



 **balta**

H1 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

H1 2021 Financial Summary

<p>€51.9m</p> <p>YoY Revenue growth (consolidated)</p>	<p>21.7% organic</p> <p>(2.2)% FX impact</p>	<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
<p>€25.9m</p> <p>YoY Adj. EBITDA growth</p>	<p>148.4% organic</p> <p>(6.2)% FX impact</p>	<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
<p>3.0x</p> <p>Leverage Excluding IFRS16</p>	<p>Net Debt €294.9m</p>	<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)

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

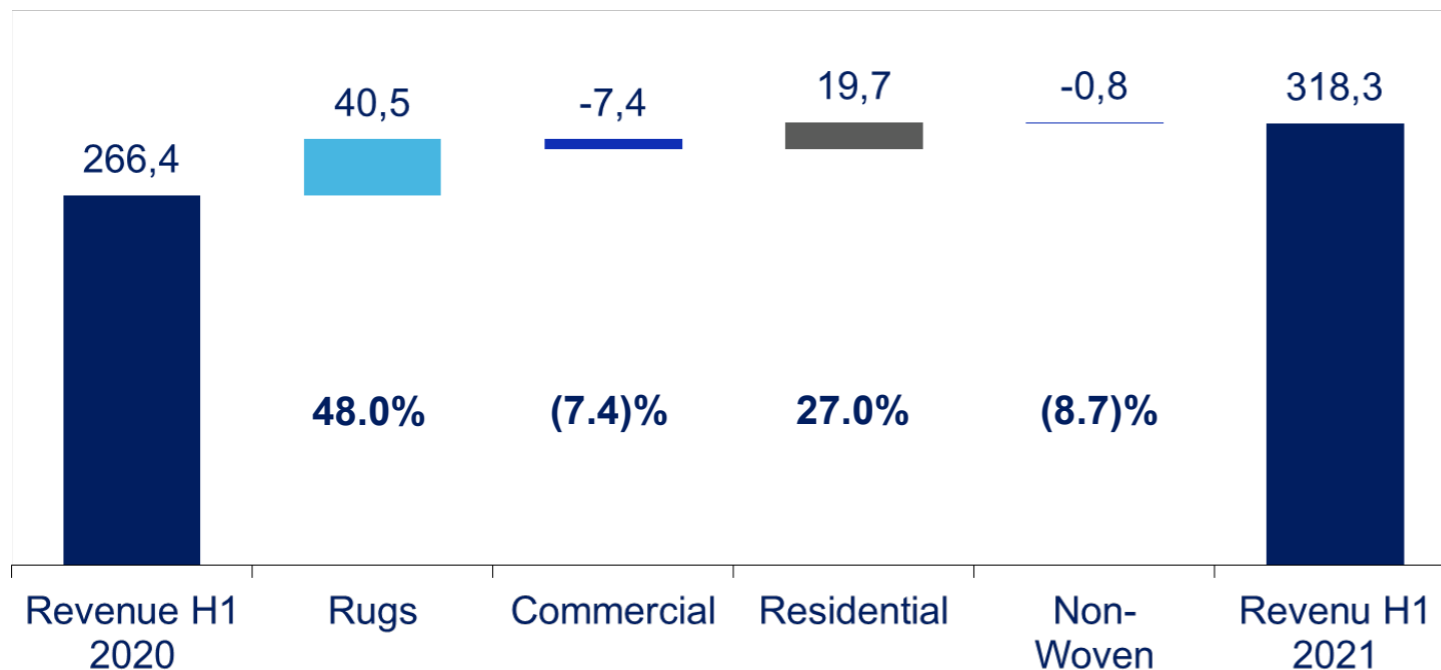
		<u>H1 2021</u>	<u>2019 + 2020</u>	<u>Cumulative</u>
NEXT related spend	Non-recurring expenses	(€0m)	(€9m)	(€9m)
	CAPEX	(€1m)	(€6m)	(€7m)

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 H1 2021 Revenue

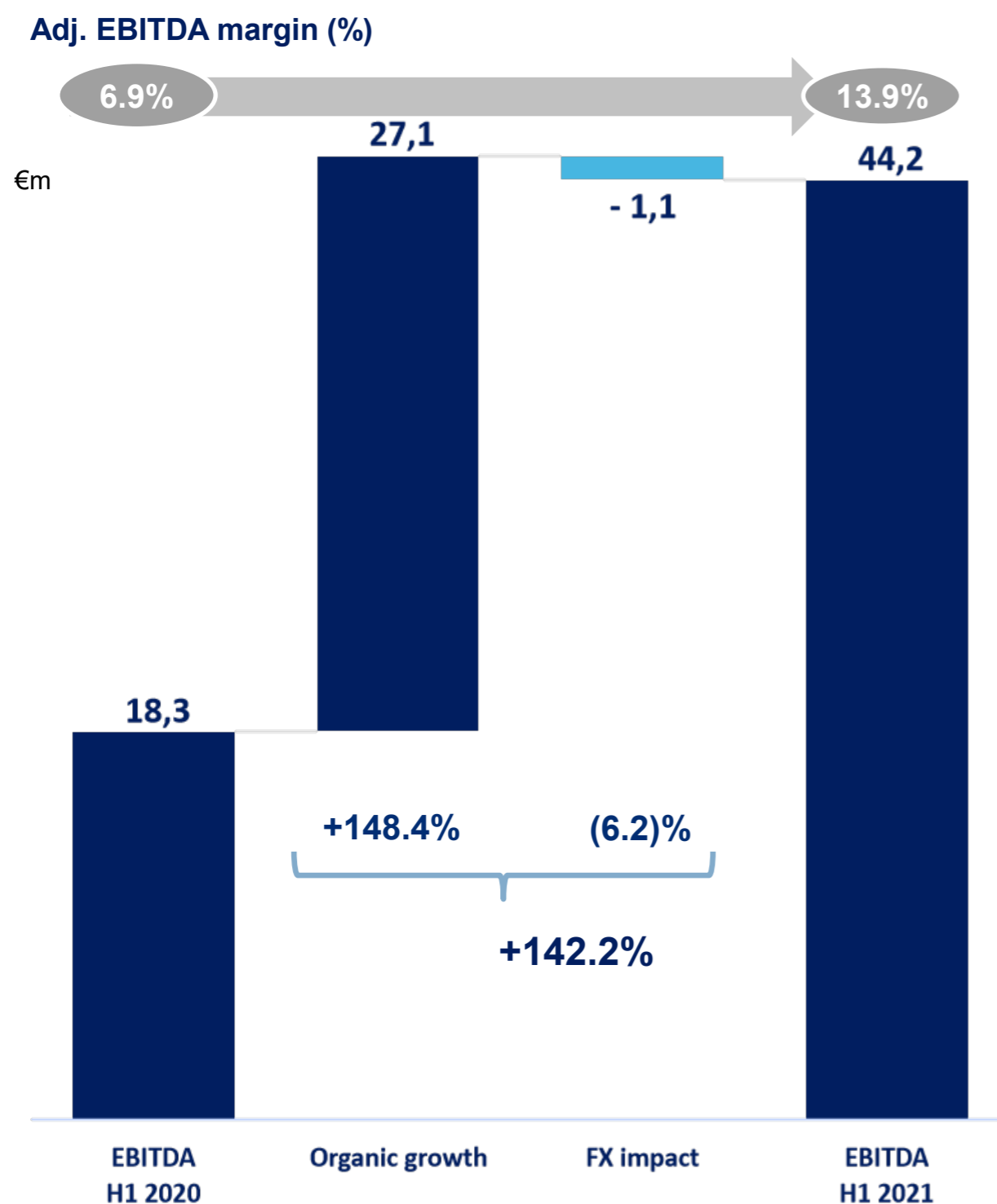
€m



	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.

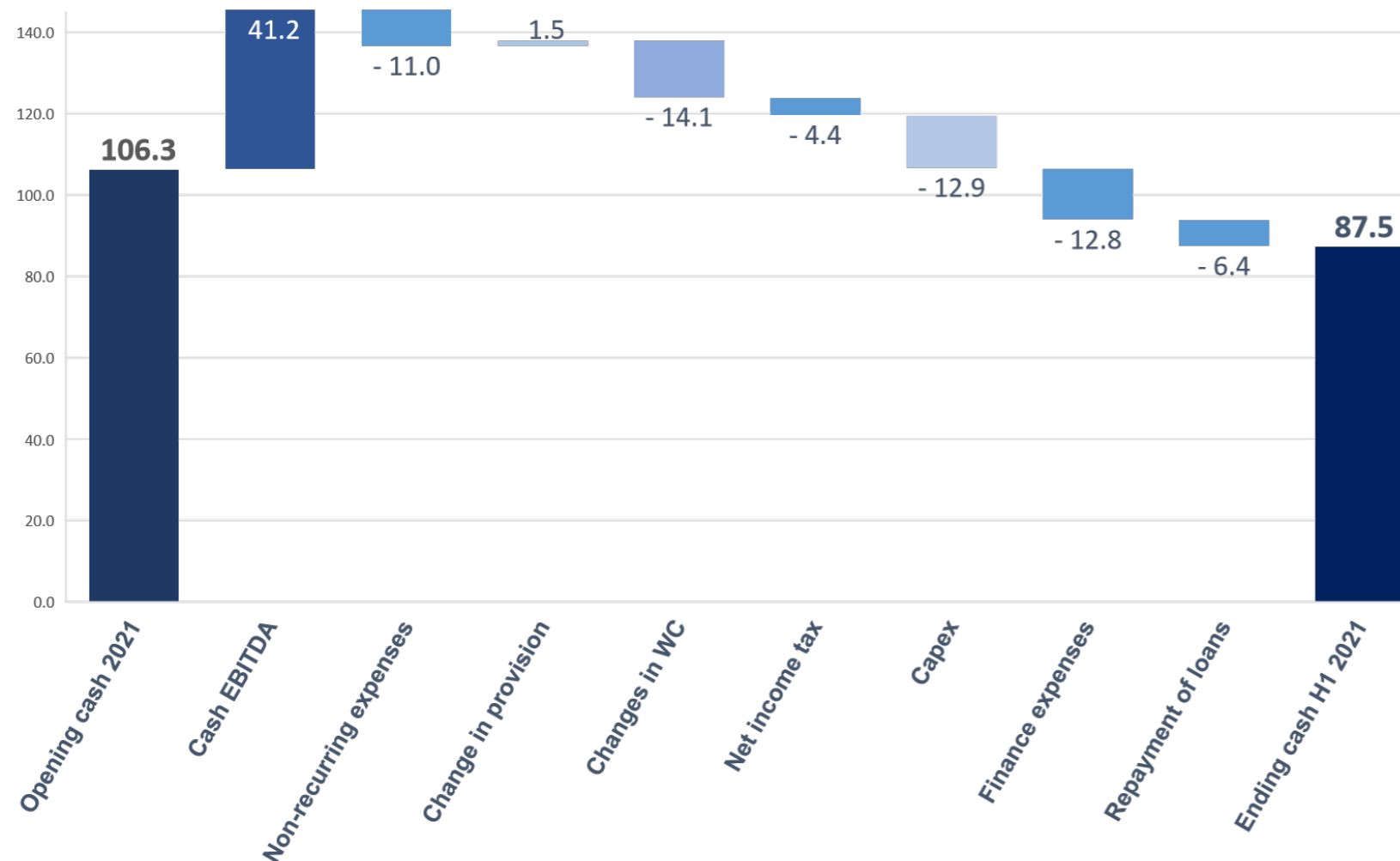
Group H1 2021 Adjusted EBITDA and Margins



€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.

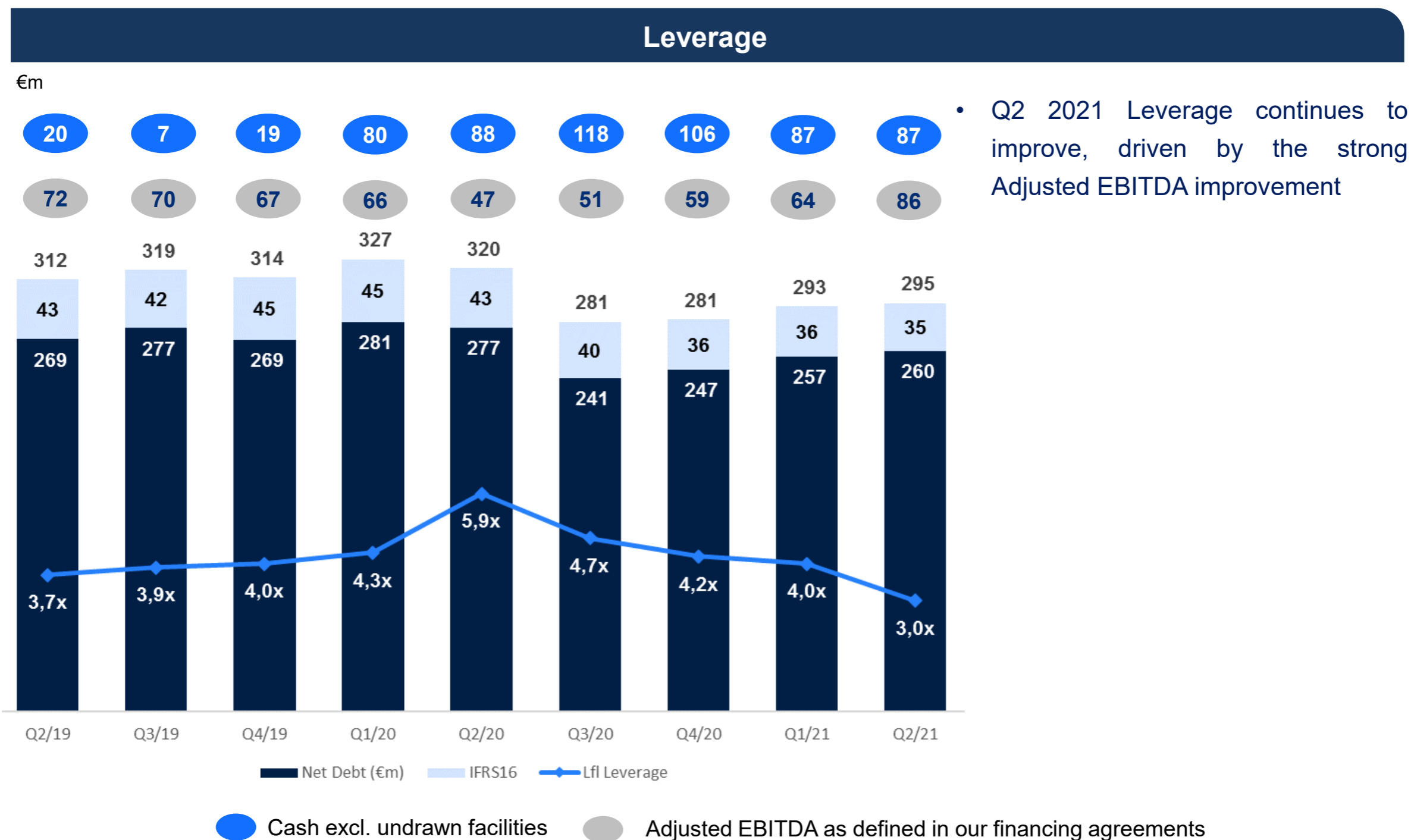
Cash Flow H1 2021: €18.8m net cash reduction



- 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



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