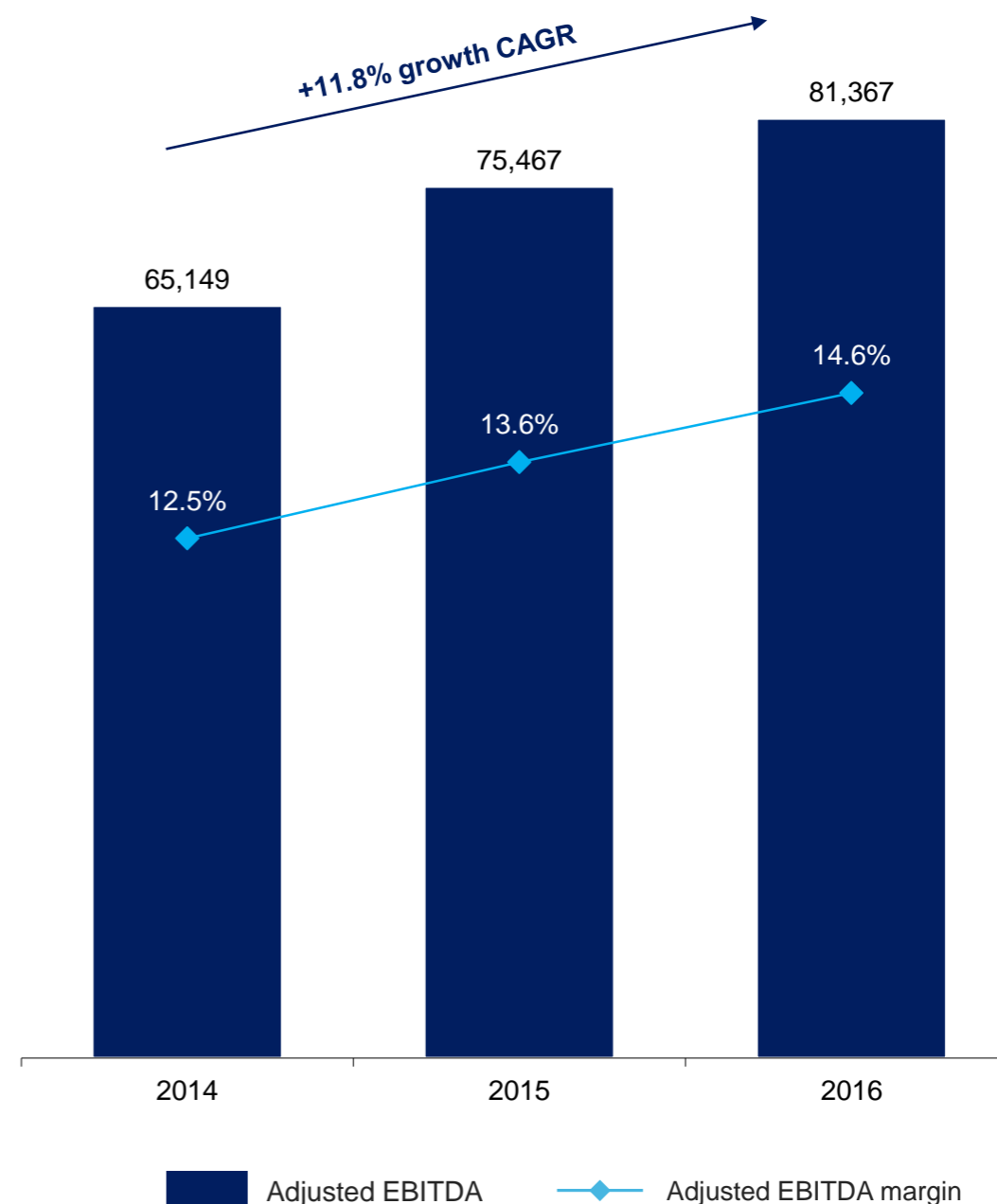
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Focus on FY16 results

Highlights and key figures 2016

Strong adjusted EBITDA growth on the back of margin expansion

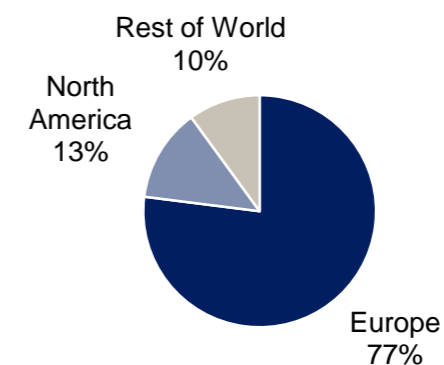
(in €k)	Dec 31, 2016	Dec 31, 2015
Revenue	557,685	556,822
Adjusted EBITDA	81,367	75,467
Adjusted EBITDA margin	14.6%	13.6%
Non-recurring items	(3,518)	(33,687)
EBITDA	77,849	41,780
Depreciation / amortisation	(28,666)	(24,098)
Impairment and write-off	-	-
Operating profit / (loss)	49,183	17,682
Profit / (loss) for the period	25,345	(27,468)
Cash at the beginning of period	45,462	66,654
Net cash flow from operating activities	66,257	39,618
Net cash flow from investing activities	(35,569)	(309,739)
o/w capital expenditure	(35,569)	(36,900)
o/w Acquisition	-	(272,838)
Net cash flow from financing activities	(30,163)	248,928
Cash at the end of period	45,988	45,462
Net debt	268,511	273,952
Net debt / Adjusted EBITDA	3.3x	3.6x



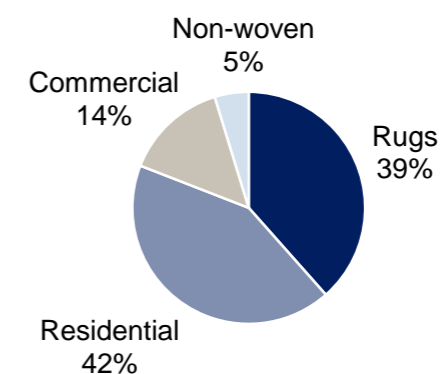
Consolidated business overview December 31, 2016

(in €k)	Actuals 2016	Actuals 2015	Variance
Rugs	214,545	204,076	5.1%
Residential	236,758	247,495	(4.3%)
Commercial	80,050	79,243	1.0%
Non-woven	26,332	26,008	1.2%
Revenue	557,685	556,822	0.2%
Rugs	37,969	34,184	11.1%
Residential	28,411	27,742	2.4%
Commercial	12,067	11,194	7.8%
Non-woven	2,920	2,346	24.5%
Adjusted EBITDA	81,367	75,467	7.8%
Rugs	17.7%	16.8%	
Residential	12.0%	11.2%	
Commercial	15.1%	14.1%	
Non-woven	11.1%	9.0%	
Adjusted EBITDA margin	14.6%	13.6%	

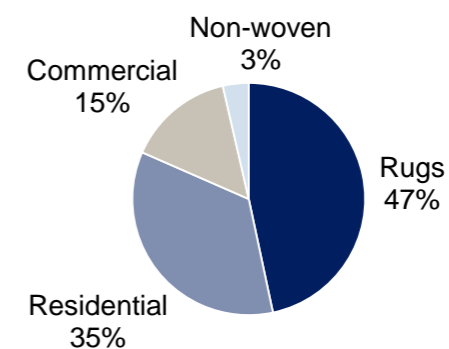
Revenue by geography



Revenue by segment



Adjusted EBITDA by segment

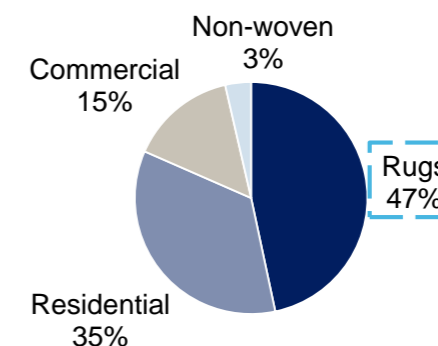


Rugs

Both North America and Europe showing strong growth momentum

(in €k)	2016	2015	Variance
Revenue	214,545	204,076	5.1%
Adjusted EBITDA	37,969	34,184	11.1%
Adjusted EBITDA margin	17.7%	16.8%	95bps

Adjusted EBITDA by segment



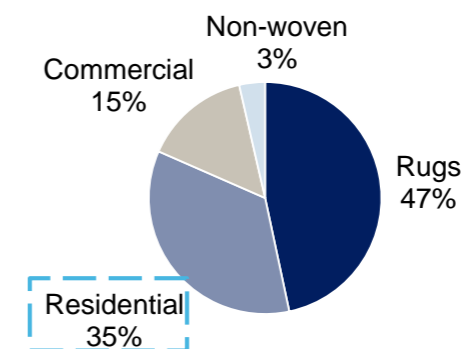
- Revenue and volumes increased by 5% and 9% for the twelve months ended December 31, 2016
- The growth in volumes and revenues is driven by strong performance in North America (+14%) and Europe (+6%)
 - North America is a strategic focus of the Rugs division and our continued investments in business development, product development and expanding customer relationships are reflected in the financial performance
 - The relative growth in revenue in Europe is lower, given the differences in customer and product mix as compared to North America, yet the absolute contribution to the growth of this division remains important
- The growth rate of revenue is less than the growth rate in volume due to (i) the strong growth of lower priced flatweave qualities and (ii) a partial pass through of lower raw material prices
- The Adjusted EBITDA Margin has increased from 16.8% in 2015 to 17.7% in 2016

Residential

Performance impacted by GBP devaluation and soft market conditions

(in €k)	2016	2015	Variance
Revenue	236,758	247,495	(4.3%)
Adjusted EBITDA	28,411	27,742	2.4%
Adjusted EBITDA margin	12.0%	11.2%	79bps

Adjusted EBITDA by segment



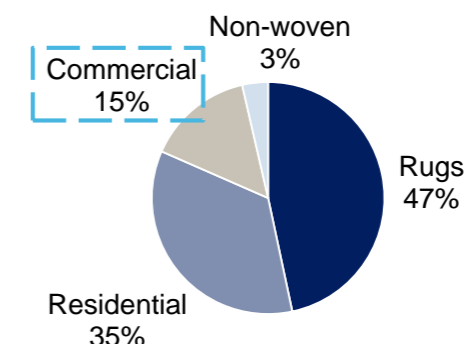
- Revenue and volumes decreased with 4% and 5% respectively for the twelve months ended December 31, 2016
- This decrease was driven by unfavourable market conditions in Germany and Central and Eastern Europe (affecting volumes and revenue) and by the devaluation of the GBP (affecting revenue, with volumes sold in the UK just 1% below last year)
- We have however been pursuing a strategy aimed at maximizing margins as opposed to revenue
 - In 2016, we have successfully introduced higher margin products that have partially offset the adverse impact of foreign exchange movements
 - Similarly, we have successfully defended our pricing levels to retain the benefits from benign raw material prices
 - As a result of this strategy; the division has been able to increase its EBITDA margin by 0.8% versus last year

Commercial

Focus on tile growth and broadloom profitability

(in €k)	2016	2015	Variance
Revenue	80,050	79,243	1.0%
Adjusted EBITDA	12,067	11,194	7.8%
Adjusted EBITDA margin	15.1%	14.1%	95bps

Adjusted EBITDA by segment



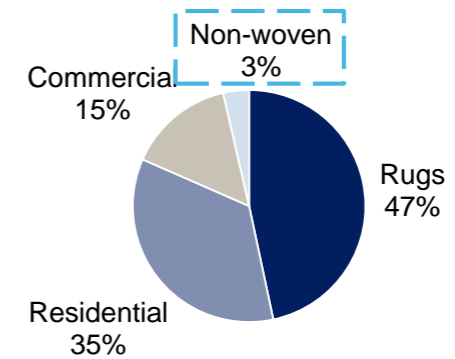
- Revenue and volumes both increased with 1% for the twelve months ended December 31, 2016
- Sales in commercial tiles have grown strongly, resulting in an increase both in volumes sold (6%) and revenue (4%). These figures are a result of strong performance in Eastern Europe (the segment's largest market) and Asia Pacific. 2016 has been a year of transition for Balta's sales of commercial tiles in the UK following the decision to terminate an agency agreement and to build a direct sales approach. As a result, volume growth in the UK market has been moderate whilst revenue has been affected by the depreciation of the GBP
- Revenue and volumes in Commercial Broadloom decreased by 5% and 7% respectively, due to weaker performances in Germany and France. The profitability of this business has however improved, with an increase in Adjusted EBITDA margin of almost 2%
- The Adjusted EBITDA for the Commercial segment as a whole shows an increase of 8% compared to last year, driven by the topline growth in commercial tiles (representing approx. 70% of this segment) and the improved profitability of commercial broadloom

Non-Woven

High-margin technical applications driving earnings performance

(in €k)	2016	2015	Variance
Revenue	26,332	26,008	1.2%
Adjusted EBITDA	2,920	2,346	24.5%
Adjusted EBITDA margin	11.1%	9.0%	207bps

Adjusted EBITDA by segment



- Revenue increased by 1% whilst volumes decreased by 0.5% for the twelve months ended December 31, 2016, as compared to the same period in 2015
- This results from the strategy of an increased focus on high-margin technical applications and has contributed to an increase in Adjusted EBITDA margin of close to 2%

Balance Sheet and Cash Flow Statement

Stable balance sheet

Condensed Balance Sheet (€k)	2016	2015
Property, plant and equipment	299,238	299,330
Goodwil and other intangible assets	127,049	126,340
Fixed assets	426,287	425,670
Net trade receivables	41,326	32,892
Inventories	135,320	129,438
Trade payables	(96,620)	(86,134)
Other net working capital	(57,705)	(59,551)
NWC	22,321	16,645
Current and deferred income taxes	(56,765)	(64,110)
Capital employed	391,844	378,205
Equity⁽¹⁾	136,319	119,700
Senior Secured Notes	296,618	299,177
Capitalised transaction costs	(13,107)	(15,488)
Bank and other borrowings	18,002	20,277
Cash	(45,988)	(45,462)
Net financial debt (incl. capitalized costs)	255,525	258,504
Funding	391,844	378,205

Condensed Cash Flow Statement (€k)	2016	2015
Opening balance	45,462	66,654
Adjusted EBITDA	81,367	75,467
Gains on asset disposals	1,610	-
Non recurring expenses	(5,128)	(33,687)
Translation and other differences	(824)	(504)
Changes in trade working capital	(3,831)	2,609
Changes in other working capital	(5,459)	(3,384)
Taxes paid	(1,478)	(883)
Cash flow from operations	66,257	39,618
Capital expenditure	(37,977)	(36,900)
Proceeds from non-current assets	2,408	(272,838)
Cash flow from investment activities	(35,569)	(309,739)
Interest and other finance charges paid, net	(27,814)	(6,666)
Repayments	(2,349)	(157,994)
Issuance of SSN	-	290,000
Issuance of equity	-	140,031
Financing fees	-	(16,442)
Cash flow from financing activities	(30,163)	248,928
Closing cash balance	45,988	45,462

Acquisition of Bentley Mills

Strong platform for growth in the US

A leader in the US premium commercial carpets



2016 Revenue: €110.7m
2016 Adjusted EBITDA: €16.0m
2016 Adjusted EBITDA margin: 14.5%



New growth and efficiency opportunities

1

Cross-selling opportunities



2

Know-how transfer

3

Procurement and logistics optimization

4

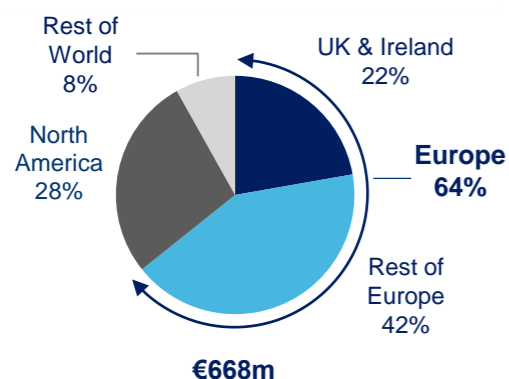
Potential for further bolt-on acquisitions

Acquisition impact on business and financials

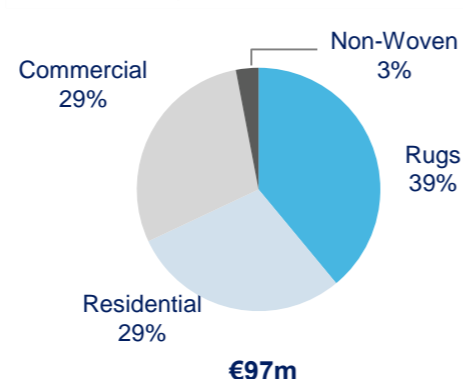
Creation of a global player with limited impact on leverage

More balance in geography, segments, end markets exposure

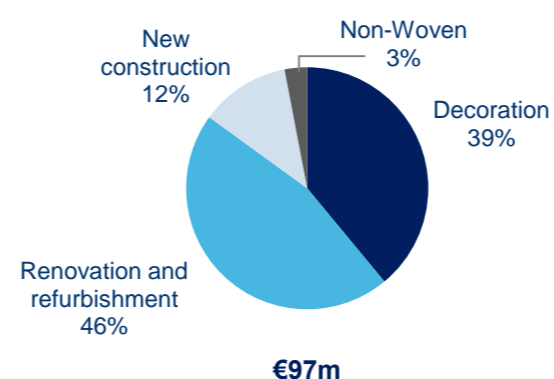
2016A PF revenue



2016A PF Adj. EBITDA

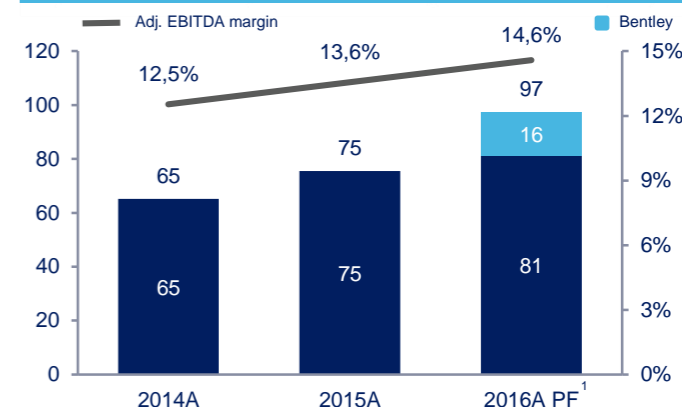


2016A PF Adj. EBITDA



Track record of profitable growth

Adj. EBITDA & Adj. EBITDA margin '14A-'16A (€m)



Acquisition financing and impact on capital structure

€m	Dec-16	Bentley Mills Acquisition ⁽¹⁾	Dec-16 (Pro Forma)
Cash	(46.0)	(0.4)	(46.4)
Additional cash	-	(1.8)	(1.8)
RCF Bentley and bank overdrafts	-	11.6	11.6
Senior Term Loan	-	75.0	75.0
Term Loan Bentley	-	31.3	31.3
Senior Secured Notes	296.6	-	296.6
Finance leases	17.9	-	17.9
Net Debt	268.5	115.7	384.2
Adjusted LTM EBITDA	81.4	16.0	97.4
Leverage	3.3x		3.9x



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Focus on Q1-17 results

Q1-17 financial performance – key highlights

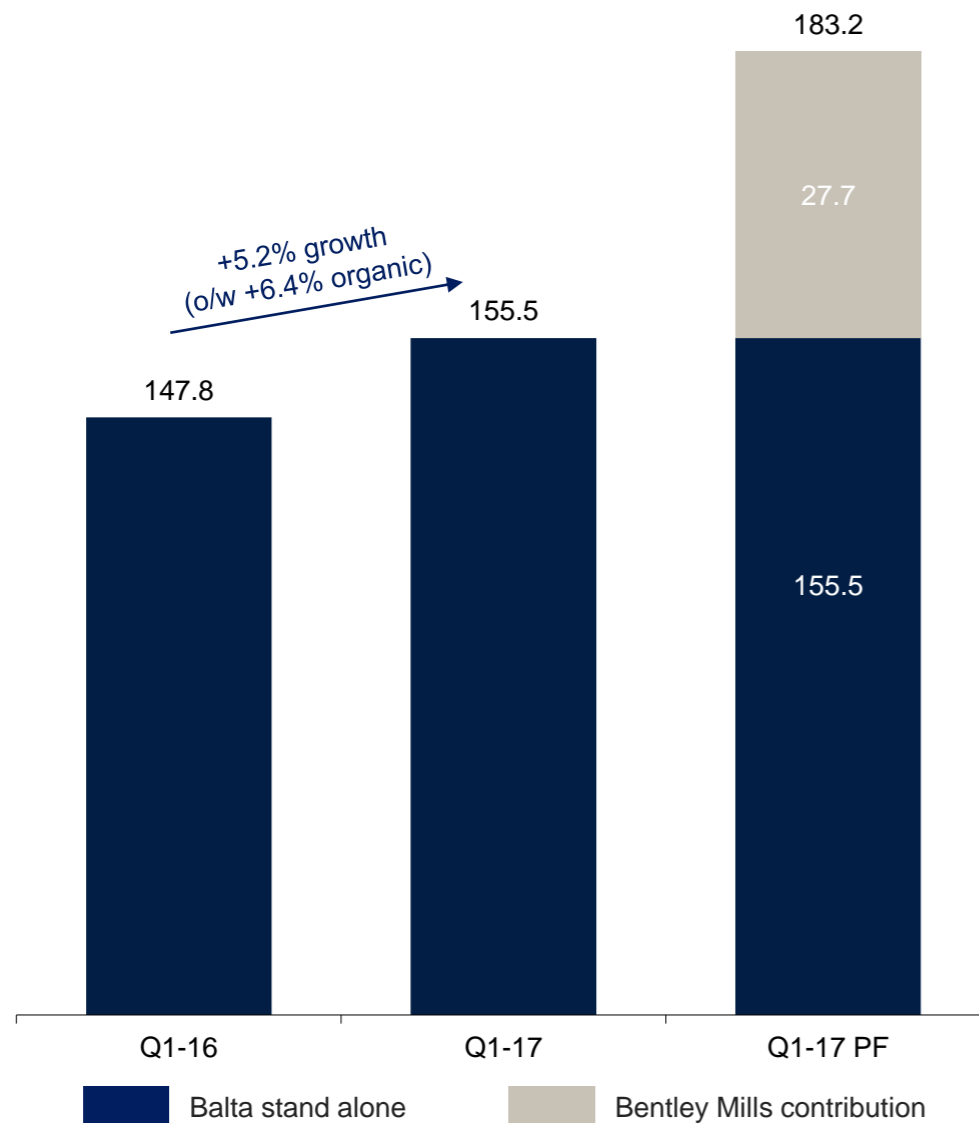
Strong organic growth yoy with stable margin

<p>+5.2% yoy sales growth (reported)</p>	<p>+6.4% organic (1.2%) FX impact No M&A impact</p>	<ul style="list-style-type: none"> - Strong organic growth with negative impact from FX - Growth attributable to increasing market share in existing markets, new product launches and product upscaling - UK market performed better than expected
<p>12.9% Adj. EBITDA margin (reported)</p>	<p>Stable margin +5.3% yoy growth o/w +19.5% organic</p>	<ul style="list-style-type: none"> - Benefited from product mix upscaling, pricing actions and slightly more favourable raw materials pricing - Negative FX impact has however offset those benefits
<p>3.9x Leverage (incl. Bentley Mills)</p>	<p>13.4% NWC as % of sales (excl. Bentley Mills)</p>	<ul style="list-style-type: none"> - Slight increase in leverage of +0.3x vs Q1-16 following the acquisition of Bentley Mills - NWC improvement with stand alone NWC as a % of sales going down from 13.8% in Q1-16 to 13.4% in Q1-17

Revenue evolution yoy

+6.4% organic sales growth yoy on a stand alone basis with double digit organic growth rates in rugs & commercial

Revenue evolution (€m)



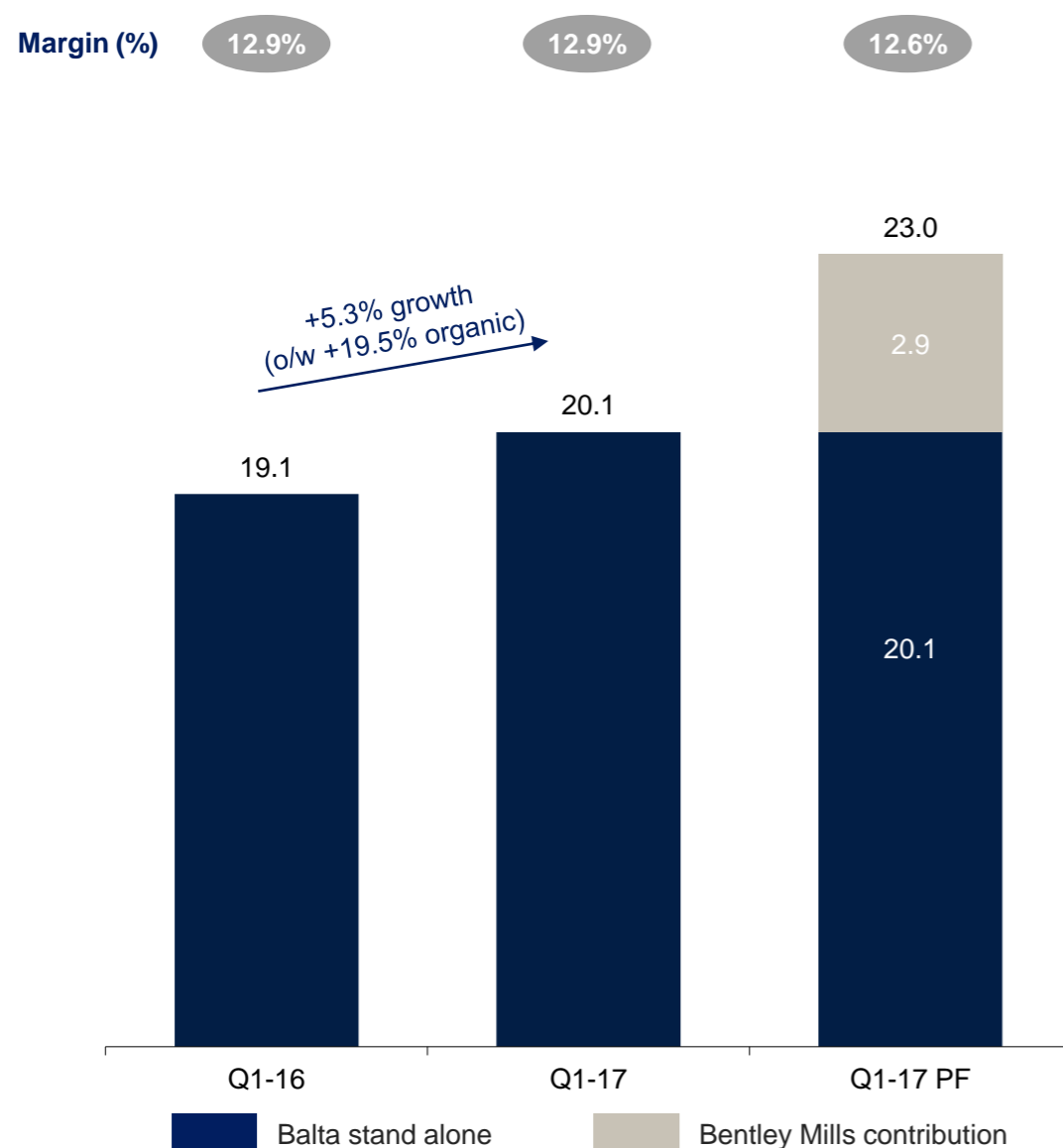
PF revenue evolution per segment

	Revenue in €m		yoy growth (%)		
	Q1-17	Q1-16	Organic	FX	Total
Rugs	63.4	54.2	17.2%	(0.2%)	17.0%
Residential	63.1	66.2	(2.5%)	(2.1%)	(4.6%)
Commercial	22.1	20.3	10.0%	(1.1%)	8.9%
Non-Woven	6.9	7.2	(3.9%)	-	(3.9%)
Group (reported)	155.5	147.8	6.4%	(1.2%)	5.2%
Bentley Mills	27.7	24.4	9.5%	3.8%	13.3%
Group (pro forma)	183.2	172.3	6.8%	(0.5%)	6.4%

EBITDA evolution yoy

+19.5% organic EBITDA growth yoy on a stand alone basis

EBITDA evolution (€m)



PF Adj. EBITDA evolution per segment

		In €m		yoy growth (%)		
		Q1-17	Q1-16	Organic	FX	Total
Rugs	Adj. EBITDA	11.2	8.0	39.3%	-	39.3%
	Margin (%)	17.7%	14.8%	+ 283bps expansion		
Residential	Adj. EBITDA	5.1	7.5	-	(31.7%)	(31.7%)
	Margin (%)	8.1%	11.3%	(321)bps compression		
Commercial	Adj. EBITDA	3.0	2.8	18.3%	(11.8%)	6.4%
	Margin (%)	13.4%	13.7%	(30)bps compression		
Non-Woven	Adj. EBITDA	0.9	0.8	6.1%	-	6.1%
	Margin (%)	12.4%	11.2%	+ 117bps expansion		
Group (reported)	Adj. EBITDA	20.1	19.1	19.5%	(14.2%)	5.3%
	Margin (%)	12.9%	12.9%	+ 1bps expansion		
Bentley Mills	Adj. EBITDA	2.9	2.3	21.9%	3.7%	25.6%
	Margin (%)	10.6%	9.5%	+ 103bps expansion		
Group (pro forma)	Adj. EBITDA	23.0	21.4	19.7%	(12.2%)	7.5%
	Margin (%)	12.6%	12.4%	+ 14bps expansion		

Rugs

Strong growth across all regions

(in €k)	Q1-17	Q1-16	% change	o/w organic growth	o/w FX
Revenue	63,377	54,188	17.0%	17.2%	(0.2%)
Adjusted EBITDA	11,188	8,032	39.3%	39.3%	-
Adjusted EBITDA margin	17.7%	14.8%	2.8%		

- Strong growth across all regions, driven by a 19% increase in volumes resulting from the continued solid growth in North America (28% organic growth, and 31% total growth due to a stronger US dollar) and the successful introduction of new products in Europe
- Revenue went up by 17.0% to €63.4 million and EBITDA increased by 39.3% to €11.2 million, with Adjusted EBITDA margin significantly expanding by 280bps to reach 17.7%

Residential

Strong FX headwinds with focus on profitability through product upscaling

(in €k)	Q1-17	Q1-16	% change	o/w organic growth	o/w FX
Revenue	63,132	66,153	(4.6%)	(2.5%)	(2.1%)
Adjusted EBITDA	5,097	7,466	(31.7%)	-	(31.7%)
Adjusted EBITDA margin	8.1%	11.3%	(3.2%)		

- Our Residential division witnessed a 5% decline in volumes sold, resulting in a decline of revenue on a constant currency basis of 2.5%
 - This decline is driven by challenging market conditions in Germany and France, where market demand for carpet has decreased
 - The Company has responded to this by upscaling the product mix such that the impact of a decrease in demand is less pronounced on revenue and margin. In the division's main market, the UK, organic growth was positive (+0.3%), driven by the success of new, higher quality products for which Balta charges a premium. The positive impact on average sales prices in the UK has more than offset the impact of slightly lower volumes (1.5% decrease in volumes sold in the UK)
- On a constant currency basis, Adjusted EBITDA was flat q-o-q
- The decline in reported Adjusted EBITDA is entirely driven by the devaluation of the pound sterling, which had a negative impact of €2.4 million on Adjusted EBITDA

Commercial

Strong market growth further stimulated by Balta's own investments

(in €k)	Q1-17	Q1-16	% change	o/w organic growth	o/w FX
Revenue	22,147	20,344	8.9%	10.0%	(1.1%)
Adjusted EBITDA	2,972	2,792	6.4%	18.3%	(11.8%)
Adjusted EBITDA margin	13.4%	13.7%	(0.3%)		

- Revenue at constant currency in our Commercial division increased by 10%, driven by 13% organic growth in the sale of commercial tiles and 5% organic growth in the sale of broadloom carpet as our business continued to gain market share from competitors
- The growth is driven by a combination of both increased volumes and an increased average net sales price resulting from the upscaling of our product mix
- The division is realizing such growth due to its continued investments in product development and a more direct sales approach, and is increasingly gaining traction outside the European market, with strong performance in North America, South America and Asia Pacific
- On a constant currency basis, Adjusted EBITDA increased by 18.3%

Non-Woven

(in €k)	Q1-17	Q1-16	% change	o/w organic growth	o/w FX
Revenue	6,877	7,157	(3.9%)	(3.9%)	-
Adjusted EBITDA	850	801	6.1%	6.1%	-
Adjusted EBITDA margin	12.4%	11.2%	1.2%		

- Revenue at constant currency in our Non-Woven division decreased by 4%, driven by a slow start in the Automotive segment
- On a constant currency basis, Adjusted EBITDA increased by 6.1% as the slowdown in the Automotive segment has been offset by a higher share of sales towards other more profitable segments

Bentley Mills

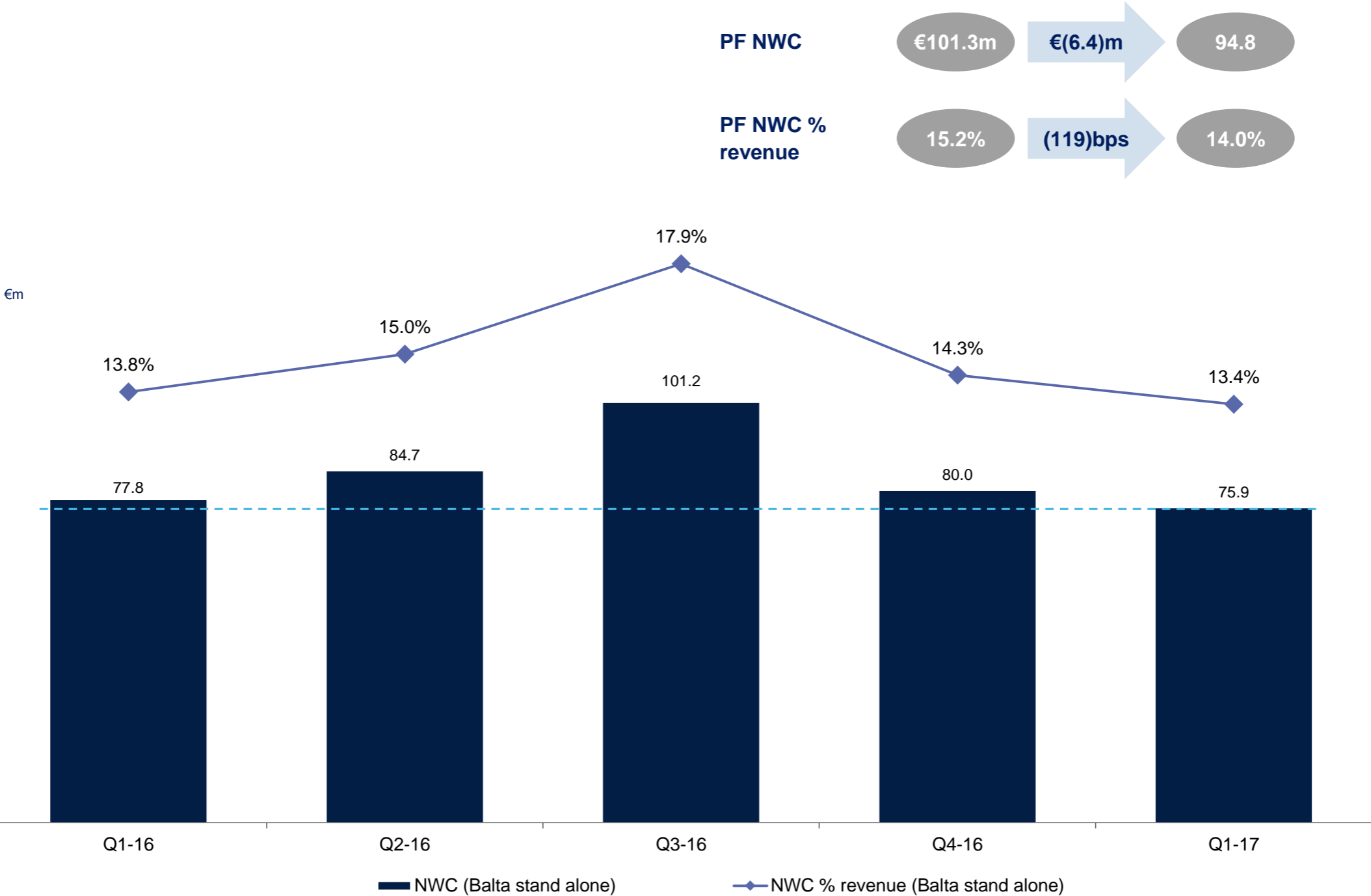
Favourable market conditions and successful management growth initiatives

(in €k)	Q1-17	Q1-16	% change	o/w organic growth	o/w FX
Revenue	27,686	24,429	13.3%	9.5%	3.8%
Adjusted EBITDA	2,926	2,330	25.6%	21.9%	3.7%
Adjusted EBITDA margin	10.6%	9.5%	1.0%		

- Bentley sales amounted to €27.7 million, representing an organic growth of 9.5% and 13.3% total growth in reported revenue
- This strong performance reflects the successful execution of its strategy to increase market share through product introductions aimed at broadening the addressable market, focusing on growing the range of premium carpet tile products which are suitable for more mid-range project budgets, sales force improvements and increased productivity from the existing sales force, and the benefits from recently established strategic national account managers

Working capital improvement

Increased focus on NWC⁽¹⁾ management has resulted in reduced levels vs. both year end and Q1/16



Capital structure evolution

0.3x deleveraging on a standalone basis, slight re-leveraging after Bentley Mills acquisition

Current Balta capital structure

€m	Dec-15	Dec-16	Dec-16 (Pro Forma)	Mar-17 (incl. Bentley Mills)
Cash	(45.5)	(46.0)	(48.2)	(39.7)
RCF Bentley and bank overdrafts	-	-	11.6	10.5
Senior Term Loan	-	-	75.0	75.1
Term Loan Bentley	-	-	31.3	30.9
Senior Secured Notes	299.2	296.6	296.6	291.0
Finance leases	20.2	17.9	17.9	17.3
Net Debt	274.0	268.5	384.2	385.0
Adjusted LTM EBITDA	75.5	81.4	97.4	99.0 ⁽¹⁾
Leverage	3.6x	3.3x	3.9x	3.9x



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Q&A