





KBC Small & Mid Cap Conference
5 December 2019

Balta is a global soft flooring specialist

	Rugs	Carpets	
		Broadloom	Tiles
Product			
Overview	<ul style="list-style-type: none"> • A piece of carpet directly put on a hard flooring • No installation needed • Home decoration purpose • Consumer and lifestyle-driven 	<ul style="list-style-type: none"> • Large roll of carpet installed throughout a room, from wall to wall • Usually fixed to the sub floor and installed by professionals • Residential and commercial use • Predominantly renovation-driven 	<ul style="list-style-type: none"> • Modular pieces of carpets assembled square by square to cover a floor • Installation by professionals • Predominantly commercial use • Predominantly renovation-driven

Our diversified operating segments



	Rugs	Commercial	Residential
Brands			
End market	<ul style="list-style-type: none"> Home decoration, impulse buy with no need for installation – more resilient 	<ul style="list-style-type: none"> Installed flooring driven by renovation, new build and change of tenants 	<ul style="list-style-type: none"> Installed flooring, driven by renovation & new build
Market position	<ul style="list-style-type: none"> #1 in Europe⁽¹⁾ #2 globally⁽¹⁾ 	<ul style="list-style-type: none"> Leader in the premium US segment with high margin and fast growing market share #3 in Europe 	<ul style="list-style-type: none"> #1 in Europe
2018A Revenues 2014-18A CAGR 2018A Adj.EBITDA margin,%	<ul style="list-style-type: none"> €198m 2.2% €27.9m 14.1% 	<ul style="list-style-type: none"> €215m 10.5% €30.6m 14.2% 	<ul style="list-style-type: none"> €206m (3.6%) €11.4m 5.5%
Highlights	<ul style="list-style-type: none"> Wide range of mechanically woven and tufted rugs Global sales footprint with sales in > 110 countries Market leader in creativity, technologies and product innovation Design plays a key role, with new collections being introduced twice a year Increased production at the low cost state-of-the-art manufacturing facilities in Turkey Strong and growing presence in the US 	<ul style="list-style-type: none"> Modular carpet tiles and broadloom for the commercial market Bentley (US) – leading player in the US premium commercial carpet segment with historical focus on offices. Luxury, timelessness and crafted quality using premium materials Modulyss (Europe) – successful challenger in the European mid-market carpet tiles segment Arc Edition (Europe) – high-quality wall-to-wall carpets with wide choice of in-stock collection Highly flexible manufacturing setup in the US, highly efficient manufacturing facilities in Europe 	<ul style="list-style-type: none"> PP and PA-based broadloom carpets – complete product range covering all market price points Excellence in creativity & design Continuously upgrading product offering to remain at the forefront of the market Reputation of reliability thanks to excellent service and quality
Route to market	<ul style="list-style-type: none"> Furniture retailers DIY retailers Specialized stores E-commerce (B2B) 	<ul style="list-style-type: none"> Direct channel (primarily in the US) <ul style="list-style-type: none"> Architects / designers specifying the product Contractors Distributors (currently more used in Europe) 	<ul style="list-style-type: none"> Major retailers and wholesalers, such as specialized carpet, home improvement and furniture chains, DIY stores, independent retailers and carpet fitters



Note: Balta's fourth division, Non-Woven, accounted for 3.3% of 2018A Total Adj. EBITDA (or €2.4m). The Non-Woven division provides a broad range of niche products for a variety of selected end markets including (i) Technical (automotive, carpet backing, etc.) and (ii) Commercial (carpets for trade fairs/expos and other events).

(1) Mechanically woven rugs.

Our end-markets benefit from favourable trends

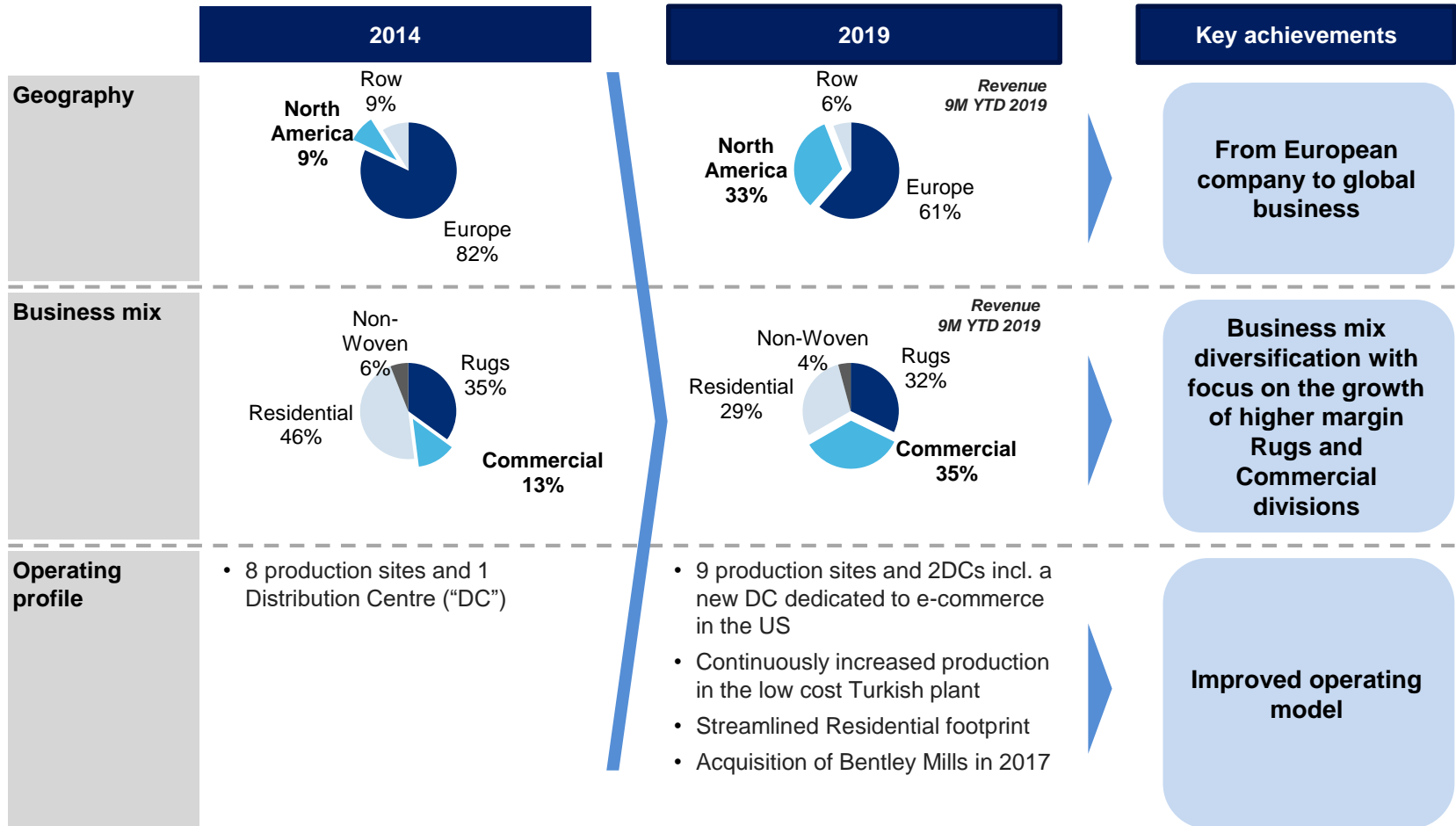


	Rugs	Commercial	Residential																																																																																																																																													
Key markets	<ul style="list-style-type: none"> USA France Germany Rest of World 	<ul style="list-style-type: none"> USA Europe 	<ul style="list-style-type: none"> UK Germany France 																																																																																																																																													
Key drivers	<ul style="list-style-type: none"> Household home furniture spending Consumer confidence 	<ul style="list-style-type: none"> Commercial construction and RMI spend Shift from broadloom to carpet tiles 	<ul style="list-style-type: none"> Residential RMI spend Turnover of housing stock Household home furniture spending Consumer confidence 																																																																																																																																													
Strength of our end-market	<p>Strong performance in the US; stable in Europe Indoor + outdoor home furnishing retail value (€ in billions⁽¹⁾)</p> <p>CAGR: +2.8%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>US</th> <th>Germany</th> <th>France</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>2017A</td><td>93</td><td>12</td><td>28</td><td>132</td></tr> <tr><td>2018A</td><td>96</td><td>12</td><td>30</td><td>137</td></tr> <tr><td>2019E</td><td>98</td><td>12</td><td>30</td><td>140</td></tr> <tr><td>2020E</td><td>101</td><td>12</td><td>31</td><td>145</td></tr> <tr><td>2021E</td><td>104</td><td>13</td><td>32</td><td>149</td></tr> <tr><td>2022E</td><td>107</td><td>13</td><td>34</td><td>154</td></tr> <tr><td>2023E</td><td>110</td><td>13</td><td>35</td><td>158</td></tr> </tbody> </table>	Year	US	Germany	France	Total	2017A	93	12	28	132	2018A	96	12	30	137	2019E	98	12	30	140	2020E	101	12	31	145	2021E	104	13	32	149	2022E	107	13	34	154	2023E	110	13	35	158	<p>Commercial consumption continues to grow Specified carpet tile consumption volume (million sqm)</p> <p>CAGR: +3.0%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>US</th> <th>Europe</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>2013A</td><td>67</td><td>32</td><td>100</td></tr> <tr><td>2014A</td><td>70</td><td>34</td><td>104</td></tr> <tr><td>2015A</td><td>73</td><td>37</td><td>109</td></tr> <tr><td>2016A</td><td>76</td><td>36</td><td>112</td></tr> <tr><td>2017A</td><td>79</td><td>37</td><td>116</td></tr> <tr><td>2018A</td><td>81</td><td>38</td><td>118</td></tr> <tr><td>2019E</td><td>84</td><td>40</td><td>124</td></tr> <tr><td>2020E</td><td>83</td><td>40</td><td>123</td></tr> </tbody> </table>	Year	US	Europe	Total	2013A	67	32	100	2014A	70	34	104	2015A	73	37	109	2016A	76	36	112	2017A	79	37	116	2018A	81	38	118	2019E	84	40	124	2020E	83	40	123	<p>Stable RMI spend for many years Total Residential RMI spend: Germany, France, (€ in billions in 2017 prices)</p> <p>CAGR: +0.3%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Germany</th> <th>France</th> <th>UK</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>2010A</td><td>122</td><td>36</td><td>63</td><td>220</td></tr> <tr><td>2011A</td><td>124</td><td>35</td><td>64</td><td>223</td></tr> <tr><td>2012A</td><td>124</td><td>34</td><td>62</td><td>221</td></tr> <tr><td>2013A</td><td>122</td><td>34</td><td>62</td><td>218</td></tr> <tr><td>2014A</td><td>121</td><td>37</td><td>60</td><td>218</td></tr> <tr><td>2015A</td><td>120</td><td>37</td><td>60</td><td>217</td></tr> <tr><td>2016A</td><td>122</td><td>38</td><td>61</td><td>221</td></tr> <tr><td>2017A</td><td>125</td><td>40</td><td>62</td><td>227</td></tr> <tr><td>2018A</td><td>124</td><td>39</td><td>62</td><td>226</td></tr> <tr><td>2019E</td><td>124</td><td>40</td><td>63</td><td>227</td></tr> <tr><td>2020E</td><td>124</td><td>42</td><td>64</td><td>229</td></tr> <tr><td>2021E</td><td>123</td><td>42</td><td>65</td><td>230</td></tr> </tbody> </table>	Year	Germany	France	UK	Total	2010A	122	36	63	220	2011A	124	35	64	223	2012A	124	34	62	221	2013A	122	34	62	218	2014A	121	37	60	218	2015A	120	37	60	217	2016A	122	38	61	221	2017A	125	40	62	227	2018A	124	39	62	226	2019E	124	40	63	227	2020E	124	42	64	229	2021E	123	42	65	230
Year	US	Germany	France	Total																																																																																																																																												
2017A	93	12	28	132																																																																																																																																												
2018A	96	12	30	137																																																																																																																																												
2019E	98	12	30	140																																																																																																																																												
2020E	101	12	31	145																																																																																																																																												
2021E	104	13	32	149																																																																																																																																												
2022E	107	13	34	154																																																																																																																																												
2023E	110	13	35	158																																																																																																																																												
Year	US	Europe	Total																																																																																																																																													
2013A	67	32	100																																																																																																																																													
2014A	70	34	104																																																																																																																																													
2015A	73	37	109																																																																																																																																													
2016A	76	36	112																																																																																																																																													
2017A	79	37	116																																																																																																																																													
2018A	81	38	118																																																																																																																																													
2019E	84	40	124																																																																																																																																													
2020E	83	40	123																																																																																																																																													
Year	Germany	France	UK	Total																																																																																																																																												
2010A	122	36	63	220																																																																																																																																												
2011A	124	35	64	223																																																																																																																																												
2012A	124	34	62	221																																																																																																																																												
2013A	122	34	62	218																																																																																																																																												
2014A	121	37	60	218																																																																																																																																												
2015A	120	37	60	217																																																																																																																																												
2016A	122	38	61	221																																																																																																																																												
2017A	125	40	62	227																																																																																																																																												
2018A	124	39	62	226																																																																																																																																												
2019E	124	40	63	227																																																																																																																																												
2020E	124	42	64	229																																																																																																																																												
2021E	123	42	65	230																																																																																																																																												
Our strategy	<p>Focus on growing e-commerce channel</p>	<p>Growth in adjacent segments in the US. Leveraging successful US model in Europe</p>	<p>Stable RMI end-market. Focus on higher margin products and cost reduction</p>																																																																																																																																													



Source: Company data, third-party research
Note: (1) Converted in EUR using current exchange rate.

Evolution of our business to global and more diversified



Expanded management team to deliver NEXT



**Cyrille
Ragoucy**
*CEO,
Chairman
of the
Board*

- Appointed interim CEO of Balta Group in 2018 and permanent CEO since April 2019
- Chairman since 2017



**Jan-
Christian
Werner**
CFO

- Joined in February as Head of Group Controlling & Reporting
- Extensive experience in Corporate Finance and Financial Controllership at international stock-market-listed companies



Kris Willaert
HR Director

- Joined in June
- Previously served in international HR executive roles at KONE International, Mastercard Europe and Lloyds Pharma



**Emmanuel
Rigaux**
CTO

- Joined in October
- Previously Head of West & Central Africa for LafargeHolcim
- 20 years of experience at LafargeHolcim and 2 years at BCG



**Marc
Dessein**
*MD Balta
home*

- Joined Balta in 1992
- MD of Rugs since 2006
- General Manager of Wool-Heatset Rugs BU from 1993 until 2006
- Export Sales manager prior to that



**Oliver
Forberich**
*MD Balta
carpets, ITC
and arc
edition*

- Joined in September
- Previously Chief Marketing Officer and Senior VP Stainless Technologies at Bekaert



**Stefan
Claeys**
*MD
modulyss*

- Joined in April
- Previously at Beaulieu as general manager Technical Textiles
- Before ten years at Wienerberger Group



Jim Harley
*President of
Bentley
Mills*

- President since Nov/17
- 30-year flooring industry veteran
- Originally joined Bentley Mills in 1983
- Rejoined in 2013 as chief operating officer

Key investment highlights

1

Global leader in decorative rugs with a leading position in European carpets and a fast growing US commercial segment

2

Attractive consumer and carpet market dynamics driving long-term demand with high focus on stable renovation market

3

Excellence in design, product development and innovation

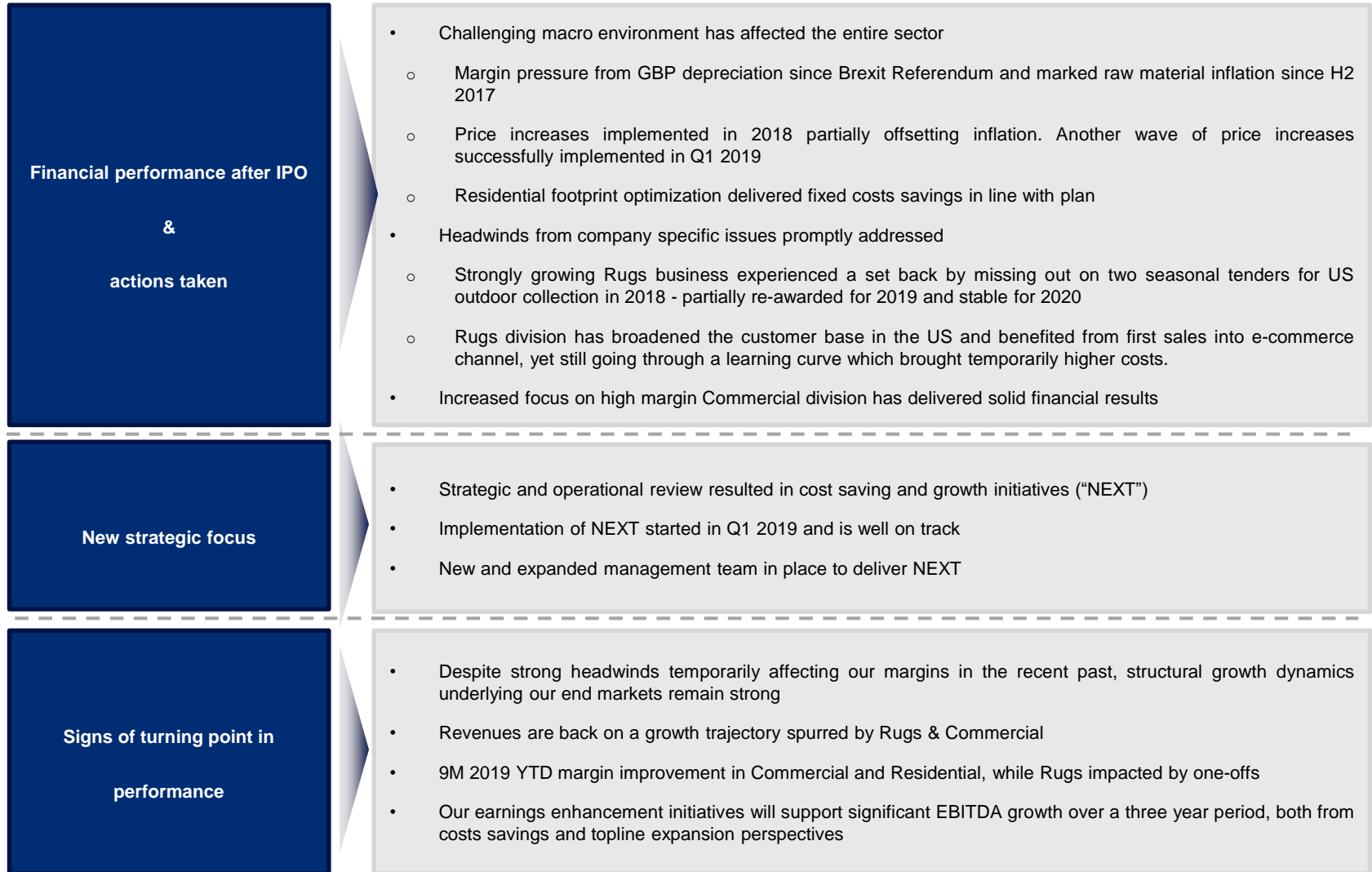
4

Focus on earnings improvement and cash flow generation through operational excellence and organic growth initiatives

5

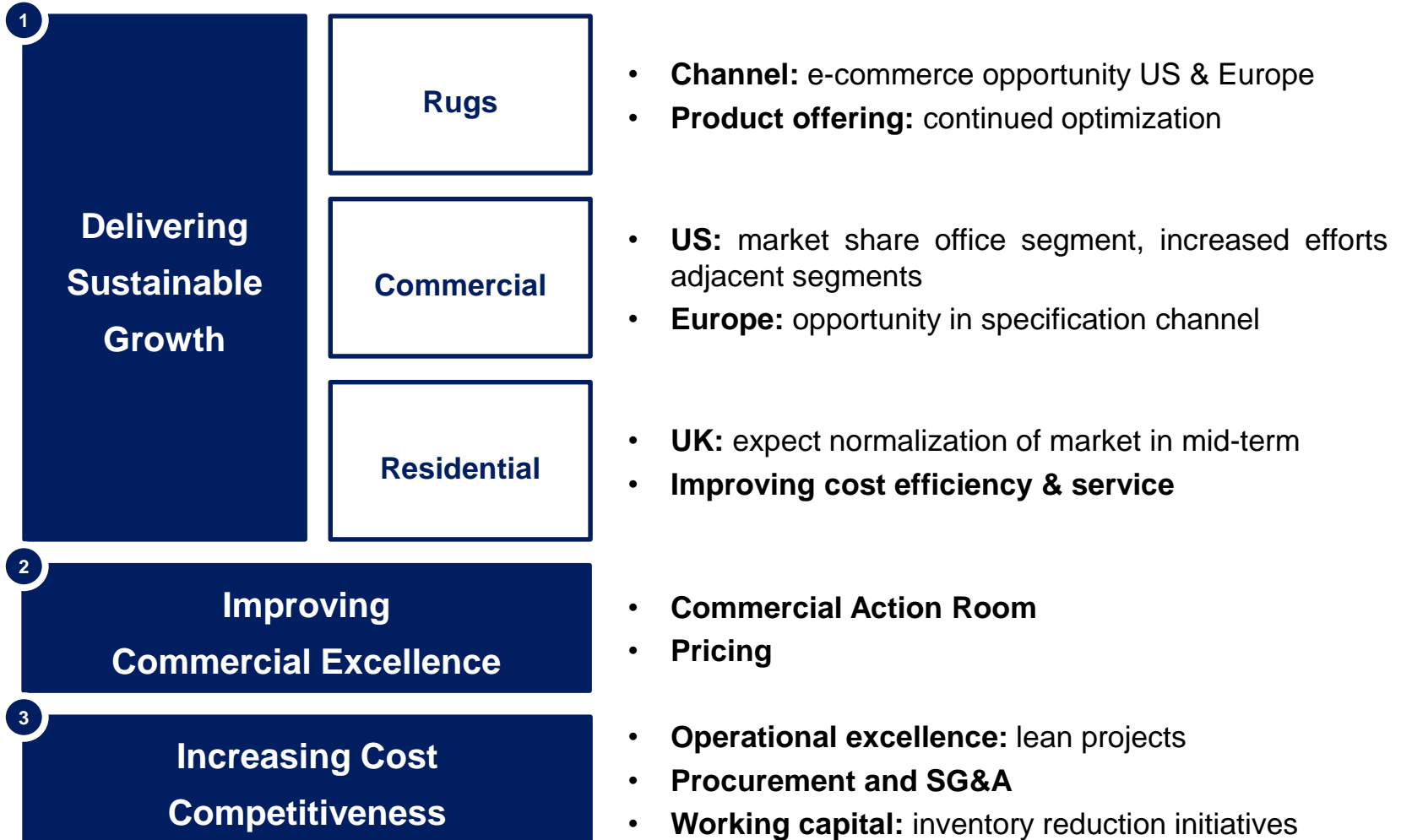
Experienced management team with clear strategic vision and actionable plan to drive the business forward

Where are we today?

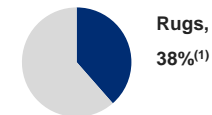


NEXT: Three Year Earnings Enhancement Program

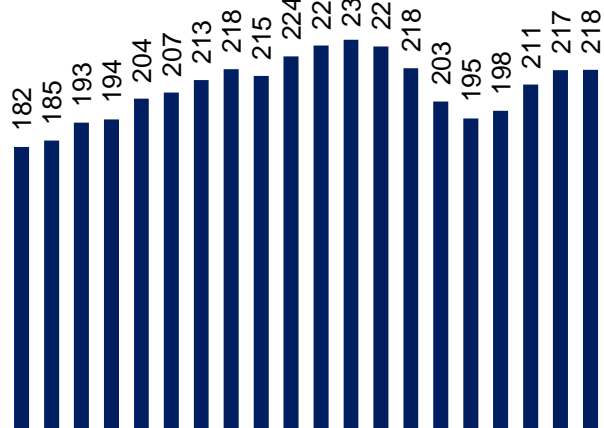
Various growth & cost saving initiatives identified under Strategic and Operational review



Rugs segment



Rugs LTM revenue, €m



Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3
'14 '15 '15 '15 '15 '16 '16 '16 '17 '17 '17 '17 '18 '18 '18 '18 '19 '19

- Strong rebound of revenue growth in Rugs division in 2019
- Reacquiring share of wallet in US outdoor starting from Q4 2018 thanks to top-notch product and service quality
- Successful roll-out programs with key customers in H1 2019

Our strengths

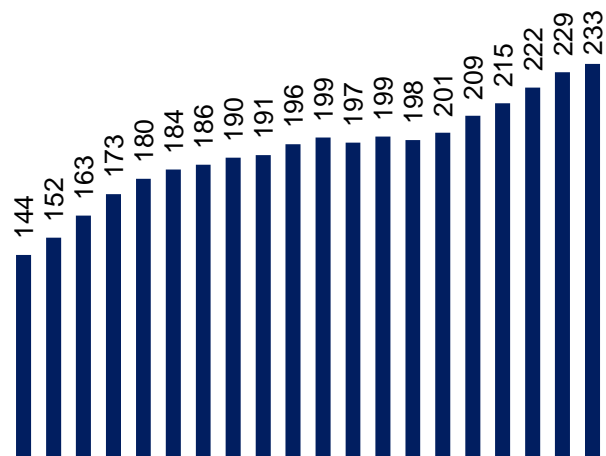
- ✓ High-quality and design
- ✓ Unique product – e.g. reversible, fully washable rugs
- ✓ Exposure to the faster growing synthetic rugs segment
- ✓ Innovation track record

Current themes and initiatives

- **E-commerce:** dedicated team and distribution to capture online rugs sales in the US
- **Sustainable rugs:** fully recyclable collections
- **Outdoor rugs** programs in US re-awarded for the 2019 season, stable share for 2020
- **Cost competitiveness:**
 - Progressively optimizing production costs through implementation of **operational excellence initiatives** and **complexity reduction**
 - Launching **Lean** across our plants

Commercial segment

Commercial LTM revenue⁽²⁾, €m



Q4 '14 Q1 '15 Q2 '15 Q3 '15 Q4 '15 Q1 '16 Q2 '16 Q3 '16 Q4 '16 Q1 '17 Q2 '17 Q3 '17 Q4 '17 Q1 '18 Q2 '18 Q3 '18 Q4 '18 Q1 '19 Q2 '19 Q3 '19

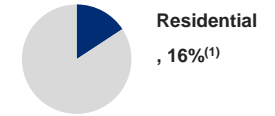
- Market share gains in the US, growing double-digit, as our investments in sales resources and innovative products paid off
- Europe: more challenging market environment

Our strengths

- ✓ Successful US commercial carpets business (20%+ growth)
- ✓ Well positioned on quality and price in Europe
- ✓ Differentiation through design and customer proximity

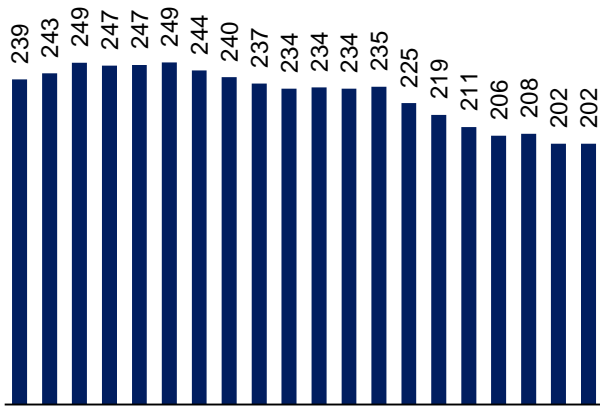
Current themes and initiatives

- **Market share gains:** penetrate new segments in US and maintain high growth rate
- **Competition in Europe:** replicate US operating model, beef up direct sales
- **Pricing:** targeted price increases early 2019
- **Cost competitiveness:** Lean program launched across our plants



Residential segment

Residential LTM revenue, €m



Q4'14 Q1'15 Q2'15 Q3'15 Q4'15 Q1'16 Q2'16 Q3'16 Q4'16 Q1'17 Q2'17 Q3'17 Q4'17 Q1'18 Q2'18 Q3'18 Q4'18 Q1'19 Q2'19 Q3'19

- Revenue evolution impacted by Sterling weakness post Brexit vote
- Continental Europe: price increases executed in Q1 2019 in subdued trading environment
- UK: Environment remains challenging, revenues impacted by stocking cycles
- Focus on increased share of high margin products

Our strengths



Leading market shares



Design leadership with track record of product innovation



High product quality and consistency

Current themes and initiatives

- **Competition:** continue focus on higher margin products in EU
- **Focus on the UK**
 - Rebalance our customer portfolio to address several other segments
 - Improve service and execute on cost competitiveness initiatives
 - Brexit: contingency plans in place
- **Cost competitiveness:**
 - Reduce complexity, prune product portfolio
 - Differentiated pricing opportunity being assessed
 - Lean programs launched across our plants

9M YTD 2019 Financial Summary

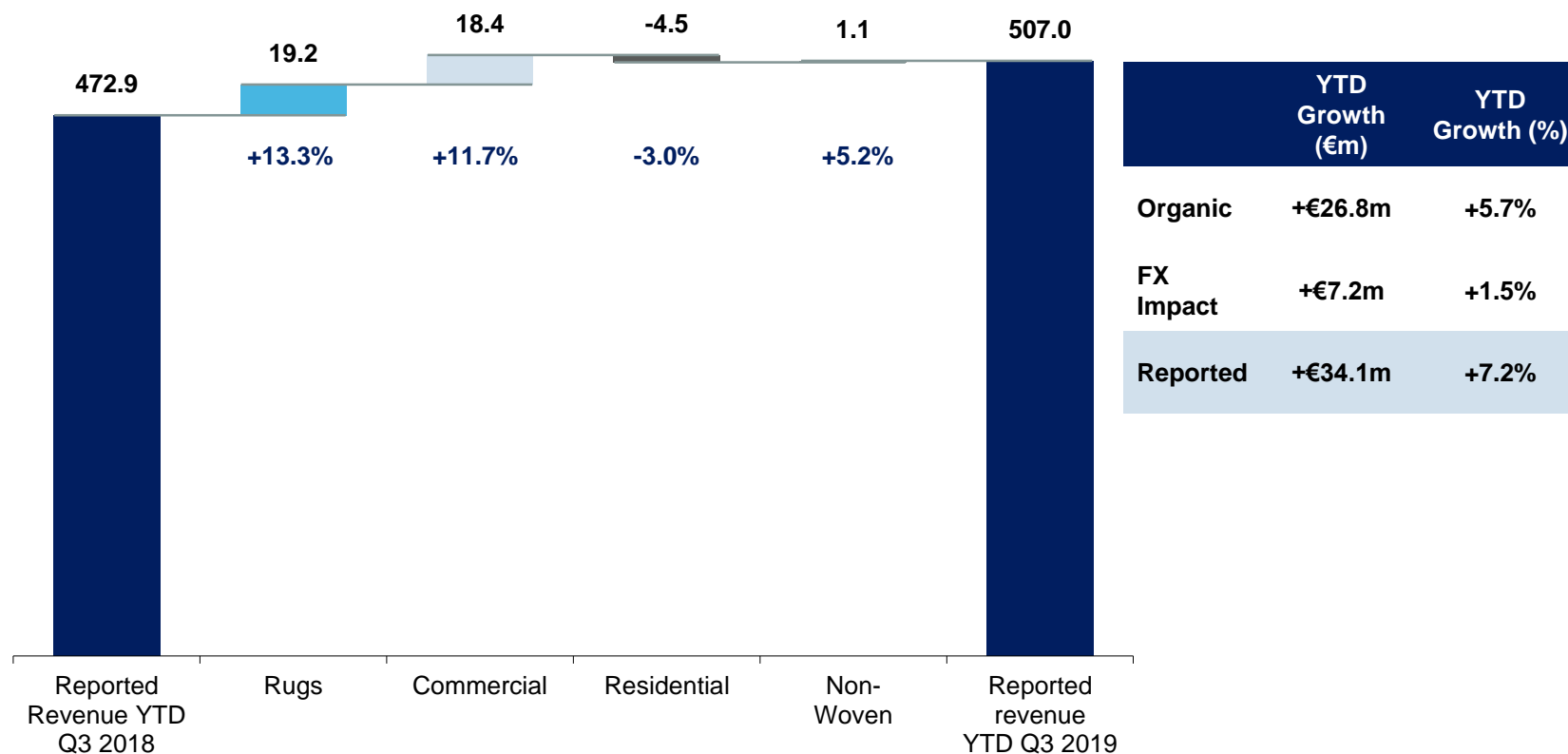
<p>+7.2%</p> <p>yoy sales growth (consolidated)</p>	<p>+5.7% organic</p>	<ul style="list-style-type: none"> • 9M YTD 2019 Consolidated Revenue of €507m • Strong growth in Rugs (+13.3%) & Commercial (+11.7%), while Residential saw slight decline (-3.0%) year-on-year
	<p>+1.5% FX impact</p>	

<p>-2.4%</p> <p>Adj. EBITDA growth (on a like-for-like basis⁽¹⁾)</p>	<p>-4.5% organic</p>	<ul style="list-style-type: none"> • 9M YTD 2019 Consolidated Adjusted EBITDA of €54.6m • Improved margins in both Commercial & Residential • Overall decline mainly driven by one-offs impacting Rugs and €3.0m YTD investments in NEXT • NEXT will contribute significantly to 2020 earnings
	<p>+2.1% FX impact</p>	

<p>3.9x</p> <p>Leverage (on a like-for-like basis⁽²⁾)</p>	<p>Net Debt €319.6m</p>	<ul style="list-style-type: none"> • Net Debt stable vs. Q3 2018 (excluding IFRS16 impact of €42.2m) • Leverage stable vs. Q3 2018 on a like-for-like basis⁽²⁾
---	-----------------------------	---

Group YTD 2019 Revenue Performance

€m



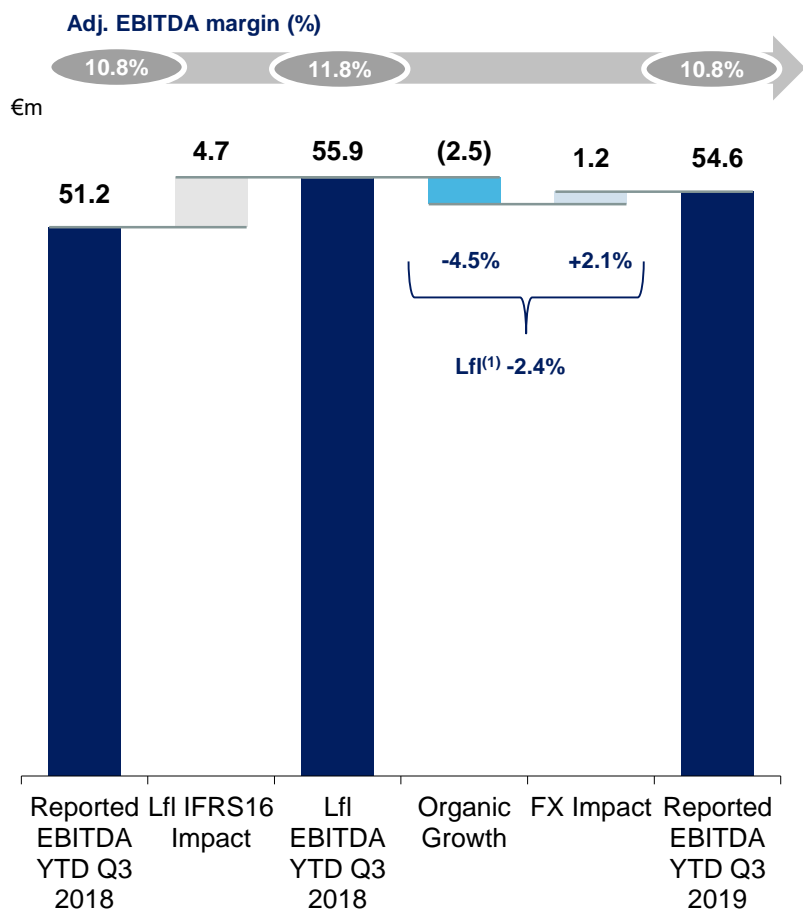
Rugs growth through regained US outdoor programs and new roll-outs in Europe in H1

Continued solid growth in US Commercial

Residential decline mainly driven by weaker Continental Europe

Competitive market environment for Commercial Europe

Group YTD 2019 Adjusted EBITDA and Margins

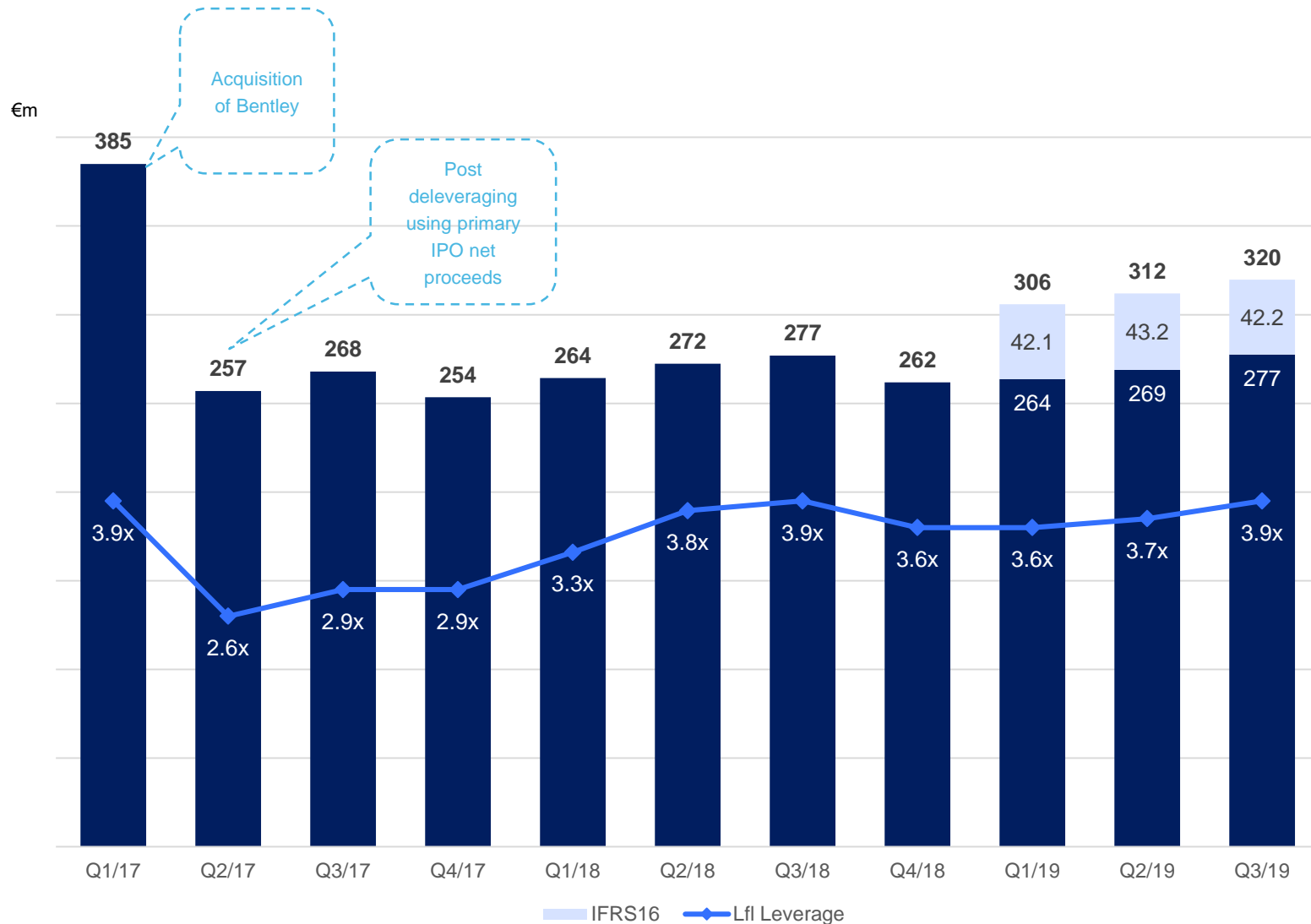


€m	Lfi(1) YTD 2018	Reported YTD 2019	% Change Lfi(1)
Rugs	19.2	11.8	-38.6%
Commercial	25.7	29.7	+15.7%
Residential	9.0	11.4	+27.2%
Non-Woven	2.1	1.6	-20.1%
Consolidated Adjusted EBITDA	55.9	54.6	-2.4%

Rugs impacted by one-offs
(sales discounts Balta USA, production overruns, ...)
Investments in NEXT €3.0m YTD

Commercial up through volume growth Bentley, mix and price increases
Residential benefiting from mix, price increases Continent, first results Lean and one-off release accruals

Leverage⁽¹⁾ of 3.9x (Net Debt of €319.6m) stable vs. a year ago





 **balta**

APPENDIX

Historical financial summary

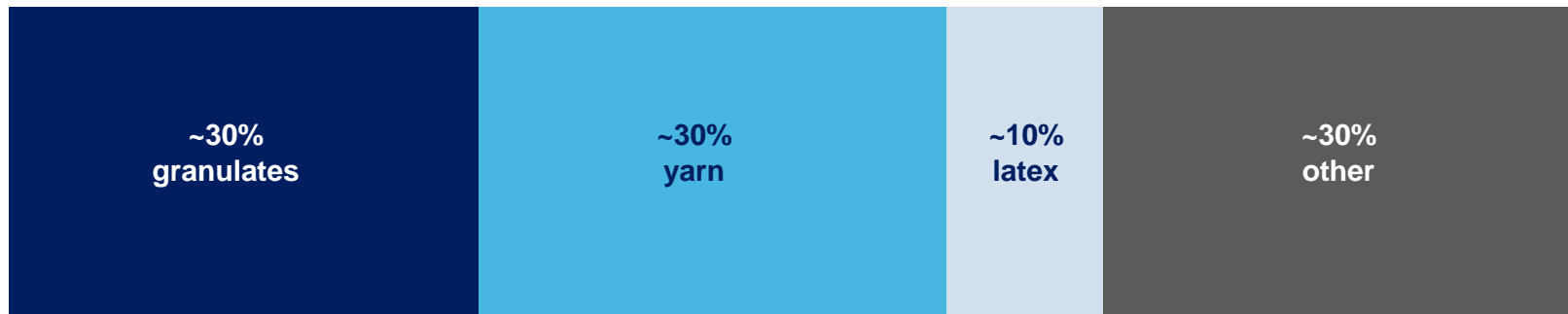
€ million	Pre IFRS 16			Pre IFRS 16	Post IFRS 16			% change Lfl ⁽¹⁾	o/w organic growth	o/w FX
	FY 2016	FY 2017	FY 2018	YTD Q3 2018	Lfl IFRS16 Impact	Lfl YTD Q3 2018	YTD Q3 2019			
Rugs	214.5	228.3	198.3	144.1	-	144.1	163.3	13.3%		
Commercial	80.1	171.7	214.8	156.4	-	156.4	174.8	11.7%		
Residential	236.8	234.8	206.3	152.2	-	152.2	147.7	(3.0%)		
Non-Woven	26.3	26.5	26.7	20.2	-	20.2	21.3	5.2%		
Consolidated Revenue	557.7	661.3	646.2	472.9	-	472.9	507.0	7.2%	5.7%	1.5%
Pro Forma Adjustment Bentley	110.7	27.7	-	-	-	-	-			
Pro Forma Revenue	668.4	689.0	646.2	472.9	-	472.9	507.0	7.2%	5.7%	1.5%
Rugs	38.0	37.6	27.9	18.4	0.8	19.2	11.8	(38.6%)		
Commercial	12.1	23.9	30.6	22.0	3.7	25.7	29.7	15.7%		
Residential	28.4	20.2	11.4	8.7	0.2	9.0	11.4	27.2%		
Non-Woven	2.9	2.6	2.4	2.1	0.0	2.1	1.6	(20.1%)		
Consolidated Adj. EBITDA	84.4	84.4	72.4	51.2	4.7	55.9	54.6	(2.4%)	(4.5%)	2.1%
Pro Forma Adjustment Bentley	16.0	2.9	-	-	-	-	-			
Pro Forma Adj. EBITDA	97.4	87.3	72.4	51.2	4.7	55.9	54.6	(2.4%)	(4.5%)	2.1%
Rugs	17.7%	16.5%	14.1%	12.8%		13.3%	7.2%			
Commercial	15.1%	13.9%	14.2%	14.1%		16.4%	17.0%			
Residential	12.0%	8.6%	5.5%	5.7%		5.9%	7.7%			
Non-Woven	11.1%	9.9%	8.9%	10.1%		10.2%	7.7%			
Consolidated EBITDA %	14.6%	12.8%	11.2%	10.8%		11.8%	10.8%			
Pro Forma Adjustment Bentley	14.5%	10.6%								
Pro Forma EBITDA %	14.6%	12.7%	11.2%	10.8%		11.8%	10.8%			

Raw materials exposure

Balta's raw materials exposure

(FY18 raw materials expense split)

€307m
(47% of sales)



- Substantial increase in PP and PA purchase prices since 2016:
 - PP: 20%+ increase at peak in H2 2018, few %-points easing since
 - PA: 60%+ increase at peak in H1 2017 – despite recent tailwind still 40% higher than 2016

- 35% of yarn used for Balta products is sourced externally
- Mainly comprises PP, PA and PES based yarns

- Large number of diverse and non-critical raw materials
- Affected by cost inflation