Full Year 2021 Results

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Introduction

Cyrille Ragoucy
Chief Executive Officer
Chairman of the Board

Jan-Christian Werner
Chief Financial Officer

Ruben Pattheeuws
Transformation Officer

Full Year 2021 Financial Summary

12.9% YoY sales growth (consolidated)	13.7% organic (0.8%) FX impact	• FY 2021 Consolidated Revenue of €634.3m • Revenue increase for Rugs €50.7m, Residential €14.2m and Commercial €7.6m
28.0% YoY Adj. EBITDA growth	29.5% organic (1.5%) FX impact	• FY 2021 Consolidated Adjusted EBITDA of €87.0m • Margins improved mainly due to price increases implemented before raw material cost inflation came fully through • Positive and recurring NEXT contribution • Fixed cost slightly higher than previous year
3.6x Leverage Excluding IFRS16	Net Debt €330.7m	• Leverage was 4.2x end 2020 • Reported net debt increased by 47.5m due to higher working capital, mainly as a result of cost increases in raw materials, energy and transportation

Sale to Victoria PLC – Transaction Scope

	DISCONTINUED OPERATIONS			CONTINUING OPERATIONS		
Division	Rugs	Non-Woven	Residential		Commercial	
Site	Avelgem Sint-Baafs-Vijve Sint-Eloois-Vijve Turkey USA	Oudenaarde	PP Sint-Baafs-Vijve	PA Tielt	Zele	USA
Brand	balta home	CAPTIQS DYNAMIC NONWOVENS	balta carpets	itc carpets masters in comfort arc edition performance flooring by Balta LCT Luxury Carpet Tiles	modulyss	BENTLEY LOS ANGELES
HQ	Corporate Services					

Overall Separation Approach

Functional workstreams

Carve-out

Integration / TO-BE definition

Day 1 readiness (across workstreams)

Project management

External support:
- Overall carve-out
- IT carve-out

Balta Separation steerco

Joint Balta - Victoria pre-integration steerco

NEXT Revenue : +€54m incremental revenues in 2021
Exceeded the €85m target for 2021 (vs 2018) by €37m

	Key Drivers	2020 (vs 2019)	2021 (vs 2020)	Cumulative (vs 2018)
Revenue	1 Balta e-commerce	+ €8m	+ €2m	+ €15m
	2 New Segment Direct route to market	+ €7m	+ €2m	+ €19m
	3 Other Revenue Initiatives	+ €28m	+ €50m	+ €88m
	Total Additional Sales	+ €43m	+ €54m	+ €122m

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

NEXT Margin Improvement : +€4m incremental savings in 2021 Exceeded the €16m target for 2021 (vs 2018) by €1m

	Key Drivers	2020 (vs 2019)	2021 (vs 2020)	Cumulative (vs 2018)
Margins	4 Lean	+€6m	+€6m	+€18m
	5 Procurement	+€3m	+€0m	+€7m
	Incremental OPEX	(€2m)	(€2m)	(€8m)
	Total EBITDA savings	+€7m	+ €4m	+ €17m

		2020	2021	Cumulative
NEXT related spend	Non-recurring expenses	(€2m)	(€0m)	(€9m)
	CAPEX	(€3m)	(€2m)	(€8m)

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

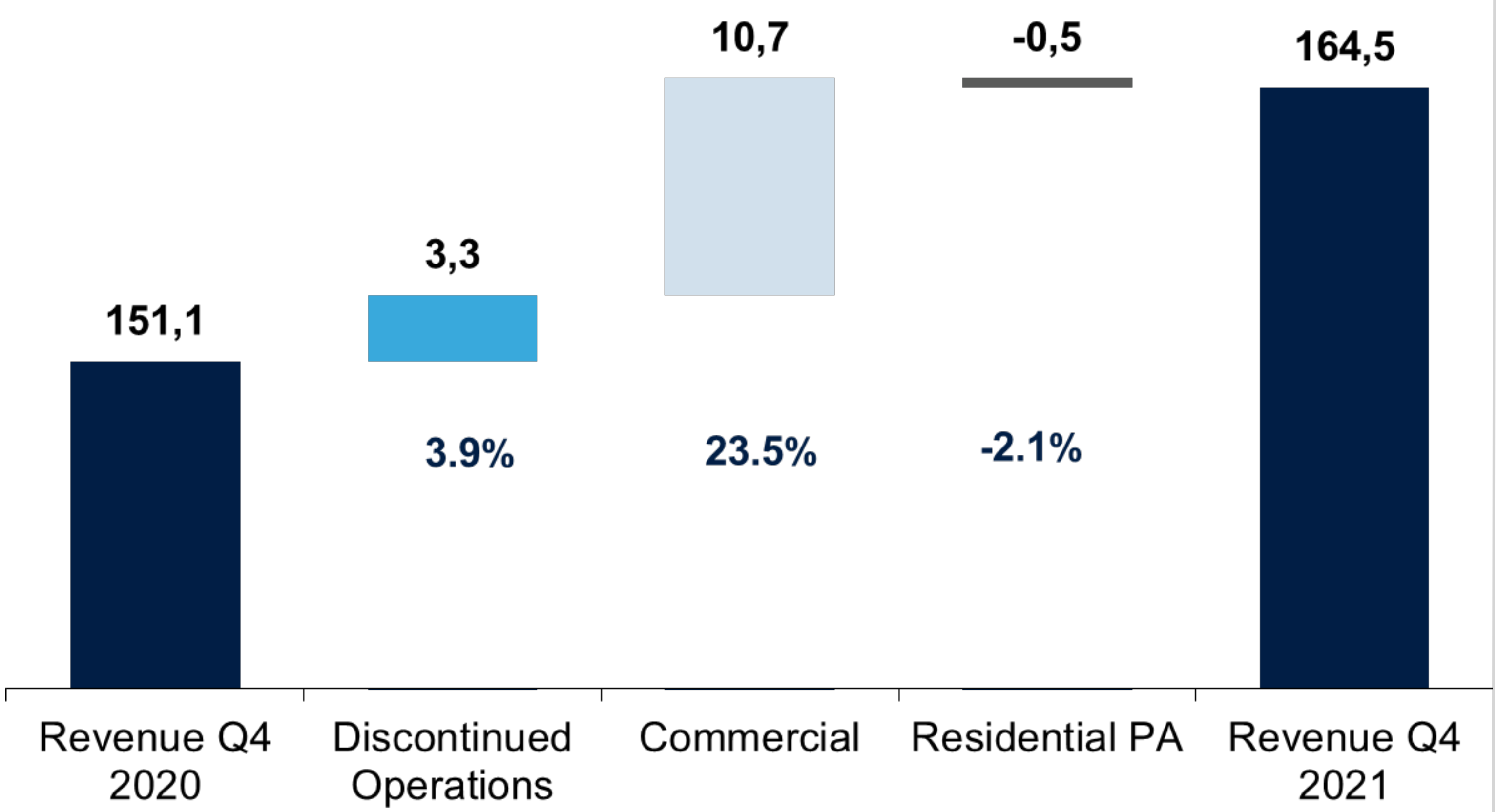
Lean and Procurement are P&L impacts (excluding Capex savings or cost avoidance) and affect either COGS (raw materials consumption or costs) or fixed expenses (e.g. maintenance)

BEYOND – Strategic Pillars

Sustainability	Efficiency	Agility
Increased focus on Sustainability through Innovative products and production processes	Incremental drive for Efficiency through Lean Strategies and Procurement	Emphasis on Agility through Digital initiatives such as e-commerce

Group Q4 2021 Revenue

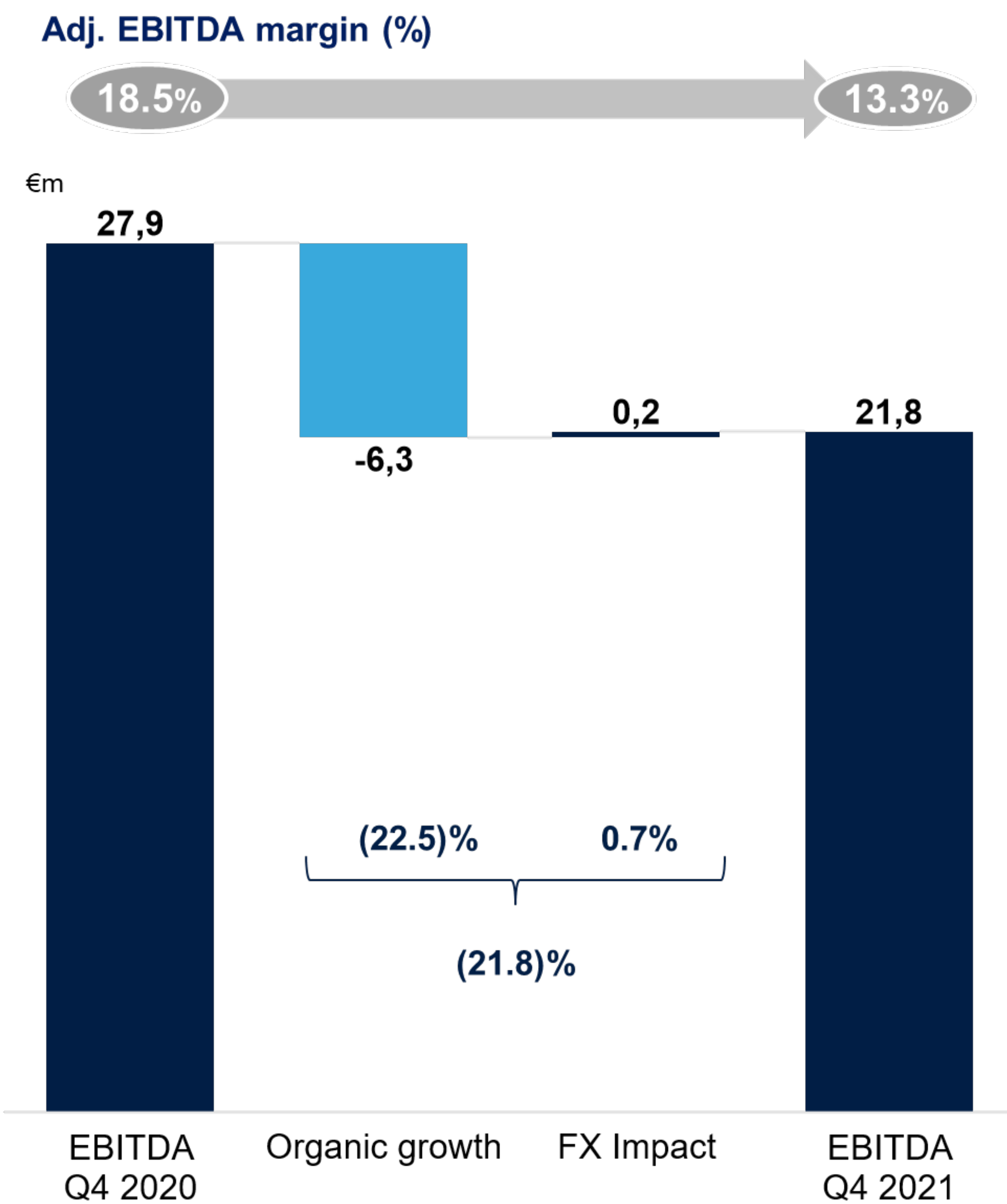
€m



	Q4 Growth (€m)	Q4 Growth (%)
Organic	**11.9m**	**7.9%**
FX Impact	**1.6m**	**1.1%**
Reported	**13.5m**	**8.9%**

- Commercial Revenue for Q4 2021 of €56.2m increased from €45.4m in 2020 or 23.5% with higher sales in Europe and US
- Residential PA Q4 2021 Revenue is €20.6m, a YOY decrease of -2.2% from €21.1m in Q4 2020, driven by lower volumes
- Discontinued Operations Q4 2021 Revenue of €87.8m, up from €84.5m in Q4 2020, mainly due to the successful implementation of price increases

Group Q4 2021 Adjusted EBITDA and Margins

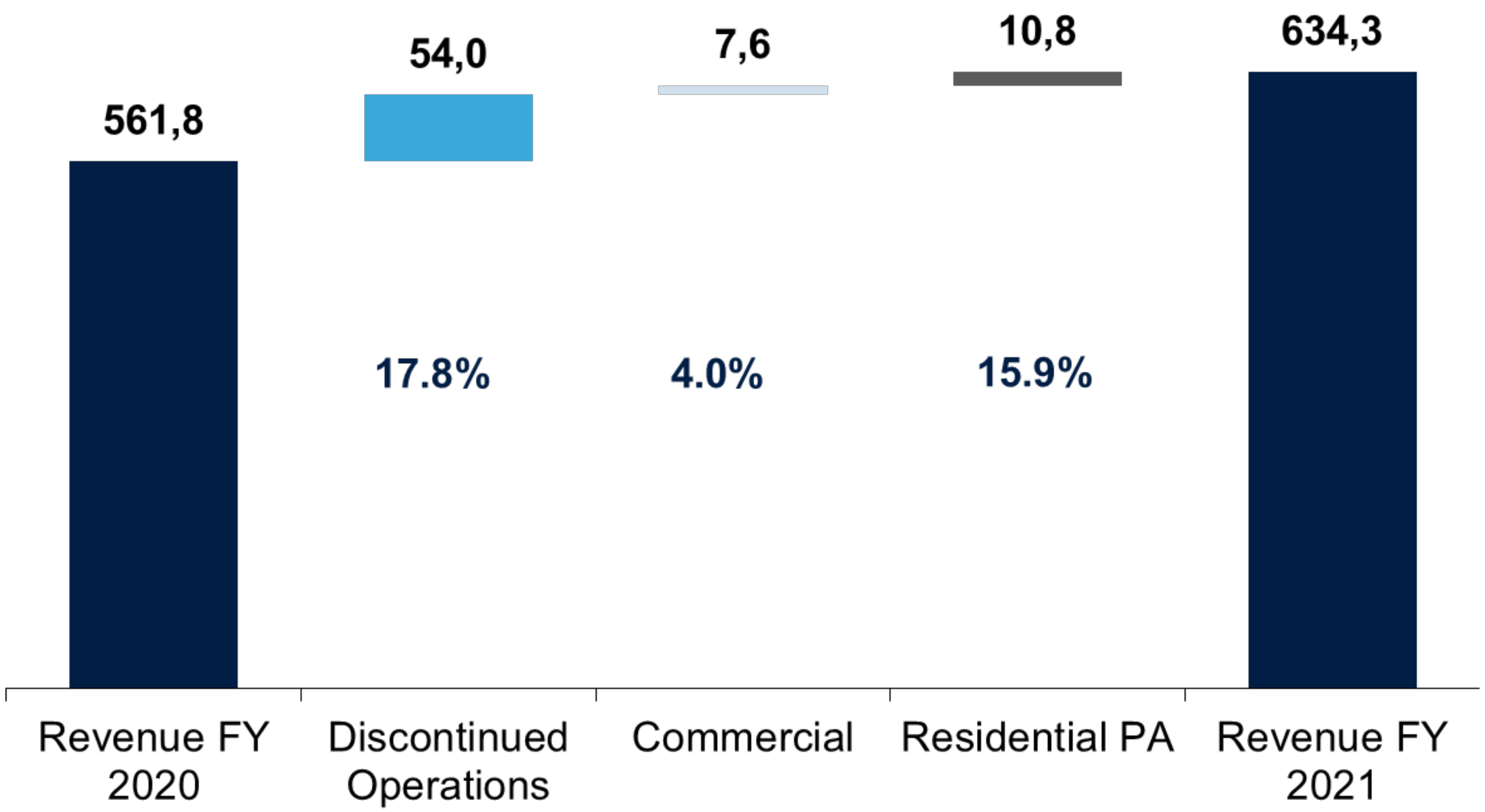


€m	Q4 2021	Q4 2020	% Change
Discontinued Operations	**10.0**	**15.0**	**(33.5)%**
Commercial	**9.4**	**9.6**	**(1.9)%**
Residential PA	**2.4**	**3.3**	**(26.2)%**
Consolidated Adjusted EBITDA	**21.8**	**27.9**	**(21.8)%**

- Commercial Adjusted Q4 2021 EBITDA margin reduced to 16.7% from unusually high 21.1% in Q4 2020, due to strongly increased cost for raw materials, energy and transport, while fixed cost are at more normal pre-COVID levels
- Residential PA Adjusted EBITDA margin Q4 2021 of 11.9%, is down from a very strong 15.7% in Q4 2020 due to significant cost inflation, partly off-set by a reduction of fixed costs
- Discontinued Operations Adjusted EBITDA margin for Q4 2021 was 11.4%, vs 17.8% in Q4 2020, dropped despite favourable pricing due to inflation on raw material, energy and transport

Group FY 2021 Revenue Performance

€m



	FY21 Growth (€m)	FY21 Growth (%)
Organic	**76.8m**	**13.7%**
FX Impact	**-€4.3m**	**-0.8%**
Reported	**€72,5m**	**12.9%**

- Commercial 2021 Revenue increased by 4% to €198.1m from €190.5m in 2020. Commercial markets less severely hit by lock-downs but have been recovering slower
- Residential PA 2021 Revenue increased by 15.9% to €78.7m from €67.9m in 2020, mostly driven by the increased price levels and a move to higher value products
- Discontinued Operations 2021 Revenue €357.5m, an increase of 17.8% over 2020 Revenue of €303.5m, due to Rugs, which increased share of wallet with existing customers, shipped more products directly to the US and grew in e-commerce

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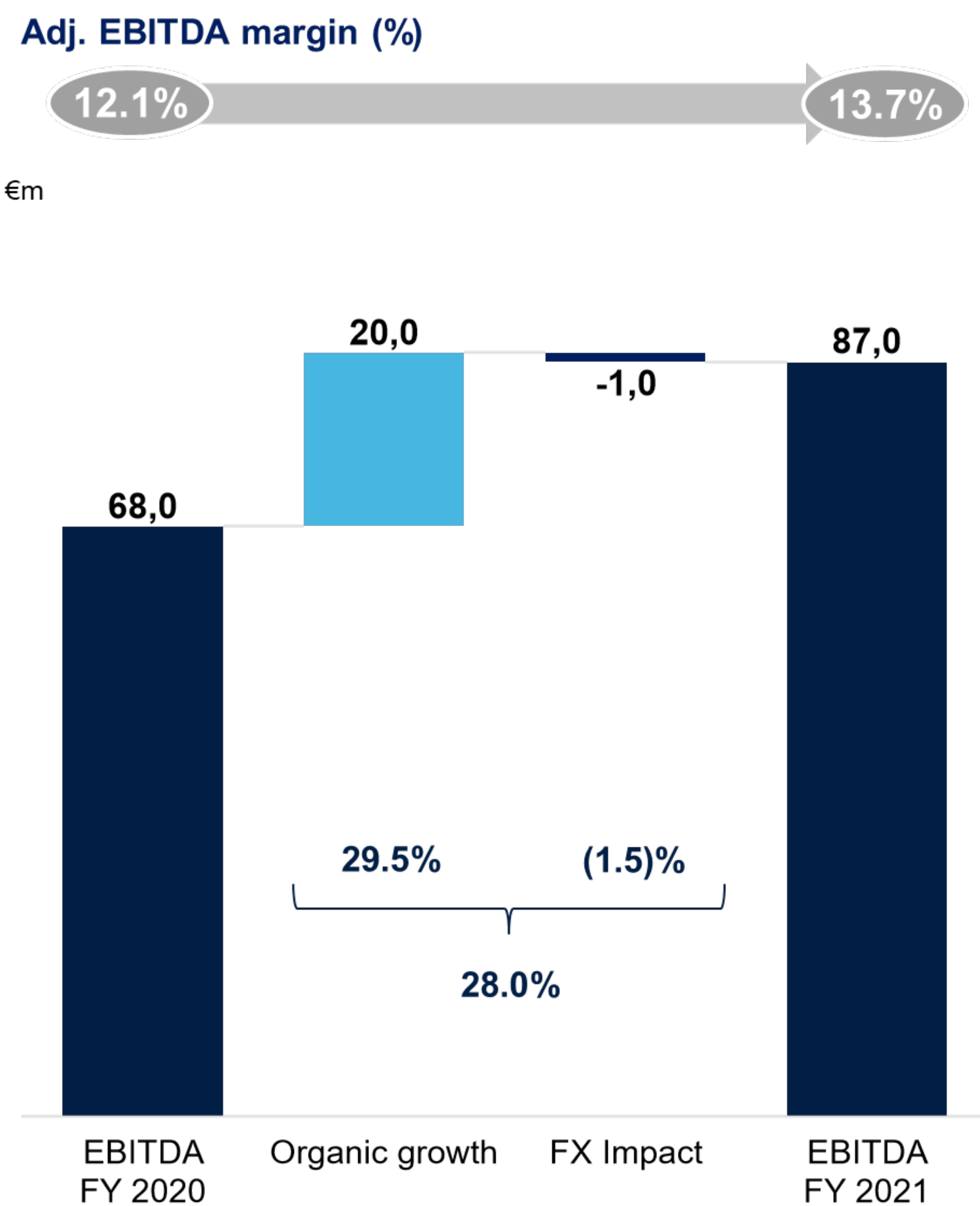
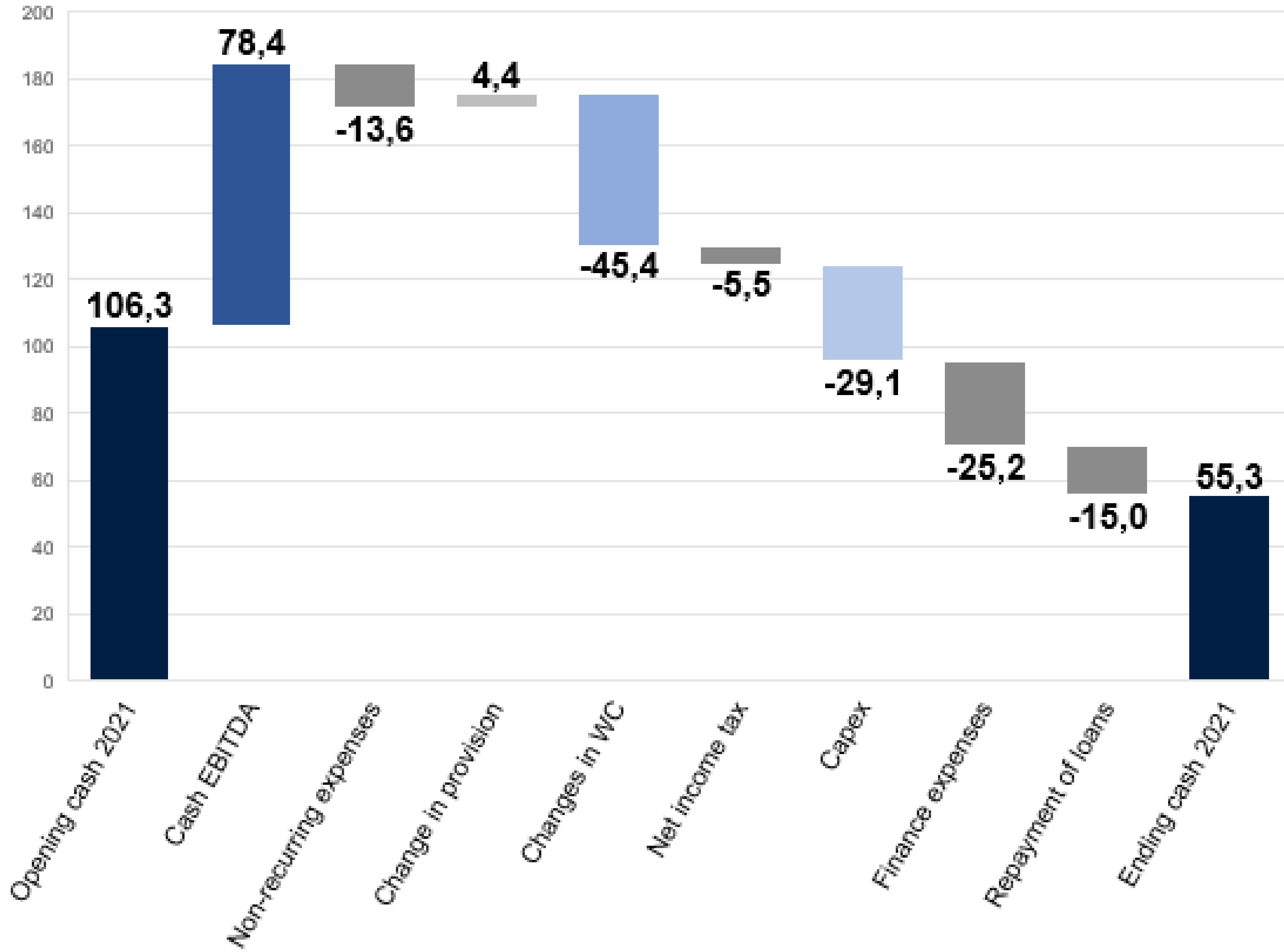
Group FY 2021 Adjusted EBITDA and Margins



€m	FY 2021	FY 2020	% Change
Discontinued Operations	**43.9**	**29.9**	**46.7%**
Commercial	**32.4**	**30.7**	**5.6%**
Residential PA	**10.7**	**7.4**	**45.0%**
Consolidated Adjusted EBITDA	**87.0**	**68.0**	**28.0%**

- Commercial Adjusted EBITDA for 2021 increased to €32.4m, maintaining margins by implementing price increases to address higher raw material cost
- Residential PA 2021 Adjusted EBITDA of €10.7m was up 45.0% from €7.4m in 2020, due to early implementation of price increases and fixed costs remaining on prior year level
- Discontinued Operations 2021 Adjusted EBITDA grew 46.7% to €43.9m from €29.9m in 2020, due to volume increases in Rugs across all major regions, a sizable price increase and only a moderate increase in fixed costs

Cash Flow FY 2021: -€51m cash flow

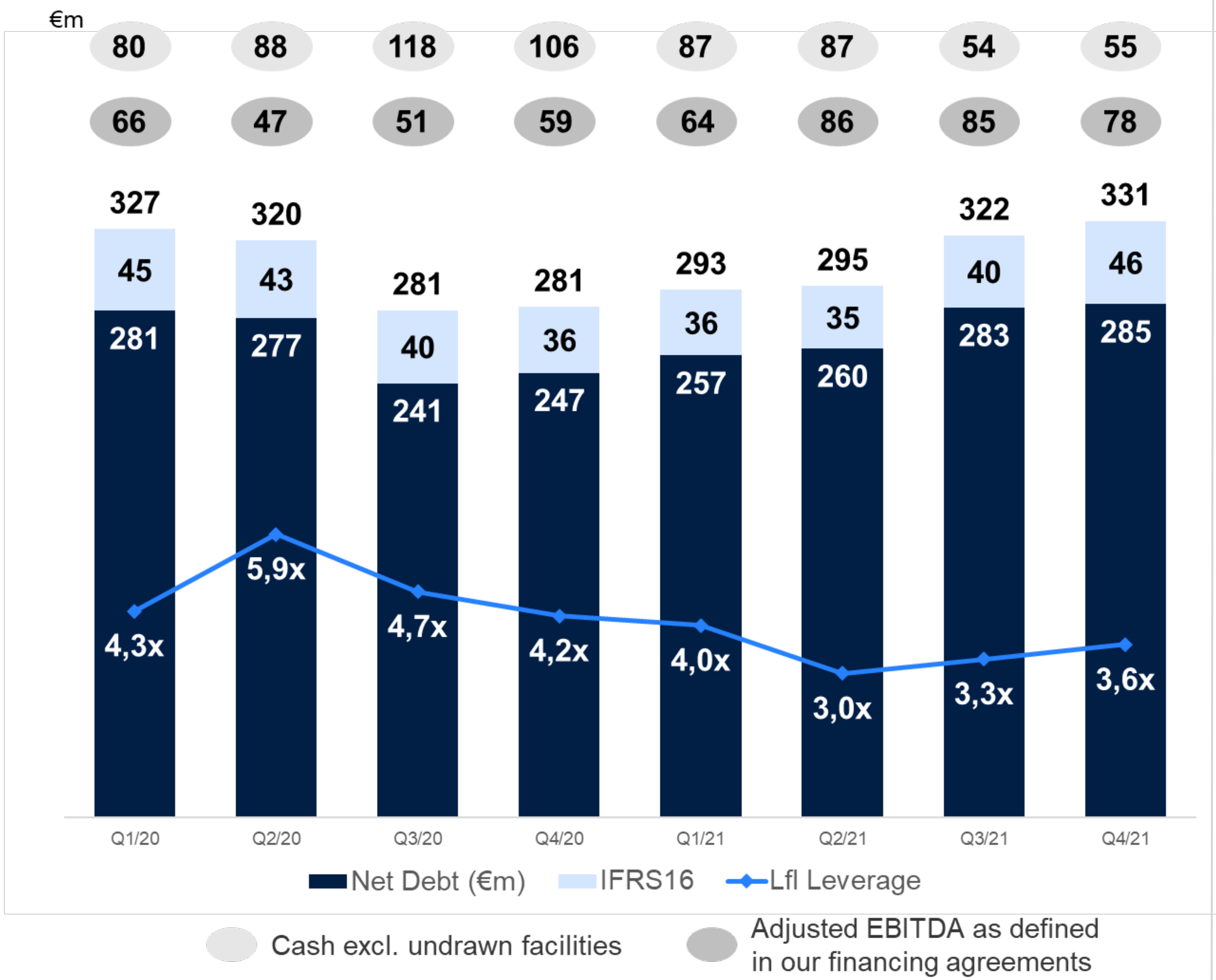


- Negative net cash flow of -€51.0m in FY2021
- At 31 December 2021, cash equivalents was €55.3m, excluding €14.5m headroom that can be drawn from the existing RCF
- Net cash flow was heavily impacted by the increase in inventory, which was mainly driven by the increase in raw material, energy and transportation cost

Leverage of 3.6x, excluding IFRS16

Strong liquidity and reducing leverage through effective WC management and Adjusted EBITDA growth

Leverage



- Leverage in FY21 positively impacted by strong LTM EBITDA performance, improving to 3.6x from 4.2x at the end of 2020
- Net Debt increased by €47.5m to €330.7m at FYE 2021 from €283.2m at FYE 2020, due to higher working capital, mainly as a result of cost increases in raw materials, energy and transportation
- Total available liquidity amounted to €69.7m at FYE 2021, comprising cash of €55.3m and a further €14.5m headroom to draw under the revolving credit facilities

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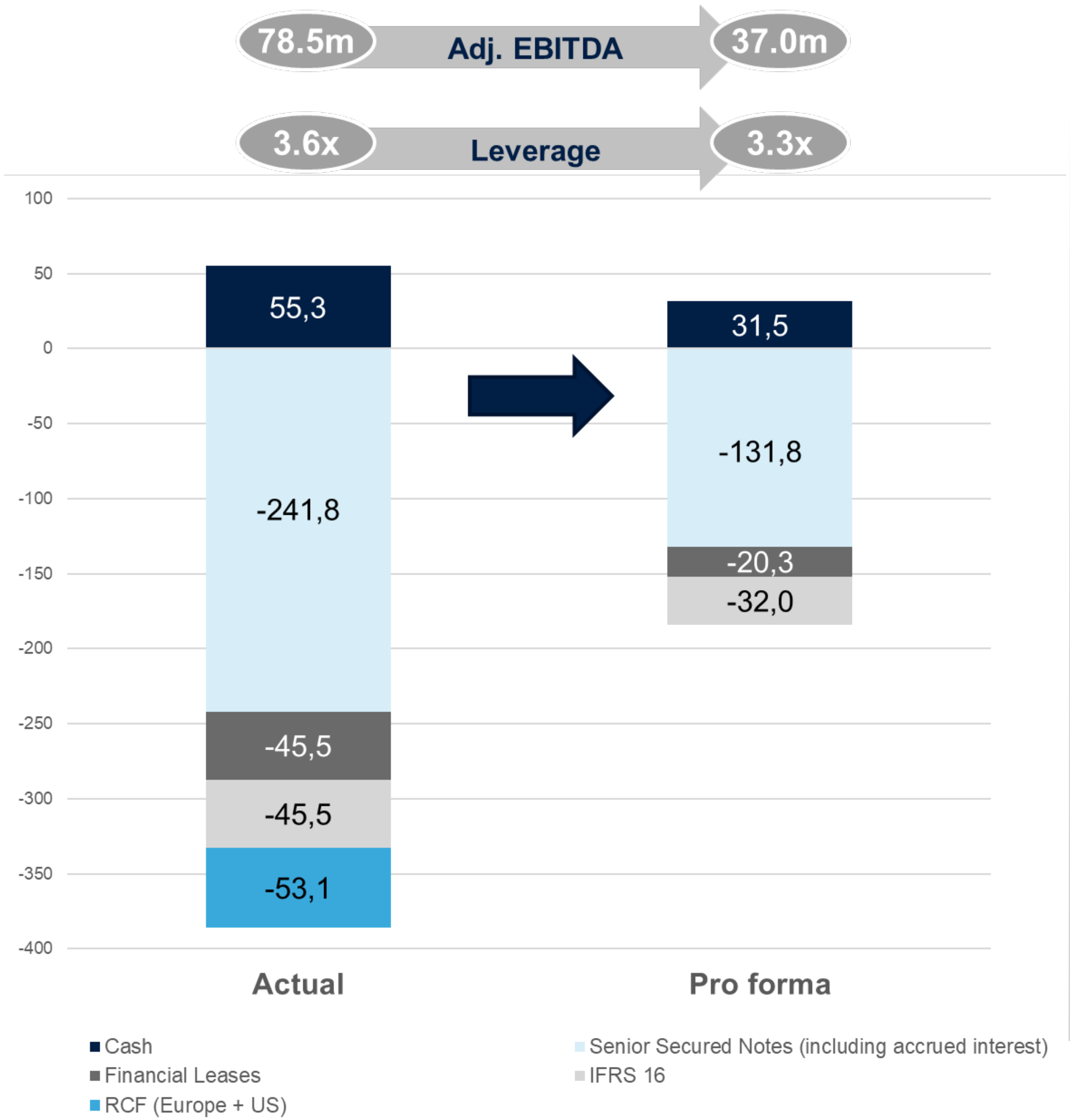
Pro forma net debt and pro forma leverage 3,3x for the Continuing Operations

€m



- Estimated Net Debt pro forma for the Continuing Operations at FYE 2021 would be €153m (including IFRS 16)
- This would imply a pro forma leverage of 3.3x (excluding IFRS 16 in line with financing agreements)

Conclusion

2021 was a year of recovery

- Increased sales and profitability: substantial Revenue increase from FY2020 to €276.8m, up 7.1% and strong Adjusted EBITDA YoY by 13.3%. Adjusted EBITDA margin from 14.7% to 15.6% for Continuing Operations.
- Manufacturing and distribution activities move back to normal levels versus 2020.
- Net Debt increased for the Group by €47.5m to €330.7m at FYE 2021 from €283.2m at FYE 2020, due to higher working capital, mainly as a result of cost increases in raw materials, energy and transportation.
- The Continuing Operations still have some untapped potential to reach pre-COVID-19 levels.
- Net cash flow for the Group in 2021 heavily impacted by inventory increase driven by higher raw material, energy and transportation costs: -€51.0m. Ending balance of cash equivalents at €55.3m, excluding €14.5m of headroom that can be drawn from the existing revolving credit facility.
- Binding agreement with Victoria PLC to sell Rugs, Residential polypropylene and Non-Woven businesses, together with the Balta brand presents opportunities to explore further growth areas and less FX exposure.

Q&A Session