PRESS RELEASE



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Regulated information
For immediate publication

Balta FY 2019 Results

Group Highlights

- Our Consolidated Revenue for the Full Year is €671.2m (+3.9%, including FX +1.3%) with organic growth at +2.6%
  - Rugs +7.4%, Commercial +9.7%, Residential -5.8%
- The Adjusted EBITDA for the Full Year is €74.4m (-5.7% on a like-for-like basis[1]) with an EBITDA margin at 11.1%
  - Solid EBITDA growth in Commercial (+13.7%) and Residential (+27.5%)
  - EBITDA fell in Rugs by 42.2% impacted by several one-off adjustments
- Net Debt is slightly up vs. 2018 on a like-for-like basis[2] (reported Net Debt Q4 2019 of €313.7m includes a €44.7m IFRS16 impact)
- Our leverage of 4.0x is up from 3.6x as of Q4 2018 on a like-for-like basis excluding IFRS 16 impact
- All amounts outstanding under the €35m Senior Term Loan facility were paid in advance in Q1 2020. We closed a €42m sale-and-lease-back transaction on two of our production sites in Belgium
  - Lease contract has a maturity of at least 10 years at an interest rate of 2.7% per annum
- The Board will propose to the AGM not to pay a dividend for the year

Business Update

- NEXT, our three year program designed to deliver a significant improvement in earnings, has successfully delivered its first set of initiatives during the year
- Top-line performance year-on-year in our Rugs business was driven by strong growth in Europe and increased "share of wallet" in the US outdoor programs. Volume growth in our US e-commerce channel in Q4 2019 was lower than our initial forecast
- Rugs margins were under pressure from higher raw material prices and investments in NEXT initiatives and were negatively impacted by two significant one-off effects: a) planning inefficiencies in H1 2019; and b) packaging and supply-chain issues in our US e-commerce in Q3 2019
- In Commercial, our US business continued to outperform the market with double-digit top-line growth year-on-year, overcompensating a decline in Europe due to increased competition. Margins for our Commercial business further improved through a mix of pricing and cost saving initiatives
- Although the trading environment in Residential across our key markets remained subdued, we improved margins as we continued to increase the share of high margin products and made further progress on cost saving initiatives

Cyrille Ragoucy, CEO and Chairman of the Board of Balta said,

"2019 was a strong year for our Commercial business with double digit top-line growth in the US combined with further margin enhancements. In Residential, while our top-line declined against a challenging market backdrop, our strategy of focusing on higher margin products in combination with cost saving actions paid off through improved margins for the division. In our Rugs business, 2019 proved to be a disappointing year. The ramp up of the US e-commerce business required higher costs and has been slower than planned, adding to some operational challenges which impacted our results throughout the year. As we have been successfully addressing the issues at hand, we remain confident about the long-term potential of the division. We have also progressed with the overall implementation of NEXT and are confident about the significant impact the program will have on our earnings in 2020 and beyond."

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[1] Like-for-like IFRS16 adjustment on FY 2018 Adjusted EBITDA
[2] Excluding impact of IFRS16

Key Group Financial Figures

€m	FY 2018	LFL IFRS16 Impact	Lfl FY 2018	FY 2019	% Change
Revenue	646,2	-	646,2	671,2	3,9%
Adjusted EBITDA	72,4	6,5	78,8	74,4	(5,7%)
Adjusted EBITDA Margin	11,2%	-	12,2%	11,1%	(112) bps
Adjusted Operating Profit	39,9	0,7	40,6	34,8	(14,4%)
Operating Profit	32,2	0,7	32,9	28,1	(14,5%)
Profit for the period	7,3	(1,0)	6,3	10,4	64,6%

Q4 2019 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise mentioned)	*Q4 2018*	*Lfl IFRS16 Impact*	Lfl Q4 2018	Q4 2019	% Change Lfl[(1)]	o/w organic growth	o/w FX
Rugs	54.2		54.2	49.7	(8.2)%		
Commercial	58.4		58.4	60.8	4.1%		
Residential	54.1		54.1	46.7	(13.7)%		
Non-Woven	6.5		6.5	6.9	5.0%		
Consolidated Revenue	**173.3**		**173.3**	**164.1**	**(5.3)%**	**(5.9)%**	**0.6%**
Rugs	9.5	*0.3*	9.9	5.0	(49.4)%		
Commercial	8.5	*1.3*	9.9	10.7	8.7%		
Residential	2.7	*0.1*	2.8	3.7	28.5%		
Non-Woven	0.3	*0.0*	0.3	0.4	27.6%		
Consolidated Adjusted EBITDA	**21.1**	***1.8***	**22.9**	**19.8**	**(13.6)%**	**(14.7)%**	**1.0%**
Rugs	17.6%		18.2%	10.1%			
Commercial	14.6%		16.9%	17.6%			
Residential	5.0%		5.2%	7.8%			
Non-Woven	5.0%		5.1%	6.2%			
Consolidated Adjusted EBITDA Margin	**12.2%**		**13.2%**	**12.1%**			

Full Year 2019 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise mentioned)	***FY 2018***	***Lfl IFRS16 Impact***	**Lfl FY 2018**	**FY 2019**	**% Change Lfl[1]**	**o/w organic growth**	**o/w FX**
Rugs	198.3		198.3	213.0	7.4%		
Commercial	214.8		214.8	235.6	9.7%		
Residential	206.3		206.3	194.4	(5.8)%		
Non-Woven	26.7		26.7	28.1	5.2%		
Consolidated Revenue	**646.2**		**646.2**	**671.2**	**3.9%**	**2.6%**	**1.3%**
Rugs	27.9	*1.1*	29.0	16.8	(42.2)%		
Commercial	30.6	*5.0*	35.6	40.5	13.7%		
Residential	11.4	*0.4*	11.8	15.1	27.5%		
Non-Woven	2.4	*0.0*	2.4	2.1	(13.4)%		
Consolidated Adjusted EBITDA	**72.4**	***6.5***	**78.8**	**74.4**	**(5.7)%**	**(7.4)%**	**1.8%**
Rugs	14.1%		14.6%	7.9%			
Commercial	14.2%		16.6%	17.2%			
Residential	5.5%		5.7%	7.7%			
Non-Woven	8.9%		8.9%	7.4%			
Consolidated Adjusted EBITDA Margin	**11.2%**		**12.2%**	**11.1%**			

Business Review

Performance in 2019

In 2019 the entire Balta Group embarked on NEXT, our three-year transformation and earnings enhancement program. Through NEXT, we aim to unlock the full value of our businesses. There has been good progress in executing the program, with the first set of initiatives fully implemented and starting to contribute to our results. Our business realized solid top-line growth in both our Rugs and Commercial divisions. We implemented several structural margin-enhancing initiatives across our businesses (such as price increases, product mix improvements and cost reduction initiatives through the Lean programs across our sites) all of which will continue to deliver going forward. With the new and expanded management team in place since last summer, we will continue to focus on a solid execution of NEXT going forward.

Looking back at our 2019 results we nevertheless ended the year below our initial guidance.

- Volumes in the newly targeted US e-commerce channel grew more slowly in Q4 2019 than expected, whilst we incurred additional fixed costs corresponding to the full set-up of our e-fulfillment center
- Whilst our margins year over year improved in Commercial and Residential, margins in Rugs were severely impacted by several one-off negative impacts such as inefficiencies in planning for roll-outs during H1 2019 and packaging issues in US e-commerce in Q3 2019, in combination with the upfront costs for NEXT throughout the year.

Strategic priorities

Looking forward, we have identified three strategic priorities which we believe are crucial to drive the long term value of our businesses:

- NEXT:[1]

  Our two key growth drivers in the e-commerce channel and a Direct Route-to-Market approach to Architects and Developers in Commercial Tiles will help us to deliver annual sales from these initiatives of €85m by 2021 versus 2019:
  - After overcoming initial pain points in the supply chain process in 2019, we now have a fully operational e-commerce fulfillment center for Rugs in the US and are expecting solid growth in 2020-21
  - Our Direct Route-to-Market initiative in Commercial Tiles focuses on high-growth segments (multi-family, education, Government) which already represents 35% of our US sales. This contributed strongly to our top-line performance in 2019 (+€10m) and will represent significant additional sales over the next few years

  Three key levers to improve our margins are Lean, Supply Chain and Procurement:
  - The Lean program has been rolled out across all our plants, generating a margin improvement of €6m in 2019. We are expecting an additional €7m benefit in 2020 from the Lean program
  - In our Supply Chain we were able to reduce our Rugs inventory relative to sales by up to 12% in 2019. On-going complexity reduction has helped us to reduce the number of SKUs (most individualized stock keeping unit with single dimension and quality) in Residential by 10% in 2019 and the approach will be extended to all product lines
  - In Procurement, we were able to deliver €4m savings in 2019 and expect another €3m in 2020

1 We refer to the Glossary to define the NEXT Key Assumptions and NEXT Impacts

- Environmental, Social and corporate Governance (ESG):
    - Sustainable and recyclable products are increasingly a key enabler for success with customers. We appointed a Head of Innovation and Sustainability in October 2019, who reports directly to the Executive Committee
    - Our 'Design to Recycle' objective drives the entire product development pipeline. Successful development of mono-polymer polypropylene and polyester rugs with certified recycled content was presented at Domotex 2020
    - Clear objectives for emissions and waste (a 30% reduction in carbon dioxide emission and water consumption versus 2018, all waste fully recycled) have been defined with a quarterly review at the Executive Committee to track and accelerate progress
    - Good progress has been made in the last two years on safety awareness at the workplace with the launch of our "5 Golden Safety Rules". Our goal is for zero harm and a mid-term objective to reduce our "Lost-Time" injury rate below 1

- Digital Transformation:

    Digital transformation encompasses all our product lines and processes, from production, to supply chain, planning and sales.

    - Our Chief Transformation Officer, a member of the Executive Committee, is also appointed as Head of Digital Transformation across the Group
    - In our Commercial business we developed several digital initiatives to enhance the experience of the Architect and Design community, who have high service expectations and need real-time creative solutions such as on-line sample ordering and visualization tools
    - Digital Transformation also includes connecting plants, processes and people. It is a key element of several modules of our Lean Program (maintenance for example).

2019 Financial Review

Balta delivered full year 2019 Consolidated Revenue of €671.2m, up 3.9% versus 2018 and Consolidated Adjusted EBITDA of €74.4m, down 5.7% year on year on a like-for-like basis[1]. Consolidated Adjusted EBITDA margin of 11.1% was down from 12.2% the year before on a like-for-like basis[1], reflecting the lower margin in our Rugs division, partly the result of negative one-offs, which were not fully offset by the solid Adjusted EBITDA growth in Commercial and Residential.

Financial Review by Division

Rugs

In Rugs, full year Revenue of €213.0m was up 7.4% year on year. From a regional perspective, Europe showed double-digit growth, with North America broadly flat and Rest of World below prior year.

In North America, 2018 Revenue had been impacted by the loss in “share of wallet” with two home improvement customers. For the 2019 outdoor season, we regained part of that loss and were able to secure stable share for the 2020 programs. In 2019, we made progress with our US e-commerce business and started shipping from our dedicated state-of-the-art warehouse in Savannah, US. North American sales through the e-commerce channel remained below our initial expectations as we encountered a few operational challenges with the ramp up. In Europe, after a difficult 2018 for retailers in general, our sales across our key European markets grew significantly in 2019.

Full year Adjusted EBITDA declined from €29.0m to €16.8m on a like-for-like basis[1] with an Adjusted EBITDA margin of 7.9%, down from 14.6%. Against the backdrop of higher raw material costs and a competitive trading environment, the lower Adjusted EBITDA included investments in NEXT initiatives as well as several negative one-offs, such as temporarily higher production costs in H1 2019 due to exceptionally high plant occupancy and exceptional sales discounts in relation to issues with packaging in US e-commerce.

In the fourth quarter, Revenue in Rugs was 8.2% below Q4 2018, as our key US customers pushed the first shipments for next season’s US outdoor programs into 2020 and the ramp up of e-commerce sales remained below our initial expectations. In Europe, Revenue grew mid-single digit versus Q4 2018. Fourth quarter Adjusted EBITDA margin of 10.1%, though higher than the full year 2019 average, was down from 18.2% in Q4 2018 on a like-for-like basis[1]. The timing of the US outdoor roll-outs and lower than expected e-commerce sales, in comparison to the cost of the infrastructure already in place in anticipation of future growth in the e-commerce channel, weighed on our Rugs margin.

Commercial

The Commercial division realized full year Revenue growth of 9.7%, posting full year Revenue of €235.6m. In US, our business realized double-digit growth, as we have continued to take share through our investments in sales resources and focus on new segments outside offices. As a result, Revenue for the US business is now more than 40% higher than when we acquired the business and has improved margins. In Europe, Revenue declined in a competitive market where volume loss was only partly offset by mix and price improvements as we continued to focus on growing our direct route to market with Architects and Designers.

Full year Adjusted EBITDA increased by 13.7% to €40.5m on a like-for-like basis[1]. Adjusted EBITDA margin further improved year on year to 17.2% versus 16.6% in 2018 on a like-for-like basis[1], in spite of investments into growth initiatives, as a result of price increases, focus on product mix and the first impacts from cost saving initiatives.

In the fourth quarter, Commercial Revenue grew 4.1% driven by the double-digit growth of our US business. Fourth quarter Adjusted EBITDA margin was 17.6% vs. 16.9% in Q4 2018 on a like-for-like basis[1].

[1] Like-for-like IFRS16 adjustment on FY 2018 Adjusted EBITDA

Residential

Residential's full year Revenue reduced by 5.8% to €194.4m. The performance reflected both our focus on higher margin collections and the challenging trading environment across our key markets both in the UK and Continental Europe. While our overall top-line declined, sales of higher margin broadloom products grew mid-single digits in 2019. Higher margin products now represent 37% of Residential sales versus 33% in 2018 and 7% four years ago.

Full year Adjusted EBITDA of €15.1m was up from €11.8m on a like-for-like basis[1] versus the prior year. Residential Adjusted EBITDA margin of 7.7% improved from 5.7% on a like-for-like basis[1] driven by our continued focus on growing our share of higher margin products, price increases in Continental Europe and our efforts to increase cost competitiveness. Adjusted EBITDA included a net benefit of €2.0m from the release of accruals in H1 and an additional one-off of €0.6m in Q4.

Fourth quarter Revenue saw a decline of 13.7%, mainly driven by lower sales in the UK, as the pre-Brexit stocking by some of our customers in Q3 reversed in Q4. Despite the lower sales, our fourth quarter Adjusted EBITDA margin of 7.8% was up from the 5.2% realised in Q4 2018 on a like-for-like basis[1], driven by the aforementioned price increases in Continental Europe and our focus on high margin products and cost reductions.

Other Financial Items Review

Non-Recurring Items below Adjusted EBITDA

Several non-recurring items had a material impact on our 2019 net income. The impact of these events amounts to a net expense of €6.6m (€0.18 per share), as compared to €7.7m (€0.21 per share) in 2018. The expense in the current year is mainly driven by advisory fees related to the NEXT program.

Net Financing Costs

The net finance expense amounted to €25.2m, primarily the interest expense on external borrowings. Compared to prior year, the net financing cost decreased as a result of favourable foreign exchange rate differences on intercompany transactions, offset by increased financing expenses as a result of applying IFRS 16.

Taxation

The Group reported income tax income for the year of €7.4m based on profit before tax for the year of €3.0m. The tax income is mainly driven by the recognition of previously unrecognized tax losses as a result of the alignment of the intercompany financing to the enacted tax legislation.

Earnings per share

Earnings per Share are equal to €0.29 in 2019 compared to €0.20 in 2018.

Dividend

Given our investments in growth and cost saving initiatives in our NEXT Program, combined with our Leverage exceeding 3.0x at year-end, the Board will propose to the AGM not to pay a dividend for the year.

Cashflow and Net Debt

Reported Net Debt at the end of 2019 of €313.7m includes a €44.7m IFRS16 impact. The reported figure in 2018 was €261.9m without IFRS16 and is not comparable. Leverage has increased from 3.6x at the end of 2018 to 4.0x on a like-for-like basis[2], mainly as the result of the lower Adjusted EBITDA. Our Net Debt increase of €7.1m is fully explained by the non-recurring NEXT advisory fees and capex related to NEXT.

[1] Like-for-like IFRS16 adjustment on FY 2018 Adjusted EBITDA
[2] Excluding impact of IFRS16

Glossary: Alternative Performance Measures

The following alternative performance measures (non-IFRS) have been used as management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

Organic Growth is defined as growth excluding (i) FX impact, which comprises the translation of key foreign entities, (ii) M&A impact and (iii) the impact of IFRS16. Note that as from 1 January 2019 onwards, the calculation of the FX impact changed, whereby transactional FX impacts are no longer taken into account under FX impact. When retroactively applying the new method to calculate FX impact on full year 2018, the FX impact on Consolidated Revenue would have been -0.2% instead of -1.3%, and the FX impact on Consolidated Adjusted EBITDA would remain -0.3%.

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation mainly on change in inventories, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) depreciation / amortization and (v) impairment and write-off

Gross Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) Senior Term Loan Facility adjusted for capitalized financing fees and (iii) Bank and other borrowings adjusted for capitalized financing fees

Net Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount, (ii) Senior Term Loan Facility adjusted for capitalized financing fees, (iii) Bank and other borrowings adjusted for capitalized financing fees and (iv) cash and cash equivalents

Leverage is defined as the ratio of Net Debt to Adjusted EBITDA (excluding IFRS16 as per financing documentation)

NEXT key assumptions and NEXT impacts are to be understood versus a baseline of 2018 or 2019:

- Impacts shown for the Revenue initiatives are the anticipated gross impacts and take no account of possible ‘cannibalization effects’ or the current macro-economic uncertainty
- Impacts shown for the Margin initiatives are the anticipated gross impacts before cost inflation
- Impacts are calculated on the basis of forecast volumes
- FX exchange rates are assumed stable over the period
- Lean and Procurement are P&L impacts (excluding Capex savings or cost avoidance) and affect either COGS (raw materials consumption or costs) or fixed expenses (eg maintenance)

Reconciliation of Alternative Performance Measures

Net debt and leverage[(1)]

(€ million)	December 31, 2019 Non Current	Current	Total	December 31, 2018 Non Current	Current	Total
Senior Secured Notes	232,0	3,4	235,4	230,1	3,4	233,5
Senior Term Loan Facility	-	34,9	34,9	34,9	(0,1)	34,8
Bank and other borrowings	11,6	1,3	13,0	12,2	1,3	13,5
Less: Cash and Cash equivalents	-	(19,2)	(19,2)	-	(26,9)	(26,9)
Adjusted for capitalized financing fees	2,9	2,0	4,9	4,9	2,1	7,0
Net Debt (excl. IFRS16 Impact)	**246,5**	**22,5**	**269,0**	**282,1**	**(20,2)**	**261,9**
Adjusted EBITDA (excl. IFRS16)			66,8			72,4
Leverage			**4,0x**			**3,6x**
IFRS16 impact	37,3	7,4	44,7			
Reported Net Debt	**283,9**	**29,8**	**313,7**	**282,1**	**(20,2)**	**261,9**

(1) Leverage excluding IFRS16 impact

Financial Statements

1. Statutory auditor's note on the financial information for the year ended 31 December 2019

"The statutory auditor, PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL, represented by Peter Opsomer, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of change in shareholder equity of the Group or the consolidated statement of cash flow as included in this press release."

The statutory auditor
PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL

Represented by

Peter Opsomer
Bedrijfsrevisor/Réviseur d'Entreprises

2. Consolidated Statement of Comprehensive Income

(€ thousands)	For the year ended December 31 2019	2018
I. CONSOLIDATED INCOME STATEMENT		
Revenue	671.151	646.197
Raw material expenses	(317.006)	(306.640)
Changes in inventories	(278)	5.826
Employee benefit expenses	(167.301)	(159.106)
Other income	3.455	3.363
Other expenses	(115.666)	(117.287)
Depreciation / amortization	(39.602)	(32.430)
Adjusted Operating Profit	**34.754**	**39.922**
Gains on asset disposals	-	-
Integration and restructuring expenses	(6.641)	(7.699)
Operating profit / (loss)	**28.114**	**32.223**
Finance income	205	51
Finance expenses	(25.357)	(25.881)
Net finance expenses	**(25.152)**	**(25.831)**
Profit / (loss) before income taxes	**2.961**	**6.393**
Income tax benefit / (expense)	7.440	953
Profit / (loss) for the period from continuing operations	**10.401**	**7.346**
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	**10.401**	**7.346**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
Items in other comprehensive income that may be subsequently reclassified to P&L		
Exchange differences on translating foreign operations	(2.133)	(13.833)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	(245)	87
Items in other comprehensive income that will not be reclassified to P&L		
Changes in deferred taxes	393	(107)
Changes in employee defined benefit obligations	(1.740)	379
Other comprehensive income for the period, net of tax	**(3.725)**	**(13.474)**
Total comprehensive income for the period	**6.676**	**(6.128)**

3. Consolidated Balance Sheet

(€ thousands)	For the year ended December 31 2019	2018
Property, plant and equipment	337.594	301.259
(Of which IFRS 16 related right-of-use assets)	*42.072*	-
Land and buildings	186.173	153.752
Plant and machinery	138.807	132.632
Other fixtures and fittings, tools and equipment	12.614	14.875
Goodwill	195.991	194.643
Intangible assets	10.357	11.399
Deferred income tax asset	11.191	5.470
Trade and other receivables	1.121	996
Total non-current assets	**556.253**	**513.765**
Inventories	152.948	153.894
Derivative financial instruments	3	119
Trade and other receivables	58.379	60.772
Current income tax assets	908	278
Cash and cash equivalents	19.241	26.853
Total current assets	**231.479**	**241.916**
Total assets	**787.732**	**755.681**
Share capital	252.950	252.950
Share premium	65.660	65.660
Other comprehensive income	(37.113)	(33.388)
Retained earnings	18.343	9.457
Other reserves	(39.876)	(39.876)
Total equity	**259.964**	**254.804**
Senior Secured Notes	232.001	230.065
Senior Term Loan Facility	-	34.908
Bank and Other Borrowings	48.963	12.225
Of which IFRS 16 related lease liabilities	*37.318*	-
Deferred income tax liabilities	41.004	47.837
Provisions for other liabilities and charges	2.729	2.458
Employee benefit obligations	4.106	3.106
Total non-current liabilities	**328.802**	**330.598**
Senior Secured Notes	3.425	3.425
Senior Term Loan Facility	34.927	(118)
Bank and Other Borrowings	8.680	1.261
Of which IFRS 16 related lease liabilities	7.357	-
Provisions for other liabilities and charges	164	1.165
Derivative financial instruments	413	55
Other payroll and social related payables	36.995	36.714
Trade and other payables	109.019	123.599
Income tax liabilities	5.343	4.178
Total current liabilities	**198.966**	**170.279**
Total liabilities	**527.768**	**500.877**
Total equity and liabilities	**787.732**	**755.681**

4. Consolidated Statement of Cash Flow

(€ thousands)	For the year ended December 31 2019	2018
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) for the period	**10.401**	**7.346**
Adjustments for:		
Reclass of capital increase expenses to cashflow from financing activities (gross)	-	-
Income tax expense/(income)	(7.440)	(953)
Finance income	(205)	(51)
Financial expense	25.357	25.881
Depreciation, amortisation	39.602	32.430
Movement in provisions	(1.001)	(6.215)
(Gain) / loss on disposal of non-current assets	(1)	29
Fair value of derivatives	229	21
Expense recognised in respect of equity-settled share-based payments	15	7
Non-cash impact of purchase price allocation	-	-
Cash generated before changes in working capital	**66.959**	**58.495**
Changes in working capital:		
Inventories	156	(4.447)
Trade receivables	976	(4.497)
Trade payables	(10.178)	3.056
Other working capital	(812)	(1.436)
Cash generated after changes in working capital	**57.101**	**51.170**
Net income tax (paid)	(7.848)	(4.782)
Net cash generated / (used) by operating activities	**49.253**	**46.388**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition & disposal of property, plant and equipment	(28.704)	(30.765)
Acquisition of intangibles	(1.034)	(930)
Proceeds from non-current assets	2.342	867
Acquisition of subsidiary	-	-
Net cash used by investing activities	**(27.396)**	**(30.828)**
III. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(20.846)	(21.032)
Proceeds from borrowings with third parties	-	-
IPO Proceeds	-	-
Incremental costs paid directly attributable to IPO	-	-
Repayments of borrowings with third parties	(8.624)	(2.137)
Dividends paid	-	(2.875)
Proceeds from contribution in kind	-	-
Net cash generated / (used) by financing activities	**(29.469)**	**(26.044)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	**(7.612)**	**(10.485)**
Cash, cash equivalents and bank overdrafts at the beginning of the period	**26.853**	**37.338**
Cash, cash equivalents and bank overdrafts at the end of the period	**19.241**	**26.853**

5. Consolidated Statement of Change in Shareholder Equity

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance at 31 December 2018	**252.950**	**65.660**	**(33.388)**	**9.458**	**(39.876)**	**254.804**	**-**	**254.804**
Adjustment on initial application of Accounting Policies				(1.530)		(1.530)		(1.530)
Adjusted balance 1 January 2019	**252.950**	**65.660**	**(33.388)**	**7.928**	**(39.876)**	**253.274**	**-**	**253.274**
Profit / (loss) for the period	-	-	-	10.401	-	10.401		10.401
Dividends paid	-	-	-	-	-	-	-	-
Equity-settled share-based payment plans	-	-	-	15	-	15	-	15
Other comprehensive income						-		
Exchange differences on translating foreign operations	-	-	(2.133)	-	-	(2.133)	-	(2.133)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	(245)	-	-	(245)	-	(245)
Cumulative changes in deferred taxes	-	-	393	-	-	393	-	393
Cumulative changes in employee defined benefit obligations	-	-	(1.740)	-	-	(1.740)	-	(1.740)
Total comprehensive income for the period	**-**	**-**	**(3.725)**	**10.416**	**-**	**6.691**	**-**	**6.691**
Balance at 31 December 2019	**252.950**	**65.660**	**(37.113)**	**18.344**	**(39.876)**	**259.965**	**-**	**259.965**

(€ thousands)	Share capital	Share premium	Other comprehensive income	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance at December 31 2017	**252.950**	**65.660**	**(19.913)**	**6.297**	**(39.878)**	**265.116**	**-**	**265.116**
Adjustment on initial application of IFRS 9				(1.308)		(1.308)		(1.308)
Adjusted balance January 1 2018	**252.950**	**65.660**	**(19.913)**	**4.990**	**(39.878)**	**263.809**	**-**	**263.809**
Profit / (loss) for the period	-	-	-	7.346	-	7.346	-	7.346
Dividends paid	-	-	-	(2.875)	-	(2.875)	-	(2.875)
Equity-settled share-based payment plans	-	-	-	7	-	7	-	7
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	(13.833)	-	-	(13.833)	-	(13.833)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	87	-	-	87	-	87
Cumulative changes in deferred taxes	-	-	(107)	-	-	(107)	-	(107)
Cumulative changes in employee defined benefit obligations	-	-	379	-	-	379	-	379
Total comprehensive income for the period	**-**	**-**	**(13.473)**	**-**	**-**	**(13.473)**	**-**	**(13.473)**
Balance at December 31 2018	**252.950**	**65.660**	**(33.388)**	**9.458**	**(39.876)**	**254.804**	**-**	**254.804**

Earnings call

The FY 2019 Results will be presented on **6 March 2020 at 10.00 am CET** via a webcast, by the Chairman of the Board and CEO Cyrille Ragoucy and CFO Jan-Christian Werner. Dial-in details and the results presentation will be available on www.baltainvestors.com

For further information, please contact

Investors and press:
Maarten Van Hoecke
investor.relations@baltagroup.com

Additional information notice

We kindly refer you to our website www.baltainvestors.com where the FY 2019 Results Presentation is available with more detailed slides on our FY 2019 Results and NEXT, our three-year transformation and earnings enhancement program.

Noteholders notice

We will release a Noteholder Report regarding the FY 2019 Results on 24 April 2020. This Report will be available on www.baltainvestors.com

About Balta

Balta is a leading manufacturer of textile floor coverings, selling to over 130 countries worldwide. The Balta divisions are Balta Rugs (Balta home), Balta Residential Carpets & Tiles (under the brands Balta Carpets, ITC and Balta carpet tiles), Balta Commercial Carpets & Tiles (under the brands modulyss, Arc Edition and Bentley) and Balta Non-Woven (under the brand Captiqs). With the addition of Bentley, Balta employs nearly 4,000 people in 10 manufacturing sites and distribution centres in Belgium, Turkey and the United States.

Important notice

Certain financial data included in this press release are "non-IFRS financial measures." These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Balta believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.

This press release may include projections and other "forward-looking" statements. Any such projections or statements reflect the current views of the issuer about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.

Rounding adjustments have been made in calculating some of the financial information included in this press release. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.