



 **balta**

Q3 2018

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Good progress executing our strategy in a challenging market

Grow profitable revenue:

- 1 Continue to grow Rugs sales in North America**
 - New customer wins, growth in indoor & e-commerce
 - Outdoor: regained part of share of wallet lost in 2017, benefiting as from Q4/18
- 2 Continue Commercial sales growth**
 - Strong growth in US driven by investment in sales resources, increased attention on national accounts and expanding product offering with LVT
 - Europe: manufacturing back on track post supply issues in 2017
- 3 Improve Residential product mix**
 - Share of high margin products now over 30% vs. 7% two years ago
 - Strategic pricing excellence to monetize added value of our products

Deliver increased cost savings:

- 4 Deliver the full benefits of the restructuring of the operational footprint in Residential**
 - Restructuring completed in H1, benefits commenced and on track to deliver full run-rate in 2019
 - Challenging market will result in benefits starting from lower base
- 5 Execute the larger Operational Excellence programme**
 - Project Management Office in place, with 120+ projects ongoing
 - Programme to be extended in 2019
- 6 Execute the cost synergies between our European and US commercial business**
 - Operational and procurement synergies of \$2m will be fully delivered in 2018

2018 YTD Financial Summary

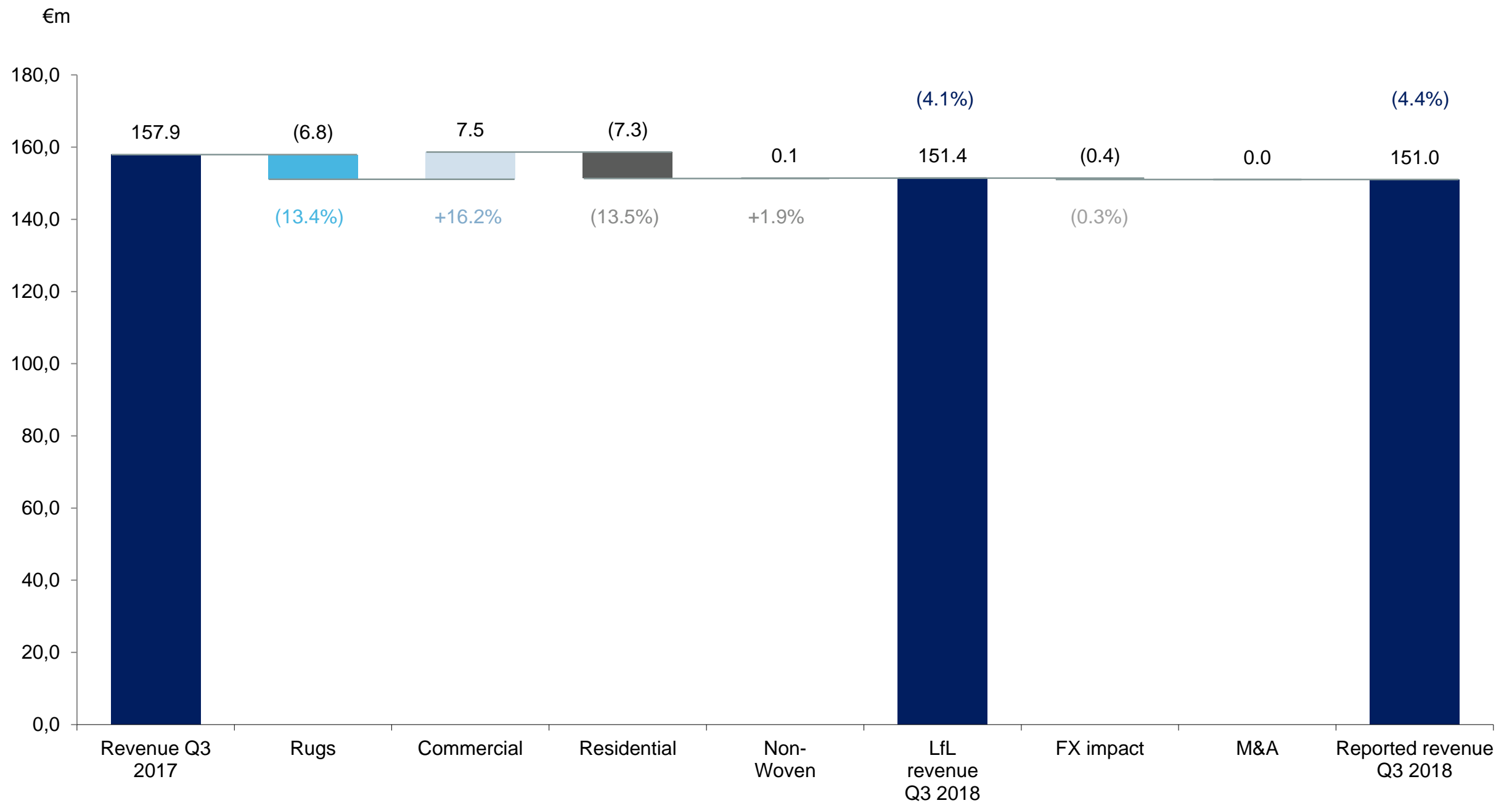
<p>(3.9%) yoy sales growth (consolidated)</p>	<p>(7.3%) organic</p> <p>(1.9%) FX impact</p> <p>+5.3% M&A⁽¹⁾</p>	<ul style="list-style-type: none"> • Organic performance driven by Rugs (15.4%), Commercial +11.6%, and Residential (13.0%) • Challenging trading environment in our UK Residential and European Rugs divisions only partly offset by good performance in Commercial
<p>(21.7%) Adj. EBITDA growth (consolidated)</p>	<p>(24.4%) organic</p> <p>(2.2%) FX impact</p> <p>+4.9% M&A⁽¹⁾</p>	<ul style="list-style-type: none"> • Organic decline from lower volumes in Rugs and Residential and raw material headwinds • Negative impact to earnings from FX • Bentley double-digit underlying EBITDA growth
<p>3.9x Leverage</p>	<p>Net Debt €276.9m</p>	<ul style="list-style-type: none"> • Leverage of 3.8x as at Q2 2018, increase reflecting normal seasonal working capital build-up

Q3 Financial Summary

(4.4%) yoy sales growth <small>(consolidated)</small>	(4.1%) organic	<ul style="list-style-type: none">• Organic decline driven by low-to-mid teens decline in Rugs and Residential, partly offset by mid-teens organic growth in Commercial• Challenging trading environment in European Rugs and Residential persisted in Q3
	(0.3%) FX impact	
	No M&A impact	

(9.9%) Adj. EBITDA growth <small>(consolidated)</small>	(15.2%) organic	<ul style="list-style-type: none">• Margins impacted by lower volumes• Positive FX impact driven by weaker USD on raw material purchases
	+5.4% FX impact	
	No M&A impact	

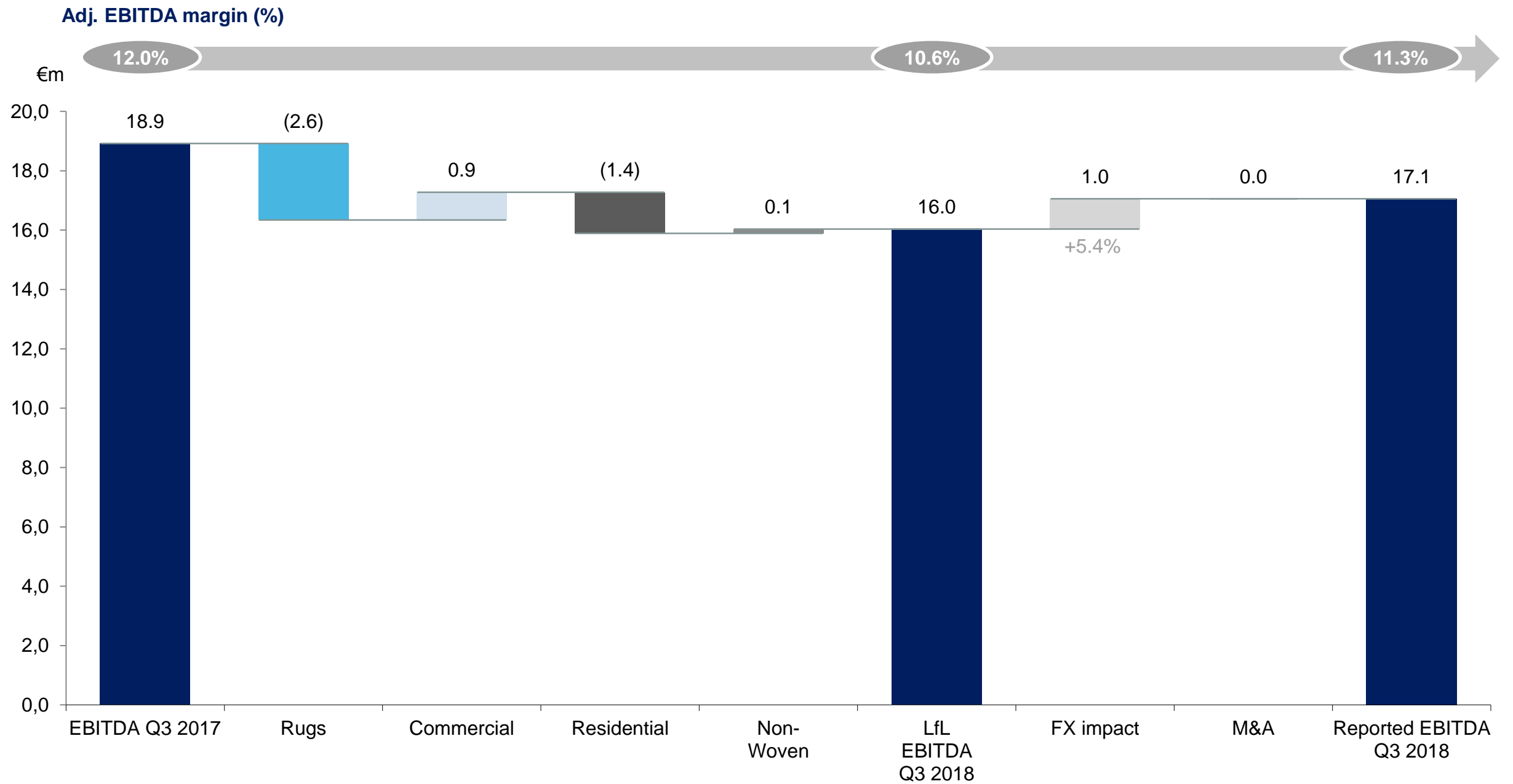
Group Q3 Revenue Performance



Rugs decline as US growth offset by decline in Europe where challenging markets persisted in Q3
Residential continued challenging trading environment across key markets

Commercial growth driven by US

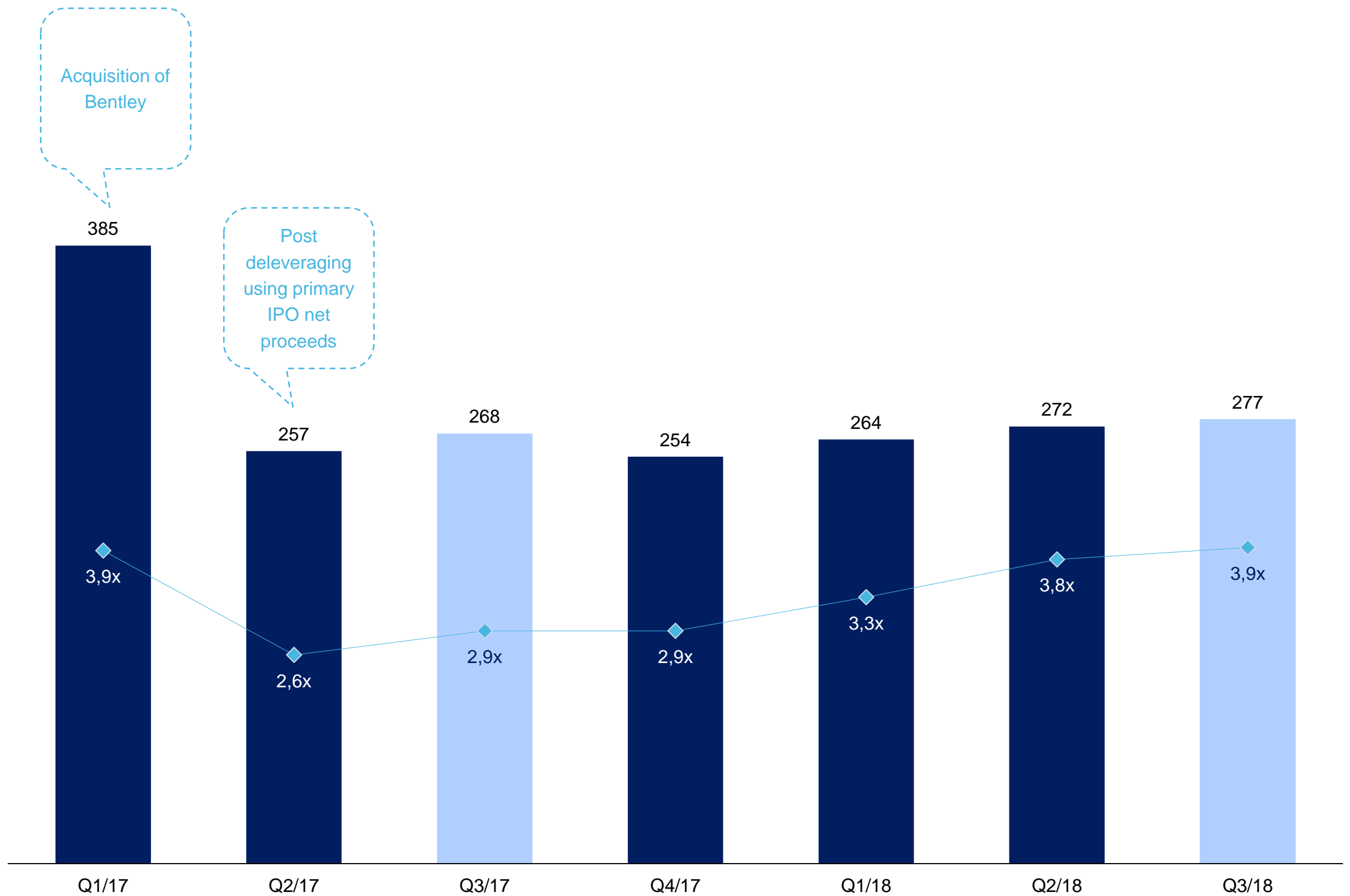
Group Q3 EBITDA and Margins



Impact from lower volumes in Rugs and Residential

Positive FX impact from USD

Leverage of 3.9x (Net Debt of €276.9m) reflecting lower LTM EBITDA



2018 Outlook

- **H2 2018 EBITDA an improvement on H2 2017 EBITDA (€37.8m)**
 - Delayed recovery due to soft trading environment in the third quarter mainly in UK Residential and European Rugs
 - Underpinned by the progress we are making on the six key priorities which will deliver the planned benefits
 - Growth in Commercial and US Rugs
- **Full year leverage to reflect lower LTM EBITDA**
- **Capex low €30m's**



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Q&A Session