



 **balta**

H1 2019

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H1 2019 Financial Summary

<p>+9.2% yoy sales growth (consolidated)</p>	<p>+7.5% organic</p>	<ul style="list-style-type: none"> • H1 2019 Consolidated Revenue of €351.4m • Growth driven by solid performance in Rugs (+18.9%) & Commercial (+14.2%)
<p>+1.6% FX impact</p>		
<p>-0.1% Adj. EBITDA growth (on a like-for-like basis⁽¹⁾)</p>	<p>-2.2% organic</p>	<ul style="list-style-type: none"> • H1 2019 Consolidated Adjusted EBITDA of €37.3m • Lower margin Rugs due to adverse mix and temporarily higher costs • Impacted by €2.0m NEXT investments • Includes non-recurring net €2.0m benefit from release of accruals
<p>+2.1% FX impact</p>		
<p>3.7x Leverage (on a like-for-like basis⁽²⁾)</p>	<p>Net Debt €311.8m</p>	<ul style="list-style-type: none"> • Net Debt excluding the €43.2m IFRS16 impact slightly down from H1 2018 of €272.3m • Leverage down from 3.8x as at H1 2018 on a like-for-like basis⁽²⁾

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



Emmanuel Rigaux
CTO

- Will join Balta early Q4
- Previously Head of West & Central Africa for LafargeHolcim
- 20 years of experience at LafargeHolcim and 2 years at BCG



Marc Dessenin
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

- Will join Balta 2 September
- Previously Chief Marketing Officer and Senior VP Stainless Technologies at Bekaert



Stefan Claeyss
MD
modulyss

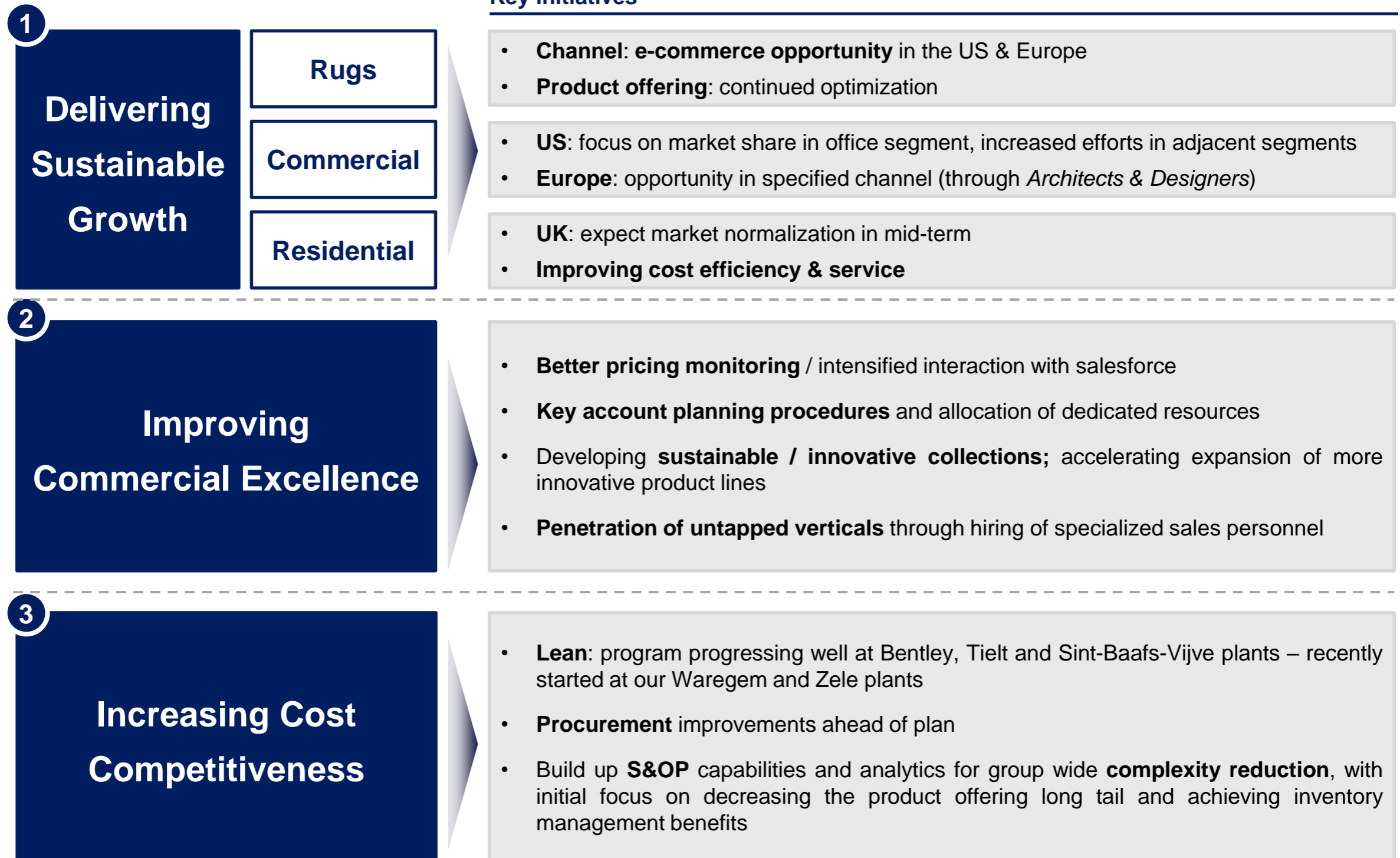
- Joined Balta in April
- Previously at Beaulieu as general manager Technical Textiles
- Before ten years at Wienerberger Group



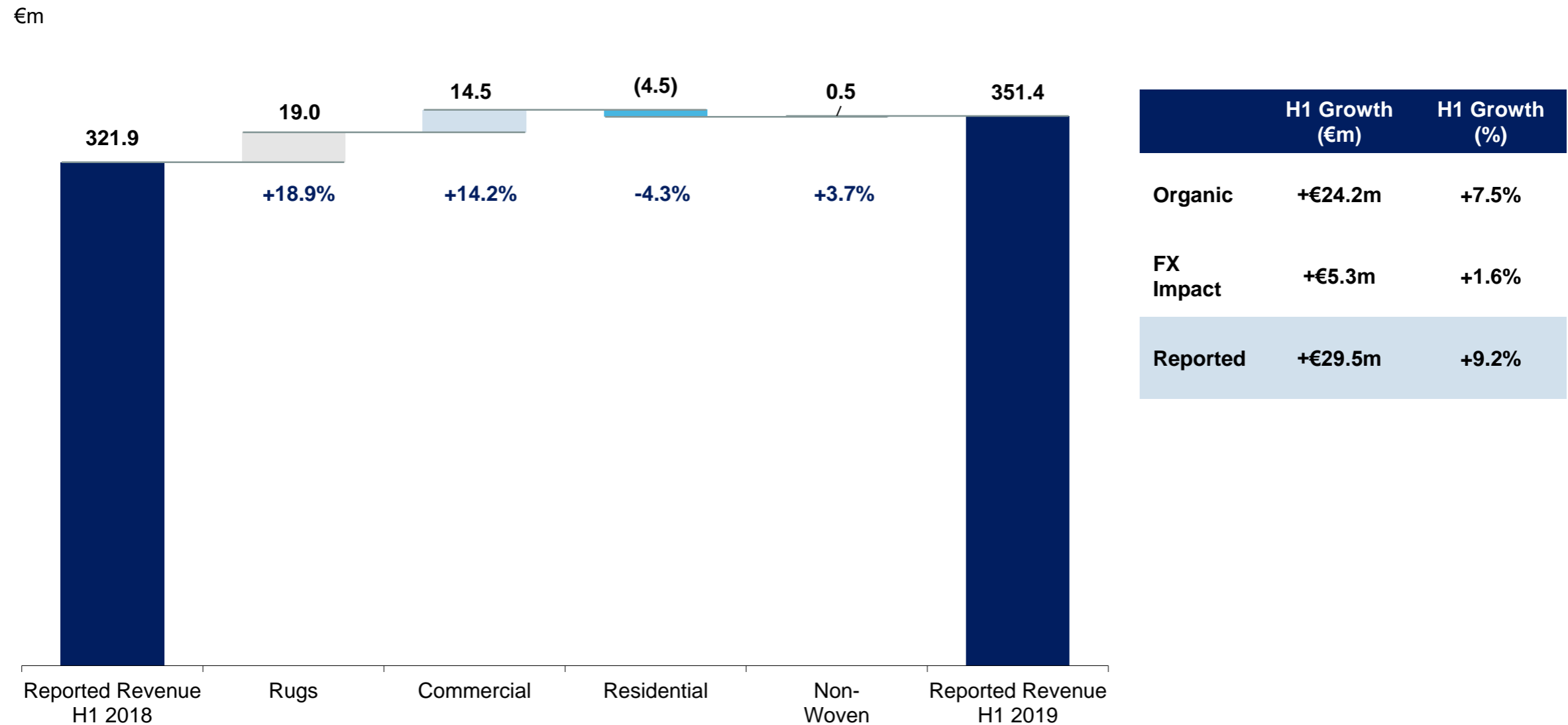
Jim Harley
President of
Bentley Mills

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

NEXT: Three Year Earnings Enhancement program



Group H1 2019 Revenue Performance

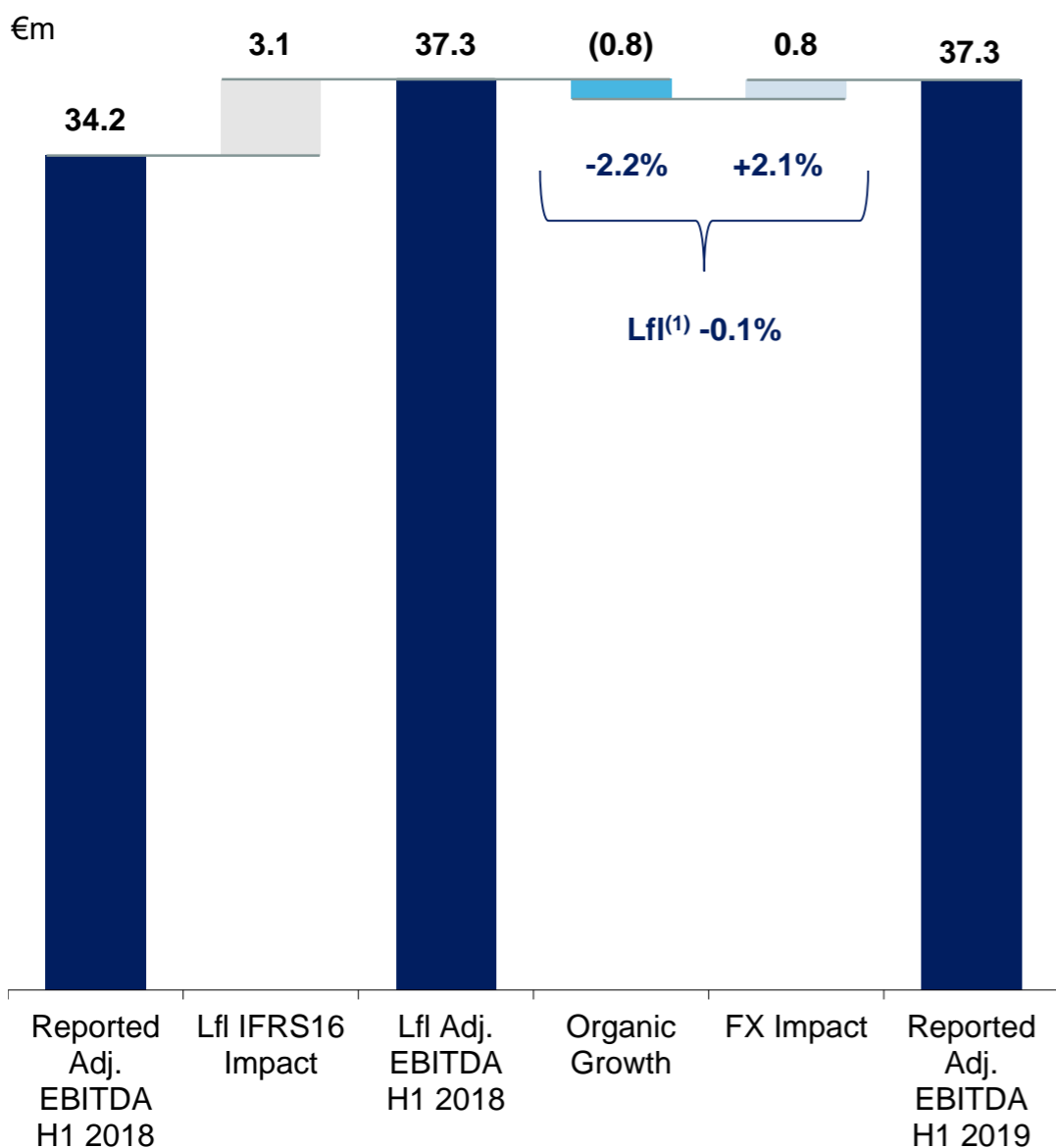


- Rugs growth in US outdoor and new product roll-outs
- Residential UK stable in H1, but environment remained volatile
- Commercial US continued solid growth

- Challenging trading environment in Continental Europe across our businesses

Group H1 2019 Adjusted EBITDA and Margins

Adj. EBITDA margin (%)



€m	Lfl ⁽¹⁾ H1 2018	Reported H1 2019	% Change Lfl ⁽¹⁾
Rugs	12.9	9.2	-29.0%
Commercial	16.6	19.2	+15.8%
Residential	6.4	7.9	+22.5%
Non-Woven	1.4	1.0	-25.3%
Consolidated Adjusted EBITDA	37.3	37.3	-0.1%

- **€2.0m NEXT investments**
- **Negative impact from cost inflation**
- **Rugs margins impacted by adverse mix impact and temporarily higher costs**

- **Positive impact from stronger USD**
- **Non-recurring net €2.0m release of historical accruals, mainly impacting Residential**

From Adjusted EBITDA to Net Income

<i>€million</i>	H1 2019	H1 2018	
Revenues	351.4	321.9	
Adjusted EBITDA	37.3	34.2	▶ Adjusted EBITDA impacted by IFRS16, but flat on a like-for-like basis
Depreciation and amortisation	(19.4)	(16.2)	
Adjusted Operating Profit	17.9	18.0	
Non-recurring income/expenses	(3.1)	(2.4)	▶ €3.1m Non-recurring cost primarily in relation to NEXT
Operating Profit	14.8	15.6	
Financial income and expenses	(12.5)	(12.7)	
Profit Before Tax	2.2	2.8	
Income Tax	0.5	(0.1)	▶ Normalized ETR c27%
Reported Net Income	2.7	2.7	

Cash Flow

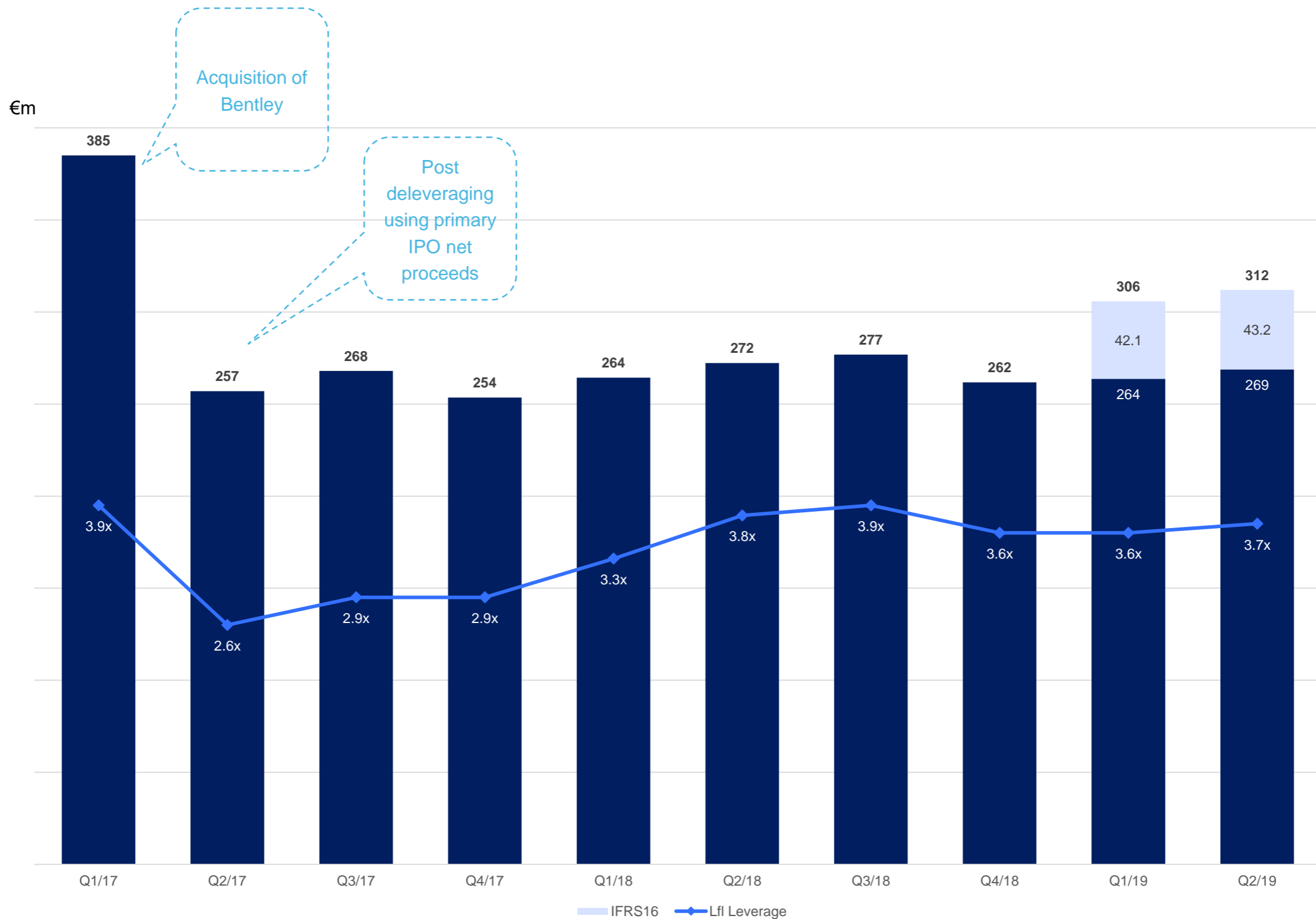
<i>€million</i>	H1 2019	H1 2018
Adjusted EBITDA	37.3	34.2
Non-recurring expenses (net)	(3.1)	(2.4)
Changes in provisions and FV of derivatives	(0.9)	(3.2)
Cash generated before changes in working capital	33.3	28.6
Changes in working capital ⁽¹⁾	(11.4)	(15.8)
Net income tax paid	(1.6)	(3.3)
Net cash generated by operating activities	20.3	9.5
Capital expenditure, net of disposals	(12.0)	(14.9)
Net cash generated by investing activities	(12.0)	(14.9)
Interest and other finance charges paid	(11.3)	(10.5)
Net debt repayments	(4.1)	(1.2)
Dividends paid	-	(2.9)
Net cash generated by financing activities	(15.5)	(14.6)
Net change in cash	(7.1)	(20.0)

▶ Seasonal build-up of inventory and increase in trade receivables and other working capital, offset by higher trade payables

▶ Capex below last year

▶ Interest expenses and repayment of net debt above the first 6 months of 2018 by the application of IFRS 16

Leverage⁽¹⁾ of 3.7x (Net Debt of €311.8m) Compared to 3.8x a Year Ago and 3.6x at Q1 2019



Outlook reaffirmed

Excluding the impact of IFRS16

- **Expect Adjusted EBITDA broadly flat versus the prior year**
- **Capex around €40m**
- **Interest flat versus the prior year**
- **Effective Tax Rate between 25 – 27%**



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Q&A Session

H1 Year Revenue and Adjusted EBITDA by Segment

<i>(€ million, unless otherwise stated)</i>	<i>H1</i>	<i>Lfl</i>	<i>Lfl H1</i>	<i>H1</i>	<i>% change</i>	<i>o/w</i>	<i>o/w</i>
	<i>2018</i>	<i>IFRS16</i>	<i>2018</i>	<i>2019</i>	<i>Lfl⁽¹⁾</i>	<i>organic</i>	<i>FX</i>
Rugs	100.8		100.8	119.8	18.9%		
Commercial	101.9		101.9	116.4	14.2%		
Residential	105.1		105.1	100.6	(4.3)%		
Non-Woven	14.1		14.1	14.6	3.7%		
Consolidated Revenue	321.9		321.9	351.4	9.2%	7.5%	1.6%
Rugs	12.5	0.4	12.9	9.2	(29.0)%		
Commercial	14.1	2.5	16.6	19.2	15.8%		
Residential	6.2	0.2	6.4	7.9	22.5%		
Non-Woven	1.4	0.0	1.4	1.0	(25.3)%		
Consolidated Adjusted EBITDA	34.2	3.1	37.3	37.3	(0.1)%	(2.2)%	2.1%
Rugs	12.4%		12.8%	7.6%			
Commercial	13.8%		16.3%	16.5%			
Residential	5.9%		6.1%	7.8%			
Non-Woven	9.8%		9.8%	7.1%			
Consolidated Adjusted EBITDA Margin	10.6%		11.6%	10.6%			

Q2 Revenue and Adjusted EBITDA By Segment

<i>(€ million, unless otherwise stated)</i>	Q2	Lfl	Lfl Q2	Q2	% change	o/w	o/w
	2018	IFRS16 Impact	2018	2019	Lfl ⁽¹⁾	organic growth	FX
Rugs	47.6		47.6	54.3	14.1%		
Commercial	53.6		53.6	60.7	13.1%		
Residential	51.5		51.5	45.8	(11.1)%		
Non-Woven	6.9		6.9	7.2	3.2%		
Consolidated Revenue	159.6		159.6	167.9	5.2%	3.5%	1.6%
Rugs	6.6	0.2	6.8	2.9	(56.6)%		
Commercial	8.2	1.2	9.4	11.5	21.6%		
Residential	3.5	0.1	3.6	4.6	28.9%		
Non-Woven	0.6	0.0	0.6	0.8	24.6%		
Consolidated Adjusted EBITDA	18.8	1.6	20.4	19.8	(3.0)%	(5.1)%	2.1%
Rugs	13.8%		14.2%	5.4%			
Commercial	15.3%		17.6%	18.9%			
Residential	6.7%		6.9%	10.1%			
Non-Woven	9.0%		9.0%	10.9%			
Consolidated Adjusted EBITDA Margin	11.8%		12.8%	11.8%			