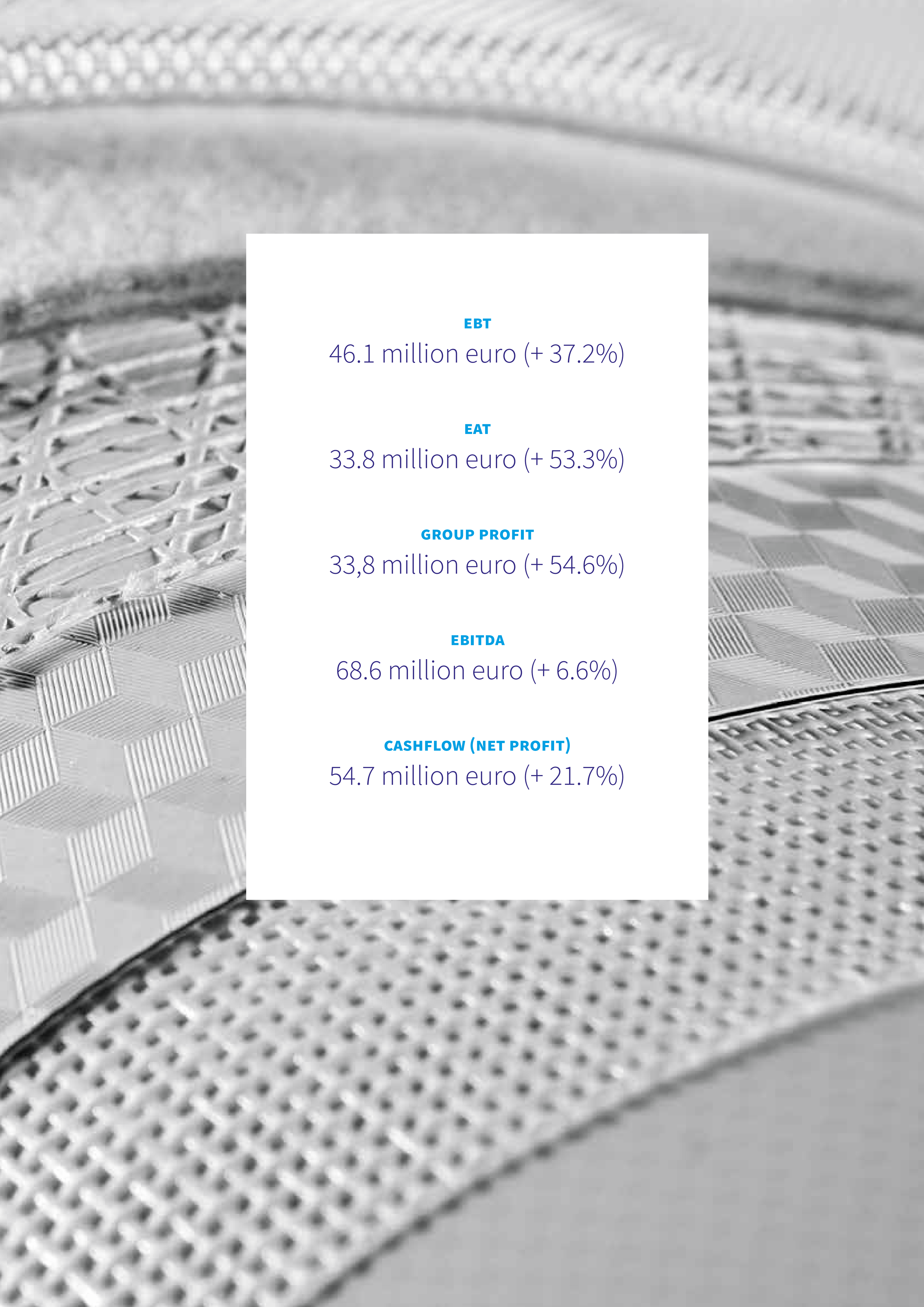
SIOEN

General report 2018

Key Figures

TURNOVER

506.2 million euro
(+ 7.0%)



EBT

46.1 million euro (+ 37.2%)

EAT

33.8 million euro (+ 53.3%)

GROUP PROFIT

33,8 million euro (+ 54.6%)

EBITDA

68.6 million euro (+ 6.6%)

CASHFLOW (NET PROFIT)

54.7 million euro (+ 21.7%)


SIOEN

Letter to the stakeholders

Dear customers, business partners, employees and shareholders,

2018 was a true landmark in the history of Sioen. It's the year our turnover exceeded half a billion euro – the result of continuous investment in innovation, market leadership, vertical integration, a customer-centric approach and the successful integration of recent acquisitions (see p. 30-42 for more info about our vision, mission and strategy). This achievement was a joint effort by the entire Sioen team that allows us to reap the benefits and to be responsive to new customers' wishes in a world of constant change. In our fast evolving world we constantly need to adapt, excel wisely and be the best in class in order to grow.

We grew by 7% in 2018. That led us to a total turnover of 506.2 million euro, a group profit of 33.8 million euro (+ 54.6% compared to 2017) and an EBITDA of 68.6 million euro (+ 6.6% compared to 2017). These strong results could only be achieved thanks to our entrepreneurial approach and the successful integration of recent acquisitions. They are the combined result of our innovation and customer-centric attitude. We are stronger than ever.

ADAPT

As a textile solution provider, we offer a wide range of off-the-shelf products for various applications, but over 40% of our textile solutions are custom made. It's that flexibility that characterizes us. By focusing on vertical integration and a cutting-edge R&D department, we are able to stay on top of our business as megatrends continue to shape society.

Governments set higher standards for protective apparel because of a renewed safety awareness. Demographic evolution requires new-generation infrastructure and smart transport. Resource efficiency, clean energy, a solid maritime sector and a lively bio-economy all become more important because of climate change. And these are only a few of the areas in which textile solutions can make a difference. Go to to p. 40-41 of this annual report for more info about our R&D approach.

Like the world itself, Sioen is a work in progress. We anticipate change and adapt accordingly. That's our strength and the reason why, even in a year with challenging resource prices, we delivered good results.

EXCEL

Our recent acquisitions played a big role in this process. They allowed us to explore new markets, expand our geographical leadership and develop new products. 2018 was a year of further integration of those companies. With investments in Manifattura Fontana and James Dewhurst, Sioen also increased the capacity of some of its new family members (more info on p. 8-9).

To continue on this path, our R&D department set out a roadmap for 2019 to 2023. We gathered information about future trends, evaluated which ones will likely affect our customers and decided on ways to overcome those challenges with textile solutions.

Throughout this annual report, we'll highlight eight success stories. This selection of projects shows the added value of Sioen in a world of constant change, from firefighters in Dubai, 3D ink for design wallpaper to geotextiles in the Brenner Base Tunnel. Our motto is simple: when our customers excel, we do too.

GROW

In 2018, all three divisions reached new heights. Our Apparel division (+ 9.3%) targeted the project market and sealed some major contracts, while our Coating division (+ 6.7%) continues to grow as a world market leader in technical textiles. Last but not least, Sioen Chemicals (+ 1.8%) is now a mature division with growing sales numbers through technical colouring solutions and tailored on-site support (p. 18-38).

Our ambition for 2019 is to grow further. To do that, we're working on accelerating our organic growth, but we are also open to new acquisitions. A second strategic objective is to be more present globally.

Protective policies in various countries and challenging resource prices make predictions – and thus targets – a risky business, but we dare to say we'll excel in our field. Our efforts to increase capacity in all divisions, invest in R&D and put our customers first should again translate into significant growth in 2019.

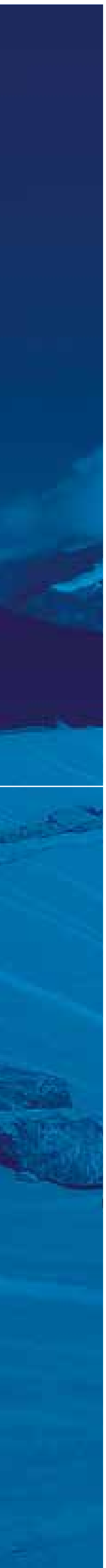
Above all, I look forward to continuing that growth process together with you. I would like to thank our customers and shareholders for their commitment and support. And of course, a special thanks goes to our employees for their hard work and dedication in making 2018 a truely landmark year. Together we'll adapt, excel, grow.

Sioen

Michèle Sioen
CEO of Sioen Industries

Milestones 2018

A limited selection of remarkable events from 2018 by division



Coating Division

1.

The global geotextile market is a fast-growing industry. Within the construction and landscaping sector, the use of geotextiles has become fundamental in solving an increasingly diverse range of global geotechnical and environmental problems, such as ground stability and drainage. That's why two years after we acquired **Manifattura Fontana**, Sioen invested in a new production facility. The Italian geotextile manufacturer, with projects from Tajikistan to Panama, now has an additional felt and new fiber line, thus intensifying vertical integration.

2.

After the acquisition of **James Dewhurst** in 2017, Sioen completed its product scope to a full range of woven, laid and laminate scrims and fabrics. The turnover of Sioen's coating division increased by a quarter overnight and 2018 showed a further enhancement of those figures. The integration of James Dewhurst was successful and we invested in the production facilities in both the UK and the USA in 2018.

3.

Also for our **spinning mill** in Mouscron (Belgium) 2018 was a milestone year. In this facility, Sioen produces yarns for internal purposes and third parties, who use them for geotextiles, mooring ropes, cords, hoses and conveyor belts. The site was renovated in 2018 and production capacity increased through a number of targeted investments: from 16 000 tons of polyester to 18 000 tons a year.

We added extra spinning lines and introduced new colouring techniques, allowing us to develop new products and explore new markets.

Apparel Division

1.

Sioen Ballistics is at the top of its industry after the integration of Verseidag Ballistic Protection. The Dutch secret agency officials now wear concealed ballistic vests by Sioen and also French ambulance staff in Département du Var started using our bulletproof garments. The biggest contract came out of Austria where we supply 24 000 protective body armour vests to the police force.

2.

Although a milestone after balance, we don't want to withhold **Mullion**'s success story. We relocated production from the UK to Romania and reinforced the team. This new approach resulted in a deal with the French Marine Corps. In January 2019, both parties signed a 5-year deal worth 9.25 million euro for lifejackets.

3.
Baleno wins 2 Innovation Awards in 2 months!

A new year, a new innovation award for Baleno. Our brand for countryside clothing came in first at the annual British Equestrian Trade Association

(BETA) fair in Birmingham (UK) with its Pembroke jacket. The printed jacket in traditional tweed style is light, stretchy, waterproof and breathable. Last year, the Waterfield jacket won gold in the same competition.

Shortly after, the Baleno Derby jacket took second place in the renowned Shooting Awards. This durable country coat is one of our most popular garments and we are thrilled Shooting Gazette selected it amongst the top clothing items for the British shooting community.

Chemicals Division

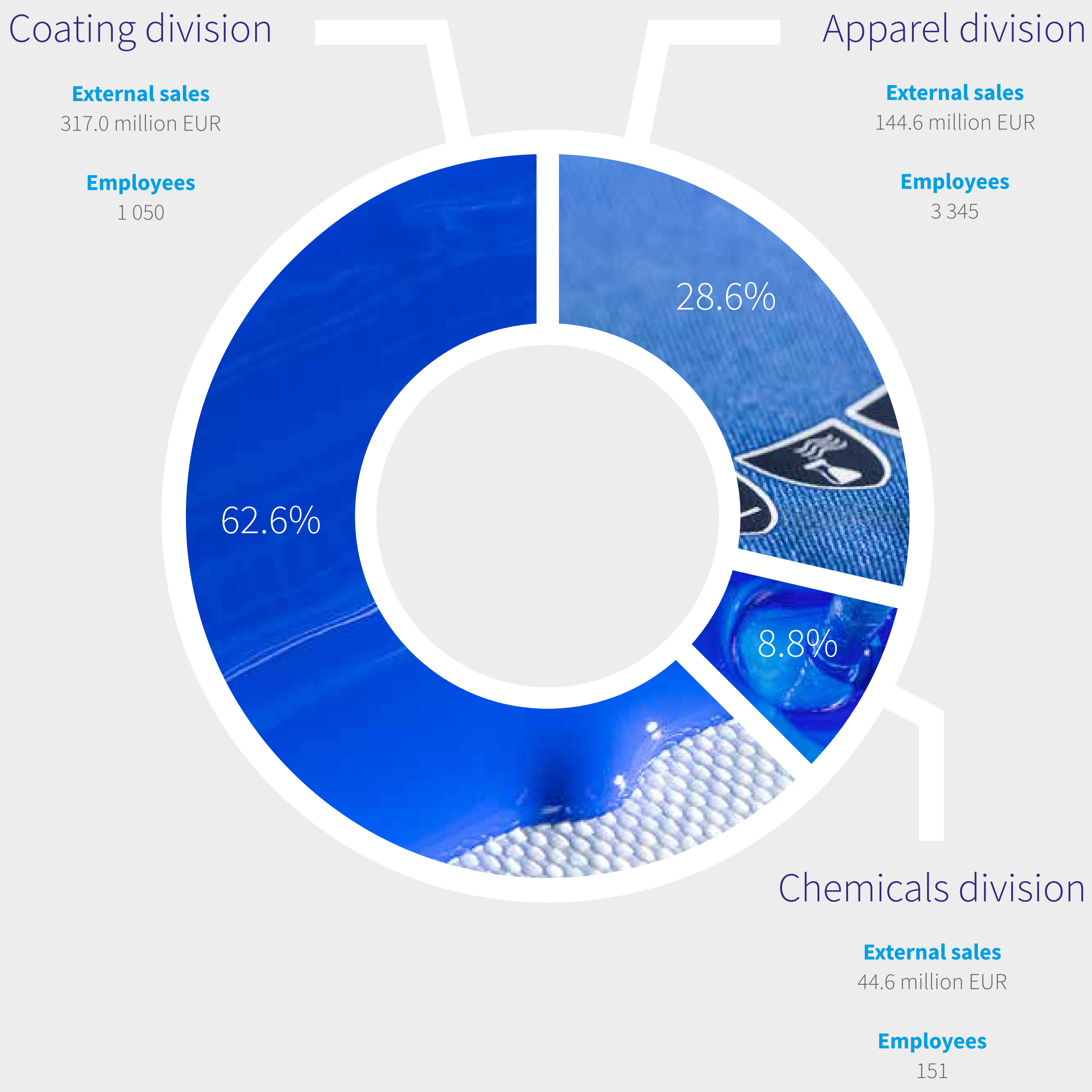
1.

We signed a contract with a world-renowned agrochemical company to deliver water-based dispersions for the colouring and coating of seeds (turnover: 1 million euro per year). Sioen Chemicals also invested in extra staff and material for the construction of an R&D lab for digital inks.

Chapter 01
Our Divisions


SIOEN

Sioen at a glance



Sioen in numbers

#1 in technical textiles, technical apparel, colouring solutions

Founded in
1960

Headquarters in
Ardooie (Belgium)

Facilities
25 factories

Employees
> 4 500 in 21 countries

Activities in
+ 80 countries

Turnover
506 million euro

3 divisions

Spanning the globe

Coating Division

Sioen is the world market leader in technical textiles – a status that we worked hard for and that we wish to underline moving forward. With the recent acquisitions of Manifattura Fontana, James Dewhurst and Dimension-Polyant, we have already strengthened our position in geotextiles, reinforcement solutions and sailcloth. A second measure was the increase of capacity in various facilities in 2018. The technical textile market is on the rise and with targeted investments we aim to fully exploit the renewed potential.

Sioen: world market leader from tea bags to sailboats
and from trucks to the roads they travel on

Turnover: 62.6%

Employees: 1 050

Locations:
Belgium, France, Austria,
Portugal, Italy, Germany,
the USA and the UK.

12 specialist brands

SIOEN SPINNING

High performance Polyester Yarns including tailor-made properties on request (abrasion, adhesion, UV, FR, color)

SIOEN WEAVING

High-performing woven technical textiles with a wide range of raw materials.

dimension polyant

Innovative and professional sailcloth for the sailing industry.

sio-line

Coated technical textiles with a focus on PES/PVC combinations for applications ranging from truck tarpaulins to sports mats and tents.

Dynatex multi-axial reinforcements Part of SIOEN

Multi-axial coated reinforcement composites for the transport industry.

SIOEN TECHNICAL FELTS

Single or multi-layer technical felts with or without a woven reinforcement base.

SIOEN FABRICS

Stretchable technical textiles for protective apparel, airbags, mattress protectors etc.

SIOEN FABRICS CALENDERING

Tailor-made TPO and PVC films for various applications, such as dashboards, sun visors and packaging.

COATEX

Tailor-made keders for applications ranging from rolling doors to tensile structures.

VERANNEMAN TECHNICAL TEXTILES

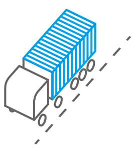
Technical scrim solutions with woven, laid and coated varieties.

James Dewhurst Reinforcement Solutions

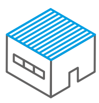
High-performing reinforcement scrims with world-leading output capacity.

MANIFATTURA FONTANA ADDED-VALUE GEOTEXTILES

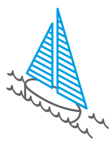
Value-adding non-woven geotextiles for the civil engineering industry.



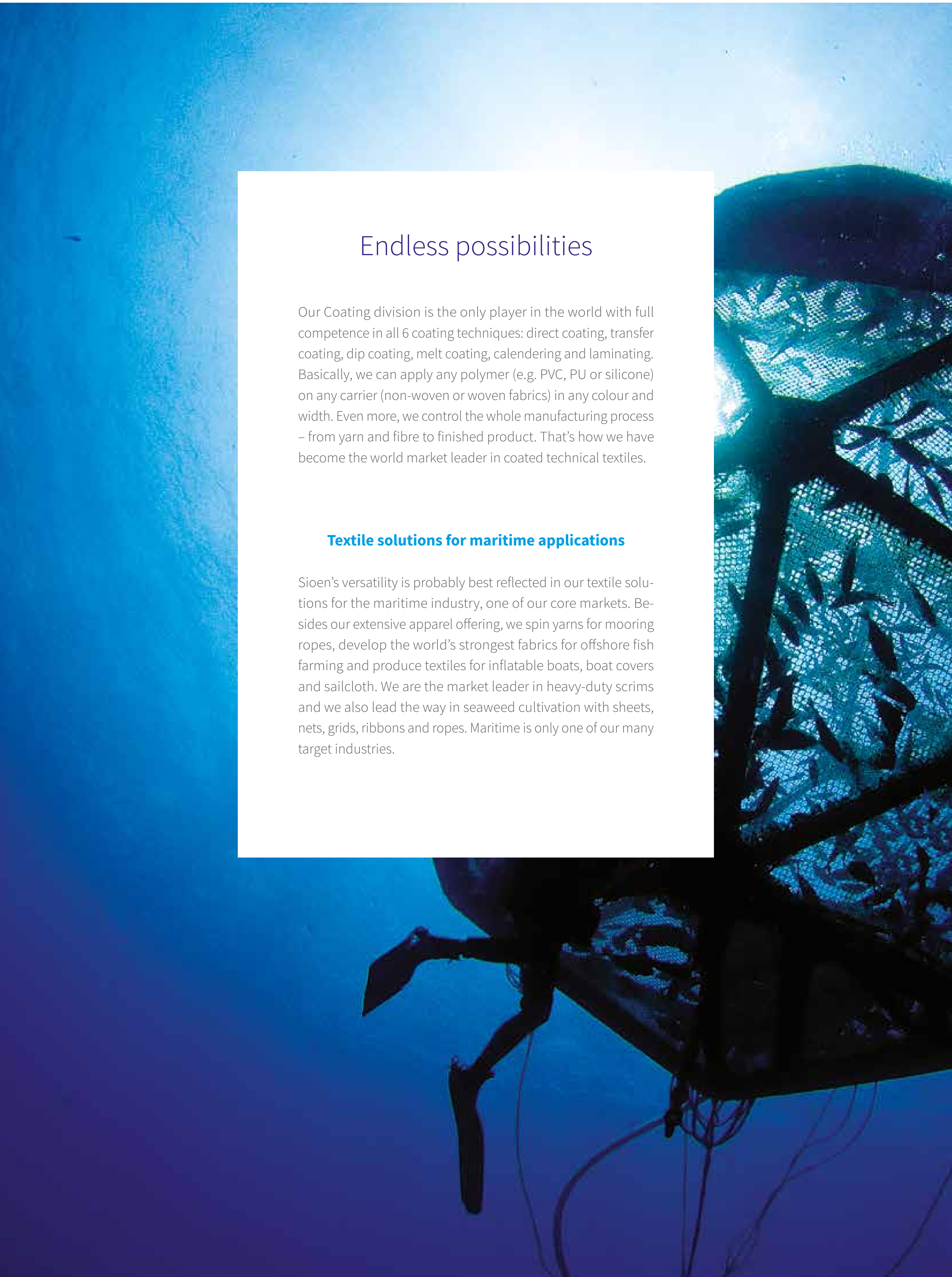
Sioen produces **65%** of all trailer curtains and roofs



60% of all flat roofs originate in Sioen facilities



More than **70%** of all sailboats use Sioen sailcloth



Endless possibilities

Our Coating division is the only player in the world with full competence in all 6 coating techniques: direct coating, transfer coating, dip coating, melt coating, calendering and laminating. Basically, we can apply any polymer (e.g. PVC, PU or silicone) on any carrier (non-woven or woven fabrics) in any colour and width. Even more, we control the whole manufacturing process – from yarn and fibre to finished product. That's how we have become the world market leader in coated technical textiles.

Textile solutions for maritime applications

Sioen's versatility is probably best reflected in our textile solutions for the maritime industry, one of our core markets. Besides our extensive apparel offering, we spin yarns for mooring ropes, develop the world's strongest fabrics for offshore fish farming and produce textiles for inflatable boats, boat covers and sailcloth. We are the market leader in heavy-duty scrims and we also lead the way in seaweed cultivation with sheets, nets, grids, ribbons and ropes. Maritime is only one of our many target industries.

Apparel Division

Our Apparel division produces garments for people who work in conditions where safety, comfort and protection are key. With success: Sioen is the European market leader in this area with 8 specialist brands. In 2018, we invested in the further increase of capacity, fully integrated both Ursuit and Verseidag Ballistic Protection into our family and continued to deliver top quality with a wide range of technical apparel.




Sioen: European market leader from farmers in Ireland to firefighters in Paris and from challenges in the sky to challenges under water.

Turnover: 28.6%

Employees: 3 345

Locations:

Belgium, Indonesia, Myanmar, Tunisia, Romania, France, Ireland, Finland, Estonia, Singapore, Germany, Sweden, the Netherlands and the UK

8 specialist brands

SIOEN

Professional protective clothing
for every work environment.

SIOEN FIREFIGHTER CLOTHING

Intervention clothing for
firefighters around the globe.

SIOEN BALLISTICS

Bulletproof and puncture-resistant clothing
for law enforcement officials and soldiers.

BALENO

Technically advanced and
stylish countryside clothing.

SIP PROTECTION

Apparel for chainsaw users and
other forestry professionals.

URSUIT

Dry suits for all water-related activities,
such as diving, sailing and fishery.

MULLION

Safety suits and lifejackets for professionals
working on, in or near water.

VanOchten

Workwear for the industry sector,
with focus on comfort, quality and safety.

Sioen produces over **3 000 000**
garments per year

100% protection
against any risk

360° know-how of the
manufacturing process

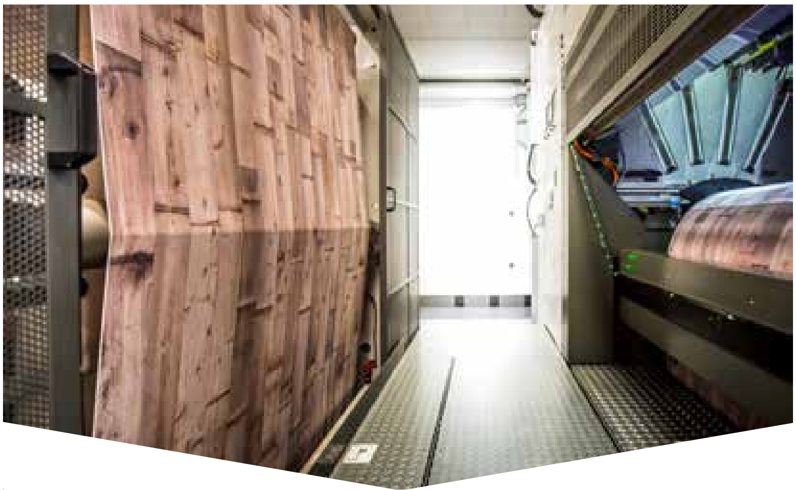
An effective mix of vertical integration and customer-centricity

Whenever customers turn to us with specific wishes and quality requirements for professional protective clothing, we set the wheels in motion. Multidisciplinary teams start by examining the request. They then select the best garments that protect against a wide variety of risks, such as extreme cold, fire, acids, poor visibility and bullets. In more than half of the cases, we start from scratch and deliver a completely new, tailor-made product. Our manufacturing process is vertically integrated, so we control every step of the way: from spinning and weaving yarns to colouring and coating the fabric to manufacturing the multinorm apparel to testing its protective qualities.

Many private companies trust our way of working, but also governments increasingly take advantage of that added value to lift their service level and protect their employees. Some of our public customers include Belgian postal agency Bpost (high-vis raincoats), the French marine corps (lifejackets), the Dutch secret service (ballistic apparel) and fire departments across Dubai and Oman (intervention clothing). With 8 specialist brands, Sioen caters to everyone's needs.

Chemicals division

Our third division produces inks, varnishes and pigment pastes. You can find these fine chemicals in wallpaper, flooring, banners, car dashboards and many other applications. What once began as a support division to supply our Coating division, has now become a fully developed and expanding branch with 79% external sales. A new building in Bornem (Belgium) will increase capacity in 2019.



Sioen: from colouring solutions for 3D wallpaper
to ink for license plates

Turnover: 8.8%

Employees: 151

Locations:
Belgium and France

3 specialist brands

Industrial colouring solutions, including tailor-made pigment pastes, varnishes and inks.

Universal colorants for the diy market, with tint paint, chalk, cement, vinyl or acrylic emulsions.

Radiation curing inks, varnishes and primers.

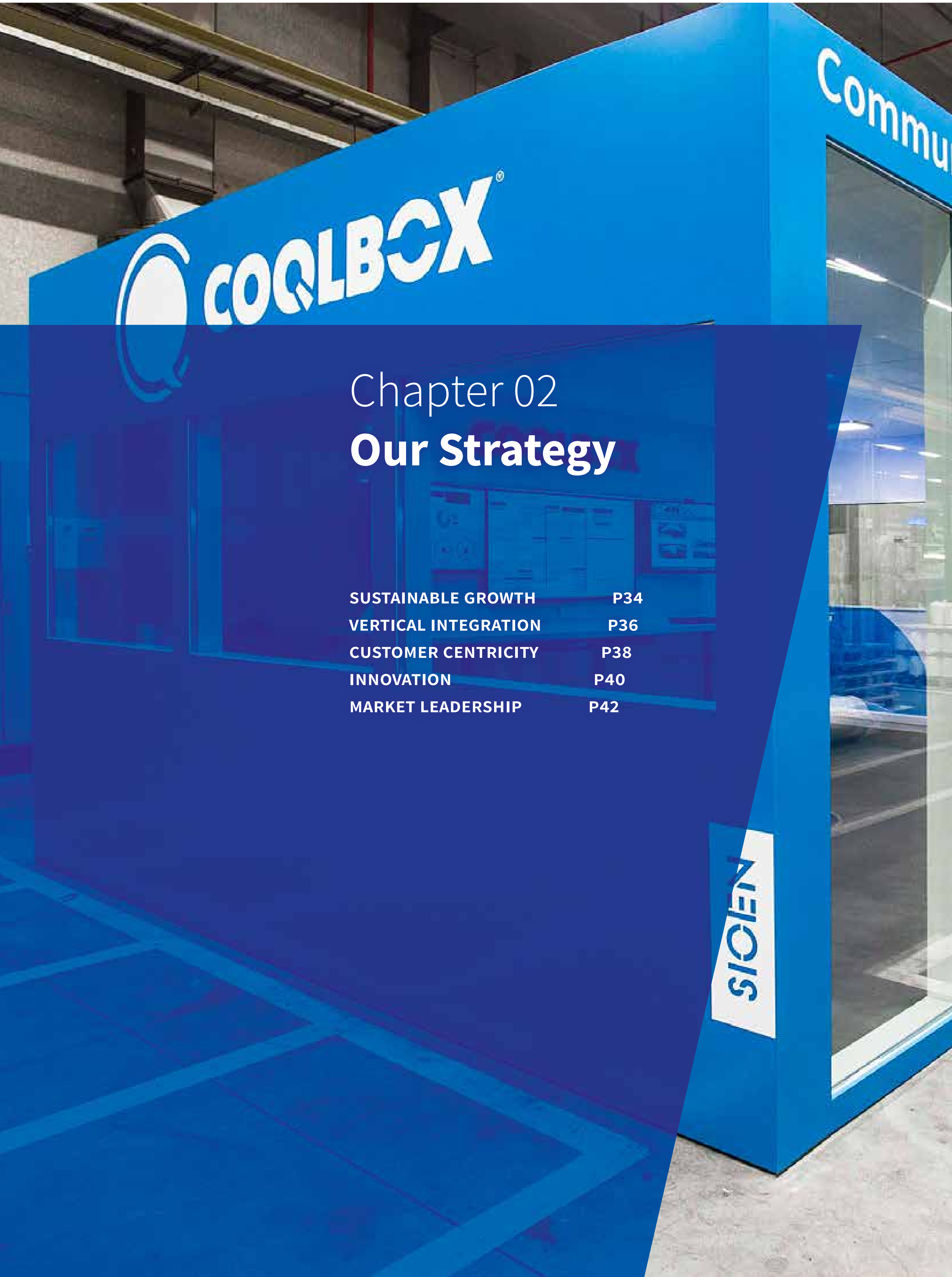
Quality first: REACH-compliant and ISO-certified

REACH is an important instrument in the European Union's chemicals regulation. It deals with the Registration, Evaluation, Authorisation and restriction of CHemical substances (REACH). Our REACH certificate shows that Sioen Chemicals meets all the necessary requirements.

ISO 9001 is one of the most important international standards on quality management. It provides guidance and tools to ensure that the quality of our products and services constantly improves.

Investing in the future of colouring solutions

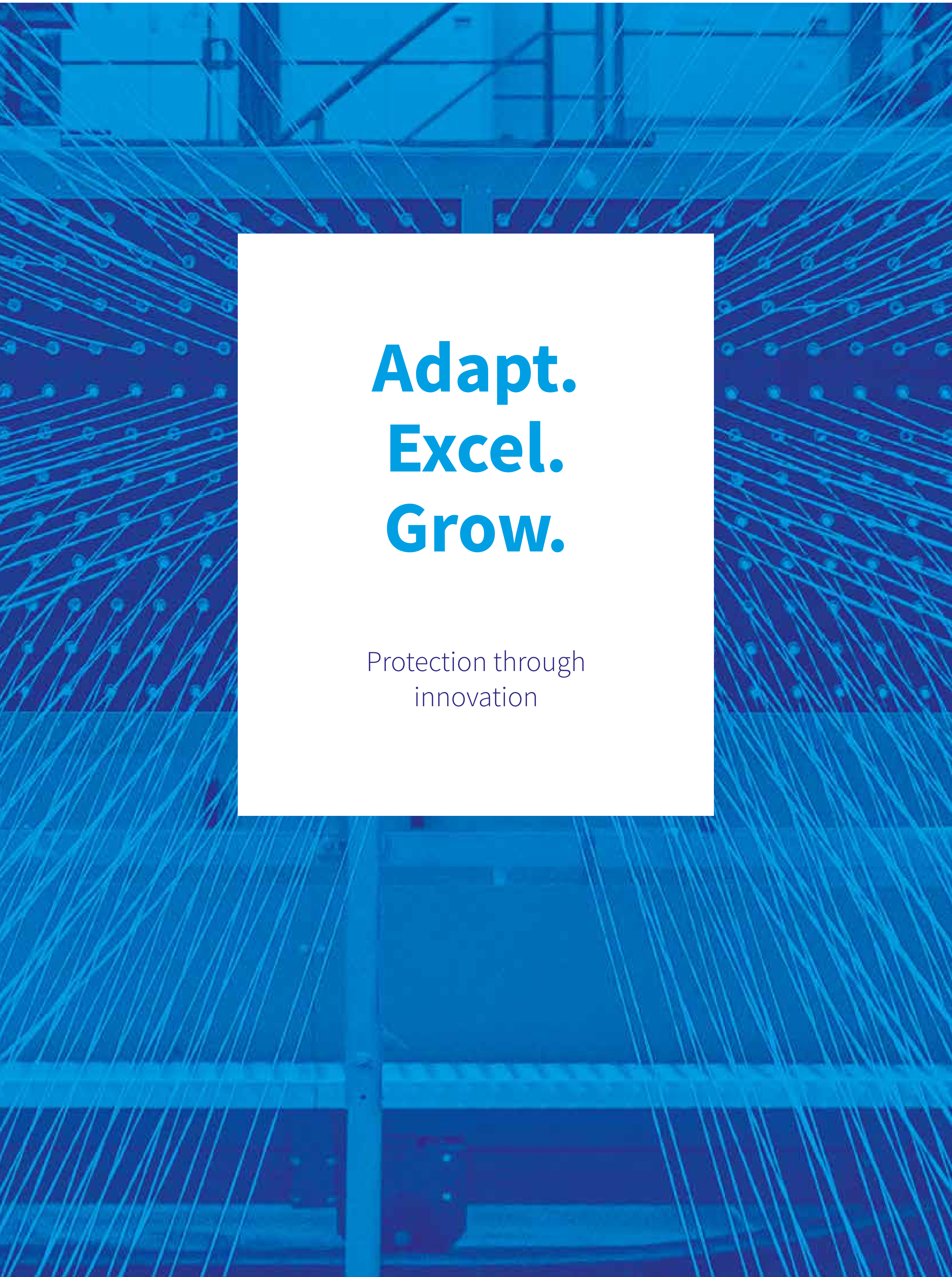
In 2018, we decided to significantly expand the Sioen Chemicals facility in Bornem. The new building will have a surface of 7 000 m^2 and will house the production units, laboratories and stockrooms of Decorative Inks, one of the division's biggest departments. The main goal of this investment: to generate more capacity. When fully operational, we will add another 20% to our current production numbers. Also our booming brand UV Curable Systems, which we acquired in 2017, will benefit from the expansion to further grow.



Chapter 02

Our Strategy


nication in the Organisation to improve Quality for a Lifetime



Adapt. Excel. Grow.

Protection through innovation

Mission statement

Sioen aims to be the world market leader in technical textiles and technical apparel, protecting people and their belongings.

Vision

To shape the future of technical textiles.

Values

At Sioen, we are:

- Passionate
- Integer and ethical
- World citizens
- Respectful for people and environment
- Accountable
- Entrepreneurial and innovative
- Creating value

Strategy: 5 pillars

01. Vertical integration
Offering us major control over all manufacturing processes.

02. Customer centricity
Offering customers the right textile solution, tailor made to his requirements.

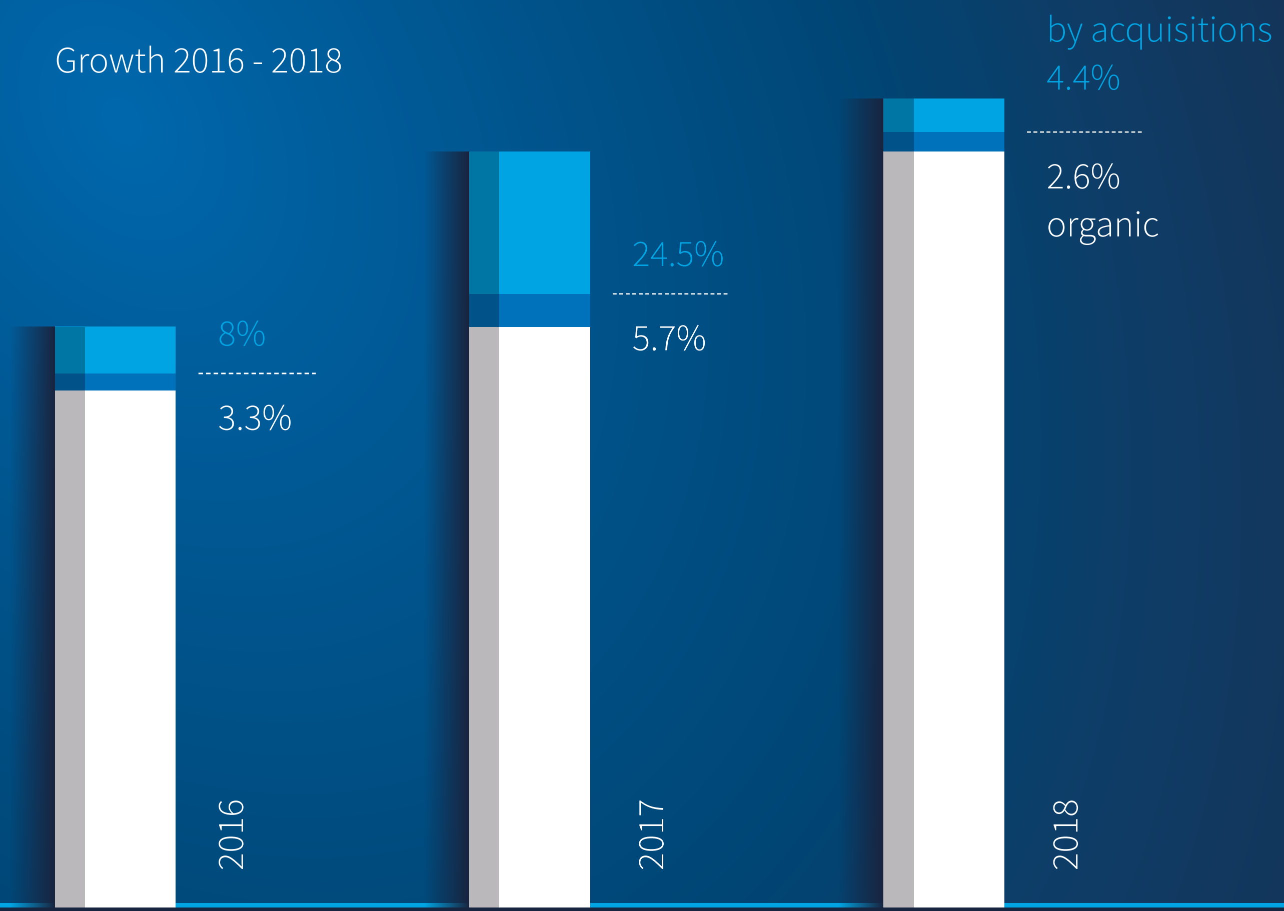
03. Innovation
Resulting in new manufacturing processes & digitalisation, in new materials, in new products and new markets.

04. Market leadership
Setting benchmarks in markets with high technical standards.

05. Sustainable growth
Both organically and through acquisitions.

Acquisitions 2016 - 2018

Growth 2016 - 2018



Sustainable growth

Growth is part of our DNA. Year after year, we succeed in expanding our business. In that process, we look for a healthy balance between organic and external growth. For the latter, we've developed a clear game plan so that acquisitions quickly contribute to our strategic objectives. In 2018 we concentrated on fully integrating our 6 recent acquisitions, following our organic growth path.

Over the last 5 years (2014-2018) our turnover grew with 55%.

A multi-path approach

We strongly believe that pursuing different growth strategies is the most effective way to sustainable growth. In that multi-path approach, we combine the strategies that best blend together and deliver a more valuable outcome.

Create

- We develop new technologies and materials (e.g. biodegradable and recyclable textiles) to strengthen our position in our primary markets.
- We look for business opportunities in affiliated market segments and fast-growing geographical regions to expand our scope.
- We boost product differentiation with multidisciplinary teams in our high-tech R&D department.

Invest

- We continuously invest in state-of-the-art machinery and equipment for our factories and in attracting the best people to operate them.
- We examine promising acquisition prospects to establish new synergies within our group.
- We implement marketing automation and digitalisation strategies, such as a high-performance CRM system and e-commerce.

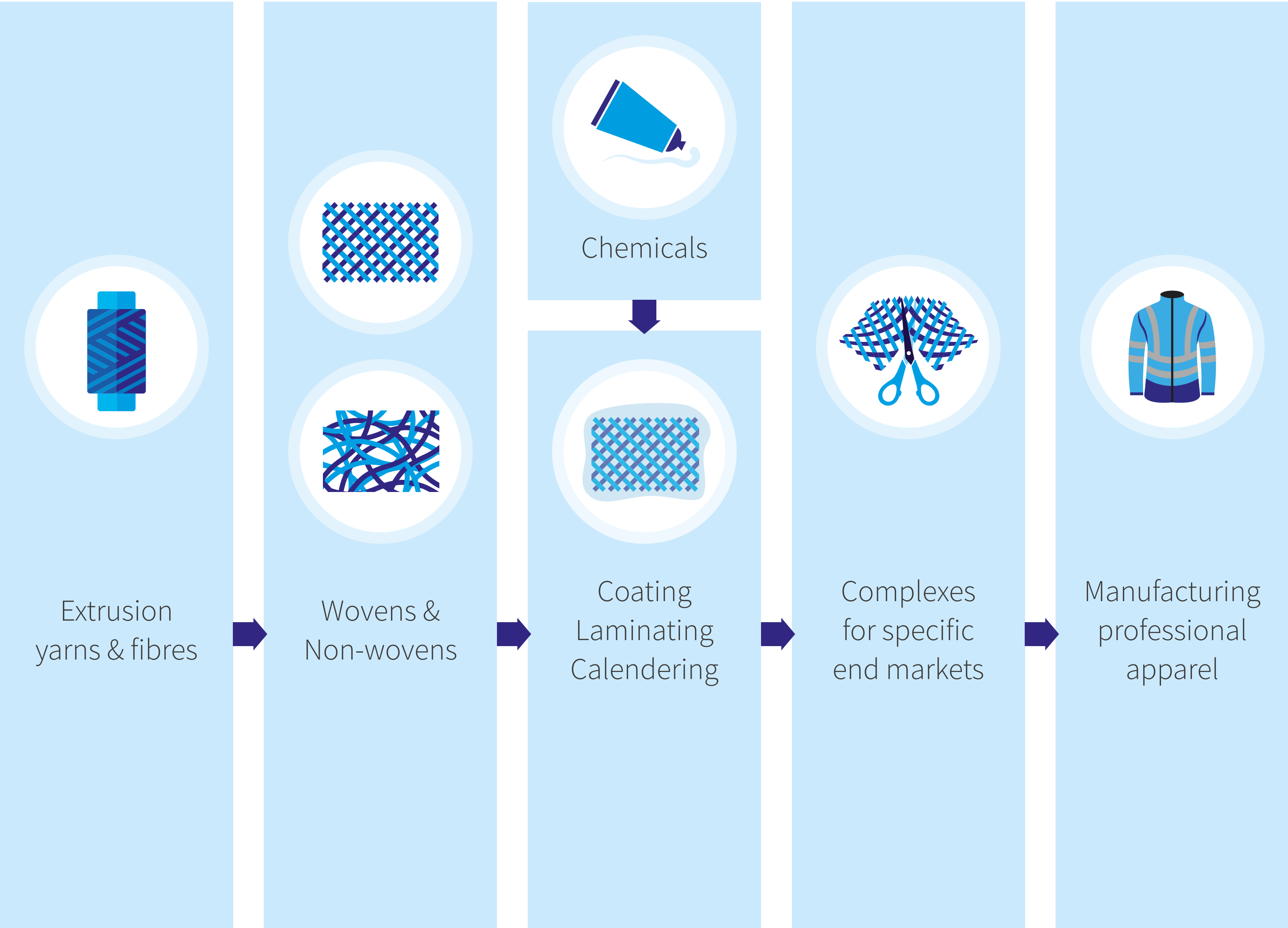
Perform

- We constantly exploit our vertical integration advantage to outperform our competition.
- We target process optimisation and cost reduction by focussing on Industry 4.0.
- We improve our manufacturing processes with innovative concepts, such as our Coolbox.

These growth strategies translate into strategic objectives. One is to annually grow as a group, another is to raise our non-European sales.

In 2018, we adapted our business to evolving customers' needs and a world in motion. Sioen managed to excel and grow because of it and plans to continue doing so in the future.

At Sioen, we strongly believe in the beneficial effects of a vertically integrated manufacturing process.



Vertical integration

Throughout our extensive history, Sioen has steadily worked towards the vertical integration of the entire manufacturing process. As a result, we now control the whole industrial chain, from the extrusion of yarns to ready-to-use apparel and coated textile. This is a strategic choice that gives us a competitive edge and that we wish to intensify even further in the years to come.

Vertical integration: a win-win for both Sioen and its customers

What's in it for our customers?

- **Quality assurance** – By creating everything in-house, we guarantee that our products are made with state-of-the-art machinery and meet the highest standards. Whether it be spinning polyester yarns, colouring woven textiles or even testing the final product, delivering quality is our top priority in every activity.

- **Tailored solutions** – Vertical integration allows us to quickly adapt to specific customer's wishes. That flexibility to work on demand, without being dependent on other suppliers, is one of the reasons why customers turn to Sioen for smart textile solutions. We think along, lay out the options and deliver.

- **In-house know-how** – At Sioen the expertise and know how of multi disciplinary teams is always at hand.

What's in it for Sioen?

- **Efficiency gains** – Vertical integration means investments in the short run, but reduced costs in the long run. As a family-owned company with a 112-year-old tradition, we always think ahead. Today, we are able to save time and reduce expenses.

- **Major control** – When our customers excel, we excel. That's why we want to control the whole manufacturing process. We have the know-how and experience, while we also follow international standards (ISO 9001 and ISO 14001).

- **Product differentiation** – Sioen masters spinning, weaving, felt and all 6 coating techniques to create technical textiles as well as technical apparel. Besides that, we produce inks, varnishes and pigment pastes. We even design, engineer and test. A prolific mix that translates into a wide range of products.

Sometimes people don't know what they want until you show it to them.

Customer centricity

Our customers are never alone in the driving seat. Our multidisciplinary team of experts are always by their sides. We design and produce technical textiles, technical apparel and colouring solutions to fit their needs and support them in their choices. Part of our customer-centric approach is to apply our wide-ranging expertise to answer even the unexpressed needs and wishes of customers.

Experience Sioen in our showrooms

A lot of customer journeys start in our headquarters in Ardooie (Belgium), where we have two modern showrooms to give visitors a glimpse of what we can do in all 3 divisions. We offer both off-the-shelf products and tailor-made solutions. We control the whole manufacturing chain, so options are limitless. Every year, we organise numerous trainings and events in our showrooms and welcomed more than 4 000 visitors in 2018 alone.

Going the extra mile

With 3 divisions on top of their respective fields, we cater to a wide variety of users: our technical textiles serve big infrastructure constructors as well as local fishermen, our technical apparel is worn by farmers and firefighters alike, while our colouring solutions can be found from wallpapers to napkins. The list is sheer endless. For Sioen, customer centricity is a full-time job, but our versatility also offers a definite competitive edge.

Working for users in different markets, our sales team, engineers, product developers and 205-headed R&D department are ideally placed to handle every request with a multidisciplinary and cross-sectoral approach. In some cases, we surpass our customers' expectations by combining expertise from different core markets and manufacturing processes. Two examples:

- **Sioen Ballistics** protects law enforcement officials and soldiers with bulletproof and puncture-resistant garments, while Mullion's specialty consists of safety suits and lifejackets for professionals working on, in or near water. When a marine corps representant contacted us, we decided to bring the best of both worlds together, resulting in dry suits for military use, maritime tactical vests and military lifejackets.
- Over the years, we optimized our transfer-coated **Flexothane® fabric** to fit the needs of niche markets. The Flexothane® Kleen line is now an unequaled standard for food industry professionals. It protects against bloodborne pathogens and chemical pesticides, while it is perfectly suitable for high-temperature washing (up to 95°C).

Although less visible to the eye, we apply the same value-adding approach in our Coating and Chemicals divisions. Creating solutions for issues customers hadn't even thought of or presumed unsolvable, is what makes us stand out.

Employees in R&D: 205 – or 4% of all Sioen employees
Investment in R&D: over 9.5 million euro in 2018.

New manufacturing processes and digitalisation approaches
Industry 4.0 rejuvenates our industrial chain.

New products
Our technical apparel evolves as our R&D department grows stronger.

New materials
Sioen pioneers with recyclable and biodegradable materials.

Innovation

Our company slogan 'Protection through innovation' is one of the first things you'll see when entering any Sioen facility. Since the very beginning, innovation has been a vital aspect of our strategy. It gives us an edge in both existing and developing markets. The result? A continuous stream of new manufacturing processes and incorporating digital approaches, new materials and new products.

2019-2023 roadmap

In the second half of 2018, our R&D department set out a comprehensive plan of action for the next several years. Global trends create new challenges, and we selected the ones for which we can provide textile solutions.

Megatrends are strongly connected to SDGs

The United Nations developed an ambitious agenda with 17 Sustainable Development Goals (SDGs) to create a better world by 2030. Sioen aims to contribute to achieving the targets set by various of them.

Innovation by Sioen: 3 examples

Goals 11 & 13 – Our vertical green wall is an ecological building solution for smart and sustainable cities.

Goal 12 – Next-generation teabags offer consumers a way to actively support resource efficiency.

Goal 14 – With our new open cages for offshore salmon farming, we reduce sea lice contamination and offer a solution for year-round sustainable fishery.

Coating division
World market leader in technical textile solutions.

Apparel division
European market leader in professional protective clothing.

Chemicals division
Niche player on the rise with 79% of sales outside of the group.

Market leadership

The most ambitious of our 5 strategic pillars is market leadership. Sioen wants to set benchmarks in markets with high technical standards. That's why we are constantly exploring innovative technologies, strengthening our position with value-adding acquisitions, and targeting new market segments and geographical areas.

Why does Sioen pursue market leadership?

- **Financing** – More appeal to investors.
- **Advertising** – Word-of-mouth advertising increases.
- **Employer branding** – Motivated employees and a top argument for new candidates.
- **Profit** – Loyal customers and a higher volume of inbound leads.
- **Scale** – Ability to invest in product development, process optimisation and market exploitation.

Market leadership: 3 key elements

Innovative technologies

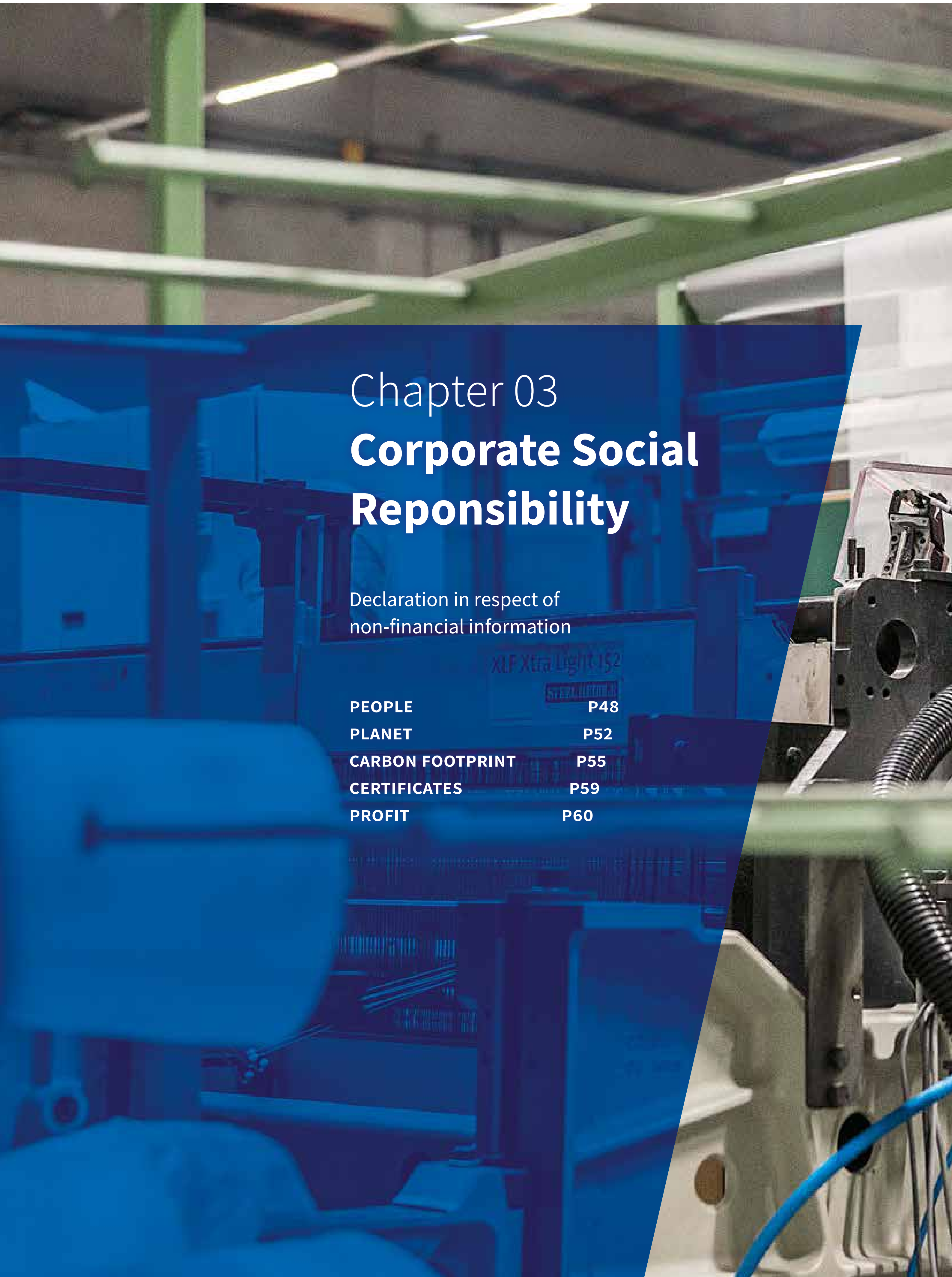
There is no leadership without innovative technologies. Through a multidisciplinary approach, we look for opportunities in our traditional markets and areas that are affiliated with our core markets. Concrete reinforcement and coastal protection are just two examples of how we try to combine textile and civil engineering. Whereas urban farming and flexible textile ecosystems show how smart textile solutions can benefit the agricultural world. In the next couple of years, we will intensify those efforts in markets with high technical standards.

Value-adding acquisitions

Over the last 3 years, Sioen has acquired 6 new companies that greatly contribute to our market leadership. Manifattura Fontana boosts our position in the construction and civil engineering sector, as does James Dewhurst, one of the largest global manufacturers of flexible reinforcement textiles. Dimension-Polyant is a global market leader in the production of sailcloth, Verseidag Ballistic Protection has turned Sioen Ballistics into a household name in the safety sector and Ursuit is leader in maritime apparel. Last but not least, UV Curable Systems opens up new perspectives for Sioen Chemicals.

New market segments

This refers to both geographical expansion and new subsectors. An example of the former, is our successful entry into the fire-protection market in the Middle East, with contracts in Dubai and Oman. The latter is shown by our ambition to create 100%-circular professional protective clothing as part of consortium Circle-A.' Instead of 'We have the firm ambition to create 100%-circular professional protective clothing as part of consortium Circle-A.



Chapter 03

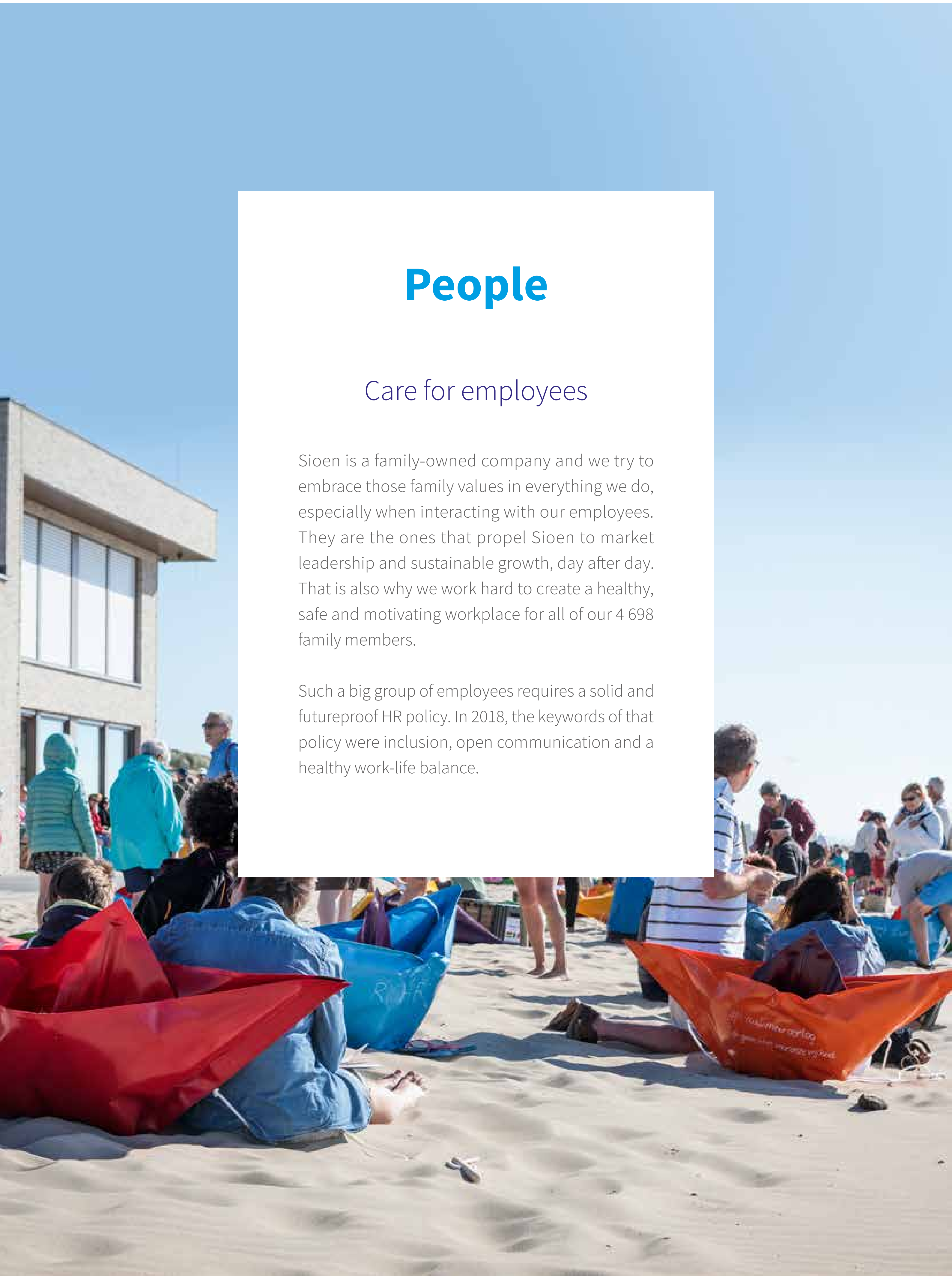
Corporate Social Reponsibility

Declaration in respect of non-financial information


SAMPLE
ECHANTILLON

Corporate Social Responsibility

Sustainable entrepreneurship is about more than just producing quality goods and services. Essentially, it's about **Profit**, **Planet** and **People** – the 3 P's in corporate social responsibility – and the impact those three elements have on society. At Sioen, we work hard to stand out by implementing and committing to a program of social responsibility activities.



People

Care for employees

Sioen is a family-owned company and we try to embrace those family values in everything we do, especially when interacting with our employees. They are the ones that propel Sioen to market leadership and sustainable growth, day after day. That is also why we work hard to create a healthy, safe and motivating workplace for all of our 4 698 family members.

Such a big group of employees requires a solid and futureproof HR policy. In 2018, the keywords of that policy were inclusion, open communication and a healthy work-life balance.

> Employee centricity is as important as customer centricity.
>
> **WOUT VERBEKE**
> CHIEF HR OFFICER AT SIOEN

Inclusion: higher employee engagement

“The best way to engage your employees is to give them a shared responsibility, linked to specific goals”, says **Wout Verbeke**, chief HR officer at Sioen. “Our Coolbox does just that. It’s a unique communication hub surrounded by noisy machinery, where colleagues can talk about planning, production, training and all other work-related issues. In the Coolboxes we also show the evolution of KPIs and performance data of the looms and other machines. That raises the involvement and the ‘ownership’ of production staff. They feel more responsible about the quality of work they deliver and about production parameters, such as waste control. Moreover, it generates a positive dynamic between colleagues.”

Life-long learning: an innovation-friendly environment

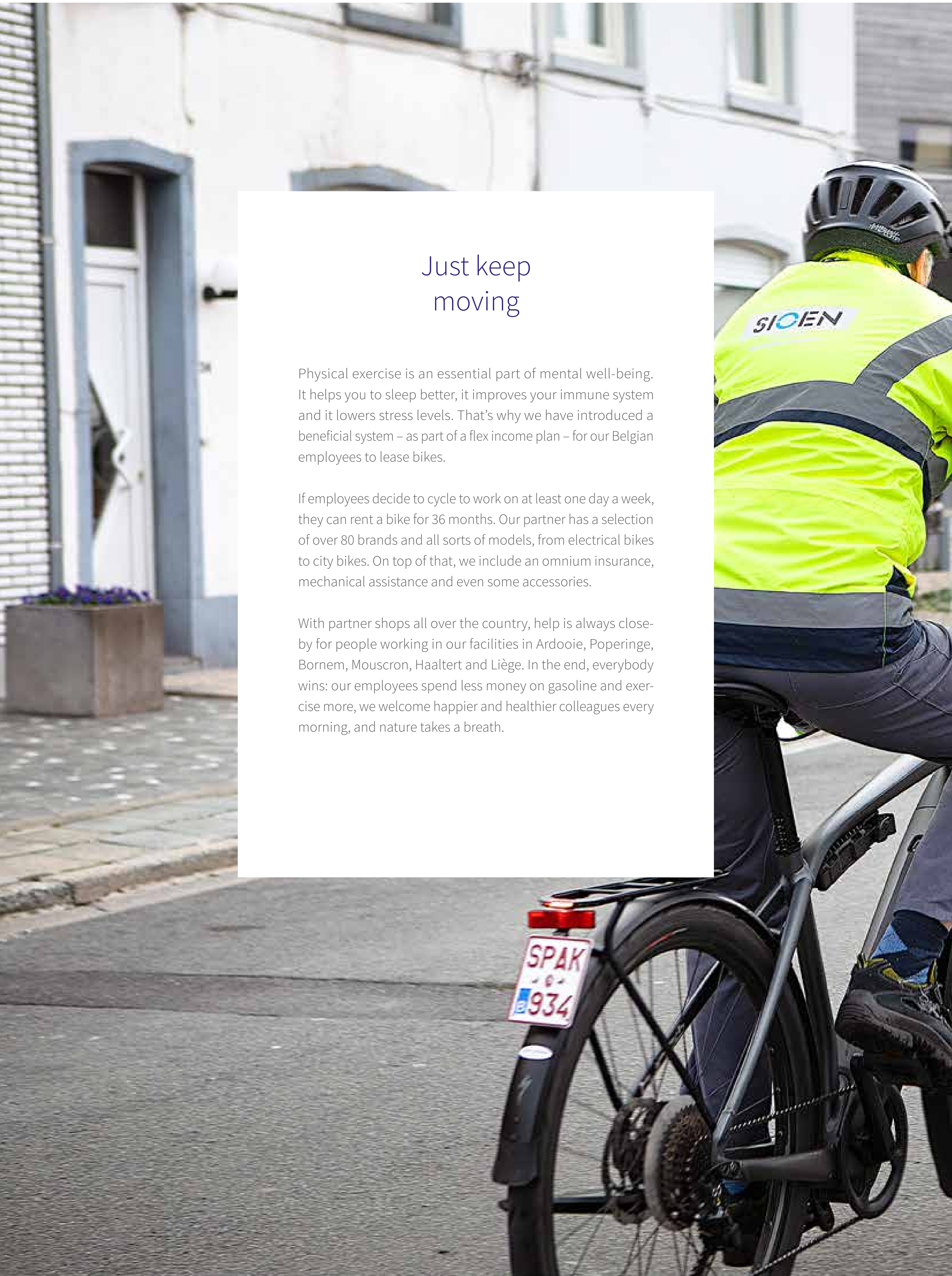
“Personal growth is very important for us. We want our people to be motivated, inspired and passionate and we stimulate lifelong learning.

We firmly believe that people are the difference between success and failure when it comes to innovation. Everybody is heard at Sioen and has a can-do attitude. The complexity of technology and market applications today requires intensive co-innovation, where employees learn, collaborate and develop together on a daily basis. We offer an extensive internal support through personal counseling, monitoring and/or external training. We encourage self-study, training and any kind of formation.”

Work-life balance: work hard, live well

“Last but not least, we also have to realise employees have a life outside of the company walls – ‘work-life balance’ is more than just a buzzword. With a growing number of millennials in the workforce, we have been putting in a tremendous effort trying to determine the best way to appeal to those employees. The introduction of flexible working hours was a first step, allowing staff to work longer days to accumulate extra holidays was a second. We understand perfectly that maintaining a healthy work-life balance helps to reduce stress and prevent burnouts, but it also means happier and more productive employees. And in the end, that’s what we all want.”

◁ “Waterfront” great war commemoration with 3 000 boats connecting 21 km of Belgian coastline.



Just keep moving

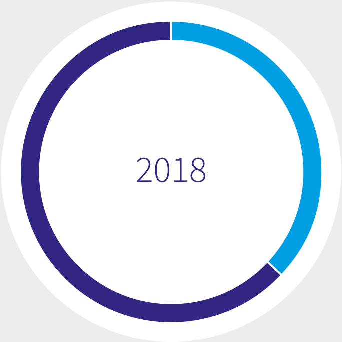
Physical exercise is an essential part of mental well-being. It helps you to sleep better, it improves your immune system and it lowers stress levels. That's why we have introduced a beneficial system – as part of a flex income plan – for our Belgian employees to lease bikes.

If employees decide to cycle to work on at least one day a week, they can rent a bike for 36 months. Our partner has a selection of over 80 brands and all sorts of models, from electrical bikes to city bikes. On top of that, we include an omnium insurance, mechanical assistance and even some accessories.

With partner shops all over the country, help is always close-by for people working in our facilities in Ardooie, Poperinge, Bornem, Mouscron, Haaltert and Liège. In the end, everybody wins: our employees spend less money on gasoline and exercise more, we welcome happier and healthier colleagues every morning, and nature takes a breath.

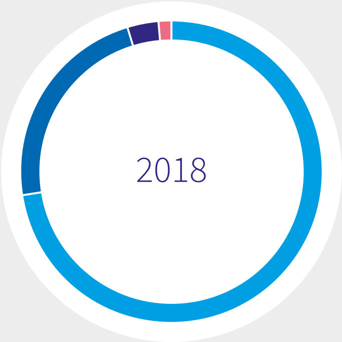
Staff in numbers

Staff per gender in 2018



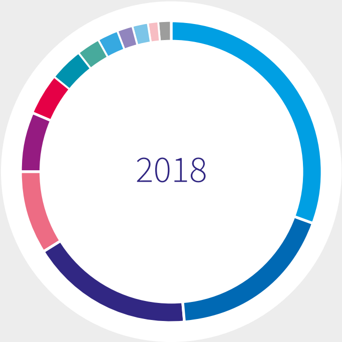
	2018	2017
Male	37.1%	37.7%
Female	62.9%	62.3%

Staff per division in 2018



	2018	2017
Apparel	72.6%	67.9%
Coating	22.8%	26.9%
Chemicals	3.3%	3.8%
Shared services	1.3%	1.4%

Staff per country



	2018	2017
Indonesia	1 408	1 196
Myanmar	842	521
Belgium	796	805
Tunisia	409	406
Romania	303	288
UK	195	89
France	173	164
Finland	112	105
Germany	102	82
Estonia	83	67
USA	71	47
Italy	53	43
Others	58	62

Planet

Sustainable business

With technical textiles solutions, Sioen directly and indirectly contributes to solving a number of environmental challenges, from resource efficiency and waste control to climate change and finding alternative energy sources.

A selection of our sustainability efforts:

Resource efficiency

Some of our major apparel contracts focus on the durability of clothing and new destinations when the garments reach end-of-life status. For example, we provide 21 different garments for 26 000 technical employees of Dutch grid operator Alliander that will be reused in various applications, from isolation material to geotextiles. Sioen also pioneers in the field of biodegradable textiles.

Waste control

Water

With the exception of sanitary water, we aim for closed circuits and a zero-discharge status. Our coating plant at Ardooie (Belgium) and our chemicals plant at Bornem (Belgium) have already achieved this status. Also our other facilities evolve in the right direction.

Manufacturing waste

Our spinning, weaving and felt activities are 100% circular. We fully recover waste, such as clumps of polyester and polypropylene, and reuse them as raw materials for new spinning and fibre production. All of this is done in-house and the circular chain is only first disrupted when coating takes place.

Hazardous waste

The hazardous waste that leaves our coating facilities is carefully being taken care of. We continuously invest in distillation installations to reduce this amount.

Coating process

White spirit and DMF are the two most important cleaning agents in our production chain. After using them, we process the solvents and reuse them.

Stakeholders now demand strong economic performance in addition to organisations being socially and environmentally sustainable.

Climate

Sioen provides technical apparel that protects people in the most extreme weather conditions. We also produce innovative textiles for hurricane shelters, water dams, geogrids, the preservation of reefs, etc. Climate change affects our lives on many levels and technical textile solutions will become increasingly important.

Sustainable energy

External use

We produce technical textiles for biogas installations and windmills. Our products are also applied in packaging of the wings, ventilation hoses, algae cultivation, etc.

Gas

Gas and electricity consumption have been greatly reduced over the past years, with the optimization of machinery at the direct coating plants in Ardooie and Flixecourt (France). We treat emissions through thermal destruction with on-site incinerators.

Electricity

Wherever feasible we install solar panels to supply our production facilities. We also source green energy.

Recycling

Packaging

Sioen is an active member of Val-i-pack, an organisation that promotes the management of recycling industrial packaging waste.

Coated textiles

Coated and laminated textiles are not easily recycled, because of their complex, non-homogenous nature. However, through our membership of the plastic sheet industry association IVK and VinylPlus, we are involved in the VinylPlus: Epcoat system. That way, we annually contribute in recovering a significant quantity of used PVC-coated textiles.

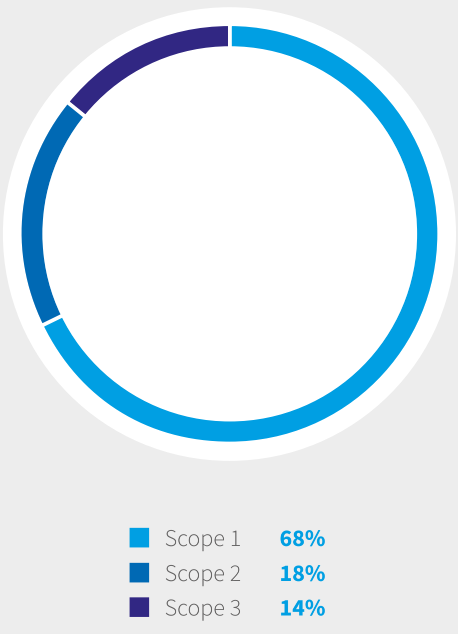
Carbon footprint

Significant efforts, significant carbon footprint improvement

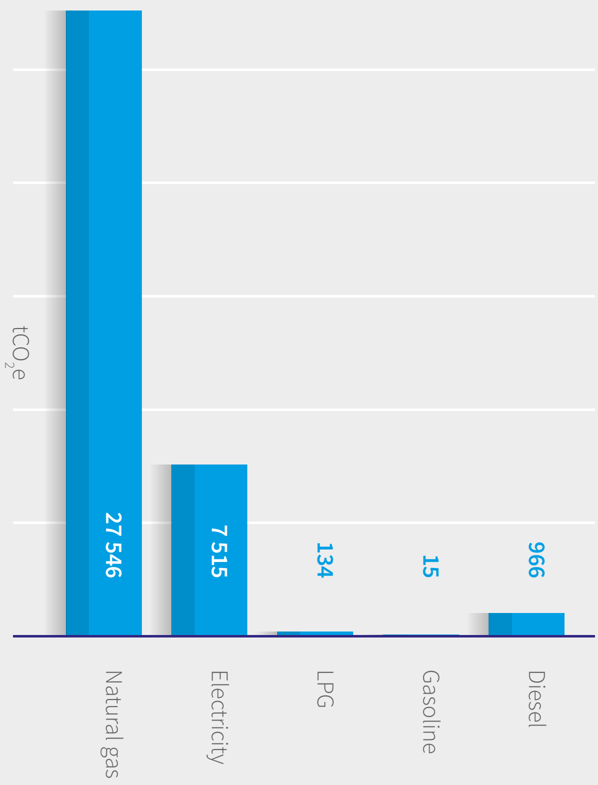
The total carbon footprint of Sioen for the year 2018 amounts to **36 175 tCO_2e for direct emissions (scope 1 & scope 2) with 5 732 tCO_2e for upstream emissions from fossil fuel and electricity losses (scope 3)**.

Natural gas represents the first emission source (76%; 27 546 tCO_2e) followed by electricity use (21%; 7 515 tCO_2e) of Sioen Direct emissions. Mobility emissions (fuel for company cars and forklifts) remain quite low accounting for about 3% of Sioen Direct emissions.

Share of emissions by scope (in %)

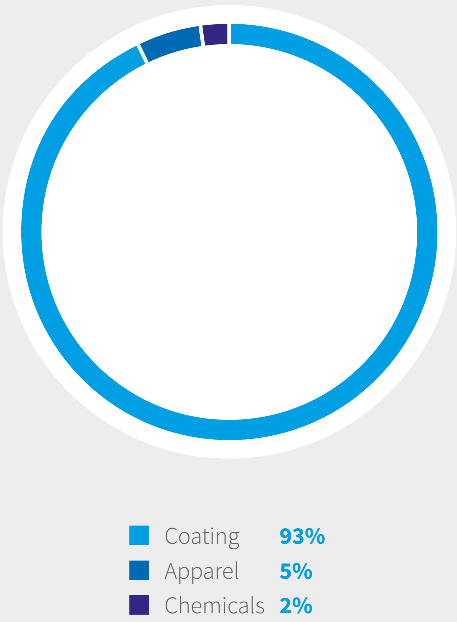


Total direct emission, per category

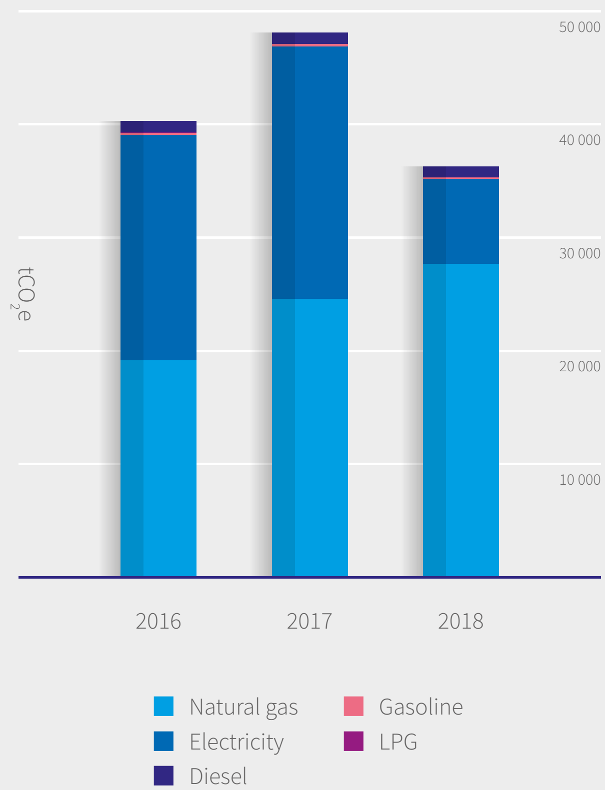


The coating division represents biggest part of Sioen's emissions (93% of direct emissions), although it is accounting for only 63% of the Group turnover. It is to note that in 2017, Sioen acquired 2 new sites (James Dewhurst in UK and Dewtex Inc in USA), which explains the increase in direct emissions from Natural Gas.

Share of Sioen emissions by division

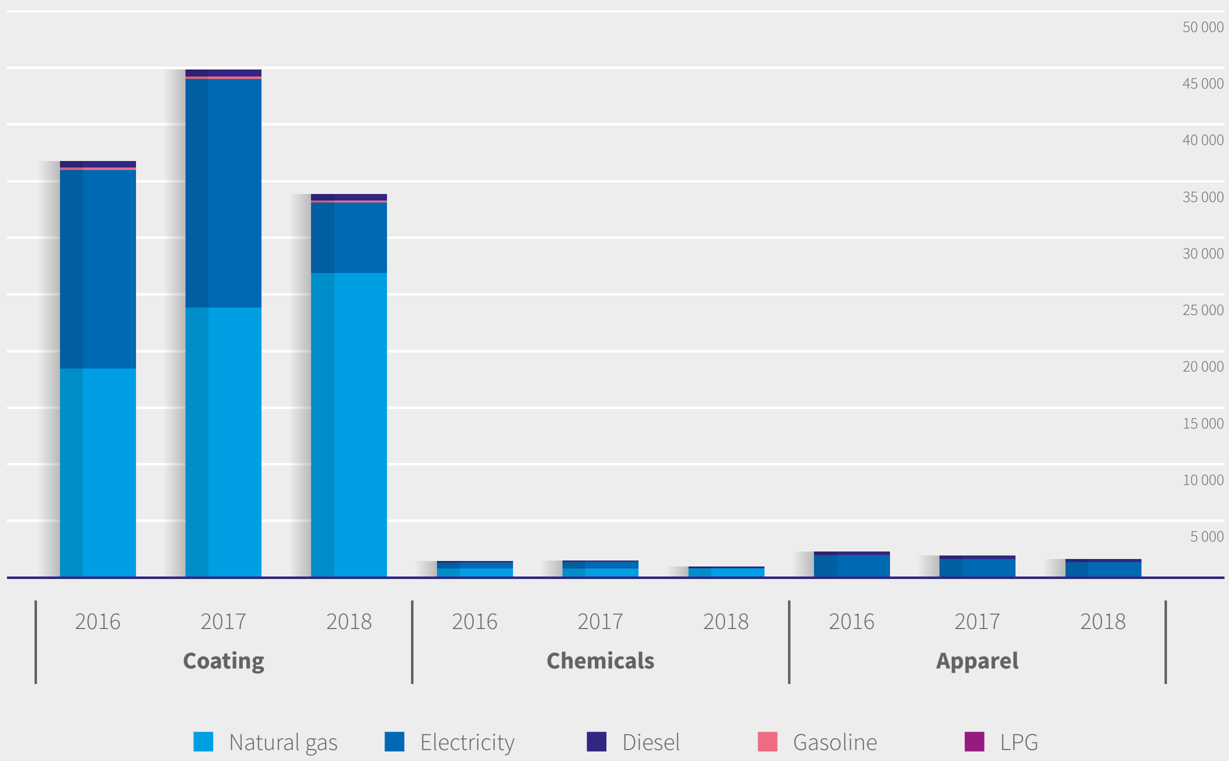


Sioen direct CO_2 emissions 2016-2020, per emission category



When looking at the results per division, one can note that CO_2 emissions of all three divisions have decreased between 2017 and 2018.

Detailed direct emission categories evolution by Sioen division (tCO_2)



Without the acquisition of 2 new sites in 2017, the coating division shows substantial decrease because of great efforts on every level. As in 2018 in all Belgian plants all consumed electricity was 100% green. These Belgian plants represent almost half of the energy consumption of the coating division. Consequently, direct emissions per FTE and per production volume have also decreased significantly for this division.

Performing a carbon footprint **on a yearly base** allows Sioen to follow up the evolution of its CO_2 emissions and performance indicators. Thanks to the share of green electricity increased from 3% to 75%, direct emissions per FTE and per production volume have decreased. Mobility emissions per FTE are stable compared to 2017.

	2017	2018
Total CO_2 per FTE (scope 1 & 2)	12.8	8.1
Total share of green electricity (%)	3.0%	75.5%
Total mobility emissions per FTE	0.3	0.3
kgCO_2e/m² produced	0.32	0.27
kgCO_2e/kg produced	0.22	0.05
kgCO_2e/ lm produced	0.20	0.04

Certificates

Sioen not only produces high-quality and durable technical textiles, but the company also has that checked and verified by external organisations. This independent verification ensures that Sioen meets the highest standards in its production processes and products. Additional certificates: see www.sioen.com.

Sioen was the first manufacturer of protective clothing that obtained STeP certification. **STeP** stands for Sustainable Textile Production. The certificate is issued by OEKO-TEX®, an international partnership of 18 research institutes in the textile sector. The OEKO-TEX® - Confidence in textiles label guarantees a proactive development of safe and sustainable textile products.

The **CE logo** (Conformité Européene) on products indicates that the manufacturer declares that the product meets the applicable requirements and guidelines within the European Economic Area. The logo is on all Sioen products.

The requirements for **ISO 9001** quality certification are checked by an independent party. The standard focusses on quality management systems.

ISO 14001 sets out which criteria the environmental management system must meet. It provides a framework based on which a company or organisation can implement an effective environmental management system.

OHSAS stands for Occupational Health & Safety. Sioen also has this certificate for its subsidiaries in Romania and Myanmar.

Our technical textiles for geotextiles and clothing for firefighters have an **Asqual** certification. Asqual certifications are recognised in France.

The **British Safety Industry Federation** (BSIF) is regarded as the main organisation for the control of personal protective equipment in the United Kingdom.

Achilles UVDB is responsible for supplier management for utility companies in the UK.

The **FSSC: 22000** Food Safety System. Certification provides a framework for effectively managing the responsibilities of an organization in the area of food safety.

Profit

Contribution to society

Every year, we give back to the community by supporting charity events, promoting culture and actively participating in educating youngsters, to name just a few actions. By doing that, we try to create a shared value for our shareholders, business partners, customers and employees.

Children are our future

In 2018, over 50 schools and groups visited our headquarters in Ardooie (Belgium) – that's one group a week. We show them around and they get to see how Sioen is protecting people and their belongings all over the world. When possible, we even put them to the test. For example, in the educational program 'Design Your City' – organised by the provincial government of West-Flanders and a group of schools – we activate their young and innovative minds to find solutions for real-life problems. The bigger objective is to promote STEM education (Science, Technology, Engineering and Mathematics) in local schools by laying out the possibilities a global market leader like Sioen offers.

Do well by doing good

We donate medical textiles to Medics Without Vacation, a nonprofit organisation that operates in 5 African countries: Burkina Faso, Congo, Rwanda, Burundi and Benin. About 600 medics and nurses give up their holidays to help hospitals in those countries, with medical equipment, medicine and expertise. Sioen is proud to be part of this project.

On 18 October 2018, two of our Belgian facilities welcomed students during the annual Youca Day. They volunteered for a day and the collected wages were donated to projects supporting the youth in Ecuador.

Open about taxes

As a part of our transparency policy, we list our taxes in this annual report. In 2018, Sioen paid taxes for a total amount of 35.8 million euro. Social security contributions were 17.5 million euro and income taxes 14.8 million euro. About 2.8 million euro are attributed to fixed assets, 32 000 euro to corporate vehicles and 680 000 euro to other taxes.

A company for all our stakeholders

Here's an extract of our policy statement. They reflect our engagements and policies in the areas of Quality, Health and Safety, Environment and Corporate Social Responsibility.

Trust of our clients

- Quality, safe products at competitive prices and with agreed-upon specifications and delivery times.
- Innovation by investing in continuous research and development.
- Building and maintaining long-term relationships.
- Offering technical expertise and customised solutions.
- Vertical integration in order to guarantee maximum quality assurance.

Ethical business approach

- Proactive environmental policy and continuous investments to protect people, nature and the environment.
- Local charitable initiatives and support programs.
- Think globally, act locally.

A major worldwide employer with respect for people and culture. We subscribe to the 10 UN global compact principles:

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2 – Make sure that they are not complicit in human rights abuses.
Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4 – The elimination of all forms of forced and compulsory labour
Principle 5 – The effective abolition of child labour.
Principle 6 – The elimination of discrimination in employment and occupation.
Principle 7 – Businesses should support a precautionary approach to environmental challenges.
Principle 8 – Undertake initiatives to promote greater environmental responsibility.
Principle 9 – Encourage the development and diffusion of environmentally friendly technologies.
Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Sioen formally subscribes the following Council of Labor Affair conventions:

1. Freedom of Association and Protection of the Right to Organise according to Convention No. 87 and Convention No. 98.
2. Forced Labour as stated in Convention No. 29 and No. 105.
3. Child labour according to Concention No.138 and Convention No. 182.
4. Equality of Opportunity and Treatment according to Convention No. 100 and Convention No. 111.

Trust of our shareholders

- Market leader in selected areas of technical textiles and technical protective clothing.
- Maximum profitability by efficient vertically-integrated processes, and in-house engineering.
- Growth through investment and the search for new technologies and markets.
- No-nonsense and lean operational procedures.
- Long-term vision and strategy.

Trust of our business partners

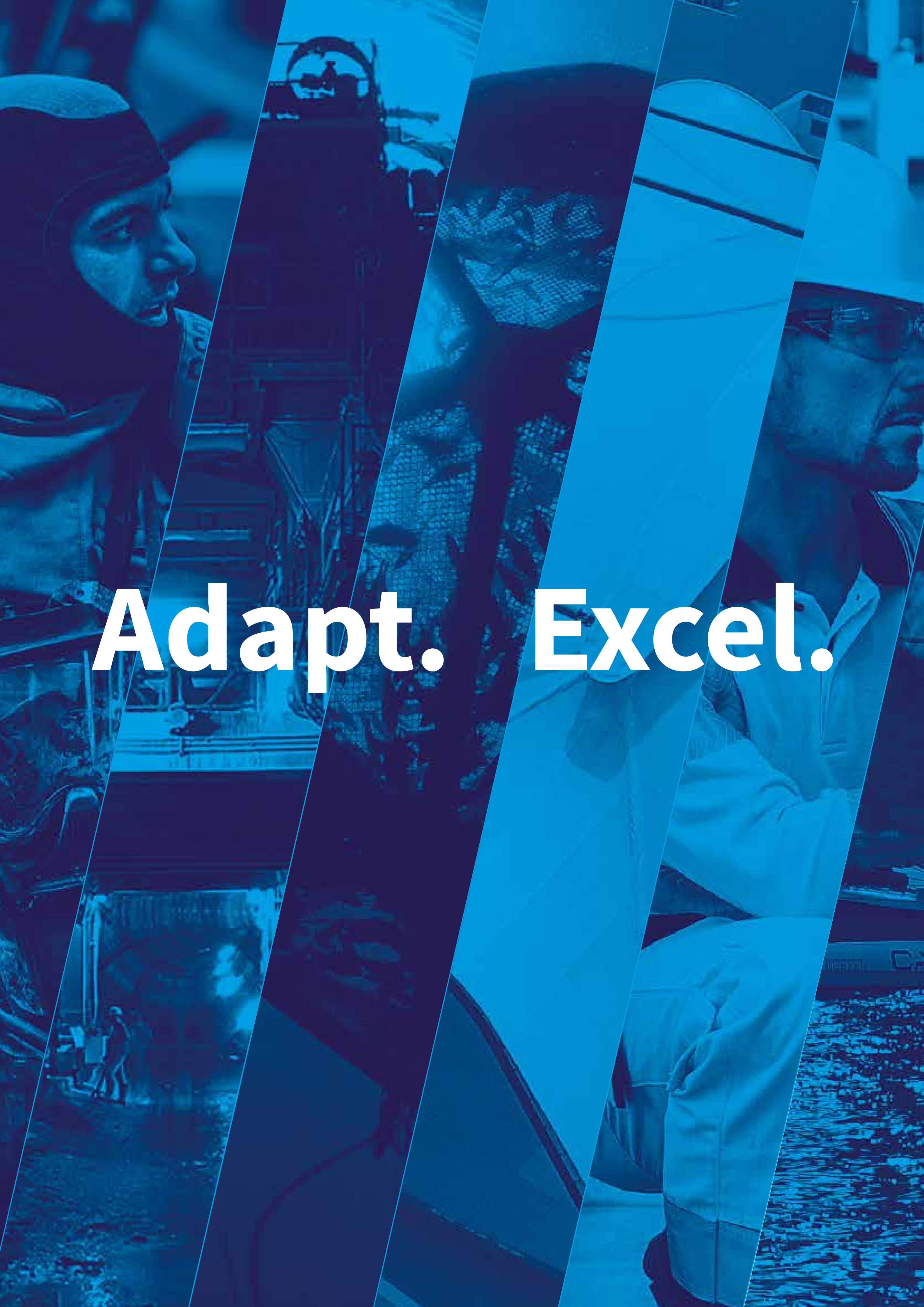
- Fast, efficient and (if necessary) discrete cooperation.
- Financial stability.
- International character.
- Direct and results-oriented approach.
- Years of experience.
- Partnerships with research and knowledge centers and universities worldwide.

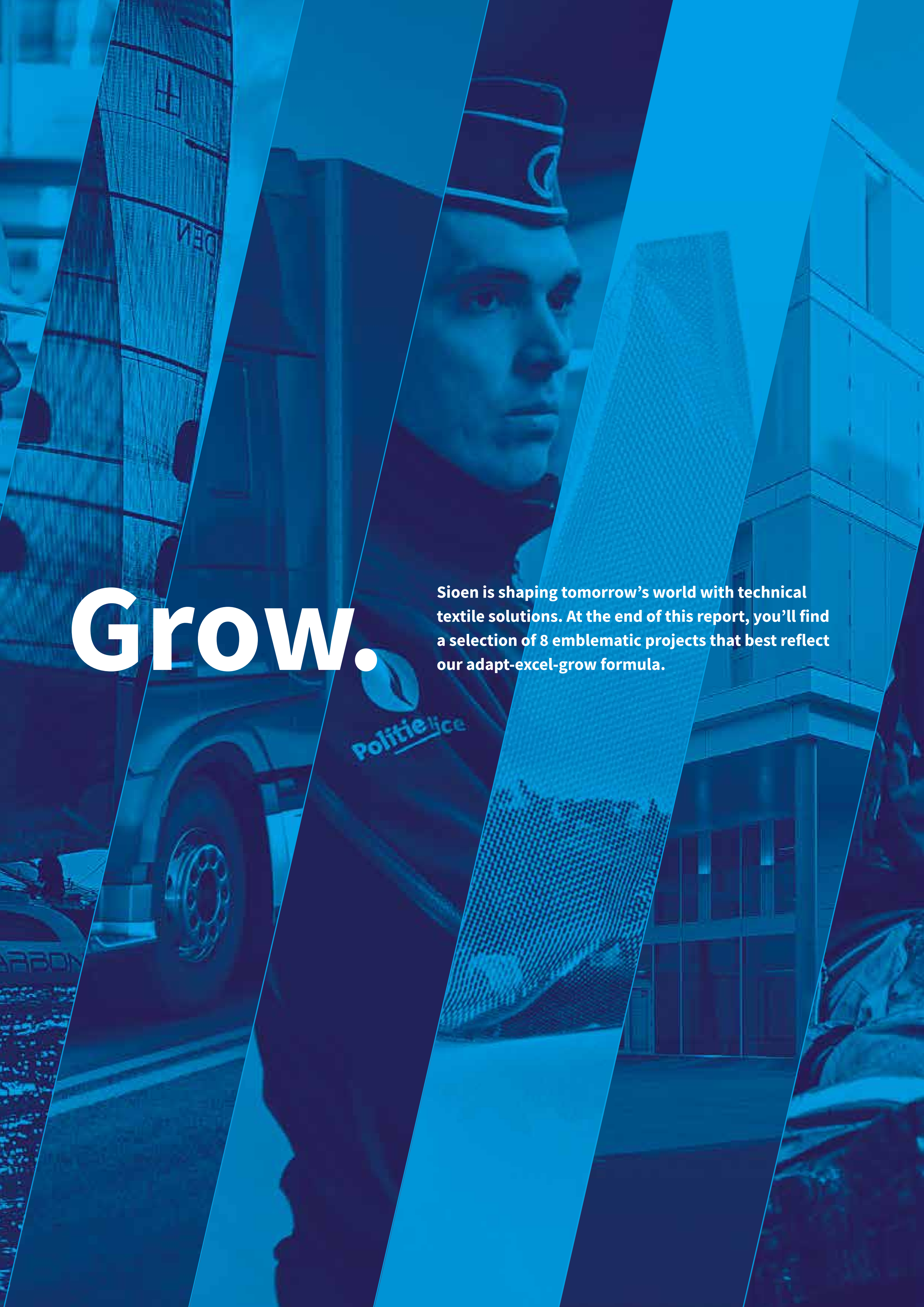
Trust of our employees

- A stable work environment in the long term.
- A stimulating work environment where people can fully develop their capacities, without discrimination and with equal opportunities for every individual employee.
- Ability to grow in skills and versatility.
- Safe working conditions and the promotion of safety awareness in all branches.
- A hands-on mentality and non-bureaucratic company culture with open lines of communication.

The management of Sioen supports the customer-oriented quality management mission by striving to continuously improve the range of products and services and the level of service to its customers. Sioen's management is actively engaged in developing a sustainable business model by managing the environmental impact of all its activities.

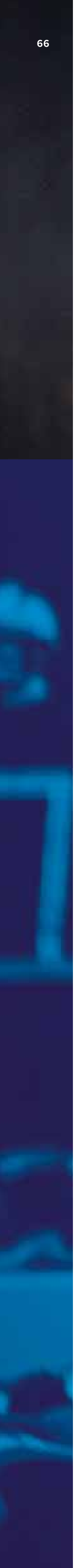
Management declares hereby that social responsibility and the health and safety of its employees and subcontractors, is an integral part of all company activities. We want to achieve the pre-established objectives and follow through on them by a controlled and integrated quality, environmental and safety management system and social contract, which helps us to evaluate the achievements and continuously improve all of our processes. Management emphasizes its commitment in this annual report, and by achieving and maintaining the STeP certification (by Ökotex) and the ISO 9001 and ISO 14001 certification, amongst others.


Adapt. Excel.



Grow.

Sioen is shaping tomorrow's world with technical textile solutions. At the end of this report, you'll find a selection of 8 emblematic projects that best reflect our adapt-excel-grow formula.



Fire protection

Project: Fire Department of Dubai
Objective: Protective clothing for 1 200 firefighters

From late 2017 onwards, we expanded our focus on the Middle East with new staff. That soon resulted in a contract for the Fire Department of Dubai. The main objective? To reduce the weight of the garments while increasing their protective features. This to guarantee wearing comfort in the hot temperatures of Dubai. We gladly accepted the challenge and the Dubai Fire Department was thrilled with the outcome – 100%-customized, lightweight fire suits.

Thanks to our highly customized solutions for the Fire Department of Dubai, we sealed a similar contract in Oman in February 2019.

JEAN-LUC SARLAT
BUSINESS DEVELOPMENT MANAGER
AT SIOEN FIRE

Added value by Sioen
Sioen has been protecting firefighters since 1927. We now have the largest supply of approved clothing for the international market and offer repair and cleaning services.

01/08

Towards effective protection of people


RESCUE
الدفاع المدني دبي
DUBAI CIVIL DEFENCE
CIVIL DEFENCE

Construction & Civil Engineering

Project: Brenner Base Tunnel
Objective: 230 kilometer of geotextile

The construction of the Brenner Base Tunnel is a historic landmark in the quest for green and integrated transport. The 64-kilometer two-tube railway tunnel, which runs from Innsbruck (Austria) to Fortezza (Italy), will set a new record as the longest stretch of underground railway in the world. By the end of 2018, 94 kilometers of rock had been excavated, with 136 kilometers still to go before completion in 2028. Sioen's flexible and puncture-resistant geotextiles make sure the tunnel is waterproof.

> The Brenner Base Tunnel will shift the European freight sector from road to rail. In the future, more projects like this will arise.

VIOLETA BULC
EUROPEAN COMMISSIONER
FOR TRANSPORT

Added value by Sioen

The safety and quality requirements are very demanding for this project. Fire protection is a top priority and the lifespan of the geotextiles used must exceed 100 years. Sioen is one of the only companies in the world that can provide the required certificates.

02/08

Towards green and integrated transport


maltech

Sports & Leisure

Project: Ant Arctic Lab Challenge
Objective: High-performing sailcloth to last 63 000 km

6 months, 63 000 km, 5 oceans: Austrian sailor Norbert Sedlacek Koch's goal to sail around the world singlehandedly is one of the greatest challenges in sport history. His 60-ft boat is equipped with the highest-performing material to increase his chances of making it to the finish line in Les Sables-d'Olonne (France) in February 2020. As he'll be sailing through fierce waters, such as the Northwest Passage, the sailcloth and his garments need to be absolutely outstanding.

I've been working with Dimension-Polyant for 20 years and they have always provided the best materials on the market, plain and simple.

NORBERT SEDLACEK KOCH
SAILOR

Added value by Sioen

Almost all of the sailcloth for the Ant Arctic Lab Challenge comes out of the Hydra Net® radial product line, developed by Dimension-Polyant. These are more durable than any other woven polyester. The dry suits for the challenge are provided by Ursuit, another Sioen brand.

03/08 Towards stronger and more durable technical textiles

© CHRISTOPHE FAVREAU

04/08

Towards secure societies

Safety

Project: Austrian police force
Objective: 24 000 stab- and bullet- resistant vests

Protecting the Austrian police force with high-end, comfortable and customized armored vests: the Austrian Ministry of Internal Affairs set the goal, and Sioen delivered the outcome. In August 2018, Sioen Ballistics started by personally tailoring 4 000 new body armour vests for the Vienna Police Department and distributing another 4 400 vests among the federal states. They protect law enforcement officials from bullets and are also stab and puncture proof. By the end of 2020, all local police officers in Austria will wear brand-new protective Sioen vests.

> In recent years, attacks with knives and other sharp objects have become a real threat to the Austrian police force.

HERBERT KICKL
MINISTER OF INTERNAL AFFAIRS OF AUSTRIA

Added value by Sioen
Sioen controls the whole creative process, from design and ballistics to manufacturing and testing.


POLIZEI

05/08

Towards sustainable products and new designs

Colours and inks

Project: Luxury design wallpaper
Objective: UV-cured 3D ink

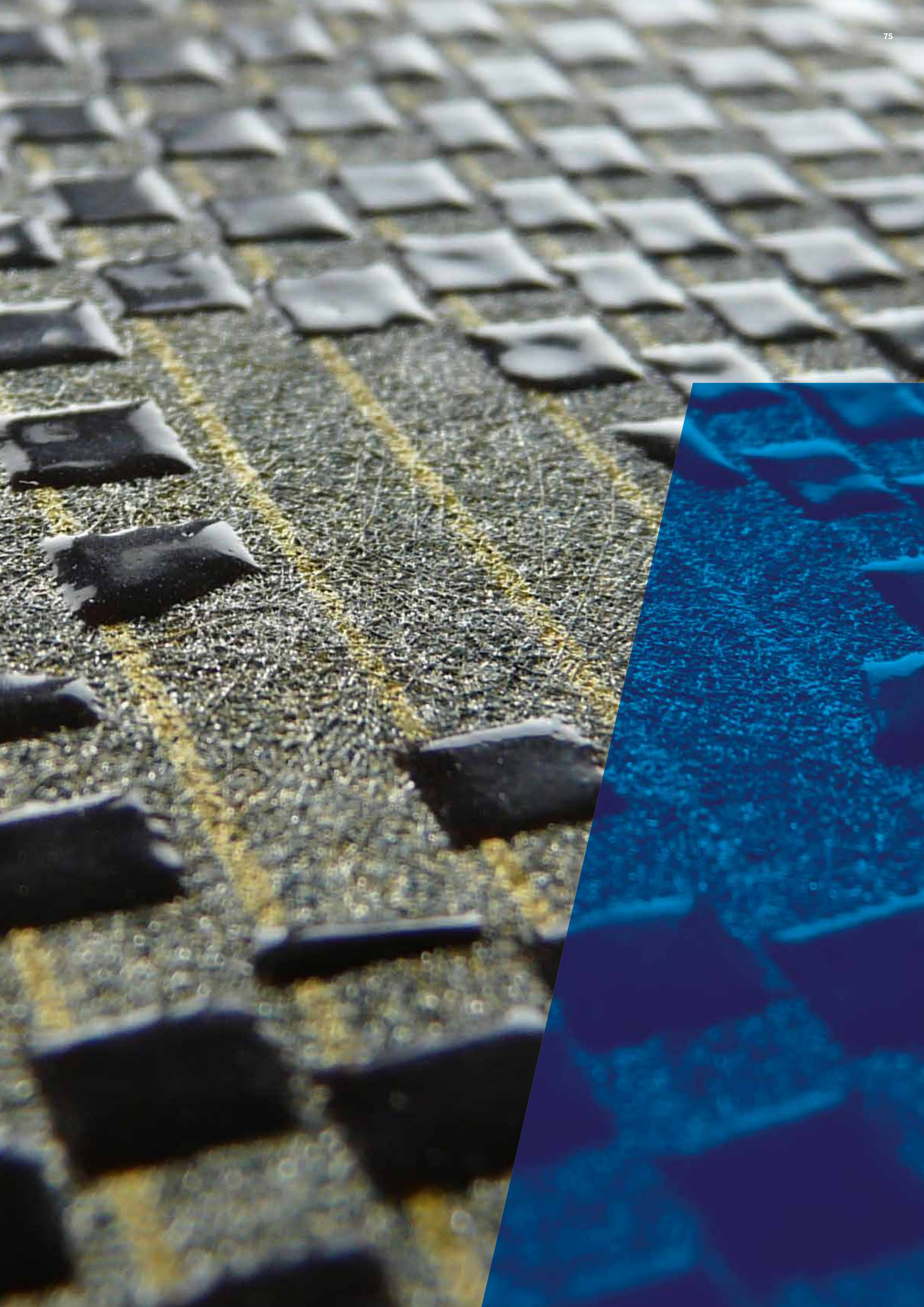
Through intensive cooperation with one of our customers in the field of luxury interior design, Sioen Chemicals developed a range of UV-cured 3D inks for wallpaper. Through exposure to UV light, we create inks and varnishes that resemble wood, stone, tile and fabric structures. The 3D-effect wallpaper is a new breakthrough in interior design. The inks are solvent free.

Society demands higher standards for product sustainability. Sioen Chemicals lives up to that expectation.

PIERRE DONCK
GENERAL MANAGER OF THE EMB FACILITY AT SIOEN

Added value by Sioen

With the acquisition of UV Curable Systems, we now have access to an energy-efficient technology for the creation of inks, varnishes and primers without the emission of solvents.



06/08

Towards smart transport and protection of goods

Transport

Project: PASSAnT
Objective: High-tech solutions for ports

Belgian-Dutch alliance PASSAnT aims to protect ports in both countries. As a member, Sioen develops intrusion-proof tarpaulins for trucks. The bottom line: if anyone tries to cut through the intelligent sail, it triggers an alarm in the central control room. Security staff can view the exact location of the intrusion and can take action accordingly. The ports of Ostend and Moerdijk will be the first to test the new technology.

> Building on decades of accumulated know-how in technical coated textiles, we offer intelligent solutions for current challenges.

BERT GROENENDAAL
R&D PROJECT COORDINATOR
AT SIOEN

Added value by Sioen

After Sioen welcomed Dynatex into the family in 2015, it soon became a household name in the area of multi-axial aramid reinforcement fabrics for trucks and trailers. Today, the symbiosis is complete and translates into innovative products.

Industry

Project: Alliander
Doel: 100%-circular protective clothing for 2 600 employees

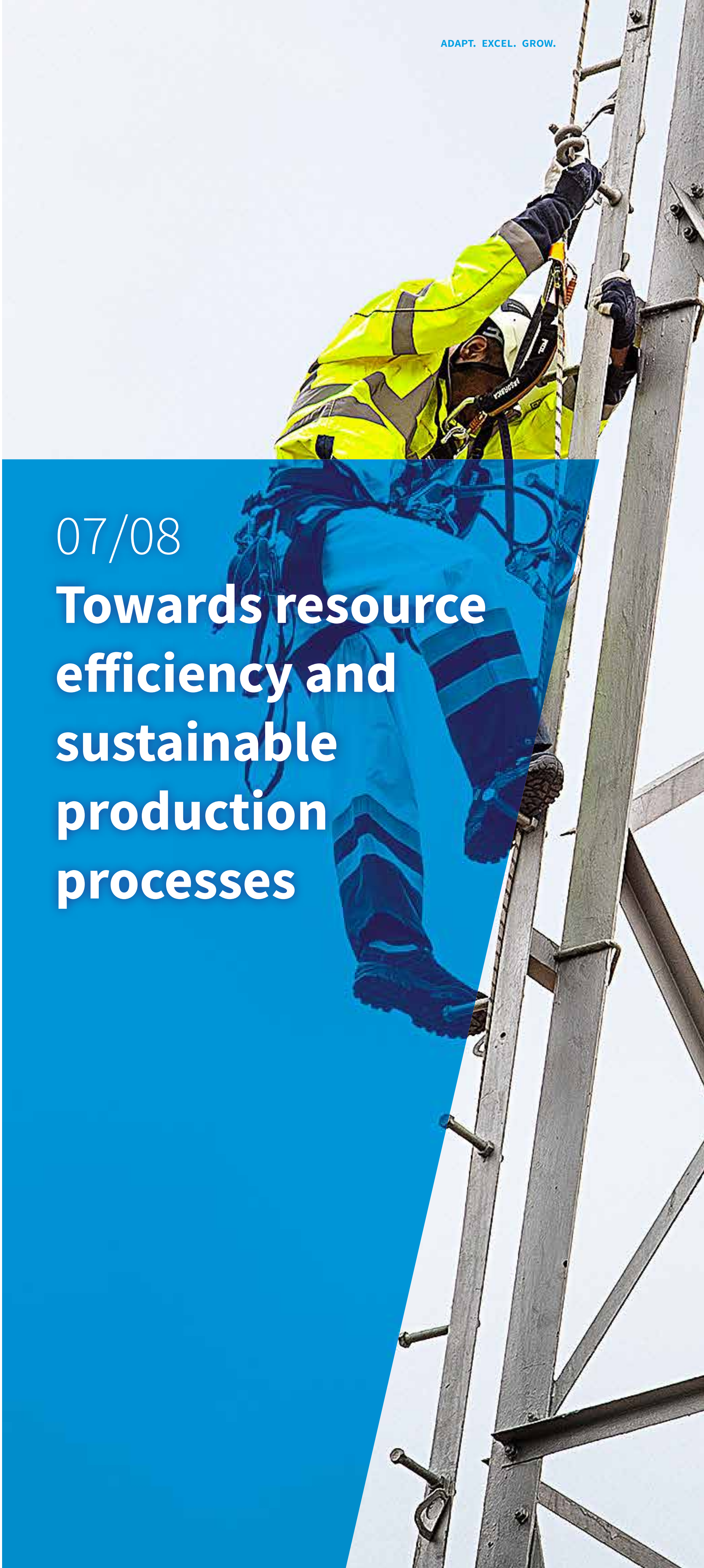
As a member of consortium Circle-A, Sioen signed a 15-year deal with Dutch grid operator Alliander to provide fully recyclable protective clothing. These include high-vis garments that are flame retardant, antistatic, non-conductive and acid resistant, and comfortable to wear in all weather conditions. Built-in chips track the lifespan of the clothing, but that's not even the most impressive feature. 'Old' clothing will be reused in various applications, from isolation material to geotextiles. By the end of 2019, all 2 600 technical employees of Alliander will be dressed by Sioen.

Resource efficiency – doing more with less – benefits future generations and provides opportunities for today's companies.

SUSTAINABLE DEVELOPMENT GOAL 12
UNITED NATIONS

Added value by Sioen

The renewed (April 2018) OEKO-TEX® certificate for Sustainable Textile Production (STeP) shows that Sioen excels in 6 domains: management of chemicals, environmental performance, environmental management, occupational health and safety, social responsibility and quality management.



07/08

Towards resource efficiency and sustainable production processes

Maritime

Project: SeaConomy
Doel: Upscaling the seaweed economy in Flanders (Belgium) by 2025

As part of the public-private SeaConomy consortium, Sioen delivers technical textiles for the emerging seaweed cultivation industry in Flanders. The goal is to explore and assess local opportunities for this highly versatile natural resource. Macroalgae can be used in numerous applications, from the creation of biogas and the production of eco-friendly cosmetics to lowering our product environmental footprint (PEF) as a protein source for feed and food.

08/08 Towards sustainable food supplies and clean energy

Investing in aquaculture is investing in the future.

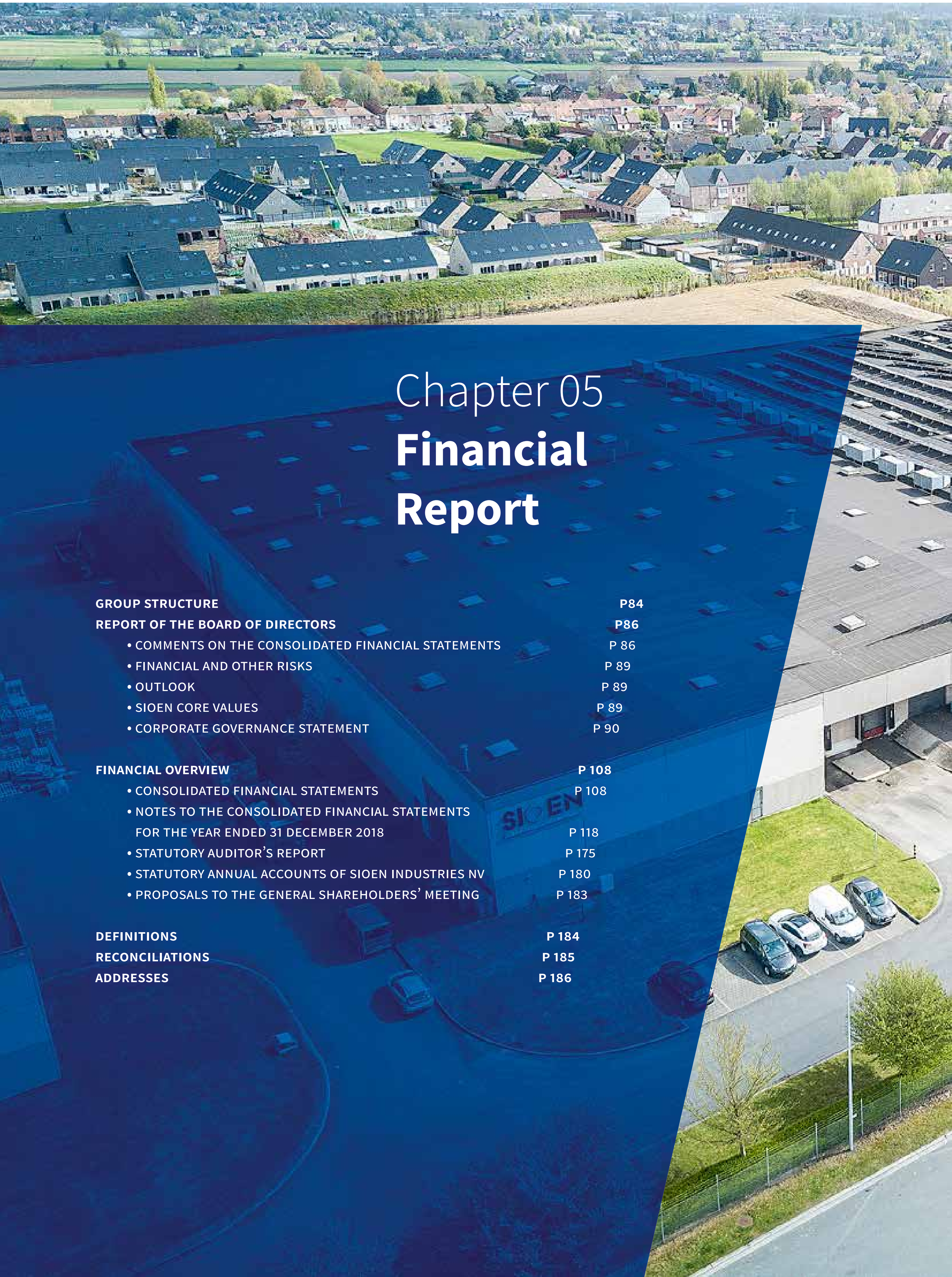
BENNY PYCKE
R&D PROJECT MANAGER AT SIOEN

Added value by Sioen
With years of expertise in seaweed farms all over Europe, Sioen developed a range of high-quality sheets, nets, grids, ribbons and ropes for macroalgae cultivation on an industrial scale.

SIOEN
Fabriekstraat 23
B-8850 Ardooie
Belgium
Tel. +32 51 74 09 00
info@sioen.com
www.sioen.com

SIOEN

Financial report 2018



Chapter 05
Financial Report

GROUP STRUCTURE

SIOEN INDUSTRIES NV | SHARED SERVICE CENTER

COATING

	Company	
	Sioen Industries NV[1] Spinning, weaving, direct coating, online coating, Belgium	
100.0%	**Saint Frères SAS** Direct coating, France	
100.0%	**Sioen Shanghai**[2] Direct coating sales office, China	
100.0%	**Sioen Fabrics SA** Transfer coating, Calendering, Belgium	
100.0%	**Siofab SA**[3] Transfer coating, Portugal	
100.0%	**Pennel Automotive SAS** France	
100.0%	**Coatex NV** Processing of coated fabrics and films, Belgium	
100.0%	**Saint Frères Confection SAS** Heavy-duty manufacturing, France	
100.0%	**Sioen Technical Felts SA**[8] Felt production, Belgium	
100.0%	**Dynatex NV** Direct coating, Belgium	
100.0%	**Manifattura Fontana S.p.A.**[6] Geotextile non-wovens, Italy	
52.0%	**Fontana International GmbH** Geotextile non-wovens sales office, Austria	48.0%
100.0%	**Dimension-Polyant GmbH** Sailcloth, Germany	
	Dimension-Polyant Inc. Sailcloth, USA	100.0%
	Dimension-Polyant Sailcloth PTY Ltd. Sailcloth, Australia	100.0%
	Dimension-Polyant (UK) Ltd. Sailcloth, UK	100.0%
	Dimension-Polyant SAS Sailcloth, France	100.0%
100.0%	**James Dewhurst Ltd.**[7] Open construction laid scrims, UK	
	Dewtex Inc. Open construction laid scrims, USA	100.0%
	James Dewhurst Trustees Ltd. UK (dormant)	100.0%

APPAREL

	Company		
99.9%	**Sioen NV** Belgium		
10.5%	**Confection Tunisienne de Sécurité SARL** Tunisia		89.5%
	Sioen Ireland[4] Ireland		100.0%
100.0%	**Mullion Survival Technology Ltd.** Sales office, UK		
95.0%	**PT. Sioen Indonesia** Indonesia		5.0%
95.0%	**PT. Sungin Tex** Indonesia		5.0%
	Sioen France SAS Sales office, France		100.0%
99.7%	**Sioen Tunisie SARL** Sales office, Tunisia		0.2%
99.9%	**Sioen Zaghouan SA** Tunisia		0.1%
5.0%	**Siorom SRL** Romania		95.0%
	Sioen Nederland BV The Netherlands		100.0%
	Sioen Asia Pacific PTE. Ltd. Singapore		100.0%
	Sioen Myanmar Ltd. Myanmar	99.0%	1.0%
	PT. Sioen Semarang Asia Semarang	95.0%	5.0%
	Ursuit OY[10] Finland		100.0%
	Ursuit Baltics AS[9] Estonia	100.0%	
	Ursuit AB[11] Sweden	100.0%	
	Sioen Ballistics OY Finland		100.0%
	Sioen Deutschland GmbH Germany		100.0%

CHEMICALS

100.0% **European Master Batch NV**
Production pastes, inks, varnishes, Belgium

100.0% **Richard SAS**
Paste production, France

OTHER

100.0% **Roltrans Tegelen BV**(5)
The Netherlands (real estate)

100.0% **Roltrans Group America Inc.**
USA (dormant)

100.0% **Roland Real Estate Sp.z.o.o**
Poland (real estate)

14.5% 85.5% **Roland Ukraine llc.**
Ukraine (dormant)

(1) Merger Holding company Sioen Industries (Shared Service Center) and Belgian direct coating companies at July 1st 2009

(2) Official name: Sioen Coated Fabrics (Shanghai) Trading Co. Ltd.

(3) Official name: Siofab Indústria de Revestimentos Têxteis SA

(4) Official name: Gairmeidi Caomhnaithe Dhun na nGall Teoranta

(5) Respectively through Monal SA and Roltrans Group BV

(6) Acquisition in 2016 - still 1.0% to acquire by means of deferred payment

(7) Via holding companies Jade Equity Ltd., Emerald Bond Ltd. (liquidation pending) and Jade Mezzanine Ltd. (liquidation pending)

(8) Former Sioen Felt & Filtration SA, name change with effect as from 1 June 2018

(9) Former SG Balticum AS, name change with effect as from 19 September 2018

(10) Former Ursuk OY, name change with effect as from 3 October 2018

(11) Former Ursuk AB, name change with effect as from 6 December 2018

Report of the board of directors

1. Comments on the consolidated financial statements

Historic growth:

During the last five years Sioen grew its sales from EUR 326.6 million in 2014 to EUR 506.2 million in 2018 or a growth of 55.0%. EBITDA grew in the same period from EUR 48.8 million (in 2014) to EUR 68.6 million in 2018 or a growth ratio of 40.8%.

Net sales:

At the end of 2018 Sioen realized a growth in consolidated sales with 7.0% to EUR 506.2 million compared to EUR 473.1 million in 2017. This sales figure can be split in 2.6% organic and 4.4% growth through acquisitions. We consider the James Dewhurst Group as 'acquisitions', as this Group is accounted for as of 1 June 2017.

Material margin:

The consolidated material margin of the Group evolved from 49.14% over sales last year to 48.61% in 2018 or a decrease with 0.53%pt.

The coating division is the only division of the Sioen Industries Group with substantial exposure to variations in the price of certain commodities on the one hand and external factors at suppliers on the other hand.

The latter had to cope with a combination of external factors (maintenance shutdowns, force majeur and drought) compromising the supply chain.

As to the key polymers , PVC, PET and plasticizer are derivates of crude oil and their pricing is a mirror of the evolution of the price of crude oil.

In order to mitigate this volatility Sioen has adopted a policy of flexible sales pricing following roughly this evolution with a delay between 4 to 9 months.

In the coating division (63% of total group sales) raw materials account for 50% over sales. Each of these 3 key polymers accounts for 25% of the total raw material cost with the remaining 25% being packaging and various other consumables.

Price sensitivity

An increase in price of 10% in one of the key polymers would have an effect of 1.25% on the total material cost (cost of raw materials in this division would evolve from 50% over sales to 51.25% over sales). An increase of 10% in all 3 key raw materials would push the material cost to 53.75% over sales in the coating division.

In the apparel division (29% of total group sales) pricing mechanics are quite different. Summarized we can distinguish between items held in catalogue and customer specific garments. Customer specific garments are considered as projects. Each and every project is specifically costed and sales prices are quoted based on the competitive environment. Garments held in inventory are continuously costed and re-costed whereas sales prices are subject to the competitive environment.

The chemicals division has to a large extent the same cyclicity and sensitivity as the coating division.

Operating result:
The operating result has evolved from EUR 41.5 million last year to EUR 47.7 million over 2018 or an increase with 15.0%.

Financial result:
Financial result of the Group amounted to EUR -1.7 million over the year 2018 against EUR -7.9 million in 2017. Main drivers are a positive effect of revaluation of our USD positions (compared to negative revaluations in 2017) and a positive market value on our forward exchange position (compared to a negative market value in 2017).

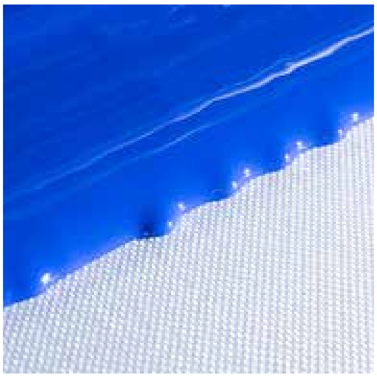
Income tax:
Income tax amounts to EUR 12.3 million over the year 2018 against EUR 11.6 million over 2017.

Group profit (loss):
The company recorded EUR 33.8 million profit over the year 2018 against EUR 21.9 million over 2017 or an increase with 54.6%.

Balance sheet:
At the end of the year Group equity amounted to EUR 223.8 million or 47.6% of the balance sheet total.

Net financial debt of the Group, at year end, is EUR 116.8 million or 1.7 times the current year EBITDA.

Earnings per share:
The company realized earnings per share amounting to EUR 1.71. The Board of Directors will be proposing to the General Shareholders' Meeting of 26 April that the company declares a gross dividend of EUR 0.62 per share.



Coating division

The coating division specializes in the coating (applying a protective layer) of textiles. This division is fully vertically integrated. We extrude granulates (PVC, PP,...) into staple fibers and yarns. We convert those fibers and yarns into fabrics (woven fabrics, non-woven fabrics and laid scrims) and coat those fabrics with various polymers (PVC, PU, silicons, etc.). The Group is the only player in the world with full competence in various coating technologies, each with its own specific products and markets.

In 2018, the coating division achieved external sales of EUR 317.0 million versus EUR 297.0 million over the same period last year, or an increase of 6.7%.

Apparel division

This division stands for 'technical protective clothing'. The apparel division is an innovative producer of a wide range of high-quality technical protective garments that meet all European standards. Sioen Apparel is active in various sectors where attention to safety is a priority. Attention to customer needs, strong quality consciousness and continuing research and development, combined with technically advanced products, are the basis of the successful development of this division.

In 2018, the apparel division achieved sales of EUR 144.6 million versus EUR 132.3 million over the same period last year, or a growth ratio of 9.3%.

Chemicals division

Sioen Chemicals processes basic raw materials (PVC powders, pigments, etc.) into high quality technical semi-finished products (pigment pastes and inks) for a wide range of applications. In 2018, the chemicals division achieved external sales of EUR 44.6 million versus EUR 43.8 million in 2017, or an increase with 1.8%.

Division Other

This division consists of the real estate activities.

2. Financial and other risks

We refer to capture 2.5.24. Financial risk management, 2.5.25. Capital structure management and part 5. “Corporate governance statement” in this “Report of the Board of Directors”.

3. Outlook

Overall the outlook for 2019 is moderately positive though macro-economic indicators predict potential headwinds due to geopolitical uncertainty.

Innovative products, investments in new business lines, a continued focus on capturing synergies from acquisitions and a motivated team should enable Sioen Industries to pursue future growth.

4. Sioen core values

A strong focus on innovation, customer intimacy, an extensive product portfolio, a strong focus on added value products and sustained cost efficiency are the foundations upon which we build our future.

5. Corporate governance statement

5.1. Governance

The Sioen family has been supported by external, independent Directors since 1986. Their expertise and experience contribute to the proper and effective management of the company. On 22 March 2005, the Board of Directors adopted a Corporate Governance Charter, in accordance with the Belgian Corporate Governance Code. The Corporate Governance Charter has been in force since the General Shareholders' Meeting of 2005 and can be consulted on the Sioen Industries website (www.sioen.com, last version dated 27/02/2018). Since the Corporate Governance Charter came into effect, a number of minor amendments have been made to it, reflecting changes to the environment, such as the dematerialization of shares, or a small change in the shareholder structure. A new Belgian corporate governance code has been issued since 2009 (which can be consulted on www.corporategovernancecommittee.be). The company applies the Corporate Governance principles laid down in the Corporate Governance Charter. In addition, and except as explained in the Corporate Governance Charter or in the Corporate Governance Statement of this annual report (absence of an internal audit function and statutory rights to appoint Directors), the company complies with the Corporate Governance Code.

Pursuant to new article 96 § 4 of the Companies Code, a declaration in respect of non-financial information is included in chapter 3, Corporate Social Responsibility, of this annual report. This will facilitate the understanding of the development, the results and the position of the company as well as the effects of its activities relating to the social, employee and environmental matters, the respect of human rights and the fight against corruption and bribery. Also some information regarding the diversity policy of the company, in accordance with article 96 § 2 6° of the Companies Code, is given in chapter 3, Corporate Social Responsibility, of this annual report.

5.1.1. The Board of Directors

(1) Role and mission

The Board of Directors is the highest management body of the company vested with all powers that are not reserved, by law or by the by-laws, to the Shareholders' Meeting. The Board has delegated certain powers to an Executive Committee (a Management Committee as defined by Belgian law).

The Board has exclusive responsibility for:

- Preparation and approval of the consolidated periodic financial statements
- Adoption of accounting standards
- Convening Shareholders' Meetings and drawing up the agenda and proposals of resolutions to be submitted to them
- Setting the general strategy of the Group
- Adopting the budget, long term plan and investments
- Appointing the Chairman and the members of the Executive Committee
- Supervision of the Executive Committee
- Major decisions concerning acquisitions and divestures

Besides the regular items, the strategic development of the company is regularly discussed and guidance is provided to the R&D projects. The Board also deals with specific items in terms of concrete issues and current events such as the new "Market abuse regime".

(2) Members of the Board of Directors

Chairman

Mr. M. Delbaere: President of the Board of Directors.

After his studies in law at the KU Leuven and economics at the UCL he started his career with Morgan Guaranty Trust Company of New York (J.P. Morgan). In 1978 he founded his company Crop's NV active in the food industry and is Managing Director. He holds various other mandates in companies and organizations.

His mandate expires at the 2022 General Shareholders' Meeting

Managing Director

Mrs. M. Sioen (permanent representative of M.J.S. consulting BVBA): Managing Director.

Mrs. M. Sioen holds a master degree in economics. She started her career at Sioen Industries in 1990. She worked in different divisions of the company and became General Manager of one of the three divisions (Coating division). In 2005, she was appointed CEO of the group. She is also Director in several other companies and organisations a.o. D'ieteren, Sofina and Guberna. She is the honorary president of FEB (Federation of Belgian enterprises).

Her mandate expires at the 2020 General Shareholders' Meeting.

Directors

Mrs. J.N. Sioen-Zoete: Non-executive Director.

Mrs. J.N. Sioen-Zoete founded together with her husband, the late Mr. J.J. Sioen, the company in the early sixties. They grew the company from a local small and mid-size company into a stock quoted multinational company with a world-wide presence. Mrs. J.N. Sioen acts on an ad-hoc basis as a consultant for the Group and manages the Sioen family office and their interests in other activities.

Her mandate expires at the 2020 General Shareholders' Meeting.

Mrs. D. Parein-Sioen (permanent representative of D-Lance BVBA): Non-executive Director.

Mrs. D. Sioen, obtained her Master degree in Business Management from ICHEC Brussels Management School. She has an extensive experience in sales and marketing of the fashion- and leisure wear garments-industry and founded of her own company MACC JEWEL. She holds mandates on the Board of Directors of Creamoda and Recticel.

Her mandate expires at the 2020 General Shareholders' Meeting.

Mrs. P. Sioen (permanent representative of P. Company BVBA): Executive Director.

Mrs. P. Sioen has extensive experience as CEO of the Chemicals segment. She has developed this activity into a full-fledged division of the Group. Mrs. P. Sioen holds also other mandates in private ventures.

Her mandate expires at the 2020 General Shareholders' Meeting.

Mr. L. Vandewalle: Non-executive Director.

Mr. Vandewalle obtained a degree in economics and has spent his entire professional career with ING. Mr Vandewalle was President of the Board of Directors of ING Belgium and member of the Board of Directors of ING Nederland.

His mandate expires at the 2020 General Shareholders' Meeting.

Mr. J. Noten (permanent representative of Lemon Comm. V.): Non-executive Independent Director.

Mr. Noten studied at the KU Leuven and Vlekho Brussels. Later, he followed several courses at the Kellogg Business School (Northwestern University) and Harvard Business School. He established an international career at Unilever for 18 years. Afterwards, as Chairman of Unilever Belgium, he joined Massive. Under his leadership, the lighting company realized a strong internal growth complemented by acquisitions. Since 2012, Mr. Noten is CEO of Vandemoortele Group. Vandemoortele has a leading position in bakery products and margarine.

His mandate expires at the 2022 General Shareholders' Meeting.

Mr. P. Macharis: Non-executive independent Director.

Mr. Macharis holds a masters' degree in commercial and financial sciences and is an industrial engineer in automation. He is acting CEO of the VPK Packaging Group and holds various other mandates in companies and organizations.

His mandate expires at the 2020 General Shareholders' Meeting.

Mr. D. Meeus (permanent representative of Dirk Meeus BVBA): Non-executive independent Director.

Mr. Meeus holds a master degree in law and is acting managing partner of Allen & Overy (Belgium) LLP and Global Co-head of Corporate. He also holds other mandates in various companies.

His mandate expires at the 2020 General Shareholders' Meeting.

Secretary of the Board of Directors

Mr. G. Asselman (permanent representative of Asceca Consulting BVBA): Secretary

Statutory auditor

Deloitte Bedrijfsrevisoren CVBA, represented by Mr. K. Dehoorne

5.1.2. The Board of Directors and how it works

In accordance with the articles of association, the Board of Directors regularly meets depending on the needs and the interests of the company. In 2018, the Board held five meetings. The number of meetings attended by Directors individually in 2018 is as follows:

Mr. Michel Delbaere, Chairman.. 5/5

M.J.S. Consulting BVBA
(represented by Mrs. Michèle Sioen).. 5/5

Mrs. Jacqueline Sioen-Zoete.. 5/5

D-Lance BVBA
(represented by Mrs. Danielle Parein-Sioen).......................... 5/5

P. Company BVBA
(represented by Mrs. Pascale Sioen) 5/5

Mr. Luc Vandewalle 5/5

Lemon Comm. V
(represented by Mr. Jules Noten) 5/5

Mr. Pierre Macharis.. 3/5

Dirk Meeus BVBA
(represented by Mr. Dirk Meeus)... 5/5

5.1.3. Working committees

The Sioen Industries Group has the following working committees:

Audit Committee

In 2018 the Audit Committee consisted of one non-executive Director, Mr. Vandewalle (Chairman) and two independent Directors, being Lemon Comm. V (represented by Mr. J. Noten) and Dirk Meeus BVBA (represented by Mr. D. Meeus). The duration of the mandate of members of the Committee coincides with their term as Director.

In 2018 the Audit Committee met four times. The external auditor attended two meetings. The number of meetings attended by individual members of the Audit Committee in 2018 is as follows:

Mr. Luc Vandewalle 4/4

Mr. Luc Vandewalle is President of the Audit Committee. Conform with the provisions of the Companies Code Sioen opted for a president with an extensive experience and proficiency in financial matters. Mr. Vandewalle obtained a degree in economics and has spent his entire professional career with ING. Mr. Vandewalle was President of the Board of Directors of ING Belgium and member of the Board of Directors of ING Nederland.

Lemon Comm. V (represented by Mr. Jules Noten)............. 4/4

Dirk Meeus BVBA
(represented by Mr. Dirk Meeus)... 4/4

In accordance with Article 526 bis of the Companies Code, the company declares that at least one of the members of the Audit Committee complies with the requirements of independence and possesses the necessary expertise in accounting and auditing. The members have a collective expertise in respect of the activities of the company. In 2018, the Audit Committee assisted the Board in discharging its responsibilities for monitoring control in the broadest sense.

This included the following tasks:

- Analysis of the consolidated financial statements of the company, both for annual, half-yearly and quarterly consolidated results
- Analysis of possible impairments
- Evaluation of systems of internal control
- Review of the content of the annual financial report as far as following matters are concerned:
  - *Financial information*
  - *Comments on internal control and risk management*
  - *Supervision and monitoring of the auditor's independence*
  - *Renewal process of the mandate of the statutory auditor*

Remuneration and Nomination Committee

The Remuneration and Nomination Committee in 2018 was composed of three Directors: Mr. M. Delbaere (chairman and independent Director), Lemon Comm. V (represented by Mr. J. Noten, independent Director) and Dirk Meeus BVBA (represented by Mr. D. Meeus, independent Director). The Committee advises the Board on the following items:

- the remuneration policy in general and on the remuneration of the members of the Board of Directors and the Executive Committee in particular
- stock option plans. In 2018 there were not stock options for shares of Sioen Industries. In 2019, the Board of Directors plans to initiate a stock option plan.
- appointment or dismissal of Directors

The Board of Directors presents the above mentioned items, enclosed in the remuneration report, to the General Meeting.

The Committee discussed, amongst others, the functioning of the members of the Management Committee, the principles and parameters of the variable part of the remuneration, performed benchmarks as to the remunerations of the members of the Management Committee and Board of Directors and formulates proposals to the Board of Directors.

Nominations have not been discussed during 2018.

The Committee met twice in 2018. The number of meetings attended by individual members of the Committee and the CEO in 2018 is as follows:

Mr. Michel Delbaere.. 2/2

Lemon Comm. V
(represented by Mr. Jules Noten) 2/2

Dirk Meeus BVBA
(represented by Mr. Dirk Meeus)... 2/2

M.J.S. Consulting BVBA
(represented by Mrs. Michèle Sioen).. 2/2

The term as members of the Committee coincides with their term as Director.

As long as Sihold holds more than 35% of the shares of the company it is their prerogative to appoint the majority of the Directors. Until now Sihold has waived this right.

5.1.4. Management Committee

The members of the Management Committee (per 31 December 2018):

- M.J.S. Consulting BVBA, *represented by Mrs. Michèle Sioen*
- P. Company BVBA, *represented by Mrs. Pascale Sioen*
- Asceca Consulting BVBA, *represented by Mr. Geert Asselman*
- Devos Trading Company BVBA, *represented by Mr. Michel Devos*
- Flexcor NV, *represented by Mr. Frank Veranneman*
- Almelior BVBA, *represented by Mr. Bart Vervaecke*
- GPW Lobbestael BVBA, *represented by Mr. Grisja Lobbestael*
- O.V.S. Consulting BVBA, *represented by Mr. Orwig Speltdoorn*
- Mr. Uwe Stein
- W.P.J. Verbeke Consulting Comm. V., *represented by Mr. Wout Verbeke*

Secretary: Mr. Robrecht Maesen.

5.1.5. Remuneration report

Remuneration policy for the CEO, the Directors and the members of the Management Committee

(1) General principles of the remuneration policy

The company compensates the CEO, the Directors and the executive management fairly.

The level and structure of the remuneration is such that qualified and expert professionals can be attracted, retained and motivated, taking into account the nature and scope of their individual responsibilities.

For non-executive Directors, any form of variable compensation is explicitly excluded.

To align the interests of the CEO and the executive management to those of the company and its shareholders, a portion of the remuneration package is linked to the performance of the company and individual performance.

On the advice of the Remuneration and Nomination Committee the Board approves contracts for the appointment of the CEO and other members of the executive management.

Contracts of the CEO or the executive management signed on or after 1 July 2009 incorporate no specific provisions relating to early termination.

The Remuneration and Nomination Committee monitors the market conformity of the fees. This assessment is based on the practical experience of the members in other companies.

The Remuneration and Nomination Committee wishes, through a stable and long term policy, to contribute to a sustainable business climate. Consequently, the above-stated principles will be sustained on the long term, and in particular, for the next two financial years.

Contractual relationships between the company, including related companies, and its Directors and members of the executive management.

All contracts, whether a conflict of interest rule is applicable or not, shall be submitted to the Remuneration and Nomination Committee, that makes a recommendation. A guideline has been incorporated in the Corporate Governance Charter (conflict of interests).

Through the internal control and reporting systems, reporting to the Remuneration and Nomination Committee is done at regular intervals. The Remuneration and Nomination Committee in turn reports to the Board of Directors. If the conflict of interest rule (article 523 Companies Code) plays , this is signaled and the procedure described in law enters into force.

On 27/02/2019 the Board of Directors was informed about a direct conflict of interest with Jack Projects BVBA (legally represented by Ms. J. Sioen-Zoete, non-executive Director). The Board of Directors deems the advice of Jack Projects BVBA, taking into account the rich and long standing experience and know-how, to be indispensable. As a consequence the Board of Directors has approved with this consulting arrangement.

Transactions between the company, including related companies, and its Directors and members of the executive management.

The Sioen Corporate Governance Charter contains conduct guidelines with respect to direct and indirect conflicts of interest of members of the Board of Directors and the executive management team that fall outside the scope of article 523 of the Companies Code. Those members are deemed to be related parties to Sioen Industries and have to report, on an annual basis, their direct or indirect transactions with Sioen Industries or its subsidiaries. The Audit Committee ensures that these transactions occur according to the "arms length" principle.

(2) Determination of the individual remuneration level of the CEO, the non-executive Directors and the executive management

The Board of Directors decides on the remuneration policy for the CEO based on a proposal by the Remuneration and Nomination Committee. The remuneration is a competitive and motivating package consisting of:

- A basic compensation component
- A variable compensation determined by the Group results from the previous year, of up to 35% of the basic compensation. This compensation is paid in cash.
- No compensation is paid for insurances or pensions
- There is currently no provision for a long-term performance related remuneration

On the advice of the Remuneration and Nomination Committee, the Board of Directors approves the remuneration of the executive management, as proposed by the CEO. The remuneration is a competitive and motivating package consisting of:

- A basic compensation component
- A variable compensation determined by the Group results on the one hand and the contribution of the various executives within their respective areas of responsibility on the other hand. This variable compensation is up to 25% of the basic compensation and is paid in cash.
- No compensation is paid for insurances or pensions
- There is currently no provision for a long-term performance related remuneration

The General Shareholders' Meeting determines the remuneration of the members of the Board of Directors. The remuneration of the members of the Board of Directors and the various Committees is split into a base fee and attendance fees, each representing approximately 50% of the total remuneration if all meetings are attended.

Departure fees

The departure fee in case of an early termination of the contract shall not exceed 12 months (basic remuneration).

On the advice of the Remuneration Committee, the Board can approve a higher severance pay. This shall not exceed 18 months (basic remuneration).

There are no specific individual agreements with Directors, the CEO and the executive management with respect to departure fees.

There are no specific recruitment agreements, or agreements on a golden parachute with the executive management.

(3) The principles with respect to determining the amount of the variable part of the remuneration

The variable part of the remuneration will always consist of two or more components.

The first part of the variable compensation will always relate to the results of the Group. This is to strengthen the Group cohesion and to prevent counter-productive internal competition.

The second part of the variable part of the remuneration will cover the individual areas of responsibility of the member.

The variable remuneration of the CEO, CFO and Chief HR Officer will only be dependent on the Group results.

The variable remuneration is based on the following principles:

- Turnover (the achievement of certain annual revenue targets and/or growth rates)
- Profitability (return on sales targets and/or investment projects)
- Debt level (the debt of the company is key. In order to ensure future growth, it must be within certain limits.)
- Personal objectives (depending on the function). These mainly relate to qualitative objectives. (For example initiate the development of a long term strategy.)

Depending on the needs, the CEO can propose to the Remuneration Committee to adjust the significance of some parameters annually.

The personal objectives are set annually through individual interviews and the variable remuneration linked to this is up to 30% of the total variable remuneration.

Contracts signed on or after 1 July 2009 refer specifically to the criteria (as stated in the Belgian Corporate Governance Code) to be taken into account in determining the variable portion of compensation.

(4) Recovery right

There is no provision for recovery right in favor of the company in case variable remuneration was granted on the basis of incorrect financial information.

(5) Evaluation of the remuneration

The remuneration of the CEO and each executive manager is evaluated on an annual basis (by the Remuneration and Nomination Committee) as follows:

The basic compensation is determined by the job responsibilities. The variable compensation is determined by formal and informal objectives determined at the beginning of the year and evaluated at the end of the year. The Remuneration and Nomination Committee advises the Board of Directors on the variable compensation that is agreed by the members of the Committee.

5.1.6. Remuneration of the members of the Board of Directors

In 2018 following remunerations were paid to the members of the Board of Directors and executive management in their capacity as Director (no performance related remunerations are paid to the non-executive Directors):

Name	Represented by	Board of Directors		Audit Committee		Remuneration and Nomination Committee		Total
		Fixed remuner-ation	*Pro rata*	*Fixed remuner-ation*	*Pro rata*	*Fixed remuner-ation*	*Pro rata*	
	Mr. M. Delbaere President of the Board	22 000	22 000			1 500	1 500	47 000
	Mrs. J. Sioen-Zoete Member	11 000	11 000					22 000
M.J.S. Consulting BVBA	Mrs. M. Sioen Managing Director	11 000	11 000					22 000
D-Lance BVBA	Mrs. D. Sioen Member	11 000	11 000					22 000
P. Company BVBA	Mrs. P. Sioen Member	11 000	11 000					22 000
Dirk Meeus BVBA	Mr. D. Meeus Member	11 000	11 000	4 000	4 000	750	750	31 500
Lemon Comm. V	Mr. J. Noten Member	11 000	11 000	4 000	4 000	750	750	31 500
	Mr. P. Macharis Member	11 000	6 600					17 600
	Mr. L. Vandewalle Member and President of the Audit Committee	11 000	11 000	6 000	6 000			34 000
Total		110 000	105 600	14 000	14 000	3 000	3 000	249 600

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2018, in her capacity of CEO and next to her remuneration as a member of the Board of Directors, a fixed remuneration of EUR 585 000, a variable remuneration of 82 297 EUR and a compensation for other expenses (mainly car expenses) amounting to EUR 33 182.

Jack Projects, represented by Mrs. Jacqueline Sioen-Zoete, received in 2018 , additionally, in the context of a service agreement, a remuneration of EUR 92 500 and a compensation for other expenses (mainly car expenses) amounting to EUR 24 134.

The other members of the executive management[1], including Directors in their capacity as member of executive management, received in 2018 a fixed remuneration of EUR 3 341 237 (excluding CEO), a variable remuneration of EUR 370 351 and a compensation for other expenses (mainly car expenses) amounting to EUR 226 619.

(1) The executive management consists of executive Directors and members of the Management Committee.

Other

In 2018 there were no shares, share options or other rights to acquire shares of Sioen Industries attributed to the CEO nor the other members of the executive management.

There are no retirement benefit plans.

5.1.7. Evaluation of the Board of Directors, Working Committees, Directors and interaction with the executive management

Periodically, and at least every two years, the Board evaluates its overall performance (including the Working Committees). In the Board's view, this is best accomplished by the entire Board under the leadership of the Chairman, with the assistance of the Remuneration and Nomination Committee and of an external specialist when deemed appropriate.

The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses the following items:

- the functioning of the Board or Committee
- the effective preparation and discussion of important items
- the individual contribution of each Director
- the present composition of the Board or Committee against its desired composition

Once a year, the Board also evaluates the interaction with the executive management.

5.1.8. External audit

Within the Sioen Industries Group, external audits are mainly performed by Deloitte Bedrijfsrevisoren. They include the audit of the statutory annual accounts and consolidated accounts of Sioen Industries NV and its subsidiaries. To the extent that the audit of a number of subsidiaries are carried out by other auditors, Deloitte Bedrijfsrevisoren makes use of their work in certain instances. During the past financial year the Statutory Auditor and its network received EUR 443 037 from Sioen Industries and its subsidiaries in respect of statutory auditor mandates. In addition, the Statutory Auditor and its network received EUR 65 413 for other assignments outside the mandate. The mandate of Deloitte Bedrijfsrevisoren as Statutory Auditors of Sioen Industries NV expires at the General Shareholders' Meeting of 2020. Deloitte Bedrijfsrevisoren is represented by Mr. K. Dehoorne.

5.1.9. Risk management and internal control (ERM)

5.1.9.1. General

The purpose of (Enterprise Risk Management) ERM activities at Sioen Industries is to provide a comprehensive program to proactively manage the portfolio of what leadership collectively believes are the most critical risks to the achievement of the entity's mission and objectives.

ERM promotes an ongoing, risk-aware culture across the company to enable decision makers to perform a risk-reward analysis of choices, and make decisions with an understanding of implications of such actions.

The objectives of ERM include:

- To identify and to assess a broad array of risks that could negatively impact the achievement of strategic goals
- To measure the effectiveness and efficiency of our operations
- To assure reliability of the financial process and reporting process
- To comply with laws and regulations

The enterprise risk management systems in place are inspired by the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework.

5.1.9.2. Components of the risk management systems and internal control systems

(1) Control environment (internal environment)

The control environment is the basis of the internal control and risk management system. The control environment is defined by a mix of formal and informal rules and corporate culture on which the operation of the business relies.

Integrity and ethics
Within the Group the goal is to create an open corporate culture where communication with and respect for customers, employees and suppliers is key, without any distinction. All employees are expected to deal with the company assets with the necessary common sense and manage them as a good family man. These informal rules / corporate culture, where appropriate, are sustained by more formal rules such as the Protocol to prevent abuse of inside information and the Corporate Governance Charter.

Competences
The expertise and experience of the independent Directors contribute to effective and proper management of the company. The aim is to attract Directors with different skills and experiences in order to create a momentum that enables the group to develop further.

Governing Bodies and Corporate Governance
In line with the existing guidelines, the Group has the following administrative and operating Committees:

- A Board of Directors
- An Audit Committee
- A Remuneration and Nomination Committee
- An Executive Management Committee
- The Board of Directors decides on the strategy of the Group, key policies and risk appetite. The role of the Board of Directors consists of pursuing the long-term success of the company and ensuring that risks are assessed and managed.
- The executive management is responsible for developing systems to identify, assess, manage and monitor the risks.

(2) Risk analysis (identifying the main issues that could impact our business)

The main risks relating to the Sioen group can be divided into four categories:

- **Strategic risk:** Strategic risks can be summarized as the risks in relation to the appropriateness of the business model to deliver long term growth in capital and income and the effective communication and delivery of the business model.
- **Operational risk:** Operational risks are risks arising from inadequate or failed processes, people and systems or from external events.
- **Financial risk:** Financial risks are risks associated with financial markets (interest rate risks, currencies, commodities and liquidity risks).
- **Legal risk:** code of conduct (ethics, fraud, reputational damage,…), legal risks arising from litigations and non-compliance with regulatory environment.

Strategic risks

Strategic risks can be summarized as risks in relation to the appropriateness of the business model to deliver long term growth in capital and income and the effective communication and delivery of the business model.

Risks related to the markets Sioen is active in

Sioen Industries is in terms of income, affected by the economic performance of its divisions (Coated textiles, Apparel and Chemicals). The main markets that are served by the Sioen divisions are Transportation, Construction and civil engineering, Industry in general and the Marine market. Sioen is sensitive to any major change in activity levels or market dynamics in these activity sectors.

The Group is continuously looking for new applications, new products and new markets to stay ahead of competitors and to increase production and sales activities. If we fail to be innovative, to introduce new ideas, products, services and processes, this can have a negative impact on the operational and financial results of the Group.

Sioen has identified 5 areas of growing future importance around which our R&D is focused and we feel we can offer sustainable solutions;

- Climate change: abrupt changes in climatologic circumstances creating drought or flash floods requiring new materials such as geo-synthetics for infrastructure works.
- Energy: evolution to the production of "green" energy and the gradual exit of nuclear energy.
- Ecological footprint: development of specific technical textiles to help save energy. Newly developed solar protection textiles will become key in the building industry.
- Safety: increasing safety awareness and specialization lead to the development of new highly sophisticated garments and technical textiles.
- Demography: the demographic evolution requires new processes to cultivate vegetables and other foodstuffs, and requires building and maintaining of infrastructure and new housing.

Sioen R&D department is actively developing new materials to cope with these challenges. More specifically Sioen R&D department is focusing on biodegradable textiles, structural and non-structural composites and substrates for vertical gardens and the agricultural industry. In parallel Sioen R&D is developing also solutions to recycle sold items at the end of their lifespan.

Risks relating to expansion

The Sioen Industries group is committed to a growth strategy that includes growth through acquisitions and organic growth. As a consequence the success of this growth strategy also depends on the successful integration of the acquired companies in its existing operations.

Sioen does not apply a big bang theory. New businesses and people are integrated through a soft process where people are in the integration process involved and motivated to create synergies throughout the group with respect for the strengths and culture of the individual company.

Operational risks

Operational risks are risks arising from inadequate or failed processes, people and systems or from external events.

HR-related risks

The Sioen Industries group operates on the edge between textile and chemistry. Most of these activities require highly skilled people with various technical backgrounds. In some cases state organized formal educational programs ceased to exist. Sioen mitigates this lack by organizing in-house training programs.

Sioen HR policy evolves around 4 key parameters;

- Hiring highly skilled and professional people
- Training people (both in house and external)
- Motivating people with professional challenges and a competitive remuneration policy
- Retaining staff with various incentives and initiatives

Information technology risks

The Group heavily depends on its IT backbone (infrastructure, network, operating systems, data security, ERP application,...). Although the systems are managed by an experienced team of specialists, their failure, could result in an immediate loss of revenue for the group.

To mitigate these risks the group has a contingency plan to safeguard the continuity through a mirror and a back-up system off-site.

Risk management on delegation of authority

Not respecting the existing signing authorizations may result in commitments relating to operations not authorized by the company. An authorization matrix has been developed and integrated in the central ERP system (SAP). Sioen is currently working on the roll out of this ERP system in all Sioen companies. For each and every new Sioen company that is integrated in the central ERP system the authorization matrix is reviewed and adapted were needed. Certain authorizations (such as treasury) are centralized throughout the group.

Fraud risk management

Collective or individual fraud of employees can lead to financial loss and damage the image of the Group. Sioen tries to mitigate this risk by a segregation of duties (where possible) resulting in the above mentioned authorization matrix, through detailed financial controlling and reporting and last but not least through centralizing sensitive tasks.

Risk of fire and environmental risks

As Sioen operates on the edge between textile and chemistry the manufacturing processes require the use of chemicals. Some of these chemicals are quite sensitive and flammable when applied. In order to mitigate this risk Sioen has state of the art equipment, extractor hoods to evacuate solvents, smoke detectors, sprinklers, halon gas extinguishers, automated fire-doors,… to avoid catastrophic accidents.

The use of the chemicals itself requires also special attention as the risk for pollution is real. Here also, Sioen has the necessary handling procedures in place and the production and storage buildings comply with all regulations and standards for handling and storage of dangerous chemicals.

Financial risks

Financial risks are risks associated with financial markets (interest rate risks, currencies, commodities and liquidity risks)

Risks related to commodities

The Coating division is the only division of the Sioen Industries Group with substantial exposure to variations in the price of certain commodities. The key polymers , PVC, PET and plasticizer are derivates of crude oil and their pricing is a mirror of the evolution of the price of crude oil.

In the coating division (63% of the total Group sales) those key raw materials account for 50% over sales. Each of these 3 key polymers accounts for 25% of the total raw material cost with the remaining 25% being packaging and various other consumables.

An increase in price of 10% in one of the key polymers would have an effect of 1.25% on the total material cost. (cost of raw materials in this division would evolve from 50 % over sales to 51.25 % over sales). An increase in 10 % of all 3 key raw materials would push the material cost to 53.75 % over sales in the coating division.

In order to mitigate this volatility Sioen has adopted a policy of flexible sales pricing following roughly this evolution with a delay between 4 to 9 months.

In the Apparel division (29% of total Group sales) pricing mechanics are quite different. Summarized we can distinguish between items held in catalogue and customer specific garments. Customer specific garments are considered as projects. Each and every project is specifically costed and sales prices are quoted based on the competitive environment. Garments held in inventory are continuously costed and re-costed whereas sales prices are subject to the competitive environment.

The chemicals division has to a large extent the same cyclicity and sensitivity as the coating division.

Risks related to interest rates, foreign currencies and liquidity

The Group's interest risk is relatively limited. To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into new interest rate derivatives together with the new loan agreements: (see also paragraph 2.5.15. Financial instruments for more information.) .

Currency risks are limited by offsetting transactions in the same currency ("natural hedging") or by hedging exchange rates through forward contracts or options.

To ensure liquidity and financial flexibility, the Sioen Group has sufficient credit lines available to meet current and future financial needs.

Legal risks

Legal risks are associated with risks arising from litigation, non-compliance with regulatory environment and unlawful conduct (non-ethical behavior, fraud, reputational damage, insider trading, ...)

Non-compliance and regulatory risks

Sioen Industries group has activities in more than 23 countries worldwide, all having their own specific legal requirements and specificities. In order for the group to comply with various legislations the centrally organized legal department is occasionally supported by local law firms and audit firms.

Non-ethical behavior

Sioen Industries group is quoted on the Brussels Euronext stock exchange. As such Sioen Industries is exposed, amongst other, to non-ethical behavior (insider trading, cartels,...).

In order to counter this Sioen limits access to sensitive information, has introduced a code of conduct and a compliance officer. The compliance officer informs key management about closed periods, to whom key management needs to report when trading in Sioen shares and organizes compulsory briefings about ethical behavior.

Sioen has various policies in place that are underwritten by key managers and that are regularly challenged by the Audit committee and external auditors (A Code of Conduct is actually under construction).

Reputational damage
Sioen is active in the Apparel or protective garments business. Traditionally the garment industry is situated in low labor cost regions sometimes facing social challenges. Sioen has implemented policies covering human rights, equal opportunities and non-discrimination and banning of child labor. These commitments are supported through our CSR statement in this annual report.

(3) Control activities

In order to properly manage the principal risks identified, the Sioen Industries Group took the following control measures:

Formal rules and systems
- An authorization cascade system/matrix in the computer system
- Grant of approval limits
- Definition of signing authorities (authorization contract, payment authority, authority to representation…)
- Access and monitoring systems in the buildings

Physical controls
- Cycle counts of inventories
- Physical inventory of machinery and equipment

(4) Information and communication

The consolidated financial statement of Sioen Industries are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union.

The vast majority of the Sioen Industries Group uses the Sioen SAP software and the accounting transactions are recorded in a common operating chart of accounts. An accounting manual prescribes the standard way of recording of the most relevant transactions. The manual is available on the Sioen intranet and is part of the training program of new hires.

The accounting and control organization consists of 3 levels;

The accounting teams in the different legal entities and the shared service center responsible for the preparation and reporting of the financial information.

The controllers at the different levels in the organization responsible for the review of the information

The group consolidation and control department responsible for the final review of the financial information provided by the different legal entities and for the preparation of the consolidated financial statements

(5) Supervision and monitoring

Currently the nature , limited complexity, size and deeply centralized organization of the company limit the need for an independent internal audit function, contrary to principle 5.2/17 and 5.2/29 of the Corporate Governance Code.

Supervision and monitoring is mainly performed by the Board of Directors via the Audit Committee.

As no formal internal audit department is in place the Board executes this supervision and monitoring through the work of the Audit Committee and the Management Committee. Risks are monitored by a group of "business controllers" who report, monitor and analyze both financial and non-financial KPI's on a monthly basis. All deviations against budgets and against the previous reference period are carefully analyzed and explained. Besides the regular reports and analysis, there is a control matrix. In this matrix all processes of each Group company are analyzed and weak spots in the process are monitored in detail.

The controllers visit on a regular basis the subsidiaries and report to the group CEO and CFO about their findings. In order to facilitate these reports and controls the group is rolling out a uniform SAP platform combined with a BI reporting tool. Moreover the Board of Directors also uses the external audit reporting to the Audit Committee on their review of internal controls and risk management systems. Given the recent accelerated growth of the Group and its global presence the Management Committee is contemplating on introducing an independent internal audit function.

5.1.10. Code of conduct regarding the prevention of abuse of inside information

In order to prevent that privileged information would be used in an unlawful manner by Directors, shareholders, members of management and employees (i.e. “insiders”), or even that such an understanding could be raised, the Board of Directors of Sioen Industries NV has developed a protocol to prevent abuse of inside information (“1997 Protocol”). Following the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), a new code of conduct regarding the prevention of abuse of inside information (“2016 Code”) was approved by the Board of Directors on 16 December 2016. The Code is primarily aimed to protect the market as such, to ensure compliance with the law and to maintain the reputation of the Group. Besides a number of prohibitions on trading in financial instruments of Sioen Industries NV, where insiders have privileged information which is not (yet) available to the public, it does include a number of preventive measures and guidelines to preserve the confidentiality of privileged information. Any insider eligible, has signed this Code. To verify compliance with the Code a Compliance Officer was appointed.

5.2. General information

5.2.1. Registered office and name

The registered office of Sioen Industries, a public limited liability company under Belgian law, is established at Fabriekstraat 23, B-8850 Ardooie. The company is listed in the register of legal persons Gent, division Brugge, under enterprise number 0441.642.780.

5.2.2. Incorporation and publication

Sioen Industries was incorporated under the name ‘Sihold’ by deed executed before notary-public Ludovic du Faux at Moeskroen on 3 September 1990, published in the annexes to the Belgian Official Gazette of 28 September 1990, under no. 900928-197.

5.2.3. Financial year

The financial year begins on 1 January and ends on 31 December of each year.

5.2.4. Term

The company is established for an indefinite period.

5.2.5. Object of the company

The company's objects consist of the following activities, to be performed in Belgium or abroad, on its own behalf or on behalf of third parties, for its own account or for the account of third parties:

- spinning yarns and threads of all kinds, weaving threads of all kinds, coating and printing fabric and any other material, manufacturing plastic and plastic-coated materials, manufacturing, purchasing and selling, both in Belgium and abroad, materials that are useful for or relate to the above mentioned products and raw materials, and producing chemicals and pigments,
- manufacturing ready-to-wear outer clothing made of woven fabric, manufacturing all types of tailor made garments and embroidery, manufacturing outer clothing made of knitted fabrics, as well as household linen and upholstery materials, manufacturing wall-covering materials, printing and finishing all fabrics, manufacturing ready-made articles and outfits for men and women, knitwear, embroidery, household and table linen, children's clothing. Manufacturing safety and signposting materials. Wholesale and retail trade in all of the above products,
- investing in, subscribing for, taking over, issuing, buying, selling and trading in shares, share certificates, bonds, depositary receipts, claims, funds and other securities issued by Belgian or foreign companies, either or not being commercial companies, administrative offices, institutions or associations and either or not (semi-)governed by public law,
- managing investments and participating interests in subsidiaries, holding managerial positions, providing advice, management and other services to or in line with the activities performed by the company itself. These services can be provided pursuant to a contractual appointment or an appointment in accordance with the provisions of the articles of association, as well as in the capacity of external advisor or body of the client.

The company can realize these objects provided that it meets the legal requirements.

The company can perform, both in Belgium and abroad, all industrial, commercial, financial, movable and immovable activities which may either directly or indirectly extend or promote its business. It can acquire all movable and immovable goods, even if they are not related to the company's objects, neither directly nor indirectly.

The company can in any manner whatsoever acquire interests in all associations, businesses, undertakings or companies that have the same, similar or related objects or that may promote the company's business or facilitate the sale of its products or services; the company can cooperate or merge with such associations, businesses, undertakings or companies.

5.2.6. Consultation of documents

The statutory and consolidated accounts of the company and additional reports are filed with the National Bank of Belgium. The articles of association and special reports required by the Companies Code, as well as annual and semi-annual reports to shareholders and all published information, can be requested by shareholders at the registered office of the company. The articles of association, the annual and semi-annual reports can also be downloaded from the website www.sioen.com.

5.2.7. Voting right

Article 33 of the articles of association states that each share gives the right to one vote at the General Meeting. However nobody can participate in the vote at the General Meeting for more than thirty-five percent of the votes attached to the total number of shares issued by the company. The holders of bonds can attend the General Meeting, but only have an advisory vote.

Article 14, sub 2 of the articles of association stipulates that a majority of the Directors are appointed among the candidates nominated by Sihold NV, as long as Sihold NV possesses either directly or indirectly at least thirty-five percent of the shares of the company. Until now Sihold has waived this right.

5.2.8. Modifications to the articles of association

Any modifications to the articles of association have to be approved by the General Meeting of Shareholders, in accordance with article 558 of the Companies Code.

5.2.9. Authorized capital

The Board of Directors is authorized, during a period of five years counting from the date of publication in the annexes to the Belgian Official Gazette of the deed containing the amendment of the articles of association of 27 April 2018 (BOG of 11 May 2018), to increase the subscribed capital in one or several parts, by a maximum amount of forty-six million euros. This renewable authority is valid for capital increases in cash, in kind or by conversion of reserves. At the moment this amount is still wholly available.

Within the framework of the authorized capital, the Board of Directors is authorized, in the interest of the company and provided that the conditions referred to in articles 535 and 592 to 599 of the Companies Code are met, to cancel or restrict the preferential subscription right that is granted to the shareholders by law. The Board of Directors is authorized to restrict or cancel the preferential subscription right in favor of one or more particular persons, even if these are not staff members of the company or its subsidiaries.

In the event of an increase of the subscribed capital, carried out within the limits of the authorized capital, the Board of Directors is authorized to ask for an issue premium. If the Board of Directors decides to do so, this issue premium should be allocated to an unavailable reserve account that can only be reduced or written off by resolution of the General Meeting passed in the manner required for the amendment of the articles of association.

In the absence of an explicit authorization granted by the General Meeting to the Board of Directors, the authorization of the Board of Directors to increase the subscribed capital through a contribution in cash with cancellation or restriction of the preferential subscription right of the existing shareholders or through a contribution in kind will be suspended as from the date of notification to the company by the Financial Services and Markets Authority of a public take-over bid on the shares of the company. This authorization will apply again immediately after the take-over bid is concluded. The General Meeting of 28 April 2017 explicitly authorized the Board of Directors to increase the subscribed capital in one or several parts through a contribution in cash with cancellation or restriction of the preferential subscription right of the existing shareholders or through a contribution in kind, pursuant to articles 557 and 607 of the Companies Code, as from the date of notification to the company by the Financial Services and Markets Authority of a public take-over bid on the shares of the company. This authorization was granted for a period of three years from 28 April 2017 and is renewable.

5.2.10. Acquisition by the company of shares in its own capital

The General Meeting of 27 April 2018 expressly authorized the Board of Directors, under the provisions of the Companies Code, to acquire or dispose of its own shares, if the acquisition is necessary to prevent imminent serious harm to the company. This authorization is valid for a period of three years from the publication of the aforementioned resolution in the annexes to the Belgian Official Gazette (BOG of 11 May 2018).

The General Meeting of 28 April 2017 authorized the Board of Directors to acquire its own shares through purchase or exchange, in accordance with the Companies Code, for the maximum number allowed by law and at a price per share that cannot be lower than the last closing price at Euronext Brussels prior to the date of acquisition, less ten per cent (10%), and that cannot be higher than the same closing price increased by ten per cent (10%), and to sell or cancel these shares. The Board of Directors is entitled to use this authorization one or several times, whenever he seems fit. The Board is further authorized to determine through a notarial deed the amended number of shares and to adapt the articles of association accordingly, the amount of the subscribed capital cannot be reduced and the unavailable reserve, accrued for the cancelled shares, has to be written off. The Board of Directors can empower one director to appear before the notary to pass the notarial deed. This authorization also applies to the acquisition of shares of the company by one or several of its direct subsidiaries within the meaning of the law, during a period of five years starting on 28 April 2017, and can be extended.

5.2.11. Change of control clauses

The company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the company following a public take-over bid or otherwise. It only concerns bilateral credit agreements with KBC, ING and BNP Paribas Fortis that make funds available to the company or its subsidiaries. Each of these agreements contains clauses which, in the event of a change of control of the company, give the counterparty the right to terminate the agreement early and require the early repayment of the funds made available.

5.3. Share information

5.3.1. Listing

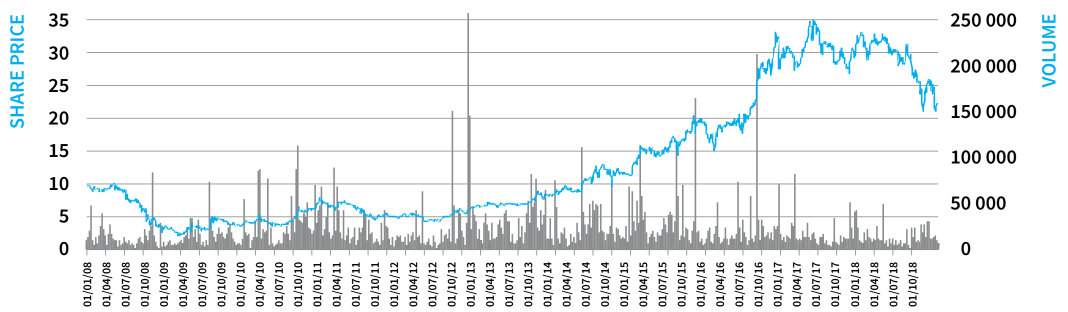
In order to be able to continue following and ensuring the company's fast growth, and in the conviction that a transparent policy would further strengthen the Group's growth possibilities, the Sioen Industries share was introduced on the cash market, double fixing, of the Brussels Stock Exchange, on 18 October 1996. A year later the share was listed on the semi-continuous segment of the forward market and then, as of 11 March 1998, has been quoted on the continuous segment of the Brussels forward market, which has become Euronext Brussels. As per 31 December 2018, the total number of shares amounts to 19 779 933 (issued and fully paid), of which 12 906 212 shares, or 65.25%, are owned by the Sioen family, a.o. through the holding company Sihold NV. The remaining number of shares, 6 873 721 or 34.75%, are spread among the public. Sioen has no preferential shares. Shares do not have a par value.

5.3.2. Notice pursuant to the law on public takeover bids

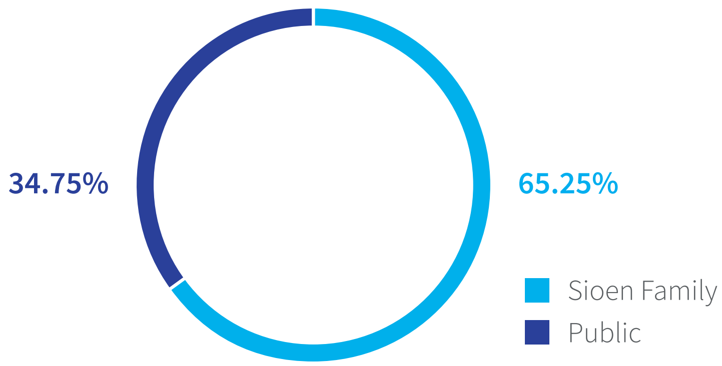
By letters of 15 February 2008 , Sihold NV, Sinvest NV and Mr. Jean-Jacques Sioen sent a notification to the company, drawn up in accordance with article 74 § 7 of the law of 1 April 2007 on public takeover bids. From this notification it appears that the notifier holds more than 30% of the shares with voting rights in Sioen Industries NV and that Stichting Administratiekantoor Midapa exercises ultimate control over Sioen Industries NV.

5.3.3. Evolution of the share in 2018

The share was quoted at its highest price on 4 January 2018, at EUR 31.15, at its lowest price on 29 October 2018 (EUR 20.00) and quoted EUR 21.30 on 31 December 2018. Market capitalization amounted to EUR 421.31 million on 31 December 2018.



5.3.4. Shareholders' structure



5.3.5. 2018: financial communication policy

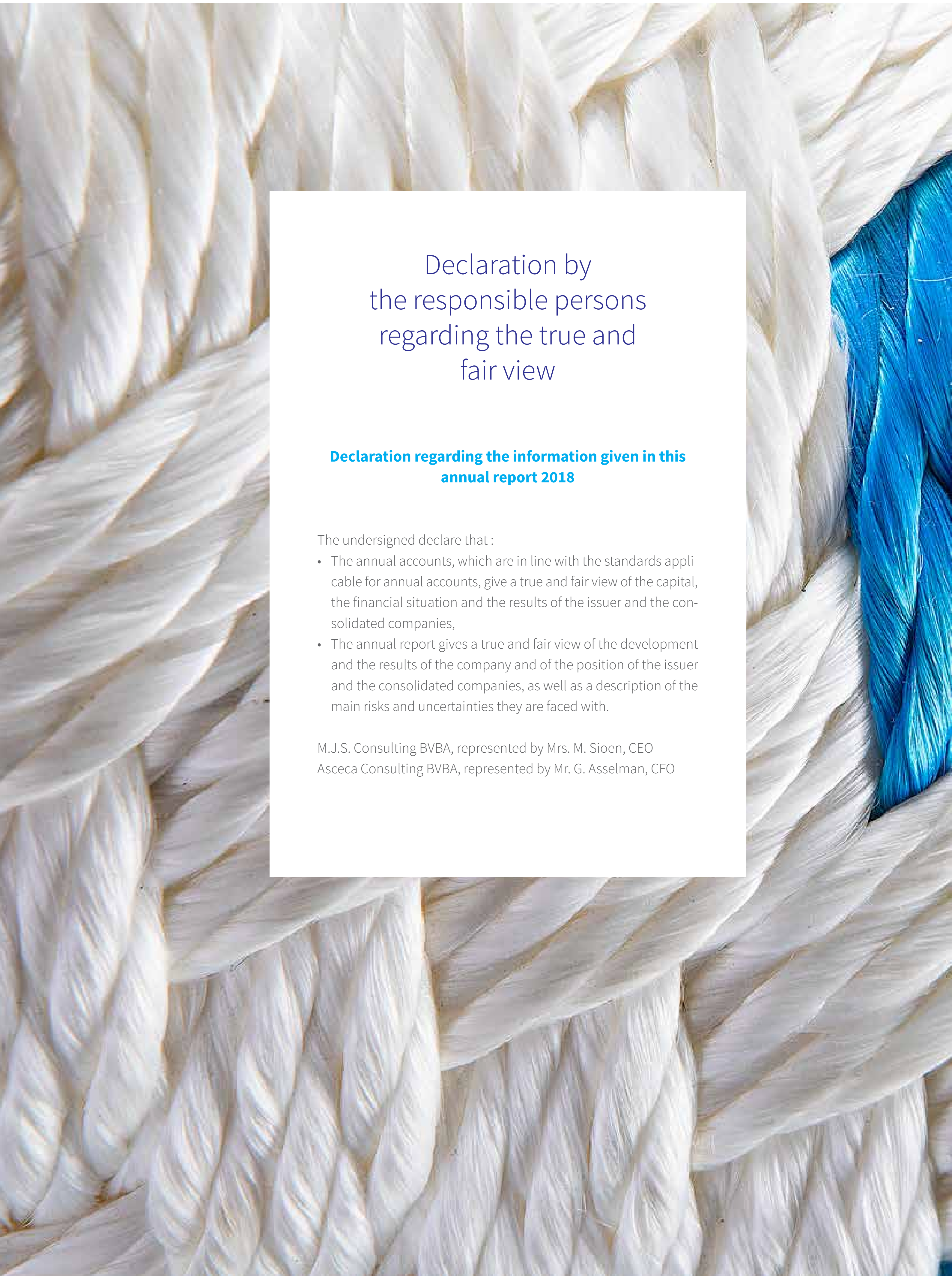
The Sioen Industries share was included on Euronext Brussels in Compartment B (Mid Cap).

5.3.6. Dividend policy

Generally, the Board of Directors wishes to strive for a pay-out ratio of more than 15%. In order to link the dividend to the cash flow expectations on the one hand and to reward the shareholders on the other hand, the Board strives to increase the dividend year after year. For the year 2018, the Board of Directors proposed the pay out of a dividend amounting to EUR 0.62 gross (EUR 0.434 net) that will be made payable at the counters of Belfius Bank, ING Bank, BNP Paribas Fortis Bank, Bank Degroof Petercam and KBC Bank as from 13 May 2019, if approved by the General Shareholders' Meeting.

5.3.7. Share codes and classification

ISIN: BE0003743573
Euronext code: BE0003743573 Mnemo: SIOE
Type Stock: Ordinary stock - Continuous
Market Euronext Brussels: Euronext - Local securities
Compartment B: (Mid Cap)
ICB sectorial classification: 3000, Consumer Goods
3700, Personal & Household Goods 3760, Personal Goods
3763, Clothing & Accessories
Reuters: SIOE.BR
Bloomberg: SIOE.BB



Declaration by the responsible persons regarding the true and fair view

Declaration regarding the information given in this annual report 2018

The undersigned declare that :

- The annual accounts, which are in line with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of the issuer and the consolidated companies,
- The annual report gives a true and fair view of the development and the results of the company and of the position of the issuer and the consolidated companies, as well as a description of the main risks and uncertainties they are faced with.

M.J.S. Consulting BVBA, represented by Mrs. M. Sioen, CEO
Asceca Consulting BVBA, represented by Mr. G. Asselman, CFO

Financial overview

1. Consolidated financial statements

1.1. Consolidated statement of financial position at 31 December 2018

in thousands of euros

Assets	2018	2017	Note
Non-current assets			
Intangible assets	45 310	51 013	2.5.1
Goodwill	43 287	43 308	2.5.2
Property, plant and equipment	142 376	123 986	2.5.3
Investment property	4 224	4 427	2.5.4
Interests in associates		73	
Other long term assets	645	593	2.5.6
Deferred tax assets	2 312	1 658	2.5.16
Total non-current assets	238 154	225 058	
Current assets			
Inventories	130 741	118 991	2.5.7
Trade receivables	64 810	66 155	2.5.8
Other receivables	8 014	6 257	2.5.9
Cash and cash equivalents	26 861	21 413	2.5.9
Derivatives fair value	823	754	2.5.15
Deferred charges and accrued income	1 172	1 339	2.5.9
Total current assets	232 421	214 909	
Total assets	470 575	439 967	

Equity & liabilities	2018	2017	Note
Equity			
Share capital	46 000	46 000	
Retained earnings	185 806	163 088	
Other reserves	-7 997	-9 545	
Equity attributable to the owners of the company	*223 809*	*199 543*	*1.4*
Non-controlling interest			
Total equity	223 809	199 543	1.4
Non-current liabilities			
Borrowings	118 012	63 160	2.5.10
Provisions	326	1 105	2.5.12
Retirement benefit obligations	4 282	4 670	2.5.13
Deferred tax liabilities	20 159	21 610	2.5.16
Obligations under finance leases	3 686	4 215	2.5.11
Other amounts payable	1 340	1 415	
Total non-current liabilities	147 805	96 175	
Current liabilities			
Trade and other payables	45 312	41 844	2.5.14
Borrowings	21 253	70 097	2.5.10
Provisions	672	198	2.5.12
Retirement benefit obligations	70	62	2.5.13
Current income tax liabilities	6 536	7 426	
Social debts	13 321	12 766	
Other amounts payable	5 307	5 241	
Obligations under finance leases	715	637	2.5.11
Derivatives fair value	822	1 362	2.5.15
Accrued charges and deferred income	4 953	4 616	
Total current liabilities	98 961	144 249	
Total equity and liabilities	470 575	439 967	

1.2. Consolidated income statement for the year ended 31 December 2018

1.2.1. By nature

in thousands of euros

	2018	2017	Note
Net sales	506 196	473 122	
Changes in stocks and WIP (work in progress)	8 638	-7 428	
Other operating income(1)	7 984	6 867	
Raw materials and consumables used	-268 785	-233 208	
Material margin	48.61%	49.14%	
Services and other goods(2)	-74 451	-70 752	
Remuneration, social security and pensions	-106 101	-99 489	
Depreciations	-21 892	-22 138	
Write off inventories and receivables	685	-1 795	
Provisions for liabilities and charges	304	1 035	
Other operating charges(3)	-4 844	-4 719	
Operating result (EBIT)	47 733	41 496	
Financial result	-1 667	-7 909	
• Financial income	1 707	510	
• Financial charges	-3 373	-8 418	
Profit (loss) before taxes	46 066	33 587	
Income tax	-12 284	-11 556	2.4.2
Profit (loss) after taxes	33 781	22 031	
Share in the results of associates	14	-168	
Group profit (loss)	33 796	21 863	
Group profit (loss) attributable to shareholders of Sioen Industries	33 796	21 863	
Group profit (loss) attributable to non-controlling interest			
EBITDA	68 636	64 393	
Net cash flow	54 685	44 928	

Summary	2018	2017	Var %
Restated EBITDA	*68 636*	*67 387*	*+1.9%*
% on sales	13.6%	14.2%	
Restated EBIT	*47 733*	*43 385*	*+10.0%*
% on sales	9.4%	9.2%	

Definitions and reconciliations for non-gaap measures can be found on pages 184 & 185 of this annual report.

(1) Other operating income mainly consists of exemption withholding tax, rental income, indemnities, R&D subventions, gains on sale of assets, transport recharges and other recharges. In the consolidated income statement by function (1.2.2), transport recharges and other recharges are not included in 'Other income' but spread by function.

(2) Services and other goods mainly consist of energy costs, transport costs, maintenance and repair costs, fees, interim personnel costs, sales and marketing costs and renting costs.

(3) Other operating charges cover a number of general expenses, mostly non-profit related taxes (such as property tax, 'tax foncière' in France and similar), but also loss on sale of assets, loss on debtors, fines & penalties and banking costs. In the consolidated income statement by function (1.2.2.), property taxes, banking costs and loss on debtors are not included in 'Other expenses' but spread by function. On the other hand, provisions for liabilities and charges are included in 'Other expenses,' while they are shown separately here.

Earnings per share | In euro	2018	2017
Basic earnings per share		
Net earnings for the period	33 795 623	21 863 160
Weighted average ordinary shares outstanding	19 779 933	19 779 933
Ordinary shares per 01 January	*19 779 933*	*19 779 933*
Ordinary shares per 31 December	*19 779 933*	*19 779 933*
Basic earnings per share	1.71	1.11
Diluted earnings per share		
Net earnings for the period	33 795 623	21 863 160
Weighted average ordinary shares outstanding	19 779 933	19 779 933
Ordinary shares per 01 January	*19 779 933*	*19 779 933*
Ordinary shares per 31 December	*19 779 933*	*19 779 933*
Basic earnings per share	1.71	1.11

1.2.2. By function

in thousands of euros

	2018	2017	Note
Net sales	506 196	473 122	
Cost of sales	- 394 113	-367 977	2.4.1
Manufacturing contribution	112 083	105 145	
Sales and marketing expenses	- 26 373	-26 362	2.4.1
Research and development expenses	- 9 550	-9 481	2.4.1
Administrative expenses	- 35 710	-34 302	2.4.1
Financial income	1 707	510	
Financial charges	- 3 373	-8 418	
Other income	7 974	6 853	2.4.1
Other expenses	- 691	-358	2.4.1
Profit (loss) before taxes	46 066	33 587	
Income tax	- 12 284	-11 556	2.4.2
Profit (loss) after taxes	33 781	22 031	
Share in the results of associates	14	-168	
Group profit (loss)	33 796	21 863	
Group profit (loss) attributable to shareholders of Sioen Industries	33 796	21 863	
Group profit (loss) attributable to non-controlling interest			
EBITDA	68 636	64 393	
Net cash flow	54 685	44 928	

Definitions and reconciliations for non-gaap measures can be found on page 184 & 185 of this annual report

1.2.3. Consolidated statement of total comprehensive income

in thousands of euros

	2018	2017	Note
Group profit (loss)	33 796	21 863	1.2.1
Exchange differences on translating foreign operations			
• Exchange difference arising during the period	295	-1 740	1.4
Cash flow hedges			
• Reclassification to income statement of fair value changes previously recognized in other comprehensive income	1 360	1 377	1.4
• Income tax	- 402	-468	
Net other comprehensive income (loss) potentially to be reclassified to profit or loss in subsequent periods	*1 252*	*-832*	
Remeasurement of defined benefit obligation			
• Gains (losses) arising during the period	327	-161	1.4
• Income tax	- 32	-30	
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	*295*	*-191*	
Other comprehensive income (loss) after tax impact	1 547	-1 023	
Total comprehensive income (loss) for the period	35 343	20 841	1.4
Attributable to shareholders of Sioen Industries	35 343	20 841	
Attributable to non-controlling interests			

1.3. Consolidated statement of cash flows for the year ended 31 december 2018

in thousands of euros

	2018	2017(1)	Note
Group profit (loss)	33 796	21 863	1.2.1
Income tax	12 284	11 556	
Financial charges	3 373	8 418	
Financial income	-1 707	-510	
Share in the result of associates	- 14	168	
Operating result	47 733	41 496	
Depreciation and amortization of non-current assets	21 892	22 138	
Write off inventories and receivables	- 685	1 795	
Provisions	- 304	-1 035	
Movements in working capital:			
• Inventories	-11 318	6 075	
• Trade receivables	1 620	2 237	
• Other long term assets, other receivables & deferred charges and accrued income	-1 210	15	
• Trade and other payables	2 854	5 003	
• Current income tax liabilities, social debts, other amounts payable & accrued charges and deferred income	911	-519	
Cash flow from operating activities	*61 493*	*77 206*	
Income taxes paid	-16 041	-11 055	
Net cash flow from operating activities	45 452	66 151	
Interest received	111	87	
Acquisitions of subsidiaries(2)	- 230	-27 712	
Investments in intangibles, property, plant and equipment and investment property	-34 537	-18 000	
Disposal and sale of intangibles, property, plant and equipment and investment property	386	1 474	
Net cash flow from investing activities	-34 271	-44 152	
Net cash flow before financing activities	*11 184*	*21 999*	
Interest paid	-1 264	-1 599	
Disbursed dividend	-11 077	-10 483	
Increase in borrowings	73 000	49 425	
Decrease in borrowings	-66 993	-7 841	
Loan repayments in the framework of business combinations(3)		-42 152	
Increase/(decrease) obligations under finance leases	- 451	-794	
Other	191	-45	
Currency result	276	-3 066	
Net cash flow from financing activities	-6 317	-16 556	
Impact of cumulative translation adjustments and hedging	587	-627	
Change in cash and cash equivalents	5 450	4 817	
Cash and cash equivalents at the beginning of the year	21 413	16 596	
Cash and cash equivalents at the end of the year	26 861	21 413	1.1

(1) 2017 consolidated statement of cash flows is restated: improved presentation of movements in working capital and increase and decrease in borrowings is split up to show gross movements instead of net movements

(2) These amounts are net of cash acquired (EUR 1 224 thousand cash acquired in 2017)

(3) 2017 amount is related to the acquisition of James Dewhurst Group: next to the price of the shares (included in the line 'Acquisitions of subsidiaries'), the previous shareholder loan and loan facility were repaid

Reconciliation in view of IAS 7 Disclosure initiative project

	2017	Cash flows	non-cash changes			2018
		(1)	Reclass from non-current to current	FX	fair value	
Borrowings (non-current)	63 160	56 925	- 2 073			118 012
Borrowings (current)	70 097	- 50 918	2 073			21 253
Total borrowings	133 257	6 007				139 264

(1) sum lines 'Increase in borrowings' and 'Decrease in borrowings' in statement of cash flows

	2016	Cash flows		non-cash changes			2017
		(1)	(2)	acquisitions	FX	fair value	
Borrowings (non-current)	66 531	-3 719		348			63 160
Borrowings (current)	23 655	45 302	-42 152	43 295	-3		70 097
Total borrowings	90 185	41 584	-42 152	43 643			133 257

(1) Sum of lines 'Increase in borrowings' and 'Decrease in borrowings' in statement of cash flows

(2) line 'Loan repayments in the framework of business combinations' in statement of cash flows

1.4. Consolidated statement of changes in equity for the year ended 31 December 2018

in thousands of euros

		Other reserves									
	Share capital	Retained earnings	Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares	Hedging reserves	Equity before non- controlling interest	Non-controlling interest	Equity	Note
Balance at 1 January 2018	46 000	163 088	603	76	- 525		-9 700	199 543		199 543	1.1
Group profit (loss)		33 796						33 796		33 796	1.2.1
Hedging							1 360	1 360		1 360	
Currency translation adjustments			295					295		295	1.2.3
Remeasurement of defined benefit obligation					327			327		327	1.2.3
Deferred tax					- 32		- 402	- 434		- 434	
Total comprehensive income (loss) for the period		33 796	295		295		957	35 343		35 343	1.2.3
Payment of dividends		-11 077						-11 077		-11 077	
Cancellation of treasury shares purchased											
Balance at 31 December 2018	46 000	185 806	898	76	- 230		-8 742	223 809		223 809	1.1

			Other reserves								
	Share capital	Retained earnings	Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares	Hedging reserves	Equity before non- controlling interest	Non-controlling interest	Equity	Note
Balance at 1 January 2017	46 000	151 708	2 344	76	-334		-10 609	189 186		189 186	
Group profit (loss)		21 863						21 863		21 863	1.2.1
Hedging							1 377	1 377		1 377	
Currency translation adjustments			-1 740					-1 740		-1 740	1.2.3
Remeasurement of defined benefit obligation					-161			-161		-161	1.2.3
Deferred tax					-30		-468	-498		-498	
Total comprehensive income (loss) for the period		21 863	-1 740		-191		909	20 841		20 841	1.2.3
Payment of dividends		-10 483						-10 483		-10 483	
Cancellation of treasury shares purchased											
Balance at 31 December 2017	46 000	163 088	603	76	-525		-9 700	199 543		199 543	1.1

2. Notes to the consolidated financial statements for the year ended 31 December 2018

2.1. Summary of significant accounting policies

2.1.1. Statement of compliance

The consolidated financial statements are drawn up in conformity with the International Financial Reporting Standards (IFRSs), as adopted within the European Union.

2.1.2. Basis of preparation

The consolidated annual financial statements of Sioen Industries NV (the 'Company') include the annual financial statements of the Company and its subsidiaries (together referred to below as the 'Group').

The consolidated annual financial statements give a general overview of the Group's activities and the results obtained. They give an accurate picture of the entity's financial position, financial performance and cash flow, and are drawn up on a going concern basis.

The annual financial statements are stated in thousands of euros, unless stated otherwise, as the euro is the currency of the primary economic environment in which the Group is active. The annual financial statements of foreign participations are converted in accordance with the principles described in the section 'Foreign currencies'.

The consolidated financial statements are presented on the basis of the historical cost method, unless otherwise stipulated in the accounting principles set out below.

2.1.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company controls an entity if and only if the Company has all of the following elements:

- power over the entity, i.e. the Company has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the entity's returns);
- exposure, or rights, to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect the amount of the Company's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. These companies are accounted for by the full consolidation method. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity herein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquired identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to an acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries' annual financial statements are drawn up for the same financial year as those of the parent company and on the basis of uniform financial reporting principles for comparable transactions and other events in similar circumstances.

Foreign currencies

On the basis of the Group's relevant economic environment and its transactions, the Euro has been chosen as the reporting currency.

Transactions in foreign currencies are converted at the exchange rate which is applicable on the date of the transaction. On each balance sheet date, monetary assets and liabilities expressed in foreign currency are converted at the closing rate. Gains and losses arising from such conversions are recorded in the income statement. Non-monetary assets and liabilities expressed in foreign currency are converted using the historical exchange rate.

In the consolidated accounts, assets and liabilities from the Group's foreign subsidiaries are converted at the closing rate. The income statement of the Group's foreign subsidiaries is converted at the average exchange rate over the period, unless exchange rates have fluctuated significantly. The components of equity are converted at their historical exchange rate. The resulting exchange differences are recorded in other comprehensive income, under the heading 'Exchange differences on translating foreign operations'.

In the consolidated accounts, exchange differences arising on a monetary items that form part of the Company's net investment in foreign subsidiaries (intra-group loans), are recorded as other comprehensive income, under the heading 'Exchange differences on translating foreign operations'.

If a foreign subsidiary is disposed of, the cumulative amount of the exchange rate differences that was recognized in equity, is recorded in the income statement.

Business combinations

If the Group takes over an entity or business activity, the identifiable assets, liabilities and contingent liabilities of the party which has been taken over are adopted at their fair value. Subsidiaries' financial statements are included in the scope of consolidation from the date of acquisition until control ceases. Goodwill is measured as the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If this difference is negative, the surplus, after reassessment of the fair values, is accounted for directly in the income statement.

If the Group increases its interest in an investment in which it did not yet have control, the surplus or deficit compared with the net asset, after adjustment to the fair value that was acquired, is processed as if it were a new acquisition according to the methodology explained in the section above. If the Group increases its interest in an investment in which it already had control, the greater or lesser price that was paid vis-à-vis the share in the net assets that was acquired, is included directly in the company's own equity.

2.1.4. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2018, all of which were endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on 1 January 2018

- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from contracts with customers and subsequent amendments
- Amendments to IAS 40 Transfers of Investment Property
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions

The mandatory application of all amendments to or improvements of standards and interpretations listed above did not give rise to any major effects on the Group's financial position and financial performance. The application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers however results in additional disclosure requirements and changes in accounting policies which are discussed below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs in advance of their effective dates. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements of IFRS 9 to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 have not been restated.

The management of the Group reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has the following impact on the Group's financial assets as regards their classification and measurement:

- The financial assets classified in the category 'Loans and receivables' under IAS 39 such as non-current receivables (included in 'Other long term assets' in the Consolidated statement of financial position), trade receivables, cash and cash equivalents are classified and measured at amortized cost under IFRS 9;
- The financial assets (unquoted equity investments) classified in the category 'Available-for-sale investments' such as other financial assets (shares) under IAS 39 (included in 'Other long term assets' in the Consolidated statement of financial position), are classified as fair value through profit and loss. The management has assessed that cost is an appropriate estimate of fair value for those unquoted equity investments because insufficient more recent information is available to measure fair value and therefore cost represents the best estimate of fair value.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The impact of expected credit losses was assessed immaterial, given the excess loss credit insurance that is in place for the Group and for which the own exposure risk amounts to EUR 400 thousand.

Classification and measurement of financial liabilities of the Group has not been modified by the requirements of IFRS 9.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the prior revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduced a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satistfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, additional disclosures are required by IFRS 15.

In April 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Based on a top-down assessment the impact of this new standard was concluded to be very limited for the Sioen Industries Group, as the Sioen Industries Group is an industrial Group whose performance obligations according to IFRS 15 are mainly limited to the delivery of goods. As such there is no major impact as compared to the prior IAS 18 standard on revenues.

The Group recognises revenue from the following major sources:

- industry/distributors
- retail and business to government
- tender business

For each of these different sources we have identified IFRS 15 attention points during the assessment process. Even within the tender and government businesses the impact was very limited as the performance obligation is in most cases also limited to the one-time delivery of goods. There are some multi-year governmental contracts but the impact on the Group's consolidated financial statements is very limited.

Apart from additional disclosure requirements the IFRS 15 standard does not have a significant impact on the Group's consolidated financial statements.

The Group adopted IFRS 15 using the modified retrospective method of adoption, as there was no impact of the new standard, no adjustment was recorded in the opening balance of retained earnings.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2018

- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to the guidance of IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to the definition of material in IAS 1 and IAS 8 (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach with the Right-of-Use asset equal to the lease liability for the previously classified operating leases. This means that the comparative information will not be restated.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e. personal computers, printing and photocopying machines) that are considered of low value. The amount of operating leases for which the low-value exemption will be used is assessed to be immaterial at transition date.

During 2018, the Group has performed a detailed impact assessment of IFRS 16.

A single discount rate was applied per portfolio of leases, whereas the portfolio is determined based on region, asset class and leaseterm. The weighted average discount rate at the moment of transition is 3.17%.

The impact of IFRS 16 adoption per January 1, 2019 is expected to result in an increase of the property, plant and equipment (e.g. Right-of-use assets) by EUR 6.5 million (discounted value of all minimum future payments of contracts in scope of IFRS 16) and a corresponding increase in the lease liabilities.

Due to the adoption of IFRS 16, the Group's operating profit will improve by approx. EUR 0.2 million, while its interest expense will increase by approx. EUR 0.1 million. EBITDA-impact will increase by approx. EUR 2.2 million.

This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

It is expected that the other standards and interpretations, not yet applicable, will have no significant impact on the Group's consolidated financial result or position.

2.1.5. Balance sheet and income statement

Intangible assets

Intangible assets are valued at cost price. Intangible assets are recognized if it is likely that the Group will receive the associated future economic benefits and if the asset's cost price can be reliably determined. After their initial recognition in the accounts, all intangible assets are valued at cost price, less any accumulated depreciation or impairments. Intangible assets are depreciated on a straight-line basis over the best estimate of their economic life.

The remaining economic life and the depreciation method used are reassessed at the closing of every financial year. Any change in the economic life of an intangible asset is treated as a revaluation.

Internally generated intangible assets are only recognized if all the following conditions are satisfied:

- an identifiable asset has been generated;
- it is likely that the generated asset will yield future economic benefits and;
- the asset's cost price can be reliably determined.

Subsequent expenditure on capitalized intangible assets is only included in the balance sheet if it increases the likely future economic benefits associated with the asset concerned. All other expenditure is recorded in the income statement at the time it is incurred.

Licences, patents and similar rights

Expenditure on purchased licences, patents, trademarks and similar rights is capitalized and depreciated on a straight-line basis over the contractual term, where applicable, or over the estimated economic life, which is deemed to be no more than five years.

Computer software

Expenditure relating to the development or maintenance of computer software is normally offset against the result of the period in which it is incurred. Only external expenditure which is directly related to the purchase and implementation of purchased software is recorded as an intangible asset and depreciated on a straight-line basis over three years. Purchased ERP software and the associated implementation costs are depreciated on a straight-line basis over seven years.

Research and development

Research expenditure with a view to the acquisition of new scientific or technological insights or knowledge is included as a cost in the income statement as it arises. Development expenditure in which research results are used in a plan or design for the production of new or substantially improved products and processes prior to commercial production or implementation is only recognized in the balance sheet if all the following conditions are satisfied:

- the product or process is precisely defined and the expenditure is individually identifiable and reliably measurable;
- the product's technical feasibility has been sufficiently demonstrated;
- the product or process will be commercialized or used within the company;
- the assets will generate future economic benefits (e.g. a potential market exists for the product or its internal usefulness has been sufficiently proven);
- the appropriate technical, financial and other resources are available to finalize the project.

If the above criteria are not satisfied, the development costs are taken to the income statement as they arise. Capitalized development costs are depreciated on a straight-line basis over the expected duration of the generated benefits from the start of commercial production or the implementation of the product or process.

Goodwill

Goodwill is measured as the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If this difference is negative, the surplus, after reassessment of the fair values, is accounted for directly in the income statement.

Goodwill is recorded as an asset and subjected to an impairment test at least once a year. Any impairment loss is immediately recorded in the profit and loss account and is not subsequently written back.

On the disposal of a subsidiary, associated undertaking or entity over which joint control is exercised, the related goodwill is included in the calculation of the gain or loss on disposal.

Property, plant and equipment

Tangible assets are valued at cost price less accumulated depreciation and impairments. A tangible asset is recognized if it is likely that the Group will receive the associated future economic benefits and if the asset's cost price can be reliably determined.

The cost price includes all direct costs and all directly attributable costs incurred in order to bring the asset to the location and condition necessary for it to function in the intended way.

Subsequent expenditure associated with a tangible asset is usually recorded in the income statement as it is incurred. Such expenditure is only capitalized if it can be clearly shown to result in an increase in the expected future economic benefits from the use of the tangible asset compared with the original estimate.

Repair and maintenance costs which do not increase the likely future economic benefits are recorded as costs as they are incurred.

The different categories of tangible assets are depreciated by the straight-line method over their estimated economic life. Depreciation commences once the assets are ready for their intended use.

The estimated economic life of the main tangible assets lies within the following ranges:

- Buildings: 20 years
- Machines: 5 to 15 years
- Equipment: 10 years
- Furniture: 5 years
- Hardware: 5 years
- Vehicles: 5 years

If an asset's book value is higher than the estimated realizable value, it is immediately written down to the realizable value.

The gain or loss on the sale or disposal of an asset is determined as the difference between the net income on disposal and the asset's book value. This difference is recorded in the income statement.

Impairment of tangible and intangible assets

As goodwill, which is subjected to an impairment test every year, intangible assets and tangible assets also are subject to an evaluation when there is an indication that their realizable value may be lower than their book value. If an asset does not generate a cash inflow which is independent of other assets, the Group estimates the realizable value of the cash-generating unit (CGU) to which the asset belongs.

The realizable value is the highest value of the fair value minus sales costs and the value to the business.

The method of the going concern value uses cash flow forecasts based on the financial budget that is approved by the management. Cash flows after this period are extrapolated by making use of the most justified percentage growth over the long term for the sector in which the CGU is active. The management bases its assumptions (prices, volumes, return) on past performances and on its expectations with regard to the development of the market. The weighted average growth percentages are in conformity with the forecasts included in the sector reports. The discount rate used is the estimated weighted average equity cost of the Group before taxes, and takes account of the current market evaluations of the time value of money and the risks for which the future cash flows are adapted.

If the realizable value of an asset (or CGU) is estimated to be lower than its book value, the asset's (or CGU's) book value is reduced to its realizable value. An impairment loss is immediately recorded in the income statement.

If an impairment loss is subsequently written back, the asset's (or CGU's) book value is increased to the revised estimate of its realizable value, but only to the extent that the increased book value is no higher than the book value that would have been recorded if no impairment loss had been recorded for the asset (or CGU) in previous years. However, impairment losses on goodwill are never written back.

Borrowing costs

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalized. Other borrowing costs are recognized as an expense in the year in which they are incurred. In 2018 no borrowing costs were capitalized.

Lease agreements

Financial leasing

Lease agreements which assign to the Group all the main risks and benefits associated with ownership are regarded as financial leasing. The assets acquired under financial leasing arrangements are stated in the balance sheet at their fair value at the start of the lease agreement, or, if this is lower, at the present value of the minimum lease payments, less accumulated depreciation and impairments.

The discount rate used in the calculation of the present value of the minimum lease payments is the interest rate implicit in the lease agreement, where this can be determined, or otherwise the company's incremental borrowing rate. Initial direct costs are included in the capitalized amount. Lease payments are broken down into interest charges and repayments of the principal. The interest charges are spread over the duration of the lease agreement such that a constant periodic interest rate is obtained on the outstanding balance for each period. A financial lease agreement results in the recording of both a depreciation amount and an interest charge in each period. The depreciation rules for assets acquired under financial leasing arrangements are consistent with those for assets over which full ownership is acquired.

Operational leasing

Lease agreements in which all the main risks and benefits associated with ownership reside with the lessor are regarded as operational leasing. In operational leasing, the lease payments are recorded as costs and spread on a straight-line basis over the lease period. The total value of discounts or benefits granted by the lessor is offset against the leasing costs and spread on a straight-line basis over the lease period.

Investment property

A property investment, i.e. one which is maintained in order to generate rental income, an appreciation of value or both, is shown at cost price less accumulated depreciation and impairments on the balance sheet date. The estimated economic life of the investment property is between 10 and 20 years.

Investment grants

Investment grants relating to the purchase of tangible fixed assets are offset against the purchase price or manufacturing cost of the assets in question. The expected amount is recorded in the balance sheet at the time of initial approval, and, if necessary, corrected subsequently at the time of definitive allocation of the grant. The grant is recorded in the income statement in proportion with the depreciation of the tangible assets for which it was obtained.

Inventories

Inventories are valued at the lower of cost price or realizable value. The cost price includes all direct and indirect costs incurred to bring the goods to the stage of completion they have reached on the balance sheet date. The cost price is calculated using the weighted average cost price method. The realizable value is the estimated sale price minus the estimated finishing costs and costs associated with marketing, sale and distribution.

Financial assets

Financial assets are classified at initial recognition, and subsequently measured as at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets measured at amortized cost include 'Trade receivables', 'Other receivables', Other amounts receivable included in 'Other long term assets' and 'Cash and cash equivalents'.

Cash equivalents are short-term, extremely liquid investments which can be converted immediately into cash of a known amount, and which do not carry any material risk of change of value.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group currently does not have financial assets at fair value through OCI with recycling of cumulative gains and losses.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The Group does not currently have financial assets classified as financial assets at fair value through OCI with no recycling of cumulative gains and losses.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The financial assets measured at FVTPL are the derivative financial assets and the other shares included in 'other long term assets'.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified on the basis of the economic reality of the contractual agreement. An equity instrument is a contract which includes the residual right to a share in the Group's assets, after the deduction of all liabilities. Equity instruments issued by the Company are recorded to the amount of the received consideration, less the direct costs of issue.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, other amounts payable, borrowings including bank overdrafts, and derivative financial instruments.

The trade and other payables, other amounts payable and borrowings are subsequently measured at amortized cost.

The derivative financial instruments are recognized at fair value through profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date of the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group does not apply hedge accounting. The hedging reserves included in '1.4 the consolidated statement of changes in equity' relate to a collar which was settled in 2016 (see also note 2.5.15 Financial instruments).

Income tax

Income tax expense represents the sum of the tax due for the reporting period and deferred taxes. The tax due for the reporting period is based on the taxable profit for the period. Taxable profit differs from the net profit in the income statement, because it excludes certain items of income or expenditure which are taxable or deductible in subsequent years, or which will never be taxable or deductible. The current tax liability is calculated on the basis of the tax rates for which the legislative process has been (substantially) completed by the balance sheet date.

Deferred taxes are taxes which are expected to be paid or recovered on the basis of differences between the book value of assets or liabilities in the annual accounts and their taxable value used for the calculation of the taxable profit. They are accounted for using the balance sheet liability method. Deferred tax liabilities are usually recognized for all taxable temporary differences and deferred tax receivables are recognized to the extent that it is likely that a taxable profit will be available against which the recoverable temporary difference can be offset. Such assets and liabilities are not recorded if the temporary differences arise from goodwill or from the initial recognition (other than in connection with a business combination) of other assets and liabilities in a transaction which has no effect on the taxable profit or the profit before tax.

Deferred tax liabilities are recognized for taxable temporary differences which relate to investments in subsidiaries, associated undertakings and enterprises accounted for by the equity method unless the Group can determine the time when the temporary difference will be resolved or if it is likely that the temporary difference will not be resolved in the near future.

The book value of deferred tax receivable is assessed at every balance sheet date and reduced if it is no longer likely that sufficient taxable profit will be available to make it possible to use all or some of the benefit of the deferred tax receivable.

Deferred taxes are valued on the basis of the tax rates which are expected to apply in the period in which the tax recovery is realized or the liability is settled. Deferred taxes are recorded as income or expenses in the income statement for the period, unless the taxation arises from a transaction or event that has been directly included in equity. In this case, the deferred tax is also accounted for in equity.

Retirement benefit obligation

In accordance with laws and practices of each country, some entities have either defined benefit plans or defined contribution plans.

Defined contribution plans

Contributions to defined contribution plans are recorded as an expense as they fall due.

Defined benefit plans

In defined benefit plans, the amount on the balance sheet (the 'net liability') corresponds to the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the income statement at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

Provisions
Provisions are established in the balance sheet if the Group has a legally enforceable or de facto liability on the balance sheet date as a result of an event in the past, for which it is likely that an outlay will be required of resources which contain economic benefits, and if this outlay can be reliably estimated. The amount recorded as a provision is the best estimate on the balance sheet date of the outlay required to satisfy the existing liability, if necessary discounted if the time value of money is relevant.

Provisions for reorganization costs are recorded if the Group has a detailed formal plan for the reorganization that has already been communicated to the parties concerned before the balance sheet date.

Revenue from contracts with customers
The Group is active within the following segments:

- Spinning, weaving and coating of technical textiles ('Coating')
- Manufacturing of professional protective clothing ('Apparel')
- Producing fine chemicals ('Chemicals')

We apply the five-step model to account for revenue arising from contracts with customers.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Over all the businesses, contracts with customers to sell products is one performance obligation. Revenue recognition occurs at a point in time, when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group warranties are determined to be assurance-type warranties which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.1.6. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources (for example useful life of property, plant and equipment, assessment recoverability of deferred tax assets, estimates in measuring defined benefit obligations, credit risk). The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.1.7. Goodwill impairment analysis (critical accounting judgment)

Impairment analysis 2018
We assessed the recoverable amount of each of the cash-generating units to which goodwill is allocated. Because of the strong (vertical) integration and interdependency of the Group's activities, the cash-generating units generally correspond with the segments identified in accordance with IFRS 8 (see also paragraph 2.2 on Segment Information). However, the main acquisitions of 2016 and 2017 (Dimension-Polyant & James Dewhurst) were considered as separate cash-generating units for the 2018 impairment analysis. Over time, after further integration Dimension-Polyant and James Dewhurst will become part of the 'coating' cash-generating unit.

In 2018, there were no cash-generating units for which there was an indicator of impairment, except for the James Dewhurst cash-generating unit which mainly operates out of the UK. The identified impairment indicator concerns the possibility of a significant change in the legal and economic environment as a result of the outcome of the Brexit. An additional sensitivity scenario (scenario 7) was included, in order to assess the impact of a hard Brexit on the cash-generating unit. In the scenario of a hard Brexit, the James Dewhurst cash-generating unit still has an excess value and therefore no impairment loss has been recognized.

Key assumptions impairment analysis 2018

The recoverable amount of the different cash-generating units has been determined on the basis of a value-in-use approach. Calculations of the value in use cover a five-year period (2019 – 2023) and a perpetual value.

Cash flow estimates are prepared based on:

- The 2019 budget, approved by the Board of Directors
- The strategic plan (2020 – 2023) on the long-term development of the business environment, approved by the Board of Directors
- A perpetual value

The most important key assumptions are future growth rates, profitability levels (material margin and EBITDA), capital expenditures, and working capital evolutions. The following assumptions apply for the cash flow estimates of these three time horizons:

- 2019 budget: the growth rate of our global business for 2019 is estimated at 6%. This growth is based on detailed forecasts on product and market level. Profitability levels are based on the estimated raw material prices for 2019 and planned cost structures. Capital expenditures are based on detailed capital expenditure plans for each production unit. Working capital requirements evolutions are based on the 2019 goals for each working capital component.
- Strategic plan 2020 – 2023: the average growth rate in this time horizon of our global business and our different cash-generating units is based on GDP + 2%/3%. This growth rate is a combination of inflation, nominal growth of the economy, and the ambition of Sioen to enforce its position in existing and new markets. Profitability levels are based on normalized material margins and planned improvements on the cost structure in this time horizon. Capital expenditures are based on normal replacement capital expenditures and planned projects to improve the cost structure. Working capital evolutions are calculated as a percentage of incremental sales based on the past performance of the different cash generating units.
- The perpetual value for each individual cash-generating unit is based on a terminal 2% growth rate (which is mainly based on a conservative industrial GDP evolution assumption) and normal capital expenditure replacements.
- For Dimension-Polyant, we used a normalized working capital due to seasonability in inventory levels.

The post-tax discount rate applied to the cash flow is based on the Group's weighted average cost of capital, in view of the business risks and is estimated at 7,68% (8,22% for the Coating division, 6,34% for the Apparel division, 8,14% for the Chemicals division, 9,57% for James Dewhurst CGU (within the Coating division), and 7,72% for Dimension-Polyant (within the Coating division). As the growth in the apparel business is strongly related to tender business and as this particular business historically proves to be more difficult to forecast, we added an extra 1% risk premium in our discount rate used.

Key assumptions impairment analysis 2017

We refer to the 2017 annual report for the assumptions of the 2017 impairment analysis.

Results impairment testing

The amount by which the division's recoverable amount exceeds its carrying amount has been assessed as follows:

- 0-20% exceeds moderately
- 20-50% exceeds clearly
- Over 50% exceeds significantly

2018	Carrying amount in relation to recoverable amount of cash-generating units with significant carrying amounts of assets	Excess discounted cash flow(1)
Apparel division	exceeds significantly	77 743
Chemicals division	exceeds significantly	74 157
Dimension-Polyant CGU	exceeds moderately	3 172
James Dewhurst Group CGU	exceeds clearly	24 220
Remaining coating division (excluding Dimension-Polyant CGU and James Dewhurst Group CGU)	exceeds significantly	224 268

2017	Carrying amount in relation to recoverable amount of cash-generating units with significant carrying amounts of assets	Excess discounted cash flow(1)
Apparel division	exceeds significantly	46 894
Chemicals division	exceeds significantly	45 544
Dimension-Polyant CGU	exceeds clearly	8 336
James Dewhurst Group CGU	exceeds clearly	12 031
Remaining coating division (excluding Dimension-Polyant CGU and James Dewhurst Group CGU)	exceeds significantly	322 014

(1) *The excess discounted cash flow equals the discounted cash flow, minus the carrying value. The carrying value equals the invested capital: intangible assets + goodwill + property, plant and equipment + investment property + working capital.*

Sensitivities

The Group's impairment review is sensitive to a change in key assumptions used. The following sensitivity scenarios were prepared:

- A 1% decrease of the nominal EBIT amount in the forecast period (2019-2023)
- A 1 p.p. decrease in the growth rate and a 1% decrease of the derived nominal EBIT both in the forecast period (2019-2023) and in the perpetual value
- A 1 p.p. increase in the discount rate
- A 1 p.p. decrease in the discount rate
- A 1 p.p. decrease in the perpetual growth rate only
- The effect of a general 10% raw material price increase in the coating & chemicals division, in 2020 and 2022, with a recovery of the material margin with a delay of one year
- The impact of a hard Brexit on James Dewhurst CGU (estimated at -3% impact on sales price levels and at + 1% impact on the material cost due to import duties)

The first column in the table below reflects the excess discounted cash flow (= discounted cash flow – carrying value), as a percentage of the carrying value (the carrying value equals the invested capital: intangible assets + goodwill + property, plant and equipment + investment property + working capital). The next 7 columns reflect the change in excess discounted value for each of the 7 above described scenarios.

2018	Excess discounted cash flow (DCF) versus carrying value (%)	Sensitivity scenario 1	Sensitivity scenario 2	Sensitivity scenario 3	Sensitivity scenario 4	Sensitivity scenario 5	Sensitivity scenario 6	Sensitivity scenario 7
Apparel division	74.6%	-3.1%	-26.1%	-36.1%	52.7%	-29.3%	not applicable	not applicable
Chemicals division	358.7%	-1.4%	-19.8%	-19.2%	26.7%	-15.3%	-4.4%	not applicable
Dimen-sion-Poly-ant CGU	7.6%	-14.6%	-136.7%	-188.7%	267.1%	-148.7%	not applicable	not applicable
James Dewhurst Group CGU	48.7%	-3.0%	-33.2%	-35.5%	46.2%	-26.4%	not appli-cable	-73.90%
Remaining coating division	153.1%	-1.6%	-22.1%	-23.1%	31.9%	-18.1%	-7.3%	not applicable

2017	Excess discounted cash flow (DCF) versus carrying value (%)	Sensitivity scenario 1	Sensitivity scenario 2	Sensitivity scenario 3	Sensitivity scenario 4	Sensitivity scenario 5	Sensitivity scenario 6
Apparel division	48.3%	-14.6%	-39.7%	-45.5%	63.5%	-36.1%	not applicable
Chemicals division	216.6%	-1.7%	-21.8%	-21.7%	29.8%	-17.1%	-9.0%
Dimen-sion-Poly-ant CGU	20.0%	-6.4%	-68.2%	-90.9%	134.3%	-73.6%	not applicable
James Dewhurst Group CGU	23.2%	-83.9%	-127.2%	-54.3%	68.6%	-38.8%	not applicable
Remaining coating division	246.2%	-1.5%	-22.5%	-22.9%	33.2%	-18.6%	-5.5%

The excess discounted cash flow on the Dimension Polyant CGU is EUR 3.2 million in our base case. In several of our sensitivity scenario's, this headroom decreases significantly. However, management is confident that the budget will be realized as it is set up in a conservative manner (stable EBITDA margin, 4% average sales growth). As such, no impairment was recognized per 31 December 2018.

2.2. Segment information

2.2.1. IFRS 8 operating segments
in thousands of euros

Operating segments are reported in a way consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

Divisions
For the purposes of management reporting to the chief operating decision maker, the Group is organized into three reportable operating divisions -coating, apparel and chemicals. The principal products and services of each of these operating divisions are described in the first part of this annual report.

The Group's three principal activities are:

- the production of a wide variety of technical textiles, coated with various polymers and marketed in different markets. The coating operations are fully integrated and interdependent. The main area of activity within this division, with a centralized R&D, marketing and sales department, is the polymer know how. This approach allows the coating division to explore different end-user markets with a wide variety of products.
- the production of technical protective apparel. With a central R&D, sales and marketing department, the main area of activity of the apparel division is the innovation and production of high-quality technical protective garments that meets all European standards. This operating division is active in various sectors (industry, leisure wear, specialized markets) where attention to safety is a priority.
- the processing of basic raw materials into high quality technical semi-finished products. An intensive cooperation of central R&D and sales department, within the chemicals division, is the key driver for the development of high quality pigment pastes, decorative inks, varnishes and inks for digital printing for various markets.

These principal activities coincide with the main product groups.

Segment revenues and results

	Coating	Apparel	Chemicals	Other	Total	Note
Year ended 31 December 2018						
Revenue from external customers	317 045	144 568	44 583		506 196	1.2.1
Intersegment revenues	5 672	154	12 035			
Segment operating result before reconciling items	29 036	12 805	6 214	333	48 389	
Year ended 31 December 2017						
Revenue from external customers	297 006	132 315	43 801		473 122	1.2.1
Intersegment revenues	4 182	36	10 604			
Segment operating result	30 143	6 452	5 898	894	43 387	

Intersegment sales are undertaken at prevailing market conditions.

	2018	2017	Note
Segment operating result	48 389	43 387	
Reconciling items			
• Elimination of intersegment results	-656	-1 892	
Operating result	47 733	41 496	**1.2.1**
Financial charges	-3 373	-8 418	1.2.1
Financial income	1 707	510	1.2.1
Profit (loss) before tax	46 066	33 587	**1.2.1**

Segment assets and liabilities

	Coating	Apparel	Chemicals	Other	Unallocated/ eliminations	Total	Note
Year ended 31 December 2018							
Segment assets	303 814	131 761	31 282	5 012	-1 293	470 575	1.1
Segment liabilities	273 076	96 634	13 071	37 455	-173 471	246 765	
Year ended 31 December 2017							
Segment assets	287 729	122 737	30 991	5 640	-7 130	439 967	1.1
Segment liabilities	251 765	96 417	17 131	38 337	-163 227	240 424	

The segment liabilities, including the centrally contracted financial debt, have been allocated according to the capital employed by the segment. The assets and liabilities of the head office (Group) have been allocated to the segments as good as possible. Unallocated assets or liabilities are head office assets/liabilities which have not been allocated to the segments.

Information about major customers

There is no reliance on a limited number of customers and there are no revenues from transactions with a single external customer amounting to 10% or more of the total Group revenues. We refer to note 2.5.8. Trade receivables.

Other segment information

	Coating	Apparel	Chemicals	Other	Head office	Total	Note
Year ended 31 December 2018							
Depreciation and amortization	16 296	3 557	825	180	1 035	21 892	1.2.1
Additions to non-current assets	31 677	1 124	745		1 015	34 562	
Year ended 31 December 2017							
Depreciation and amortization	15 888	4 167	980	183	919	22 138	1.2.1
Additions to non-current assets	17 035	11 951	371		1 401	30 758	

2.2.2. Geographical information

in thousands of euros

The Group's revenue from external customers by geographical location is detailed below. The geographical revenue split is based on the country invoiced.

	Gross sales								
2018	Coating		Apparel		Chemicals		Total		Note
Germany	63 691	19.9%	15 381	10.6%	3 508	7.8%	82 581	16.2%	
France	35 311	11.0%	32 304	22.3%	11 949	26.7%	79 565	15.6%	
Eastern Europe	41 883	13.1%	2 935	2.0%	4 771	10.7%	49 590	9.7%	
Belgium	15 131	4.7%	23 186	16.0%	9 939	22.2%	48 257	9.5%	
The Netherlands	18 105	5.7%	15 652	10.8%	791	1.8%	34 547	6.8%	
Scandinavia	15 134	4.7%	15 562	10.7%	288	0.6%	30 985	6.1%	
Italy	26 718	8.4%	1 083	0.7%	1 370	3.1%	29 171	5.7%	
UK	17 684	5.5%	10 330	7.1%	615	1.4%	28 629	5.6%	
US	23 920	7.5%	403	0.3%	173	0.4%	24 495	4.8%	
China	9 467	3.0%	9 551	6.6%	6	0.0%	19 024	3.7%	
Austria	3 650	1.1%	3 512	2.4%	5 970	13.3%	13 132	2.6%	
Switzerland	6 450	2.0%	2 339	1.6%	3 315	7.4%	12 104	2.4%	
Spain	10 299	3.2%	1 337	0.9%	433	1.0%	12 069	2.4%	
Portugal	6 607	2.1%	726	0.5%	148	0.3%	7 482	1.5%	
Ireland	524	0.2%	4 493	3.1%	2	0.0%	5 019	1.0%	
Australia	3 655	1.1%	548	0.4%	42	0.1%	4 246	0.8%	
Other	21 418	6.7%	5 746	4.0%	1 446	3.2%	28 610	5.6%	
Subtotal	319 648	100.0%	145 090	100.0%	44 767	100.0%	509 505	100.0%	
Discounts	-2 603		-522		-184		-3 309		
Net sales	317 045		144 568		44 583		506 196		1.2.1

2017	Gross sales								Note
	Coating		Apparel		Chemicals		Total		
France	36 458	12.2%	29 783	22.4%	11 281	25.7%	77 522	16.3%	
Germany	56 055	18.7%	16 804	12.7%	3 534	8.0%	76 393	16.0%	
Eastern Europe	39 792	13.3%	2 963	2.2%	4 646	10.6%	47 401	10.0%	
Belgium	16 893	5.6%	19 716	14.8%	10 671	24.3%	47 280	9.9%	
Scandinavia	15 160	5.1%	17 835	13.4%	199	0.5%	33 194	7.0%	
The Netherlands	15 478	5.2%	15 509	11.7%	894	2.0%	31 881	6.7%	
UK	16 540	5.5%	13 581	10.2%	591	1.3%	30 711	6.4%	
Italy	23 189	7.7%	730	0.5%	1 218	2.8%	25 137	5.3%	
US	19 599	6.5%	325	0.2%	117	0.3%	20 041	4.2%	
Austria	3 430	1.1%	2 676	2.0%	7 325	16.7%	13 431	2.8%	
Spain	8 834	2.9%	788	0.6%	604	1.4%	10 226	2.1%	
Switzerland	6 538	2.2%	1 827	1.4%	1 236	2.8%	9 602	2.0%	
China	8 131	2.7%	492	0.4%	5	0.0%	8 628	1.8%	
Portugal	4 104	1.4%	338	0.3%	174	0.4%	4 616	1.0%	
Ireland	321	0.1%	4 213	3.2%	3	0.0%	4 537	1.0%	
Australia	4 013	1.3%	456	0.3%	35	0.1%	4 504	0.9%	
Other	25 015	8.4%	4 777	3.6%	1 422	3.2%	31 214	6.6%	
Subtotal	299 550	100.0%	132 814	100.0%	43 955	100.0%	476 318	100.0%	
Discounts	-2 544		-499		-153		-3 196		
Net sales	297 006		132 315		43 801		473 122		1.2.1

2.3. Exchange rates

	Rate	2018	2017
EUR	average	1.0000	1.0000
	closing	1.0000	1.0000
USD	average	1.1793	1.1370
	closing	1.1450	1.1993
GBP	average	0.8860	0.8757
	closing	0.8945	0.8872
RMB	average	7.8156	7.6558
	closing	7.8751	7.8046
PLN	average	4.2684	4.2427
	closing	4.3014	4.1769
TND	average	3.1469	2.7459
	closing	3.4272	2.9478
UAH	average	32.1750	30.4044
	closing	31.8979	33.9559
AUD	average	1.5832	1.4795
	closing	1.6220	1.5346
SEK	average	10.2934	9.6460
	closing	10.2543	9.8435

2.4. Detailed consolidated income statement

2.4.1. By function

in thousands of euros

	2018	2017	Note
Net sales			
Sales of goods	514 463	481 159	
Subcontracting	239	347	
Commisions and discounts	-8 506	-8 384	
Net sales	506 196	473 122	1.2.1
Cost of sales			
Purchases	-257 632	-225 957	
Transport cost goods purchased	-2 991	-2 537	
Stock variation	10 686	-4 796	
Subcontracting	-10 168	-7 353	
Remuneration, social security and pensions	-68 296	-62 908	
Depreciations	-14 360	-14 488	
Other, services and goods	-51 784	-48 069	
Write off inventories and receivables	431	-1 870	
Cost of sales	-394 113	-367 977	1.2.2
Sales and marketing expenses			
Subcontracting		4	
Remuneration, social security and pensions	-17 529	-17 384	
Depreciations	-128	-132	
Other, services and goods	-8 970	-8 926	
Write off inventories and receivables	254	76	
Sales and marketing expenses	-26 373	-26 362	1.2.2
Research and development expenses			
Stock variation	-44	-2	
Remuneration, social security and pensions	-7 109	-6 452	
Depreciations	-180	-192	
Other, services and goods	-2 217	-2 835	
Research and development expenses	-9 550	-9 481	1.2.2
Administrative expenses			
Remuneration, social security and pensions	-13 168	-12 745	
Depreciations	-7 223	-7 326	
Other, services and goods	-15 319	-14 230	
Write off inventories and receivables		-1	
Administrative expenses	-35 710	-34 302	1.2.2
Other income			
Gains on disposal on items of PPE(1)	570	86	
Received indemnities(2)	1 162	188	
Received rent	1 663	1 457	
Other	4 579	5 121	
Other income	7 974	6 853	1.2.2
Other expenses			
Losses on disposal of items of PPE	-69	-240	
Provisions for liabilities and charges(3)	304	1 035	
Local taxes	-680	-706	
Other	-246	-446	
Other expenses	-691	-358	1.2.2

	2018	2017	Note
Financial result			
Interests received	12	14	
Interests paid	-2 798	-3 158	
Interest result	-2 785	-3 144	
Currency income trade receivables(4)	337		
Currency income trade payables	136	1	
Currency expenses trade receivables(4)	-40	-573	
Currency expenses trade payables	-22	-69	
Currency result other	-666	-723	
Realized currency result	-255	-1 364	
Revaluation income trade receivables	24		
Revaluation income trade payables	20	1	
Revaluation expenses trade receivables	-19	-254	
Revaluation expenses trade payables	-94	-660	
Fair value hedging instruments(5)	609	-783	
Revaluation other(4)	808	-1 665	
Unrealized currency result	1 349	-3 361	
Other	24	-39	
Financial result	-1 667	-7 909	1.2.1
Income tax			
Current tax	-14 781	-15 566	
Deferred tax	2 497	4 010	
Income tax	-12 284	-11 556	2.4.2
Profit (loss) after taxes	33 781	22 031	1.2.2
Share in the results of associates	14	-168	
Group profit (loss)	33 796	21 863	1.2.2

(1) Mainly related to the asset deal of the Sioen Filtration business unit.

(2) Mainly received indemnities related to an incident at Sioen Industries in August 2018

(3) 2018: Mainly provision for import duties, compensated by a reversal of a property tax provision in Belgium, 2017: Mainly use reorganization provision in Indonesia

(4) Mainly due to revaluation of USD

(5) 2018: positive evolution of market value on forward exchange position (USD) and on interest rate swaps, 2017: negative market value on forward exchange position (USD) and on interest rate swaps

2.4.2. Income tax

in thousands of euros

	2018		2017		Note
Profit (loss) before taxes	46 066		33 587		1.2.1
Income tax as calculated at theoretical tax rate(1)	-13 046	-28.3%	-11 047	-32.9%	
Tax impact of:					
effect of expenses that are not deductible in determining taxable profit(2)	- 63	-0.1%	- 663	-2.0%	
effect of revenue under favourable tax regime(3)	294	0.6%	205	0.6%	
withholding taxes	- 105	-0.2%	- 200	-0.6%	
movement on deferred tax assets not recognized	17	0.0%	- 164	-0.5%	
deferred tax assets recognized on previously not recognized losses(4)	895	1.9%			
adjustments recognized in current year in relation to the tax of prior years(5)	- 225	-0.5%	-1 189	-3.5%	
notional interest deduction	10	0.0%	16	0.0%	
changes in tax rate	- 60	-0.1%	2 425	7.2%	
new valuation allowance on previously recognized deferred tax assets(6)		0.0%	- 939	-2.8%	
Income tax	-12 284	-26.7%	-11 556	-34.4%	1.2.1
Current tax	-14 781		-15 566		
Deferred tax	2 497		4 010		

(1) *Weighted average of the tax rates per country the Group is active in.*

(2) *Mainly disallowed expenses in Belgium and Italy.*

(3) *Corporate income tax rates of 10% or lower are considered as favorable tax regimes.*

(4) *As a result of flow optimization and rationalization within our 3 Indonesian plants, recoverability of fiscal losses is reassessed.*

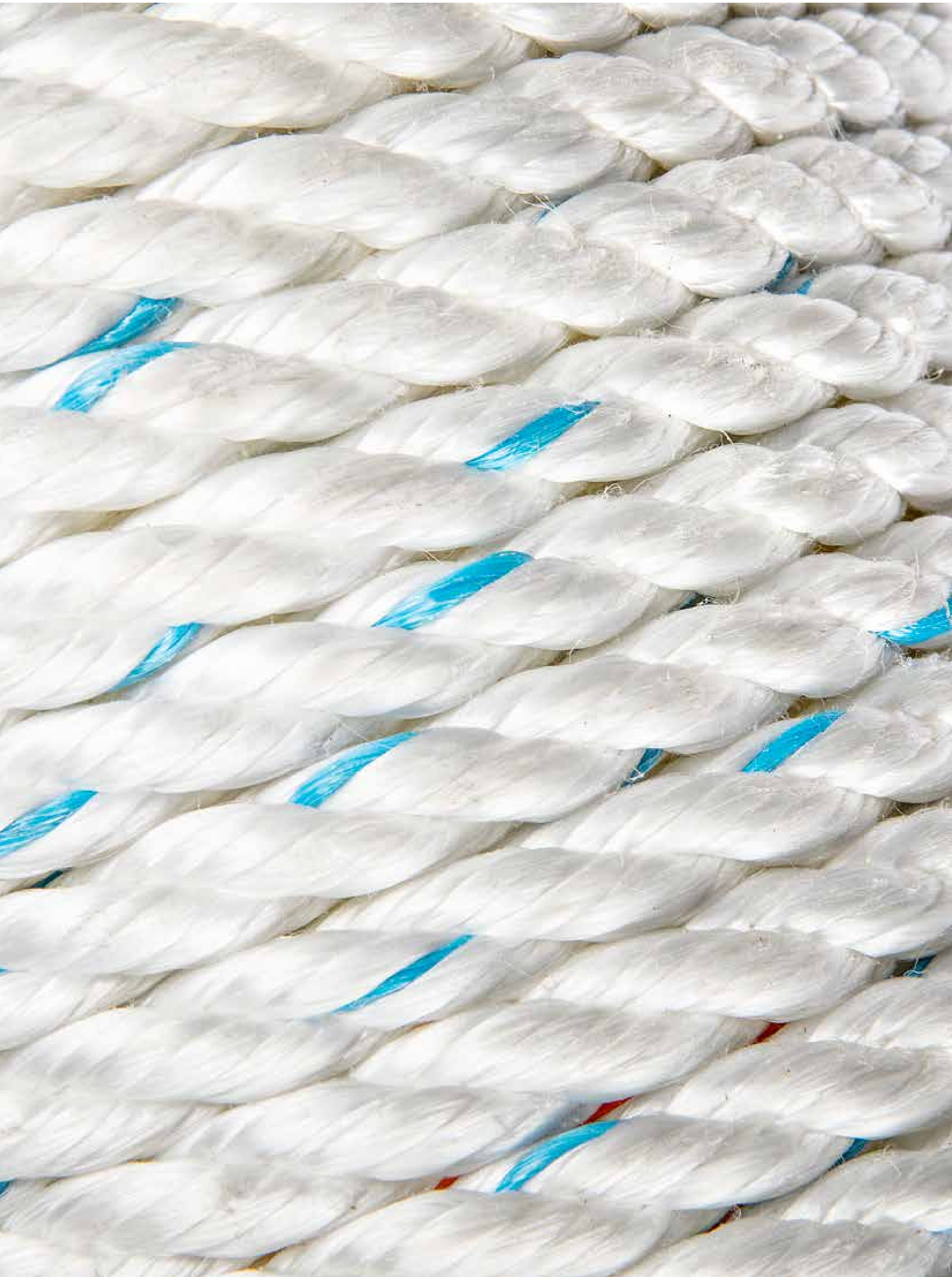
(5) *2018 and 2017: Negative tax effect due to a partial reversal of historical write-off intercompany loans in the stand alone financial statements. As the loss was considered as irrevocable, no deferred tax offset was recorded at the moment of write-off. However, the Group made a reassessment of the write-offs based on the current situation. The reversal of the write-off itself has no impact on the consolidation as the intercompany loans are eliminated in full. However, the reversal of the write-off results in a negative current tax effect, which is reflected in the consolidated figures.*

(6) *2017: Deferred tax assets not recognized because assessment showed it was not probable that they could be utilized in the near future, mainly related to a closure in Indonesia.*

2.4.3. Dividends

The proposed gross dividend for the period ending 31 December 2018 is EUR 0.62 per share or EUR 12 263 558 in total. The proposed dividend awaits shareholders' approval at the General Shareholders' Meeting and is not shown as a liability in these financial statements.

The gross dividend for the period ending 31 December 2017 amounted to EUR 0.56 per share or EUR 11 076 762 in total.



2.5. Notes to the consolidated statement of financial position

2.5.1. Intangible assets

in thousands of euros

Total additions of intangible assets amount to EUR 0.9 million in 2018 compared with EUR 1.2 million in 2017. Additions in 2018 and 2017 mainly related to software in the shared service center.

Amortization expenses of intangible assets amount to EUR 6.5 million in 2018 (2017: EUR 6.5 million). Amortization expenses have been included in the line item 'depreciations' in the income statement by nature and are shown mainly in administrative expenses in the income statement by function.

2018	Formation expenses	Development expenses	Concessions, patents, licences etc.	Technical product portfolio	Software	Customer portfolio	Total	Note
Acquisition								
Opening balance	1	56	56 456		24 242	11 788	92 544	
Additions		50	8		883		940	
Disposals			-4		-905		-909	
Sales								
Transfers(1)			-47 625	39 187	-5 045	13 544	61	
Effect of foreign currency exchange differences			26	-205	15	-53	-216	
Acquired through business combinations								
Closing balance	1	106	8 861	38 982	19 190	25 280	92 420	
Depreciation								
Opening balance	-1	-25	-15 977		-17 458	-8 070	-41 531	
Disposals			4		905		909	
Sales								
Transfers(1)			10 673	-10 793	1 055	-938	-2	
Effect of foreign currency exchange differences			12	22	-15	7	26	
Amortization expenses		-15	-1 194	-2 790	-919	-1 592	-6 511	
Closing balance	-1	-40	-6 482	-13 561	-16 432	-10 593	-47 109	
Net book value								
Opening balance		31	40 479		6 784	3 718	51 013	1.1
Closing balance		67	2 379	25 421	2 758	14 686	45 310	1.1

(1) *The amounts on 'transfers' mainly relate to the introduction of a new subcategory of intangible assets 'Technical product portfolio' and a misclassification in one of the acquired companies of 2017.*

2017	Formation expenses	Development expenses	Concessions, patents, licences etc.	Software	Customer portfolio	Total	Note
Acquisition							
Opening balance	9	21	20 353	17 975	8 355	46 714	
Additions		17	22	1 198		1 237	
Disposals	- 8			- 23		- 31	
Sales				- 23		- 23	
Transfers(1)		18	-4 975	5 167	- 248	- 38	
Effect of foreign currency exchange differences			- 378	- 52		- 430	
Acquired through business combinations(2)			41 434		3 681	45 115	
Closing balance	1	56	56 456	24 242	11 788	92 544	
Depreciation							
Opening balance	- 1	- 11	-12 023	-15 625	-7 535	-35 196	
Disposals				23		23	
Sales				23		23	
Transfers			542	- 551	9		
Effect of foreign currency exchange differences			30	51		81	
Amortization expenses		- 14	-4 525	-1 379	- 545	-6 463	
Closing balance	- 1	- 25	-15 977	-17 458	-8 070	-41 531	
Net book value							
Opening balance	8	11	8 330	2 349	820	11 519	
Closing balance		31	40 479	6 784	3 718	51 013	1.1

(1) The amounts on 'transfers' mainly relate to a misclassification in one of the acquired companies

(2) The amounts on 'acquired through business combinations' mainly relate to technologies, brand assets, backlog and product portfolio's.

2.5.2. Goodwill

in thousands of euros

	2018	2017	Note
Opening balance	43 308	39 372	
Increase		13 608	
Decrease		- 9 639	
Effect of foreign currency exchange differences	- 21	- 32	
Closing balance	43 287	43 308	1.1

Allocation to segments 2018:	
Coating	16 472
Apparel	22 205
Chemicals	4 610
Allocation to segments 2017:	
Coating	16 494
Apparel	22 204
Chemicals	4 610

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

- Apparel division
- Chemicals division
- Dimension-Polyant CGU
- James Dewhurst Group CGU
- Remaining coating division (excluding Dimension-Polyant CGU and James Dewhurst Group CGU)

The carrying amount of goodwill acquired in a business combination is allocated on a reasonable and consistent basis to each division, in conformity with IAS 36. For the discount factors used, applied in the value in use model, we refer to 2.1.7. Goodwill impairment analysis. Management bases its assumptions on past performances and on its expectations over the coming years. An impairment analysis has been done at the end of 2018. No impairments losses have been recognized in the year.

2.5.3. Property, plant and equipment

During 2018 the total additions of property, plant and equipment amounted to EUR 33.6 million.

The main additions in 2018 were:
- EUR 31.6 million in the coating division (mainly buildings and machinery).
- EUR 1.0 million in the apparel division (mainly machinery).
- EUR 0.8 million in the chemicals division (mainly machinery).
- EUR 0.3 million in the shared service center (mainly hardware).

During 2017 the total additions of property, plant and equipment amounted to EUR 15.9 million.

The main additions in 2017 were:
- EUR 14.3 million in the coating division (mainly machinery and land and buildings).
- EUR 1.0 million in the apparel division (mainly machinery).
- EUR 0.4 million in the chemicals division (mainly machinery).
- EUR 0.3 million in the shared service center (mainly hardware).

Buildings for rent are classified as investment property (see note 2.5.4.).

The main disposals relate to the sale of the Filtration business, which was disclosed as per 2.5.18.

The different categories of property, plant and equipment are depreciated by the straight-line method over their estimated useful life. Depreciation commences once the assets are ready for their intended use.

The following economic lifecycles are used in the calculation of depreciation:
- Buildings: 20 years
- Machines: 5 to 15 years
- Equipment: 10 years
- Furniture: 5 years
- Vehicles: 5 years
- Hardware: 5 years

2018	Land	Buildings	Plant, machinery and equipment	Furniture, vehicles and equipment	Leasing and other similar obligations	Assets under construction	Total	Note
Acquisition								
Opening balance	21 123	93 700	209 460	11 765	27 072	7 168	370 288	
Additions	20	1 293	11 549	661	301	19 798	33 622	
Disposals		- 48	-4 309	- 397		- 3	-4 758	
Sales			-2 924	- 144			-3 068	
Transfers		5 426	7 206	74	-5 445	-7 322	- 61	
Effect of foreign currency exchange differences	27	399	330	118	1	6	881	
Acquired through business combinations								
Closing balance	21 170	100 770	221 311	12 077	21 930	19 647	396 904	
Impairment								
Opening balance		- 9	-1 500				-1 509	
Disposals								
Sales			707				707	
Transfers								
Effect of foreign currency exchange differences								
Impairment losses recognized in profit or loss								
Closing balance		- 9	- 793				- 802	
Depreciation								
Opening balance	- 187	-59 207	-157 939	-9 670	-17 789		-244 791	
Disposals		48	4 243	365			4 656	
Sales			1 961	117			2 078	
Transfers		-4 624	- 1	- 47	4 673		2	
Effect of foreign currency exchange differences	- 10	- 247	- 107	- 104			- 468	
Depreciation	- 43	-3 850	-9 404	- 816	-1 089		-15 202	
Closing balance	- 240	-67 880	-161 247	-10 154	-14 204		-253 726	
Net book value								
Opening balance	20 936	34 485	50 021	2 095	9 283	7 168	123 986	1.1
Closing balance	20 930	32 881	59 271	1 923	7 725	19 647	142 376	1.1

2017	Land	Buildings	Plant, machinery and equipment	Furniture, vehicles and equipment	Leasing and other similar obligations	Assets under construction	Total	Note
Acquisition								
Opening balance	19 895	83 329	203 532	13 995	30 445	392	351 588	
Additions	690	3 078	5 152	966	- 655	6 682	15 913	
Disposals		- 209	-4 763	-2 678			-7 650	
Sales			- 806	- 149			- 954	
Transfers	615	2 404	- 200	3	-2 718	- 66	38	
Effect of foreign currency exchange differences	- 77	-1 193	-1 515	- 494		- 17	-3 297	
Acquired through business combinations		6 293	8 060	122		176	14 650	
Closing balance	21 123	93 700	209 460	11 765	27 072	7 168	370 288	
Impairment								
Opening balance		- 9	-1 500				-1 509	
Disposals								
Sales								
Transfers								
Effect of foreign currency exchange differences								
Impairment losses recognized in profit or loss								
Closing balance		- 9	-1 500				-1 509	
Depreciation								
Opening balance	- 165	-54 094	-154 193	-12 188	-19 027		-239 666	
Disposals		91	4 644	2 640			7 376	
Sales			778	149			927	
Transfers		-2 481	- 13	13	2 481			
Effect of foreign currency exchange differences	22	657	943	440			2 063	
Depreciation	- 45	-3 381	-10 099	- 723	-1 243		-15 491	
Closing balance	- 187	-59 207	-157 939	-9 670	-17 789		-244 791	
Net book value								
Opening balance	19 730	29 226	47 838	1 807	11 419	392	110 412	
Closing balance	20 936	34 485	50 021	2 095	9 283	7 168	123 986	1.1

Assets pledged as security

There are no mortgages secured on the property, plant and equipment, except for a pledge of EUR 4.0 million on the building of Ursuit OY (acquisition end of 2016). The Group's obligations under finance leases (see note 2.5.11) are secured by the lessor's title to the leased assets.

Contractual commitments

At 31 December 2018, the Group had contractual commitments for the acquisition of property, plant & equipment for a total amount of EUR 8.1 million.

2.5.4. Investment property

in thousands of euros

Investment property relates to industrial buildings in the Netherlands and Poland, which are kept for rental income.

	2018	2017	Note
Acquisitions			
Opening balance	*5 258*	*6 374*	
Sales		- 1 394	
Effect of foreign currency exchange differences	- 152	279	
Closing balance	5 106	5 258	
Depreciation			
Opening balance	*- 831*	*- 949*	
Sales		528	
Effect of foreign currency exchange differences	129	- 227	
Depreciation	- 180	- 183	
Closing balance	- 882	- 831	
Net book value			
Opening balance	*4 427*	*5 425*	
Closing balance	4 224	4 427	1.1

In 2018, there were no significant movements. In 2017, a part of the buildings in the Netherlands were sold.

In 2018 total rental income amounted to EUR 1.2 million. Direct operational expenses relative to those industrial buildings amounted to EUR 0.7 million.

In 2017 total rental income amounted to EUR 1.2 million. Direct operational expenses relative to those industrial buildings amounted to EUR 0.7 million.

The fair value of investment property amounts to approximately EUR 11.4 million (EUR 10.8 million in 2017). This fair value is determined by the company by calculating the income method fair value based on actual rental prices. This exercise did not reveal any overstatements of the investment property amounts as disclosed above.

The future minimum lease payments for this investment property is disclosed below:

	2018	2017
Payments due within one year	1.146	1.204
Between one and five years	1.645	2.367
Over five years	178	370
Minimal future payments	2.969	3.941

2.5.5. Consolidated companies

			% holding	
			2018	2017
List of consolidated companies on 31 December 2018:				
Coating	Coatex NV	Belgium	100.00%	100.00%
	Dynatex NV	Belgium	100.00%	100.00%
	Fontana International GmbH	Austria	100.00%	100.00%
	Manifattura Fontana S.p.A.	Italy	100.00%	100.00%
	Pennel Automotive SAS	France	100.00%	100.00%
	Saint Frères Confection SAS	France	100.00%	100.00%
	Saint Frères SAS	France	100.00%	99.97%
	Sioen Coated Fabrics (Shanghai) Trading Co. Ltd	China	100.00%	100.00%
	Sioen Fabrics SA	Belgium	100.00%	100.00%
	Sioen Technical Felts SA	Belgium	100.00%	100.00%
	Sioen Industries NV	Belgium	100.00%	100.00%
	Dimension-Polyant GmbH	Germany	100.00%	100.00%
	Dimension-Polyant Inc.	USA	100.00%	100.00%
	Dimension-Polyant Sailcloth PTY Ltd.	Australia	100.00%	100.00%
	Dimension-Polyant SAS	France	100.00%	100.00%
	Dimension-Polyant (UK) Ltd.	UK	100.00%	100.00%
	Siofab Indústria de Revestimentos Têxteis SA	Portugal	100.00%	100.00%
	James Dewhurst Ltd.	UK	100.00%	100.00%
	Dewtex Inc.	USA	100.00%	100.00%
	Jade Mezzanine Ltd.	UK	100.00%	100.00%
	Emerald Bond Ltd.	UK	100.00%	100.00%
	Jade Equity Ltd.	UK	100.00%	100.00%
	James Dewhurst Trustees Ltd.	UK	100.00%	100.00%
Apparel	Confection Tunisienne de Sécurité SARL	Tunisia	100.00%	100.00%
	Gairmeidi Caomhnaithe Dhun Na nGall Teoranta Ltd.	Ireland	100.00%	100.00%
	Mullion Survival Technology Ltd.	UK	100.00%	100.00%
	PT. Sioen Indonesia	Indonesia	100.00%	100.00%
	PT. Sungin Tex	Indonesia	100.00%	100.00%
	Sioen Asia Pacific PTE. Ltd.	Singapore	100.00%	100.00%
	Sioen France SAS	France	100.00%	99.83%
	Sioen Myanmar Ltd.	Myanmar	100.00%	100.00%
	Sioen NV	Belgium	99.87%	99.87%
	Sioen Tunisie SARL	Tunisia	99.84%	99.84%
	Sioen Zaghouan SA	Tunisia	99.96%	99.96%
	Siorom SRL	Romania	100.00%	100.00%
	Sioen Nederland BV	the Netherlands	100.00%	100.00%
	Ursuit OY	Finland	100.00%	100.00%
	PT. Sioen Semarang Asia	Indonesia	100.00%	100.00%
	Ursuit Baltics AS	Estonia	100.00%	100.00%
	Ursuit AB	Sweden	100.00%	100.00%
	Sioen Ballistics OY	Finland	100.00%	100.00%
	Sioen Deutschland GmbH	Germany	100.00%	100.00%

			2018	2017
List of consolidated companies on 31 December 2018:				
Chemicals	European Master Batch NV	Belgium	100.00%	100.00%
	Richard SAS	France	100.00%	99.91%
Other	Monal SA	Luxemburg	100.00%	100.00%
	Roland Planen GmbH i.L.	Germany	n.a.	100.00%
	Roland Real Estate Sp.z.o.o.	Poland	100.00%	100.00%
	Roland Ukraine llc.	Ukraine	100.00%	100.00%
	Roltrans Group America Inc.	US	100.00%	100.00%
	Roltrans Group BV	the Netherlands	100.00%	100.00%
	Roltrans Tegelen BV	the Netherlands	100.00%	100.00%

Changes with respect to 2017:

- In 2018, the name of Sioen Felt & Filtration SA has been changed to Sioen Technical Felts SA.
- In 2018, Roland Planen GmbH has been liquidated.
- In 2018, the name of Ursuk OY has been changed to Ursuit OY.
- In 2018, the name of SG Balticum AS has been changed to Ursuit Baltics AS.
- In 2018, the name of Ursuk AB has been changed to Ursuit AB.
- In 2018, all equity accounted companies (At Sea Technologies NV, Tampereen sukelluskeskus OY and Oulun sukelluskeskus OY) have been sold/liquidated.

There are no restrictions on the ability to access or use assets, and settle liabilities, of the Group.

2.5.6. Other long term assets

in thousands of euros

2018	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	(Other) movements or adjustments	Closing balance	Note
Other shares	354	125	- 71				407	
Guarantees and deposits	229	105	- 99		3		238	
Other amounts receivable LT	11	- 11						
Other long term assets	593	219	- 170		3		645	1.1

2017	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	(Other) movements or adjustments	Closing balance	Note
Other shares	650	21	- 318				354	
Guarantees and deposits	229	16	- 1		- 15		229	
Other amounts receivable LT	722		- 711				11	
Other long term assets	1 600	37	-1 030		- 15		593	1.1

There are no significant movements in the other long term assets in 2018.

The decrease in other long term assets in 2017 is explained by the reclass of an earn out (related to the Roland business) to short term (decrease other amounts receivable LT) and by a sale of other shares.

2.5.7. Inventories

in thousands of euros

	2018	2017	Note
Gross inventory			
Raw materials	31 571	31 329	
Consumables	360	330	
Work in progress	7 598	6 016	
Finished goods	92 495	84 333	
Goods in transit	6 119	4 241	
	138 143	126 250	
Amounts written off			
Amounts written off raw materials	- 1 717	- 1 821	
Amounts written off consumables			
Amounts written off work in progress	- 120		
Amounts written off finished goods	- 5 565	- 5 438	
Amounts written off goods in transit			
	- 7 402	- 7 259	
Net inventory			
Raw materials	29 854	29 508	
Consumables	360	330	
Work in progress	7 478	6 016	
Finished goods	86 930	78 896	
Goods in transit	6 119	4 241	
	130 741	118 991	1.1

	2017	Write down (1)	Reversal (1)	Effect of foreign currency exchange differences	Other movements (2)	2018
Amounts written off inventory	- 7 259	- 348	779	- 19	- 556	- 7 402

	2016	Write down (1)	Reversal (1)	Effect of foreign currency exchange differences	Other movements	2017
Amounts written off inventory	- 5 530	- 3 027	1 158	141		- 7 259

(1) Sum of 'Write down' and 'Reversal' corresponds with 'Write off inventories,' part of the line item 'Write off inventories and receivables' in the income statement

(2) Due to a change in presentation of the last acquisitions which presented inventory net instead of gross.

Gross inventories (excluding amounts written off) increased by EUR 11.9 million compared with 2017, mainly due to an inventory increase in the Apparel division.

Amounts written off inventory increased by EUR 0.1 million and amounted to EUR 7.4 million at the end of 2018 compared with EUR 7.3 million at the end of 2017.

Amounts written off inventory are recorded on the basis of a detailed ageing and rotation analysis per unit.

The average stock rotation is around 90 days. It is expected that inventory will be realised no more than twelve months after the reporting period.

2.5.8. Trade receivables

in thousands of euros

	2018	Note
Gross trade receivables	68 452	
Subtotal trade receivables	*68 452*	
Impairment trade receivables doubtful	- 3 642	
Total financial instrument 'trade receivables'	64 810	1.1

2018	Outstanding		Sales	
Customer 1	4 502	6.6%	12 099	2.4%
Customer 2	2 089	3.1%	3 257	0.6%
Customer 3	1 611	2.4%	12 965	2.6%
Customer 4	1 494	2.2%	4 556	0.9%
Customer 5	1 168	1.7%	5 029	1.0%
Other	57 589	84.1%	468 290	92.5%
Total	68 452	100.0%	506 196	100.0%

	1-15 days	16-30 days	31-60 days	61-90 days	91-120 days	>120 days
Subtotal gross trade receivables	5 369	2 473	1 897	685	12	1 367

Impairment trade receivables doubtful	Opening balance	Increase[1]	Decrease[1]	Reversal due to permanent loss [1]	Effect of foreign currency exchange differences	Acquired through business combinations	Closing balance
	- 3 896	- 391	68	577			- 3 642

(1) *Sum of 'increase', 'decrease' and 'Reversal due to permanent loss' corresponds with 'Write off receivables', part of the line item 'Write off inventories and receivables' in the income statement*

Trade receivables include outstanding amounts from the sale of goods.
Approximately 10% of the total outstanding is expressed in foreign currency. The main foreign currencies are GBP and USD.

An impairment is accounted for the amounts due that are defined as doubtful, amounting to EUR 3.6 million. An impairment for overdue trade receivables is recorded progressively in relation to the age of the receivables. An impairment is also recorded for trade receivables that exceed the internal credit limit. The impairment is recorded in 'sales & marketing expenses' in the consolidated income statement by function.

As of 1 April 2005 the Group decided to cover itself for credit risk by concluding an excess of loss credit insurance. The average credit period on sales of goods is about 56.5 days (last year 57.8 days). Generally no interest is charged on the overdue trade receivables except when legal procedures are started.

Before accepting any new customer, the Group uses an internal credit scoring system, based on internal and external information, to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed continuously. There are no customers who represent more than 10.0% of the total balance of trade receivables.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2017	Note
Gross trade receivables	70 051	
Subtotal trade receivables	*70 051*	
Impairment trade receivables doubtful	-3 896	
Total financial instrument 'trade receivables'	66 155	1.1

	Outstanding		Sales	
Customer 1	4 512	6,4%	11 418	2,4%
Customer 2	1 690	2,4%	6 859	1,4%
Customer 3	1 571	2,2%	12 288	2,6%
Customer 4	1 239	1,8%	4 741	1,0%
Customer 5	1 177	1,7%	4 978	1,1%
Other	59 862	85,5%	432 837	91,5%
Total	70 051	100,0%	473 122	100,0%

2017	1-15 days	16-30 days	31-60 days	61-90 days	91-120 days	>120 days
Subtotal gross trade receivables	6 148	3 215	2 321	815	675	1 408

Impairment trade receivables doubtful	Opening balance	Increase(1)	Decrease(1)	Reversal due to permanent loss (1)	Effect of foreign currency exchange differences	Acquired through business combinations	Closing balance
	-3 401	-753	811	16	27	-597	-3 896

(1) Sum of 'increase', 'decrease' and 'Reversal due to permanent loss' corresponds with 'Write off receivables', part of the line item 'Write off inventories and receivables' in the income statement

2.5.9. Other current assets

in thousands of euros

Other receivables	2018	2017	Note
Financial assets			
Insurance receivable	988		2.5.15
Non-financial assets			
Advances	181	173	
VAT receivable	4 419	3 604	
Tax prepayment	1 410	1 040	
Capital grants receivable	4	2	
Other	1 012	1 438	
Total other receivables	8 014	6 257	1.1

Other receivables consist primarily of VAT to be reclaimed amounting to EUR 4.4 million, pre-paid taxes amounting to EUR 1.4 million, EUR 1.0 million insurance receivable related to an incident at Sioen Industries in 2018 and EUR 1.0 million 'other', explained by an earn out related to the Roland business (EUR 0.4 million) and other various receivables.

Cash and cash equivalents	2018	2017	Note
Cash at bank	26 804	21 337	
At hand	58	75	
Total cash and cash equivalents	26 861	21 413	1.1

All cash at bank is held at reputable banks.

Deferred charges and accrued income	2018	2017	Note
Deferred charges	1 061	1 167	
Accrued income	26	159	
Other	85	13	
Total deferred charges and accrued income	1 172	1 339	1.1

Deferred charges amounting to EUR 1.1 million consist primarily of pre-paid rent, insurance policies and IT maintenance contracts.

2.5.10. Borrowings
in thousands of euros

	2018	Note
Bank loans	118 012	
Other loans		
Total borrowings long term	118 012	1.1
Current portion of amounts payable after one year	*15 538*	
Credit institutions short term	*5 715*	
Bank loans	21 253	
Other loans		
Total borrowings short term	21 253	1.1

Loan payments due	Capital	Interests
Within one year	21 253	736
In two years	15 239	672
In three years	15 180	616
In four years	15 182	563
In and after five years	72 411	1 677
Total	139 264	4 263

	2017	Note
Bank loans	63 160	
Other loans		
Total borrowings long term	63 160	1.1
Current portion of amounts payable after one year	*2 758*	
Credit institutions short term	*67 340*	
Bank loans	70 097	
Other loans		
Total borrowings short term	70 097	1.1

Loan payments due	Capital	Interests
Within one year	70 097	536
In two years	2 041	507
In three years	1 782	496
In four years	1 723	487
In and after five years	57 614	2 090
Total	133 257	4 116

Long-term

As per 31 December 2018 total long term loans amounted to EUR 118.0 million.

The Sioen Industries Group has taken on two new long term loans in 2018:

- A EUR 53.0 million installment loan, which has to be repaid via twenty quarterly installments (loan obtained on 30 September 2018 with last installment on 29 September 2023) with a EURIBOR based variable interest rate (with a floor of 0%). The non-current part of this loan at 31 December 2018 is EUR 39.8 million.
- A EUR 20.0 million installment loan, which has to be repaid via twenty-seven quarterly installments (loan obtained on 01 October 2018 with last installment on 01 October 2025) with a EURIBOR based variable interest rate (with a floor of 0%). The non-current part of this loan at 31 December 2018 is EUR 17.1 million.

Next to these new loans, the long-term financing position consists of the existing loans:

- A EUR 50.0 million bullet loan which is due on 20 April 2026 with a fixed interest rate of 0.882%.
- A EUR 15.5 million installment loan, which has to be repaid via twenty bi-annual installments (10 year loan obtained on 29 March 2016 with last installment on 29 March 2026) with a EURIBOR based variable interest rate (with a floor of 0%). The non-current part of this loan at 31 December 2018 is EUR 10,1 million.
- Multiple long term loans that originate from the Manifattura Fontana acquisition in 2016 with an average (fixed) interest rate of 2.18% and an average lifetime of 5.2 years. The non-current part of these loans is EUR 1.0 million at 31 December 2018. The Group intends to phase out these local loans.

The Group is subject to financial covenants: the total net leverage (ratio of the Net Financial Debt at the end of a period to the EBITDA on continuing operations over that period) may not exceed 3.50. As per 31 December 2018, there is no covenant breach. In case there would be a breach of the financial covenants, a twelve month remediation period is applicable. Apart from these financial covenants, no other material covenants apply, except for general terms and conditions applicable to general finance agreements in Belgium.

Short-term

As per 31 December 2018, short-term loans amounted to EUR 21.3 million:

- Straight loan in USD amounted to USD 6.6 million with an interest rate of 2.7 %
- EUR 0.5 million of short term loans or the current part of long term loans originating from the Fontana acquisition in 2016 with an average interest rate of 2.27%. The Group intends to phase out these local loans.
- The current part of the EUR 15.5 million installment loan: EUR 1.6 million
- The current part of the new EUR 53.0 million installment loan: EUR 10.6 million
- The current part of the new EUR 20.0 million installment loan: EUR 3.0 million

As per 31 December 2017, short term loans amounted to EUR 70.1 million.

2.5.11. Obligations under finance leases

In thousands of euros

2018	Within one year	2 years	3 years	4 years	5 years	after 5 years	Value at the end of the year	Note
Leasing and other similar obligations LT		903	867	842	886	187	3 686	1.1
Current portion of leasing	715						715	1.1
Obligations under finance leases	715	903	867	842	886	187	4 401	

2018	Minimum lease payments	Present value of lease payments
Lease payments due within one year	892	715
In two years	1 067	903
In three years	984	867
In four years	913	842
In and after five years	1 100	1 074
Total lease payments	4 956	4 401
Future financial charges	- 555	
Present value of lease payments	4 401	

2017	Within one year	2 years	3 years	4 years	5 years	after 5 years	Value at the end of the year	Note
Leasing and other similar obligations LT		735	782	803	846	1 049	4 215	1.1
Current portion of leasing	637						637	1.1
Obligations under finance leases	637	735	782	803	846	1 049	4 852	

2017	Minimum lease payments	Present value of lease payments
Lease payments due within one year	913	637
In two years	913	735
In three years	913	782
In four years	913	803
In and after five years	2 013	1 895
Total lease payments	5 666	4 852
Future financial charges	-814	
Present value of lease payments	4 852	

The group leases some of its buildings (Ardooie, Mouscron and Poperinge). In 2018 the group entered into new financial leases for bicycles. The lease debt related to these bicycles amounts to EUR 0.3 million per 31 December 2018.

The interest inherent in the leases is fixed for the entire lease term. The average effective interest rate contracted is approximately 5.17% (2017 4.94%).

2.5.12. Provisions

in thousands of euros

2018	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Closing balance	Note
Provisions for environmental issues	230	24	- 75				179	
Provisions for other liabilities and charges	1 073	825	- 2	-1 075	- 1		818	
Total provisions	1 303	849	- 77	-1 075	- 1		997	
		More than one year		Within one year				
Provisions for environmental issues		109		70				
Provisions for other liabilities and charges		217		602				
Total provisions		326		672				1.1

2017	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Closing balance	Note
Provisions for environmental issues	269		-35	-4			230	
Provisions for other liabilities and charges	2 152	104		-35	-83		1 073	
Total provisions	2 421	104	-1 099	-40	-83		1 303	
		More than one year		Within one year				
Provisions for environmental issues		109		121				
Provisions for other liabilities and charges		995		78				
Total provisions		1 105		198				1.1

The provisions for environmental issues in 2018 and 2017 consist of a provision relating to the sanitation of land in the coating division. The risks were identified during the periodical environmental check-up of the sites.

The reversal in the provisions for other liabilities and charges in 2018 mainly consists of the reversal of a provision for property taxes (set up in 2014) as there was a positive outcome for the Group and the provision could be released. The provisions for other liabilities and charges at the end of 2018 mainly consist of a provision for import duties.

2.5.13. Retirement benefit plans

in thousands of euros

In accordance with law and practice in each country, different retirement benefit systems are provided for the employees of the Group. Pension obligations in the Group relate to both, defined benefit and defined contribution plans.

Most defined benefit plans are unfunded (26% of net liability in Indonesia, 26% in France, 22% in Germany and 16% in Italy).

The Group has group insurance plans based on defined contributions in Belgium (8% of net liability). For these plans, the insurance company guarantees an interest until retirement (type 'branche 21/tak 21'). The contributions vary between 1% and 12% of the salary, paid by the employer. By law, the employer has to guarantee a minimum rate of return on the contributions under those plans, therefore, they qualify as defined benefit plans. These are the only funded defined benefit plans within the Group, plan assets consist of insurance contracts.

	2018	2017	Note
Post-employment benefits (defined benefit plans)	4 297	4 651	
Other long term benefits (termination benefits)	55	80	
Total	4 352	4 732	
Long term	4 282	4 670	1.1
Short term	70	62	1.1

The movement of the net liability is as follows:	Present value of defined benefit obligation	Fair value of plan assets	Net liability
At 1 January 2018	10 069	-5 418	4 651
Current service cost	776		776
Past service cost	-79		-79
Net interest expense (income)	202	-75	126
Total defined benefit cost charged to profit and loss	899	-75	823
Remeasurements:			
Return on plan assets (excluding amount included in net interest expense (income))		142	142
Actuarial (gain) loss from experience adjustment	-91		-91
Actuarial (gain) loss from change in financial assumptions	-378		-378
Total defined benefit cost (income) charged to other comprehensive income	-469	142	-327
Benefits paid	-619	598	-21
Contribution - employer		-835	-835
Other movements(1)	32		32
Currency	-26		-26
At 31 December 2018	9 886	-5 588	4 297

(1) Due to a change in presentation related to recently acquired operations

The movement of the net liability is as follows:	Present value of defined benefit obligation	Fair value of plan assets	Net liability
At 1 January 2017	9 704	-5 008	4 696
Current service cost	734		734
Past service cost	-251		-251
Net interest expense (income)	223	-71	151
Total defined benefit cost charged to profit and loss	705	-71	634
Remeasurements:			
Return on plan assets (excluding amount included in net interest expense (income))		-8	-8
Actuarial (gain) loss from experience adjustment	-57		-57
Actuarial (gain) loss from change in financial assumptions	226		226
Total defined benefit cost (income) charged to other comprehensive income	169	-8	161
Benefits paid	-325	312	-13
Contribution - employer		-643	-643
Other movements			
Currency	-184		-184
At 31 December 2017	10 069	-5 418	4 651

The significant actuarial assumptions were as follows:	2018		2017	
	Eurozone	Indonesia	Eurozone	Indonesia
Discount rate	1.55-1.60%	8.25%	1.30-1.60%	7.25%
Rate of compensation increase	1.50%	8.00%	1.50%	8.00%

For the Eurozone, a range is used, because different discount rates are used in different countries within the Eurozone.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

2018		
Discount rate	+0.5pp.	-0.5pp.
Eurozone	-7%	+7%
Indonesia	-8%	+10%
2017		
Discount rate	+0.5pp.	-0.5pp.
Eurozone	-7%	+7%
Indonesia	-6%	+6%

The weighted average durations are:	2018	2017
Eurozone	13 years	14 years
Indonesia	19 years	13 years

Expected contributions for the year ending 31 December 2019 are EUR 601 thousand.

Defined benefit plans

Regarding the defined benefit pension plans, the Group is mainly exposed to a discount rate risk (i.e. a decrease of the discount rates will increase the benefit obligations) and an inflation risk (i.e. the benefits are calculated based on final salaries).

Current and past service costs are recognized under 'Remuneration, social security and pensions' in the income statement by nature and are allocated by function (cost of sales, sales and marketing expenses, R&D expenses and administrative expenses) in the income statement by function. The interest component is recognized in the financial result.

Defined contribution plans

The company contributed to its defined contribution plans for a total amount of EUR 1 245 thousand (EUR 905 thousand in 2017). These contributions are recognized under 'Remuneration, social security and pensions' in the income statement by nature and are allocated by function (cost of sales, sales and marketing expenses, R&D expenses and administrative expenses) in the income statement by function.

Termination benefits

Early retirement plans are recognized as liability and expense when the company is committed to terminate the employment of the employees affected before the normal retirement date.

2.5.14. Trade and other payables

in thousands of euros

	2018	2017	Note
Trade payables	44 118	39 534	
Credit notes to receive	- 1 330	- 648	
Advances	2 524	2 958	
Total trade and other payables	45 312	41 844	1.1

Trade and other payables include outstanding amounts for trade purchases and current charges. The trade payables are payable within a range of 30 to 60 days. The Group has no major overdue positions. Foreign currencies in trade payables relate mainly to USD and GBP and represent approx. 10% of the total trade payables.

2.5.15. Financial instruments

in thousands of euros

This table provides an overview of the measurement per category of financial instrument:

	Classification IFRS 9	2018 Carrying amount / Fair value	2017 Carrying amount / Fair value	Note
Assets				
Non-current assets				
Interests in associates	FVTPL		73	1.1
Other long term assets		645	593	1.1
Other shares	FVTPL	407	354	
Guarantees and deposits	Amortized cost	238	229	
Other amounts receivable LT	Amortized cost		11	
Current assets				
Trade receivables	Amortized cost	64 810	66 155	1.1
Insurance receivable	Amortized cost	988		2.5.9
Cash and cash equivalents	Amortized cost	26 861	21 413	1.1
Derivatives	FVTPL	823	754	1.1
Liabilities				
Non-current liabilities				
Borrowings	Amortized cost	118 012	63 160	1.1
Obligations under finance lease	Amortized cost	3 686	4 215	1.1
Other amounts payable	Amortized cost	1 340	1 415	1.1
Current liabilities				
Trade and other payables	Amortized cost	45 312	41 844	1.1
Borrowings	Amortized cost	21 253	70 097	1.1
Other amounts payable (Dividends payable)	Amortized cost	431	419	
Obligations under finance lease	Amortized cost	715	637	1.1
Derivatives	FVTPL	822	1 362	1.1

As at 31 December 2018, the Group held the following financial instruments measured at fair value:

	2018		2017		
	Nominal value	Fair value	Nominal value	Fair value	Fair value hierarchy
Other shares	407	407	357	357	3
FX derivatives (1)	832	-6	7 669	-262	2
Interest rate swap	11 625	-91	63 175	-472	2
Floor	11 625	95	13 175	95	2
Interest rate swap	50 000	333			2
Floor	50 000	-725	50 000	-628	2
Cap	50 000	395	50 000	659	2

(1) FX forward /swap contracts, nominal value equals foreign currency amount x contract rate

Financial risk management

The Group manages a portfolio of derivatives to hedge against risks relating to exchange rate and interest rate positions arising as a result of operating and financial activities. It is the Group's policy to avoid engaging in speculative transactions or transactions with a leverage effect and not to hold derivatives for trading purposes.

Fair value

Financial instruments are recognized at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- Level 1: measurement is based on quoted market prices in active markets
- Level 2: measurement is based on (externally) observable information, either directly or indirectly
- Level 3: measurement is based either fully or partially on not (externally) observable information

Other shares included in 'Other long term assets'

The management has assessed that cost is an appropriate estimate of fair value for the other shares (which are unquoted equity investments) because insufficient more recent information is available to measure fair value and therefore cost represents the best estimate of fair value.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is calculated based on commonly-used valuation techniques (i.e. net present value of future principal amounts and interest charges discounted at market rate). These are based on market inputs from reliable financial information providers. Fair values determined by reference to prices provided by reliable financial information providers are periodically checked for consistency against other pricing sources.

Interest risk management

On 21 April 2011, the Group entered into a cash flow hedge to hedge, within certain limits, the interest rate risk on highly probable future debt to be issued in March 2016 for a term of 10 years, for a principal amount of EUR 50 million. For this purpose, the Group entered into a forward starting interest rate collar for a nominal amount of EUR 50 million. A collar is a derivative financial instrument by which the buyer of the instrument receives / executes payments at the end of the reference period in which the interest rate evolves out of the agreed upon borders (upper and lower border / tunnel). The forward starting interest rate collar was settled in cash on 14 March 2016 (EUR 18.1 million, which represents the fair value of the forward starting interest rate collar on that date). The effective part of the loss on the derivative will be amortized to profit or loss over the term of the hedged debt (i.e. over a term of 10 years).

On the settlement date (14 March 2016) the total effective part of the loss on the derivative (recognized in other comprehensive income) was EUR 11.2 million (net of taxes):

- EUR 17.0 million gross of taxes
- EUR -5.8 million tax effect

The amount gross of taxes will be expensed via financial charges over the term of the hedged debt (i.e. over a 10 year period starting from 20 April 2016, the starting date of the new EUR 50 million loan). The amount of financial charges which was transferred from other comprehensive income to the income statement during 2018 was EUR 1.4 million (cost). Currently, the Group does not apply hedge accounting.

To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into new interest rate derivatives together with the new loan agreements:

- Interest Rate Swap (IRS) on the new EUR 50 million bullet loan to change the contractual fixed interest rate to a variable interest rate with a floor of 0% and a cap of 2.5%
- Interest Rate Swap (IRS) on the new EUR 15.5 million installment loan to change the contractual variable interest rate to a fixed interest rate. The nominal amount of the IRS is decreasing in line with the loan agreement.

At 31 December 2018, the fair value of the interest rate swaps and related floors and caps was EUR 7 thousand (fair value through profit & loss). This fair value is determined by Sioen on a quarterly basis, based on market value reports delivered by the issuing financial institute.

Exchange rate risk management

Sioen Industries is a net USD buyer (see also refer to paragraph 2.5.24). To hedge the impact of changes in the EUR/USD exchange rate, Sioen Industries performs forward USD purchases to level off the impact of this exchange rate on the income statement. Per 31 December 2018, there were no outstanding USD forward contracts.

Sioen Industries is a net CNY buyer (see also refer to paragraph 2.5.24). To hedge the impact of changes in the EUR/CNY exchange rate, Sioen Industries performs forward CNY purchases. At 31 December 2018, the nominal value of the CNY forward contracts was EUR 0.8 million, with a negative fair value of EUR 6 thousand (fair value through profit and loss).

This fair value of the FX derivatives is determined by Sioen on a quarterly basis, based on market value reports delivered by the issuing financial institute.

Maturity of derivatives

The open FX derivatives on 31 December 2018 have a maturity of less than one year.

The maturity of the Interest Rate Swaps and the related caps and floors, corresponds with the loans (see also note 2.5.10. Borrowings).

2.5.16. Deferred taxes

In thousands of euros

	Deferred tax asset		Deferred tax liability		
	2018	2017	2018	2017	Note
Intangible assets	1 570	1 806	9 590	11 320	
Property, plant and equipment	2 359	2 370	13 630	14 031	
Inventories	692	791			
Trade receivables	24	24	9	6	
Retirement benefit obligations	682	848			
Provisions	113	94			
Other amounts payable	72	164	87	76	
Exchange difference			1 007	995	
Tax losses carried forward	4 917	5 640			
Total	10 428	11 737	24 322	26 428	
Non recognition of deferred tax receivable	- 3 953	- 5 261			
Netting	- 4 164	- 4 818	- 4 164	- 4 818	
Total	2 312	1 658	20 159	21 610	1.1
The total value of carried forward tax losses arranged by expiry date					
One year		1 350			
Two years					
Three years	895				
Four years	2 033				
Five years and later	483	861			
No expiry date	12 900	16 205			
Total	16 312	18 416			
of which:					
Unrecognized carried forward tax losses	10 917	15 037			
Reconciliation of movement of deferred tax					
Net tax liability at the beginning of the period	19 951	14 455			
Net tax liability at the end of the period	17 848	19 951			
Difference	2 104	- 5 497			
Deferred tax as shown in the income statement	2 497	4 010			2.4.2
Deferred tax effect through equity	- 433	- 498			1.4
Deferred tax acquired via business combinations	2	- 8 957			
Deferred tax currency translation effect	38	- 53			

Deferred tax assets which do not appear to be collectable in the near future are not recognized. In this assessment, management takes account of budgets and multi-year planning. Major unrecognized deferred tax assets on carried forward tax losses are related to Pennel, Dimension-Polyant Sailcloth PTY Ltd. and the Roland Group as there is no taxable result over the foreseeable future (5 years).

The increase in deferred tax assets compared to 2017 mainly relates to the recognition in 2018 of prior unrecognized tax losses carried forward at P.T. Sungintex as sufficient taxable result over the foreseeable future (5 years) is expected. The decrease in deferred tax liabilities compared to 2017 relates to the acquisitions in 2017 (and the related purchase price allocations) which resulted in increased deferred tax liabilities at the end of 2017. These are as of 2018 starting to be reversed in line with amortization/depreciation rates of the recognized intangible assets and property, plant and equipment.

2.5.17. Related party transactions

(1) Transactions with shareholders

A complete overview of the shareholder structure can be found in section 5.3. Share information.

The family Sioen holds 12.906.212 shares or 65.25% of the total number of shares of Sioen Industries NV via Sihold NV. Sihold NV is controlled by Sicorp NV, which is controlled in turn by the Dutch Stichting Administratiekantoor Midapa. This foundation is controlled by Mrs. Jacqueline Sioen-Zoete.

Other companies that are also controlled by Sihold NV, Sicorp NV or Stichting Administratiekantoor Midapa or the family Sioen are considered as related parties of Sioen Industries NV.

Loans

There are no loans between Sioen Industries NV and its shareholders.

Commercial transactions

3 types of commercial transactions can be distinguished:

- Sales of goods to Inch SA: the Sioen Industries Group delivered EUR 194 thousand of goods to Inch SA in 2018. In 2017 this was EUR 396 thousand . At year-end 2018, the Sioen Industries Group had EUR 39 thousand outstanding trade receivables. The commercial transactions with Inch SA are done at an arm's length basis (sales prices comparable with other customers).
- Delivery of services: Sioen Industries NV has a shared service center where a.o. the IT infrastructure and services are centralized for efficiency reasons. Sioen Industries NV charged in 2018 EUR 13 thousand of IT material and services to companies also controlled by Sihold NV, Sicorp NV or Stichting Administatiekantoor Midapa or the family Sioen. In 2017 this was EUR 23 thousand. At year-end 2018, the Sioen Industries Group had EUR 3 thousand outstanding trade receivables. These transactions are at an arm's length basis.
- Purchase of wine from La Chateau Marzelle: the family Sioen holds a winery in the Bordeaux Region in France. The Sioen Industries Group purchased EUR 71 thousand of wine from La Marzelle (for events and publicity purposes). In 2017 this was EUR 70 thousand. At year-end 2018, the Sioen Industries Group had EUR 55 thousand outstanding trade and other payables The commercial transactions with La Marzelle are done at an arm's length basis (sales prices comparable with other customers).

(2) Transactions with subsidiaries, joint ventures and associated companies

Transactions and outstanding balances between Sioen Industries and the different subsidiaries are eliminated in full in the consolidation of the Sioen Industries Group and are not further explained.

Sioen Industries has no joint ventures.

Sioen Industries has sold in 2018 its participation in Atsea Technologies NV (39,27% per 30 June 2018). Atsea Technologies is a spin-off that exploits turnkey seaweed farms together with other partners.

During 2018 Sioen Industries NV recharged EUR 10 thousand of costs to Atsea Technologies NV, initially born by Sioen Industries NV, compared to EUR 36 thousand in 2017.

No loans were granted to Atsea Technologies NV.

(3) Transactions with executive management

Executive management consists out of the Board of Directors and the Management Committee. We also refer to the corporate governance statement for more information.

Remuneration

In 2018 following remunerations were paid to the members of the Board of Directors and executive management in their capacity as Director (no performance related remunerations are paid to the non-executive Directors):

Name	Represented by	Board of Directors		Audit Committee		Remuneration and Nomination Committee		Total
		Fixed remunera-tion	*Pro rata*	*Fixed remunera-tion*	*Pro rata*	*Fixed remunera-tion*	*Pro rata*	
	Mr. M. Delbaere *President of the Board*	22 000	22 000			1 500	1 500	47 000
	Mrs. J. Sioen-Zoete *Member*	11 000	11 000					22 000
M.J.S. Consulting BVBA	Mrs. M. Sioen *Managing Director*	11 000	11 000					22 000
D-Lance BVBA	Mrs. D. Sioen *Member*	11 000	11 000					22 000
P. Company BVBA	Mrs. P. Sioen *Member*	11 000	11 000					22 000
Dirk Meeus BVBA	Mr. D. Meeus *Member*	11 000	11 000	4 000	4 000	750	750	31 500
Lemon Comm. V	Mr. J. Noten *Member*	11 000	11 000	4 000	4 000	750	750	31 500
	Mr. P. Macharis *Member*	11 000	6 600					17 600
	Mr. L. Vandewalle *Member*	11 000	11 000	6 000	6 000			34 000
Total		110 000	105 600	14 000	14 000	3 000	3 000	249 600

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2018, in her capacity of CEO and next to her remuneration as a member of the Board of Directors, a fixed remuneration of EUR 585 000, a variable remuneration of EUR 82.297 and a compensation for other expenses (mainly car expenses) amounting to EUR 33 182.

The other members of the executive management(1), including Directors in their capacity as member of executive management, received in 2018 a fixed remuneration of EUR 3 341 237 (excluding CEO), a variable remuneration of EUR 370 351 and a compensation for other expenses (mainly car expenses) amounting to EUR 226 619.

(1) The executive management consists of executive Directors and members of the Management Committee

Related party transactions (continued)

In 2017 following remunerations were paid:

Name	Represented by	Board of Directors		Audit Committee		Remuneration and Nomination Committee		Total
		Fixed remunera-tion	*Pro rata*	*Fixed remunera-tion*	*Pro rata*	*Fixed remunera-tion*	*Pro rata*	
	Mr. M. Delbaere *President of the Board*	22 000	22 000			1 500	1 500	47 000
	Mrs. J. Sioen-Zoete *Member*	11 000	11 000					22 000
M.J.S. Consulting BVBA	Mrs. M. Sioen *Managing Director*	11 000	11 000					22 000
D-Lance BVBA	Mrs. D. Sioen *Member*	11 000	11 000					22 000
P. Company BVBA	Mrs. P. Sioen *Member*	11 000	8 800					19 800
Dirk Meeus BVBA	Mr. D. Meeus *Member*	11 000	11 000	4 000	4 000	750	750	31 500
Lemon Comm. V	Mr. J. Noten *Member*	11 000	11 000	4 000	3 000	750	750	30 500
	Mr. P. Macharis *Member*	11 000	11 000					22 000
	Mr. L. Vandewalle *Member*	11 000	11 000	6 000	6 000			34 000
Total		110 000	107 800	14 000	13 000	3 000	3 000	250 800

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2017, in her capacity of CEO and next to her remuneration as a member of the Board of Directors, a fixed remuneration of EUR 575 000, a variable remuneration of EUR 120 434 and a compensation for other expenses (mainly car expenses) amounting to EUR 32 618.

The other members of the executive management(1), including Directors in their capacity as member of executive management, received in 2017 a fixed remuneration of EUR 3 018 693 (excluding CEO), a variable remuneration of EUR 354 645 and a compensation for other expenses (mainly car expenses) amounting to EUR 186 145.

Other

In 2018 and 2017 there were no shares, share options or other rights to acquire shares of Sioen Industries attributed to the CEO nor the other members of the executive management.

There are no retirement benefit plans.

Other transactions

Jack Projects, represented by Mrs. Jacqueline Sioen, received in 2018 , additionally, in the context of a service agreement, a remuneration of EUR 92 500 and a compensation for other expenses (mainly car expenses) amounting to EUR 24 134. In 2017, a remuneration of EUR 120 000 and a compensation for other expenses (mainly car expenses) amounting to EUR 22 600. Article 523 of the Belgian company law was applied (we also refer to the corporate governance section for more information).

(1) The executive management consists of executive Directors and members of the Management Committee

2.5.18. Business combinations and disposal of subsidiaries

In thousands of euros

Business combinations

In 2018 no business combinations have occured.

The accounting for the acquisitions in 2017 were complete at year-end 31 December 2017.

Disposals

On 1 april 2018, there was the management buy-out from Sioen Filtration (business unit of Sioen Felt & Filtration, part of the coating division). It concerned an asset deal for 100% of Sioen Filtration. The purchase price was EUR 1 065 000, adjusted for the value of the stock per 1 April 2018. There was no material surplus or less value compared to book value.

Strategic considerations within the Sioen Industries Group and an even more intense focus on the core activities have led to the conclusion that Sioen Filtration no longer belonged to the core activities of the Group. Sioen Filtration specializes in the development, production and sales of a wide range of industrial filters with applications in various sectors and production processes. In 2017, this business unit realized EUR 6.2 million sales with an operational cashflow of approximately 4% on sales.

No other disposals of subsidiaries occurred in 2018.

There were no disposals of subsidiaries in 2017.

2.5.19. Operating lease arrangements

In thousands of euros

	2018	2017
Amounts recognized in income statement	3 775	1 777
Payments due within one year	2 878	1 133
Between one and five years	4 753	1 550
Over five years	515	245
Minimal future payments	8 147	2 928

Operating lease arrangements mainly relate to leases of warehouses and offices and to leased assets used in operations (vehicles). The increase compared to prior year can be explained by the in-depth analysis performed of all active contracts in the context of the upcoming IFRS 16-standard, applicable as of 1 January, 2019.

2.5.20. Contingent assets and liabilities

There were no contingent assets at the end of 2018 and 2017. Contingent liabilities at the end of 2018 were 0, compared to EUR 0.5 million in 2017 which related to the coating division.

2.5.21. Events after reporting period

There were no significant events subsequent to the end of the period that have not been reflected in the financial statements for the period.

2.5.22. Staff / Average FTEs

	2018	2017 (1)
Indonesia	1 408	1 196
Myanmar	842	521
Belgium	796	805
Tunisia	409	406
Romania	303	288
UK	195	89
France	173	164
Finland	112	105
Germany	102	82
Estonia	83	67
US	71	47
Italy	53	43
China	15	19
Ireland	13	12
Portugal	13	15
The Netherlands	5	4
Austria	4	4
UAE	3	3
Australia	3	3
Sweden	1	1
Spain	1	1
Total	4.605	3.873
Blue collar	3.662	3.081
White collar	943	792
Total	4.605	3.873

(1) *In 2018 annual report the average FTEs are presented for both 2018 and 2017, while in prior year report the year-end headcount position was given*

The increase in average FTE's in Indonesia and Myanmar compared to prior year is explained by increases in the production capacity.

The increase in the UK is mainly the effect of the acquisition of James Dewhurst in 2017 which was only part of the Group since June 1, 2017.

2.5.23. Audit and non-audit services

Deloitte	2018
Audit fees	443 037
Non audit fees by the auditor	
Other	22 350
Non audit services by companies linked to the Deloitte network	
Tax advice	31 063
Other	12 000

2.5.24. Financial risk management

The Group is exposed to risks related to interest rate, exchange rate and market price fluctuations, having an impact on the Group's assets and liabilities. The goal of the Group's financial risk management is to limit the impact of these risks related to its operational and financial activities.

Interest rate risk

The Group's interest risk is relatively limited, in view of the loan agreements and related interest rate swaps. To hedge its interest rate risks and to take advantage of the current market interest rates, the group entered into interest rate derivatives. See also paragraph 2.5.15. Financial instruments for more information. Sensitivity analysis of the fluctuation of the interest rate by 5%:

- Related to the two new long term loans of 2018, the outstanding debt per 31 December 2018, was EUR 70.4 million. The average variable interest rate is 0.35%. A 5% increase in interest rates, to an average of 0.37% would impact the financial result with EUR 12 thousand more interest costs on an annual basis.
- The fixed interest rate of the EUR 50 million bullet loan was swapped to a variable interest rate to take advantage of the market conditions. As the interest rate swaps foresees in a floor of 0%, a 5% interest rate increase (applied on a negative EURIBOR rate) would not result in an increased interest cost.

Exchange rate risk

It is the Group's policy to hedge against exchange risks arising from financial and operating activities centrally. The risks are limited by compensating for transactions in the same currency ('natural hedging'), or by fixing exchange rates via forward contracts or options.

The main currencies for the Sioen Group are USD, CNY and GBP.

- USD: the Group has a net USD outflow of EUR 25.4 million (USD 29.9 million) in 2018. In 2017 this was a USD net outflow of EUR 22.7 million (USD 25.8 million). USD 11.3 million of the total outflow of 29.9 million was covered by forward purchases (38%).
- CNY: The group has a net CNY outflow of EUR 8.3 million (CNY 64.6 million) in 2018. In 2017 the CNY outflow was EUR 2.0 million (CNY 15.5 million). CNY 51.6 million of the total outflow of CNY 64.6 million was covered by forward purchases (80%).
- GBP: The exposure of the group to GBP has decreased as a result of the acquisition of James Dewhurst in 2017. James Dewhurst is short in GBP (costs in GBP, turnover mainly in EUR), which has resulted in a natural GBP hedge for the Sioen Industries Group. In 2017 there was an exceptional GBP outflow of EUR 35.6 million (GBP 31.2 million) because of the James Dewhurst acquisition which was mainly paid in GBP.

Sensitivity analysis of the fluctuation of the exchange rate by 1%:

Based on the Group's sensitivity analysis, an adverse change in the USD/EUR, CNY/EUR and GBP/EUR exchange rate by 1% would decrease the Group's result by EUR 237 thousand (based on the unhedged net flows of 2018 mentioned above).

Brexit

The Group has important activities in the United Kingdom: both the Coating and Apparel division sell part of their products to the United Kingdom (see also disclosure 2.2.2). Via the 2017 James Dewhurst acquisition, the Group has also a production facility in the United Kingdom. There is a natural GBP hedge, see also above.

The impact on the daily operations (customs delays, import duties,…) will depend on a soft or hard Brexit scenario. The Group is continuously monitoring the latest evolutions in the Brexit negotiations in order to react timely and properly to the outcome.

In the soft Brexit scenario, the Group assesses that impact will be immaterial. In the event of a hard Brexit, we expect that it will be hard for James Dewhurst to maintain the current sales prices (see also 2.1.7. for the assessed impact of a hard Brexit)

In 2018, the Group purchased EUR 12.4 million raw materials and consumables from UK-suppliers, while there were EUR 28.6 million sales towards British customers.

Liquidity risk

In order to guarantee liquidity and financial flexibility, the Sioen Group has credit lines available to meet current and future financial needs. At the end of 2018, the Sioen Group has total credit lines available of EUR 165.4 million (EUR 156.4 million for 2017). At 31 December 2018, 81.1 million EUR of the available credit lines was used for loans and bank guarantees. For the maturity analysis in view of liquidity risk we refer to note 2.5.10. Borrowings.

Financial risk
The management determines its assessment on the basis of different realistically assessed parameters, such as future market expectations, sector growth rates, industry studies, economic realities, budgets and multi-year plans, expected profitability studies, etc. The most important elements within the Group that are subject to this are: impairments, provisions and deferred tax items.

Credit risk
In view of the relative concentration of credit risk (see note 2.5.8. Trade receivables), the company covers credit risk on trade receivables via an excess of loss credit insurance with an own risk exposure of EUR 400 thousand. In addition, credit control strategies and procedures have been elaborated in order to monitor individual customers' credit risk.

Raw materials
The group is dependent upon volatility of raw material prices: see chapter corporate governance for more information.

2.5.25. Capital structure management

The equity structure of the Sioen Group is managed with the main objectives of:
- protecting the equity structure so as to ensure continuous business operations, resulting in the creation of shareholder value and benefits for other stakeholders,
- the payment of an appropriate dividend to shareholders.

The Group's capital is formed in accordance with the risk, which changes with economic developments and the risk profile of the underlying assets. The Sioen Group can change the dividend to shareholders, issue new shares or sell assets in order to maintain or change the capital structure.

2.5.26. Approval of financial statements

The consolidated financial statements for 2018 were approved by the Board of Directors for publication on 22 March 2019.

3. Auditor's report

Statutory auditor's report to the shareholders' meeting of Sioen Industries NV for the year ended 31 December 2018 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Sioen Industries NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 28 April 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Sioen Industries NV for at least 22 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 470.575 (000) EUR and the consolidated statement of total comprehensive income shows a profit for the year then ended of 33.796 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of goodwill and other intangible assets (James Dewhurst & Dimension Polyant) The Group has significant goodwill and intangible assets allocated to different Cash Generating Units (CGU's). The intangible assets mainly relate to client portfolios acquired through business combinations. At 31 December 2018 goodwill amounts to 43 287 (000) EUR and intangible assets to 45 310 (000) EUR. The group has five CGU's of which two are related to recent acquisitions, James Dewhurst and Dimension Polyant, as these operations have not yet been integrated within the larger Coatings, Apparel or Chemicals CGU's. The goodwill allocated to the James Dewhurst cash generating unit amounts to 2 593 (000) EUR and the intangible assets to 23 683 (000) EUR. For the Dimension Polyant cash generating unit the goodwill amounts to 2.668 (000) EUR and the intangible assets to 3.577 (000) EUR as per 31 December 2018. The Group reviews the carrying amounts of non-current assets annually, or more frequently when impairment indicators are present, by comparing it to the recoverable amount. Sioen Industries assesses the recoverable amount by calculating the value in use of the assets per cash generating unit, using a discounted cash flow method ("DCF"). This method is complex and requires significant judgement in making estimates of cash flow projections, growth rates, gross margin and discount rates. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter, and this specifically for CGU's James Dewhurst and Dimension Polyant, which were recently acquired at market value and which consequently show lower headroom.	We obtained an understanding of the impairment assessment process and evaluated the control procedures in place. We assessed and challenged management's assumptions, used in the discounted cash flow model setup, to determine the recoverable amount. We obtained the discounted cash flow models per cash generating unit as prepared by management and we evaluated the reasonableness of estimates and judgments made by management in preparing these. Special focus was given to the key drivers of projected future cash flows, being amongst others, estimated volumes, estimated gross margin and the applied discount rate. We critically assessed the budgets, taking into account the historical accuracy of the budgeting process, and evaluated the applied discount rate with the assistance our valuation experts. Moreover, we examined sensitivity analyses performed over changes in discount rates, growth rates and gross margin and assessed the adequacy of the Company's disclosure note to the Consolidated Financial Statements.

Inventory Reserves (Work in Progress & Finished Goods)	
The total net book value of the inventory as per 31 December 2018 amounts to 130 741 (000) EUR of which 100 093 (000) EUR relates to Work in Progress & Finished Goods. The inventory reserves for these types of inventory amount to 5 685 (000) EUR. Inventories are valued at lower of cost or realizable value. The cost price, calculated by using the weighted average cost price method, includes all direct and indirect costs incurred to bring manufactured products to the stage of completion. The realizable value is the estimated price minus the estimated finishing cost and costs estimated with marketing, sale and distribution. Valuation of inventory is considered a key audit matter as inventory represents a significant part of the Group's total assets and significant judgement is applied in determining the appropriate provisions for obsolete inventory. The Group disclosed inventory in note 2.5.7 to the Consolidated Financial Statements.	In order to assess whether the necessary corrections to realizable value and obsolescence reserves are recorded, we performed tests of detail on actual margins realized per product and valuation of obsolete inventories. We assessed whether there are inventories not being sold for a certain period in time and/or inventories that are sold with a negative margin by evaluating a sample of recent sales invoices after year-end to challenge management's assessment and decision whether inventories should or should not be accrued for. We furthermore attended a selection of inventory counts around year-end at locations with significant inventory values and reviewed procedures to identify obsolete, slow moving or damaged inventory.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e

- Key Figures
- Letter to the stakeholders
- Milestones 2018
- Chapter 1 to 4

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate chapter, i.e. chapter 3 of the annual report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI Standards. In accordance with article 144, § 1, 6° of the Companies Code we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI Standards.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Ghent, 25 March 2019

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
CVBA / SCRL
Represented by Kurt Dehoorne

4. Statutory annual accounts of Sioen Industries NV

The statutory annual accounts of the parent company Sioen Industries NV are shown below in condensed form. In June 2019, the annual report and annual accounts of Sioen Industries NV and the auditor's report will be filed with the National Bank of Belgium in accordance with Articles 98-102 of the Companies Act.

These reports are available on request at the following address: Sioen Industries NV – Fabriekstraat 23 – 8850 Ardooie. The statutory auditor has issued an unqualified opinion.

Condensed balance sheet of Sioen Industries NV after appropriation of profit

December 31 [000] EUR	2018	2017
Fixed assets	*250 592*	*231 599*
Intangible fixed assets	3 461	4 152
Tangible fixed assets	27 286	23 102
Financial fixed assets	219 845	204 345
Current assets	*81 952*	*81 042*
Amounts receivable after one year		
Stocks and contracts in progress	27 905	27 176
Amounts receivable within one year	41 610	47 250
Investments		
Cash at hand and in bank	12 128	6 251
Deferred charges and accrued income	309	366
Total assets	332 544	312 641
Equity	*118 280*	*104 410*
Capital	46 000	46 000
Revaluation surpluses	9	9
Reserves	5 956	5 989
Accumulated profits (losses)	65 987	52 073
Investment grants	328	339
Provisions and deferred taxes	*923*	*1 247*
Provisions for liabilities and charges	902	1 221
Deferred taxes	21	27
Amounts payable	*213 341*	*206 984*
Amounts payable after one year	121 290	66 395
Amounts payable within one year	91 155	139 685
Accrued charges and deferred income	896	903
Total liabilities	332 544	312 641

Condensed income statement of Sioen Industries NV

December 31 [000] EUR	2018	2017
Operating income	*192 139*	*181 979*
Turnover	179 343	169 507
Increase (decrease) in stocks of finished goods, work and contracts in progress	132	1 279
Fixed assets - own construction	293	417
Other operating income	12 372	10 776
Operating charges	*-172 915*	*-160 263*
Raw materials, consumables and goods for resale	-113 284	-102 599
Services and other goods	-27 302	-27 064
Remuneration, social security costs and pensions	-25 542	-24 385
Depreciation and amounts written off	-5 680	-4 793
Provisions for liabilities and charges - appropriations	318	34
Other operating charges	-1 426	-1 456
Operating profit (loss)	*19 224*	*21 716*
Financial income	16 821	9 046
Financial charges	-3 443	-4 697
Financial result	*13 378*	*4 349*
Profit (loss) for the period before taxes	32 602	26 065
Transfer from postponed taxes	6	7
Income taxes	-6 213	-7 881
Profit (loss) for the period	26 395	18 191
Transfer from untaxed reserves	40	44
Transfer to untaxed reserves	- 7	
Profit (loss) for the period available for appropriation	26 428	18 234

Activity of Sioen Industries

Next to the Belgian coating operating activities, the function of Sioen Industries is essentially to outline the strategy of the divisions. It also appoints the management of the Group companies and supports the Group companies in the areas of personnel management, financial and treasury management, budgeting and controlling, MIS and IT, and legal affairs.

Comments

The turnover of Sioen Industries increased with 5.8% from EUR 169.5 million in 2017 to EUR 179.3 million in 2018. In 2018 the operating profit amounted to EUR 19.2 million, compared with an operating profit of EUR 21.7 million in 2017. Financial result increased from EUR 4.3 million in 2017 to EUR 13.4 million in 2018, mainly due to higher intercompany dividends received.

Accounting principles

The accounting principles and translation rules applied to the statutory annual accounts of Sioen Industries are in accordance with Belgian Generally Accepted Accounting Principles.

Transparency disclosure

Pursuant to articles 6 to 18 of the Act of 2 May 2007 (Transparency Law) on the disclosure of significant participations in listed companies, the applicable quotas were set at, on the one hand, 5 percent or a multiple thereof and on the other hand at 3 percent and 7.5 percent (article 8 of the articles of association).

In accordance with articles 6 to 18 of the Act of 2 May 2007, following notifications of shareholdings exceeding the applicable quota's in Sioen Industries NV were received:

Notifying party	Number of shares	Percentage of total number of shares	Date of notification
Sihold NV(1) and companies/parties under the influence of the family Sioen	12 906 212	65.25%	7 March 2014
Total	12 906 212	65.25%	

(1) Sihold NV is controlled by Sicorp NV, which is controlled in turn by the Dutch foundation Stichting Administratiekantoor Midapa. This foundation is controlled by Mrs. J. Sioen-Zoete.

5. Proposals to the General Shareholders' Meeting

Proposals to the General Shareholders' Meeting of Sioen Industries NV of 26 April 2019

The Board of Directors of Sioen Industries proposes to the General Shareholders' Meeting to approve the annual accounts at 31 December 2018 and to consent to the appropriation of profit.

The profit for the financial year ended is EUR 26 427 599, compared to a profit of EUR 18 234 180 for the financial year 2017.

The profit brought forward from the previous financial year is EUR 52 072 744. The profit available for appropriation is consequently EUR 78 500 343.

The Board of Directors proposes to appropriate the profit available for appropriation of EUR 78 500 343 as follows:

(in EUR)

Addition to other reserves	
Gross dividends for the 19 779 933 shares	-12 263 558
Directors' fees	-249 600
Profit to be carried forward	65 987 184

The proposed net dividend per share is calculated as follows:

(in EUR)

Gross dividend per share	0.620
Withholding tax 30/70	0.186
Net dividend per share	0.434
Pay-out ratio(1)	36.29%

(1) Gross dividend in relation to the share of the Group in the consolidated result

If this proposal is accepted, the net dividend of EUR 0.434 per share will be made payable as from 13 May 2019 onwards.

Definitions

Material margin %	(Net sales ± changes in stocks and WIP - raw materials and consumables used)/Net sales
EBT	Earnings Before Taxes = Profit (loss) before taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + depreciations + write off inventories and receivables + provisions for liabilities and charges
EBIT	Earnings Before Interest and Taxes = Operating result
Net cash flow	Profit (loss) after taxes + depreciations + write off inventories and receivables + provisions for liabilities and charges
Net financial debt	Borrowings (non-current and current) + obligations under finance leases (non-current and current) - other financial assets - cash and cash equivalents

Alternative performance measures (APM's, non-GAAP measures) do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

APM's are used to improve the comparability of the actual operational performance of the Group in 2018 compared to 2017.

Reconciliations

		Reorganization components included in 'Remuneration, social security and pensions'	Reorganization components included in 'Provisions for liabilities and charges'	Acquisition costs included in 'Services and other goods'	Stock movements resulting from fair value corrections on acquisitions , included in 'Material margin'	Loss on sale of building included in 'Other operating charges'	
2018							
EBIT → Restated EBIT	47 733						47 733
Depreciations	21 892						21 892
Write off inventories and receivables	- 685						- 685
Provisions for liabilities	- 304						- 304
EBITDA → Restated EBITDA	68 636						68 636
Financial result	-1 667						
Income tax	-12 284						
Net cash flow	54 685						
2017							
EBIT → Restated EBIT	41 496	1 113	-1 104	461	1 257	162	43 385
Depreciations	22 138						22 138
Write off inventories and receivables	1 795						1 795
Provisions for liabilities	-1 035		1 104				69
EBITDA → Restated EBITDA	64 393	1 113		461	1 257	162	67 387
Financial result	-7 909						
Income tax	-11 556						
Net cash flow	44 928						

Addresses

Coating division

Company	Address (registered office)	Country	Offices
Coatex NV	Industriezone Sappenleen, Sappenleenstraat 3-4, B-8970 Poperinge	Belgium	
Dimension-Polyant (UK) Ltd.	22 St John Street, Manchester, M3 4EB	United Kingdom	Unit 8, Kingdom Close, Kingdom Business Park, Segensworth East, Fareham Hampshire PO15 5TJ
Dimension-Polyant GmbH	Speefeld 7, 47906 Kempen	Germany	
Dimension-Polyant Inc.	78, Highland Drive Putnam CT 06260	USA	
Dimension-Polyant Sailcloth PTY LTD	Level 29, 66-84 Goulburn Street, Sydney,NSW, 2000	Australia	PO Box 7143, Warringah Mall NSW 2100, Unit 7/9 Powells Rd., Brookvale N.S.W. 2100
Dimension-Polyant SAS	Rue Newton - Les Minimes - Parc Technologique, 17000 La Rochelle	France	
Dynatex NV	Fabriekstraat 23, B-8850 Ardooie	Belgium	
Fontana International GmbH	Stifterstrasse 29, 4020 Linz	Austria	
Manifattura Fontana S.p.A.	Via Fontoli 10, 36020 Valstagna (VI)	Italy	
Pennel Automotive SAS	4 Route de Ville, BP 80201, F-80420 Flixecourt	France	
Saint Frères Confection SAS	2 Route de Ville, BP 80237, F - 80420 Flixecourt	France	
Saint Freres SAS	4 Route de Ville, BP 80201, F-80420 Flixecourt	France	
Sioen Coated Fabrics (Shanghai) Trading Co. Ltd	Wai Gao Qiao Free Trading Zone 168 Mei Sheng Road - Guo Lian Mansion 1st Floor 200131 Shanghai/Pudong	China	
Sioen Fabrics SA	Z.I. du Blanc Ballot, Avenue Urbino 6, B-7700 Mouscron	Belgium	
Sioen Felt & Filtration SA	Rue Ernest Solvay 181, B - 4000 Liège	Belgium	
Sioen Industries NV	Fabriekstraat 23, B-8850 Ardooie	Belgium	
Siofab Indústria de Revestimentos Têxteis SA	Rua da Indústria, PT-4795-074 Vila das Aves	Portugal	
James Dewhurst Ltd.	Altham Lane, Altham, Accrington, Lancashire, BB5 5YA	United Kingdom	
Dewtex Inc.	Route 2, 1903 Clary Connector, Eastanollee, GA 30538	USA	
James Dewhurst Trustees Ltd.	Altham Lane, Altham, Accrington, Lancashire, BB5 5YA	United Kingdom	

VAT	Company registration	T	F	Mail
BE 0434 140 425	RPR Gent, afdeling Ieper 0434 140 425	+32 57 346 160	+32 57 333 523	coatex@sioen.com
GB 458 5288 06	02047962	+44 1489 570 551	+44 1489 570 451	uk@dimension-polyant.com
DE 811141675	Krefeld HRB 4588	+49 215 289 10	+49 215 2891 149	info@dimension-polyant.com
ID 06-1310091	ID 06-1310091	+1 860 928 8300	+1 860 928 8330	info@us.dimension-polyant.com
82 082 190 823	42 107 103	+61 2 9905 9565	+61 2 9905 9569	dp-aus@dimension-polyant.com
FR 43602030090	602 030 090	+33 546 282 201	+546 412 840	larochelle@dimension-polyant.com
BE 0861 537 865	RPR Gent, afdeling Brugge 0861 537 865	+32 51 740 900		info@dynatex.be
ATU64352907	LG Linz Nr. 314404i	+43 732 908 001	+43 732 908 014	office@fontana-international.com
00239330244	00239330244	+39 424 998 27	+39 424 998 96	
	RCS Amiens 448 273 615			
FR 44408449098	RCS Amiens 408 449 098	+33 322 51 51 70	+33 322 51 51 79	sfc@sioen.com
FR 76408448850	RCS Amiens 408 448 850	+33 322 515 145	+33 322 515 149	sfe@sioen.com
310141607413450	P.R. of China 310115400065706	+86 21 63 84 25 21	+86 21 63 84 27 39	sioen@online.sh.cn
BE 0458 801 684	RPM Mons-Charleroi, division Tournai 0458 801 684	+32 56 856 880	+32 56 346 131	sioenfabrics@sioen.com
BE 0474 276 154	RPM Liège, division Liège 0474 276 154	+32 4 252 21 50	+32 4 253 04 25	felt@sioen.be filtration@sioen.be
BE 0441 642 780	RPR Gent, afdeling Brugge 0441 642 780	+32 51 740 900	+32 51 740 964	sioline@sioen.com
PT 505046644	4641/000907	+351 252 87 47 14	+351 252 94 29 68	siofab@mail.telepac.pt
GB 927 1297 12	00506170			
N/A	0410038			
N/A	05608143			

Apparel division

Company	Address (registered office)	Country	Offices	
Confection Tunisienne de Sécurité SARL	5 Impasse N° 2 Rue de l'Energie Solaire - (Z.I.) La Charguia TN-2035 Tunis	Tunisia		
Gairmeidi Caomhnaithe Dhun Na nGall Teoranta Ltd	Industrial Estate Bunbeg Co. Donegal	Ireland		
Mullion Survival Technology Ltd.	2 Hebden Road Sunthorpe North Lincolnshire DN15 8DT	United Kingdom		
PT. Sioen Indonesia	Kawasan Berikat Nusantara (KBN) Marunda Jl. Pontianak Blok C2-03 Cilincing Jakarta Utara 14120	Indonesia		
PT. Sungin Tex	Jalan Raya Narogong Km 12,5, Pangkalan IV, Desa Cikiwul, Kec. Bantar Gebang, Bekasi Barat 17152	Indonesia		
Sioen Asia Pacific PTE. Ltd.	4 Battery Road, #25-01, Bank of China Build-ing, Singapore (049908)	Singapore		
Sioen France SAS	Pavillon Hermès 110 Avenue Gustave Eiffel ZI La Coupe, F-11100 Narbonne	France		
Sioen Myanmar Ltd.	Plot No.75 and Plot No.102, Mah Kha Yar Min Thar Gyi Mg Pyoe Street, Hlaing Tharyar Industrial Zone-2, Hlaing Tharyar Township, Yangon	Myanmar		
Sioen Nederland BV	Kasteellaan 33 NL-5932 AE Tegelen	the Netherlands		
Sioen NV	Fabriekstraat 23, B-8850 Ardooie	Belgium		
Sioen Tunisie SARL	7 Impasse N° 2 Rue de l'Energie Solaire - (Z.I.) La Charguia TN-2035 Tunis	Tunisia		
Sioen Zaghouan SA	Rue Ismaïl Sabri - Zone Industrielle TN-1100 Zaghouan	Tunisia		
Siorom SRL	Calea Chisinaului n° 43, Jud. Iasi, 700179 Iasi	Romania		
Ursuk OY	Teijonkatu 3, 20750 Turku	Finland		
Kiinteistö Oy Turun Teijonkatu 3	c/o Ursuk Oy, Teijonkatu 3, 20750 Turku	Finland		
PT. Sioen Semarang Asia	Kawasan Industri Wijayakusuma (KIW) Jl. Tugu Industri Raya No. 2A Kel. Randu Garut, Kec. Tugu Kota Semarang Jawa Tengah Indonesia 50153	Indonesia		
SG Balticum AS	Kooli 7, Valga maakond, 68604 Tõrva linn	Estonia		
Ursuk AB	Flottiljgatan 85, 72131 Västerås	Sweden		
Sioen Ballistics OY	Ensimmäinen savu, 01510 Vantaa	Finland		
Sioen Deutschland GmbH	Lederstrasse 78, 72764 Reutlingen	Germany		

VAT	Company registration	T	F	Mail
03030 V/A/M/000	RC B 133171996	+216 717 734 77	+216 717 840 47	cts@sioen.com
IE 4621355M	78212	+353 749 531 169	+353 749 531 591	ireland@sioen.ie
GB 365 1873 34	1871440			mullion@sioen.com
	NPWP 01.068.001.5-057.000	+62 21 448 53 222	+62 21 448 53 444	info.marunda@sioenasia.com
	NPWP 01.068.012.2-057.000	+62 21 825 22 22	+62 21 825 44 44	indonesia@sioen.com
	201511418N			
FR 49300774767	RCS Narbonne 300 774 767	+33 468 423 515	+33 468 422 743	sioen.france@sioen.com
	372 FC/2015-2016 (YGN)			
NL 806030227B01	KVK 20086133	+31 76 541 68 88	+31 76 541 94 10	info@vanochten.nl
BE 0478 652 141	RPR Gent, afdeling Brugge 0478 652 141	+32 51 740 800	+32 51 740 962	info@sioen.com
614715 S/A/M/000	RC B 19711998	+216 718 075 47	+216 718 092 62	sioen.tunisie@sioen.com
747023 F/A/M/000	RC B 177132000	+216 726 806 60	+216 726 826 60	sioen.zaghouan@sioen.com
RO 30626899	J22/1504/2012			siorom@sioen.com
FI04888860	0488886-0	+358 20 7798 850	+358 20 7798 859	info@ursuit.com
FI21146869	2114686-9	+358 20 7798 850	+358 20 7798 859	info@ursuit.com
	11.01.1.14.11151	+62 24 866 08 95	+62 24 866 08 96	
EE100497704	10301033	+372 76 68350		sami@sg.ee
SE556381281601	556381-2816	+46 705 594 2474		mattias.vendlegard@ursuit.com
FI18445710	1844571-02	+358 9 825501	+358 9 8255 0200	
DE 314258385	Stuttgart HRB 762475	+49 7121 159 500	+49 7121 159 5099	germany@sioen.com

Chemicals division

Company	Address (registered office)	Country	Offices
European Master Batch NV	Rijksweg 15, B-2880 Bornem	Belgium	
Le Comptoir Zouloo SAS	Zac Novo, Rue Lavoisier, BP 90422, F-59160 Lomme	France	
Richard SAS	Zac Novo, Rue Lavoisier, BP 90422, F-59160 Lomme	France	

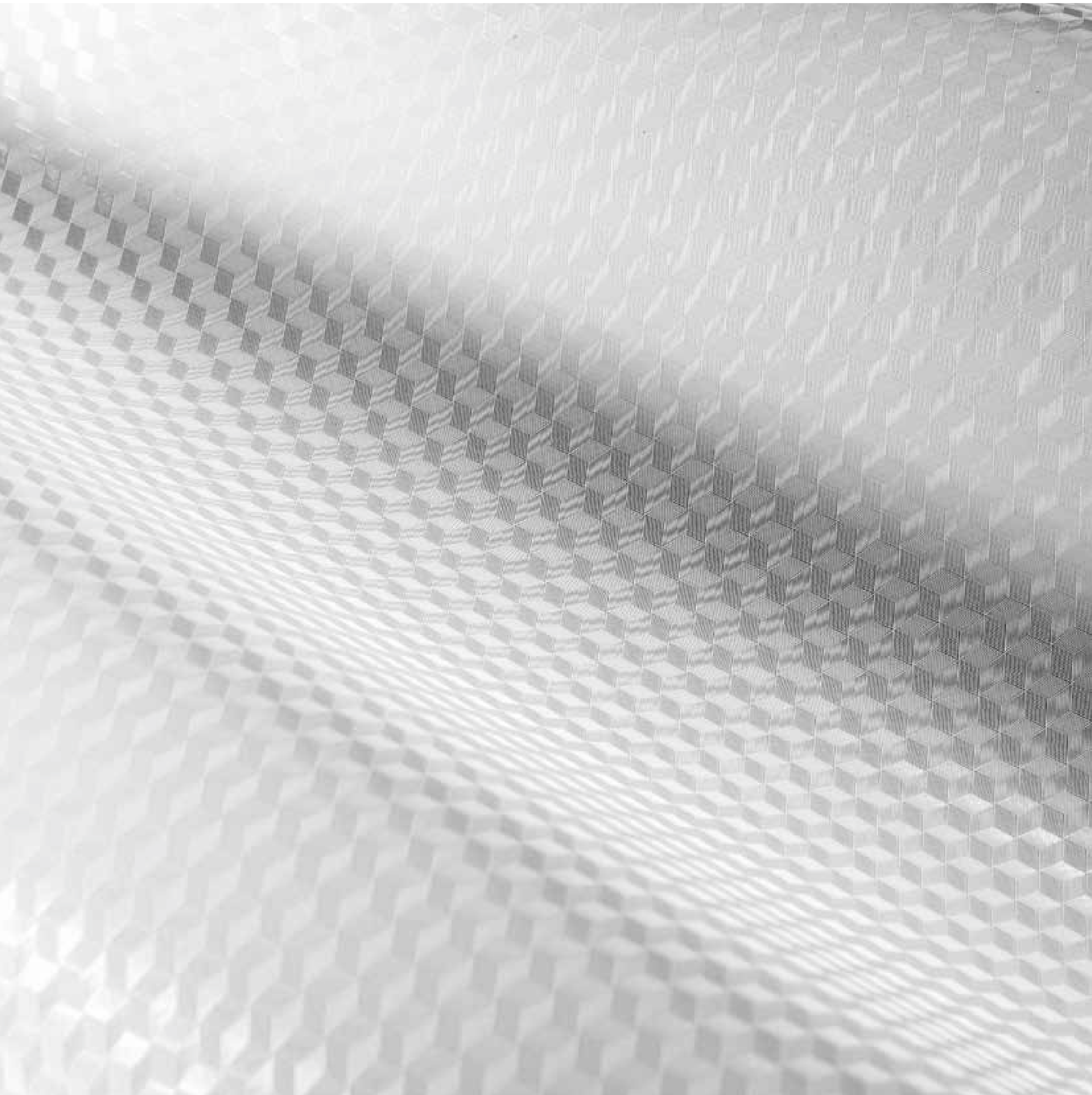
Other

Company	Address (registered office)	Country	Offices
Roland Planen GmbH	Am Zirkel 8, D-49757 Werlte	Germany	
Roland Real Estate Sp.z.o.o.	ul. Nadbrzezna 1, PL-62500 Konin	Poland	
Roland Ukraine Llc	6-A Industrialna str. 35350 Kvasyliv, Rivnens-ka obl.	Ukraine	
Roltrans Group America Inc.	3212 Pinewood Drive Arlington, Texas TX 76010, USA Corporation # 2044811	USA	
Roltrans Tegelen BV	Kasteellaan 33 NL-5932 AE Tegelen	the Netherlands	

	VAT	Company registration	T	F	Mail
	BE 0421 485 289	RPR Antwerpen, afdeling Mechelen 0421 485 289	+32 3 890 64 00	+32 3 899 26 03	emb@sioen.com
	FR 91394580377	RCS Lille Métropole 394 580 377	+33 320 001 888	+33 320 001 888	
	FR 22460501166	RCS Lille Métropole 460 501 166	+33 320 001 888	+33 320 001 888	sa.richard@colorants-richard.com

	VAT	Company registration	T	F	Mail
	DE 812873033	Osnabrück HR B 1222 96			
	PL 665-100-18-19	KRS nr. 0000108087			
	TX 76010	2044811			
	NL 001569338B01	KvK Venlo 12011983			

Key figures



Consolidated key figures (in millions of EUR)	2018	2017	2016	2015[11]	2014[11]	2013[11]	2012[11]	2011[11]	2010[11]	2009[11]	2008[11]	2015	2014	2013	2012	2011	2010	2009	2008
Profit and loss account																			
Net sales	506,2	473.1	363.4	326.4	326.6	323.0	323.5	322.6	292.0	251.9	316.4	326.4	326.6	323.0	324.5	331.8	300.2	264.5	349.4
Operating result (EBIT)	47,7	41.5	44.7	35.8	27.8	23.8	24.2	18.6	21.7	5.4	21.9	36.2	27.8	23.7	23.3	17.3	25.7	- 8.6	16.1
Financial result	-1,7	-7.9	- 6.6	- 3.0	- 4.0	- 3.9	- 4.9	- 5.0	- 6.3	- 5.9	- 11.5	- 3.0	- 4.0	- 3.9	- 4.7	- 5.3	- 6.0	- 5.9	- 9.5
Profit (loss) before taxes	46,1	33.6	38.0	32.8	23.8	19.9	19.4	13.6	15.4	- 0.5	10.5	33.1	23.8	19.8	18.6	12.0	19.8	- 14.5	6.5
Group profit (loss)	33,8	21.9	26.0	22.6	16.9	14.7	14.4	13.4	13.8	3.2	9.4	23.1	16.5	14.3	13.6	11.6	18.1	- 11.1	3.4
EBIT(1)	47,7	41.5	44.7	35.8	27.8	23.8	24.2	18.6	21.7	5.4	21.9	36.2	27.8	23.7	23.3	17.3	25.7	- 8.6	16.1
EBITDA(2)	68,6	64.4	59.1	51.9	48.8	40.8	41.8	35.5	38.4	26.8	44.2	52.2	48.7	40.5	39.5	35.1	38.3	23.7	37.7
Net cash flow(3)	54,7	44.9	40.4	38.7	37.9	31.7	32.0	30.3	30.5	18.7	20.2	39.1	37.4	31.1	29.7	29.4	29.9	15.7	24.2
Group profit (loss) attributable to sharehol-ders of Sioen Industries	33,8	21.9	26.0	22.6	16.9	14.7	14.4	13.4	13.8	3.2	9.4	23.1	16.5	14.3	13.6	11.6	18.1	- 11.1	3.4
Depreciations	21,9	22.1	16.4	15.5	16.5	16.5	16.8	17.7	19.0	19.3	18.7	15.5	16.5	16.5	16.8	18.1	19.5	20.7	20.6
Personnel costs	106,1	99.5	75.2	69.0	67.4	69.7	68.8	65.9	60.8	57.8	60.4	69.0	67.4	69.7	69.1	68.6	63.8	63.8	71.0
Number of employees (in units)	4 605	4 341	3 578	2 857	3 531	4 011	4 582	4 682	4 579	4 237	4 676	2 857	3 531	4 011	4 582	4 682	4 579	4 237	4 676
Balance sheet																			
Equity	223,8	199.5	189.2	174.0	157.5	152.8	147.9	149.0	145.7	128.9	142.4	174.0	157.5	152.8	147.9	149.0	145.7	128.9	142.4
Non-current borrowings + obligations under finance leases	122,4	68.0	72.2	7.2	108.8	111.4	114.0	116.5	119.9	119.9	120.8	7.2	108.8	111.4	114.0	116.5	119.9	119.9	120.8
Net financial debt(4)	116,8	116.7	79.2	4.6	24.2	49.9	65.0	84.8	91.8	108.8	151.6	4.6	24.2	49.9	65.0	84.8	91.8	108.8	151.6
Balance sheet total	470,6	440.0	368.4	362.5	355.2	347.3	349.6	348.5	346.5	327.9	371.7	362.5	355.2	347.3	349.6	348.5	346.5	327.9	371.7
Working capital(5)	128,6	120.6	121.2	91.4	94.1	93.7	92.8	95.7	86.9	72.1	121.1	91.4	94.1	93.7	92.8	95.7	86.9	72.1	121.1
Additions to property. plant and equipment	33,6	15.9	7.8	12.0	7.0	4.1	6.6	6.8	7.1	8.6	23.3	12.0	7.0	4.1	6.6	6.8	7.1	8.6	23.3
Property. plant and equipment	142,4	124.0	110.4	80.3	81.3	92.5	102.8	111.7	119.9	129.5	151.2	80.3	81.3	92.5	102.8	111.7	119.9	129.5	151.2
Ratios																			
EBIT/net sales(1)	9,4%	8.8%	12.3%	11.0%	8.5%	7.4%	7.5%	5.8%	7.4%	2.1%	5.1%	11.1%	8.5%	7.3%	7.2%	5.2%	8.6%	- 3.2%	4.6%
EBITDA/net sales(2)	13,6%	13.6%	16.3%	15.9%	14.9%	12.6%	12.9%	11.0%	13.2%	10.6%	11.9%	16.0%	12.4%	12.5%	12.2%	10.6%	12.8%	9.0%	10.8%
Net profit margin(6)	6,7%	4.6%	7.1%	6.9%	5.2%	4.6%	4.4%	4.2%	4.7%	1.3%	3.0%	7.1%	5.1%	4.4%	4.2%	3.5%	6.0%	- 4.2%	1.0%
Net cash flow/net sales(3)	10,8%	9.5%	11.1%	11.8%	11.6%	9.8%	9.9%	9.4%	10.5%	7.4%	6.4%	12.0%	11.5%	9.6%	9.2%	8.9%	10.0%	5.9%	6.9%
Liquidity(7)	2,3	1.5	2.4	1.5	3.1	3.0	2.6	2.9	2.7	2.3	2.0	1.5	3.1	3.0	2.6	2.9	2.7	2.3	2.0
Solvency(8)	47,6%	45.4%	51.4%	48.0%	44.3%	44.0%	42.3%	42.7%	42.0%	39.3%	38.3%	48.0%	44.3%	44.0%	42.3%	42.7%	42.0%	39.3%	38.3%
Net financial debt/equity(4)	0,52	0.58	0.42	0.03	0.15	0.33	0.44	0.57	0.63	0.84	1.06	0.03	0.15	0.33	0.44	0.57	0.63	0.84	1.06
Return on equity(9)	16,9%	11.6%	14.9%	14.4%	11.1%	9.9%	9.7%	7.3%	10.7%	2.5%	6.6%	14.7%	10.8%	9.7%	9.1%	8.0%	14.1%	- 8.6%	2.4%
Return on capital (ROCE)[10]	9,7%	8.7%	11.2%	12.9%	9.9%	8.3%	8.0%	7.1%	10.0%	- 2.1%	4.1%	12.9%	9.9%	8.3%	8.0%	7.1%	10.0%	- 2.1%	4.1%

(1) Earnings Before Interest and Taxes = Operating result

(2) Earnings Before Interest. Taxes. Depreciation and Amortization = Operating result + depreciations +write off inventories and receivables+ provisions for liabilities and charges

(3) Profit (loss) after taxes + depreciations + write off inventories and receivables + provisions for liabilities and charges

(4) Borrowings (non-current and current) + obligations uder finance leases (non-current and current) - other financial assets - cash and cash equivalents

(5) Total current assets - other financial assets - cash and cash equivalents - derivatives fair value (in current assets) - total current liabilities + borrowings (current) + obliga-tions under finance leases (current) + derivatives fair value (in current liabilities)

(6) Group profit (loss)/net sales

(7) Total current assets/total current liabilities

(8) Equity/balance sheet total

(9) Group profit (loss) attributable to shareholders of Sioen Industries/equity at end of previous financial year

(10) (Operating result + income taxes)/capital employed of the period (working capital (zie (5)) + intangible assets + goodwill + property. plant and equipment + investment property

(11) Only continuing operations

Consolidated key figures per share[1]	2018	2017	2016	2015[11]	2014[11]	2013[11]	2012[11]	2011[11]	2010[11]	2009[11]	2008[11]	2015	2014	2013	2012	2011	2010	2009	2008
Operating result	2,41	2.10	2.26	1.81	1.40	1.17	1.13	0.87	1.01	0.25	1.02	1.82	1.40	1.16	1.09	0.81	1.20	- 0.40	0.75
Group profit (loss)	1,71	1.11	1.31	1.14	0.85	0.72	0.67	0.63	0.65	0.15	0.44	1.17	0.83	0.70	0.64	0.54	0.85	- 0.52	0.16
Group profit (loss) attributable to sharehol-ders of Sioen Industries	1,71	1.11	1.31	1.14	0.85	0.72	0.67	0.63	0.65	0.15	0.44	1.17	0.83	0.70	0.64	0.54	0.85	- 0.52	0.16
Net cash flow	2,76	2.27	2.04	1.95	1.91	1.56	1.49	1.41	1.43	0.87	0.94	1.97	1.89	1.53	1.39	1.37	1.40	0.73	1.13
Equity	11,31	10.09	9.56	8.77	7.94	7.50	6.92	6.96	6.81	6.02	6.66	8.77	7.94	7.50	6.92	6.96	6.81	6.02	6.66
Gross dividend	0,6200	0.5600	0.5300	0.4800	0.3700	0.3300	0.3100	0.2700	0.2500	0.0800	0.0800	0.4800	0.3700	0.3300	0.3100	0.2700	0.2500	0.0800	0.0800
Net dividend	0,4340	0.3920	0.3710	0.3504	0.2775	0.2475	0.2325	0.2025	0.1875	0.0600	0.0600	0.3504	0.2775	0.2475	0.2325	0.2025	0.1875	0.0600	0.0600
Pay-out (%)	36,3%	50.7%	40.4%	42.0%	43.4%	44.5%	44.1%	43.0%	38.7%	53.5%	18.2%	41.1%	44.5%	45.8%	46.7%	43.0%	38.7%	- 15.4%	50.3%
Maximum share price	31,15	32.88	31.20	19.46	12.70	8.75	6.68	7.95	7.40	5.31	9.97	19.46	12.70	8.75	6.68	7.95	7.40	5.31	9.97
Minimum share price	20,00	25.50	14.50	10.96	8.25	6.60	4.57	4.82	3.95	2.67	3.22	10.96	8.25	6.60	4.57	4.82	3.95	2.67	3.22
Price at Dec.31	21,30	30.37	28.10	18.50	11.26	8.39	6.56	5.25	7.39	3.97	3.52	18.50	11.26	8.39	6.56	5.25	7.39	3.97	3.52
Change in share price(2)	-30%	8%	52%	64%	34%	28%	25%	- 29%	86%	13%	- 64%	64%	34%	28%	25%	- 29%	86%	13%	- 64%
Price/Earnings Ratio(2) [3]	12,5	27.5	21.4	16.2	13.2	11.6	9.8	8.4	11.4	26.5	8.0	15.9	13.5	12.0	10.3	9.7	8.7	- 7.6	22.1
Price/Cashflow Ratio(2) [4]	7,7	13.4	13.7	9.5	5.9	5.4	4.4	3.7	5.2	4.5	3.7	9.4	6.0	5.5	4.7	3.8	5.3	5.4	3.1
Average daily trading volume (no. of shares)	6.303	8 564	10 548	14 144	12 500	12 249	11 256	12 109	13 952	7 386	5 647	14 144	12 500	12 249	11 256	12 109	13 952	7 386	5 647
Average monthly trading volume (no. of shares)	132.358	179 841	221 498	297 033	262 492	257 238	236 368	254 282	292 999	155 112	118 597	297 033	262 492	257 238	236 368	254 282	292 999	155 112	118 597
Annual trading volume (in millions)	1,6	2.2	2.8	3.7	3.3	3.1	2.9	3.1	3.6	7.7	11.1	3.7	3.3	3.1	2.9	3.1	3.6	7.7	11.1
Number of Sioen Industries shares outstan-ding (in thousands)[1]	19.780	19 780	19 780	19 826	19 826	20 364	21 390	21 390	21 390	21 390	21 390	19 826	19 826	20 364	21 390	21 390	21 390	21 390	21 390
Stock market capitalization (millions)[2]	421,3	600.7	555.8	366.8	223.2	170.9	140.3	112.3	158.1	84.9	75.3	366.8	223.2	170.9	140.3	112.3	158.1	84.9	75.3

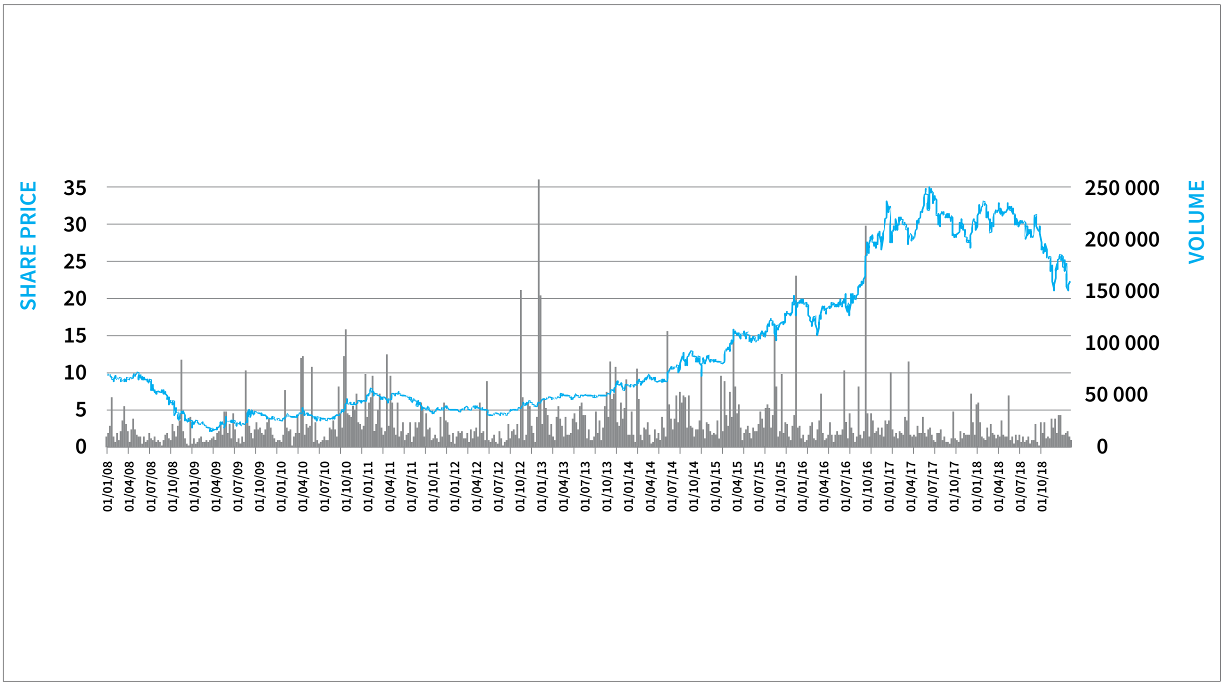
(1) Recalculated after the 1 to 55 share split on 13/09/96 and the 1 to 10 split on 05/11/98

(2) Price at end of December

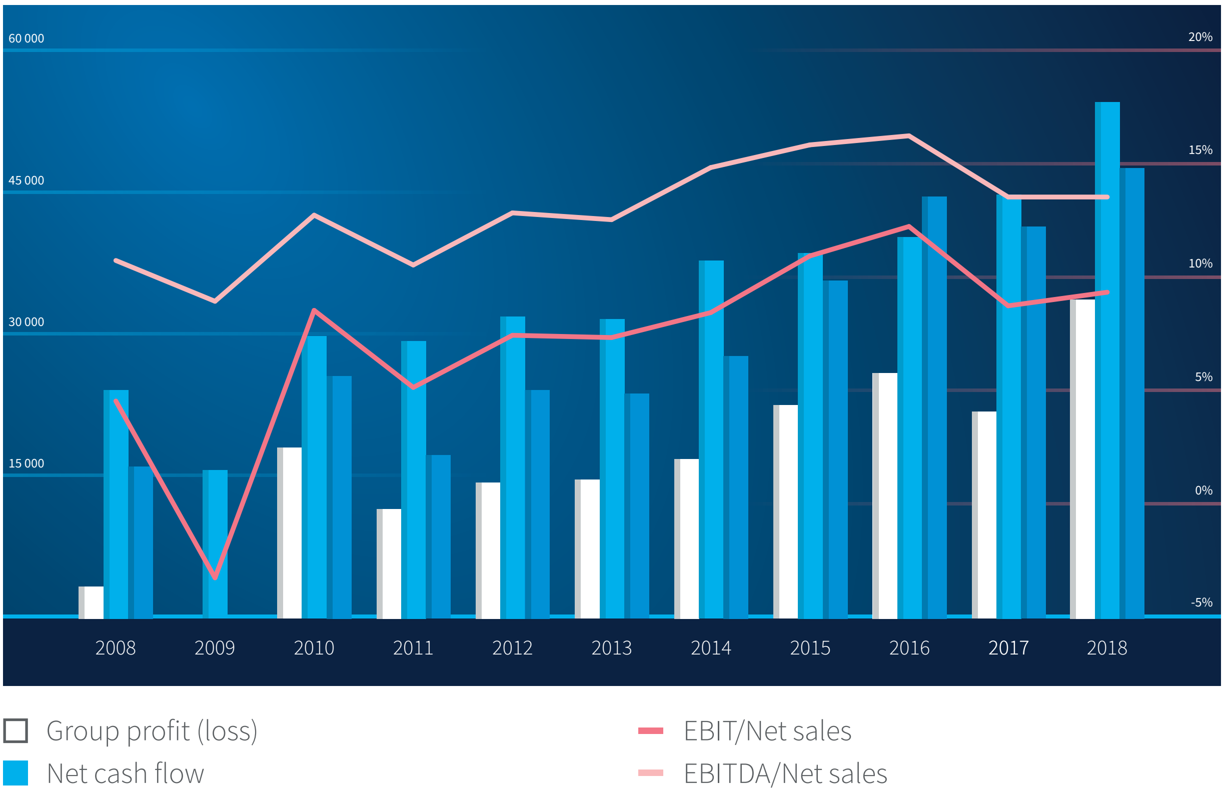
(3) Price at end of December/group profit (loss) attributable to shareholders of Sioen Industries per share

(4) Price at end of December/net cash flow per share

Share price evolution
(in EUR)

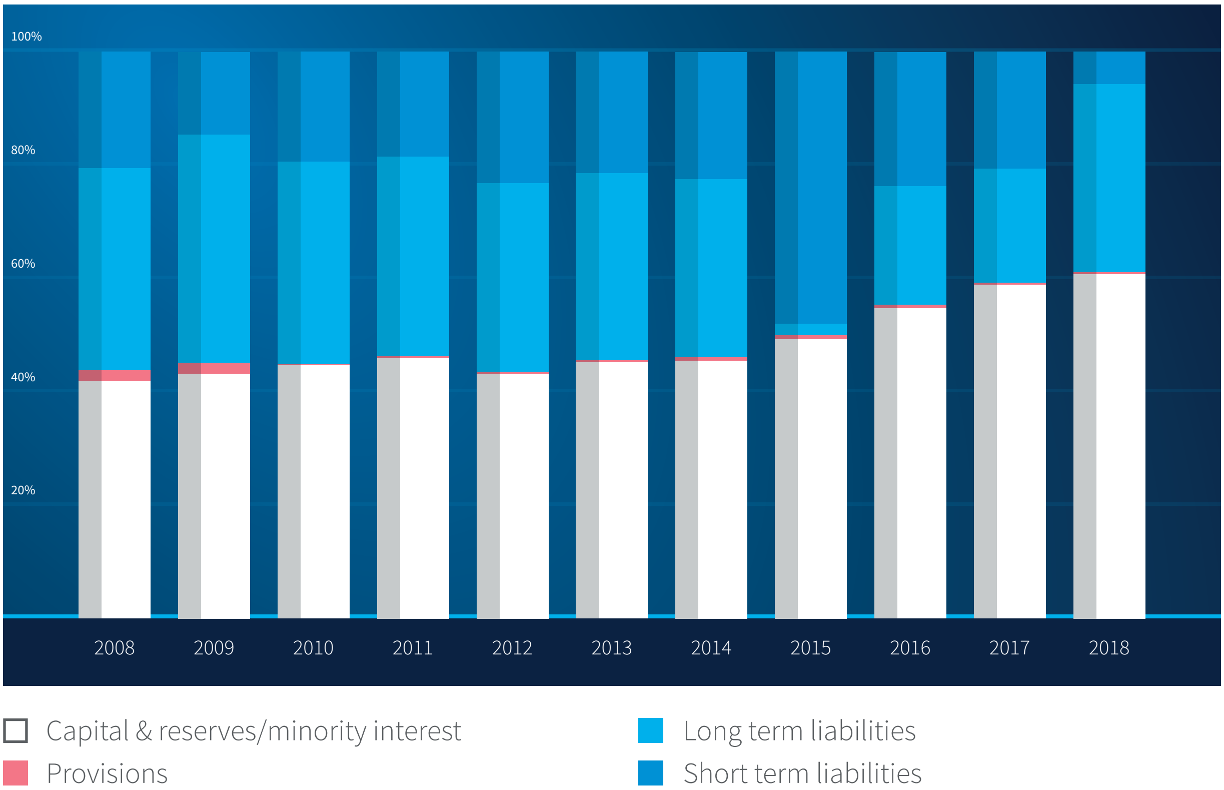


Key figures 2008 - 2018
(in millions of euros)



Key figures 2008 - 2018
(in millions of euros)

Financing of assets 2008 - 2018
(in %)



SIOEN
Fabriekstraat 23
B-8850 Ardooie
Belgium
Tel. +32 51 74 09 00
info@sioen.com
www.sioen.com