

26 August 2022

# H1 2022 Results

**Balta Group nv**

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**modu  
lyss<sup>®</sup>**

**α arc edition<sup>®</sup>**  
performance flooring

**BENTLEY**

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# Introduction

- On 4 April 2022, we announced the completion of the sale of the Rugs, Residential polypropylene and Non-Woven businesses, together with the Balta brand, to Victoria PLC.
- After the completion of this transaction, we implemented:
  - One management team for Europe, overlooking the Europe-based residential and commercial businesses, including export in the rest of the world.
  - One management team for the United States
  - Both business units have independent management teams. HQ has a limited headcount in Finance, HR and IT.  
Starting immediately, our reporting will follow the management structure of the company and will now be Europe and United States vs Commercial and Residential previously.
- In addition, with the closure of the transaction, a number of changes in the executive committee took place:
  - Jan-Christian Werner has left the group and was immediately succeeded as Chief Financial Officer by Andy Rogiest. Andy Rogiest has joined the company on 6 June after having held several senior Finance positions at Ontex, Imperial Meat Products and Home Health Products Group.
  - Emmanuel Rigaux, Managing Director Commercial & Residential Europe, decided to pursue opportunities outside of the Group and has left the organisation on 30 June. A search for his replacement is underway while the division is being directly managed by Cyrille Ragoucy in the interim.

# Introduction

1. H1 2022 Financial Summary
2. Financial Review
3. Beyond
4. Conclusion
5. Q&A



Cyrille Ragoucy  
Chief Executive Officer  
Chairman of the Board



Andy Rogiest  
Chief Financial Officer

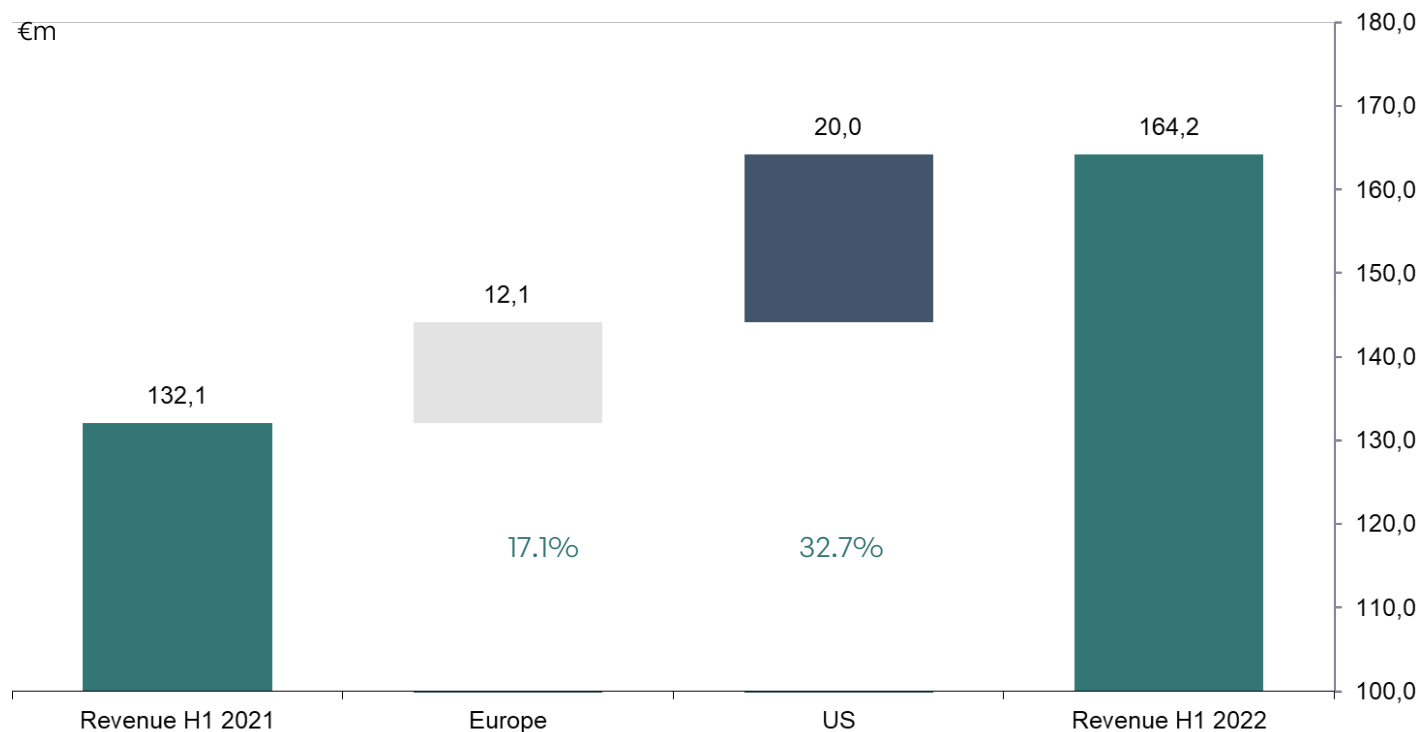


Ruben Pattheeuws  
Strategic Project Director

# H1 2022 Financial Summary

<b>24.3%</b> YoY Revenue growth (consolidated)	18.6% organic <hr/> 5.7% FX impact	<ul style="list-style-type: none"><li>• H1 2022 Consolidated revenue of €164.2m</li><li>• Revenue growth by division: Europe 17.1%, US 32.7%</li></ul>
<b>(17.6)%</b> YoY Adj. EBITDA growth	(24.6)% organic <hr/> 7.0% FX impact	<ul style="list-style-type: none"><li>• H1 2022 Consolidated Adjusted EBITDA of €17.0m</li></ul>
<b>3.7x</b> Leverage Excluding IFRS16	Pro forma Net Debt €153m	<ul style="list-style-type: none"><li>• Pro forma leverage was 3.8x Q1 2022</li><li>• Pro forma net debt includes €30m impact from IFRS16</li></ul>

# H1 2022 Group Revenue

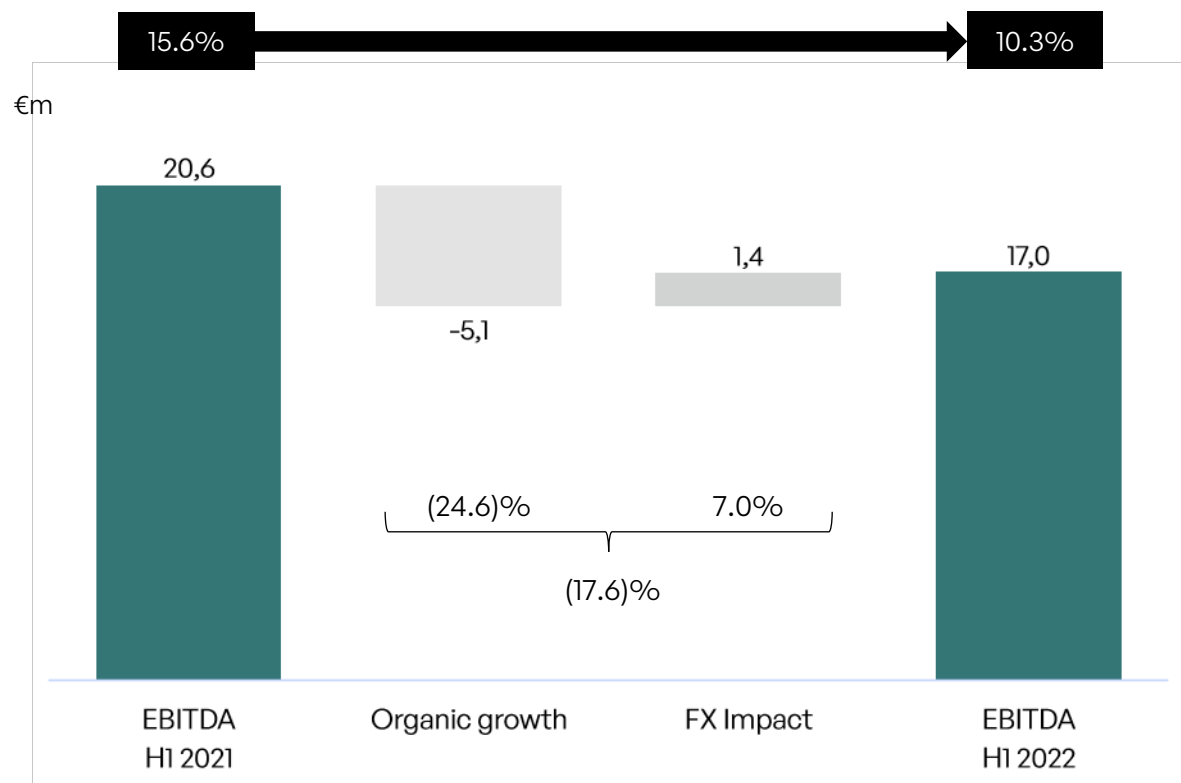


	H1 Growth (€m)	H1 Growth (%)
Organic	24.6	18.6%
FX Impact	7.5	5.7%
Reported	32.1	24.3%

- Balta Group nv consolidated H1 2022 revenue's amounted to €164.2m representing an increase of 24.3% YOY
- The revenue increase in Europe is mainly driven by the several price increases that were implemented and trading of some PP products to end-customers in specific markets, while on a like for like basis, the volumes for the semester are flat. The European Commercial Tiles business showed more resilience in demand than the European Broadloom business
- Our US Division, which now represents approximately 50% of our business in terms of revenue, experienced a market recovery and saw its strong market position in H1 translated into sales and EBITDA growth, driven by both volumes and price increases

# H1 2022 Group Adjusted EBITDA

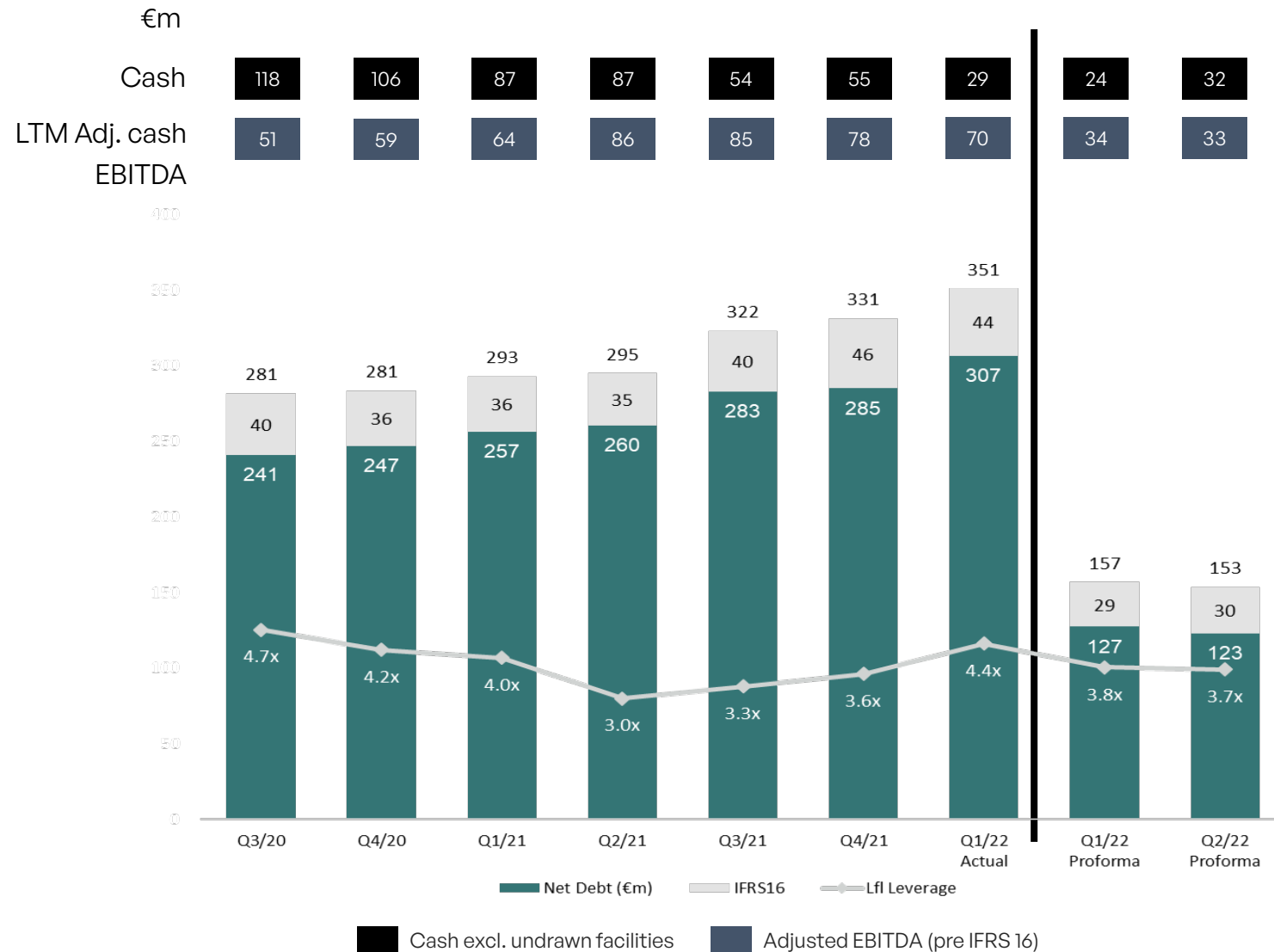
Adj. EBITDA margin (%)



€m	H1 2022	H1 2021	% Change
Europe	1.3	9.6	(86.0)%
US	15.6	11.0	42.5%
Consolidated Adjusted EBITDA	17.0	20.6	(17.6)%

- Balta Group nv H1 Consolidated Adjusted EBITDA decreased to €17.0m (-17.6% YoY) with an Adjusted EBITDA margin of 10.3% (15.6% in H1 2021)
- Europe EBITDA was €1.3m (vs €9.6m in H1 2021)
- US EBITDA increased to €15.6m (+42.5% YoY)
- In Europe, the disappointing H1 performance was largely driven by the high input cost pressure and timing delays in passing these on to customers especially in the beginning of the year
- In the US, Adjusted EBITDA margin increased from 17.9% in H1 2021 to 19.2% in H1 2022 reflecting the volume growth while fully offsetting increased input costs by price increases

# Net debt reduction as a result of the Disposal

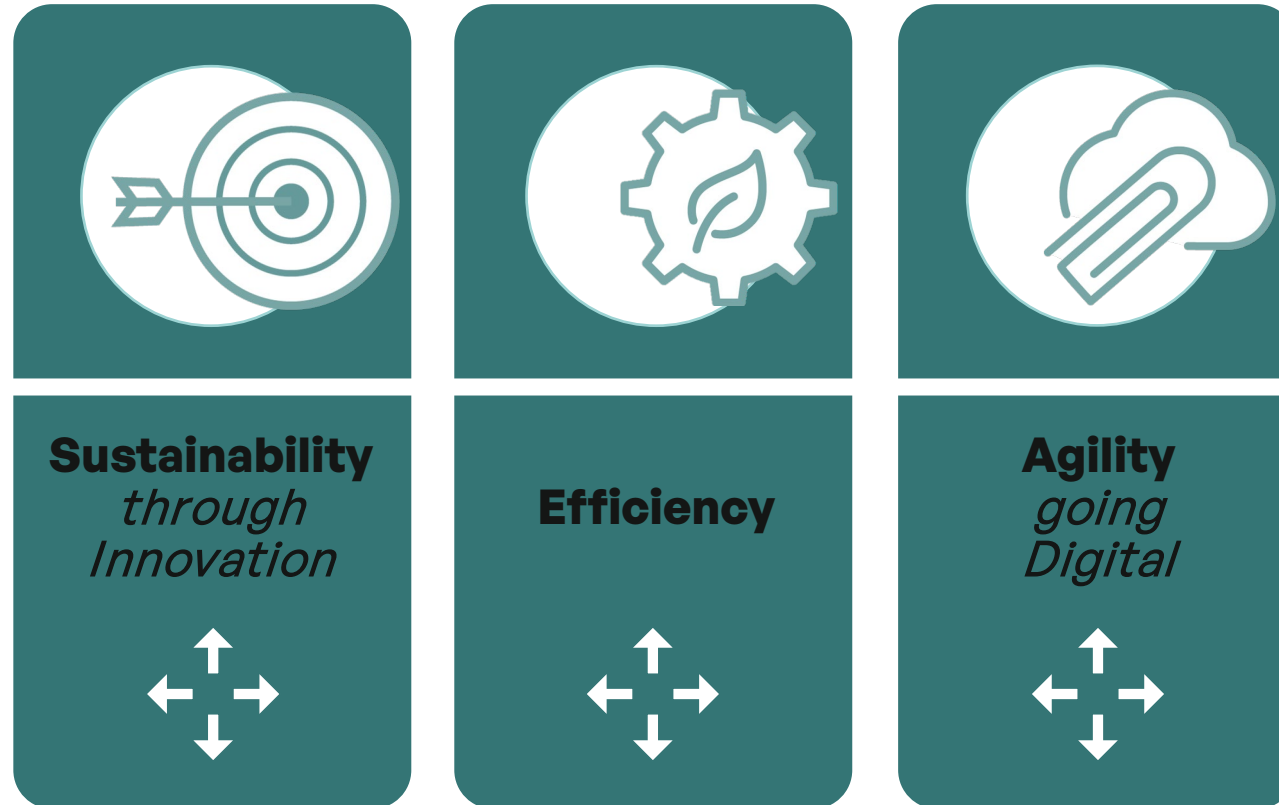


- Pro forma H1 2022 liquidity remains solid: €32m cash balance and €41m headroom under the revolving credit facilities
- Pro forma Net Debt significantly reduced with the transaction proceeds
- Pro forma Leverage improved despite cyclical inventory built, investment in working capital to support our US business and higher working capital values in Europe caused by the inflationary pressure

August 2022

# BEYOND update

## BEYOND consists of 3 pillars



## Sustainability targets have been set for 2025 and 2030 on CO<sub>2</sub> emission, water consumption, recycled content and recycled production waste

KPI		Baseline 2018	Target 2025 vs. 2018	Target 2030 vs. 2018*
Total CO <sub>2</sub> emission (direct + indirect)		1.18 kg/m <sup>2</sup>	-28%	-30%
Water consumption		17.33 l/m <sup>2</sup>	-22%	-30%
% certified recycled content (mass)	Commercial Tiles	30% in 2021	+67% (vs. 2021)	N/A
Recycling of production waste		48%	75%	100%

- We will continue to expand our Cradle to Cradle certification and certified collections within modulyss. Currently we have 4 certificates (3 gold, 1 silver); 22 certified qualities (47% of our collections) of which 7 in new launches later this year; 662 certified SKUs (316 gold, 346 silver)
- We are investigating various options to make our products more circular across their full lifecycle, from design until end of life

\* As published in our 2021 Annual Report

## Efficiency will be centered around an extensive Lean program

- Objective of this Lean program is to deliver €8m cumulative savings over the next 4 years, supported by €12m of CAPEX investments
- This consists of more than 40 new bottom-up initiatives, as well as a larger pipeline of programs that will be further evaluated for potential implementation
- Key focus areas are quality, material / energy / labor efficiency and automation
- June YTD results amount to €1.3m P&L savings vs. 2021, strongly ahead of the YTD target of €0.9m
- In the current highly volatile raw materials & energy environment, no savings commitment has been defined for Procurement

## Agility will be a multifaceted pillar, touching our customers as well as our internal processes



- Deliver quality to our customers, through our products and reliable service



- Enhancing the way we interact with customers



- Increase the flexibility of our operations



- Implementation of a new fit-for-purpose ERP landscape

## Case study Sustainability through Innovation



- In September 2022, we will launch modulyss' first fully C2C Gold certified collection
- It will consist of 7 different designs with 16 colors each
- Standard on ecoBack, optionally also available with comfortBack<sup>eco</sup>, also C2C Gold certified

## Case study Efficiency

### Energy savings initiative on yarn cabling machines in our Tielt plant

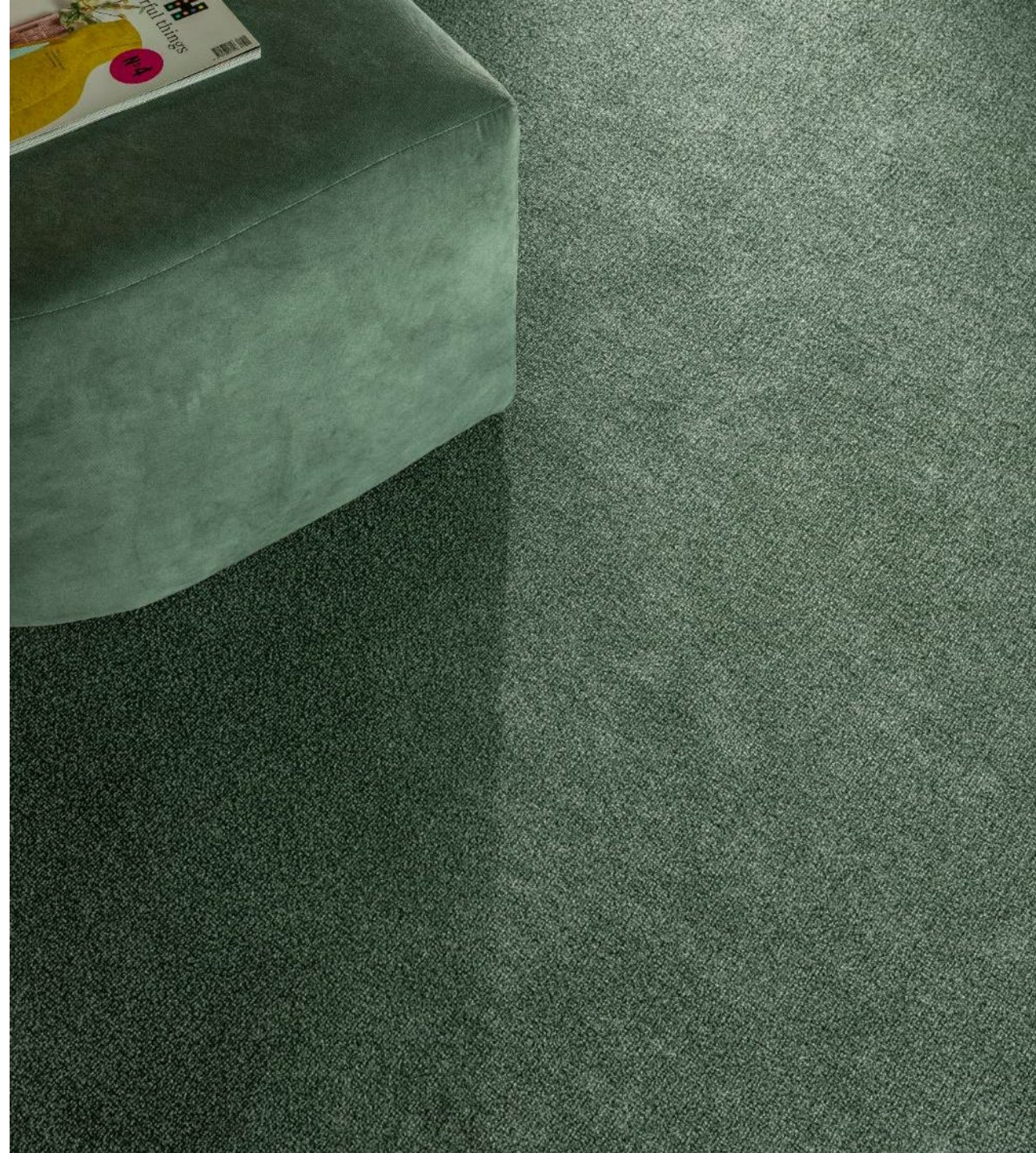
- Slower running speed of the machines results in considerable less energy consumption. At the current energy prices, this will yield € 350 K savings per year
- By having the operators manage more machines running at a lower speed, labor efficiency per produced weight remains the same



# Conclusion

Half year of 2022 confirms recovery in Adjusted EBITDA for US

- Revenue of both Europe and US improved compared to last year
- H1 Adjusted EBITDA decreased YoY by 17.6% and Adjusted EBITDA margin from 15.6% to 10.3%
- Strong liquidity of €73m at end H1 2022
- Pro forma net leverage reduced to 3.7x
- Beyond drives strong focus on must-haves in sustainability, efficiency and agility



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# Q&A Session

Q3 2022 results release on  
27 October 2022