



 **balta**

Q1 2021 Results

Disclaimer

In considering any performance information contained herein, you should bear in mind that past or projected performance is not necessarily indicative of future results, and there can be no assurance that any entity referenced herein will achieve comparable results or that illustrative returns, if any, will be met. Statements in this presentation are made as of the date this presentation is made unless stated otherwise, and the delivery of this presentation at any time shall under no circumstances create an implication that the information contained herein is correct as of any time after such date.

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements". Actual outcomes and results could differ materially from those forecasts due to the impact of many factors beyond the control of the Company and its affiliates. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intends", "plan", "estimate", "aim", "forecast", "project", "will", "may", "might", "should", "could" and similar expressions (or their negative) identify certain of these forward-looking statements. Forward-looking statements include statements regarding: business strategies, outlook and growth prospects; future plans and potential for future growth; growth in demand for soft flooring products; expected developments in production capabilities, including technological advancements in soft flooring manufacturing; expected spending by our customers and competitors; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors. No statement in this presentation is intended to be nor may be construed as a profit forecast.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. These assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control and it may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements include the achievement of the anticipated levels of profitability, growth, the impact of competitive pricing, shifts in customer, market and consumer demand, competition risk, regulatory risk, financial markets risk, operational risks, the impact of general business, European and Belgian economic conditions and other risks and factors. In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this document might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.

Figures contained in the presentation may be rounded.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. Any securities offered by the Company have not been and will not be registered under the Securities Act, or under any applicable securities laws of any state or other jurisdiction of the United States. Distribution of this document may be prohibited in the United States. You are required to inform yourself or, and comply with, all such restrictions or prohibitions and the Company does not accept liability to any person in relation thereto. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the above limitations.

The financial information included in this document includes figures that have not been subject to an audit or review by any independent auditor in accordance with generally accepted auditing standards. This presentation 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. The assumptions underlying the pro forma adjustments have not been audited or reviewed in accordance with any generally accepted auditing standards.

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

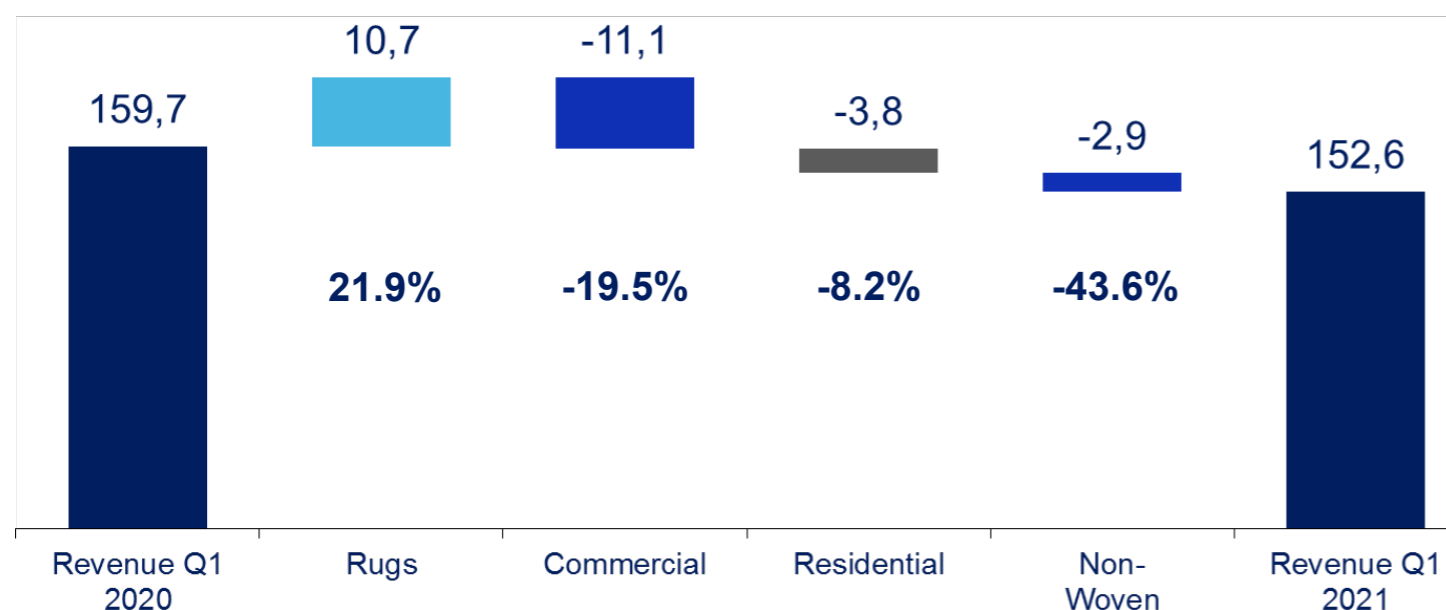
		<u>Q1 2021</u>	<u>2019 + 2020</u>	<u>Cumulative</u>
NEXT related spend	Non-recurring expenses	(€0m)	(€9m)	(€9m)
	CAPEX	(€1m)	(€6m)	(€7m)

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

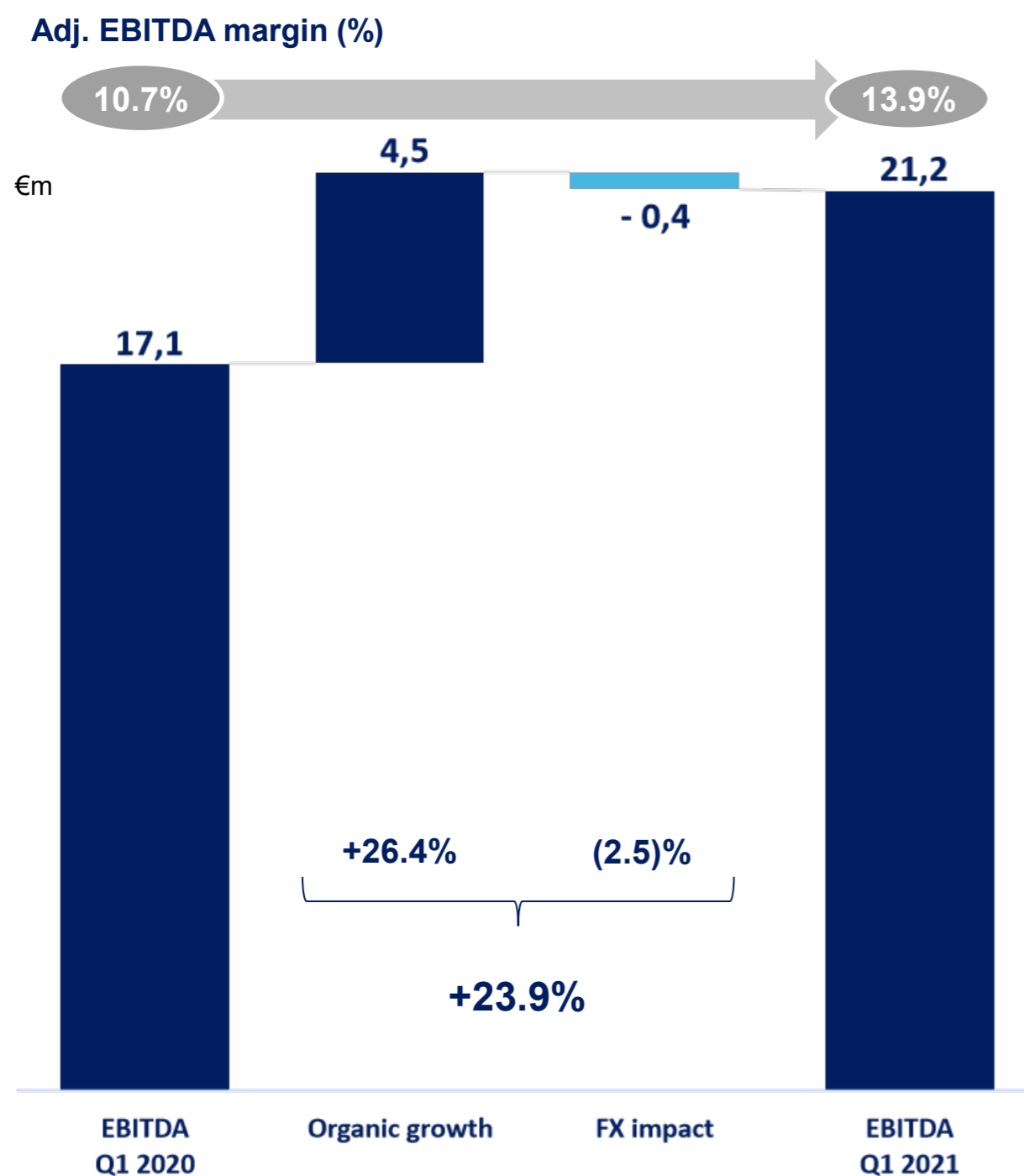
€m



- 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)%

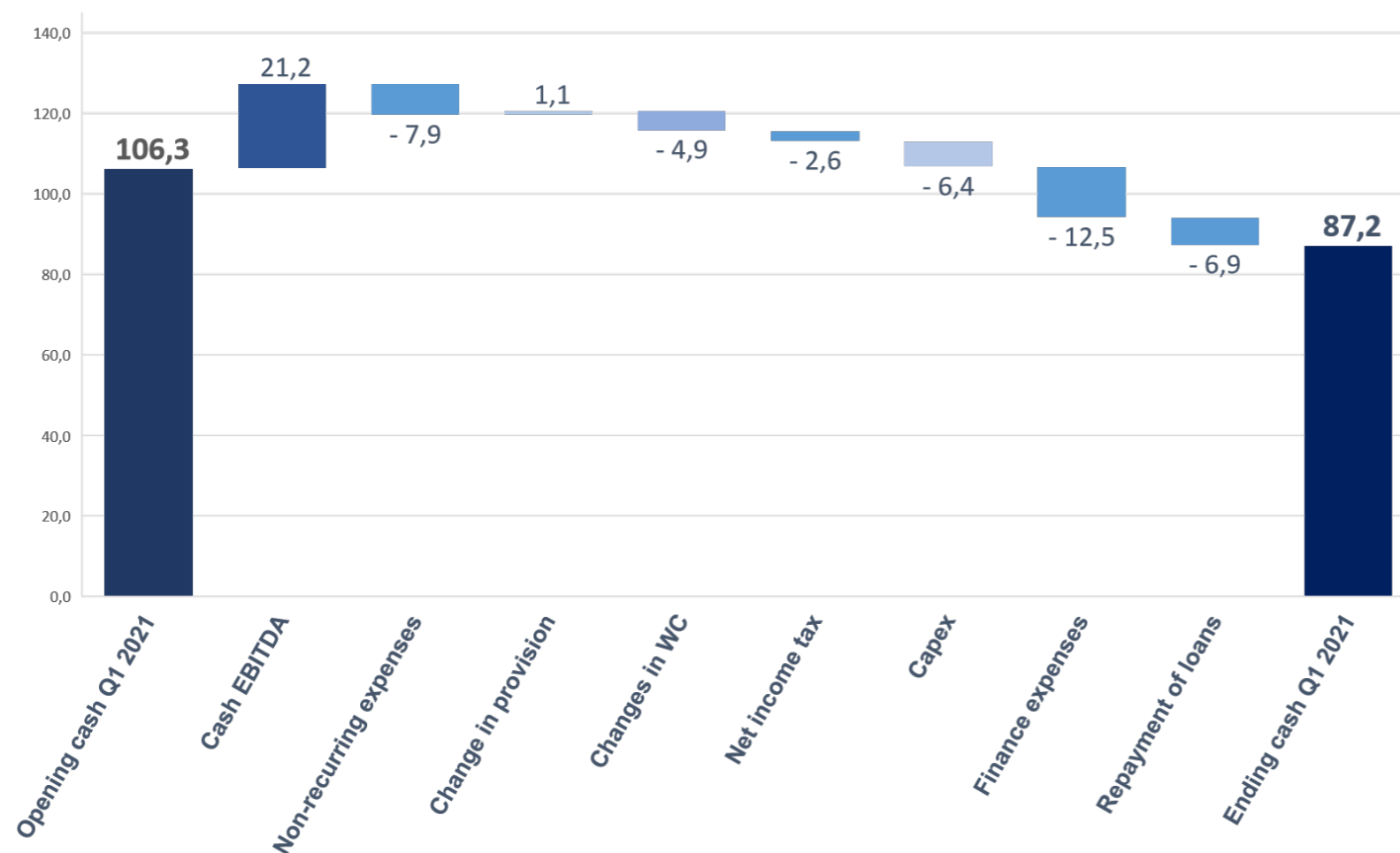
Group Q1 2021 Adjusted EBITDA and Margins



€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)

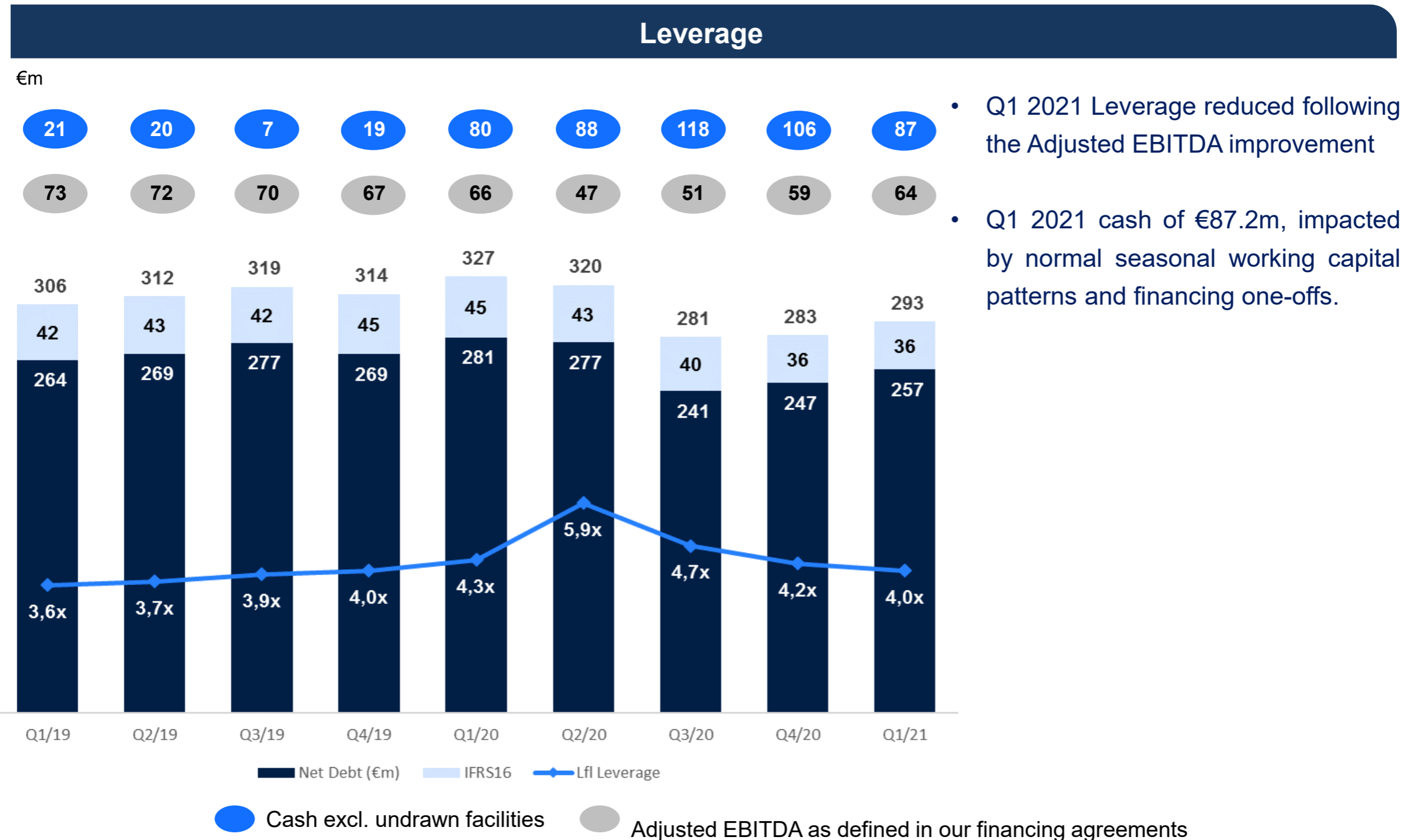
Trade Receivables (3.5)

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.