



 **balta**

H1 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

H1 2021 Financial Summary

€51.9m YoY Revenue growth (consolidated)	21.7% organic (2.2)% FX impact	<ul style="list-style-type: none">• H1 2021 Consolidated revenue of €318.3m• Revenue growth in Rugs (+48.0%) and Residential (+27.0%), while decline in Commercial (-7.4%)• Continued strong performance in Rugs and Residential, while Commercial revenues remain stable, but below pre-COVID-19 levels
€25.9m YoY Adj. EBITDA growth	148.4% organic (6.2)% FX impact	<ul style="list-style-type: none">• H1 2021 Consolidated Adjusted EBITDA of €44.2m• Healthy growth in Rugs and Residential supported by strong volume performance, despite certain remaining COVID-19 restrictions• Positive and recurring NEXT contribution across all divisions• Timing impact from lower H2 2020 material costs• Unfavourable US Dollar effect in Commercial
3.0x Leverage Excluding IFRS16	Net Debt €294.9m	<ul style="list-style-type: none">• Leverage reduced from 4.2x end 2020• Reported net debt includes €34.6m impact from IFRS16• Reported net debt increased by €11.7m, due to normal seasonal working capital patterns and exceptional refinancing fees

NEXT Revenue + €32m incremental in H1 2021 Putting us ahead of the €85m target for 2021 (vs 2018)

	<u>Key Drivers</u>	<u>H1 2021 (vs 2020)</u>	<u>2020 (vs 2018)</u>	<u>Cumulative (vs 2018)</u>
Revenue	Balta e-commerce	+ €3m	+ €13m	+ €16m
	New Segment Direct route to market	+ €3m	+ €17m	+ €20m
	Other Revenue Initiatives	+ €26m	+ €38m	+ €64m
	Total Additional Revenue	+ €32m	+ €68m	+ €100

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

NEXT Adjusted EBITDA : +€4m incremental in H1 2021 Putting us ahead of the €16m target for 2021 (vs 2018)

Key Drivers		H1 2021 (vs 2020)	2020 (vs 2018)	Cumulative (vs 2018)
Margins	Lean	+€4m	+€12m	+€16m
	Procurement	+€1m	+€7m	+€8m
	Incremental OPEX	(€1m)	(€6m)	(€7m)
	Total EBITDA savings	+€4m	+ €13m	+ €17m

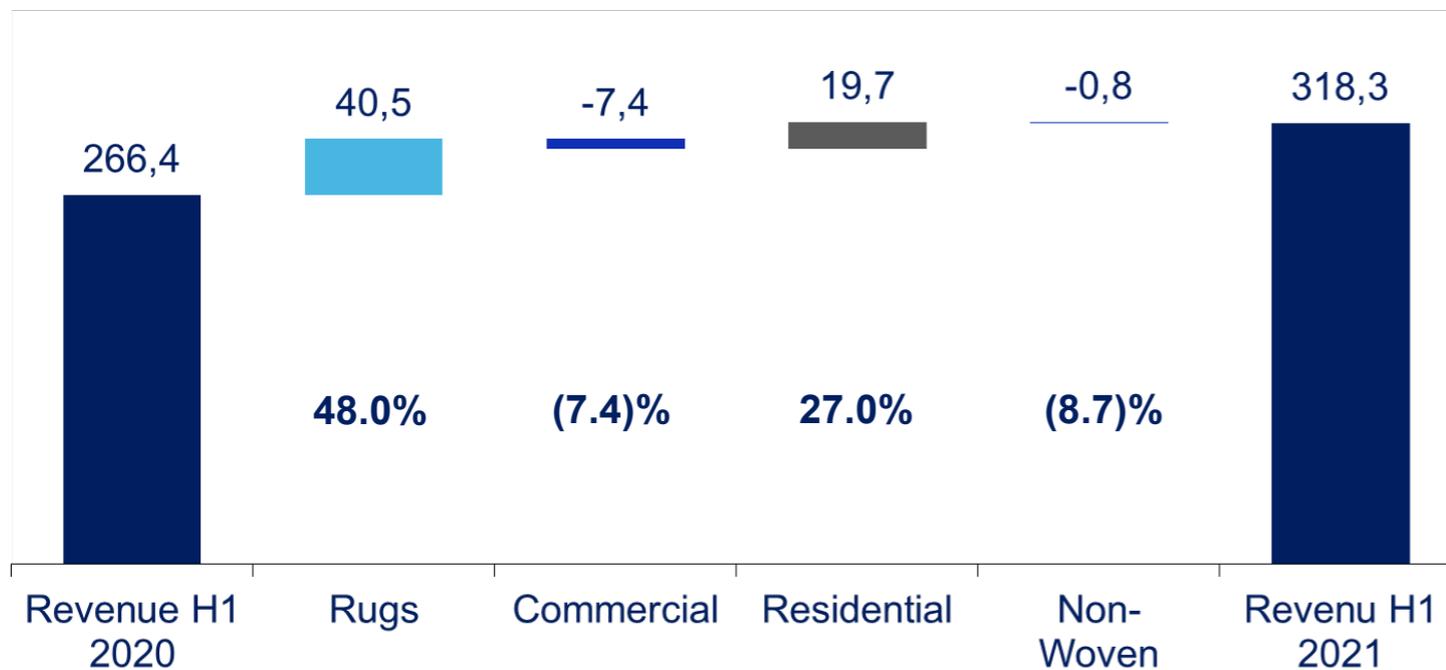
		H1 2021	2019 + 2020	Cumulative
NEXT related spend	Non-recurring expenses	(€0m)	(€9m)	(€9m)
	CAPEX	(€1m)	(€6m)	(€7m)

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 H1 2021 Revenue

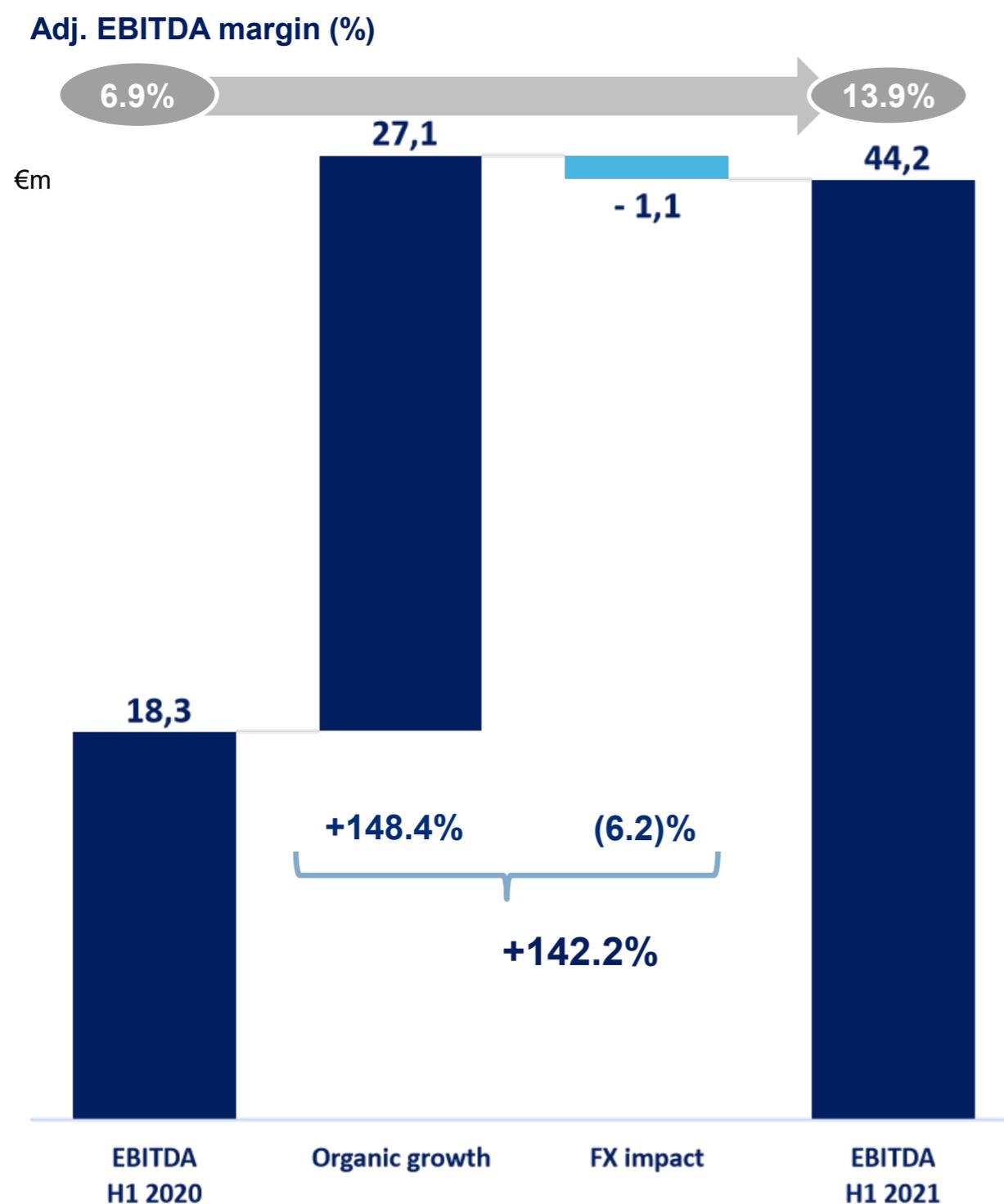
€m



	H1 Growth (€m)	H1 Growth (%)
Organic	57.8	21.7%
FX Impact	(5.8)	(2.2)%
Reported	51.9	19.5%

- Rugs continued the trend from H2 2020 across all geographies. US saw significant gains in direct shipments and continued e-commerce growth, while Europe benefited from reopened markets.
- Commercial remained impacted by COVID-19 headwinds. While overall largely stable, Europe ended slightly above H1 2020 and US slightly below; largely reflecting unfavourable US Dollar depreciation.
- Residential reported strong growth as most COVID-19 restrictions ended in key markets and retail outlets reopened. Sales to export markets grew YoY.

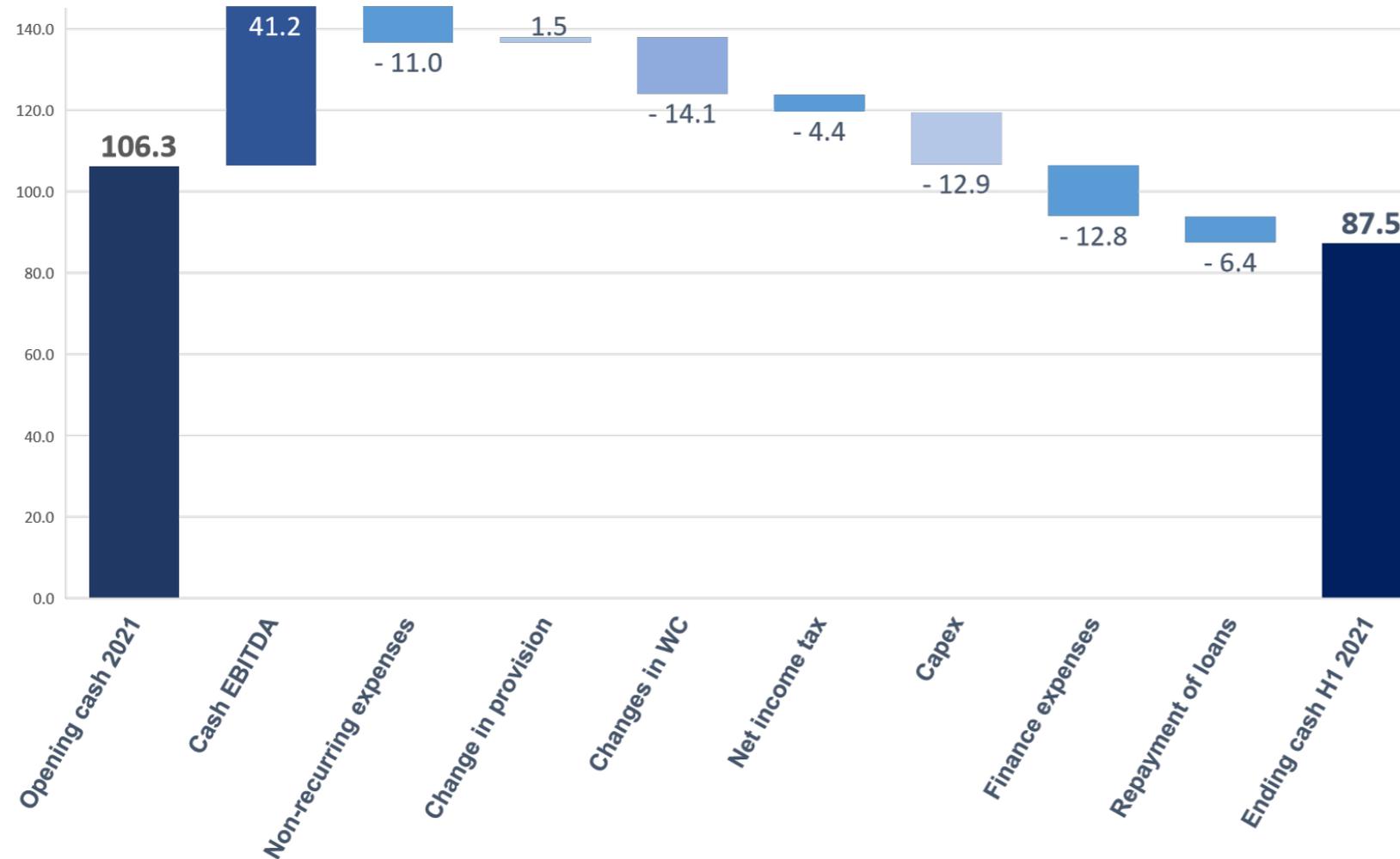
Group H1 2021 Adjusted EBITDA and Margins



€m	H1 2021	H1 2020	% Change
Rugs	21.1	1.0	1912.6%
Commercial	15.1	13.9	8.2%
Residential	8.0	3.1	158.1%
Non-Woven	0.1	0.2	(64.2)%
Consolidated Adjusted EBITDA	44.2	18.3	142.2%

- Rugs strongly increased YoY, driven by higher volumes and margin improvements from NEXT.
- Commercial Adjusted EBITDA improved due to fixed cost savings in US and continued NEXT margin improvements.
- Residential grew thanks to the strong revenue growth and NEXT initiatives.

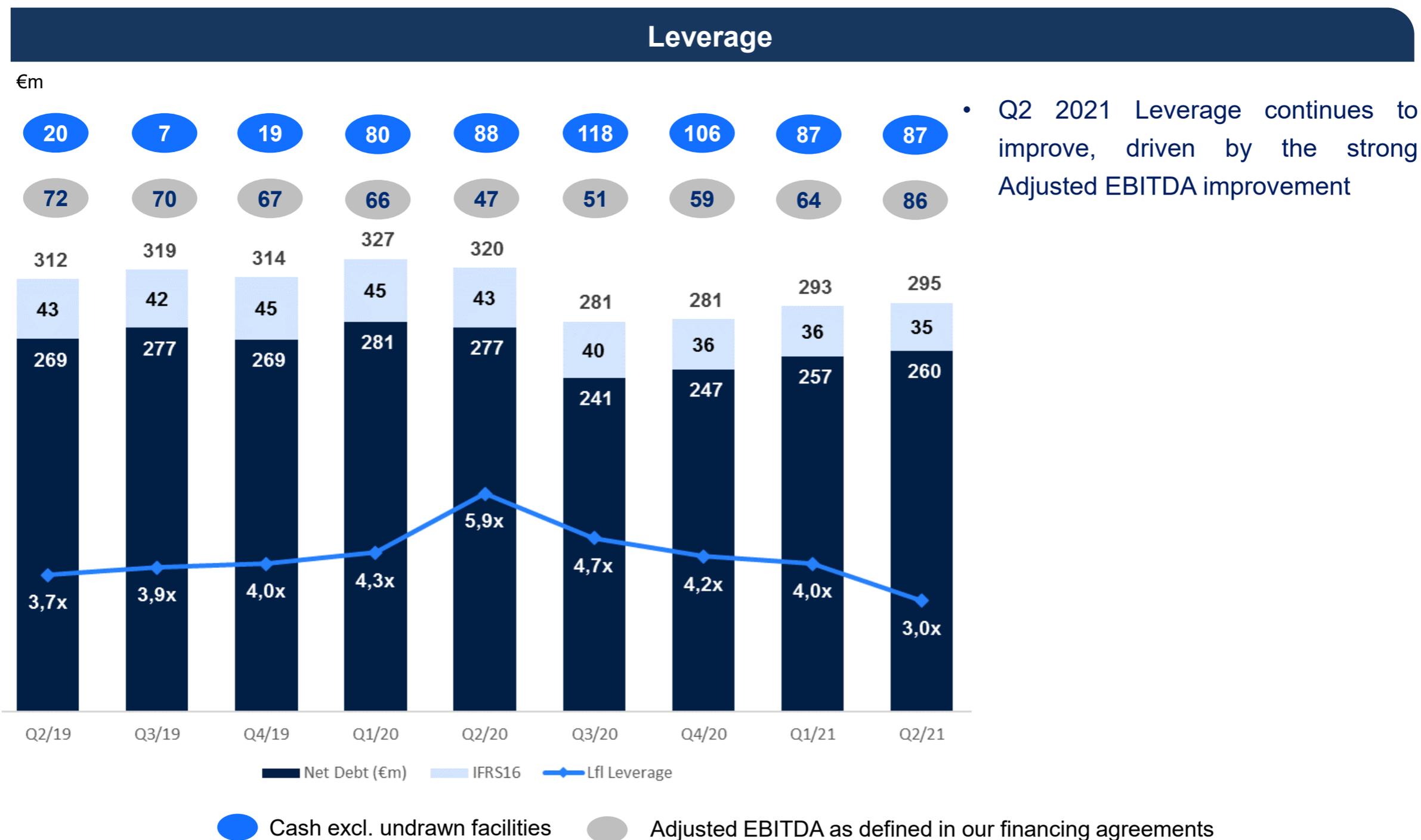
Cash Flow H1 2021: €18.8m net cash reduction



- H1 2021 total liquidity of €98.3m with cash and cash equivalents of €87.5m and a further €10.8m headroom under the revolving credit facilities.
- Negative change in cash flow of €18.8m in H1 2021, including €6.4m of debt repayments (of which €4.2m revolving credit facilities).
- Non-recurring expenses are largely related to the refinancing cost for the extension of our Senior Secured Notes as well as other non-recurring fees for advisory services.
- Change in working capital is largely related to increased inventories (€31.3m), driven by seasonal patterns and raw material price increases.
- CAPEX spend well in line with guidance.

Leverage of 3.0x, excluding IFRS16

Strong liquidity and reduced leverage driven by Adjusted EBITDA growth



- Q2 2021 Leverage continues to improve, driven by the strong Adjusted EBITDA improvement

Conclusion

Balta's Q2 2021 trading adds to the strong cycle over the last 12 months of significant YoY revenue and margin recovery and growth

- Strong increase in Rugs revenues across all geographies, with continued e-commerce growth
- Residential recovered, as lockdown restrictions in key markets ended
- Commercial remained stable, but still below pre-COVID-19 levels
- H1 Adjusted EBITDA increased YoY by €25.9m (+142.2%) and Adjusted EBITDA margin from 6.9% to 13.9%
- H1 2021 still benefited from the lower H2 2020 raw material purchases flowing into production
- Cash of €87.5m at end H1 2021, with an additional €10.8m headroom under the revolving credit facilities
- Net leverage reduced to 3.0x, driven by the strong H1 Adjusted EBITDA improvement

Outlook

- During H1 2021, price increases across all divisions in response to significant raw material and transportation costs increases. These started to benefit Q2 2021 results, while – for accounting reasons – the cost increases will mainly impact H2 2021.
- We remain vigilant to ensure we continue to respond appropriately to the global macroeconomic uncertainties.



Q&A Session

Q3 2021 results release on 29 October 2021