

Belysse Group nv FY 2023 and Q4 2023 Results

Highlights

- FY 2023 consolidated Group Revenue was €300,9m (-10.8% YoY)
 - Organic Revenue declined -9.6%, while FX impact contributed -1.2%
 - Revenue growth by division: United States (US) -9.5% (-7.2% organic, -2.3% FX), Europe -12.2%
- FY 2023 Adjusted EBITDA was €33.7m (-5.1% YoY) with an Adjusted EBITDA margin of 11.2% (10.5% in FY 2022)
 - US Adjusted EBITDA: €30.6m
 - Europe Adjusted EBITDA: €3.0m
- Q4 2023 consolidated Group Revenue of €71.7m (-12.7% YoY), with an Adjusted EBITDA of €10.4m (+36.3% YoY) and an Adjusted EBITDA margin of 14.5% (9.3% in FY 2022).
- Q4 Net Debt was €145.3m (including €27.1m of IFRS 16 lease liabilities), further down from last quarter.
- Leverage¹ reduced to 4.5x (5.2x at end of Q3 2023).
- Total available liquidity (including headroom under the RCF) increased to €73m at the end of Q4 2023 (€68m end of Q3 2023)
- The refinancing of the 2024 SSN with a €120m (Euro equivalent) term loan and the replacement of the SSRCF was concluded on 5 February 2024. Pro forma for this refinancing² leverage at the end of 2023 was at 4.3x. Total pro forma² available liquidity was €38m at the end of Q4 2023.
- Belysse has announced Cyrille Ragoucy's internal succession by James Neuling (representative of EQIDNA BV), MD Europe, as Group CEO with effect 1 March 2024. Mr Ragoucy will continue to support the Company in his role as member and Chairman of the board of directors and as advisor of the management.

Business Update

In Bentley Mills, the full year Revenue for 2023 decreased by 9.5% to €160.8m (€177.8m 2022). Sales volumes were lower compared to a very strong year 2022 following a general market demand softening, while cost inflation could be passed through with higher average sales price levels. Unfavourable FX translation also contributed to the lower reported Revenue.

Full year Adjusted EBITDA for 2023 of €30.6m was down by 7.8% (€33.2m 2022) with an Adjusted EBITDA margin of 19.0% (18.7% in 2022). At constant FX, the Full Year Adjusted EBITDA for 2023 was down by 5.0%. The negative impact of the lower volumes was partly offset by higher unitary margins and lower fixed expenses.

Fourth quarter Revenue for 2023 of €37.5m decreased by 18.0% versus 2022, reflecting a further softening of overall market demand. Nevertheless, Adjusted EBITDA margin for Q4 2023 was increased to 18.4% from 16.4% in Q4 2022 mainly due to higher unitary margins and reduced fixed costs.

In Europe, the full year Revenue for 2023 decreased by 12.2% to €140.1m (€159.6m 2022). The lower revenue is driven by the weak market demand while average sales prices are materially higher after the implementation of several price increase waves in the course of 2022 to compensate for the strong cost inflation.

Full year Adjusted EBITDA was €3.0m (€2.3m 2022) with an Adjusted EBITDA margin of 2.2% (vs. 1.4% in 2022). This performance is driven by the lower volumes in both the Commercial and Residential business lines throughout the year. Improved raw material and production costs as well as reduced fixed expenses brought positive effects, but only benefiting results in H2 2023.

Fourth quarter Revenue for 2023 was €34.2m, which represents a YoY decrease of -5.9% (Q4 2022 Revenue of €36.3m). The market demand weakness continued driving lower volumes.

¹ As defined in the SSN facility agreements, excluding IFRS16 impact but including sale and leasebacks

² Calculation based upon assumption of refinancing of SSN '24 notes by new credit facility at 31 December 2023

In spite of this, Adjusted EBITDA improved to €3.5m (10.2% margin) from €0.1m in Q4 2022, driven by the lower raw materials and energy prices in the costs of goods sold in combination with the positive effects of the executed fixed expense program.

Cyrille Ragoucy, Chairman of the Board said,

“In 2023, Bentley Mills, our US division, was able to successfully complete its yarn transition project at the end of Q1, but was recently confronted with a slowdown of market demand influenced by high inflation and increased interest rates. Thanks to its unique positioning in the soft flooring market and a flexible cost structure, the company was able to maintain its EBITDA margin.

Europe faced a pronounced slowdown in market demand in both Residential and Commercial segments throughout the year. The beneficial effects of actions taken since last year within sourcing and supply chain and the general normalization of raw material and energy prices, became only visible in our accounts at the end of the third quarter, due to delays caused by the FIFO accounting practice in combination with soft volumes. To compensate for the lower volumes, a fixed expense program was executed in July with savings seen in H2 2023. Towards the end of the year, all actions taken helped the European results to start recovering and reporting a double digit Adjusted EBITDA margin in Q4 2023.

In December, Belysse Group signed a €120m (equivalent) credit facility to repay the existing senior secured notes due in 2024. The repayment of these notes took place on 5 February 2024 which provides the company with sufficient time to recover from the weak market environment.

I would like to thank all the Belysse team members as they kept their dedication, their enthusiasm and their professionalism intact in this challenging market environment.”

Full Year 2023 Revenue and Adjusted EBITDA per Division

(€ million, unless otherwise mentioned)	FY 2023	FY 2022	% Change	o/w organic	o/w FX
Europe	140,1	159,6	(12,2) %		
US	160,8	177,8	(9,5) %		
Consolidated Revenue	300,9	337,4	(10,8) %	(9,6) %	(1,2) %
Europe	3,0	2,3	34,4 %		
US	30,6	33,2	(7,8) %		
Consolidated Adjusted EBITDA	33,7	35,5	(5,1) %	(2,4) %	(2,7) %
Europe	2,2 %	1,4 %			
US	19,0 %	18,7 %			
Consolidated Adjusted EBITDA Margin	11,2 %	10,5 %			

Q4 2023 Revenue and Adjusted EBITDA per Division

(€ million, unless otherwise mentioned)	Q4 2023	Q4 2022	% Change	o/w organic	o/w FX
Europe	34,2	36,3	(5,9) %		
US	37,5	45,7	(18,0) %		
Consolidated Revenue	71,7	82,1	(12,7) %	(10,2) %	(2,5) %
Europe	3,5	0,1	2604,4 %		
US	6,9	7,5	(7,7) %		
Consolidated Adjusted EBITDA	10,4	7,6	36,3 %	41,3 %	(5,0) %
Europe	10,2 %	0,4 %			
US	18,4 %	16,4 %			
Consolidated Adjusted EBITDA Margin	14,5 %	9,3 %			

Other Financial Items Review

Non-Recurring Items below Adjusted EBITDA

The net impact of non-recurring items on 2023 net result was negative €3.1m (€0.09 per share), as compared to negative €1.4m (€0.04 per share) in 2022. The expense in the current period is mainly driven by the one-off cost for the fixed expense reduction programme executed in Europe and strategic advisory fees

Net Financing Costs

The net financing cost of €18.4m (€19.7m 2022), primarily represents the interest expense on external borrowings. This decrease is mainly driven by the lower financing cost of the group since the debt repayments after the divestment of Rugs and Residential PP in April 2022.

Taxation

The Group reported a tax expense for 2023 of €3.4m (€9.0m 2022) based on an overall loss before tax of €7.7m (loss before tax of €4.3m for the Continuing Operations for 2022). This amount results from the taxing of the profits at our US division and the fact that no deferred tax assets are recognized on the losses in Europe. The difference in tax expense year over year is mainly linked to the de-recognition of deferred tax assets in Europe, triggered by future prospects and a change in tax legislation.

Earnings per share

Loss per share of €0.31 in 2023 compared to loss per share of €0.37 in 2022.

Dividend

Our focus remains on deleveraging and investing into the business further, the Board will not propose a dividend for the year.

Glossary: Alternative Performance Measures

The following alternative performance measures (non-IFRS) have been used as management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The alternative performance measures may not be comparable to similarly-titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance, or our liquidity under IFRS.

Organic Growth is defined as growth excluding (i) FX impacts, which comprise the translation of key foreign entities and (ii) M&A impacts.

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation / amortization and (v) impairment and write-offs.

Adjusted EBITDA margin is defined as the Adjusted EBITDA as a percentage of revenue.

Gross Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount and (ii) Bank and other borrowings adjusted for capitalized financing fees.

Net Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) Bank and other borrowings adjusted for capitalized financing fees less (iii) cash and cash equivalents.

Leverage is defined as the ratio of Net Debt to Adjusted EBITDA (both excluding IFRS 16 impacts as per financing documentation, except for sale and leaseback transactions).

Reconciliation of Alternative Performance Measures

Net debt and leverage⁽¹⁾

(€ million)	December 31, 2023			December 31, 2022		
	Non Current	Current	Total	Non Current	Current	Total
Senior Secured Notes	1.8	135.2	137.0	130.7	1.6	132.4
Bank and other borrowings for continued operations	14.4	2.1	16.5	16.0	1.9	17.9
Less: Cash and Cash equivalents for continued operations	-	(35.8)	(35.8)	-	(38.5)	(38.5)
Adjusted for capitalized financing fees	0.2	0.2	0.4	2.2	1.9	4.1
Net Debt (excl. IFRS16 Impact)	16.5	101.7	118.2	148.9	(33.1)	115.8
Adjusted EBITDA (excl. IFRS16) for continued operations			26.2			28.6
Leverage¹			4.5x			4.0x
IFRS16 impact continued operations	20.4	6.8	27.1	25.6	6.9	32.4
Reported Net Debt	36.9	108.5	145.3	174.5	(26.2)	148.3

⁽¹⁾ Leverage excluding IFRS16 impact but including sale and leaseback transactions

Financial Statements

Statutory auditor's note on the financial information for the year ended 31 December 2023

“The statutory auditor, PwC Bedrijfsrevisoren BV / Reviseurs d’Entreprises SRL, represented by Wouter Coppens, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.”*

The statutory auditor
PwC Bedrijfsrevisoren BV / Reviseurs d’Entreprises SRL

Represented by

Wouter Coppens*
Bedrijfsrevisor/Réviser d’Entreprises

*: Acting on behalf of Wouter Coppens BV

Consolidated Statement of Comprehensive Income

(€ thousands)	For the year ended	
	December 31 2023	2022
I. CONSOLIDATED INCOME STATEMENT		
Continuing Operations		
Revenue	300.918	337.430
Raw material expenses	(124.174)	(162.318)
Changes in inventories	(11.018)	10.434
Employee benefit expenses	(76.021)	(78.049)
Other income	929	316
Other expenses	(56.956)	(72.308)
Depreciation / amortization	(19.890)	(18.688)
Adjusted Operating Profit	13.788	16.818
Integration and restructuring expenses	(3.069)	(1.445)
Operating profit / (loss)	10.718	15.373
Finance income	367	-
Finance expenses	(18.795)	(19.650)
Net finance expenses	(18.428)	(19.650)
Profit / (loss) before income taxes	(7.710)	(4.277)
Income tax benefit / (expense)	(3.386)	(9.010)
Profit / (loss) for the period from Continuing Operations	(11.095)	(13.287)
Profit / (loss) for the period from Discontinued Operations	-	(54.459)
Profit / (loss) for the period	(11.095)	(67.746)
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
<i>Items in other comprehensive income that may be subsequently reclassified to P&L</i>		
Exchange differences on translating foreign operations	(4.529)	10.214
Changes in fair value of hedging instruments qualifying for cash flow hedge accou	-	152
<i>Items in other comprehensive income that will not be reclassified to P&L</i>		
Changes in deferred taxes	(40)	268
Changes in employee defined benefit obligations	(13)	68
Other comprehensive income for the period continuing operations, net	(4.583)	10.702
Total comprehensive income from Discontinued Operations	-	54.456
Total comprehensive income for the period	(15.678)	(2.587)

Consolidated Balance Sheet

For the year ended December 31 (€ thousands)	For the year ended December 31	
	2023	2022
Property, plant and equipment	100,795	108,178
<i>Of which IFRS 16 related right-of-use assets (excluding sales-and-leaseback)</i>	23,533	29,388
<i>Land and buildings</i>	44,963	51,245
<i>Plant and machinery</i>	49,742	50,025
<i>Other fixtures and fittings, tools and equipment</i>	6,090	6,908
Goodwill	103,046	105,662
Intangible assets	5,212	5,432
Deferred income tax asset	426	829
Trade and other receivables	586	599
Total non-current assets	210,066	220,700
Inventories	52,257	76,177
Trade and other receivables	28,377	24,994
Current income tax assets	1,045	-
Cash and cash equivalents	35,812	38,488
Total current assets	117,491	139,660
Total assets	327,557	360,359
Share capital	252,950	252,950
Share premium	65,660	65,660
Other comprehensive income	1,283	5,866
Retained earnings	(202,298)	(191,208)
Other reserves	(39,876)	(39,876)
Total equity	77,720	93,392
Senior Secured Notes	1,839	130,745
Bank and Other Borrowings	34,778	41,590
<i>Of which IFRS 16 related lease liabilities (excluding sales-and-leaseback)</i>	20,375	25,577
Deferred income tax liabilities	5,814	6,355
Provisions for other liabilities and charges	2,229	2,176
Employee benefit obligations	159	150
Total non-current liabilities	44,818	181,015
Senior Secured Notes	135,203	1,611
Bank and Other Borrowings	8,875	8,760
<i>Of which IFRS 16 related lease liabilities (excluding sales-and-leaseback)</i>	6,757	6,872
Derivative financial instruments	-	-
Other payroll and social related payables	14,444	17,161
Trade and other payables	46,462	57,201
Income tax liabilities	36	1,219
Total current liabilities	205,019	85,952
Total liabilities	249,837	266,967
Total equity and liabilities	327,557	360,359

Consolidated Statement of Cash Flow

(€ thousands)	For the year ended	
	2023	2022
I. CASH FLOW FROM OPERATING ACTIVITIES FOR CONTINUING OPERATIONS		
Net profit / (loss) from the period for Continuing Operations	(11,095)	(13,287)
Adjustments for:		
Income tax expense/(income)	3,386	9,010
Finance income	(367)	-
Financial expense	18,795	19,650
Depreciation, amortisation	19,890	18,688
(Gain) / loss on disposal of non-current assets	-	(2)
Movement in provisions	(1,999)	3,276
Expense recognised in respect of equity-settled share-based payments	6	(61)
Fair value of derivatives	-	125
Cash generated before changes in working capital	28,615	37,399
Changes in working capital:		
Inventories	24,459	(14,507)
Trade receivables	979	1,156
Trade payables	(9,124)	10,534
Other working capital	(8,476)	(1,061)
Cash generated after changes in working capital	36,452	33,522
Net income tax (paid)	(5,400)	(5,641)
Net cash generated / (used) by operating activities	31,053	27,880
II. CASH FLOW FROM INVESTING ACTIVITIES FOR CONTINUING OPERATIONS		
Acquisition & disposal of property, plant and equipment	(10,458)	(11,778)
Acquisition of intangibles	(1,332)	(128)
Proceeds from non-current assets	-	163,700
Net cash used by investing activities	(11,790)	151,794
III. CASH FLOW FROM FINANCING ACTIVITIES FOR CONTINUING OPERATIONS		
Interest and other finance charges paid, net	(13,565)	(25,918)
Proceeds from borrowings with third parties	-	130,000
Repayments of Senior Secured Notes	-	(232,818)
Repayments of borrowings with third parties	(7,892)	(60,665)
Net cash generated / (used) by financing activities	(21,457)	(189,402)
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	(2,195)	(9,728)
Cash, cash equivalents and bank overdrafts at the beginning of the period for Continuing Operations	38,488	51,394
Exchange gains/(losses) on cash and cash equivalents	(482)	903
Financing and cash transactions between Continuing and Discontinued Operations	-	(4,081)
Cash, cash equivalents and bank overdrafts at the end of the period for Continuing Operations	35,812	38,488

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Consolidated Statement of Change in Shareholder Equity

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves	Total continuing operations	Elements of comprehensive income of Discontinued Operations	Total equity
Balance at 31 December 2021	252.950	65.660	(4.836)	(15.140)	(39.876)	258.759	(162.767)	95.991
Profit / (loss) for the period	-	-	-	(13.287)	-	(13.287)	(54.459)	(67.746)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	10.214	-	-	10.214	54.863	65.077
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	152	-	-	152	-	152
Cumulative changes in deferred taxes	-	-	268	-	-	268	158	425
Cumulative changes in employee defined benefit obligations	-	-	68	-	-	68	(565)	(496)
Total comprehensive income for the period	-	-	10.702	(13.287)	-	(2.585)	(3)	(2.587)
Change in scope ¹	-	-	-	(162.770)	-	(162.770)	162.770	-
Equity-settled share-based payment plans	-	-	-	(12)	-	(12)	-	(12)
Balance at 31 December 2022	252.950	65.660	5.866	(191.208)	(39.876)	93.392	-	93.392

(1) Change in scope reflects the transfer of the elements of comprehensive income from discontinued operations to retained earnings of the group at completion date of the divestment without currency translation adjustments which are recycled over the income statement

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves	Total continuing operations	Elements of comprehensive income of Discontinued Operations	Total equity
Balance at 31 December 2022	252.950	65.660	5.866	(191.208)	(39.876)	93.392	-	93.392
Profit / (loss) for the period	-	-	-	(11.095)	-	(11.095)	-	(11.095)
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	(4.529)	-	-	(4.529)	-	(4.529)
Cumulative changes in deferred taxes	-	-	(40)	-	-	(40)	-	(40)
Cumulative changes in employee defined benefit obligations	-	-	(13)	-	-	(13)	-	(13)
Total comprehensive income for the period	-	-	(4.583)	(11.095)	-	(15.678)	-	(15.678)
Equity-settled share-based payment plans	-	-	-	6	-	6	-	6
Balance at 31 December 2023	252.950	65.660	1.283	(202.298)	(39.876)	77.720	-	77.720

Earnings Call

The FY 2023 Results will be presented on **1 March 2024 at 10.00 am CET** via a webcast, by the Chairman of the Board Cyrille Ragoucy, CEO James Neuling and CFO Andy Rogiest. The results presentation will be available on www.belysse.com/investors.

For further information, please contact

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www.belysse.com

Additional information notice

We kindly refer you to our website www.belysse.com/en/investors/company-results where the FY 2023 Results Presentation is available with more detailed slides on our Results.

About BELYSSE

Belysse manufactures sustainable textile floor coverings for commercial and residential applications and commercialises its products focusing 90% on North-America and Europe under the premium brands Bentley (US), modulyss, arc edition and ITC (Europe). Headquartered in Waregem (Belgium), Belysse employs nearly 1100 people and operates three manufacturing sites in Belgium (Tielt and Zele) and the United States (Los Angeles). Belysse realised sales of 301 million euros in 2023 and is listed on Euronext. (Euronext: BELYS)

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 Belysse Group nv 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. Belysse Group nv expressly disclaims any obligation or undertaking to publicly update or revise these forward-looking statements other than as required by applicable law. The fact that the current press release includes certain forward-looking statements does not imply an obligation of or constitute a guarantee by Belysse Group nv to include such forward-looking statements in future press releases or communication. Rounding adjustments have been made in calculating some of the financial information included in this press release. As a result, figures shown as totals may not be exact arithmetic aggregations of the figures that precede them.

NEXT SCHEDULED ANNOUNCEMENT

Belysse Group nv intends to publish a trading update for Q1 2024 in May 2024.