



 **balta**

Q1 2021 Results

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Introduction



Cyrille Ragoucy
Chief Executive Officer
Chairman of the Board



Jan-Christian Werner
Chief Financial Officer



Emmanuel Rigaux
Chief Transformation Officer

Q1 2021 Financial Summary

(4.5)% YoY Revenue growth (consolidated)	(2.7)% organic (1.7)% FX impact	<ul style="list-style-type: none">• Q1 2021 Consolidated revenue of €152.6m• Revenue growth in Rugs (+21.9%), while decline in Residential (-8.2%) and Commercial (-19.5%)• Continued recovery in Rugs from US direct shipments and e-commerce, while Commercial volumes are still to recover
23.9% YoY Adj. EBITDA growth	26.4% organic (2.5)% FX impact	<ul style="list-style-type: none">• Q1 2021 Consolidated Adjusted EBITDA of €21.2m• Residential and Commercial remain temporarily impacted by COVID-19 related volume reductions• Positive and recurring NEXT contribution• Continued cost savings• Timing impact from lower 2020 material costs
4.0x Leverage Excluding IFRS16	Net Debt €292.8m	<ul style="list-style-type: none">• Leverage was 4.2x end 2020• Reported net debt includes €36.3m impact from IFRS16• Reported net debt increased by €9.6m, due to normal seasonal patterns on working capital and one-off refinancing fees

NEXT Revenue + €12m incremental in Q1 2021

On track to meet the €85m target for 2021 (vs 2018)

	Key Drivers	Q1 2021 (vs 2020)	2020 (vs 2018)	Cumulative (vs 2018)
Revenue	Balta e-commerce	+ €3m	+ €13m	+ €16m
	New Segment Direct route to market	+ €0m	+ €17m	+ €17m
	Other Revenue Initiatives	+ €9m	+ €38m	+ €47m
	Total Additional Revenue	+ €12m	+ €68m	+ €80

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

NEXT Adjusted EBITDA : +€1m incremental in Q1 2021

On track to meet the €16m target for 2021 (vs 2018)

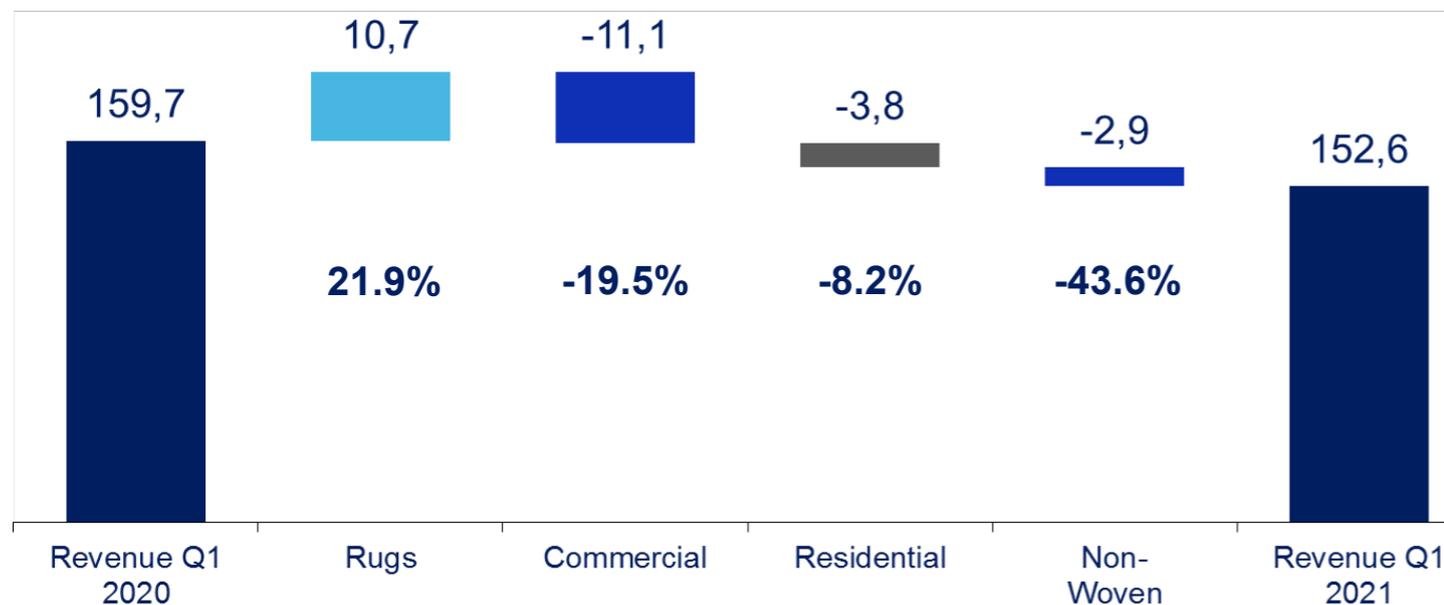
	<u>Key Drivers</u>	<u>Q1 2021 (vs 2020)</u>	<u>2020 (vs 2018)</u>	<u>Cumulative (vs 2018)</u>
Margins	Lean	+€2m	+€12m	+€14m
	Procurement	+€0m	+€7m	+€7m
	Incremental OPEX	(€1m)	(€6m)	(€7m)
	Total EBITDA savings	+€1m	+ €13m	+ €14m
		<u>Q1 2021</u>	<u>2019 + 2020</u>	<u>Cumulative</u>
NEXT related spend	Non-recurring expenses	(€0m)	(€9m)	(€9m)
	CAPEX	(€1m)	(€6m)	(€7m)

Impacts shown for the Adjusted EBITDA initiatives are the gross impacts before cost inflation

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

Group Q1 2021 Revenue

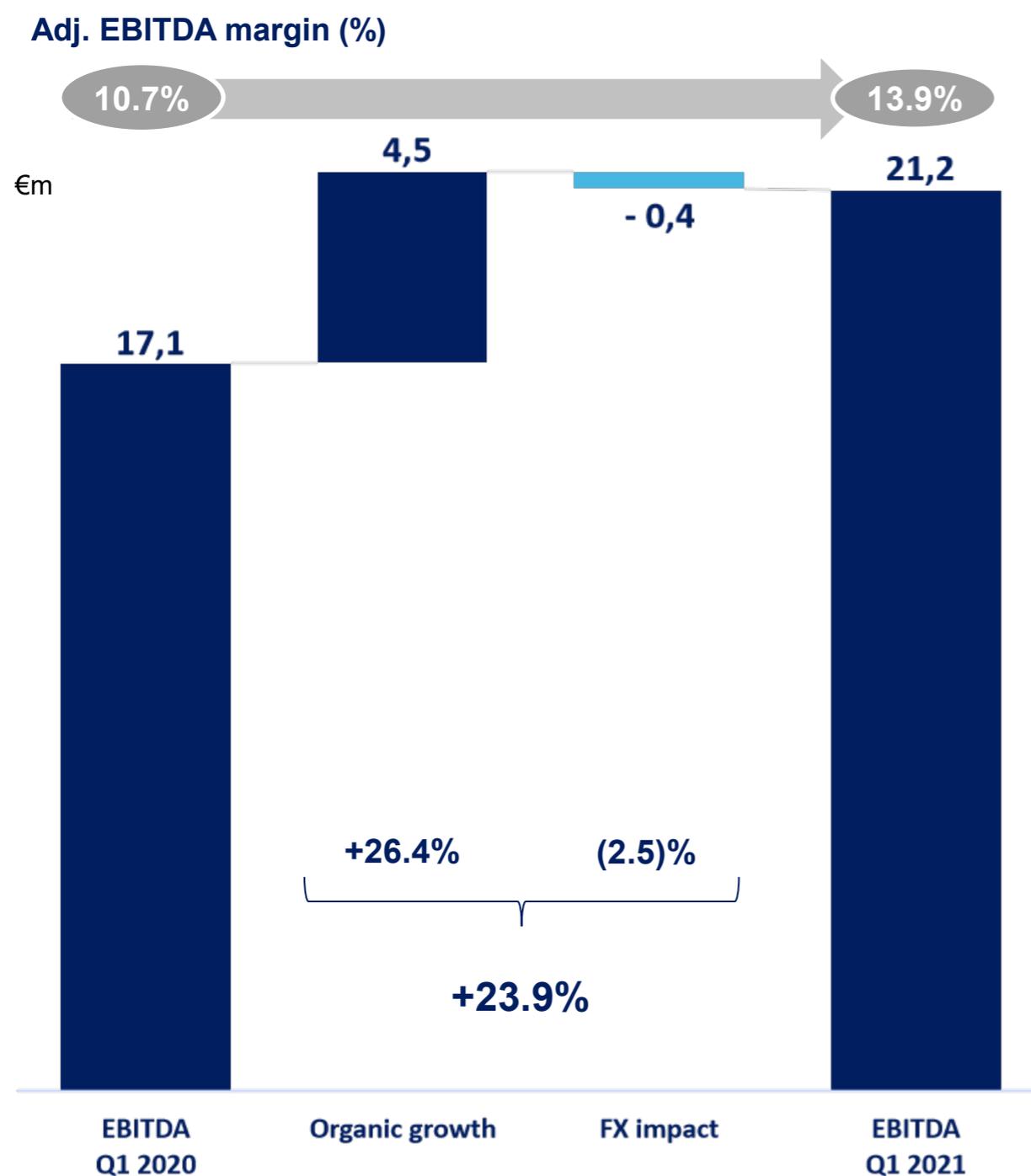
€m



- Rugs continued the trend from H2 2020. In particular, US revenues saw strong direct shipments and e-commerce growth. Europe ended Q1 just below Q1 2020 with most markets still in lockdown.
- Commercial remains impacted by COVID-19 in both Europe and US.
- Residential ended lower than last year due to continued COVID-19 restrictions in key markets. Export sales grew YoY.

	Q1 Growth (€m)	Q1 Growth (%)
Organic	(4.4)	(2.7)%
FX Impact	(2.8)	(1.7)%
Reported	(7.1)	(4.5)%

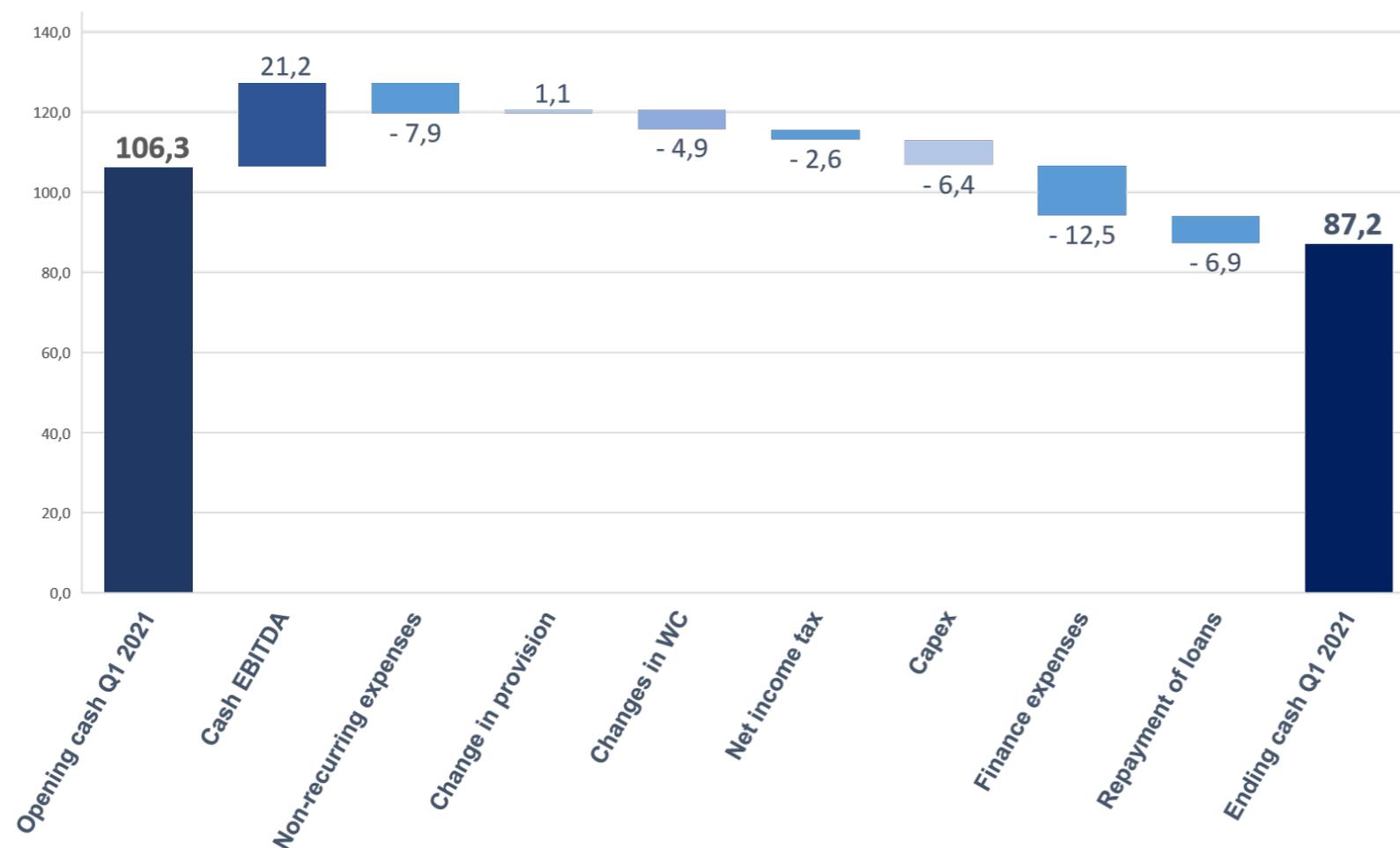
Group Q1 2021 Adjusted EBITDA and Margins



€m	Q1 2021	Q1 2020	% Change
Rugs	11.2	4.3	160.7%
Commercial	6.4	8.2	(21.1)%
Residential	3.8	4.1	(7.5)%
Non-Woven	(0.2)	0.5	(143.1)%
Consolidated Adjusted EBITDA	21.2	17.1	23.9%

- Rugs increased YoY due to US and e-commerce volume growth combined with better product mix.
- Commercial declined with volumes impacted by COVID-19 and a slightly unfavorable geographical mix.
- Residential slightly decreased as volumes were impacted by COVID-19 restrictions and Brexit.
- All divisions continued to benefit from the lower raw material costs seen in 2020, continued cost control and earnings improvements from NEXT initiatives.

Cash Flow Q1 2021: €19.1m net cash reduction



- Negative cash flow of €19.1m in Q1 2021, including €3.6m of RCF repayment.
- Largely related to normal seasonal working capital patterns (US patio season build-up), Belgian tax payments, customer rebates, SSN coupon and one-off financing fees.
- Ended Q1 2021 with cash and cash equivalents of €87.2m, and a further €11.0m headroom under the RCFs.

Working Capital (€m) (4.9)

Inventory (14.7)

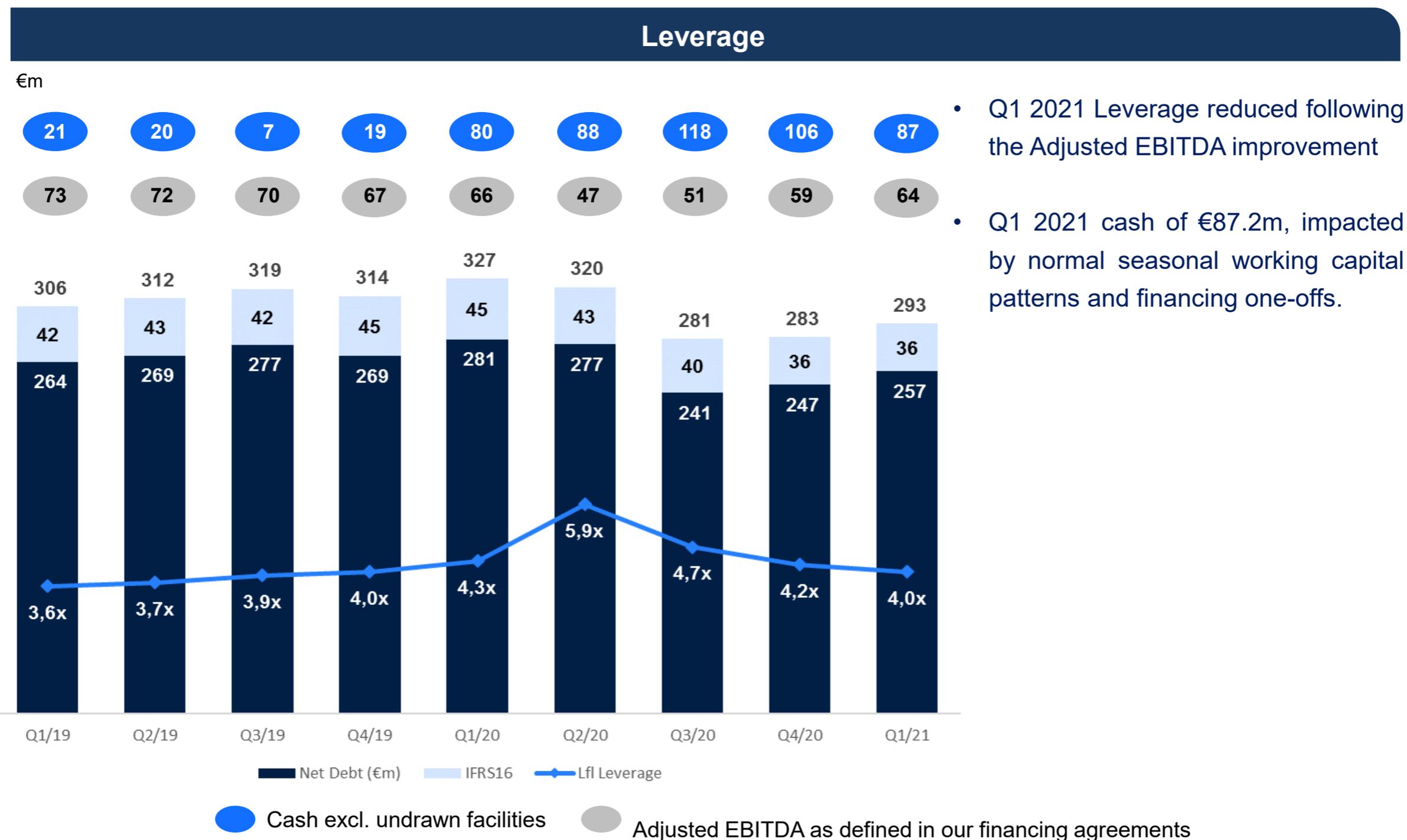
Trade Receivables (3.5)

Trade Payables 12.1

Other Working Capital (incl translation) 1.3

Leverage of 4.0x, excluding IFRS16

Strong liquidity and reduced leverage through Adjusted EBITDA growth



Conclusion

First quarter of 2021 confirms recovery in Adjusted EBITDA

- Significant increase in Rugs revenues, in particular in US direct shipments and e-commerce channels
- Residential impacted by European lockdowns
- Commercial market is still to recover to pre COVID-19 levels
- Q1 Adjusted EBITDA increased YoY by 24% and Adjusted EBITDA margin from 10.7% to 13.9%
- Q1 2021 benefited from the impact of lower 2020 raw material costs flowing into production
- Cash of €87.2m at end Q1 2021, with additional €11.0 headroom under the RCFs
- Net leverage reduced to 4.0x, driven by Q1 Adjusted EBITDA improvement

Outlook

- Group revenues to recover to more normal levels as vaccination programmes take effect, although the macroeconomic situation remains uncertain.
- Remain vigilant given the significant material and transportation cost inflation experienced in Q1 2021 and, in some cases, shortages of material and containers. Additional price increases where and when necessary.
- Committed to transforming Balta by improving operating performance, cost management and completing our NEXT strategy.



Q&A Session

H1 2021 results release on 27 August 2021.