

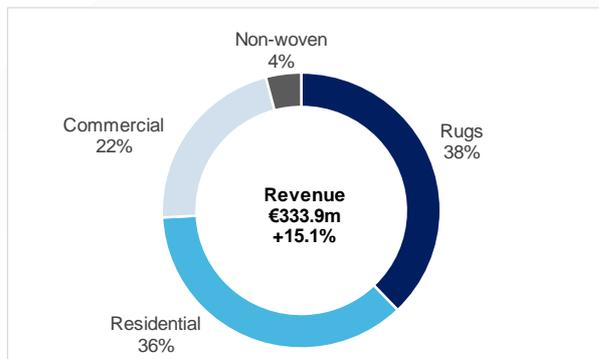


Regulated information – H1 2017 results  
 Under embargo until Wednesday 30 August 2017 at 7:00 a.m. CET

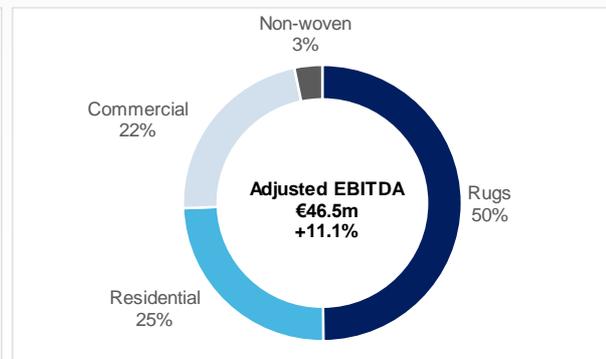
## Balta achieves 15.1% revenue growth and 11.1% Adjusted EBITDA growth in H1 2017

- *Post IPO leverage reduced to 2.6x*
- *Bentley (US acquisition) integration on track*

### H1 2017 Revenue by segment



### H1 2017 Adjusted EBITDA by segment



- **H1 2017 revenue increased by 15.1% to €333.9 million.** Organic growth amounted to 6.1% driven by our Rugs business (+12.9% organic growth) and Commercial business (+7.8% organic growth). The acquisition of Bentley (completed at the end of Q1 2017) contributes to revenues as from April 1<sup>st</sup> and accounted for an additional 10.1% growth.
- **Adjusted EBITDA increased by 11.1% to €46.5 million** with Adjusted EBITDA margin at 13.9% and an underlying organic growth of 9.8%. The increase in raw material purchase prices observed during H1 2017 did not have a significant impact on financial performance. Organic and M&A growth have been partially offset by the adverse impact of GBP depreciation.
- Thanks to the successful IPO in June 2017, the credit profile has significantly improved, with **leverage reduced to 2.6x** Pro Forma Adjusted EBITDA versus 3.9x at the end of March 2017. Credit ratings have been upgraded by Moody's and S&P.
- The Company remains committed to **lowering its financing costs** through the refinancing of a portion of the 7.75% Senior Secured Notes (SSN). During Q3 2017, a total of €33.9 million of the SSN will have been redeemed and replaced by a new Senior Term Loan maturing September 2020 at a margin of 1.4%, reducing annualized interest expenses by €2.1 million.
- **Bentley (US acquisition) integration is on track.** In June 2017, Bentley and modulyss jointly showcased their products for the first time at the NeoCon trade fair in Chicago. A selected number of modulyss products have been carefully chosen based on their European style and appeal to US customers. We expect the excitement by both the US sales force and architects & design community to crystalize into revenues as from Q4 2017.

Tom Debusschere, CEO of Balta said, “I am pleased to announce this first set of results since our IPO last June. We executed on our strategy of growth, both organically and through M&A. The growth is a result of our continued investments in innovation and new product collections in all of our divisions. Over the last months, we have also made clear progress with the integration of our recent US acquisition, Bentley Mills. We anticipate continued headwinds from higher raw material prices and currency impacts. We have implemented and continue to implement mitigating actions which include price increases, new product introductions and lean initiatives, which will restore our margins on the mid-term. Based on our H1 2017 performance and the current outlook for H2, we remain confident that we will achieve our objectives for the full year.”

### H1 2017 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise stated)	H1 2017	H1 2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	126.4	112.2	12.6%	12.9%	(0.3%)	-
Residential	121.4	123.6	(1.8%)	0.2%	(2.0%)	-
Commercial	72.5	40.5	79.0%	7.8%	(1.0%)	72.3%
Non-woven	13.7	13.8	(0.7%)	(0.7%)	-	-
<b>Consolidated Revenue</b>	<b>333.9</b>	<b>290.2</b>	<b>15.1%</b>	<b>6.1%</b>	<b>(1.1%)</b>	<b>10.1%</b>
Pro Forma Adjustment Bentley <sup>(1)</sup>	27.7	51.3				
<b>Pro Forma Revenue</b>	<b>361.6</b>	<b>341.5</b>	<b>5.9%</b>	<b>6.3%</b>	<b>(0.4%)</b>	
Rugs	23.2	19.4	20.1%	20.7%	(0.6%)	-
Residential	11.4	15.0	(23.7%)	(3.3%)	(20.4%)	-
Commercial	10.4	6.0	73.0%	11.4%	(7.4%)	69.0%
Non-woven	1.5	1.6	(5.1%)	(5.1%)	-	-
<b>Consolidated Adjusted EBITDA</b>	<b>46.5</b>	<b>41.9</b>	<b>11.1%</b>	<b>9.8%</b>	<b>(8.6%)</b>	<b>9.9%</b>
Pro Forma Adjustment Bentley <sup>(1)</sup>	2.9	5.8				
<b>Pro Forma Adjusted EBITDA</b>	<b>49.5</b>	<b>47.7</b>	<b>3.8%</b>	<b>11.2%</b>	<b>(7.4%)</b>	
Rugs	18.4%	17.2%				
Residential	9.4%	12.1%				
Commercial	14.3%	14.8%				
Non-woven	11.0%	11.5%				
<b>Consolidated Adjusted EBITDA Margin</b>	<b>13.9%</b>	<b>14.4%</b>				
Pro Forma Adjustment Bentley	10.6%	11.2%				
<b>Pro Forma Adjusted EBITDA Margin</b>	<b>13.7%</b>	<b>14.0%</b>				

(1) Revenue and Adjusted EBITDA Bentley in Q1 2017 and H1 2016 are not included in reported figures but are included in the pro forma figures. In H1 2017, Bentley revenue amounted to €57.0 and Adjusted EBITDA amount to €7.1m in H1 2016, Bentley revenue amounted to €51.3m and Adjusted EBITDA amounted to €5.8m

## Rugs

Rugs has realized **€126.4 million revenue**, representing a **12.9% organic growth**. Growth has been realized across all 3 key regions (Europe, North America and Rest of World). The growth in Europe was driven by the roll-out of new collections, while the growth in North America was primarily driven by the continued increased sales of outdoor rugs. This top-line growth and continuous efforts in operational excellence and product innovation have resulted in a 20.1% increase in Adjusted EBITDA and an **Adjusted EBITDA margin of 18.4%**, representing a margin expansion of 115 basis points.

## Residential

Being leader in the European residential broadloom carpet market, our Residential division has realized **€121.4 million revenue**, despite the challenging market environment. On a constant currency basis, revenue was flat. In the segment's largest end-market, the UK (representing just over 50% of sales), the company has recorded slight organic growth, partly as the result of promotional activity in core ranges with selected customers in anticipation of the further roll-out of higher end new products. The UK growth has been offset by a continued decline in continental Europe, in particular France and Germany.

Adjusted EBITDA is equal to €11.4 million with **Adjusted EBITDA margin of 9.4%**. **On a constant currency basis, Adjusted EBITDA margin has remained relatively stable**. The decline of €3.6 million in reported Adjusted EBITDA is driven by the depreciation in GBP. Whilst the impact of the GBP depreciation is limited on revenue, it is more pronounced at the level of EBITDA.

## Commercial

Revenue in the Commercial segment has increased by 79% to **€72.5 million**, driven by both the acquisition of Bentley at the end of Q1 2017 (contributing to reported revenue as from April 1<sup>st</sup> 2017) and the 7.8% organic growth of the European commercial business. We continued to outperform market growth, increasing our market share both in Europe and North America. Organic growth is driven by double digit growth in tiles as we succeeded in increasing volumes and upscaling our product mix.

Adjusted EBITDA has increased by 73% to €10.4 million with an **Adjusted EBITDA margin of 14.3%**.

## From Adjusted EBITDA to Net Income

Non-recurring expenses in H1 2017 equaled €2.6m and were mainly driven by the acquisition of Bentley. The IPO transaction fees, which have been divided pro-rata between the primary and secondary tranches of the offering, did not impact P&L but have been recorded through equity instead.

The finance expenses in H1 2017 amounted to €21.6 million and have been impacted by the pre-IPO capital structure and one-off financing fees (total impact of €6.9 million). The H1 2017 finance expenses do not yet reflect the savings that will be realized through the refinancing operation announced today.

The normalized effective tax rate in H1 2017 is 30% when excluding one-off financing fees.

**Earnings call**

The H1 2017 results will be presented by the CEO and CFO to the investment community on 30 August 2017 at 10.00 am CET. Dial-in details together with the results presentation will be available on [www.baltagroup.com](http://www.baltagroup.com).

More detailed information and analysis is included in Balta Group's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2017, which can be accessed on the investor relations page at [www.baltagroup.com](http://www.baltagroup.com)

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**About Balta**

Balta is a leading manufacturer of textile floor coverings, selling to over 135 countries worldwide. The Balta divisions are Balta Rugs (woven area rugs), Balta Residential Carpets & Tiles (under the brands Balta and ITC), Balta Commercial Carpets & Tiles (under the brands modulyss, Arc Edition and Bentley), and Balta Non-Woven (under the brand Captiqs). With the addition of Bentley, Balta employs over 3,600 FTEs in 9 manufacturing sites and in distribution centres in Belgium, Turkey and the United States.

**Important notice**

*Certain financial data included in this press release are “non-IFRS financial measures.” These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Balta believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.*

*This press release may include projections and other “forward-looking” statements. Any such projections or statements reflect the current views of the issuer about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.*

*The financial information included in this press release includes figures that have not been subject to an audit or review by any independent auditor in accordance with any generally accepted auditing standards. This press release 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.*

### Appendix 1: Simplified Consolidated Income Statement

(€ million, unless otherwise stated)	H1 2017	H1 2016
<b>Revenue</b>	<b>333.9</b>	<b>290.2</b>
Raw material expenses	(162.1)	(142.4)
Changes in inventories	12.7	12.6
Employee benefit expenses	(77.7)	(67.8)
Other income	4.1	3.0
Other expenses	(64.3)	(53.7)
<b>Adjusted EBITDA</b>	<b>46.5</b>	<b>41.9</b>
Depreciation & amortisation	(15.5)	(14.3)
<b>Adjusted Operating Profit</b>	<b>31.0</b>	<b>27.6</b>
Non-recurring income/expenses	(2.6)	(0.6)
<b>Operating Profit</b>	<b>28.4</b>	<b>27.0</b>
Net finance expenses	(21.6)	(14.0)
<b>Profit Before Tax</b>	<b>6.8</b>	<b>13.0</b>
Income tax	(3.4)	2.9
<b>Reported Net Income</b>	<b>3.5</b>	<b>15.9</b>
<b>Normalized Net Income</b>	<b>11.4</b>	<b>9.1</b>

Normalized net income has been calculated as follows:

- H1 2017: Reported net income has been adjusted to exclude (i) €2.6m of non-recurring expenses, (ii) €6.9m of non-recurring finance expenses and (iii) is based on a normalized ETR of 30%
- H1 2016: Reported net income has been adjusted to exclude (i) €0.6m of non-recurring expenses, and (ii) €7.2m one-off tax benefit linked to the recognition of a deferred tax asset

**Appendix 2: Q2 2017 Revenue and Adjusted EBITDA per segment**

<i>(€ million, unless otherwise stated)</i>	Q2 2017	Q2 2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	63.0	58.0	8.6%	9.0%	(0.4%)	-
Residential	58.2	57.5	1.3%	3.3%	(2.0%)	-
Commercial	50.3	20.1	149.9%	5.4%	(0.8%)	145.4%
Non-woven	6.8	6.7	2.7%	2.7%	-	-
<b>Consolidated Revenue</b>	<b>178.4</b>	<b>142.3</b>	<b>25.4%</b>	<b>5.9%</b>	<b>(1.1%)</b>	<b>20.6%</b>
Pro Forma Adjustment Bentley <sup>(1)</sup>	-	26.9				
<b>Pro Forma Revenue</b>	<b>178.4</b>	<b>169.2</b>	<b>5.4%</b>	<b>6.0%</b>	<b>(0.5%)</b>	
Rugs	12.1	11.3	6.5%	7.1%	(0.6%)	-
Residential	6.3	7.5	(15.6%)	(5.7%)	(9.9%)	-
Commercial	7.4	3.2	131.1%	6.1%	(4.2%)	129.2%
Non-woven	0.7	0.8	(16.3%)	(16.3%)	-	-
<b>Consolidated Adjusted EBITDA</b>	<b>26.4</b>	<b>22.8</b>	<b>15.9%</b>	<b>1.9%</b>	<b>(4.1%)</b>	<b>18.1%</b>
Pro Forma Adjustment Bentley <sup>(1)</sup>	-	3.4				
<b>Pro Forma Adjusted EBITDA</b>	<b>26.4</b>	<b>26.2</b>	<b>0.7%</b>	<b>4.1%</b>	<b>(3.3%)</b>	
Rugs	19.1%	19.5%				
Residential	10.9%	13.0%				
Commercial	14.7%	15.9%				
Non-woven	9.7%	11.9%				
<b>Consolidated Adjusted EBITDA Margin</b>	<b>14.8%</b>	<b>16.0%</b>				
Pro Forma Adjustment Bentley	-	12.8%				
<b>Pro Forma Adjusted EBITDA Margin</b>	<b>14.8%</b>	<b>15.5%</b>				