



 **balta**

**Q3 2021 Results**

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# Introduction

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**Cyrille Ragoucy**  
Chief Executive Officer  
Chairman of the Board



**Jan-Christian Werner**  
Chief Financial Officer



**Emmanuel Rigaux**  
Chief Transformation Officer

# Q3 2021 Financial Summary

<p><b>€7.1m</b> YoY Revenue growth (consolidated)</p>	<p>4.9% organic  (0,0)% FX impact</p>	<ul style="list-style-type: none"><li>• Q3 2021 Consolidated revenue of €151.5m</li><li>• Revenue growth in Rugs (+8.7%) and Commercial (+9.9%), while decline in Residential (-3.6%)</li><li>• Continued strong performance in Rugs and improvement in Commercial, while Residential volumes softened</li></ul>
<p><b>(€0.8m)</b> YoY Adj. EBITDA growth</p>	<p>(3.5)% organic  (0.4)% FX impact</p>	<ul style="list-style-type: none"><li>• Q3 2021 Consolidated Adjusted EBITDA of €21.0m</li><li>• Rugs strongly improved due to favourable pricing and improved mix despite slightly lower volumes</li><li>• Commercial with price and margin improvements while volumes remain largely flat due to project lead times</li><li>• Residential down due to lower volumes and despite price increases, which have not yet reached their full potential</li></ul>
<p><b>3.3x</b> Leverage Excluding IFRS16</p>	<p>Net Debt €322.5m</p>	<ul style="list-style-type: none"><li>• Leverage reduced to 3.3x from 4.2x end 2020</li><li>• Reported net debt increased by €27.6m compared to H1 2021, primarily driven by increased raw material prices reflected in Working Capital</li></ul>

# NEXT Revenue: +€42m incremental revenue YTD

Key Drivers		2020 (vs 2019)	YTD 2021 (vs 2020)	Cumulative (vs 2018)
Revenue	1 Balta e-commerce	+ €8m	+ €3m	+ €16m
	2 New Segment Direct route to market	+ €7m	+ €2m	+ €19m
	3 Other Revenue Initiatives	+ €28m	+ €37m	+ €75m
	<b>Total Additional Sales</b>	<b>+ €43m</b>	<b>+ €42m</b>	<b>+ €110m</b>

Impacts shown for the Revenue initiatives are gross impacts and take no account of possible 'cannibalization effects'

# NEXT Margin Improvement: +€5m incremental savings YTD

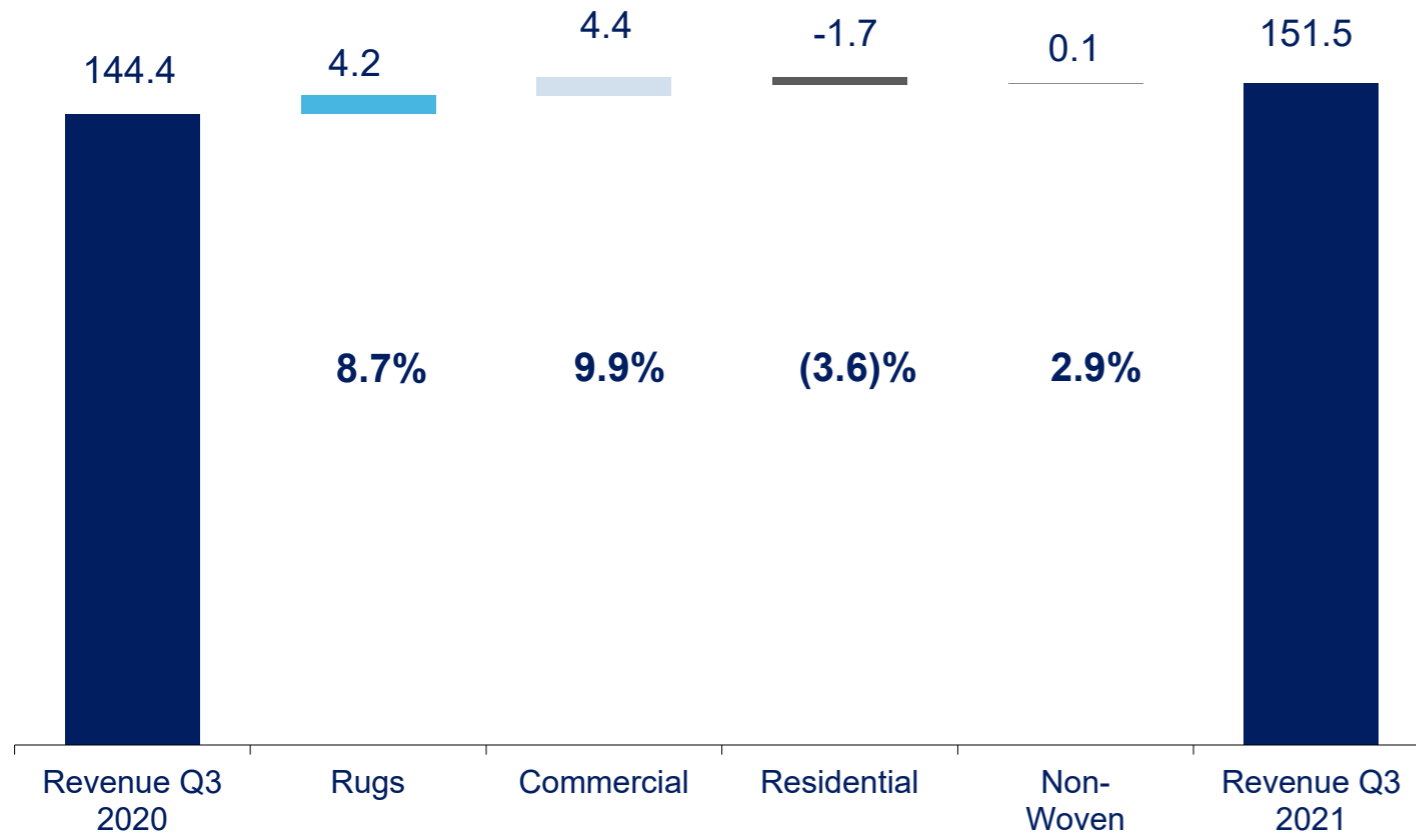
<b>Key Drivers</b>		<b>2020 (vs 2019)</b>	<b>YTD 2021 (vs 2020)</b>	<b>Cumulative (vs 2018)</b>
<b>Margins</b>	4 Lean	+€6m	+€6m	+€18m
	5 Procurement	+€3m	€1m	€8m
	Incremental OPEX	(€2m)	(€2m)	(€8m)
	<b>Total EBITDA savings</b>	<b>+€7m</b>	<b>+ €5m</b>	<b>+ €18m</b>
		<b>2020</b>	<b>YTD 2021</b>	<b>Cumulative (vs 2018)</b>
<b>NEXT related spend</b>	<b>Non-recurring expenses</b>	(€2m)	(€0m)	(€9m)
	<b>CAPEX</b>	(€3m)	(€1m)	(€7m)

Impacts shown for the Margin initiatives are the gross impacts before cost inflation

Lean and Procurement are P&L impacts (excluding Capex savings or cost avoidance) and affect either COGS (raw materials consumption or costs) or fixed expenses (e.g. maintenance)

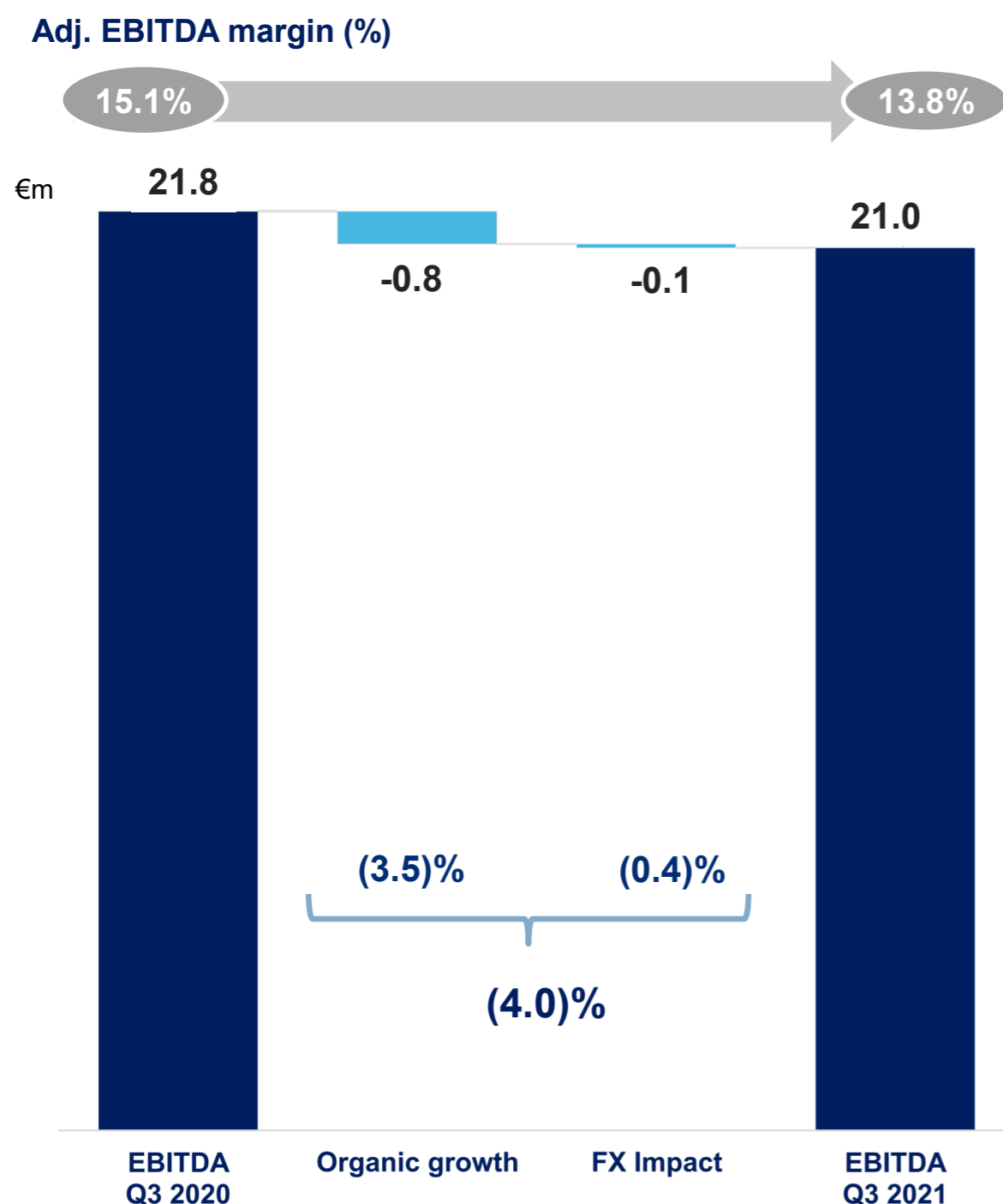
# Group Q3 2021 Revenue

€m



- Rugs slightly lower volumes have been compensated by price and mix improvements
- Commercial volumes remained impacted by COVID-19, however, Q3 2021 saw an improving US market
- Residential price increases were implemented in all markets but margins impacted by lower volumes and higher raw material costs

# Group Q3 2021 Adjusted EBITDA and Margins

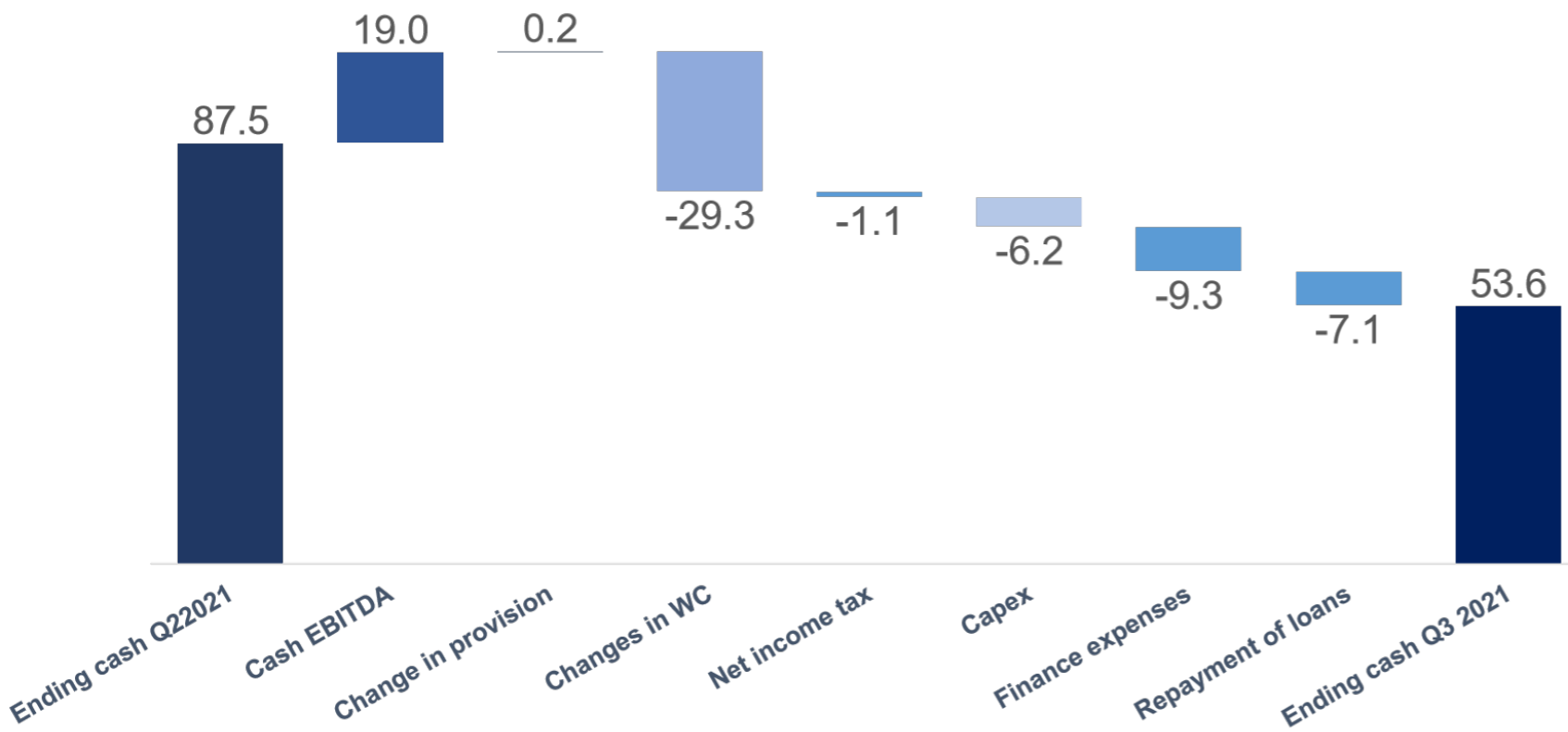


€m	Q3 2021	Q3 2020	% Change
Rugs	8.5	6.9	22.3%
Commercial	7.9	7.1	10.6%
Residential	4.2	7.3	(42.5)%
Non-Woven	0.4	0.5	(15.5)%
<b>Consolidated Adjusted EBITDA</b>	<b>21.0</b>	<b>21.8</b>	<b>(4.0)%</b>

- Rugs strongly improved, driven by favourable pricing and improved mix in major territories
- Commercial improved despite stable volumes, but benefits from better mix
- Residential was impacted by lower volumes, higher raw material and energy prices even though prices increased in all markets



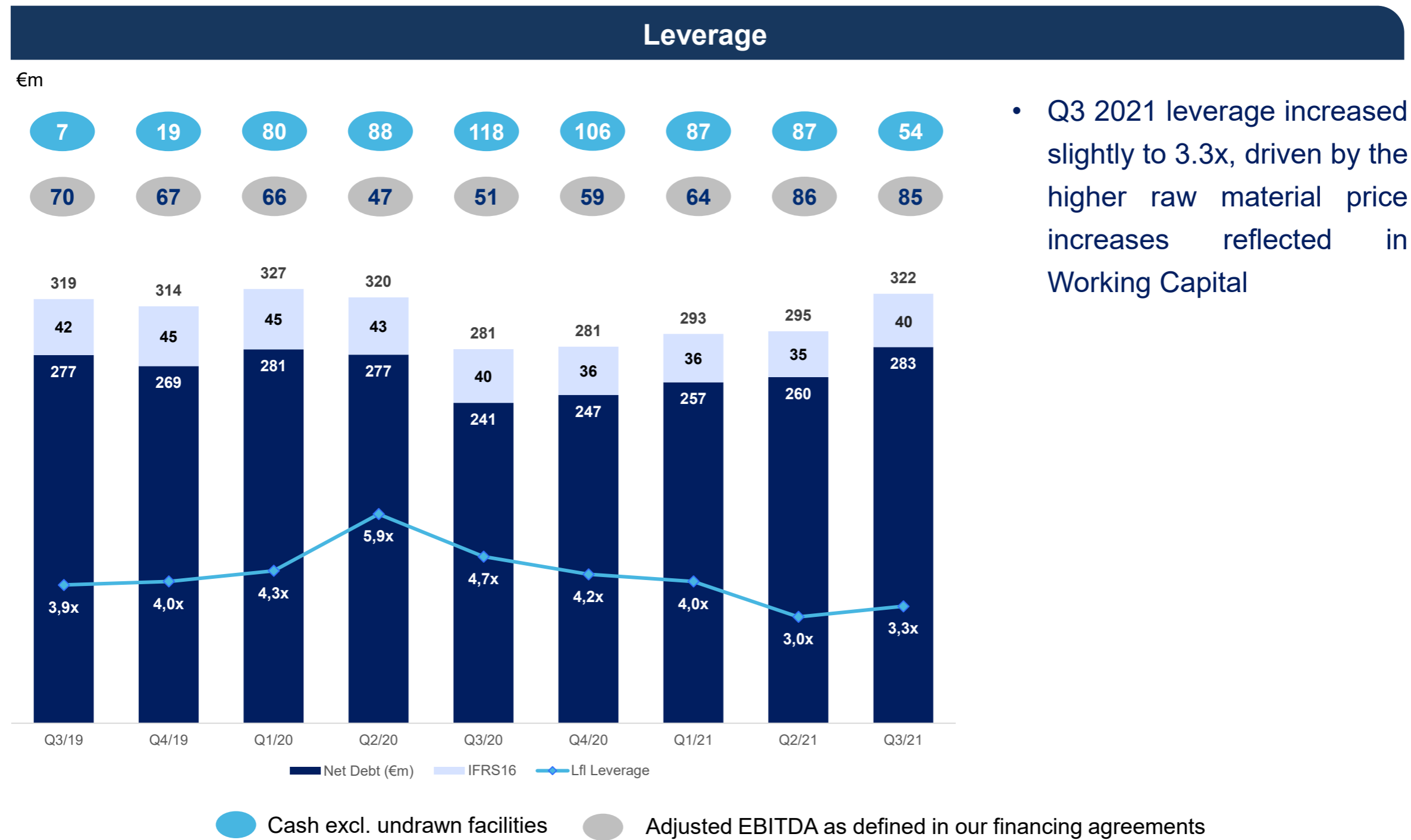
# Cash Flow Q3 2021: €33.8m net cash reduction



- H1 2021 total liquidity of €71.1m with cash and cash equivalents of €53.6m and a further €17.5m headroom under the revolving credit facilities
- Negative change in cash flow of €33.8m in Q3 2021, including €7.1m of debt repayments (of which €6.5m revolving credit facilities) and €9.2m of interest payment on our SSN 2024
- Changes in working capital are largely related to increased inventories (€17.4m), driven by raw material price increases and higher accounts receivable
- CAPEX spend in line with guidance

# Leverage of 3.3x, excluding IFRS16

Reduced liquidity and slight increase in leverage driven by raw material price increases



# Conclusion

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## **Balta's Q3 2021 trading adds to the strong performance over the last 15 months**

- Increase in Rugs revenues and Adjusted EBITDA due to improved pricing and mix
- Residential down due to lower volumes and pressure from raw materials and energy prices
- Commercial improved, but still below pre-COVID-19 levels. US showing improved volumes
- Q3 Adjusted EBITDA decreased slightly YoY by €0.8m (-4.0%) with an Adjusted EBITDA margin of 13.8%, representing a material improvement by 21.4% vs. Q3 2019
- Net leverage increased to 3.3x, driven by working capital impact of increased raw material prices

## **Outlook**

- During 2021, price increases have been implemented across all divisions in response to significant raw material and transportation costs increases. Initial impacts were realized as early as end of Q2 2021, while the majority of the cost increases will impact primarily H2 2021
- Significant energy cost increases observed at the end of Q3 2021 will weigh on Q4 2021 results, particularly compared to the strong Q4 2020. Further action required
- We remain vigilant to ensure we continue to respond appropriately to the global macroeconomic uncertainties



Q&A Session

FY 2021 results release on 25 February 2022