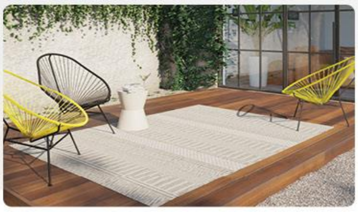
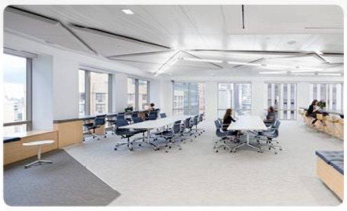
PRESS RELEASE


Sint-Baafs-Vijve, 1 March 2018
Regulated information
For immediate publication

Balta FY 2017 Results

Group Financial Highlights[(1)]:

(1) We refer to the glossary for all capitalized financial terms on page 10

- Full year Pro-forma: Revenue of €689.0m +3.1%, Adjusted EBITDA of €87.3m -10.3% resulting in EBITDA margin of 12.7%
- Full year Consolidated: Revenue of €661.3m +18.6%, Adjusted EBITDA of €84.4m +3.7% resulting in EBITDA margin of 12.8%. Significant negative impact from raw material costs and FX
  - Organic revenue growth of +4.5%, FX of -1.4% and inclusion of M&A +15.4%
  - Organic revenue growth for Rugs +8.1%, Commercial +8.0% and Residential +0.6%
- Q4 Consolidated: Revenue of €169.4m +21.7%, Adjusted EBITDA of €18.9m -5.7%, resulting in EBITDA margin of 11.2%
  - Organic revenue growth of +2.3%, FX of -1.9% and inclusion of M&A +21.2%
  - Organic revenue growth for Commercial +14.8%, Residential +2.4% and Rugs -2.4%
- Leverage of 2.9x (net debt of €253.5m) compared to 3.3x a year ago and 2.9x at Q3
- The Board has proposed a dividend of €0.08 per share, based on normalised full year earnings pro-rata for the post IPO period

Business Update:

- The optimisation of the Residential operational footprint has progressed to the implementation phase, having successfully completed the consultation and social negotiation process. On-track for the previously announced run rate EBITDA benefit of €8.3m in FY19 (cash benefits of €9.9m) with one off cost of €12.4m and expecting to finish ahead of schedule in summer 2018.
- Commercial division achieved full year organic revenue growth of 8.0%, despite the temporary supply restriction during Q3 in Europe. Bentley continues to gain market share, integration is complete with revenue synergies on-track and identified operational and procurement synergies to be delivered in 2018.
- Rugs Q4 impacted by a reduction in 'share of wallet' with two US home improvement customers. We are confident, based on history, to restore growth in the second half of 2018 underpinned by the investments made during 2017 to increase sales and warehousing infrastructure.
- Six key priorities established across the group for 2018, to grow profitable revenue and deliver increased level of cost savings, benefitting mostly the second half of 2018.

Outlook

Following the adverse raw material and FX movements, we expect the trends of the second half of 2017 to continue in the first half of 2018. Due to the strong comparative in the first half of 2017 and the timing effect of gains and losses in customers 'share of wallet', we expect the Rugs division to have mid-teens revenue decline in the first half of 2018; followed by a return to growth in the second half of the year. Together with our growing Commercial division, both in Europe and the US, we are confident that the measures and actions we are taking will deliver a significantly stronger second half run rate.

As a result, with external factors remaining unchanged, we expect 2018 EBITDA to be between €82m and €87m.

Tom Debusschere, CEO of Balta said,
"Following a strong first half 2017 performance, the external conditions we faced in the second half were very challenging. With the near term outlook still challenging, we have taken action on cost and product pricing to underpin performance and create a stronger run rate in the second half of 2018. Alongside this we have clear strategies to drive profitable growth that leverages our core capabilities, builds on the 2017 investments made in Commercial and Rugs and is founded in the confidence of our track record of growth."

Key Group Financial Figures

€m	2017	2016	Growth Consolidated	Growth Organic[2]
Revenue	661.3	557.7	18.6%	4.5%
Adjusted EBITDA[1]	84.4	81.4	3.7%	(5.8)%
Adjusted EBITDA Margin	12.8%	14.6%	(183) bps	
Adjusted Operating Profit[1]	51.9	52.7	(1.5)%	
Operating Profit	37.6	49.2	(23.5)%	
Profit for the period	3.0	25.3	(88.2)%	

(1) Adjusted EBITDA and Adjusted Operating Profit: adjustments include impact of purchase price allocation and integration and restructuring expenses. See the definition of the alternative performance measures at the end of this press release
(2) Organic growth is defined as growth at constant currency and excluding M&A

The profit for the period in 2017 includes a net €13.8m impact from non-recurring items, comprised of €11.4m integration and restructuring expenses, €9.3m incremental finance expenses, €1.8m net impact of purchase price accounting and offset by €8.6m of net tax benefits (see page 8 for more information). In the absence of such events, the normalized profit for the period would have been €16.8m. Similarly, the profit for the period in 2016 includes a net non-recurring benefit of €8.3m (as detailed on page 8), resulting in a normalized net profit of €17.0m.

Full Year 2017 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise stated)	2017	2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	228.3	214.5	6.4%	8.1%	(1.7)%	0.0%
Commercial	171.7	80.1	114.5%	8.0%	(1.0)%	107.6%
Residential	234.8	236.8	(0.8)%	0.6%	(1.4)%	0.0%
Non-Woven	26.5	26.3	0.6%	0.6%	0.0%	0.0%
Consolidated Revenue	**661.3**	**557.7**	**18.6%**	**4.5%**	**(1.4)%**	**15.4%**
Pro Forma Adjustment Bentley	27.7	110.7				
Pro Forma Revenue	**689.0**	**668.4**	**3.1%**	**4.6%**	**(1.5)%**	
Rugs	37.6	38.0	(0.9)%	0.3%	(1.3)%	0.0%
Commercial	23.9	12.1	98.5%	(7.9)%	(5.5)%	111.9%
Residential	20.2	28.4	(28.8)%	(12.6)%	(16.2)%	0.0%
Non-woven	2.6	2.9	(9.9)%	(9.9)%	0.0%	0.0%
Consolidated Adjusted EBITDA	**84.4**	**81.4**	**3.7%**	**(5.8)%**	**(7.1)%**	**16.6%**
Pro Forma Adjustment Bentley	2.9	16.0				
Pro Forma Adjusted EBITDA	**87.3**	**97.4**	**(10.3)%**	**(3.9)%**	**(6.4)%**	
Rugs	16.5%	17.7%				
Commercial	13.9%	15.1%				
Residential	8.6%	12.0%				
Non-Woven	9.9%	11.1%				
Consolidated Adjusted EBITDA Margin	**12.8%**	**14.6%**				
Pro Forma Adjustment Bentley	10.5%	14.5%				
Pro Forma Adjusted EBITDA Margin	**12.7%**	**14.6%**				

Note: Revenue and Adjusted EBITDA Bentley in Q1 2017 and YTD 2016 are not included in the consolidated figures but are included in the pro forma figures.

Q4 2017 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise stated) (unaudited)	Q4 2017	Q4 2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	50.7	53.9	(5.9)%	(2.4)%	(3.4)%	0.0%
Commercial	52.7	20.5	157.7%	14.8%	(1.5)%	144.4%
Residential	59.3	58.3	1.6%	2.4%	(0.8)%	0.0%
Non-Woven	6.7	6.6	2.1%	2.1%	0.0%	0.0%
Consolidated Revenue	**169.4**	**139.3**	**21.7%**	**2.3%**	**(1.9)%**	**21.2%**
Pro Forma Adjustment Bentley	-	29.5				
Pro Forma Revenue	**169.4**	**168.8**	**0.4%**	**3.5%**	**(3.2)%**	
Rugs	7.4	9.8	(24.0)%	(21.5)%	(2.5)%	0.0%
Commercial	6.6	3.1	114.4%	(38.4)%	(2.2)%	155.0%
Residential	4.3	6.7	(35.3)%	(22.0)%	(13.3)%	0.0%
Non-woven	0.6	0.5	11.0%	10.9%	0.1%	0.0%
Consolidated Adjusted EBITDA	**18.9**	**20.1**	**(5.7)%**	**(23.4)%**	**(6.0)%**	**23.7%**
Pro Forma Adjustment Bentley	-	5.1				
Pro Forma Adjusted EBITDA	**18.9**	**25.2**	**(24.8)%**	**(18.3)%**	**(6.5)%**	
Rugs	14.7%	18.2%				
Commercial	12.5%	15.0%				
Residential	7.3%	11.4%				
Non-Woven	8.8%	8.1%				
Consolidated Adjusted EBITDA Margin	**11.2%**	**14.4%**				
Pro Forma Adjustment Bentley		17.3%				
Pro Forma Adjusted EBITDA Margin	**11.2%**	**14.9%**				

Note: Revenue and Adjusted EBITDA Bentley in Q4 2016 are not included in the consolidated figures but are included in the pro forma figures

CEO Strategic Review

Our Strategy

Our vision is to bring beautiful design at affordable prices to the mid-segment mass markets. As a manufacturer with extensive vertical integration, we leverage our innovation capabilities and operational excellence, to target large segments with attractive margin opportunities. Also, our Bentley brand caters to the top end of the US commercial market. We see ourselves as the preferred partner to our customers, providing leading innovation and great customer service.

In the Rugs division, our goal is to be the global innovation and design leader in machine-made rugs. In Commercial, Balta is the growing challenger in the North American and European commercial carpet and tiles segment. Finally in Residential, we aim to be the leading carpet manufacturer in Europe. The execution of these goals is based on a three pillar strategy:

- Strengthen our leading positions across core segments
- Continue to focus on Operational Excellence
- Selectively seek complementary acquisition opportunities

We are clear how we will execute these strategies and in the last year we have made good progress.

Strengthen our leading positions across core segments

We have proven that a strong focus on product development and launching new innovation is a profitable way for Balta to grow sales and margin. We are also mindful that we have to invest to expand our sales reach and capabilities for future growth in the attractive Rugs and Commercial divisions.

The Rugs division achieved full year organic revenue growth of 8.1%, which is ahead of our growth trend since 2012. The first half growth of 12.9% was supported by a very strong programme of new product development launched with customers; and we saw continued growth during the third quarter of 8.7%. As of quarter four, we have been impacted by a reduction in the ‘share of wallet’ of this seasons outdoor rugs collections with two US home improvement customers.

We have been growing our outdoor rugs business very successfully in the US over the last five years, with a focus on a small number of large retail chains. We are now broadening our customer reach in the US while extending our indoor rugs offering. This is enabled by the continued investment we have made during 2017 to increase our sales and distribution infrastructure; including a new warehouse in Georgia, USA, which also supports our customers in their e-commerce channels.

Commercial Europe had a strong year growing organic revenue at 8.0%. The growth was evenly split across both halves of the year, despite performance in quarter three being impacted by the start-up issues resulting from the full automation of our commercial tile line in the Zele plant, Belgium. In the US, we continue to gain market share while integrating the Bentley business within the Balta group.

At Bentley, in the USA, we increased our sales force to address geographic areas where we see opportunity to grow our market share. For example, in San Francisco we have seen great results and anticipate that we will double our revenue in that region within twelve to eighteen months of the extra sales investment. Within Europe we have been investing in sales teams focussed on the architecture and design community to further build our specification business. Given the production constraints during quarter three, returns from this 2017 investment will only start in 2018.

Within Residential, one important element of our strategy is to grow the proportion of our revenues from the relatively higher margin broadloom products such as the latest super soft qualities. I am pleased to report we have increased sales this year by a third compared to the previous year; these products currently represent 20% of Residential sales versus 15% a year ago and 7% two years ago. However, significant raw material cost price increases and the decline in the GBP have more than offset these achievements resulting in a stronger than expected margin decline.

Continue to focus on Operational Excellence

In a capital intensive manufacturing industry such as ours, 'Operational Excellence' is a key ingredient of success. There are three parts to how we do this. First we continue to automate our rugs and commercial production processes to lower the cost of manufacturing. Secondly where our products cannot benefit from automation, we have been increasing capacity in our Turkish facilities where we can manufacture labour intensive products at competitive prices. Thirdly we constantly strive to optimise our infrastructure to changes in the markets that we operate in.

In 2017 we continued with the annual programme of 'Operational Excellence' initiatives to compensate for cost inflation from wage, energy and transportation costs. With the headwinds experienced in the second half of 2017, we have developed an extended programme for implementation in 2018, which will mostly benefit the second half of the year.

Additionally, we have invested in expanding production capacity at our Turkish plant by around 10%, providing increased cost competitiveness in products that are difficult to automate and have a higher labour cost component. We are continuing to grow our Turkish operation in 2018.

At our Zele plant in Belgium we have invested in fully automating the commercial tile plant. The automation moves a roll of broadloom carpet all the way through the process to a wrapped pallet of cardboard boxes with cut-to-size carpet tiles ready for shipment to customers. All without one human hand touching the product. This investment builds increased capacity to support our growth, while at the same time increasing our cost competitiveness.

Finally we announced the restructuring of the operational infrastructure in Belgium within our Residential business, by consolidating the Oudenaarde facility into our two fully vertically integrated factories in the region. We have completed the consultation and negotiation stages, have activated a full project management office to deliver the full annualised run rate EBITDA benefit of €8.3m in 2019. As a result of the progress we have made, we now expect to finish the move ahead of schedule by the summer of 2018 and expect the benefits to commence early in the second half of the financial year.

Selectively seeking complementary acquisition opportunities

Our focus has been to deliver the shareholder value from the Bentley acquisition made in 2017. The Bentley acquisition has progressed well, the business integration is complete, we have increased sales resources and the expected revenue synergies are on track with specified orders received for modulyss tiles. Furthermore our integration work has created operational and procurement synergies of around $2m that will largely benefit during 2018.

Our short term focus is to deleverage by growing both EBITDA and cash generation; enabling us to continue evaluating complimentary acquisition opportunities with attractive shareholder returns.

Performance in 2017

The business had a transformational year with the IPO in June and we made good progress in executing the strategy. However market conditions we faced became increasingly difficult and a strong first half financial performance was offset by the difficult conditions in the second half of the year.

We had expected negative currency movements and raw material increases, but not to the level we actually experienced. The pressure on Balta's margin was greater than faced by some of our peers because of the movement of currency rates relative to our Euro cost base and Euro reporting currency. As a result, we were not able to realise price increases and other compensating actions to fully offset the currency and raw materials effect.

We expect the headwinds faced in 2017 will even out over time. However, with the near term outlook still looking challenging, we are taking action on costs and pricing to underpin 2018 performance and strengthen our business for the recovery phase.

The external challenges were exacerbated by start-up issues in our Commercial tile plant in the Zele, Belgium facility, creating a shortfall in revenue, profit and cashflow in the second half of the year. The tile plant has been fully operational since quarter four. Following the strong growth of our Rugs division over many years, late in 2017 we could not retain a proportion of this seasons outdoor rugs programme with two US home improvement retailers. This impacted our Rugs division late in the fourth quarter and will be a drag on performance in the first half of 2018. Winning and losing 'share of wallet' with a customer is part of the normal cycle of the business and I am confident that in the course of 2018, we will again win 'share of wallet' with the same or other customers restoring our successful growth in US rugs. In doing so, we expect to broaden our customer base with an increased focus on increasing our share in the indoor rugs segment.

Our financial performance is explained in more detail on page 7.

2018 Priorities

We have laid out our six key priorities for delivering improved performance with much of the benefits being realised in the second half of 2018 and the full run rate in 2019.

<u>Grow profitable revenue</u>

1. Continue to grow rugs sales in North America, by increasing our channel penetration and broadening our channel reach, underpinned by our 2017 investment in sales and distribution infrastructure, with benefits beginning in the second half of 2018

2. Continue sales growth in the Commercial division, leveraging the increased capacity of our new automated commercial manufacturing line in Europe and our 2017 investment in increasing our sales force, both in Europe and the US. Acceleration of the cross selling of modulyss products through Bentleys sales force, with new end market opportunities in national accounts

3. Further improve the Residential product mix by growing sales of higher margin products and by capturing the right value for our products and services through a strategic pricing excellence project that we have recently launched

<u>Deliver increased level of cost savings</u>

4. Deliver the full benefits of the restructuring of the operational footprint in Residential of €8.3m EBITDA in 2019, commencing early in the second half of 2018

5. Execute, the already started, expanded Operational Excellence programme, delivering an increased run rate of cost savings from the second half of 2018

6. Execute the planned operational and procurement synergies between our European and US Commercial business.

2018 Outlook

Following the adverse raw material and FX movements, we expect the trends of the second half of 2017 to continue in the first half of 2018. Due to the strong comparative in the first half of 2017 and the timing effect of gains and losses in customers 'share of wallet', we expect the Rugs division to have mid-teens revenue decline in the first half of 2018; followed by a return to growth in the second half of the year. Together with our growing Commercial division, both in Europe and the US, we are confident that the measures and actions we are taking will deliver a significantly stronger second half run rate.

As a result, with external factors remaining unchanged, we expect 2018 EBITDA to be between €82m and €87m.

Balta is a strong business with a track record of generating revenue growth at good margins, which I have every confidence will continue.

Tom Debusschere, CEO Balta

CFO Financial Overview

In 2017 Balta delivered group Consolidated Revenue of €661.3m, up 18.6% and Adjusted EBITDA of €84.4m up 3.7%, both versus last year. EBITDA margin of 12.8% was down 183bps, reflecting the impact to earnings from currency movements and raw material inflation which was not sufficiently offset by pricing and other compensating actions in the financial year. These results include the contribution from Bentley which was consolidated into the group's results from 1 April 2017.

On a Pro Forma basis, including Bentley for both the current and prior year, full year revenue grew 3.1% (organic 4.6%) to €689.0m and Adjusted EBITDA declined 10.3% (organic -3.9%) to €87.3m.

Financial Review by Division

Rugs

The Rugs division achieved full year organic revenue growth of 8.1%, spread across all three regions of Europe, North America and Rest of the World.

The very strong first half organic growth of 12.9% was supported by a successful programme of new product developments launched with customers. We saw continued organic growth during the third quarter of 8.7%.

In the fourth quarter organic revenue was down 2.4%. Some orders moved to January and we had a reduction in orders for our outdoor rugs collections with two US home improvement customers, which will impact revenue in the first half of 2018. A weakening US dollar to Euro, negatively impacted our Consolidated Revenue by 3.4%, leading to a decline of 5.9%.

During 2017, we have invested to strengthen our position for future growth by increasing our US sales and distribution infrastructure. This includes a new warehouse to better support existing customers and increase our reach to new customers and channels for both indoor and outdoor rugs. As a result we have increased our full year fixed costs by €1.7m.

Full year Consolidated Adjusted EBITDA declined by €0.4m to €37.6m with margins at 16.5% (Q4 margin 14.7%). The margin reduction from 17.7% in 2016, reflects the time delay between higher raw material prices and the actions required to compensate, including price increases. Full year EBITDA was impacted negatively by 1.3% from currency movements, which were higher in quarter four at 2.5%.

Commercial

Full year Consolidated Revenue increased by 114.5% to €171.7m, driven by the acquisition of Bentley at the end of quarter one 2017 and the 8.0% organic growth of our European Commercial business. Quarter four organic revenue was up 14.8%, reflecting the return of full supply in our European tile business.

In the US, whilst integrating the Bentley business within the Balta group we have continued to take market share, enabled by our increased investment in sales resource. The acquisition has allowed us to reach a wider pool of customers in North America using Bentley's customer relationships and a differentiated product portfolio including both Balta's modulyss products and Bentleys own premium tile range. In quarter four we won a national US retailer account for modulyss tiles, which provides Balta with a platform to grow revenue and profit in a new channel.

Also in Europe, we have continued to invest in our commercial sales resource, and with the start-up issues we experienced in 2017 now resolved, the return will start being delivered in 2018.

Consolidated full year Adjusted EBITDA increased by 98.5% to €23.9m although organic EBITDA was lower by 7.9%. Quarter four organic EBITDA was lower by 38.4% due to negative product mix including the lower margins of our new customer in the US, and the incremental costs associated with resupplying our European customer base following the resolution of the supply issues.

Residential

Full year Consolidated Revenue of €234.8m, declined by 0.8%, with organic growth of 0.6% impacted by negative currency of 1.4%. The performance reflected a challenging residential market environment in continental Europe and stable total volumes in the UK. Quarter four revenue was a consolidated growth of 1.6%, with organic growth of 2.4% outweighing the negative currency impact of 0.8%.

Residential EBITDA margins continued to be under pressure with quarter four at 7.3% (full year: 8.6%). The drivers of this are the continued adverse effects of currency movements and raw material inflation which have not been fully offset with price increases.

Full year organic EBITDA reduction of 12.6% combined with a negative currency impact of 16.2% resulted in a consolidated Adjusted EBITDA of €20.2m, down €8.2m versus the prior year.

The strategy to grow sales of higher margin new broadloom products led to sales increasing by a third compared to last year, currently representing about 20% of Residential sales versus 15% a year ago and 7% two years ago.

The benefits from the optimization of the Residential operational footprint are ahead of schedule and will deliver the full run rate benefits of €8.3m EBITDA in FY19, resulting in a recurring cashflow improvement of €9.9m with exceptional one off costs of €12.4m. As a result of the progress we have made, we now expect to finish the move ahead of schedule and expect the benefits to commence early in the second half of the financial year.

Other Financial Items Review

Non-Recurring Items

2017 was characterized by several one off events with a material impact on our P&L. The impact of these events on 2017 profit for the period is equal to a net €13.8m (€0.38 per share). In contrast, the profit realized in 2016 was characterized by a net benefit of €8.3m, mainly as a result of the one-off recognition of deferred tax assets (€10.8m).

The non-recurring events of 2017 are:

- Purchase price accounting adjustments following the acquisition of Bentley in March 2017. These adjustments have an impact of €2.9m on EBITDA and €1.8m on the profit for the period
- Integration and restructuring expenses of €11.4m impacting EBITDA, of which €8.2m is in connection with the optimization of the Residential operational footprint. As a reminder, the expected total one off cost for the Residential optimisation is €12.4m
- Finance expenses of €9.3m relating to (i) expenses of €5.4m in connection with the debt financed acquisition of Bentley, which was fully repaid in June 2017 from the IPO proceeds, and (ii) expenses in connection with the partial early redemption of the Senior Secured Notes (€3.9m)
- €8.6m tax benefit relating to events that are not reflective of the Company’s normal business operations, including the re-measurement of deferred tax assets and liabilities following changes in tax legislation.

Net Financing Costs

The net finance expense amounted to €28m, excluding €9.3m of pre-IPO capital structure and one-off financing fees which are non-recurring. In addition, the full year financing cost does not reflect the run rate benefit of the repayment of €21.2m Senior Secured Notes in June 2017 using the proceeds of the IPO and the refinancing of €35m of Senior Secured Notes executed in September 2017. These two transactions have reduced our run rate finance expenses to approximately €23m.

Taxation

The reported income tax expense of the year is a credit of €2.7m which includes two items totaling €8.6m which we have treated as non-recurring.

Firstly, we have recognized a positive effect of €10.3m linked to tax reforms, of which €8.8m is linked to the Belgian tax reform which has been substantially enacted on 22 December 2017. The highlight of the corporate tax reform is the reduction of the corporate tax rate from 33.99% to 29.58% in 2018 (including crisis contribution, lowered from 3% to 2%) and to 25% as from 2020 (abolishment of crisis contribution). As a consequence, deferred tax assets and liabilities have been adjusted to reflect the new tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Secondly, the deferred tax assets relating to tax credits and loss carryforwards have been adjusted to reflect changes in the probability that these can be used in the future.

When normalizing for all exceptional events of 2017, the Adjusted Effective Tax Rate is equal to approximately 30%. Following the enactment of the tax reform in Belgium, and based on the same scope of activity and financing structure, we anticipate that our future effective tax rate will be between 25% and 27% on a like for like basis.

Earnings per share

Full year Adjusted Earnings per Share is equal to €0.47 in 2017, unchanged versus the prior year. The impact of the non-recurring items results in reported 2017 earnings per share of €0.08.

Dividend

As disclosed at the IPO, the Company intends to pay a dividend of between 30% and 40% of net profit. For 2017, the dividend is calculated pro rata such that the Company only pays a dividend in respect of the portion of the financial year for which its shares were listed on Euronext Brussels. In order to determine the amount, the full year profit for the period has been adjusted to exclude the adverse impact of (i) purchase price accounting adjustments, (ii) integration and restructuring expenses and (iii) exceptional finance expenses. In order to determine the adjusted profit for the period, we have applied our normalized effective tax rate of 30%. We have then taken a pro rata of the normalized full year earnings to reflect the earnings of the post IPO period.

On this basis, the Board will propose a dividend of €0.08 per share, which is subject to the approval of the annual general meeting.

Cashflow and net debt

Net debt at the end of December 2017 is equal to €253.5m, €15.0m lower versus the end of 2016. Leverage has decreased from 3.3x Adjusted EBITDA at the end of 2016 to 2.9x Adjusted EBITDA at the end of 2017. The reduction in net debt has been achieved by reducing gross debt. As a reminder, a portion of the primary proceeds of the IPO were used to redeem €21.2m of the Senior Secured Notes. In addition, an additional €33.9m of Senior Secured Notes were repaid in the course of the third quarter and replaced with a €35m Senior Term Loan facility at a margin of 1.4%, reducing annual interest expenses by €2.1m. Following these transactions, gross debt at the end of 2017 is equal to €290.8m (excluding capitalized financing fees), of which €240.3m Senior Secured Notes, €35.0 million Senior Term Loan Facility and €15.5 million of finance leases.

Business combination accounting

In connection with our acquisition of Bentley Mills, accounting rules require us to adjust various balance sheet accounts, including inventory, to fair value at the time of acquisition. The fair value adjustment is mainly related to inventory and represents a one-off, non-recurring, expense of €2.9m on the operational result of 2017. The after-tax impact of business combination accounting on the net result of 2017 is equal to €1.8m.

Following the completion of the purchase price allocation, goodwill in connection with the Bentley acquisition has been reduced from €80m to €74m and annual depreciation charges will increase as from 2018 by an estimated €0.4m.

Glossary: Alternative Performance Measures

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

Organic Growth: is defined as growth at constant currency and excluding M&A.

Pro Forma revenue and Pro Forma Adjusted EBITDA are included, for illustrative purposes. These figures incorporate the acquisition effect of Bentley under the assumption that the transaction took place as of the start of the prior financial year. This information is intended to help investors to analyse and compare historical financial information. It is important to note that the acquisition of Bentley was completed on 22 March 2017 and consolidated in the Group's results from the 1 April 2017.

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

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

Adjusted Earnings per Share is defined as profit/ (loss) for the period adjusted for (i) the impact of the purchase price allocation mainly on changes in inventory, (ii) gains on asset disposals, (iii) integration and restructuring expenses, (iv) non-recurring finance expenses and (v) non-recurring tax effects, divided by the number of shares of Balta Group. The Adjusted Earnings per Share for 2016 is a pro forma number that has been included for comparison purposes, assuming the total number of shares was equal to the current number of shares of Balta Group.

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

Leverage is defined as the ratio of Net Debt to Pro Forma Adjusted EBITDA

Adjusted Effective Tax Rate is defined as the ratio of income tax expenses, plus or minus the tax effect of integration and restructuring expenses, the tax effect of exceptional items within the finance charges, the tax effect attributable to the re-measurement of deferred tax assets and liabilities and the tax effect of the purchase price accounting adjustments, divided by earnings from continuing operations before income taxes plus integration and restructuring expenses plus exceptional finance expenses and excluding the impact of purchase price accounting adjustments.

Reconciliation of Alternative Performance Measures

(i) Impact of non-recurring items on profit of the period

(€ thousands)	2017				2016[1]			
	Adjusted	Non Recurring	PPA[1]	Reported	Adjusted	Non Recurring	PPA[2]	Reported
Revenue	661,320		-	661,320	557,685			557,685
Raw material expenses	(310,391)		-	(310,391)	(259,472)			(259,472)
Changes in inventories	(351)		(3,008)	(3,359)	6,055			6,055
Employee benefit expenses	(151,343)		10	(151,334)	(130,054)			(130,054)
Other income	7,112		-	7,112	8,171			8,171
Other expenses	(121,965)		96	(121,869)	(101,017)			(101,017)
Adjusted EBITDA	**84,381**	**-**	**(2,902)**	**81,479**	**81,367**	**-**	**-**	**81,367**
Depreciation/ amortization	(32,469)		(30)	(32,499)	(28,666)			(28,666)
Adjusted Operating Profit	**51,912**	**-**	**(2,933)**	**48,980**	**52,701**	**-**	**-**	**52,701**
Gains on asset disposals	-		-	-	-	1,610		1,610
Integration and restructuring expenses	-	(11,368)	-	(11,368)	-	(5,128)		(5,128)
Operating profit / (loss)	**51,912**	**(11,368)**	**(2,933)**	**37,611**	**52,701**	**(3,518)**	**-**	**49,183**
Finance income	41		-	41	57			57
Finance expenses	(28,019)	(9,307)	-	(37,327)	(28,608)			(28,608)
Net finance expenses	**(27,978)**	**(9,307)**	**-**	**(37,285)**	**(28,552)**	**-**	**-**	**(28,552)**
Profit / (loss) before income taxes	**23,934**	**(20,676)**	**(2,933)**	**326**	**24,150**	**(3,518)**	**-**	**20,632**
Income tax benefit / (expense)	(7,110)	8,615	1,149	2,654	(7,142)	11,855		4,713
Profit / (loss) for the period from continuing operations	**16,825**	**(12,060)**	**(1,784)**	**2,980**	**17,007**	**8,338**	**-**	**25,345**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.
(2) Impact of purchase price accounting following the acquisition of Bentley Mills

(ii) Net debt and leverage

(€ million)	December 31, 2017			December 31. 2016 [1]		
	Non-current	Current	Total	Non-current	Current	Total
Senior Secured Notes	228.1	3.4	231.6	279.3	4.2	283.5
Senior Term Loan Facility	34.8	(.1)	34.7			
Bank and other borrowings	13.3	2.4	15.7	15.4	2.5	17.9
Less: Cash and cash equivalents		(37.3)	(37.3)		(46.0)	(46.0)
Adjusted for capitalized financing fees	7.0	1.9	8.9	10.7	2.4	13.1
Net debt	**283.2**	**(29.7)**	**253.5**	**305.4**	**(36.9)**	**268.5**
Adjusted EBITDA[2]			87.3			81.4
Leverage			**2.9**			**3.3**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.
(2) Leverage on 31 December 2017 is determined as the ratio of net debt to pro forma Adjusted EBITDA.

Financial Statements

1. Statutory auditor's note on the consolidated condensed financial information for the year ended 31 December 2017

"The statutory auditor, PwC Bedrijfsrevisoren bcvba / Reviseurs d'Entreprises sccrl, represented by Peter Opsomer, has confirmed that his audit work, which is substantially complete, has not to date revealed any significant matters requiring adjustments to the 2017 consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of change in shareholder equity or the consolidated statement of cash flow included in this press release."

Gent, 28 February 2018

PwC Bedrijfsrevisoren/Reviseurs d'Entreprises sccrl
Represented by

Peter Opsomer
Registered auditor

2. Consolidated Statement of Comprehensive Income

(€ thousands)	For the year ended December 31, [1] 2017	2016
I. CONSOLIDATED INCOME STATEMENT		
Revenue	661,320	557,685
Raw material expenses	(310,391)	(259,472)
Changes in inventories	(3,359)	6,055
Employee benefit expenses	(151,334)	(130,054)
Other income	7,112	8,171
Other expenses	(121,869)	(101,017)
Depreciation/ amortization	(32,499)	(28,666)
Adjusted Operating Profit *(including impact purchase price accounting)*	**48,980**	**52,701**
Gains on asset disposals	-	1,610
Integration and restructuring expenses	(11,368)	(5,128)
Operating profit / (loss)	**37,611**	**49,183**
Finance income	41	57
Finance expenses	(37,327)	(28,608)
Net finance expenses	**(37,285)**	**(28,552)**
Profit / (loss) before income taxes	**326**	**20,632**
Income tax benefit / (expense)	2,654	4,713
Profit / (loss) for the period from continuing operations	**2,980**	**25,345**
Profit/ (loss) for the period from discontinued operations	-	-
Profit/(loss) for the period	**2,980**	**25,345**
II. CONSOLIDATED OTHER COMPREHENSIVE INCOME		
Items in other comprehensive income that may be subsequently reclassified to P&L		
Exchange differences on translating foreign operations	(13,522)	(8,013)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	123	(116)
Items in other comprehensive income that will not be reclassified to P&L		
Changes in deferred taxes	(457)	285
Changes in employee defined benefit obligations	1,005	(882)
Other comprehensive income for the period, net of tax	**(12,850)**	**(8,727)**
Total comprehensive income for the period	**(9,870)**	**16,618**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.

3. Consolidated Balance Sheet

(€ thousands)	For the year ended December 31, (1) 2017	2016
Property, plant and equipment		
Land and buildings	162,103	169,203
Plant and machinery	130,977	115,016
Other fixtures and fittings, tools and equipment	18,080	15,019
Goodwill	198,814	124,673
Intangible assets	12,218	2,376
Deferred income tax asset	4,747	18,950
Trade and other receivables	1,165	138
Total non-current assets	**528,104**	**445,375**
Inventories	147,868	135,320
Derivative financial instruments	-	46
Trade and other receivables	61,539	54,930
Current income tax assets	3,434	34
Cash and cash equivalents	37,338	45,988
Total current assets	**250,179**	**236,318**
Total assets	**778,283**	**681,693**
Share capital	252,950	171
Share premium	65,660	1,260
Preferred Equity Certificates	-	138,600
Other comprehensive income	(19,913)	(7,063)
Retained earnings	6,297	3,351
Other reserves	(39,878)	-
Total equity	**265,116**	**136,319**
Senior Secured Notes	228,130	279,277
Senior Term Loan Facility	34,782	-
Bank and Other Borrowings	13,310	15,388
Deferred income tax liabilities	54,471	69,775
Provisions for other liabilities and charges	2,335	-
Employee benefit obligations	4,127	5,079
Total non-current liabilities	**337,155**	**369,519**
Senior Secured Notes	3,425	4,234
Senior Term Loan Facility	(108)	-
Bank and Other Borrowings	2,361	2,614
Provisions for other liabilities and charges	7,316	64
Derivative financial instruments	2	162
Other payroll and social related payables	33,373	31,246
Trade and other payables	126,375	131,562
Income tax liabilities	3,265	5,974
Total current liabilities	**176,010**	**175,856**
Total liabilities	**513,165**	**545,374**
Total equity and liabilities	**778,283**	**681,693**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.

4. Consolidated Statement of Cash Flow

(€ thousands)	For the year ended December 31, (1) 2017	2016
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) for the period	2,980	25,345
Adjustments for:		
Reclass of capital increase expenses to cashflow from financing activities (gross)	132	-
Income tax expense/(income)	(2,654)	(4,713)
Finance income	(41)	(57)
Financial expense	37,327	28,608
Depreciation, amortisation	32,499	28,666
Movement in provisions	7,252	-
(Gain)/loss on disposal of non-current assets	(58)	(1,610)
Fair value of derivatives	8	786
Non-cash impact of Purchase Price Allocation	2,902	-
Cash generated before changes in working capital	**80,347**	**77,025**
Changes in w orking capital:		
Inventories	(4,280)	(5,883)
Trade receivables	1,913	(8,433)
Trade payables	(15,460)	10,485
Other w orking capital	(2,248)	(5,459)
Cash generated after changes in working capital	**60,272**	**67,735**
Net income tax (paid)	(5,344)	(1,478)
Net cash generated / (used) by operating activities	**54,928**	**66,257**
II. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition & disposal of property, plant and equipment	(38,261)	(36,483)
Acquisition of intangibles	(1,673)	(1,494)
Proceeds from non-current assets	912	2,408
Acquisition of subsidiary	(68,752)	-
Net cash used by investing activities	**(107,775)**	**(35,569)**
III. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and other finance charges paid, net	(32,388)	(27,814)
Proceeds from borrow ings w ith third parties	110,000	-
IPO Proceeds	145,000	-
Incremental costs paid directly attributable to IPO	(7,772)	-
Repayments of borrow ings w ith third parties	(171,987)	(2,349)
Proceeds from contribution in kind	1,343	-
Net cash generated / (used) by financing activities	**44,196**	**(30,163)**
NET INCREASE/ (DECREASE) IN CASH AND BANK OVERDRAFTS	**(8,650)**	**526**
Cash, cash equivalents and bank overdrafts at the beginning of the period	**45,988**	**45,462**
Cash, cash equivalents and bank overdrafts at the end of the period	**37,338**	**45,988**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.

5. Consolidated Statement of Change in Shareholder Equity

(€ thousands)	Share capital	Share premium	PEC's	Other comprehensive income	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance at January 1, 2017	**171**	**1,260**	**138,600**	**(7,063)**	**3,351**	**-**	**136,319**	**-**	**136,319**
Profit / (loss) for the period	-	-	-	-	2,946	-	2,946	34	2,980
Other comprehensive income									
Exchange differences on translating foreign operations	-	-	-	(13,522)	-	-	(13,522)	-	(13,522)
Changes in fair value of hedging instruments qualifying for cash flow hedge accounting	-	-	-	123	-	-	123	-	123
Cumulative changes in deferred taxes	-	-	-	(457)	-	-	(457)	-	(457)
Cumulative changes in employee defined benefit obligations	-	-	-	1,005	-	-	1,005	-	1,005
Total comprehensive income for the period	**-**	**-**	**-**	**(12,850)**	**2,946**	**-**	**(9,904)**	**34**	**(9,870)**
Incorporation of founders' share	62	-	-	-	-	-	62	-	62
Capital contribution Bentley Management Buy-out	1,343	-	-	-	-	-	1,343	(34)	1,309
Contribution in kind of LSF9 Balta Issuer S.à r.l.	331,250	-	-	-	-	-	331,250	-	331,250
Transfer of share capital to other reserves	(150,000)	-	-	-	-	150,000	-	-	-
Cancellation of founders' share	(62)	-	-	-	-	-	(62)	-	(62)
Contribution of net proceeds from the Primary Tranche of the IPO	79,340	65,660	-	-	-	-	145,000	-	145,000
IPO expenses attributed to the Primary tranche of the IPO	(7,640)	-	-	-	-	-	(7,640)	-	(7,640)
Capital reorganisation under common control	(1,514)	(1,260)	(138,600)	-	-	(189,878)	(331,252)	-	(331,252)
Total transactions with the owners	**252,779**	**64,400**	**(138,600)**	**-**	**-**	**(39,878)**	**138,701**	**(34)**	**138,667**
	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	**252,950**	**65,660**	**-**	**(19,913)**	**6,297**	**(39,878)**	**265,116**	**-**	**265,116**

(1) Predecessor: Balta Group NV was incorporated on 1 March 2017. The financial information relating to 2016 has been extracted from the consolidated financial statements of LSF9 Balta Issuer S.à r.l.

Earnings call

The Full Year 2017 Results will be presented via a webcast by the CEO Tom Debusschere and CFO Tom Gysens on 1 March 2018 at 10.00 am CET. Dial-in details and the results presentation will be available on www.baltagroup.com

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About Balta

Balta is a leading manufacturer of textile floor coverings, selling to over 130 countries worldwide. The Balta divisions are Balta Rugs (Balta Home), Balta Residential Carpets & Tiles (under the brands Balta Carpets, ITC and Balta Carpet Tiles), Balta Commercial Carpets & Tiles (under the brands modulyss, Arc Edition and Bentley), and Balta Non-Woven (under the brand Captiqs). With the addition of Bentley, Balta employs over 4,000 people in 9 manufacturing sites and in distribution centres in Belgium, Turkey and the United States.

Important notice

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

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

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

Next scheduled announcement

Balta intends to publish its quarter one 2018 trading statement on 3 May 2018

The Balta 2017 annual report will be available on the 20 April 2018 and can be found on www.baltagroup.com