

Belysse Group nv H1 2023 Trading update

Group Highlights

- H1 consolidated Group Revenue was €155.6m (-5.2% YoY)
 - Organic Revenue declined -5.8% YoY, while FX impact contributed +0.6%
 - Revenue growth by division: United States (US) -0.4%, Europe -10.0%
- H1 Adjusted EBITDA was €12.2m (-27.7% YoY) with an Adjusted EBITDA margin of 7.9% (10.3% in H1 2022)
 - US EBITDA: €13.9m
 - Europe EBITDA: -€1.6m
- Q2 consolidated Group Revenue was €79.0m (-11.5% YoY)
 - Organic Revenue declined -10.7%, while FX impact contributed -0.8%
 - Revenue growth by division: United States (US) -7.0%, Europe -16.4%
- Q2 Adjusted EBITDA was €7.3m (-33.4% YoY) with an Adjusted EBITDA margin of 9.2% (12.2% in Q2 2022)
 - US EBITDA: €8.9m
 - Europe EBITDA: -€1.6m
- H1 Net Debt was €157.1m (including €29.7m of IFRS 16 lease liabilities), flat compared to last quarter (+0.5%). Leverage¹ stands at 5.5x (4.6x Q1 2023) and total available liquidity (including headroom under the RCF) remains strong and has improved to €65m at the end of H1 (€64m end of Q1).

Business Update Q2 2023

Volumes in the US improved compared to Q1 2023 but were below last year due to a strong comparator with shipment of some large orders in Q2 2022. The EBITDA margin for Q2 2023 is back in line with historical performance after a temporary drop affected by higher raw material costs following the change of our main yarn supplier in 2022 which was finalized in Q1 2023.

In Europe, Q2 2023 results have been affected by lower volumes due to low footfall in the Residential segment and delay of Commercial projects. Unitary margins have improved compared to prior year due to sales price increases, despite peak raw material purchasing prices of last year affecting the Q2 2023 P&L due to First-in, First-out (FIFO) accounting.

Since the start of this year, we managed to open additional ways of raw materials sourcing globally lowering our purchasing prices. From a cash-flow standpoint, Belysse has already started to benefit from this new procurement strategy and the lower cost of energy vs 2022. If these lower costs had impacted the results immediately since the beginning of the year, our results of the European division for H1 2023 would have been higher by €4.5m. However, with FIFO accounting practice, these lower purchase prices will impact the results in H2 2023.

In response to the current weak demand across the European market, a fixed cost reduction program was implemented early July. We expect an in-year 2023 fixed cost reduction of €1.7m and an annualized permanent impact of €3.4m.

With the cost and cash flow improvements described above, assuming all else remains materially unchanged, Belysse is expecting a full year 2023 EBITDA above 2022 levels and a year-end leverage below 4.0x.

¹ As defined in the SSN facility agreements, excluding IFRS16 impact but including sale and leasebacks

Q2 2023 Revenue and Adjusted EBITDA per Division

(€ million, unless otherwise mentioned)	Q2 2023	Q2 2022	% Change	o/w organic	o/w FX
Europe	35.4	42.4	(16.4)%		
US	43.6	46.8	(7.0)%		
Consolidated Revenue	79.0	89.2	(11.5)%	(10.7)%	(0.8)%
Europe	(1.6)	1.3	(223.1)%		
US	8.9	9.6	(6.8)%		
Consolidated Adjusted EBITDA	7.3	10.9	(33.4)%	(32.2)%	(1.2)%
Europe	-4.7%	3.2%			
US	20.5%	20.5%			
Consolidated Adjusted EBITDA Margin	9.2%	12.2%			

H1 2023 Revenue and Adjusted EBITDA per Division

(€ million, unless otherwise mentioned)	H1 2023	H1 2022	% Change	o/w organic	o/w FX
Europe	74,7	82,9	(10,0)%		
US	81,0	81,3	(0,4)%		
Consolidated Revenue	155,6	164,2	(5,2)%	(5,8)%	0,6%
Europe	(1,6)	1,3	(221,9)%		
US	13,9	15,6	(11,2)%		
Consolidated Adjusted EBITDA	12,2	16,9	(27,7)%	(28,2)%	0,5%
Europe	-2,2%	1,6%			
US	17,1%	19,2%			
Consolidated Adjusted EBITDA Margin	7,9%	10,3%			

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 impacts, which comprise the translation of key foreign entities and (ii) M&A impacts.

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-offs.

Adjusted EBITDA margin is defined as the Adjusted EBITDA as a percentage of revenue.

Gross Debt is defined as (i) Senior Secured Notes adjusted for the financing fees included in the carrying amount and (ii) 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) Bank and other borrowings adjusted for capitalized financing fees less (iii) cash and cash equivalents.

Leverage is defined as the ratio of Net Debt to Adjusted EBITDA (both excluding IFRS 16 impacts as per financing documentation, except for sale and leaseback transactions).

Trading update

The H1 2023 Trading update will be presented on 20 July 2023 at 10.00 am CET via a webcast, by the Chairman of the Board and CEO Cyrille Ragoucy and CFO Andy Rogiest. The results presentation will be available on www.belysse.com/investors.

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ABOUT BELYSSE

Belysse manufactures sustainable textile floor coverings for commercial and residential applications and commercialises its products focusing 90% on North-America and Europe under the premium brands Bentley (US), modulyss, arc edition and ITC (Europe). Headquartered in Waregem (Belgium), Belysse employs nearly 1300 people and operates three manufacturing sites in Belgium (Tielt and Zele) and the United States (Los Angeles). Belysse realised sales of 337 million euros in 2022 and is listed on Euronext. (Euronext: BELYS)

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 Belysse Group nv 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. Belysse Group nv expressly disclaims any obligation or undertaking to publicly update or revise these forward-looking statements other than as required by applicable law. The fact that the current press release includes certain forward-looking statements does not imply an obligation of or constitute a guarantee by Belysse Group nv to include such forward-looking statements in future press releases or communication.

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

NEXT SCHEDULED ANNOUNCEMENT

Belysse Group nv intends to publish its HY report 2023 on 25th of August and Q3 2023 results on 26 October 2023.