SIOEN

General report **2019**

Anytime, anywhere

Consolidated key figures (in millions of EUR)	2019	2018	2017	2016	2015 (10)	2014 (10)	2013 (10)	2012 (10)	2011 (10)	2010 (10)	2009 (10)	2015	2014	2013	2012	2011	2010	2009
Profit and loss account																		
Net sales	509.6	506.2	473.1	363.4	326.4	326.6	323.0	323.5	322.6	292.0	251.9	326.4	326.6	323.0	324.5	331.8	300.2	264.5
Operating result (EBIT)	39.6	47.7	41.5	44.7	35.8	27.8	23.8	24.2	18.6	21.7	5.4	36.2	27.8	23.7	23.3	17.3	25.7	-8.6
Financial result	-2.0	-1.7	-7.9	-6.6	-3.0	-4.0	-3.9	-4.9	-5.0	-6.3	-5.9	-3.0	-4.0	-3.9	-4.7	-5.3	-6.0	-5.9
Profit (loss) before taxes	37.6	46.1	33.6	38.0	32.8	23.8	19.9	19.4	13.6	15.4	-0.5	33.1	23.8	19.8	18.6	12.0	19.8	-14.5
Group profit (loss)	27.4	33.8	21.9	26.0	22.6	16.9	14.7	14.4	13.4	13.8	3.2	23.1	16.5	14.3	13.6	11.6	18.1	-11.1
EBIT (1)	39.6	47.7	41.5	44.7	35.8	27.8	23.8	24.2	18.6	21.7	5.4	36.2	27.8	23.7	23.3	17.3	25.7	-8.6
EBITDA (2)	65.0	69.6	64.4	59.1	51.9	48.8	40.8	41.8	35.5	38.4	26.8	52.2	48.7	40.5	39.5	35.1	38.3	23.7
Group profit (loss) attributable to shareholders of Sioen Industries	27.4	33.8	21.9	26.0	22.6	16.9	14.7	14.4	13.4	13.8	3.2	23.1	16.5	14.3	13.6	11.6	18.1	-11.1
Depreciations	25.4	21.9	22.1	16.4	15.5	16.5	16.5	16.8	17.7	19.0	19.3	15.5	16.5	16.5	16.8	18.1	19.5	20.7
Personnel costs	111.2	106.1	99.5	75.2	69.0	67.4	69.7	68.8	65.9	60.8	57.8	69.0	67.4	69.7	69.1	68.6	63.8	63.8
Number of employees (in units)	4 834	4 605	4 341	3 578	2 857	3 531	4 011	4 582	4 682	4 579	4 237	2 857	3 531	4 011	4 582	4 682	4 579	4 237
Balance sheet																		
Equity	241.4	223.8	199.5	189.2	174.0	157.5	152.8	147.9	149.0	145.7	128.9	174.0	157.5	152.8	147.9	149.0	145.7	128.9
Non-current borrowings + obligations under finance leases	114.3	122.4	68.0	72.2	7.2	108.8	111.4	114.0	116.5	119.9	119.9	7.2	108.8	111.4	114.0	116.5	119.9	119.9
Net financial debt (3)	137.4	116.8	116.7	79.2	4.6	24.2	49.9	65.0	84.8	91.8	108.8	4.6	24.2	49.9	65.0	84.8	91.8	108.8
Balance sheet total	501.7	470.6	440.0	368.4	362.5	355.2	347.3	349.6	348.5	346.5	327.9	362.5	355.2	347.3	349.6	348.5	346.5	327.9
Working capital (4)	144.6	128.6	120.6	121.2	91.4	94.1	93.7	92.8	95.7	86.9	72.1	91.4	94.1	93.7	92.8	95.7	86.9	72.1
Additions to property, plant and equipment	28.6	33.6	15.9	7.8	12.0	7.0	4.1	6.6	6.8	7.1	8.6	12.0	7.0	4.1	6.6	6.8	7.1	8.6
Property, plant and equipment	164.8	142.4	124.0	110.4	80.3	81.3	92.5	102.8	111.7	119.9	129.5	80.3	81.3	92.5	102.8	111.7	119.9	129.5
Ratios																		
EBIT/net sales (1)	7.8%	9.4%	8.8%	12.3%	11.0%	8.5%	7.4%	7.5%	5.8%	7.4%	2.1%	11.1%	8.5%	7.3%	7.2%	5.2%	8.6%	-3.2%
EBITDA/net sales (2)	12.8%	13.7%	13.6%	16.3%	15.9%	14.9%	12.6%	12.9%	11.0%	13.2%	10.6%	16.0%	12.4%	12.5%	12.2%	10.6%	12.8%	9.0%
Net profit margin (5)	5.4%	6.7%	4.6%	7.1%	6.9%	5.2%	4.6%	4.4%	4.2%	4.7%	1.3%	7.1%	5.1%	4.4%	4.2%	3.5%	6.0%	-4.2%
Liquidity (6)	2.0	2.3	1.5	2.4	1.5	3.1	3.0	2.6	2.9	2.7	2.3	1.5	3.1	3.0	2.6	2.9	2.7	2.3
Solvency (7)	48.1%	47.6%	45.4%	51.4%	48.0%	44.3%	44.0%	42.3%	42.7%	42.0%	39.3%	48.0%	44.3%	44.0%	42.3%	42.7%	42.0%	39.3%
Net financial debt/equity (3)	0.57	0.52	0.58	0.42	0.03	0.15	0.33	0.44	0.57	0.63	0.84	0.03	0.15	0.33	0.44	0.57	0.63	0.84
Return on equity (8)	12.3%	16.9%	11.6%	14.9%	14.4%	11.1%	9.9%	9.7%	7.3%	10.7%	2.5%	14.7%	10.8%	9.7%	9.1%	8.0%	14.1%	-8.6%
Return on capital (ROCE) (9)	7.3%	9.7%	8.7%	11.2%	12.9%	9.9%	8.3%	8.0%	7.1%	10.0%	-2.1%	12.9%	9.9%	8.3%	8.0%	7.1%	10.0%	-2.1%

(1) Earnings Before Interest and Taxes = Operating result

(2) 2019-2018: Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + depreciations, 2017-2009: Operating result + depreciations +write off inventories and receivables+ provisions for liabilities and charges

(3) Borrowings (non-current and current) + obligations under finance leases (non-current and current) - other financial assets - cash and cash equivalents

(4) Total current assets - other financial assets - cash and cash equivalents - derivatives fair value (in current assets) - total current liabilities + borrowings (current) + obligations under finance leases (current) + derivatives fair value (in current liabilities)

(5) Group profit (loss)/net sales

(6) Total current assets/total current liabilities

(7) Equity/balance sheet total

(8) Group profit (loss) attributable to shareholders of Sioen Industries/equity at end of previous financial year

(9) (Operating result + income taxes)/capital employed of the period (working capital (zie (5)) + intangible assets + goodwill + property, plant and equipment + investment property

(10) Only continuing operations

Consolidated key figures per share(1)	2019	2018	2017	2016	2015 (10)	2014 (10)	2013 (10)	2012 (10)	2011 (10)	2010 (10)	2009 (10)	2015	2014	2013	2012	2011	2010	2009
Operating result	2.00	2.41	2.10	2.26	1.81	1.40	1.17	1.13	0.87	1.01	0.25	1.82	1.40	1.16	1.09	0.81	1.20	-0.40
Group profit (loss)	1.39	1.71	1.11	1.31	1.14	0.85	0.72	0.67	0.63	0.65	0.15	1.17	0.83	0.70	0.64	0.54	0.85	-0.52
Group profit (loss) attributable to shareholders of Sioen Industries	1.39	1.71	1.11	1.31	1.14	0.85	0.72	0.67	0.63	0.65	0.15	1.17	0.83	0.70	0.64	0.54	0.85	-0.52
Equity	12.21	11.31	10.09	9.56	8.77	7.94	7.50	6.92	6.96	6.81	6.02	8.77	7.94	7.50	6.92	6.96	6.81	6.02
Gross dividend	0.6500	0.6200	0.5600	0.5300	0.4800	0.3700	0.3300	0.3100	0.2700	0.2500	0.0800	0.4800	0.3700	0.3300	0.3100	0.2700	0.2500	0.0800
Net dividend	0.4550	0.4340	0.3920	0.3710	0.3504	0.2775	0.2475	0.2325	0.2025	0.1875	0.0600	0.3504	0.2775	0.2475	0.2325	0.2025	0.1875	0.0600
Pay-out (%)	46.9%	36.3%	50.7%	40.4%	42.0%	43.4%	44.5%	44.1%	43.0%	38.7%	53.5%	41.1%	44.5%	45.8%	46.7%	43.0%	38.7%	-15.4%
Maximum share price	28.25	31.15	32.88	31.20	19.46	12.70	8.75	6.68	7.95	7.40	5.31	19.46	12.70	8.75	6.68	7.95	7.40	5.31
Minimum share price	20.60	20.00	25.50	14.50	10.96	8.25	6.60	4.57	4.82	3.95	2.67	10.96	8.25	6.60	4.57	4.82	3.95	2.67
Price at Dec.31	22.95	21.30	30.37	28.10	18.50	11.26	8.39	6.56	5.25	7.39	3.97	18.50	11.26	8.39	6.56	5.25	7.39	3.97
Change in share price (2)	8%	-30%	8%	52%	64%	34%	28%	25%	-29%	86%	13%	64%	34%	28%	25%	-29%	86%	13%
Price/Earnings Ratio (2) (3)	16.5	12.5	27.5	21.4	16.2	13.2	11.6	9.8	8.4	11.4	26.5	15.9	13.5	12.0	10.3	9.7	8.7	-7.6
Average daily trading volume (no. of shares)	6 333	6 303	8 564	10 548	14 144	12 500	12 249	11 256	12 109	13 952	7 386	14 144	12 500	12 249	11 256	12 109	13 952	7 386
Average monthly trading volume (no. of shares)	132 994	132 358	179 841	221 498	297 033	262 492	257 238	236 368	254 282	292 999	155 112	297 033	262 492	257 238	236 368	254 282	292 999	155 112
Annual trading volume (in millions)	1.6	1.6	2.2	2.8	3.7	3.3	3.1	2.9	3.1	3.6	7.7	3.7	3.3	3.1	2.9	3.1	3.6	7.7
Number of Sioen Industries shares outstanding (in thousands) (1)	19 780	19 780	19 780	19 780	19 826	19 826	20 364	21 390	21 390	21 390	21 390	19 826	19 826	20 364	21 390	21 390	21 390	21 390
Stock market capitalization (millions) (2)	453.9	421.3	600.6	555.8	366.8	223.2	170.9	140.3	112.3	158.1	84.9	366.8	223.2	170.9	140.3	112.3	158.1	84.9

(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

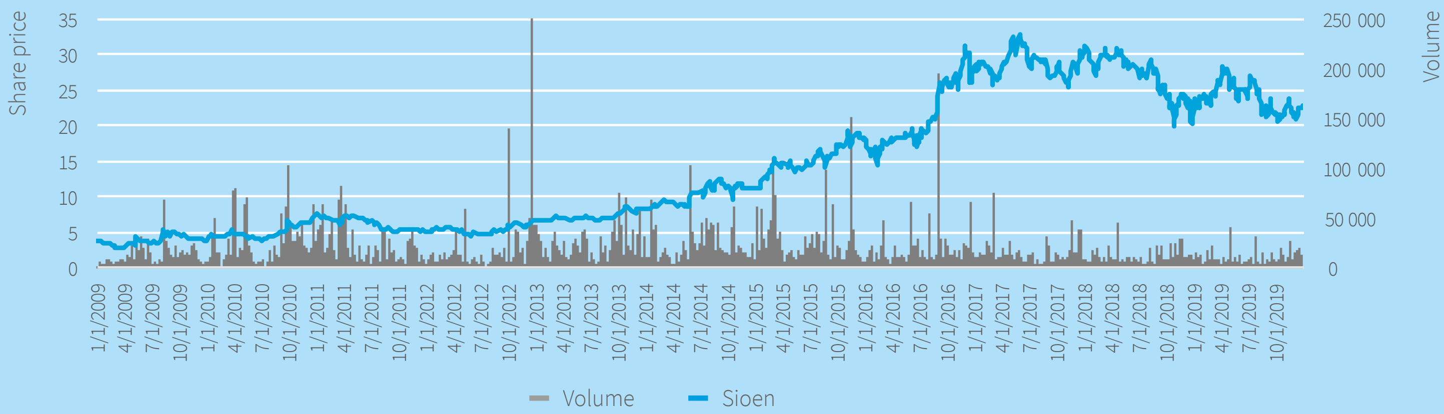
(3) Price at end of December/group profit (loss) attributable to shareholders of Sioen Industries per share

Net sales 2019

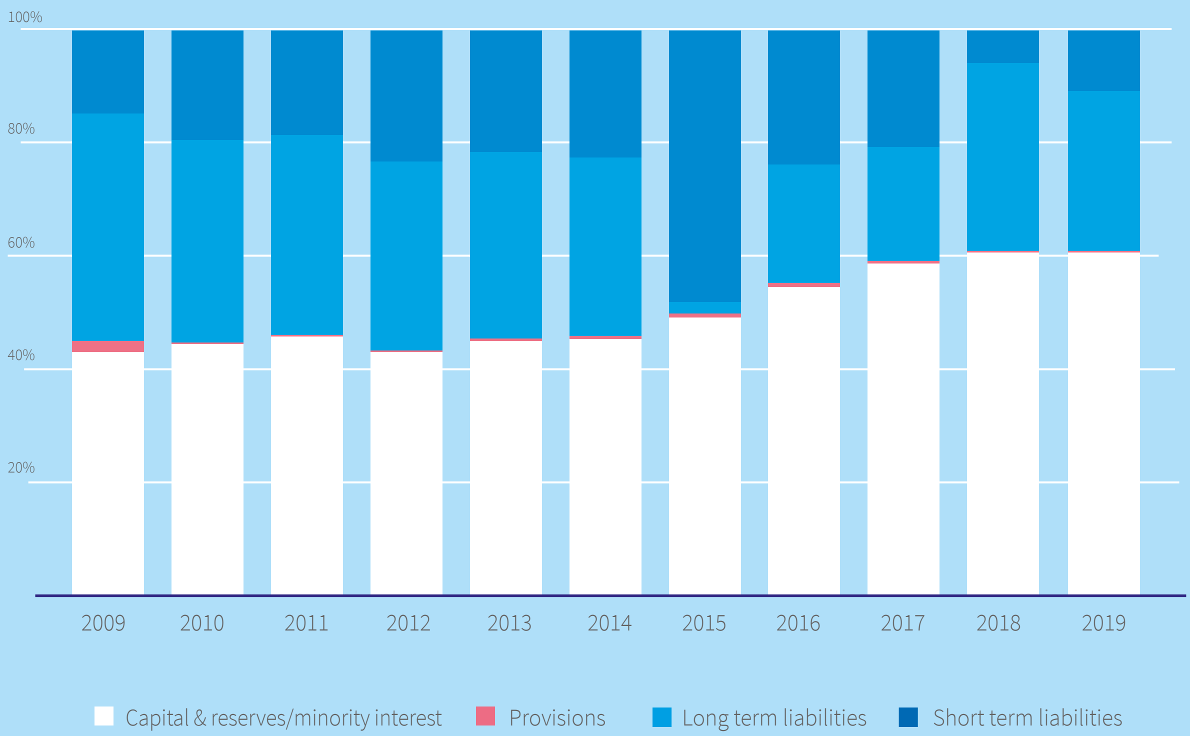
509.6 million euros
(+0.7%)

Material margin improves
Integration of various acquisitions
Proposed dividend per share: 0.65 euro

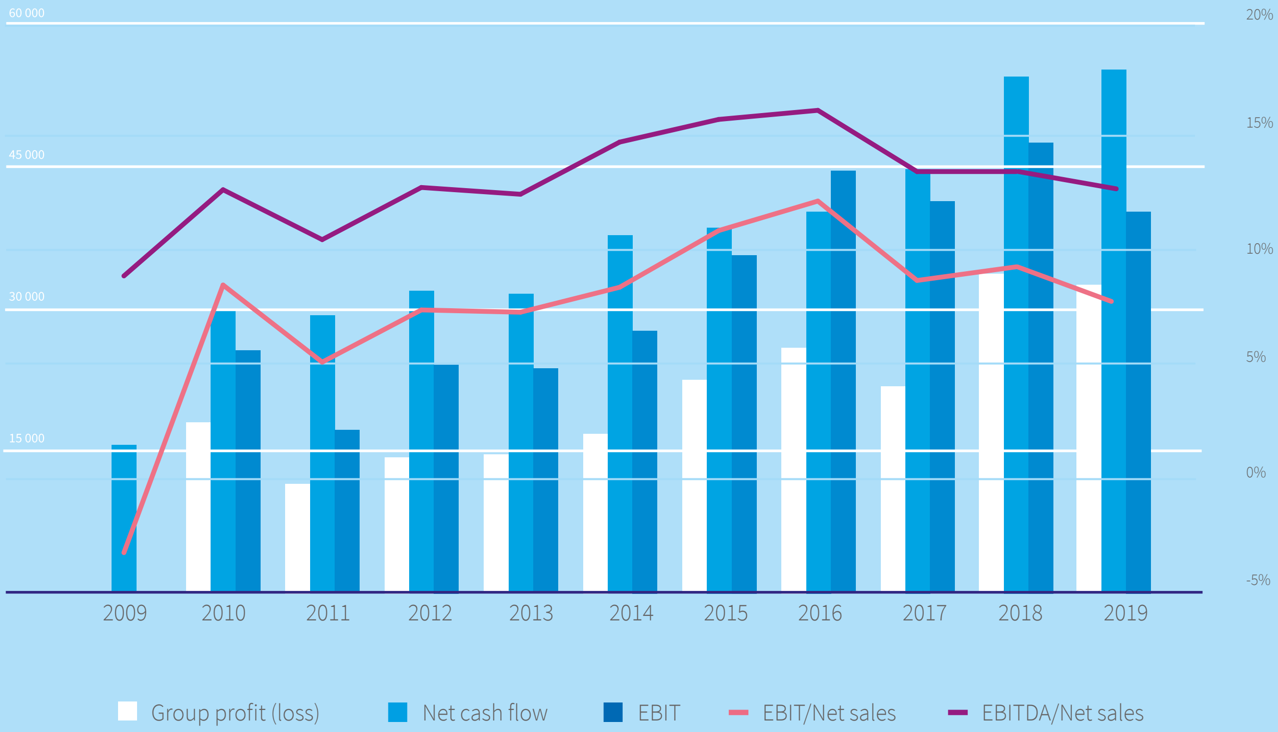
Share price evolution (in euro)



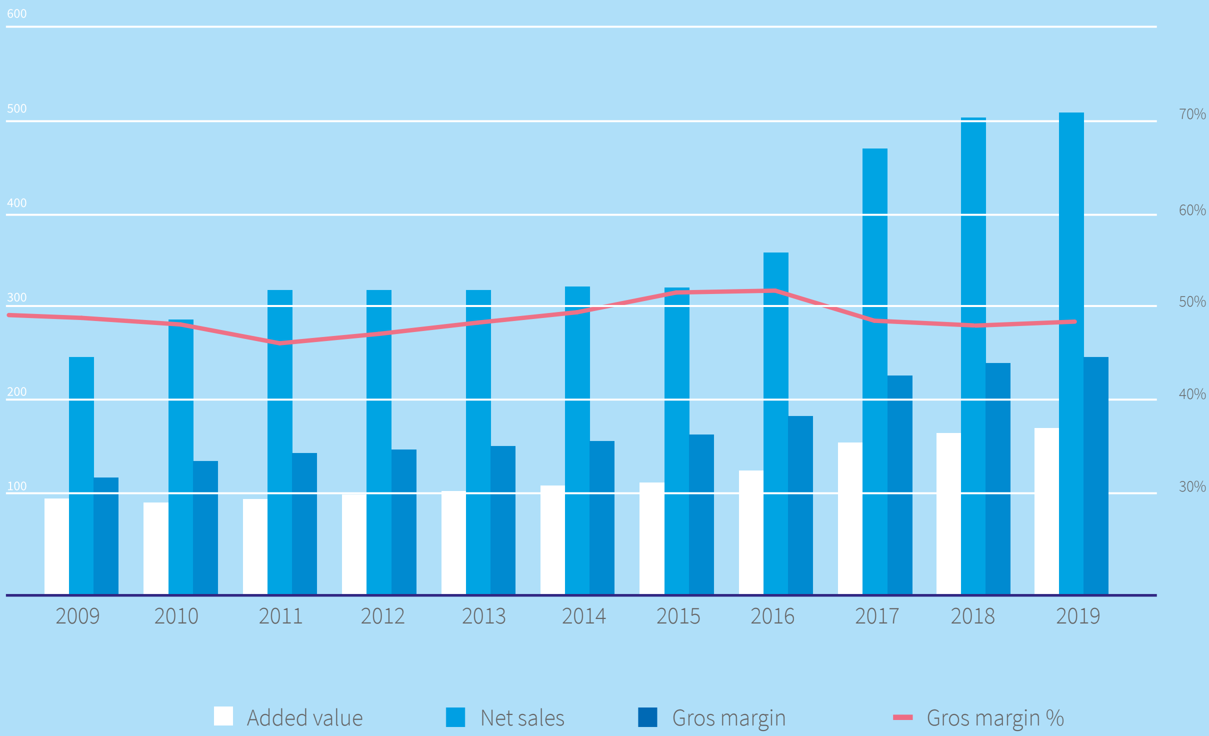
Financing of assets 2009-2019 (in %)

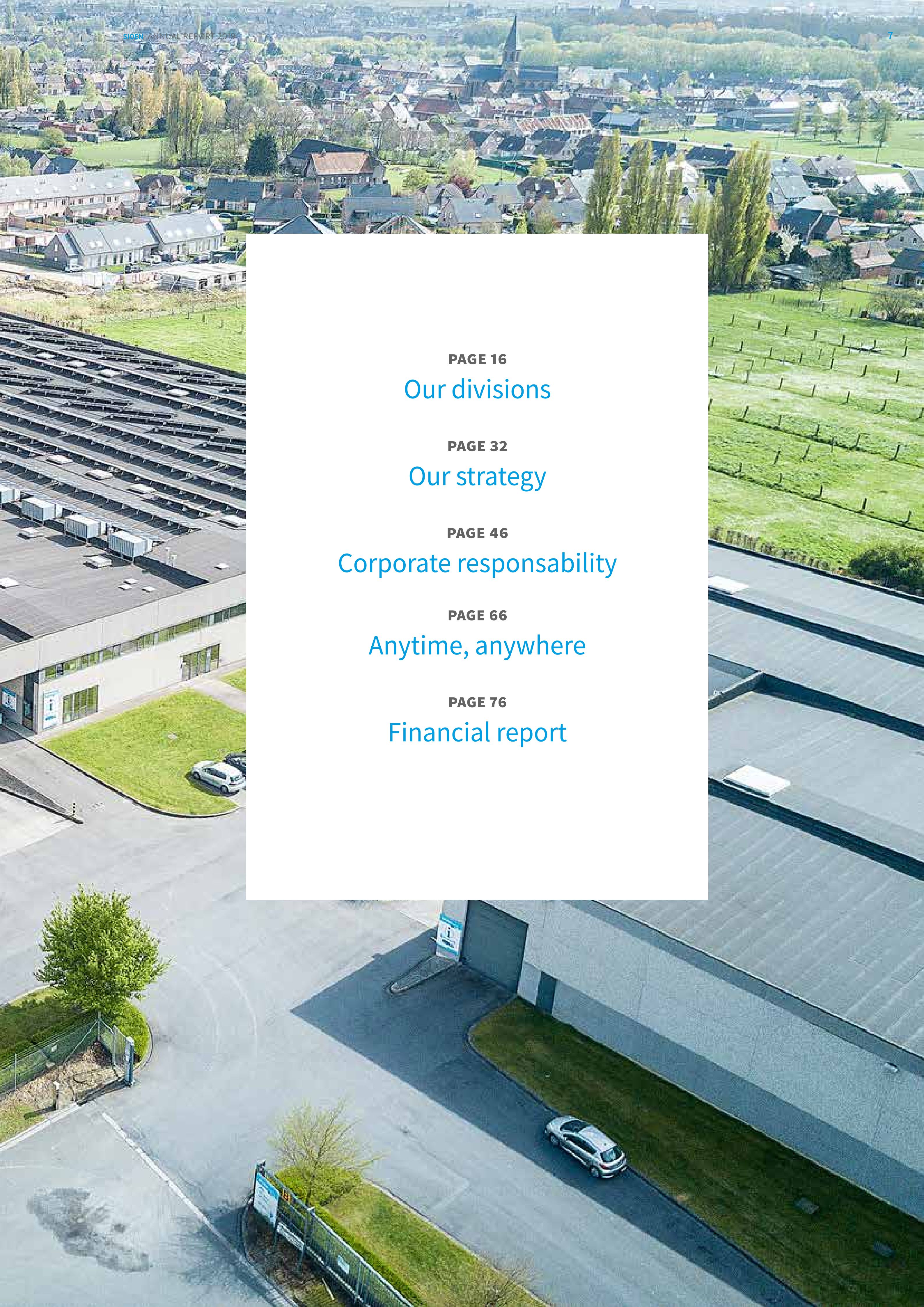


Key figures 2009-2019 (in millions of euro)



Key figures 2009-2019 (in millions of euro)





Letter to our stakeholders

Dear customers, business partners, employees and shareholders,

In 2019, Sioen once again proved that we also perform well in turbulent times. The industrial engine of Germany - our most important market - slowed down, the transport sector was hit worldwide, the ongoing Brexit was having its effects and the impact of international trade conflicts was felt everywhere. Nevertheless, we managed to consolidate the spectacular growth in turnover we had in recent years (+ 0.7%). On average, since 2013 up to 2019, our turnover increased by 6.7%.

“What I’m proud of? Nowadays, you will come across one of our textile solutions at any time.”

Protective clothing reaches the highest levels

In our three divisions (more information from page 16 onwards), the strong rise of Sioen Apparel is particularly striking: + 8.7% in 2019. For the first time in the history of our company, our clothing department represents a share of more than 30% in the total turnover. The increased safety awareness of authorities, an increasing demand for circular protective clothing and stricter working standards are all developments that we responded to perfectly. From emergency and security services to operators in industrial companies, fishermen and forest managers: Sioen strengthened its market leadership in a broad variety of target markets.

In 2019, our Coating division has been focussing on diversification. Our primary applications markets, including transportation, industry and construction, had a difficult year. We have been able to compensate this by focusing on promising additional markets, such as tensile architecture and geotextiles. In addition, we also spread our wings geographically, with new sales teams for Australia and the US, among others. An extra American asset: the recent acquisition of Dickson Coatings gives a further boost to our US presence.

Last but not least, Sioen Chemicals also managed to maintain its market position in a competitive market. With high-quality color dispersions for our own divisions as well as for external customers, we continue to guarantee top technical and chemical products.

Often hidden, always present

Our strong performance is primarily the result of a balanced long-term strategy based on five pillars: vertical integration, innovation, market leadership, customer focus and sustainable growth. By pursuing and achieving clear objectives within each of these strategic pillars, we are stronger today than ever before.

Moreover, all strategic focal points are interconnected. For example, we organize the entire production process in-house, from the extrusion of granulate to ready-made protective clothing and coated textiles. We use our flexibility, combined with the expertise of our R&D team of 220 people, to bring around 45,000 different products to markets in every corner of the world. To achieve that, our excellent technical quality and a customer-oriented mindset are our trademarks. That way, Sioen succeeds in raising the bar in its primary target markets and in conquering difficult new niche markets.

The result is that, now, we literally are at home in all markets. Tea bags, bulletproof vests, green textile walls, airbags, windmills, laminate floors or rain trousers: at any time of the day you will come across one of our textile solutions - knowingly or unknowingly. In order to visualize that remarkable image, we put our heads together for this annual report. You can find the result from page 66 onwards.

Can-do attitude

We are ambitious for our future. As always, in the coming year, we want to make our mark with an even wider range of textile solutions. Better, faster, stronger: those are the words that define us. My mother, Mrs. Jacqueline Sioen, co-founder and director of Sioen, who passed away at the beginning of 2020, wouldn't have wanted it any other way. Continuing our momentum is the best tribute we can give to her.
At the same time, we also aim for more sustainability. Nowadays, new social challenges are rapidly coming towards us and it is our firm believe that Sioen can play a decisive role. Therefore, from now on, we will link our policy on Corporate Social Responsibility (pages 46-65) to the Sustainable Development Goals of the United Nations.

In highlighting our strong performance and ambitions, we also need to talk about our greatest asset: our employees. They make the difference, day in and day out. The typical tenacity that characterizes our employees is the real asset of Sioen. I therefore would like to seize this opportunity to thank them sincerely for all their efforts and energy. We are also appreciate our shareholders for their confidence in our long-term ambitions.

For 2020, I am looking forward to growing further together and to adding a new chapter to our great story.

Michèle Sioen
CEO of Sioen Industries

Milestones

A selection of notable events from 2019 by division

Coating division

In May 2019, Sioen acquired **Techma Coatings**, a manufacturer of breathable laminated textiles, for 0.3 million euros. Until then, the company was part of the Seyntex Group located in Tielt and realized a turnover of 13 million euros in 2018. The deal also included the purchase of part of the production equipment and the customer portfolio. Techma Coatings is now an integral part of Sioen Fabrics in Mouscron. This strengthens Sioen's position in the market for technical coated textiles for mattress protection, clothing, tensile structures and tents, amongst others.

Sioen Coating closed the year with very good news. Mid-December, an agreement was reached with the US-based Glen Raven Group for the takeover of its PVC coating activities: **Dickson Coatings**. The division represents approximately 38 million euros in sales and has facilities in France (production) and in the US (sales). The primary aim is to work closely together in order to develop technical textiles for sunscreens and other outdoor applications with high growth potential.

Apparel division

In 2019, our Apparel division shifted up a gear in some challenging projects. For example, after intensive negotiations with the Automobile Club de Monaco Sioen was approved for the 88th Rally of Monte Carlo. In December, we flew in 1,400 rain and softshell jackets for race officials, rescuers and other workers at the race. The prestigious rally that ran from 20 to 26 January 2020 was an enormous success. Our next target: the F1 Monaco Grand Prix.

With no fewer than 8 specialized brands, Sioen Apparel is constantly convincing more local authorities and large companies of its customer-oriented approach and high-quality product range. In 2019, this resulted in a range of successful tenders, spread across various sectors and in several countries.

A selection:

- **Germany:** Quarzwerke Group, a globally operating company in the mining sector, ordered 8,500 multi-standard garments.
- **Ireland:** For the upcoming Brexit, the Irish Customs Authorities hired 600 new officers. They selected Sioen for the delivery of new garments, worth 200,000 euros.
- **Austria:** steel manufacturer Breitenfeld Edelstahl ordered 3,200 pieces of our highly technical professional protective clothing for its employees.
- **France:** the forest management agency “Office National des Fôrets” will invest over 2.5 million euros in more than 60,000 Sioen products over the next 4 years.
- **The Netherlands:** Rijkswaterstaat, the Authority responsible for the Dutch motorways and waterways, invested in a new look: from life jackets to light parkas.

Baleno, our brand for casual wear, has received a string of awards. For the third year in row, Sioen received the main award at the British Equestrian Trade Association (BETA) fair in Birmingham. This time, our Banbury Jacket has received the award: a stylish, waterproof vest for women.

Chemicals division

Sioen Chemicals is constantly exploring new niche markets with our specialized brand of UV Curable Systems. For example, in 2019 we launched a new range of inks and varnishes for the finishing of furniture. This product diversification should result in an even stronger position for the Chemicals division.

Corporate Export Lion Award 2019

On September 18, 2019, the Flemish Agency for International Business (FIT) awarded Sioen for its impressive export achievements. CEO Michèle Sioen and Commercial Director Jan Mortier proudly received the "Export Lion" award and returned to Ardooie as brand-new ambassadors for Flemish exports. In its judgment, the jury took into account the geographical spread, the export strategy and the international turnover figures, but also praised the efforts of Sioen in areas such as innovation and corporate social responsibility.

Two successful women meet: Michèle Sioen receives her trophy from Claire Tillekaerts, CEO of FIT

"For a company that makes its living from exports, this recognition is the crowning achievement and an extra motivation to continue on the chosen path."

Michèle Sioen,
CEO of Sioen Industries

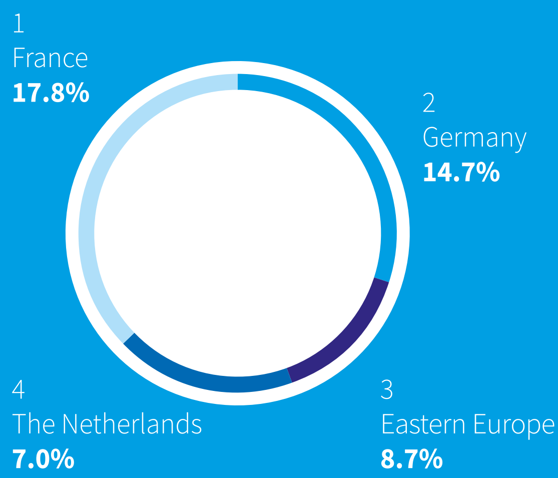
"Sioen demonstrates that a critical, innovative mindset is crucial to make a difference in international markets. The best proof of this: as one of few Flemish textile companies, Sioen realises strong growth within Europe as well as outside of Europe."

Claire Tillekaerts,
CEO of FIT

Factory of the Future-award

Although this happened after the closing date of the balance sheet, we would like to let you know that our Veranneman Technical Textiles division in Ardooie, Belgium, received its second Factory of the Future award. Technology federation Agoria and research center Sirris, the organizers of this award, praised the investments in digitization, the smart use of energy and materials and the involvement of the employees. Veranneman Technical Textiles won the award for the first time in 2017 and can now call itself Factory of the Future for the coming three years.

Main export markets:



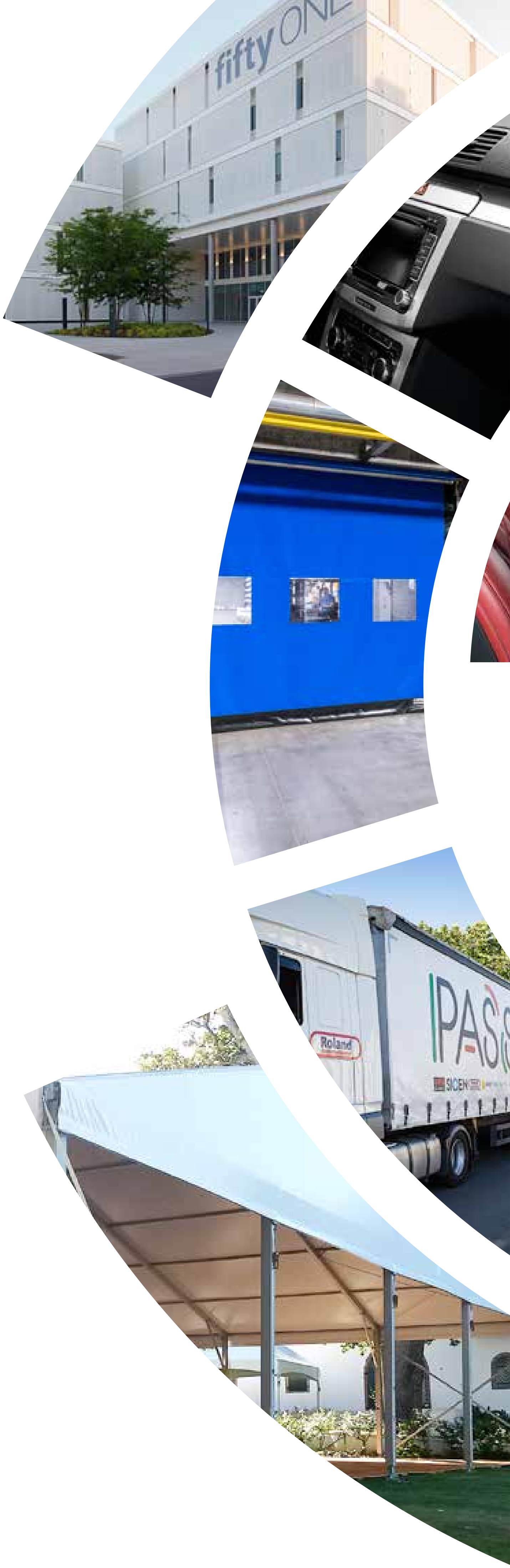
Did you know …

… exports account for 92% of our total net sales?

… we export our products to 127 countries?

… Sioen aims for an annual increase in exports 5% to 6%?

Chapter 01
Our divisions



Coating division

Sioen is the undisputed world market leader in technical textiles. The secret recipe: a healthy balance between organic and external growth. Year after year, the Coating division continues to invest in vertical integration, innovation, diversification, digitization and increased production capacity to increase its market share. In addition, we keep our eyes open for acquisition opportunities. That way, we were able to welcome two acquisitions in 2019 - Dickson Coatings and Techma Coatings. This combination of investments makes Sioen the quality brand for technical textiles it is today.

Protection through Innovation

Our CEO speaking

What is the strength of Sioen Coating?
“Above all, it is a combination of assets that gives our division its lead: from a state-of-the-art machine park to an impeccable service to the most innovative product range on the market. These strengths are reflected in all of our 13 specialized brands. Each one of them is a textile solutions provider that helps our customers to grow. Whether we are active in the industrial, construction, transport, car or maritime sector, Sioen thinks along with its customers about tailor-made textile solutions and has the expertise to realize them.”

What was the main evolution of 2019?
“The division acquired two complementary companies and, in addition, invested in increasing production capacity. For example, we introduced additional production lines at various locations and in Romano D’Ezzelino, Italy, we are starting a whole new factory for non-woven textiles. The influence of Industry 4.0 technologies, such as artificial intelligence and the Internet of things, is rapidly increasing. All of our facilities are gradually becoming ‘smart factories’. In 2019, we laid the foundations for renewed rapid growth.

What is the ambition for the coming years?
“We will continue to rely on our own strength. Technical textiles contribute to solving various social challenges, such as making cities greener, safe freight transport, clean energy and a sustainable food supply. Sioen aims to play a pioneering role in these developments. In line with this, we are aiming for sales growth in non-European markets, in particular the US, South Africa, the Middle East and Australia. There is still a lot of potential there. In short: we have no lack of ambition.”

Michèle Sioen, CEO van Sioen Coating

13 specialized brands

SIOEN SPINNING
High-quality and tailor-made polyester yarns with specific properties (abrasion, adhesion, UV, FR, color)

SIOEN WEAVING
High-quality, woven technical textile from a wide range of raw materials

sio-line
Coated technical textiles with a focus on polyester / PVC combinations for different applications: from sliding curtains for trailers to sports mats to tents

SAINT CLAIR
Coated technical textiles with focus on non-PVC. The new name for Dickson Coatings, acquired in 2019

SIOEN FABRICS coating
Technical (stretch) textiles for protective clothing, airbags, mattress protectors, …

SIOEN FABRICS CALENDERING
Custom-made TPO and PVC films, for applications such as dashboards, sun visors, packaging, and many more

VERANNEMAN TECHNICAL TEXTILES
Technical scrims with woven, laid and coated varieties

James Dewhurst Reinforcement Solutions
High-quality scrims for reinforcements, with strong output capacities

dimension polyant
Innovative and professional sails for the sailing world

COATEX
Custom-made keders for roller gates and tensile structures

Dynatex multi-axial reinforcements Part of SIOEN
Multi-axial, coated reinforcement composites for the transport sector

SIOEN TECHNICAL FELTS
Single or multi-layer Technical Felt, with or without woven reinforcement base

MANIFATTURA FONTANA ADDED-VALUE GEOTEXTILES
Non-woven geotextiles for construction and civil engineering

Share in turnover: 61.0 %

Employees: 1 116

Locations:
Belgium, France, Austria, Portugal, Italy, Germany, USA, UK, Australia and China

Behind the scenes: our management team is ambitious for the future

"In the coming years, we want to continue the strong 2019 growth of our X-PAC™ backpacks as a quality outdoor brand and fashion item. In addition, we want Dimension-Polyant to operate completely CO_2 neutral by the end of 2020."

Uwe Stein,
CEO Dimension-Polyant GmbH

"With our state-of-the-art machine park, we aim for growth in sunscreen products. The recent opening of a high-tech production line with integrated artificial intelligence will contribute to that objective."

Frank Veranneman,
CEO Online Coating

“The successful and timely start-up of our new production facility in Italy will give us the necessary capacity to deliver the planned volumes. Our goal: to become the European market leader in geotextiles and to further develop our position as a player in geosynthetics.”

Orwig Speltdoorn,
CEO Non-wovens

“We are fully committed to growth, taking into account the changes in environmental regulations. As always, in doing this, we take a customer-oriented and innovative approach. The acquisition of Techma Coatings (Seyntex) fits in perfectly with that picture.”

Michel Devos,
CEO Sioen Fabrics Coating & Calendering

“2019 was a productive year: two new spin lines, a new inspection line, the introduction of fast detection cameras and the start-up of a team for North and Latin America. We plan on capitalizing on those investments with higher sales outside of Europe.”

Grisja Lobbestael,
CEO Direct Coating

Apparel division

This division has been predominant in manufacturing professional protective clothing for more than 50 years. Its trademark remained unchanged throughout that period: superior technical quality. For that reason, the garments of our 8 specialized brands are extremely popular with professionals who work in conditions where safety, comfort and protection are crucial. Now Sioen Apparel is the market leader in Europe and our star continues to rise. In 2019, the division achieved a growth in turnover of no less than 8.7%.

Protection through Innovation

Our CEO speaking

What is the strength of Sioen Apparel?

"Our unprecedented know-how and expertise. Our more than 3,500 employees, 300 of whom are in our R&D and sample department, know how to make optimal use of the benefits of our vertical integration. We develop, test, produce and deliver everything ourselves. The possibilities are endless. The result: no other player in the market has such a broad product range. And just as important, for all these products, we always aim for the best quality, and with that approach, we are very successful. Forestry professionals to firefighters to farmers: quality is a common language."

What was the main evolution of 2019?

"More and more local authorities and large companies are looking for multi-norm protective clothing that protects their employees against multiple risks at the same time. As a multi specialist, we offer protection against extreme cold, flames, chemicals, electric arc, bullets, knives etcetera. It is with those types of highly specific, technical clothing that Sioen makes the difference, which resulted in a series of successful tenders in 2019. For example, for the coming 5 years, Mullion will supply 10,000 life jackets and survival suits to the French Navy, each year. Sioen Firefighter Clothing, with contracts from Paris to Oman, and our brand Sioen PPC are also achieving great results."

What is the ambition for the coming years?

"We will continue to focus on technically difficult projects and extend our range of protective clothing that meets the highest standards. This means that innovation will continue to be the main focus of our department, because each year the standards in our sector become stricter. Through our active participation in standardization, we are involved in setting the standards ourselves. Moreover, we are one of the few companies that already offers standards-compliant garments for women. Through innovation, in combination with our strong customer-oriented approach, we aim to continue our strong growth."

Bart Vervaecke, CEO of Sioen Apparel

8 specialized brands

SIOEN

Professional protective clothing for every work environment

SIOEN FIREFIGHTER CLOTHING

Protective clothing for firefighters

SIP PROTECTION

Clothing for chainsaw users and other forestry professionals

BALENO

Technically advanced and stylish outdoor clothing

MULLION

Safety suits and life jackets for professionals working in, on or around water

URSUIT

Drysuits for water-related activities, such as diving, sailing and fishing

SIOEN BALLISTICS

Stab and bullet proof vests for law enforcement officers and soldiers

VanOchten

Workwear clothing for the industrial sector, with a focus on comfort, quality and safety

Share of turnover: 31%

Employees: 3 518

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

Chemicals division

Our third division processes basic raw materials, such as powders and pigments, into an extensive range of inks, varnishes and pastes. In the first place, these are for external customers. You may find our fine chemicals in wallpaper, floors, banners, number plates and many other applications. In addition, our coating division is a customer of Sioen Chemicals. As in previous years, this two-sided business model produced good results in 2019.

Protection through Innovation

Our CEO speaking

What is the strength of Sioen Chemicals?

"The enormous diversity of customers and applications. Coloring shoe soles, sun blinds or napkins: Sioen does it all. Even the butcher uses our products, because our chemicals are used as a pigment for sausage wraps. Our biggest asset is that we can respond quickly to every customer demand through three specialized brands. In need of a certain color depth or thickness? Sioen has the perfect solution for you. This flexibility in service is what we are known for."

What was the main evolution of 2019?

"A number of key markets - floors, cars, wallpaper and technical textiles - have had a difficult year, resulting in a slight decline in external sales. Nevertheless, we continued to invest in our production capacity and testing laboratories. After all, with our color dispersions we can easily switch to other markets. For example, in 2019 we launched a new product line for furniture finishing. So the key words were expansion and diversification."

What is the ambition for the coming years?

"We are expanding our production facilities in Bornem (Belgium). A new building of 7,000 m^2 will increase our production capacity by 20%. Although the works did not progress much in 2019 due to archaeological activities, we should be fully operational in 2020. We also want to further expand with UV applications for floors, wallpaper and furniture. There is a lot of potential in these applications and we hope to increase our market share outside of Western Europe."

Pascale Sioen, CEO of Sioen Chemicals

3 specialized brands

Industrial color solutions, including custom-made pigment pastes, varnishes and inks.

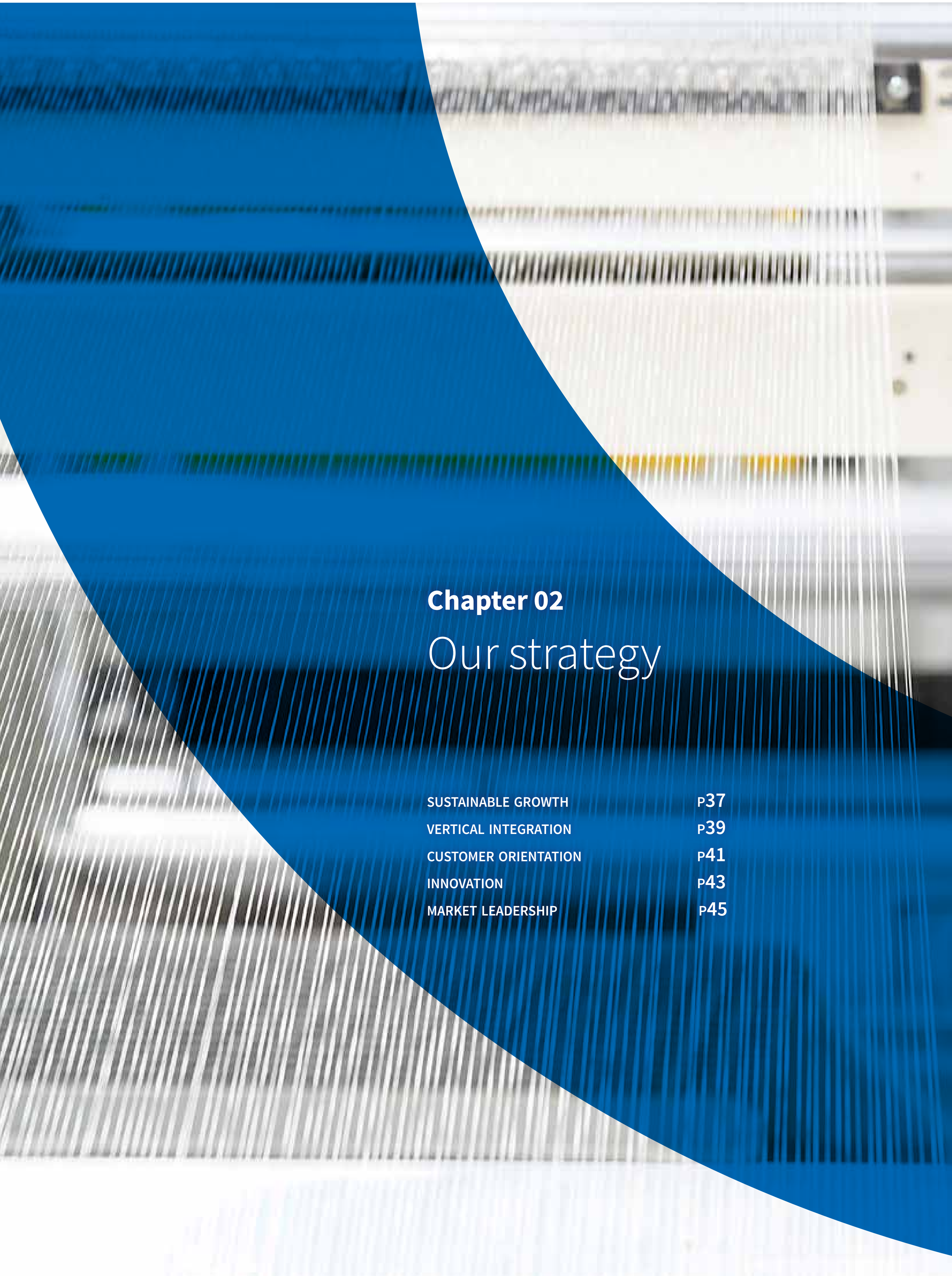
Universal dyes for the DIY market, with paint, chalk, cement, vinyl and acrylic emulsions.

Radiation curable inks, varnishes and primers.

Share in turnover: 8 %

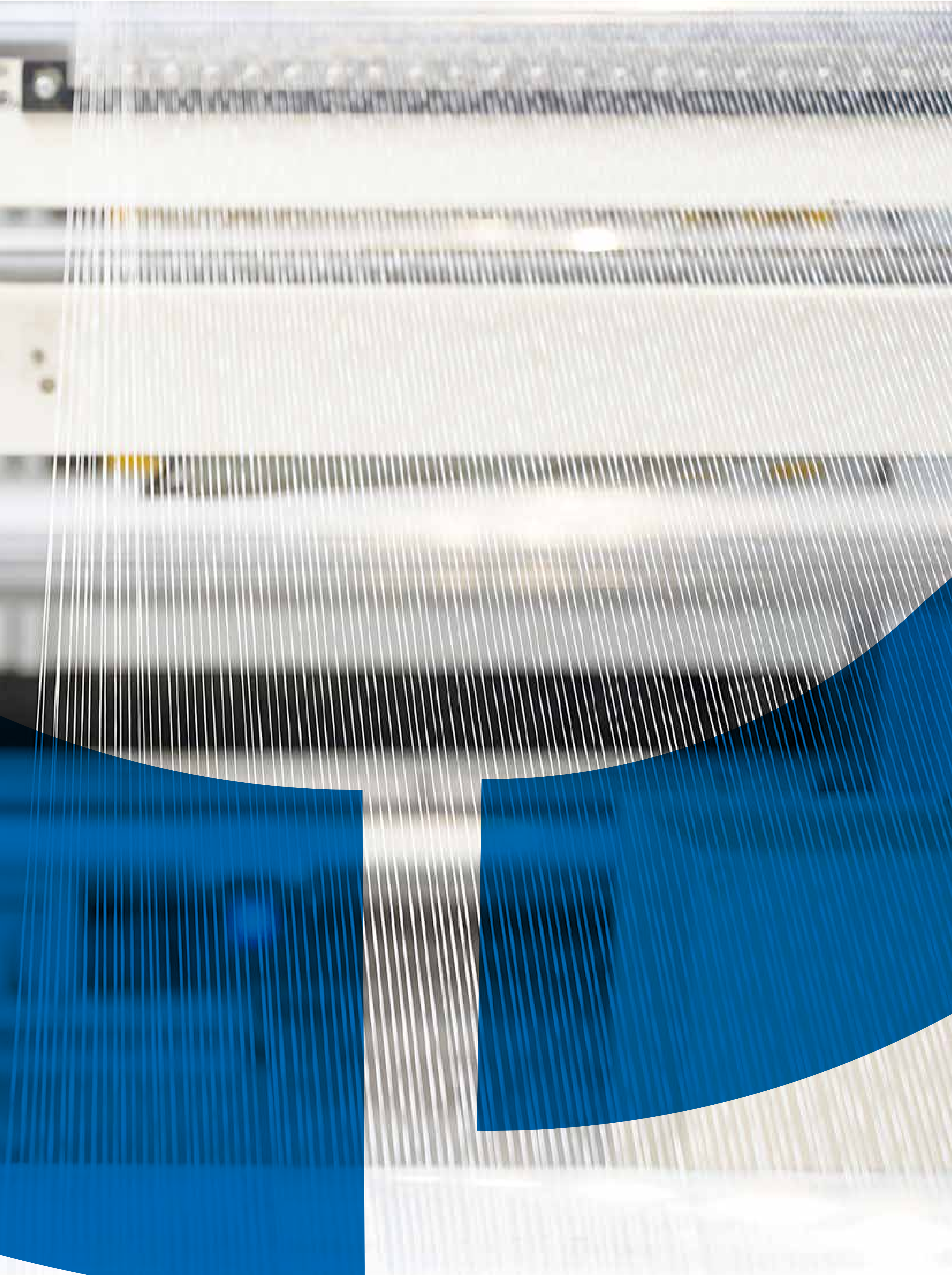
Employees: 143

Locations:
Belgium and France



Chapter 02

Our strategy



Mission

Sioen protects people and their belongings with high-quality technical textiles and professional protective clothing.

Vision

Sioen wants to shape the future of technical textiles in order to provide a solution for major social challenges.

Values

At Sioen we are:

- passionate
- honest and ethical
- world citizens
- respecting people and the environment
- responsible
- entrepreneurial and innovative
- value-oriented

Strategy: 5 pillars

1. Vertical integration
Full control over the production process.

2. Customer focus
Offering customers high-quality custom-made textile solutions.

3. Innovation
Internal and open innovation aiming at new production processes, materials, products and markets.

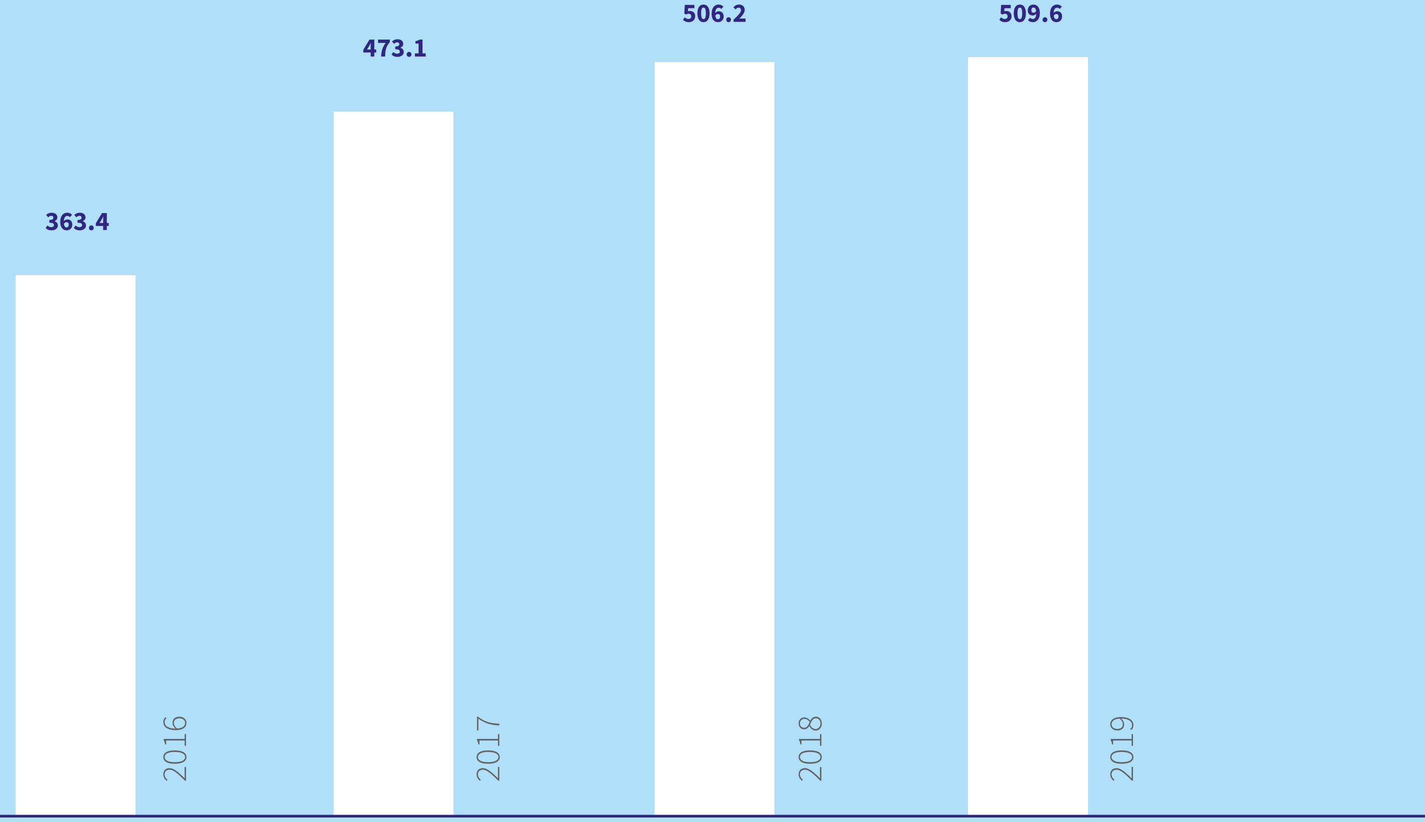
4. Market leadership
Pushing boundaries in markets with stringent technical requirements.

5. Sustainable growth
Organic growth and growth through acquisitions.

"Sioen aims for a healthy balance between organic and external growth."

Acquisitions 2016-2019

Growth in 2016-2019



Sustainable Growth

In 2019, we continued our strong growth of recent years with record sales of almost 510 million euros. For the second year in a row, we achieved sales above half a billion euros. The key to our success? Continuous investments and diversification. This double strategy for growth should ensure that this upward trend continues in the coming years.

Investing: 3 focus points

#1 External assets

After a period of consolidation and integration of previous acquisitions, Sioen strengthened its market position with two new players in 2019: in May, we welcomed Techma Coatings and in December, Dickson Coatings. Both these acquisitions strengthen our growth ambitions in various markets, both geographically (eg. in the US) and in terms of products (eg sun screens).

#2 Technology

Sioen is fully committed to digitization and automation. Not only do we increasingly apply new technologies in our production processes, we also invest in digital workplaces, e-commerce and marketing automation. For us, the introduction of new technology is a matter of “how?”, not “why?”.

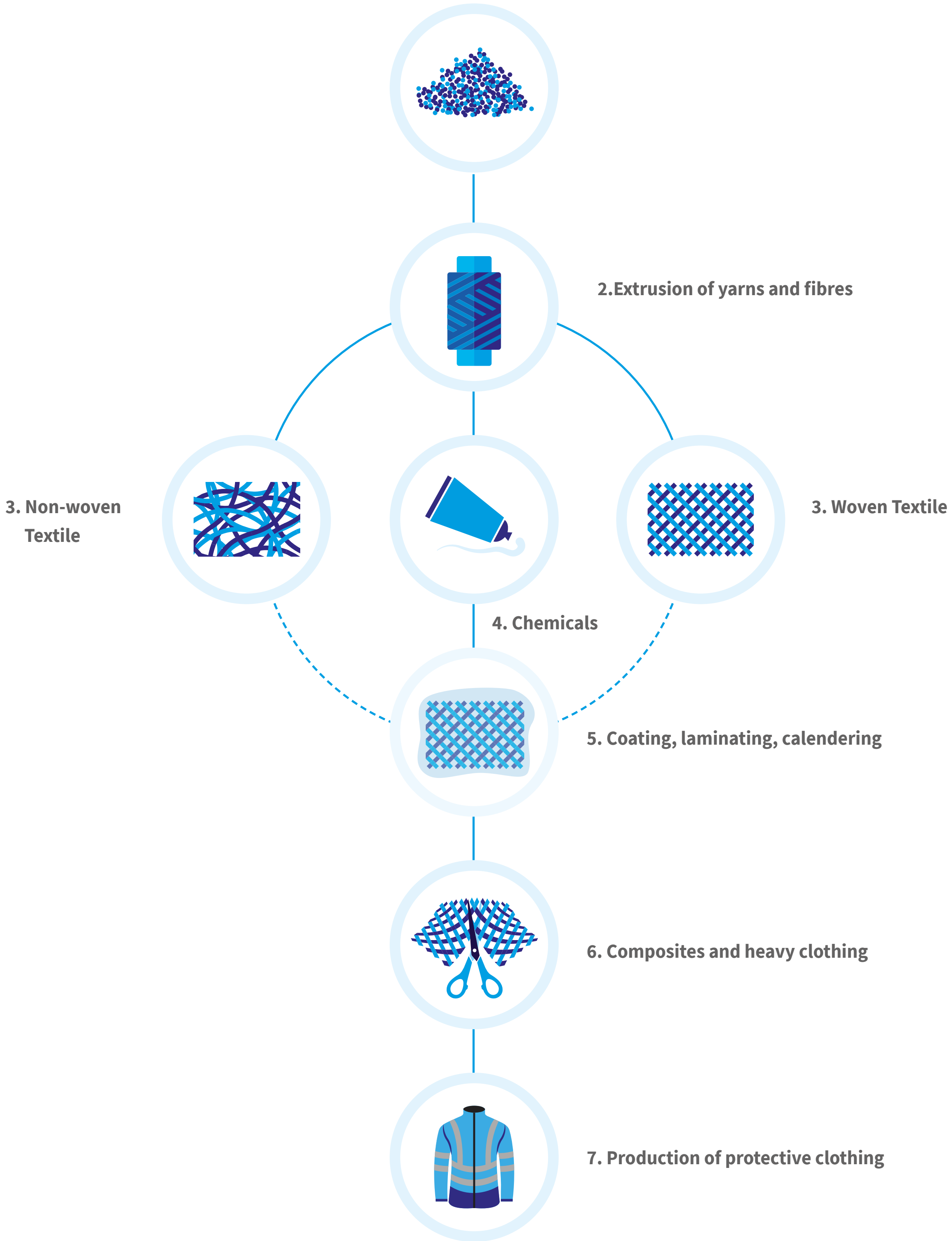
#3 Human capital

We make every effort to support our employees with a healthy balance between work and private life and personal training programs. After all, employee satisfaction and competence management are crucial parts of our success story. In addition, we continuously invest in attracting top talent.

Diversification

After the economic crisis of 2008, we adjusted our course. The transport sector – at that time our largest sales market - had been hit hard and that was the signal for us to diversify. In the past decade, Sioen has more than delivered on that intention. Today, we are an international top player in a wide variety of markets: ranging from sports to agriculture to renewable energy. And we keep sowing new seeds. We expect a lot from tensile architecture, geotextiles and technical textiles for hygienic applications in the coming years. Our goal: to continue building our diverse and sustainable growth model.

"All departments are mutual customers and suppliers. In addition, they sell their products as independent business units to external customers. This mix is at the heart of our success."



Vertical integration

Throughout history, Sioen steadily worked on the vertical integration of the entire production process. But what does that mean exactly? How did we do that? And what are the advantages?

What?

The aim of vertical integration is to keep the most valuable steps of the development and production process in-house. At Sioen, that process starts with the generation of ideas, feasibility studies and manufacturing process development. This is followed by the processing of the primary raw materials into semi-finished products (yarns, fibers, textile rolls and color pigments) and end products (professional protective clothing). We ensure a smooth transition between the different phases and quality assurance is our top priority.

How?

In 1960, Sioen started with a first coating line for technical textiles. Soon, the enormous potential of this market became apparent. To make the most of the opportunities, we then fully invested in vertical integration through targeted acquisitions, the purchase of state-of-the-art machines and a specific training and recruitment policy. With success: today Sioen is the only player in the world that masters all 6 coating techniques. But we also go further back or forward in the chain. We soon started in-house extruding of yarns, weaving, producing felt, making pigments, cutting and the production of clothing. Step by step, we became independent of external suppliers.

Why?

Vertical integration creates a win-win situation:

Benefits for our customers

- **Quality** – by checking the production process ourselves, we can guarantee that our products meet the highest quality requirements.
- **Flexibility** – we can react to every customer question or request with a positive and quick answer: from small adjustments to a fully customized product.

Benefits for Sioen

- **Efficiency** – in the long term, we save time and reduce costs, while standing on our own feet for expertise and know-how.
- **Diversification** – mastering numerous techniques and technologies means that today we can offer 45,000 different products to our customers.

"40% of all our textile solutions are tailor-made"

Customer orientation

Customer orientation is a central element in how we communicate and fulfill our mission at Sioen. After all, people do business with people, not with companies. For every decision, across all of our departments and business locations, we therefore put the interests of the customer first and choose a personal approach. We show them what we can do, think with them about possible solutions, do what we promise (and more) and afterwards keep in contact.

We show…

Each year we welcome more than 5,000 visitors to our showrooms in Ardooie. They discover the countless applications for technical textiles, a wide selection of professional protective clothing and the added value of our chemicals. And we also go out ourselves to demonstrate our products. For example, Sioen participates in sixty international fairs every year, more than one a week. In addition to the traditional, sector-wide trade fairs (such as Techtextil), we are also increasingly present at niche events, such as Saudi Build and Eurosatory.

We share our thoughts ...

By emphasizing personal contact with our existing and potential customers, we not only build a relationship of trust, but we are also better able to play our role. What challenges does the customer face? What are the specific objectives? And what role can Sioen play? Open communication is essential to answer these and other questions effectively: we listen, share our market knowledge and provide honest advice. This dialogue, increasingly takes place through our social media channels.

We achieve…

As soon as we have worked out the specific needs and wishes, we start working. Ambition is the key word here: every customer project is a challenge to exceed expectations. To achieve this, we can build on a number of strong assets. Sioen can build on a 220-employees R&D department, extensive vertical integration and multidisciplinary customer teams with experience in a variety of fields. Adjusting existing products or developing a completely new product range: it's all possible.

We help grow…

For us, a sale is not an end point, but a milestone in a long-term relationship. Our sales and product managers closely monitor market trends and continuously explore new possibilities to apply our products. In the meantime, we optimize our production processes and our researchers in the R&D centre are always active. The result: for our loyal customers, proactive innovation proposals are the rule rather than the exception. Where possible, we build strategic partnerships: our customers help us diversify and expand our influence, we help them take a lead in their markets and grow.

"With innovative products, such as our flexible textile wall GreenTecStyle, we are taking a lead in existing as well as in emerging markets."

Innovation

In a fast-changing world, companies have two choices: innovating or staying behind. Sioen resolutely opts for the former, which is no secret. Over the years, our sustained innovation culture has become an essential part of our corporate DNA. It is how we distinguish ourselves from the competition and the reason why we are present in a wide variety of markets with smart textile solutions today.

Our efforts are paying off

10

A record investment of more than **10 million euros in R&D**.

220

220 highly skilled employees in our innovation centers, representing 5% of all Sioen employees.

12

12 open innovation projects with partners such as imec, Fraunhofer, UGent, KULeuven and SINTEF.

20

The result:

sales of products under 3 years old represent **more than 20% of our sales**.

Intrapreneurship: everybody works towards the same goal

Although our 220-employees R&D team leads our innovation activities, we are convinced that every employee can offer creative added value. Besides, innovation is much more than adapting existing or inventing new products. That is why we encourage all our employees, whether they have a technical or commercial background, to take the initiative themselves. Have you thought of an innovative HR project, spotted an acquisition opportunity, discovered a promising niche market, worked on an e-commerce strategy or have you had a new idea for automation in mind? Everything is possible.

At Sioen, everyone knows the advantages of our flat organization structure: open doors, direct communication and quick decisions.

Open innovation: looking beyond the company walls

In addition to intrapreneurship, external input is also very important for us. For example, we regularly participate in brainstorm sessions with suppliers, customers, knowledge centers and technology experts about possible opportunities. How can we make optimal use of each other's strengths and how can we cooperate in a future-oriented way? The aim: building a strong ecosystem through innovation. Our partners learn from us and we learn from them. This kind of collaborations will only become more important in the future, so in 2020 we will continue in this direction.

Finally, Sioen also plays an active role in professional federations and international working groups on standardization, which means that we are always the first to know of new market developments and that we are able to respond proactively.

Coating division
World market leader in technical textile solutions

Apparel division
European market leader in professional protective clothing

Chemicals division
Leading niche player for fine chemicals

Market leadership

At Sioen we anticipate. The drive to do better and to grow every day is part of our business strategy. How do we do this exactly? Four elements that reinforce each other are crucial: we embrace complementary players, establish synergies, expand geographically and focus on new niche markets.

A few of the benefits

As a market leader, we manage to:

- be **internationally "top of mind"**;
- **keep** our **production and distribution costs under control**;
- **motivate** our employees **and attract new talent**;
- maintain the **confidence of our investors and customers**.

Market leadership: 4 intertwined key elements

#1
Looking for valuable acquisitions

With the arrival of Techma Coatings and Dickson Coatings, we are strengthening our position in various growth markets, such as tensile architecture, sun screens and hygienic mattress covers. In addition, Sioen gets a boost on the French market through Dickson Coatings, while Techma Coatings has been integrated into Sioen Fabrics (Moeskroen) and that synergy already achieves positive results.

#2
Looking for future-oriented synergies

One of the most promising markets for our Coating division is geotextiles. All indications point at a continued trend of strong growth in the coming years. Sioen anticipated this trend by taking over both Manifattura Fontana and James Dewhurst. Both acquisitions take full advantage of cooperation within the Sioen network, causing a rapid increase of our market share.

#3
In search of unexplored regions

In order to increase our market share in the US, Sioen opened an American office in the buildings of the recently acquired company James Dewhurst in 2019. The team, existing of four persons, also manages our brand new sales manager for Latin America. Brazil, Chile and Mexico are the most accessible markets there. We also target other emerging countries such as the UAE, Australia and Nigeria.

#4
Looking for difficult niche markets

On our own or in collaboration with partners, we continuously work on innovative textile solutions for new customer targets. For example, our Mullion brand and the British company Ross Survival have developed a life jacket for aerial work plateaus on offshore energy platforms: the Mullion Poseidon. The product is 30% smaller than traditional life jackets, but is a lot safer and more ergonomic.

Chapter 3

Corporate Social Responsibility

Declaration in respect of non-financial information

“With the UN sustainability agenda as a guideline, we will align our social impact with the objectives of the international community.”

Michèle Sioen,
CEO of Sioen

Corporate Social Responsibility

The United Nations wants to create a better and more sustainable world by 2030. In order to realize that, the United Nations launched 17 Sustainable Development Goals (SDGs). They question our current way of producing, consuming, living and interacting with each other - a project to which Sioen gladly contributes. Why? Companies can only thrive in an environment of prosperity, equality, harmony and environmental awareness. For each of the 5 SDG clusters, the so-called 5 Ps (People, Planet, Prosperity, Peace & Partnerships), we therefore defined our own ambitions and focal points.

For a more sustainable world in 2030

1 sustainability agenda,
endorsed by 193 countries

5 overall themes

17 objectives,
with 169 specific targets

People

Sioen's ambition

An organization is only as good as the people who work there. That is why Sioen is fully committed to creating a safe, healthy and stimulating working environment for its employees. Consequently, we consider an inclusive HR policy of paramount importance. Sioen wants to be a second home for all talents. Differences are embraced and promote our typical innovation culture. Moreover, we regularly open our doors to young people and students, so that they too can experience an environment in which family values and economic ambition go hand in hand.

"Our greatest talent is to bring out the talent in others."

Our 3 focus points

1. Employees first: well-being on the job and beyond

A workable job is one of the pillars of our HR policy. We organize, among others, sessions on stress prevention, emphasize the importance of ergonomic work places, stimulate a culture of physical exercise and create green zones within all of our companies. The balance between work and life also plays a major role in this. For example, we take into account the preferences of our "family members": flexible working hours, extra days off, sustainable mobility and much more.

Extra efforts in our locations overseas:

- Sioen has around 3000 employees in Indonesia, Myanmar, Tunisia and Romania. We offer them above-average working conditions. Not only in terms of wages, but also in terms of health and safety.
- Screening for breast and cervical cancer among female employees in Indonesia.

2. Inclusion: so many people, so many differences, so many possibilities

Sioen is a modern and progressive company with equal opportunities for everyone. The numbers and facts speak for themselves. For example, women represent more than 60% of our workforce. In addition, every morning we welcome dozens of nationalities and people of all world religions to our companies.

Outside of the company walls, our focus on inclusion takes shape in various actions, such as:

- Support for the Maggie program in disaster areas.
- Annual donations to the King Baudouin Foundation.
- An active participation in "The Warmest Week" of Studio Brussels.

3. Personal growth: a learning environment for our own employees and the youth

Lifelong learning is a necessity in a (business) world that is rapidly changing. Our personal training programs are therefore supplemented with campaigns such as Lunch & Learn. In those sessions, our employees receive training in a wide range of subjects, from Excel to healthy cooking. But we also want to help young people and students in the area in their search for knowledge.

A selection from our initiatives from 2019:

- Stimulation of STEM education by acting as a host company for 'Design Your City'.
- Company visits for dozens of schools each year.
- Guiding higher education students with theses, projects and internships.
- A CSR scan of Sioen in collaboration with 6 postgraduate students from Hogeschool VIVES.

Planet

Sioen's ambition

Sioen wants to get rid of the disposable society. We therefore try to extend the life cycle of as many materials and products as possible with the help of the technical and chemical expertise of our 220-men R&D team. In addition, this approach should help protect our planet from over-exploitation and reduce the Total Cost of Ownership (TCO) for our customers. This circular approach is closely related to our ambition to improve our own ecological impact. To that end, Sioen focuses on both energy-efficient processes and minimum CO_2 emissions.

Our 3 focus points

1. Circular economy: today's products are tomorrow's raw materials

Sioen has a growing range of biodegradable textiles: from compostable woven tea bags to weed-resistant geo cloths to degradable films for body bags. We are also actively looking for recyclable textile solutions. For example, as a member of the Circle-A consortium, Sioen produces fully circular protective clothing, which is later reused in various applications, such as insulation material and geotextiles. In 2019, our brand SIP Protection launched the first 100% circular chainsaw trousers in the world: Blue Rhino.

Other circular projects:

- Sioen wants to reuse the waste water from its production sites after purification. This goal has already been achieved in Ardooie and Bornem.
- In our spinning mill (in Mouscron) and weaving mills, we recover all by-products from the production process to use them again as raw materials.
- When calendering technical textiles, all residual waste, some 757 tons per year, is given a second life.
- From 2020 onwards, we will make the packaging of our protective clothing more sustainable: cardboard boxes will become boxes tailored to the contents, while we will replace individual plastic bags with recycled polypropylene (PP) with PP labels, which in turn are fully recyclable.

2. Energy efficiency: a large-scale transition

A proactive approach – We are taking steps to reduce energy waste. Some examples: energy-efficient new construction projects, additional insulation of walls and roofs, and motion sensor switches in the offices and public areas.

Renewable energy – Solar energy plays an important role at Sioen: our production sites have a total of 33,298 m^2 of solar panels. The result: a reduction in CO_2-emission by 1 million kg. We also purchase green energy and our products are increasingly being applied in windmills and biogas installations.

Infrastructure optimization – In all of our coating plants, we purify the air above the machines by using post-combustion installations. The energy that is generated that way we use for preheating the ovens, which drastically reduces gas consumption.

"As a world market leader in technical textiles, professional protective clothing and fine chemicals, we want to play an exemplary role in sustainable production and consumption."

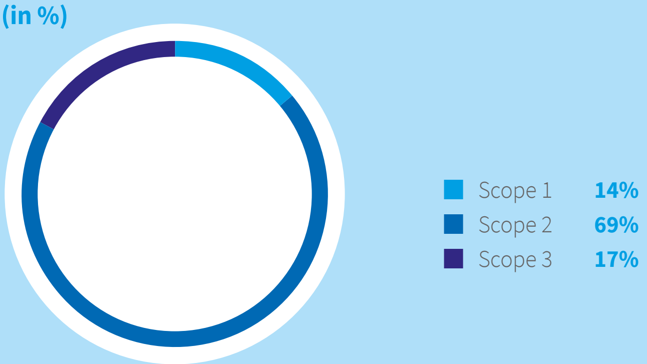
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

7 AFFORDABLE AND CLEAN ENERGY

3. Ecological footprint

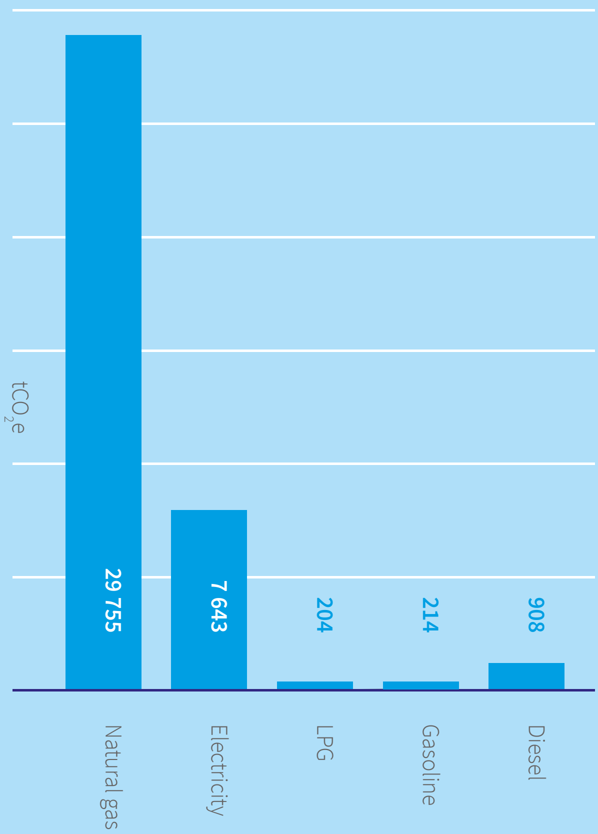
The total CO_2 footprint of Sioen for the year 2019 amounts to **38724 tCO_2e for direct emissions (scope 1 & scope 2) with 6198 tCO_2e for upstream emissions of fossil fuel and electricity losses (scope 3).**

Share of emissions by scope (in %)

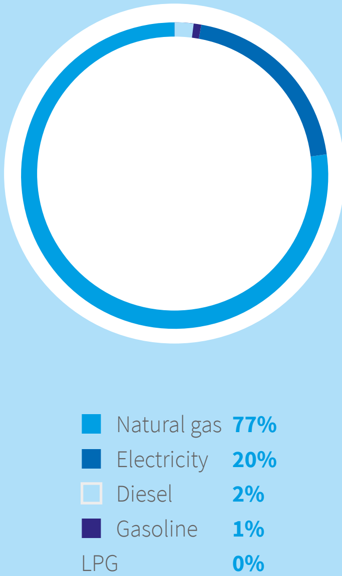


Natural gas represents the first emission source (77%; 29 755 tCO2e) followed by electricity use (20%; 7 643 tCO2e). Mobility emissions (fuel for company cars and forklifts) are limited to 3%.

Total direct emission, by emmisions category

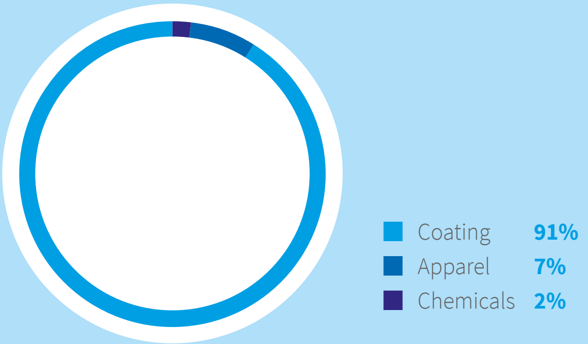


Share of emissions, by emission category (in %)



The Coating division represents the largest part of Sioen's emissions (91% of direct emissions) and 60% of the group turnover. In 2019, a new production site in Italy was launched for the extrusion of fibres and the production of non-wovens, which accounts for the increase of direct emissions from natural gas and electricity.

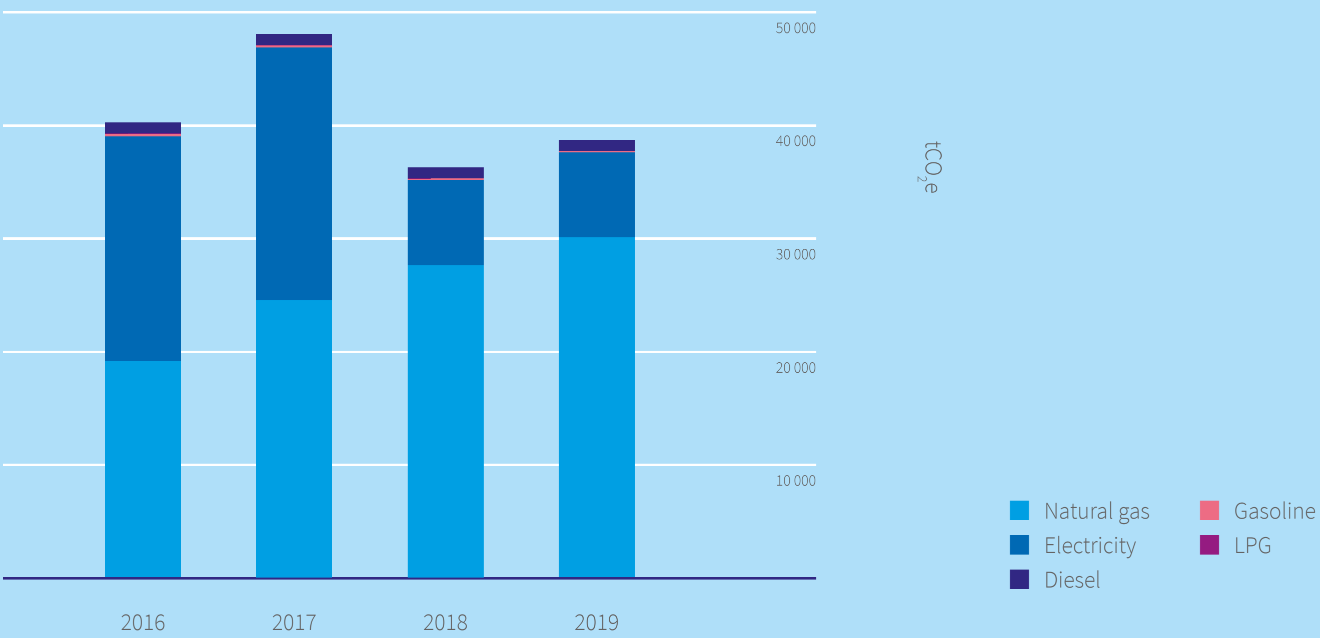
Share of Sioen emissions by division



The global carbon footprint can be compared with day-to-day activities:

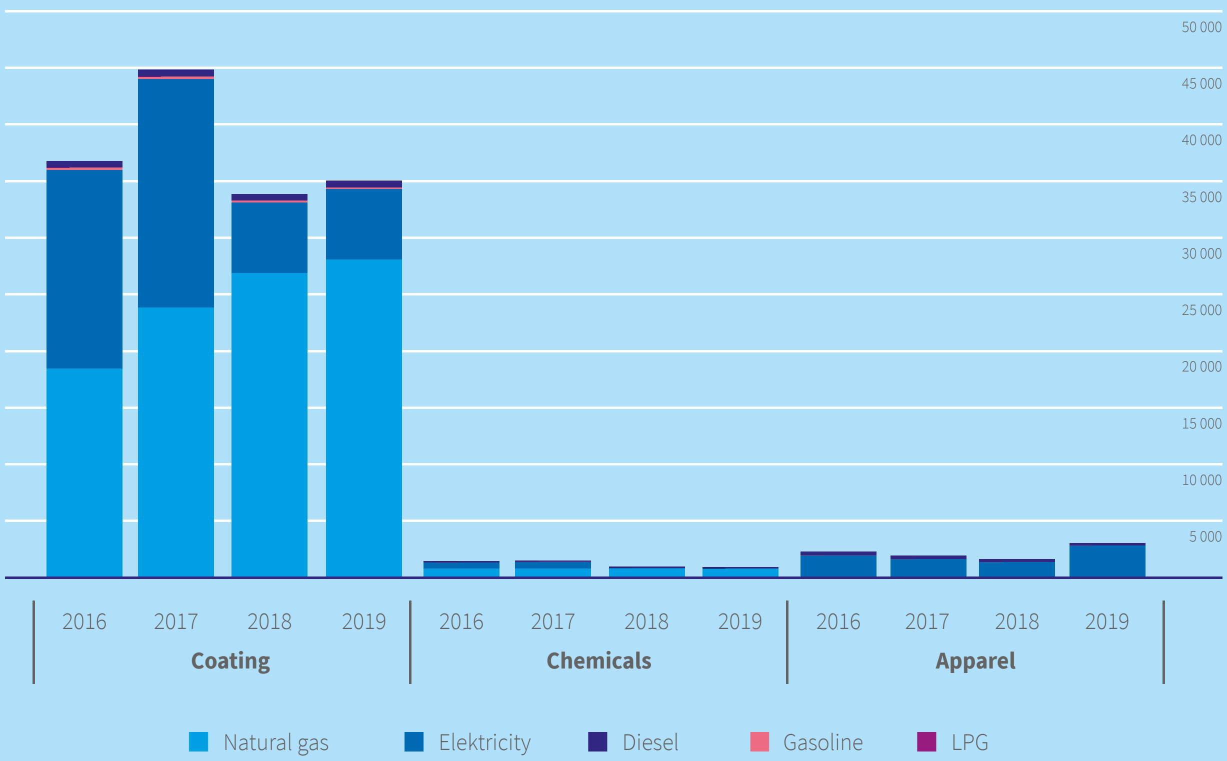
38 724 tCO_2e =
5 361 361 times around the world with the average car
1 287 ha of new forest needed each year to capture this amount
8 365 return flights Brussels-New-York (economic class)

CO_2-emissions 2016-2020 per emission category



When we look at the results per division, we see a minor increase for both the Coating and Apparel divisions compared to the numbers for 2018.

Detailed direct emission categories by Sioen division (tCO_2)



The total emission remains significantly below that of 2017, thanks to the transition from grey to green electricity in the Belgian plants. 77% of all consumer energy is originally green.

When we state the direct emission per Fte, we see a similar evolution.

The yearly calculation of our CO_2 footprint makes it possible to closely follow our evolution regarding CO_2 emissions and performance. Because of the large share of green energy (from 3 to 77%) and various efforts on all levels, the direct emission per fte and per production volume decreased significantly since 2017.

CO_2 KPI evolution	2017	2018	2019
Total CO_2 per FTE (scope 1 & 2)	12.8	8.1	9.8
Total share of green electricity (%)	3.0%	75.5%	77.0%
Total mobility emissions per FTE	0.3	0.3	0.3
kgCO_2e/m^2 produced	0.32	0.27	0.26
kgCO_2e/kg produced	0.22	0.05	0.11
kgCO_2e/ lm produced	0.20	0.04	0.04
kgCO_2e/ piece produced	2.23	2.53	2.42

Prosperity

Sioen's ambition

We want to pursue a forward-looking economic policy. How? By using strategic transformations that drive our growth while making the local communities around us more resilient. That way, Sioen tries to improve the prosperity and quality of life in urban, developed regions as well as in disadvantaged regions. Finally, we want to emphasise our technical superiority with certificates and quality labels. Such independent assessments, in turn, contribute to sustainable growth and innovation.

“Investing in the future: it makes sense. But at Sioen, we always think more than one step ahead.”

Our 3 focus points

1. Innovate to protect ... and to grow sustainably

By continuously focusing on cutting-edge technology, new machines, automation and digitization, we manage to make better use of the skills of our employees. They are given less labour-intensive, repetitive tasks and more possibilities to co-innovate, across the different departments. Synergy is also one of the keywords at company level. With well-thought-through acquisitions, we create added value, so we can proudly say that Sioen is more than the sum of its various parts.

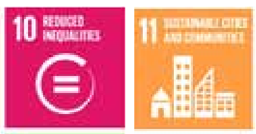
Some of the key figures that characterize our ambition to grow and innovate:

- 45,000 different products;
- 220 colleagues working in R&D;
- 127 geographic markets.

2. Local roots: Sioen as part of the community

From our head office in Ardooie, we work as much as possible with local entrepreneurs: from machine builders and transport companies to printers and painters. In West Flanders alone, we have some 250 companies as partners, good for an annual investment of 15 million euros in the region. But as a group with a global impact, our scope is unlimited. **Some examples of our international initiatives to promote local communities:**

- Empowerment of female entrepreneurs in Senegal through S.O.S. Faim and Entrepreneurs for Entrepreneurs.
- Means for orphanages and schools in Myanmar and Romania, two of our main production countries.
- Donations to school children (clothes, books ...) and schools (sound systems, chalkboards ...) in Indonesia through our local department.
- Guided tours to around fifty groups a year, including senior citizens’ associations and service clubs.
- We provide dozens of local associations (sports and others) with clothing, prices for their tombola’s and promotional material, such as pop-up banners.



3. Independent quality recognition: certificates for products and processes

Our STeP certificate, proves that for Sioen ecological production processes, socially responsible working conditions and health and safety are of great importance

This certificate shows that we implemented all requirementsof the ISO standard for quality management (ISO 9001) fully and correctly: from risk management to setting up more sustainable processes.

Our clothing division is certified for the international standard for environmental management systems: ISO 14001. The standard provides a framework for, among others, smart waste management and efficient use of raw materials.

REACH handles the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) in Europe. Our certificate proves that Sioen Chemicals meets all requirements.

Standard 100 of OEKO-TEX® is a worldwide, coherent and independent testing and certification system for textile raw materials, semi-finished and finished textile products and accessories at all stages of production.

UN Global Compact is a strategic policy initiative for companies that are committed to ten universal principles in the areas of human rights, labour, the environment and anti-corruption.

For all products that are subject to CE requirements, Sioen products have the CE marking. This symbol indicates that the products were manufactured according to all applicable regulations within the European Economic Area.

Our technical geotextiles and fire-fighting clothing have an Asqual certificate, recognized in France.

The Food Safety System Certification (FSSC) indicates that our textile food packaging is in line with the international standard ISO 22000.

Achilles UVDB is responsible for the supplier management at public utility companies in the United Kingdom.

The British Safety Industry Federation (BSIF) is the largest personal protective equipment (PPE) organization in the United Kingdom.

This certificate indicates that our energy consumption is continuously monitored and improved through a management system based on the ISO 50001 standard.

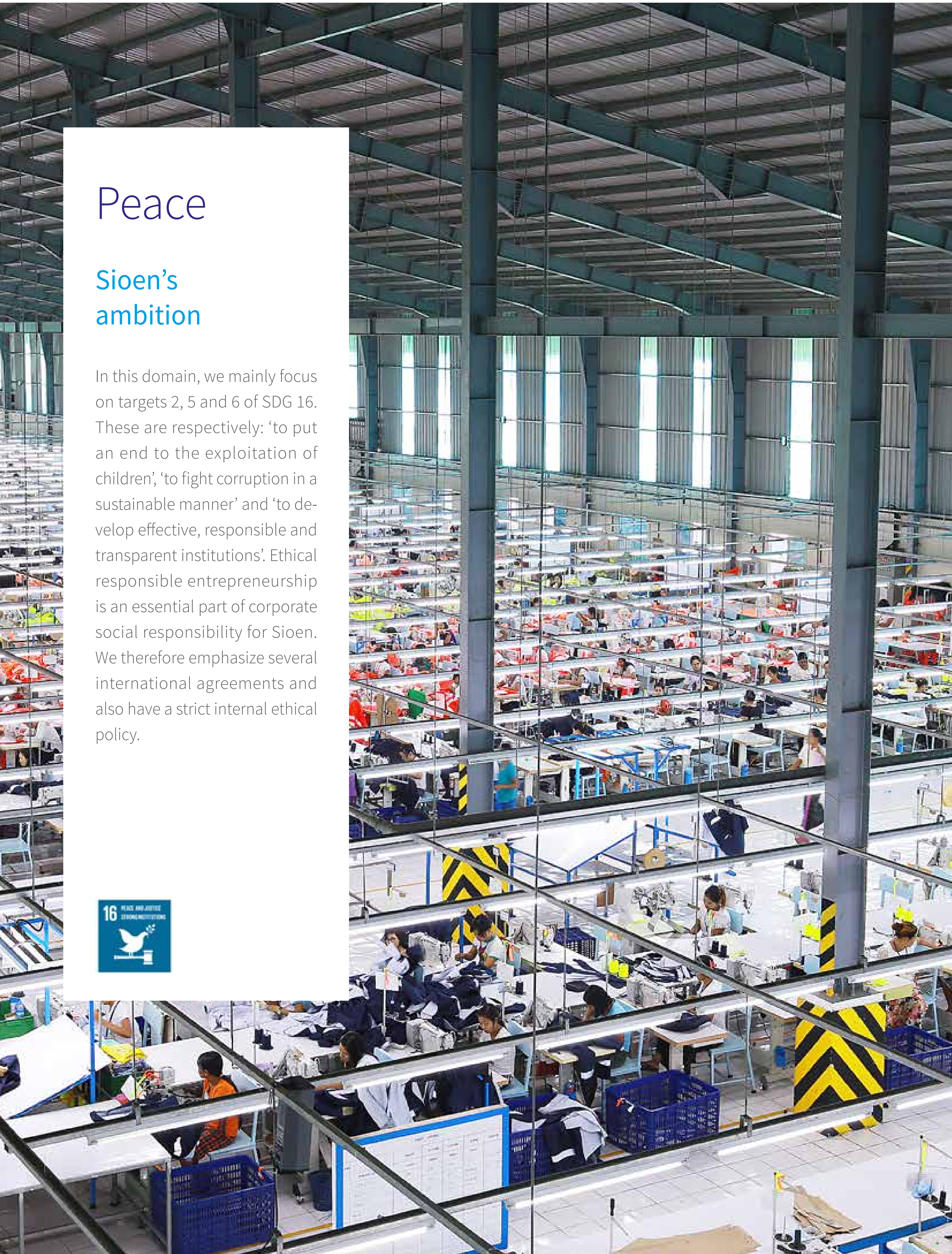
Standard 100 of OEKO-TEX® is one of the world's best-known textile labels tested for harmful substances. It stands for high product safety.

With this, Sioen proves that health and safety on the job is a priority and that this is managed smoothly through an effective management system.

The gold label shows that Sioen meets all 12 principles of WRAP (Worldwide Responsible Accredited Production).

Sioen Chemicals has obtained a silver certificate for sustainable environmental, social and ethical behaviour.


SIOEN



Peace

Sioen's ambition

In this domain, we mainly focus on targets 2, 5 and 6 of SDG 16. These are respectively: 'to put an end to the exploitation of children', 'to fight corruption in a sustainable manner' and 'to develop effective, responsible and transparent institutions'. Ethical responsible entrepreneurship is an essential part of corporate social responsibility for Sioen. We therefore emphasize several international agreements and also have a strict internal ethical policy.

"Human rights always come first, without exception."

Our focus

Human rights and work ethics: justice for everyone

Sioen applies a formal ethical code of conduct in all its companies and in all its interactions with third parties, in which honesty and integrity are central. We also explicitly ask our suppliers to stick to these values. In addition, we are committed to several international agreements:

UN Global Compact, a non-binding pact for companies based on these ten principles:

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights; and
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; and
Principle 6 – the elimination of discrimination in respect of employment and occupation.
Principle 7 – Businesses should support a precautionary approach to environmental challenges;
Principle 8 – undertake initiatives to promote greater environmental responsibility; and
Principe 9 – encourage the development and diffusion of environmentally friendly technologies.
Principe 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Convention of the Council of Labor Affair Conventions:

- Protection of trade union right (Freedom of Association) enshrined in Convention No. 87 and Convention No. 98.
- Forced Labor, enshrined in Convention No. 29 and Convention No. 105.
- Child Labor, enshrined in Convention No. 138 and Convention No. 182.
- Equality of Opportunity and Treatment enshrined in Convention No. 100 and Convention No. 111.

Partnership

Sioen's ambition

If we want to live in a (more) sustainable world by 2030, this will only be achieved by working together efficiently. As Sioen, we have been convinced of this for quite some time. Sharing knowledge, both internally and externally, is part of our company DNA. We are convinced that companies, government authorities, research institutions, NGOs, professional federations and other organizations can use each other's strengths and thus create added value. In the coming years, we want to take the lead in this even more.

17 PARTNERSHIPS FOR THE GOALS

Our focus

Open innovation: aiming for value creation together

Good agreements, good friends. That wisdom applies all the more to open innovation. When mutual trust is not a stumbling block but an asset, then much is possible. For example, we are working with more than 100 partners on ground-breaking developments for new and existing markets. Two recent achievements:

- The Belgian-Dutch alliance PASSAnT aims to protect ports in both countries. Within this project, Sioen is developing burglar-resistant sliding curtains for trailers.
- As part of the public-private SeaConomy consortium, Sioen supplies technical textiles for the emerging seaweed industry. After all, macro-algae can be used in various applications: from biogas production to environmentally friendly cosmetics.

Some of the organizations Sioen is a member of or regularly collaborates with:

CTIF | ESF – Europese Unie – Vlaanderen | Fedustria | Febelsafe | SYNAMAP | valipac | VBO FEB | VinylPlus | Creamoda | amfori

17 PARTNERSHIPS FOR THE GOALS

Anytime, anywhere

Look around and you will see Sioen. Wherever you are, you will find our products at any time. Sometimes strikingly visible, sometimes hidden. Not convinced? We show you around in our world for a full day. After that, you will only see what we see: the Sioen world.

7.03 am
The morning is golden! It is quite possible that you wake up on a mattress with a protective cover from Sioen every morning.

7.29 am
In your bathroom, you will find us in your cosmetic products. After all, a lot of the products for facial care, hand creams and shower gel contain seaweed. And for the industrial cultivation of macro-algae, we offer a wide range of high-quality textiles, nets, grids, ribbons and ropes.

8.25 am
Get in your car. Do you feel it? Sioen is everywhere. Your dashboard, your gearbox, the sun visor, the door panels and airbags most likely all contain our coated textiles.

8.47 am
On the road it becomes really impressive. From the roads you use to the plants on the roadsides and the water basins you pass, or to the tunnels you drive through, for all these, our geotextiles guarantee structural strength.

9.03 am
Do you see trucks around you? Sioen produces 65% of all textile curtains and roofs for trailer trucks. Or even better: Sioen Chemicals produces the red ink and varnish for all new Belgian number plates. German number plates are also printed with our products.

10.33 am
If you work in an industrial production facility, it probably breathes Sioen. For example, we supply technical textiles for partitions, roller gates, ventilation pipes and welding curtains. Moreover, there is a good chance that you and your colleagues wear our professional protective clothing.

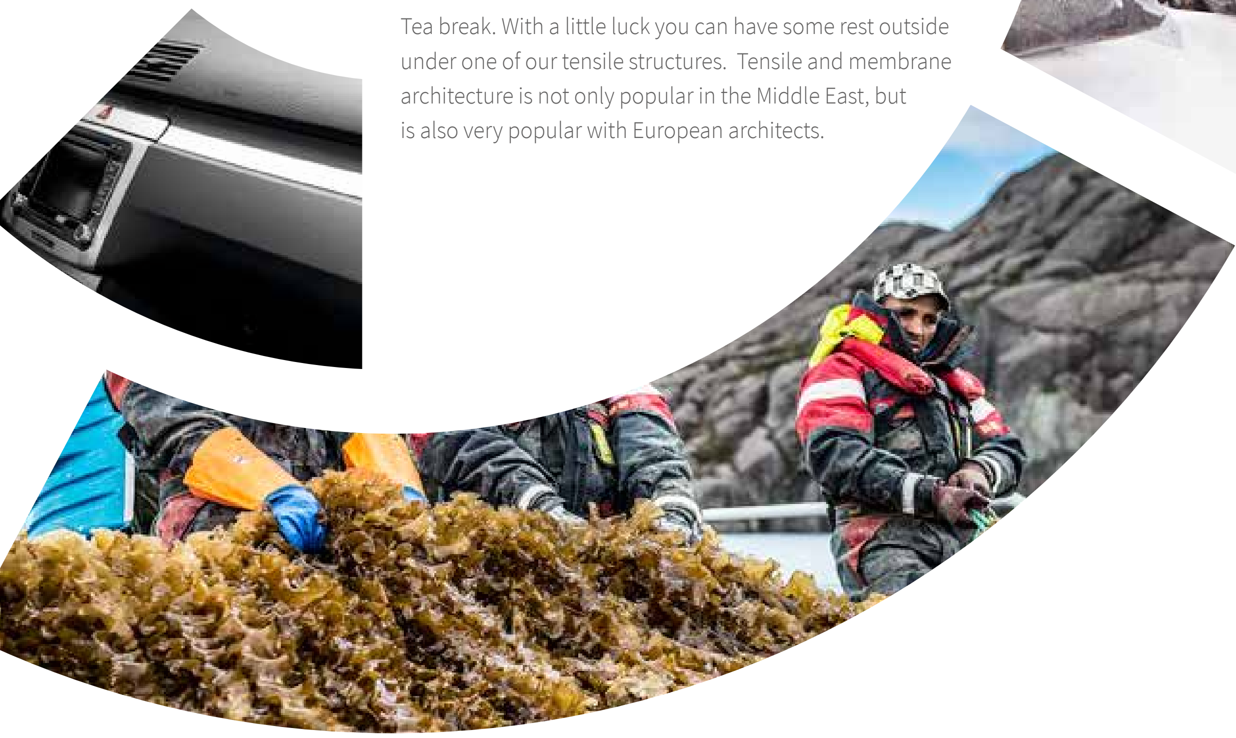
11.05 am
Also in offices, we are never far away. Just think of carpet backings, sun blinds, acoustic partitions of felt, reinforcement nets in walls of limestone and concrete, wallpaper and painting fleeces. Maybe, your workplace even has a green textile wall made by Sioen.

12.11 am
Lunch time! If you feel like eating fish, you will come across Sioen again. Our textile solutions are often used in offshore salmon farming and other fish farming, while our protective clothing, for decades, has been protecting fishermen all over Europe.

13.03 am
Feel free to turn on the radio to hear the news. Hopefully all goes well in the world, but otherwise we will come to the rescue with emergency tents, life jackets, inflatable evacuation slides and other rescue equipment.

14.40 am
The clean energy you use in your work area may come from a biogas plant or from a windmill in which you will find our coated textiles.

15.21 am
Tea break. With a little luck you can have some rest outside under one of our tensile structures. Tensile and membrane architecture is not only popular in the Middle East, but is also very popular with European architects.



16.05 am
Your working day is over. On your drive home, realize that all policemen, firefighters, emergency workers and road workers you may see on the road are likely to be dressed in clothes that are produced by Sioen.

16.46 am
Whatever you and your family are doing in your spare time, Sioen participates in it as well. After all, our technical textiles are used in a wide variety of applications: from skating rinks and ski slopes to bouncy castles and party tents.

17.11 am
Planning an outdoor weekend? We are going! We keep your belongings dry with textiles for high-quality camping tents and with award-winning backpacks. Our outdoor clothing brand Baleno also offers hikers a wide range of stylish raincoats, fleece sweaters and much more.

18.57 am
Supper is almost ready. If you like to add colour to the table with colourful napkins, please remember that Sioen Chemicals enables those colours with high-quality color dispersions.

19.17 am

What's on the menu? Sioen is active in the agricultural industry with technical textiles for machine protection, warehouses, stables, flexitanks and conservatories. Then again, our Flexothane® clothing is ideal for farmers. In other words, before your food arrives on your plate, we were there.

19.35 am

While doing the dishes, you may be overlooking your neighbour's flat roof. Fact: the chance that one of our scrims is incorporated in that roof is 75%. Does your kitchen have wall tiles? Our nets keep the tiles together.

20.00 am

The daily news. In the event of any unrest or conflicts, Sioen Ballistics is likely to protect people. For example, we protect Dutch secret agents, French marines, Viennese law enforcement officers and Belgian soldiers with personal protection products against bullets, knife stabs and other dangers.

21.12 am

When you are lying on your couch watching sports, then you will probably see some Sioen products on your screen. With sails for the Volvo Ocean race, gymnastics mats or skis for the Olympic Games, the rain protectors at Roland Garros and all advertising banners during the Tour de France: we are remarkably present at most major sports events.

21.47 am

Feel free to drink a cup of tea at the end the day. Guess what? The woven tea bags are a product from Sioen.

22.20 am

Time to go to bed. Sleep tight, Sioen watches over you: our products are in the insulation material in your walls, in the reinforcement nets in your vinyl floor and in the ink of your wallpaper.

Mrs. Jacqueline Sioen-Zoete, co-founder and board member of Sioen

October 25, 1942 - January 4, 2020

Hard-working CEO, textile innovator and entrepreneur in heart and soul. But also, a silent inspiration, mater familias and our rock in the waves. Describing Mrs. Sioen is no easy task. However, one thing is certain: in the past 50 years, few women had such a large impact on economic life in West Flanders (and far beyond).

Forward thinking

Together with her husband, Jean-Jacques Sioen, Mrs. Sioen founded the two-man business Sioen Industries in 1960. The couple turned out to be a well-oiled team and made a name for themselves in the textile sector from the start. He focussed on the production of coated technical textiles while she specialised in the production of protective clothing using this raw material. Despite the setbacks in the sector in the 1960s and 70s, Mrs. Sioen already knew back then, that their business would have a bright future. She was right: in the following decades, Sioen Industries dressed millions of firefighters, road workers, foresters, emergency workers and other professionals. With technical superiority as a trademark, the company became a world-renowned multinational company.

Mrs. Sioen, the driving force behind the scenes

Despite the enormous growth of the company, Mrs. Sioen mainly stayed in the background. She preferred working hard over being in the spotlight. Over the years, she received several awards, for her personally as well as for the company, but she rather left standing in the spotlight to others. With the graceful femininity that she embodied, she just continued: looking ahead, determined and a shining example for her surroundings. Only in 2014, when Sioen Industries had already achieved its position as market leader, did she take a step back to focus passionately on her winery Château La Marzelle.

The family tradition lives on

Next to being a successful entrepreneur, Mrs. Sioen was also a devoted mother. Together with her husband, who passed away in 2009, she had three equally resilient daughters: Michèle, Danielle and Pascale. They have the work ethics and passion of their parents, from an early age. Also the grandchildren, of whom Mrs. Sioen was so proud, are already making their presence felt. The future of the family business is in good hands.

Mrs. Sioen, thank you for everything. We will miss you.

SIOEN

Financial report **2019**

Anytime, anywhere

Chapter 05

FINANCIAL REPORT

Group structure: Sioen Industries NV

COATING DIVISION

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

APPAREL DIVISION

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.** - UK Sales office		
95.0%	**PT. Sioen Indonesia** - Indonesia		5.0%
95.0%	**PT. Sungin Tex** - Indonesia		5.0%
	Sioen France SAS - France Sales office		100.0%
99.7%	**Sioen Tunisie SARL** - 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	99.8%	0.2%
	PT. Sioen Semarang Asia - Indonesia	95.0%	5.0%
	Ursuit OY - Finland		100.0%
	Ursuit Baltics AS - Estonia	100.0%	
	Ursuit AB - Sweden	100.0%	
	Sioen Ballistics OY - Finland		100.0%
	Kiinteistö OY Helsingin Valuraudantie 20[8] - Finland	100.0%	
	Sioen Deutschland GmbH - Germany		100.0%

CHEMICALS DIVISION

100.0%	**European Master Batch NV** - Belgium Production pastes, inks, varnishes	
	Richard SAS - France Paste production	100.0%

OTHER

100.0%	**Roltrans Tegelen BV**[5] - The Netherlands (Real estate)		
	Roltrans Group America Inc. - USA (Dormant)		100.0%
	Roland Real Estate Sp.z.o.o - Poland (Real estate)		100.0%
	Roland Ukraine llc. - Ukraine (Dormant)	14.5%	85.5%

(1) Merger Holding company Sioen Industries (Shared Service Center) and Belgian direct coating companies at July 1st 2009, Dynatex NV merged into Sioen Industries NV in 2019

(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 company Jade Equity Ltd.

(8) Acquisitions in 2019

Report of the Board of Directors

1. Comments on the consolidated financial statements

HISTORIC GROWTH

Over the medium term Sioen Industries evolved since 2013 up to 2019 from EUR 323 million of sales to EUR 509.6 million sales or a compound annual growth rate of 6.7%.

NET SALES

In 2019 overall external Group sales increased with 0.7% to EUR 509.6 million. In the coating division, with sales of EUR 310.8 million, all but one product lines evolved positively. One of the major markets (transport) faced temporary headwinds resulting in an overall decrease for the coating business of 2.0% compared to last year. The apparel division however outperformed in all product lines and markets they are active in and grew the business with a staggering 8.7% to EUR 157.1 million. The apparel division sets a new milestone as they account for more than 30% of Group sales. The chemicals business continued to evolve in a technical demanding environment and face a drop of 6.4% is sales to EUR 41.7 million.

MATERIAL MARGIN

The consolidated material margin evolved from 48.61% in 2018 to 48.77% in 2019.

The coating division has substantial exposure to variations in the pricing of 3 key polymers (PVC, PET and plasticizer). Throughout 2019 prices evolved slowly but gradually positively. In spite of the weaker demand in one important market the division improved results quarter after quarter.

The apparel division was very successful in the tender business. Sales from tenders grew with 20.8%, whereas traditional sales increased with 2.3%. In general, tenders are more competitive and in some cases weigh on the material margin.

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

Price sensitivity

In the coating division, 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 (61% of total Group sales) raw materials account for approximately 48% 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 48% over sales to 49.3% over sales). An increase of 10% in all 3 key raw materials would push the material cost to 51.6% over sales in the coating division.

In the apparel division (31% 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.

OPERATING RESULT

Operating result evolves from EUR 47.7 million last year to EUR 39.6 million over 2019 or a decrease with 17.1%.

In parallel to the evolution of the material margin, the EBITDA margin has improved quarter after quarter, from 12.4% over sales in the first quarter of 2019 to 14.7% in the last quarter of 2019.

FINANCIAL RESULT

Financial result of the Group amounted to EUR -2.0 million over the year 2019 against EUR -1.7 million in 2018. The movement can mainly be explained by the revaluation of our USD positions (last year positive revaluations, minor amount in 2019), compensated by a positive evolution of the market value on our interest rate swaps.

INCOME TAX

Income tax cost amounts to EUR 10.1 million over the year 2019 against EUR 12.3 million over 2018.

GROUP PROFIT (LOSS)

The company recorded EUR 27.4 million profit over the year 2019 against EUR 33.8 million over 2018 or a decrease with 18.8%.

BALANCE SHEET

At the end of the year Group equity amounted to EUR 241.4 million or 48.1% of the balance sheet total.

Net financial debt of the Group, at year end, is EUR 137.4 million. On a comparable basis (exempt the new IFRS 16 standard), the net financial debt would have been EUR 129.3 million.

EARNINGS PER SHARE

The company realized (basic) earnings per share amounting to EUR 1.39. The Board of Directors will be proposing to the General Shareholders' Meeting of 24 April that the company declares a gross dividend of EUR 0.65 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, a.o.). 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 2019, the coating division achieved external sales of EUR 310.8 million versus EUR 317.0 million over the same period last year, or a decrease with 2.0%.

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 2019, the apparel division achieved sales of EUR 157.1 million versus EUR 144.6 million over the same period last year, or a growth ratio of 8.7%.

CHEMICALS DIVISION

Sioen Chemicals processes basic raw materials (PVC powders, pigments, a.o.) into high quality technical semi-finished products (pigment pastes and inks) for a wide range of applications. In 2019, the chemicals division achieved external sales of EUR 41.7 million versus EUR 44.6 million in 2018, or a decrease with 6.4%.

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

Sioen Industries would like to inform all stakeholders about the current policies and approach concerning the COVID-19 outbreak.

The health and well-being of our employees, the communities and customers we serve is key to Sioen Industries. We follow recommendations from both local and national authorities and health organizations whilst managing daily operations.

Despite global supply chain challenges, Sioen Industries is making all efforts to maintain reliability in delivering our products to keep our businesses running. These include contingency shipping routes and modes, securing additional logistics capacity, and moving critical raw materials into our plants.

At this point in time it is almost impossible to predict the operational and financial consequences of this outbreak.

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 2020 (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 article 3:6 § 4 of the Code of Companies and Associations, 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 3:6 § 2 6° of the Code of Companies and Associations 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 was defined by Belgian law).

As required in the new Code of Companies and Associations the company will opt for the Monistic system. As such the responsibilities of the Board will remain unchanged.

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".

The Board will delegate certain powers to an Executive Committee, as the " Management Committee" as was defined under Belgian law will cease to exist.

(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. Unfortunately Mrs. J.N. Sioen, a great lady, passed away on 4 January 2020. We remember her everlasting optimism, drive and honour her entrepreneurial spirit .

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 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. Vandewalle has decided not to renew his mandate.

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 2019, the Board held five meetings. The number of meetings attended by Directors individually in 2019 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 ✝ 4/5
D-Lance BVBA,
(represented by Mrs. Daniëlle Parein-Sioen)..................... 4/5
P. Company BVBA,
(represented by Mrs. Pascale Sioen) 5/5
Mr. Luc Vandewalle.. 4/5
Lemon Comm. V,
(represented by Mr. Jules Noten)... 5/5
Mr. Pierre Macharis 5/5
Dirk Meeus BVBA,
(represented by Mr. Dirk Meeus) 4/5

5.1.3. Working committees

The Sioen Industries Group has the following working committees:

Audit Committee

In 2019 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 2019 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 2019 is as follows:

Mr. Luc Vandewalle.. 3/4

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).. 3/4
Dirk Meeus BVBA,
(represented by Mr. Dirk Meeus) 4/4

In accordance with article 7:99 § 2 of the Code of Companies and Associations, 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 2019, 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 2019 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 2019, the Board of Directors initiated 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 2019.

The Committee met twice in 2019. The number of meetings attended by individual members of the Committee and the CEO in 2019 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) 1/2
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 2019):

- 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

(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 7:96 of the Code of Companies and Associations) plays , this is signaled and the procedure described in law enters into force.

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 7:96 of the Code of Companies and Associations. 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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 2019 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*	25 000	25 000			1 500	1 500	53 000
	Mrs. J. Sioen-Zoete † Member							
M.J.S. Consulting BVBA	Mrs. M. Sioen *Managing Director*	12 500	12 500					25 000
D-Lance BVBA	Mrs. D. Sioen *Member*	12 500	10 000					22 500
P. Company BVBA	Mrs. P. Sioen *Member*	12 500	12 500					25 000
Dirk Meeus BVBA	Mr. D. Meeus *Member*	12 500	10 000	5 000	5 000	1 000	500	34 000
Lemon Comm. V	Mr. J. Noten *Member*	12 500	12 500	5 000	3 750	1 000	1 000	35 750
	Mr. P. Macharis *Member*	12 500	12 500					25 000
	Mr. L. Vandewalle *Member and President of the Audit Committee*	12 500	10 000	6 000	4 500			33 000
Total		112 500	105 000	16 000	13 250	3 500	3 000	253 250

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2019, 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 88 364 EUR and a compensation for other expenses (mainly car expenses) amounting to EUR 36 602.

Jack Projects, represented by Mrs. Jacqueline Sioen-Zoete, received in 2019, in the context of a service agreement, a remuneration of EUR 47 500 and a compensation for other expenses (mainly car expenses) amounting to EUR 13 878.

The other members of **the executive management**[1], including Directors in their capacity as member of executive management, received in 2019 a fixed remuneration of EUR 3 417 702 (excluding CEO), a variable remuneration of EUR 381 270 and a compensation for other expenses (mainly car expenses) amounting to EUR 234 035.

[1] The executive management consists of executive Directors and members of the Management Committee.

Share based payments

At the proposal of the Board of Directors, the General Meeting of 26 April 2019 approves the 2019 Option plan of the company. The plan offers stock options to acquire existing shares of the company to the members of the Management Committee and to eligible executives of the company and some of its subsidiaries. The main features of the stock options can be summarized as follows: (i) The stock options will be offered to the beneficiaries free of charge. (ii) Each accepted stock option will entitle the holder to acquire one share of the company with the same rights (including dividend rights) as the other existing shares of the company. (iii) The strike price will be determined at the time of the offer and will be equal to the lower of (a) the average closing price of the shares of the company on the stock exchange during the thirty days prior to the date of the offer or (b) the closing price of the day preceding the date of the offer. (iv) The stock options cannot be exercised for a period of three calendar years after the year in which the offer was made, or after a period of ten years after the date of the offer.

(v) The stock options cannot be transferred, except in the event of death, unless authorized by the Board of Directors. The 2019 Option Plan is in accordance with the provisions of the law of 26 March 1999.

33 500 options were granted during 2019, all outstanding and exercisable at the end of 2019.

The fair value of the services received in return for share options is based on the fair value of the share options granted, measured using the Black & Scholes model with the following inputs:

- Expected volatility: 29%
- Option life: 10 years
- Risk-free interest rate: 0.00%
- Expected dividends: 2.58%
- Share price: EUR 24.00
- Exercise price: EUR 24.00
- Fair value per granted instrument determined at grant date: EUR 4.99

Year of granting	Share options outstanding	Exercise price (in EUR)	Remaining contractual life
2019	33 500	24.00	3-10 years

An expense of EUR 24 thousand was recognized under 'Services and other goods' in the income statement by nature and under 'Administrative expenses' in the income statement by function.

No liabilities have been recognized as treasury share have been purchased to cover the liability.

Other

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 503 175 from Sioen Industries and its subsidiaries in respect of statutory auditor mandates. In addition, the Statutory Auditor and its network received EUR 103 532 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 (61% of the total Group sales) raw materials account for approximately 48% 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 48% over sales to 49.3% over sales). An increase in 10% of all 3 key raw materials would push the material cost to 51.6% 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 (31% 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.

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 Code of Companies and Associations, 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 7:153 of the Code of Companies and Associations.

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 7:132 and 7:188 to 7:194 of the Code of Companies and Associations 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 7:152 and 7:202 of the Code of Companies and Associations, 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 Code of Companies and Associations, 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 Code of Companies and Associations, 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

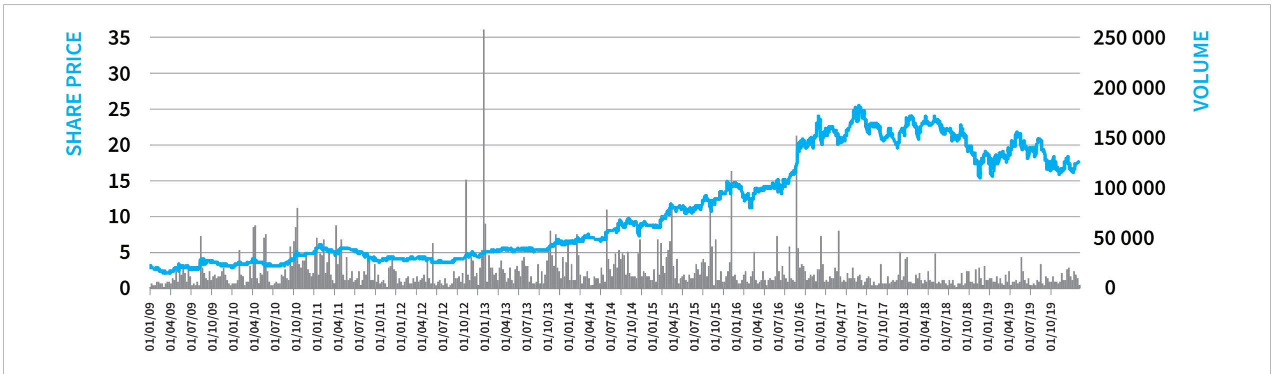
In order to be able to continue following and ensuring the company's fast growth, and in the conviction that a transparent policy would further strengthen the Group's growth possibilities, the Sioen Industries share was introduced on the cash market, double fixing, of the Brussels Stock Exchange, on 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 2019, the total number of shares amounts to 19 779 933 (issued and fully paid), of which 12 907 047 shares, or 65.25%, are owned by the Sioen family, a.o. through the holding company Sihold NV. 33 500 shares, or 0.17%, are owned by Sioen Industries NV within the framework of a share buyback program. The remaining number of shares, 6 839 386 or 34.58%, 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

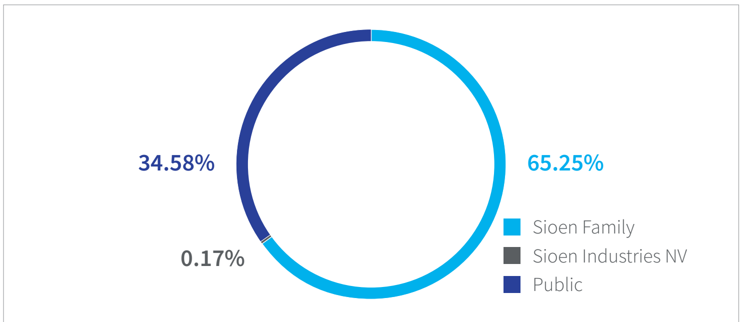
Following the entry into force of the Law of 1 April 2007 on public takeover bids (Takeover Act), on February 15, 2008, Sihold NV, Sinvest NV and Mr. and Ms. Jean-Jacques Sioen made a notification in accordance with Article 74 §7 of the Takeover Act with a view to obtain an exemption from the obligation to make an offer in accordance with article 74, §1 of the Takeover Act. For an update of the control structure, reference is made to the transparency statements published on the company's website. The most recent notification to the company in accordance with article 74, §8 of the Takeover Act dates from 12 March 2020. Since Ms. Jacqueline Sioen-Zoete has passed away, Sihold NV, Sicorp NV, JCA2M BV, ALCAMI BV, MIDIPA BV, Michèle Sioen, Daniëlle Sioen and Pascale Sioen (all persons in favor of whom the exemption provided for in article 74, §1 of the Takeover Act applies in accordance with article 74, §5, 2 °, 3 ° and 4 ° of the Takeover Act) have reported to the company that (i) Sihold holds 65.25% of the shares in the company, (ii) Sihold NV is controlled by Sicorp NV, (iii) JCA2M BV, ALCAMI BV and MIDIPA BV jointly control Sicorp NV, and (iv) JCA2M BV is controlled by Michèle Sioen, ALCAMI BV is controlled by Daniëlle Sioen and MIDIPA BV is controlled by Pascale Sioen.

5.3.3. Evolution of the share in 2019

The share was quoted at its highest price on 8 April 2019, at EUR 28.25, at its lowest price on 10 October 2019 (EUR 20.60) and quoted EUR 22.95 on 31 December 2019. Market capitalization amounted to EUR 453.95 million on 31 December 2019.



5.3.4. Shareholders' structure



5.3.5. 2019: 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 2019, the Board of Directors proposed the pay out of a dividend amounting to EUR 0.65 gross (EUR 0.455 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 11 May 2020, 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 2019

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 2019

in thousands of euros

Assets	2019	2018	Note
Non-current assets			
Intangible assets	44 284	45 310	2.5.1
Goodwill	43 680	43 287	2.5.2
Property, plant and equipment(1)	164 826	142 376	2.5.3
Investment property	4 247	4 224	2.5.4
Other long term assets	815	645	2.5.6
Deferred tax assets	1 754	2 312	2.5.16
Total non-current assets	259 606	238 154	
Current assets			
Inventories	142 468	130 741	2.5.7
Trade receivables	67 172	64 810	2.5.8
Other receivables	10 021	8 014	2.5.9
Cash and cash equivalents	18 198	26 861	2.5.9
Derivatives fair value	2 240	823	2.5.15
Deferred charges and accrued income	1 296	1 172	2.5.9
Total current assets	241 395	232 421	
Assets classified as held for sale	694		2.5.3
Total assets	501 695	470 575	

(1) IFRS 16 Leases has been applied as of 1 January 2019. We refer to note 2.5.11. Leases for more information.

Equity & liabilities	2019	2018	Note
Equity			
Share capital	46 000	46 000	
Retained earnings	201 009	185 806	
Other reserves	-5 572	-7 997	
Equity attributable to the owners of the company	*241 437*	*223 809*	*1.4*
Non-controlling interest	0	0	
Total equity	241 437	223 809	1.4
Non-current liabilities			
Borrowings	102 772	118 012	2.5.10
Provisions	416	326	2.5.12
Retirement benefit obligations	5 147	4 282	2.5.13
Deferred tax liabilities	20 065	20 159	2.5.16
Lease liabilities(1)	8 097	3 686	2.5.11
Other amounts payable	1 332	1 340	2.5.15
Total non-current liabilities	137 829	147 805	
Current liabilities			
Trade and other payables	46 222	45 312	2.5.14
Borrowings	41 322	21 253	2.5.10
Provisions	1 782	672	2.5.12
Retirement benefit obligations	66	70	2.5.13
Current income tax liabilities	2 214	6 536	
Social debts	15 542	13 321	
Other amounts payable	6 881	5 307	
Lease liabilities(1)	3 405	715	2.5.11
Derivatives fair value	1 331	822	2.5.15
Accrued charges and deferred income	3 664	4 953	
Total current liabilities	122 429	98 961	
Total equity and liabilities	501 695	470 575	

(1) IFRS 16 Leases has been applied as of 1 January 2019. We refer to note 2.5.11. Leases for more information.

1.2. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1.2.1. By nature

in thousands of euros

	2019	2018	Note
Net sales	509 620	506 196	
Changes in stocks and WIP (work in progress)	4 413	8 638	
Other operating income[1]	8 130	7 984	
Raw materials and consumables used	-265 504	-268 785	
Material margin	**48.77%**	**48.61%**	
Services and other goods[2]	-75 173	-74 451	
Remuneration, social security and pensions	-111 243	-106 101	
Depreciations	-25 445	-21 892	
Write off inventories and receivables[3]	1 880	685	
Provisions for liabilities and charges	-1 025	304	
Other operating charges[4]	-6 074	-4 844	
Operating result (EBIT)	**39 579**	**47 733**	
Financial result	-1 992	-1 667	**2.4.1**
• Financial income	1 942	1 707	
• Financial charges	-3 934	-3 373	
Profit (loss) before taxes	**37 587**	**46 066**	
Income tax	-10 145	-12 284	2.4.2
Profit (loss) after taxes	**27 442**	**33 781**	
Share in the results of associates		14	
Group profit (loss)	**27 442**	**33 796**	
Group profit (loss) attributable to shareholders of Sioen Industries	27 442	33 796	
Group profit (loss) attributable to non-controlling interest	0	0	
EBITDA[5]	**65 024**	**69 625**	

Definitions and reconciliations for non-gaap measures can be found on pages page 184 & page 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 and other recharges. In the consolidated income statement by function, other recharges are not included in 'Other income' but spread by function. In 2019, a gain from a bargain purchase, amounting to EUR 977 thousand, has been recognized under this section, we refer to note 2.5.18. Business combinations and disposal of subsidiaries.

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

(3) Write off inventories and receivables consists of additional write offs in some companies and reversals in other companies.

(4) 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 debtors, banking costs, loss on sale of assets and fines & penalties. In the consolidated income statement by function, 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.

(5) EBITDA definition has been changed to have a closer link between the EBITDA of a particular year (which is a measure of profitability) and the business reality. 'Write off inventories and receivables' and 'Provisions for liabilities and charges' are no longer excluded in EBITDA.

Earnings per share | In euro	**2019**	**2018**
Basic earnings per share		
Net earnings for the period	27 441 903	33 795 623
Weighted average ordinary shares outstanding	19 759 545	19 779 933
Ordinary shares per 01 January	*19 779 933*	*19 779 933*
Ordinary shares per 31 December	*19 746 433*	*19 779 933*
Basic earnings per share	1.39	1.71
Diluted earnings per share		
Net earnings for the period	27 441 903	33 795 623
Weighted average ordinary shares outstanding	19 759 545	19 779 933
Ordinary shares per 01 January	*19 779 933*	*19 779 933*
Ordinary shares per 31 December	*19 746 433*	*19 779 933*
Basic earnings per share	1.39	1.71

1.2.2. By function

in thousands of euros

	2019	2018	Note
Net sales	509 620	506 196	
Cost of sales	-400 384	-394 113	2.4.1
Manufacturing contribution	**109 236**	**112 083**	
Sales and marketing expenses	-27 750	-26 373	2.4.1
Research and development expenses	-10 324	-9 550	2.4.1
Administrative expenses	-36 926	-35 710	2.4.1
Financial income	1 942	1 707	
Financial charges	-3 934	-3 373	
Other income	8 104	7 974	2.4.1
Other expenses	-2 761	- 691	2.4.1
Profit (loss) before taxes	**37 587**	**46 066**	
Income tax	-10 145	-12 284	2.4.2
Profit (loss) after taxes	**27 442**	**33 781**	
Share in the results of associates		14	
Group profit (loss)	**27 442**	**33 796**	
Group profit (loss) attributable to shareholders of Sioen Industries	27 442	33 796	
Group profit (loss) attributable to non-controlling interest			
EBITDA	**65 024**	**69 625**	

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

1.2.3. Consolidated statement of total comprehensive income

in thousands of euros

	2019	2018	Note
Group profit (loss)	27 442	33 796	1.2.1
Exchange differences on translating foreign operations:			
• Exchange difference arising during the period	2 615	295	
Cash flow hedges:			
• Reclassification to income statement of fair value changes previously recognized in other comprehensive income	1 432	1 360	
• Income tax	-424	-402	
Net other comprehensive income (loss) potentially to be reclassified to profit or loss in subsequent periods	*3 624*	*1 252*	
Remeasurement of defined benefit obligation:			
• Gains (losses) arising during the period	-460	327	
• Income tax	118	-32	
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	*-343*	*295*	
Other comprehensive income (loss) after tax impact	3 281	1 547	
Total comprehensive income (loss) for the period	30 723	35 343	1.4
Attributable to shareholders of Sioen Industries	30 723	35 343	
Attributable to non-controlling interests	0	0	

1.3. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

in thousands of euros

	2019	2018	Note
Group profit (loss)	27 442	33 796	1.2.1
Income tax	10 145	12 284	
Financial charges	3 934	3 373	
Financial income	-1 942	-1 707	
Share in the results of associates		-14	
Operating result	39 579	47 733	
Depreciation and amortization of non-current assets	25 445	21 892	
Write off inventories and receivables	-1 880	-685	
Provisions	1 025	-304	
Gain from a bargain purchase	-977		
Equity-settled share-based payments	24		
Movements in working capital:			
• Inventories	-3 523	-11 318	
• Trade receivables	5 563	1 620	
• Other long term assets, other receivables & deferred charges and accrued income	-325	-1 210	
• Trade and other payables	-1 237	2 854	
• Social debts, other amounts payable & accrued charges and deferred income	712	911	
Cash flow from operating activities	*64 406*	*61 493*	
Income taxes paid	-17 890	-16 041	
Net cash flow from operating activities	46 516	45 452	
Interest received	111	111	
Acquisitions of subsidiaries(1)	-21 639	- 230	
Investments in intangibles, property, plant and equipment (without right-of-use assets) and investment property	-20 957	-34 537	
Disposal and sale of intangibles, property, plant and equipment and investment property	438	386	
Net cash flow from investing activities	-42 046	-34 271	
Net cash flow before financing activities	*4 470*	*11 184*	
Purchase of treasury shares	-856		
Interest paid	-1 282	-1 264	
Disbursed dividend	-12 264	-11 077	
Increase in borrowings	20 359	73 000	
Decrease in borrowings	-15 538	-66 993	
Loan repayments in the framework of business combinations	-124		
Increase/(decrease) lease liabilities	-3 967	-451	
Other	116	191	
Currency result	-386	276	
Net cash flow from financing activities	-13 941	-6 317	
Impact of cumulative translation adjustments and hedging	806	587	
Change in cash and cash equivalents	-8 665	5 450	
Cash and cash equivalents at the beginning of the year	26 861	21 413	
Cash and cash equivalents at the end of the year	18 198	26 861	1.1
Free cash flow	46 516	45 452	

(1) These amounts are net of cash acquired (EUR 1 664 thousand cash acquired in 2019)

Disclosure on changes in liabilities from financing activities

	2018	Cash flows			Non-cash changes				2019
		(1)	*(2)*	*(3)*	*Reclass from non-current to current*	*acquired through business combinations*	*additions/ disposals leases*[4]	*FX*	
Borrowings (non-current)	118 012				-15 240				102 772
Borrowings (current)	21 253	4 821	-124		15 240	133			41 322
Total borrowings	139 264	4 821	-124			133			144 094
Lease liabilities (non-current)	3 686						4 411	1	8 097
Lease liabilities (current)	715			-3 967			6 658	-1	3 405
Total lease liabilities	4 401			-3 967			11 069		11 502

(1) Sum 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.

(3) Line 'Increase/(decrease) lease liabilities' in statement of cash flows.

(4) EUR 6.5 million of the additions relates to the initial recognition of former 'Operating leases' as per 1January 2019.

	2017	Cash flows	Non-cash changes				2018
		(1)	*Reclass from non-current to current*	*acquired through business combinations*	*additions/ disposals leases*	*FX*	
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

1.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019	46 000	185 806	898	76	-230		-8 742	223 809		223 809	1.1
Total comprehensive income (loss) for the period		27 442	2 615		-343		1 009	30 723		30 723	1.2.3
Payment of dividends		-12 264						-12 264		-12 264	
Equity-settled share-based payment plans		24						24		24	
Purchase of treasury shares						-856		-856		-856	
Balance at 31 December 2019	46 000	201 009	3 513	76	-572	-856	-7 734	241 437		241 437	1.1

		Other reserves									
	Share capital	Retained earn-ings	Foreign curren-cy 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
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	
Equity-settled share-based payment plans											
Purchase of treasury shares											
Balance at 31 December 2018	46 000	185 806	898	76	- 230		-8 742	223 809		223 809	1.1

2. Notes to the consolidated financial statements for the year ended 31 December 2019

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 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 2019, all of which were endorsed by the European Union.

Standards and interpretations applicable for the annual period beginning on 1 January 2019

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 Cycle

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

The mandatory application of all amendments to or improvements of standards and interpretations listed above, except for IFRS 16 Leases, did not give rise to any major effects on the Group's financial position and financial performance.

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. Lessor accounting under IFRS 16 is substantially unchanged from 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 applies IFRS 16 since 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 has not been restated.

The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied 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 also applies the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for its vehicles.

The Group elects 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 is used is assessed to be immaterial.

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

The impact of IFRS 16 adoption per 1 January 2019 was an increase of the property, plant and equipment (i.e. right-of-use assets) with 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 as per 31 December 2019 has improved with approx. EUR 0.3 million, while its interest expense has increased with approx. EUR 0.1 million. EBITDA has increased with approx. EUR 3.0 million.

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

Reconciliation from IAS 17 to IFRS 16 (in thousands of euros):

Operating lease arrangements as per 31 December 2018	8 147
Exemptions	-1 136
Operating leases to be recognized on balance sheet under IFRS 16	7 011
Operating leases to be recognized on balance sheet under IFRS 16, discounted using the incremental borrowing rate as per 1 January 2019	6 466
Obligations under finance leases as per 31 December 2018 under IAS 17	4 401
Lease liabilities to be recognized on balance sheet under IFRS 16 as per 1 January 2019	10 867

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2019

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020)

It is expected that the 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 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 2019 no borrowing costs were capitalized.

Lease agreements

At the commencement date of a lease, 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, presented under 'Property, plant and equipment'), are recognized. There are two recognition exemptions – 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). The lease liabilities, representing the net present value of the lease payments, are recognized as non-current or current liabilities, depending on the period in which they are due. The lease payments are discounted using the rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease interest is charged as an interest expense (under financial charges) in the income statement. Leased assets are depreciated, using straight-line depreciation over the lease term, including the period of renewable options, in case it is probable that the option will be exercised.

Lessees are 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 recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Accounting principle applied until 31/12/2018

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. 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, assumptions related to IFRS 16 Leases). 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.

At this moment, we are confronted with the COVID-19 outbreak. It is almost impossible to predict the consequences of this outbreak, so the impact hasn't been included in the 2019 financial statements.

2.1.7. Goodwill impairment analysis (estimation uncertainty)

Impairment analysis 2019

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. Segment information). Initially, the main acquisitions of 2016 and 2017 (Dimension-Polyant & James Dewhurst) were considered as separate cash-generating units. However, the integration of James Dewhurst now proves no separate cash-generating unit exists anymore. As a consequence, James Dewhurst has been included as of 2019 in the 'coating' cash-generating unit. Over time, after further integration also Dimension-Polyant will become part of the 'coating' cash-generating unit.

In 2019, there were no cash-generating units for which there was an indicator of impairment.

Key assumptions impairment analysis 2019

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 (2020 – 2024) and a perpetual value.

Cash flow estimates are prepared based on:

- The 2020 budget, approved by the Board of Directors
- The strategic plan (2021-2024) 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:

- 2020 budget: the organic growth rate of our global business for 2020 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 2020 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 2020 goals for each working capital component.
- Strategic plan 2021-2024: 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.

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 8,00% (7,68% for the coating division, 8,99% for the Apparel division, 7,21% for the chemicals division and 7,68% for Dimension-Polyant (within the coating division).

<u>Key assumptions impairment analysis 2018</u>

We refer to the 2018 annual report for the assumptions of the 2018 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

2019	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 clearly	50 588
Chemicals division	exceeds significantly	66 772
Dimension-Polyant CGU	exceeds clearly	8 633
Remaining coating division (excluding Dimension-Polyant CGU)	exceeds significantly	144 916

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

(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:

1. A 1 p.p. decrease of the EBIT margin both in the forecast period (2020-2024) and in the perpertual value
2. A 1 p.p. decrease in the growth rate and a 1 p.p. decrease of the derived EBIT margin both in the forecast period (2020-2024) and in the perpetual value
3. A 1 p.p. increase in the discount rate
4. A 1 p.p. decrease in the discount rate
5. A 1 p.p. decrease in the perpetual growth rate only
6. The effect of a general 10% raw material price increase in the coating and chemicals division, in 2021 and 2023, with a recovery of the material margin with a delay of one year

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 columns reflect the change in excess discounted value for each of the above described scenarios.

2019	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	46.6%	-38.5%	-58.7%	-40.8%	54.4%	-31.3%	not applicable	not applicable
Chemicals division	330.6%	-10.4%	-30.5%	-22.6%	33.4%	-18.6%	-4.4%	not applicable
Dimension-Polyant CGU	21.2%	-63.4%	-111.2%	-81.4%	115.8%	-64.7%	not applicable	not applicable
Remaining coating division	69.2%	-28.0%	-52.8%	-34.9%	49.7%	-27.8%	-13.7%	not applicable

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
Dimension-Polyant 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 applicable	-73.90%
Remaining coating division	153.1%	-1.6%	-22.1%	-23.1%	31.9%	-18.1%	-7.3%	not applicable

The excess discounted cash flow on the Dimension Polyant CGU is EUR 8.6 million (compared to EUR 3.2 million last year) in our base case. In several of our sensitivity scenarios, 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, 3% average sales growth). As such, no impairment was recognized per 31 December 2019.

Note that in 2018 analysis, James Dewhurst was still considered as a separate CGU (while it has been included in the Coating CGU in 2019). As James Dewhurst operates mainly out of the UK, a separate scenario 7 was calculated (scenario 7: 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)). This separate scenario is no longer maintained in 2019.

In our 2018 analysis, we used in scenario 1 and 2 a 1% decrease of the nominal EBIT, while this has changed towards a 1% decrease of EBIT margin in 2019 analysis.

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.

	Coating	Apparel	Chemicals	Other	Total	Note
Year ended 31 December 2019						
Revenue from external customers	310 836	157 074	41 711		509 620	
Intersegment revenues	4 489	411	11 036			
Segment operating result	21 263	12 841	5 733	514	40 351	
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	29 036	12 805	6 214	333	48 389	

Segment revenues and results

Intersegment sales are undertaken at prevailing market conditions.

	2019	2018	Note
Segment operating result	40 351	48 389	
Reconciling items			
• Elimination of intersegment results	-772	-656	
Operating result	39 579	47 733	1.2.1
Financial charges	-3 934	-3 373	1.2.1
Financial income	1 942	1 707	1.2.1
Profit (loss) before tax	37 587	46 066	1.2.1

Segment assets and liabilities

	Coating	Apparel	Chemicals	Other	Unallocated/eliminations	Total	Note
Year ended 31 December 2019							
Segment assets	334 148	132 395	31 137	4 571	-556	501 695	
Segment liabilities	318 415	90 509	10 876	33 538	-193 081	260 258	
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	

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 sales. We refer to note 2.5.8. Trade receivables.

Other segment information

	Coating	Apparel	Chemicals	Other	Head office	Total	Note
Year ended 31 December 2019							
Depreciations	18 143	4 721	961	72	1 548	25 445	
Additions to non-current assets	18 842	7 160	2 647	94	3 864	32 607	
Year ended 31 December 2018							
Depreciations	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	

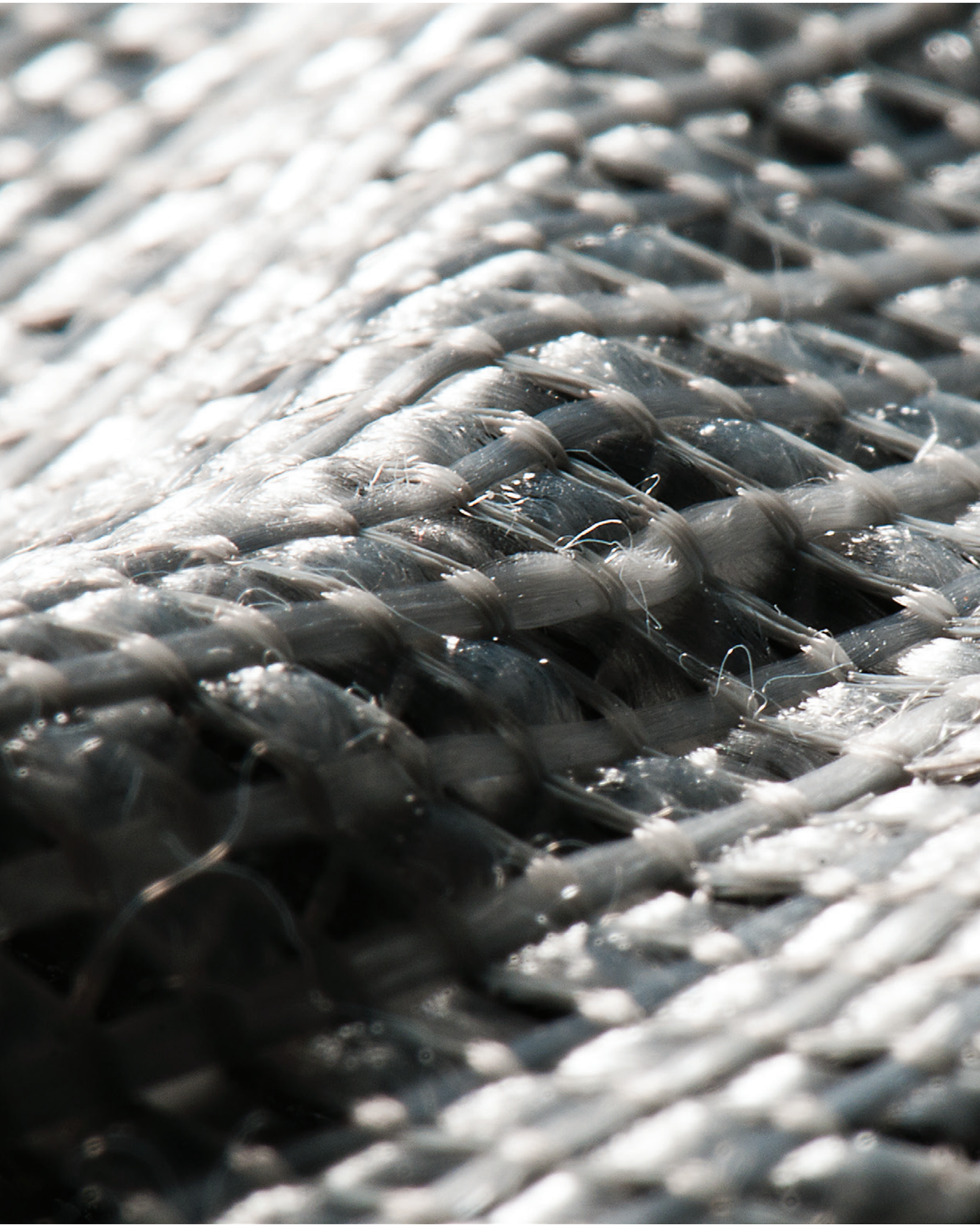
2.2.2. Geographical sales information

in thousands of euros

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

	Gross sales								
2019	**Coating**		**Apparel**		**Chemicals**		**Total**		**Note**
France	40 945	13.1%	38 357	24.3%	11 913	28.4%	91 214	17.8%	
Germany	57 116	18.2%	15 329	9.7%	3 055	7.3%	75 500	14.7%	
Eastern Europe	36 891	11.8%	3 622	2.3%	4 283	10.2%	44 796	8.7%	
Belgium	10 127	3.2%	22 118	14.0%	7 687	18.4%	39 931	7.8%	
The Netherlands	17 873	5.7%	17 176	10.9%	789	1.9%	35 838	7.0%	
Scandinavia	16 928	5.4%	15 193	9.6%	462	1.1%	32 584	6.4%	
UK	18 094	5.8%	11 044	7.0%	641	1.5%	29 779	5.8%	
Italy	26 713	8.5%	1 373	0.9%	1 511	3.6%	29 597	5.8%	
USA	24 404	7.8%	1 087	0.7%	169	0.4%	25 660	5.0%	
Austria	3 695	1.2%	7 777	4.9%	6 033	14.4%	17 505	3.4%	
China	7 356	2.3%	7 909	5.0%	14	0.0%	15 278	3.0%	
Spain	11 191	3.6%	1 369	0.9%	459	1.1%	13 019	2,5%	
Switzerland	6 522	2.1%	2 983	1.9%	3 390	8.1%	12 895	2.5%	
Portugal	5 234	1.7%	1 026	0.7%	202	0.5%	6 462	1.3%	
Ireland	450	0.1%	4 519	2.9%	4	0.0%	4 973	1.0%	
Other	29 887	9.5%	6 698	4.3%	1 263	3.0%	37 848	7.4%	
Subtotal	313 425	100.0%	157 579	100.0%	41 875	100.0%	512 879	100.0%	
Discounts	-2 589		- 505		- 164		-3 259		
Net sales	310 836		157 074		41 711		509 620		1.2.1

2018	Gross sales								Note
	Coating		Apparel		Chemicals		Total		
France	35 311	11.0%	32 304	22.3%	11 949	26.7%	79 565	15.6%	
Germany	63 691	19.9%	15 381	10.6%	3 508	7.8%	82 581	16.2%	
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%	
UK	17 684	5.5%	10 330	7.1%	615	1.4%	28 629	5.6%	
Italy	26 718	8.4%	1 083	0.7%	1 370	3.1%	29 171	5.7%	
USA	23 920	7.5%	403	0.3%	173	0.4%	24 495	4.8%	
Austria	3 650	1.1%	3 512	2.4%	5 970	13.3%	13 132	2.6%	
China	9 467	3.0%	9 551	6.6%	6	0.0%	19 024	3.7%	
Spain	10 299	3.2%	1 337	0.9%	433	1.0%	12 069	2.4%	
Switzerland	6 450	2.0%	2 339	1.6%	3 315	7.4%	12 104	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%	
Other	25 073	7.8%	6 294	4.3%	1 488	3.3%	32 856	6.4%	
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



2.3. EXCHANGE RATES

	Rate	2019	2018
EUR	average	1.0000	1.0000
	closing	1.0000	1.0000
USD	average	1.1194	1.1793
	closing	1.1234	1.1450
GBP	average	0.8759	0.8860
	closing	0.8508	0.8945
RMB	average	7.7238	7.8156
	closing	7.8204	7.8751
PLN	average	4.2990	4.2684
	closing	4.2568	4.3014
TND	average	3.2728	3.1469
	closing	3.1402	3.4272
UAH	average	28.8268	32.1750
	closing	26.6525	31.8979
AUD	average	1.6079	1.5832
	closing	1.5995	1.6220
SEK	average	10.5820	10.2934
	closing	10.4471	10.2543

2.4. DETAILED CONSOLIDATED INCOME STATEMENT

2.4.1. By function

in thousands of euros

	2019	2018	Note
Net sales			
Sales of goods	517 775	514 463	
Subcontracting	230	239	
Commisions and discounts	-8 385	-8 506	
Net sales	509 620	506 196	1.2.1
Cost of sales			
Purchases	-250 607	-257 632	
Transport cost goods purchased	-3 437	-2 991	
Stock variation	3 357	10 686	
Subcontracting	-10 275	-10 168	
Remuneration, social security and pensions	-71 687	-68 296	
Depreciations	-16 723	-14 360	
Other, services and goods	-51 737	-51 784	
Write off inventories and receivables	725	431	
Cost of sales	-400 384	-394 113	1.2.2
Sales and marketing expenses			
Remuneration, social security and pensions	-18 630	-17 529	
Depreciations	- 905	-128	
Other, services and goods	-9 370	-8 970	
Write off inventories and receivables	1 155	254	
Sales and marketing expenses	-27 750	-26 373	1.2.2
Research and development expenses			
Stock variation	- 128	-44	
Remuneration, social security and pensions	-7 435	-7 109	
Depreciations	- 306	-180	
Other, services and goods	-2 454	-2 217	
Research and development expenses	-10 324	-9 550	1.2.2
Administrative expenses			
Remuneration, social security and pensions	-13 490	-13 168	
Depreciations	-7 511	-7 223	
Other, services and goods	-15 925	-15 319	
Administrative expenses	-36 926	-35 710	1.2.2
Other income			
Gains on disposal on items of PPE	144	570	
Received indemnities(1)	376	1 162	
Received rent	1 749	1 663	
Other(2)	5 834	4 579	
Other income	8 104	7 974	1.2.2
Other expenses			
Losses on disposal of items of PPE	- 320	-69	
Provisions for liabilities and charges(3)	-1 025	304	
Local taxes	- 943	-680	
Other	- 473	-246	
Other expenses	-2 761	-691	1.2.2

	2019	2018	Note
Financial result			
Interests received	14	12	
Interests paid	-2 855	-2 798	
Interest result	-2 842	-2 785	
Currency income trade receivables	208	337	
Currency income trade payables	29	136	
Currency expenses trade receivables	- 21	-40	
Currency expenses trade payables	- 54	-22	
Currency result other	- 576	-666	
Realized currency result	- 413	-255	
Revaluation income trade receivables	65	24	
Revaluation income trade payables	78	20	
Revaluation expenses trade receivables	- 36	-19	
Revaluation expenses trade payables		-94	
Fair value hedging instruments	908	609	
Revaluation other(4)	162	808	
Unrealized currency result	1 178	1 349	
Other	85	24	
Financial result	-1 992	-1 667	1.2.1
Income tax			
Current tax	-12 344	-14 781	
Deferred tax	2 199	2 497	
Income tax	-10 145	-12 284	2.4.2
Profit (loss) after taxes	27 442	33 781	1.2.2
Share in the results of associates		14	
Group profit (loss)	27 442	33 796	1.2.2

(1) Higher received indemnities in 2018 related to an incident at Sioen Industries in August 2018.

(2) Higher in 2019 related to a gain on a bargain purchase, we refer to note 2.5.18. Business combinations and disposal of subsidiaries.

(3) 2019: new reorganization provision in Belgium, increase provision import duties, 2018: new provision for import duties, reversal of a property tax provision in Belgium, we refer to note 2.5.12. Provisions.

(4) Mainly due to revaluation of USD.

2.4.2. Income tax

in thousands of euros

	2019		2018		Note
Profit (loss) before taxes	37 587		46 066		1.2.1
Income tax as calculated at theoretical tax rate(1)	-10 500	-27.9%	-13 046	-28.3%	
Tax impact of:					
effect of expenses that are not deductible in determining taxable profit[(2)]	-415	-1.1%	-402	-0.9%	
effect of expenses that are added in determining taxable profit[(3)]	732	1.9%	339	0.7%	
effect of revenue under favourable tax regimes/rates[(4)]	213	0.6%	294	0.6%	
withholding taxes	-41	-0.1%	-105	-0.2%	
movement on deferred tax assets not recognized[(5)]	-988	-2.6%	17	0.0%	
deferred tax assets recognized on previously not recognized losses[(6)]			895	1.9%	
adjustments recognized in current year in relation to the tax of prior years[(7)]	603	1.6%	-225	-0.5%	
notional interest deduction	11	0.0%	10	0.0%	
changes in tax rate	-49	-0.1%	-60	-0.1%	
gain from a bargain purchase[(8)]	289	0.8%			
Income tax	-10 145	-27.0%	-12 284	-26.7%	1.2.1
Current tax	-12 344		-14 781		
Deferred tax	2 199		2 497		2.5.16

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

(2) Mainly disallowed expenses in Belgium.

(3) Relates mainly to a tax incentive on investments in Italy.

(4) Corporate income tax rates of 10% or lower are considered as favourable tax regimes.

(5) Deferred tax assets not recognized because assessment shows it is not probable that they can be utilized in the near future, mainly related to Italy.

(6) As a result of flow optimization and rationalization within our 3 Indonesian plants, recoverability of fiscal losses was reassessed in 2018.

(7) Review of deferred tax positions, we refer to note 2.5.16. Deferred taxes.

(8) Gain from a bargain purchase (we refer to note 2.5.18. Business combinations and disposal of subsidiaries) not recognized in statutory figures and thus not part of taxable base.

2.4.3. Dividends

The proposed gross dividend for the period ending 31 December 2019 is EUR 0.65 per share or EUR 12 856 956 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 2018 amounted to EUR 0.62 per share or EUR 12 263 558 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 2.4 million in 2019 compared with EUR 0.9 million in 2018. Additions in 2019 and 2018 mainly related to software in the shared service center.

Amortization expenses of intangible assets amount to EUR 6.1 million in 2019 (2018: 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.

2019	Formation expenses	Development expenses	Concessions, patents, licences etc.	Technical product portfolio	Software	Customer portfolio	Total	Note
Acquisition								
Opening balance	1	106	8 861	38 982	19 190	25 280	92 420	
Additions		58			2 365		2 424	
Disposals			-8		-87		-95	
Sales								
Transfers								
Effect of foreign currency exchange differences			80	1 086	12	280	1 458	
Acquired through business combinations			47		31	1 425	1 503	
Closing balance		165	8 980	40 068	21 511	26 985	97 710	
Depreciation								
Opening balance	-1	-40	-6 482	-13 561	-16 432	-10 593	-47 109	
Disposals					84		84	
Sales								
Transfers								
Effect of foreign currency exchange differences			-80	-157	-8	-51	-296	
Amortization expenses		-20	-588	-2 807	-962	-1 729	-6 105	
Closing balance	-1	-59	-7 150	-16 525	-17 317	-12 374	-53 426	
Net book value								
Opening balance		67	2 379	25 421	2 758	14 686	45 310	1.1
Closing balance		105	1 830	23 543	4 193	14 611	44 284	1.1

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	
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.

2.5.2. Goodwill

in thousands of euros

	2019	2018	Note
Opening balance	43 287	43 308	
Increase	263[(1)]		
Decrease			
Effect of foreign currency exchange differences	130	- 21	
Closing balance	43 680	43 287	**1.1**

Allocation to segments 2019:	
Apparel	22 201
Chemicals	4 610
Dimension-Polyant CGU	2 668
Remaining coating division	14 201
Allocation to segments 2018:	
Apparel	22 205
Chemicals	4 610
Dimension-Polyant CGU	2 668
Remaining coating division	13 805

(1) We refer to note 2.5.18. Business combinations and disposal of subsidiaries.

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

- Apparel division
- Chemicals division
- Dimension-Polyant CGU
- Remaining coating division (excluding Dimension-Polyant 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 2019. No impairments losses have been recognized in the year.

2.5.3. Property, plant and equipment

During 2019 the total additions of property, plant and equipment amounted to EUR 28.6 million.

The main additions in 2019 were:

- EUR 18.2 million in the coating division (mainly buildings and machinery, EUR 3.6 million related to IFRS 16).
- EUR 6.0 million in the apparel division (mainly machinery, EUR 4.9 million related to IFRS 16).
- EUR 2.6 million in the chemicals division (mainly related to a new building, EUR 0.5 million related to IFRS 16).
- EUR 1.7 million in the shared service center (mainly hardware, EUR 1.2 million related to IFRS 16).

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).

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

The main disposals relate to the disposal of machines in the coating division.

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

2019	Land	Buildings	Plant, machinery and equipment	Furniture, vehicles and equipment	Right-of-use assets[(1)]	Assets under construction	Total	Note
Acquisition								
Opening balance	21 170	100 770	221 311	12 077	21 930	19 647	396 904	
Additions		2 222	10 502	1 103	10 250	4 482	28 560	
Disposals		-64	-2 542	-1 203	-222	-6	-4 036	
Sales			-673	-19			-692	
Transfers		1 132	18 016	49	463	-19 660		
Effect of foreign currency exchange differences	11	417	544	70	-1	90	1 131	
Additions through acquisitions	298	3 489	8 488	164	987	227	13 654	
Transfer to held for sale	-376	-4 997					-5 373	
Closing balance	21 103	102 969	255 648	12 241	33 407	4 780	430 147	
Impairment								
Opening balance		- 9	- 793				- 802	
Disposals								
Sales								
Transfers								
Effect of foreign currency exchange differences								
Impairment losses recognized in profit or loss								
Closing balance		- 9	- 793				- 802	
Depreciation								
Opening balance	- 240	-67 880	-161 247	-10 154	-14 204		-253 726	
Disposals		49	2 375	1 115	53		3 592	
Sales			535	10			545	
Transfers		150	10		-160			
Effect of foreign currency exchange differences	-5	-133	-140	-62			-340	
Depreciation	-26	-3 746	-10 667	-843	-3 986		-19 268	
Transfer to held for sale	271	4 408					4 679	
Closing balance		-67 152	-169 135	-9 934	-18 297		-264 518	
Net book value								
Opening balance	20 930	32 881	59 271	1 923	7 725	19 647	142 376	1.1
Closing balance	21 103	35 808	85 720	2 306	15 110	4 780	164 826	1.1

(1) Right-of-use assets related to IFRS 16 Leases are included in this category, we refer to note 2.5.11. Leases for more information.

2018	Land	Buildings	Plant, machinery and equip-ment	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	
Additions through acquisitions								
Transfer to held for sale								
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	
Transfer to held for sale								
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	
Closing balance	20 930	32 881	59 271	1 923	7 725	19 647	142 376	1.1

Assets pledged as security

There are no mortgages secured on the property, plant and equipment.

Contractual commitments

At 31 December 2019, the Group had contractual commitments for the acquisition of property, plant & equipment for a total amount of EUR 3.6 million.

Assets classified as held for sale

The assets classified as held for sale as per 31 December 2019 relate to land and buildings in Indonesia, for which a conditional sale and purchase agreement has been signed in July 2019. The final sale is planned in May 2020. According to IFRS 5, these are classified as held for sale and are no longer depreciated.

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.

	2019	2018	Note
Acquisitions			
Opening balance	*5106*	*5 258*	
Additions	94		
Disposals	-5		
Effect of foreign currency exchange differences	54	-152	
Closing balance	5 248	5 106	
Depreciation			
Opening balance	*-822*	*-831*	
Effect of foreign currency exchange differences	-48	129	
Depreciation	-72	-180	
Closing balance	-1 001	-882	
Net book value			
Opening balance	*4 224*	*4 427*	
Closing balance	4 247	4 224	1.1

In 2019 total rental income amounted to EUR 1.2 million. Direct operational expenses relative to those industrial buildings amounted to EUR 0.7 million.

In 2018 total rental income amounted to EUR 1.2 million. Direct operational expenses relative to those industrial buildings amounted to EUR 0.8 million.

The fair value of investment property amounts to approximately EUR 12.1 million (EUR 11.4 million in 2018). 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 to be received for this investment property are disclosed below:

	2019	2018
Payments due within one year	1 202	1 146
Between one and five years	1 460	1 645
Over five years		178
Minimal future payments	2 662	2 969

2.5.5. Consolidated companies

			% holding	
			2019	2018
List of consolidated companies on 31 December 2019:				
Coating	Coatex NV	Belgium	100.00%	100.00%
	Dewtex Inc.	USA	100.00%	100.00%
	Dickson Saint Clair SAS	France	100.00%	n.a.
	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%
	Dynatex NV	Belgium	n.a.	100.00%
	Emerald Bond Ltd.	UK	n.a.	100.00%
	Fontana International GmbH	Austria	100.00%	100.00%
	Jade Equity Ltd.	UK	100.00%	100.00%
	Jade Mezzanine Ltd.	UK	n.a.	100.00%
	James Dewhurst Ltd.	UK	100.00%	100.00%
	James Dewhurst Trustees Ltd.	UK	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%	100.00%
	Sioen Coated Fabrics (Shanghai) Trading Co. Ltd	China	100.00%	100.00%
	Sioen Fabrics SA	Belgium	100.00%	100.00%
	Sioen Industries NV	Belgium	100.00%	100.00%
	Sioen Technical Felts SA	Belgium	100.00%	100.00%
	Siofab Indústria de Revestimentos Têxteis SA	Portugal	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%
	Kiinteistö OY Helsingin Valuraudantie 20	Finland	100.00%	n.a.
	Mullion Survival Technology Ltd.	UK	100.00%	100.00%
	PT. Sioen Indonesia	Indonesia	100.00%	100.00%
	PT. Sioen Semarang Asia	Indonesia	100.00%	100.00%
	PT. Sungin Tex	Indonesia	100.00%	100.00%
	Sioen Asia Pacific PTE. Ltd.	Singapore	100.00%	100.00%
	Sioen Ballistics OY	Finland	100.00%	100.00%
	Sioen Deutschland GmbH	Germany	100.00%	100.00%
	Sioen France SAS	France	100.00%	100.00%
	Sioen Myanmar Ltd.	Myanmar	100.00%	100.00%
	Sioen Nederland BV	the Netherlands	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%
	Ursuit AB	Sweden	100.00%	100.00%
	Ursuit Baltics AS	Estonia	100.00%	100.00%
	Ursuit OY	Finland	100.00%	100.00%

			2019	2018
List of consolidated companies on 31 December 2019:				
Chemicals	European Master Batch NV	Belgium	100.00%	100.00%
	Richard SAS	France	100.00%	100.00%
Other	Monal SA	Luxemburg	100.00%	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.	USA	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 2018:

- In 2019, Jade Mezzanine Ltd. and Emerald Bond Ltd. have been liquidated.
- In 2019, Dynatex NV merged into Sioen Industries NV.
- In 2019, Kiinteistö OY Helsingin Valuraudantie 20 and Dickson St Clair SAS have been acquired.

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

2019	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	Closing balance	Note
Other shares	407	135	-25			517	
Guarantees and deposits	238	30	-14	34	3	292	
Other amounts receivable LT		7				7	
Other long term assets	645	172	-39	34	3	815	1.1

2018	Opening balance	Increase	Decrease	Acquired through business combinations	Effect of foreign currency exchange differences	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

There are no significant movements in the other long term assets in 2019 and 2018.

2.5.7. Inventories

In thousands of euros

	2019	2018	Note
Gross inventory			
Raw materials	32 248	31 571	
Consumables	399	360	
Work in progress	7 080	7 598	
Finished goods	103 099	92 495	
Goods in transit	6 342	6 119	
	149 167	138 143	
Amounts written off			
Amounts written off raw materials	-1 649	-1 717	
Amounts written off consumables			
Amounts written off work in progress	-93	-120	
Amounts written off finished goods	-4 958	-5 565	
Amounts written off goods in transit			
	-6 699	-7 402	
Net inventory			
Raw materials	30 599	29 854	
Consumables	399	360	
Work in progress	6 987	7 478	
Finished goods	98 141	86 930	
Goods in transit	6 342	6 119	
	142 468	130 741	1.1

	2018	Write down (1)	Reversal (1)	Effect of foreign currency exchange differences	Other movements	2019
Amounts written off inventory	-7 402	-694	1 413	-16		-6 699

	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

(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 11.0 million compared with 2018, mainly due to the acquisition of Dickson Saint Clair, we refer to note 2.5.18. Business combinations and disposal of subsidiaries.

Amounts written off inventory decreased by EUR 0.7 million and amounted to EUR 6.7 million at the end of 2019 compared with EUR 7.4 million at the end of 2018.

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

The average stock rotation is around 95 days. It is expected that inventory will be realized no more than twelve months after the reporting period.

2.5.8. Trade receivables

in thousands of euros

	2019	Note
Gross trade receivables	69 802	
Subtotal trade receivables	*69 802*	
Impairment trade receivables doubtful	-2 630	
Total financial instrument 'trade receivables'	67 172	1.1

2019	Outstanding		Sales	
Customer 1	4 062	5.8%	11 486	2.3%
Customer 2	1 280	1.8%	10 901	2.1%
Customer 3	1 246	1.8%	4 422	0.9%
Customer 4	1 228	1.8%	5 025	1.0%
Customer 5	1 158	1.7%	14 893	2.9%
Other	60 828	87.1%	462 893	90.8%
Total	69 802	100.0%	509 620	100.0%

	1-15 days	16-30 days	31-60 days	61-90 days	>90 days
Subtotal gross trade receivables	6 342	1 846	1 609	628	1 170

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
	-3 642	-219	101	1 278	-21	-127	-2 630

(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 2.6 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 51.4 days (last year 53.6 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.

	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	>90 days
Subtotal gross trade receivables	5 369	2 473	1 897	685	1 379

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

2.5.9. Other current assets

in thousands of euros

Other receivables	2019	2018	Note
Financial assets			
Insurance receivable	11	988	2.5.15
Non-financial assets			
Advances	129	181	
VAT receivable	5 788	4 419	
Tax prepayment	2 810	1 410	
Capital grants receivable	3	4	
Other	1 281	1 012	
Total other receivables	10 021	8 014	1.1

Other receivables consist primarily of VAT to be reclaimed amounting to EUR 5.8 million, pre-paid taxes amounting to EUR 2.8 million and EUR 1.3 million 'other', explained by property taxes to recuperate (in 2018 an earn out related to the Roland business (EUR 0.4 million)) and other various receivables.

Cash and cash equivalents	2019	2018	Note
Cash at bank	18 141	26 804	
At hand	57	58	
Total cash and cash equivalents	18 198	26 861	1.1

All cash at bank is held at reputable banks.

Deferred charges and accrued income	2019	2018	Note
Deferred charges	803	1 061	
Accrued income	492	26	
Other	2	85	
Total deferred charges and accrued income	1 296	1 172	1.1

Deferred charges amounting to EUR 0.8 million consist primarily of pre-paid rent, insurance policies and IT maintenance contracts. Accrued income amounting to EUR 0.5 million consists mainly of an energy receivable.

2.5.10. Borrowings

In thousands of euros

	2019	Note
Bank loans	102 772	
Other loans		
Total borrowings long term	102 772	1.1
Current portion of amounts payable after one year	*15 240*	
Credit institutions short term	*26 074*	
Bank loans	41 313	
Other loans	9	
Total borrowings short term	41 322	1.1

Loan payments due	Capital	Interests
Within one year	41 322	712
In two years	15 180	616
In three years	15 182	563
In four years	12 535	510
In and after five years	59 875	1 167
Total	144 094	3 567

	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

Long-term

As per 31 December 2019 total long term loans amounted to EUR 102.8 million.

The long-term financing position of the Sioen Industries Group currently consists out of:

- 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 2019 is EUR 29.2 million.
- A EUR 50.0 million bullet loan which is due on 20 April 2026 with a fixed interest rate of 0.882%.
- A EUR 20.0 million installment loan, which has to be repaid via twenty-seven quarterly installments (loan obtained on 1 October 2018 with last installment on 1 October 2025) with a EURIBOR based variable interest rate (with a floor of 0%). The non-current part of this loan at 31 December 2019 is EUR 14.3 million.
- 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 2019 is EUR 8.5 million.
- Multiple long term loans that originate from the Manifattura Fontana acquisition in 2016 with an average (fixed) interest rate of 2.24% and an average lifetime of 5 years. The non-current part of these loans is EUR 0.8 million at 31 December 2019. The Group intends to phase out these local loans.

The Group is subject to financial covenants: the total net leverage may not exceed 3.50. It is calculated as total borrowings (non-current + current) - cash and cash equivalents, devided by EBITDA. As per 31 December 2019, there is no covenant breach: EUR 125 896/EUR 65 024 = 1.94. 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 2019, short-term loans amounted to EUR 41.3 million:

- Straight loan in USD and EUR amounted to EUR 26.1 million with an interest rate of 0.67%
- EUR 0.2 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 2.01%. 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 2.9 million

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

2.5.11. Leases

In thousands of euros

This note provides information for leases where the Sioen Group is a lessee.

The following amounts are shown in the statement of financial position related to leases:

	31 December 2019	1 January 2019[1]	Note
Land and buildings	10 812	10 284	
Vehicles	3 414	3 216	
Other	885	691	
Total right-of-use assets	15 110	14 191	2.5.3
Current	3 405		1.1
Due between one and five years	7 186		
Due after five year	912		
Total lease liabilities	11 502		

The additions to right-of-use assets during 2019 amounted to EUR 3.8 million.

The following amounts are shown in the income statement related to leases:

	2019
Land and buildings	2 222
Vehicles	1 457
Other	307
Total depreciation charge of right-of-use assets	3 986
Interest expense[2]	420
Expense related to short-term leases[3]	857
Expense related to leases of low-value assets that are not shown above as short-term leases[3]	245

For what the total cash outflow for leases is concerned, we refer to note 1.3. Consolidated statement of cash flows for the year ended 31 december 2019.

(1) In 2018, only 'finance leases' under IAS 17 Leases were recognized in the statement of financial position. For more information relating the transition to IFRS 16, we refer to 2.1.4, section 'Transition to IFRS 16.'

(2) Included under 'Financial charges'.

(3) Included under 'Services and other goods' in the income statement by nature and allocated by function in the income statement by function.

2.5.12. Provisions

In thousands of euros

2019	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Transfers	Closing balance	Note
Provisions for environmental issues	179	103	-24				10	269	
Provisions for other liabilities and charges	818	1 124	-5	-174	2	175	-10	1 929	
Total provisions	997	1 227	-29	-174	2	175		2 198	
		More than one year		Within one year					
Provisions for environmental issues		156		113					
Provisions for other liabilities and charges		260		1 670					
Total provisions		416		1 782					1.1

2018	Opening balance	Additional provision recognized	Reductions arising from payments	Reversal	Exchange rate differences	Acquired via business combination	Transfers	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

The provisions for environmental issues in 2019 and 2018 consist mainly 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 additional provisions for other liabilities and charges in 2019 mainly relate to the set up of a provision for reorganization in Belgium (we refer to note 2.5.18. Business combinations and disposal of subsidiaries) and an increase of a provision for import duties, set up in 2018. These provisions are also the ones the provisions for other liabilities and charges at the end of 2019 mainly consist of.

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 (32% of net liability in France, 23% in Indonesia, 22% in Germany and 15% in Italy).

The Group has group insurance plans based on defined contributions in Belgium (7% 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.

	2019	2018	Note
Post-employment benefits (defined benefit plans)	5 192	4 297	
Other long term benefits (termination benefits)	21	55	
Total	**5 212**	**4 352**	
Long term	5 147	4 282	1.1
Short term	66	70	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 2019	**9 886**	**-5 588**	**4 297**
Current service cost	767		767
Past service cost	-197		-197
Net interest expense (income)	238	-95	143
Total defined benefit cost charged to profit and loss	**808**	**-95**	**714**
Remeasurements:			
Return on plan assets (excluding amount included in net interest expense (income))		-668	-668
Actuarial (gain) loss from experience adjustment	183		183
Actuarial (gain) loss from change in financial assumptions	946		946
Total defined benefit cost (income) charged to other comprehensive income	**1 129**	**-668**	**460**
Benefits paid	-220	220	
Contribution - employer		-710	-710
Acquired through business combinations	363		363
Currency	68		68
At 31 December 2019	**12 033**	**-6 841**	**5 192**

	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 significant actuarial assumptions were as follows:	2019		2018	
	Eurozone	Indonesia	Eurozone	Indonesia
Discount rate	0.40-0.80%	7.75%	1.55-1.60%	8.25%
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:

2019		
Discount rate	+0.5pp.	-0.5pp.
Eurozone	-7%	+7%
Indonesia	-5%	+5%
2018		
Discount rate	+0.5pp.	-0.5pp.
Eurozone	-7%	+7%
Indonesia	-8%	+10%

The weighted average durations are:	2019	2018
Eurozone	13 years	13 years
Indonesia	10 years	19 years

Expected contributions for the year ending 31 December 2020 are EUR 641 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 1 275 thousand (EUR 1 245 thousand in 2018). 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

	2019	2018	Note
Trade payables	44 793	44 118	
Credit notes to receive	-1 185	- 1 330	
Advances	2 614	2 524	
Total trade and other payables	46 222	45 312	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. 15% 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 instruments:

	Classification IFRS 9	2019 Carrying amount / Fair value	2018 Carrying amount / Fair value	Note
Assets				
Non-current assets				
Other long term assets		815	645	1.1
Other shares	FVTPL	517	407	
Guarantees and deposits	Amortized cost	292	238	
Other amounts receivable LT	Amortized cost	7		
Current assets				
Trade receivables	Amortized cost	67 172	64 810	1.1
Insurance receivable	Amortized cost	11	988	
Cash and cash equivalents	Amortized cost	18 198	26 861	1.1
Derivatives	FVTPL	2 240	823	1.1
Liabilities				
Non-current liabilities				
Borrowings	Amortized cost	102 772	118 012	1.1
Lease liabilities	Amortized cost	8 097	3 686	1.1
Other amounts payable	Amortized cost	1 332	1 340	1.1
Current liabilities				
Trade and other payables	Amortized cost	46 222	45 312	1.1
Borrowings	Amortized cost	41 322	21 253	1.1
Other amounts payable (dividends payable)	Amortized cost	328	431	
Lease liabilities	Amortized cost	3 405	715	1.1
Derivatives	FVTPL	1 331	822	1.1

The financial instruments measured at fair value relate to:

	2019		2018		
	Nominal value	Fair value	Nominal value	Fair value	Fair value hierarchy
Other shares	517	517	407	407	3
FX derivatives (1)	4 291	-166	832	-6	2
Interest rate swap	10 075	-194	11 625	-91	2
Floor	10 075	107	11 625	95	2
Interest rate swap	50 000	2 063	50 000	333	2
Floor	50 000	-970	50 000	-725	2
Cap	50 000	70	50 000	395	2

(1) FX forward /swap contracts, nominal value equals foreign currency amount multiplied by 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 2019 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 2019, the fair value of the interest rate swaps and related floors and caps was EUR 1.1 million (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. Sioen Industries sometimes opts to perform forward USD purchases to level off the impact of this exchange rate on the income statement. Per 31 December 2019, there were no outstanding EUR/USD forward contracts.

In 2020 an exceptional incoming IDR flow is expected. To hedge the impact of changes in the IDR/USD exchange rate, Sioen has entered into a forward contract. At 31 December 2019, the nominal value of the IDR/USD forward contract was USD 4.8 million with a negative fair value of EUR 166 thousand. We refer to note 2.5.3, section Assets classified as held for sale.

Sioen Industries is a net CNY buyer. To hedge the impact of changes in the EUR/CNY exchange rate, Sioen Industries performs forward CNY purchases. Per 31 December 2019, there were no outstanding CNY forward contracts.

The 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

in thousands	< 1 year	> 1 year < 5 years	> 5 years
FX derivatives	-274		
IRS	250	1 056	418
Total undiscounted cash flows	-24	1 056	418

The contractual undiscounted cashflows are presented. The maturity of the Interest Rate Swaps and the related caps and floors, corresponds with the loans.

2.5.16. Deferred taxes

In thousands of euros

	Deferred tax asset		Deferred tax liability		
	2019	2018	2019	2018	Note
Intangible assets	1 565	1 570	8 892	9 590	
Property, plant and equipment	912	2 359	13 177	13 630	
Right-of-use assets and lease liabilities	14	14			
Inventories	718	692			
Trade receivables	52	24	1	9	
Retirement benefit obligations	917	682			
Provisions	8	113	14		
Other amounts payable	60	72	96	87	
Exchange difference			959	1 007	
Tax losses carried forward	5 839	4 917			
Total	10 083	10 428	23 139	24 322	
Non recognition of deferred tax receivable	-5 255	- 3 953			
Netting	-3 074	- 4 164	-3 074	- 4 164	
Total	1 754	2 312	20 065	20 159	1.1
The total value of carried forward tax losses arranged by expiry date					
One year					
Two years					
Three years	510	895			
Four years	137	2 033			
Five years and later	909	483			
No expiry date	19 339	12 900			
Total	20 895	16 312			
of which:					
Unrecognized carried forward tax losses	15 770	10 917			
Reconciliation of movement of deferred tax					
Net tax liability at the beginning of the period	17 848	19 951			
Net tax liability at the end of the period	18 311	17 848			
Difference	- 463	2 104			
Deferred tax as shown in the income statement	2 199	2 497			2.4.2
Deferred tax effect through equity	- 580	- 433			
Deferred tax through acquisitions	-2 147	2			
Deferred tax currency translation effect	66	38			

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, Manifattura Fontana, Dimension-Polyant Sailcloth PTY Ltd. and the Roland Group as there is no taxable result over the foreseeable future (5 years).

The decrease in deferred tax assets compared to 2018 mainly relates to the review of deferred tax positions related to non-current assets, compensated by higher tax losses carried forward (Manifattura Fontana). The decrease in deferred tax liabilities compared to 2018 relates to the review of deferred tax positions related to non-current assets, the amortizations and depreciations of the intangible assets and property, plant and equipment related to the acquisitions of the past years (2017-2016), compensated by deferred tax liabilities recognized on the acquisitions in 2019, we refer to note 2.5.18. Business combinations and disposal of subsidiaries.

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 12 907 047 shares or 65.25% of the total number of shares of Sioen Industries NV via Sihold NV. Sihold NV is controlled by Sicorp NV. Sicorp NV is controlled jointly by JCA2M BV, ALCAMI BV and MIDIPA BV. JCA2M BV is controlled by Mrs. Michèle Sioen. ALCAMI BV is controlled by Mrs. Daniëlle Sioen. MIDIPA BV is controlled by Mrs. Pascale Sioen.

Other companies that are also controlled by Sihold NV, Sicorp NV, JCA2M BV, ALCAMI BV and MIDIPA BV 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 192 thousand of goods to Inch SA in 2019. In 2018 this was EUR 194 thousand . At year-end 2019, the Sioen Industries Group had EUR 42 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 2019 EUR 19 thousand of IT material and services to companies also controlled by Sihold NV, Sicorp NV or the family Sioen. In 2018 this was EUR 13 thousand. At year-end 2019, the Sioen Industries Group had EUR 4 thousand outstanding trade receivables. These transactions are at an arm's length basis.
- Purchase of wine from Chateau La Marzelle: the family Sioen holds a winery in the Bordeaux Region in France. The Sioen Industries Group purchased EUR 66 thousand of wine from La Marzelle (for events and publicity purposes). In 2018 this was EUR 71 thousand. At year-end 2019, the Sioen Industries Group had EUR 49 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 nor associates.

Until the second half of 2018, Sioen Industries had a 39,27% participation in 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 2019 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 remuneration	*Pro rata*	*Fixed remuneration*	*Pro rata*	*Fixed remuneration*	*Pro rata*	
	Mr. M. Delbaere *President of the Board*	25 000	25 000			1 500	1 500	53 000
	Mrs. J. Sioen-Zoete † Member							
M.J.S. Consulting BVBA	Mrs. M. Sioen *Managing Director*	12 500	12 500					25 000
D-Lance BVBA	Mrs. D. Sioen *Member*	12 500	10 000					22 500
P. Company BVBA	Mrs. P. Sioen *Member*	12 500	12 500					25 000
Dirk Meeus BVBA	Mr. D. Meeus *Member*	12 500	10 000	5 000	5 000	1 000	500	34 000
Lemon Comm. V	Mr. J. Noten *Member*	12 500	12 500	5 000	3 750	1 000	1 000	35 750
	Mr. P. Macharis *Member*	12 500	12 500					25 000
	Mr. L. Vandewalle *Member and President of the Audit Committee*	12 500	10 000	6 000	4 500			33 000
Total		112 500	105 000	16 000	13 250	3 500	3 000	253 250

M.J.S. Consulting, represented by Mrs. Michèle Sioen, received in 2019, 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 88 364 and a compensation for other expenses (mainly car expenses) amounting to EUR 36 602.

The other members of the executive management(1), including Directors in their capacity as member of executive management, received in 2019 a fixed remuneration of EUR 3 417 702 (excluding CEO), a variable remuneration of EUR 381 270 and a compensation for other expenses (mainly car expenses) amounting to EUR 234 035.

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

In 2018 following remunerations were paid:

Name	Represented by	Board of Directors		Audit Committee		Remuneration and Nomination Committee		Total
		Fixed remuneration	*Pro rata*	*Fixed remuneration*	*Pro rata*	*Fixed remuneration*	*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

Other

In 2019, a total of 33 500 share options to acquire shares of Sioen Industries have been granted to the CEO and the other members of the executive management. We refer to section 5.1.5. Remuneration report for further disclosures on this topic.

No other shares or other rights have been granted in 2019 and 2018.

There are no retirement benefit plans.

Other transactions

Jack Projects, represented by Mrs. Jacqueline Sioen, received in 2019, in the context of a service agreement, a remuneration of EUR 47 500 and a compensation for other expenses (mainly car expenses) amounting to EUR 13 878. In 2018, a remuneration of EUR 92 500 and a compensation for other expenses (mainly car expenses) amounting to EUR 24 134. Article 7:96 of the Code of Companies and Associations was applied (we also refer to the corporate governance section for more information).

2.5.18. Business combinations and disposal of subsidiaries

In thousands of euros

Business combinations

Techma Coatings

On 3 May 2019, the Group announced the acquisition of a set of assets of Techma Coatings (Seyntex Group). The acquisition includes part of the production equipment, the customer portfolio, product formulations and production methods.

Techma Coatings, part of the Seyntex Group, develops and manufactures PU, PVC and silicon-coated breathable laminated textiles for rain-, sports- and workwear, high-tech applications, medical and healthcare, tents and tarpaulins.

With this acquisition Sioen Fabrics will reinforce its position in the market of the technical coated fabrics for mattress covers, apparel and small structures and tents amongst others.

The agreement was signed on 3 May 2019 (date on which effective control was transferred). As a consequence, the Techma Coatings figures are included in the figures of the Sioen Group as from May 2019 onwards.

The transaction price was EUR 300 thousand for the above mentioned assets. A contractual agreement was reached on the purchase of inventories after the acquisition, which resulted in an irrevocable advance payment of EUR 800 thousand for the inventories whom we received in consignment.

Accounting for the acquisition is complete.

The following table summarizes the consideration paid and the amounts of assets and liabilities recognized at the acquisition date:

Intangible assets	1 425
Property, plant and equipment	254
Total assets	1 679
Deferred tax liabilities	344
Lease liabilities	59
Total liabilities	402
Total net assets acquired	1 277
Upfront consideration (paid in cash)	300
Total acquisition cost	300
Gain from a bargain purchase	977

In order to continue this business in a profitable way, the production was relocated to the Moeskroen plant. Relocation and reorganization costs were indirectly considered in the purchase price, but incurred post acquisition. This resulted in a gain, that has been included under the section ‘Other operating income’ in the income statement by nature and under ‘Other income’ in the income statement by function.

The direct costs attributable to this acquisition are EUR 1.5 thousand.

It is impracticable to disclose information regarding the sales or EBITDA by Techma Coatings, as it has been fully integrated in Sioen Fabrics.

Dickson Saint Clair

On 17 December 2019, the Group announced the acquisition of the PVC coating activities of Glen Raven Group, an activity considered to be non-core for the Glen Raven Group as they focus on technical textiles for home improvement and living spaces. The PVC coating activities are situated both in France (production unit) and the USA (sales office).

This acquisition will strengthen the position in the market of PVC coated technical fabrics (transport, industry, environment, tensile structures, solar protection, tents and inkjet printing).

In a first phase, as per agreement signed on 16 December 2019 (date on which effective control was transferred), 100% of the shares of Dickson Saint Clair SAS were acquired. As a consequence, the Dickson Saint Clair figures are included in the figures of the Sioen Group as from 31 December 2019 onwards. In February 2020, 100% of the shares of Dickson Constant Inc. were paid upon US completion of the figures.

Accounting for the acquisition is not yet complete. The fair value assessment is still in process, a provisional opening balance sheet has been accounted for at this moment.

The following table summarizes the consideration paid and the provisional amounts of assets and liabitilies recognized at the acquisition date:

Intangible assets	31
Property, plant and equipment	10 574
Other long term assets	34
Inventories	7 485
Trade receivables	6 727
Other receivables	492
Cash and cash equivalents	1 664
Deferred charges and accrued income	89
Total assets	27 096
Provisions	175
Retirement benefit obligations	363
Deferred tax liabilities	1 695
Lease liabilities	57
Trade and other payables	2 225
Borrowings	9
Social debts	1 298
Other amounts payable	274
Accrued charges and deferred income	26
Total liabilities	6 121
Total net assets acquired	20 975
Upfront consideration (paid in cash)	21 238
Total acquisition cost	21 238
Goodwill before purchase price allocation	263

The fair value of the trade receivables is estimated at EUR 6 727 thousand, the gross contractual amounts receivable are estimated at EUR 6 854 thousand, the impairment for doubtful trade receivables equals EUR 127 thousand.

The direct costs attributable to this acquisition are EUR 138.4 thousand.

If the acquisition had taken place at the beginning of the year, the total net sales would have been EUR 37.6 million and the EBITDA for the period would have been EUR 2.7 million.

Other

Next to the business combinations listed above, Sioen also acquired the company Kiinteistö OY Helsingin Valuraudantie 20 in Finland. This entity consists mainly of a building (to which Sioen Ballistics OY will move) and doesn' t meet the definition of a business combination.

Disposals

There were no disposals of subsidiaries in 2019.

2.5.19. Operating lease arrangements

In thousands of euros

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

Operating lease arrangements in 2018 mainly related to leases of warehouses and offices and to leased assets used in operations (vehicles). As of 1 January 2019, Sioen has applied IFRS 16 Leases, we refer to note 2.5.11. Leases for more information regarding the transition.

2.5.20. Contingent assets and liabilities

There were no contingent assets or liabilities at the end of 2019 and 2018.

2.5.21. Events after reporting period

At the time of approval of these consolidated accounts, the COVID-19 virus presents material uncertainty and risk with respect to the performance of the Group and related financial results.

The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of the situation makes any prediction about ultimate impact of the COVID-19 virus impossible at the moment.

For more information regarding the impact of COVID-19, we refer to 3. Outlook in Board of Directors.

2.5.22. Staff/Average FTE's

	2019	2018
Indonesia	1 460	1 408
Myanmar	890	842
Belgium	803	796
Tunisia	429	409
Romania	339	303
UK	195	195
France	167	173
US	123	71
Finland	109	112
Germany	109	102
Estonia	94	83
Italy	62	53
China	14	15
Portugal	13	13
Ireland	11	13
Austria	4	4
UAE	4	3
Australia	4	3
The Netherlands	3	5
Sweden	1	1
Spain	1	1
Total	4 834	4 605
Blue collar	3 886	3 662
White collar	948	943
Total	4 834	4 605

2.5.23. Audit and non-audit services

Deloitte	2019
Audit fees	503 175
Non audit fees by the auditor	
Other	1 500
Non audit services by companies linked to the Deloitte network	
Tax advice	18 032
Other	84 000

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 long term loans of 2018, the outstanding debt per 31 December 2019 was EUR 56.9 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 10 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, options or spot transactions.

The main currencies for the Sioen Group are USD, CNY and GBP.

- USD: the Group has a net USD outflow of EUR 28.8 million (USD 32.2 million) in 2019. In 2018 this was a USD net outflow of EUR 25.4 million (USD 29.9 million).
- CNY: The Group has a net CNY outflow of EUR 2.7 million (CNY 21.1 million) in 2019. In 2018 the CNY outflow was EUR 8.3 million (CNY 64.6 million). CNY 13.8 million of the total outflow of CNY 21.1 million was covered by forward purchases (66%).
- GBP: Since the 2017 James Dewhurst acquisition, the Group has a natural GBP hedge, as James Dewhurst is short in GBP (costs in GBP, sales mainly in EUR).

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 309 thousand (based on the unhedged net flows of 2019 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. Geographical sales information). 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 2019, the Group purchased EUR 10.7 million raw materials and consumables from UK-suppliers, while there were EUR 29.8 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 2019, the Sioen Group has total credit lines available of EUR 186.4 million (EUR 165.4 million for 2018). On 31 December 2019, EUR 85.8 million of the available credit lines were 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, deferred tax items and assumptions related to IFRS 16 Leases.

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 2019 were approved by the Board of Directors for publication on 20 March 2020.

3. Auditor's report

Statutory auditor's report to the Shareholders' Meeting of Sioen Industries NV for the year ended 31 December 2019 - 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 ("bestuursorgaan" / "organe d'administration 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 23 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 2019, the consolidated income statement, 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 501 695 (000) EUR and the consolidated income statement shows a profit for the year then ended of 27 442 (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 2019 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'sofficials 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
Goodwill Impairment (Dimension-Polyant) The Group has significant goodwill allocated to different Cash Generating Units (CGU's). At 31 December 2019 goodwill amounts to 43 680 (000) EUR. The Group has four CGU's of which one is Dimension-Polyant, acquired in 2016, for which the operations have not yet been integrated within the larger Coating, Apparel or Chemicals CGU's. The goodwill allocated to the Dimension-Polyant cash generating unit amounts to 2 668 (000) EUR. The Group reviews the carrying amounts of non-current assets annually, or more frequently when impairment indicators are present, by comparing them 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 Dimension-Polyant, which consequently shows lower headroom. The Group disclosed the nature and the value of the assumptions used in the impairment analysis in note 2.1.7 to the Consolidated Financial Statements.	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 judgements 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 of 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 2019 amounts to 142 468 (000) EUR of which 110 179 (000) EUR relates to Work in Progress & Finished Goods. The inventory reserves for these types of inventory amount to 5 051 (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. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the Board of Directors in the way that the company's business has been conducted or will be conducted.

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 the use of the going concern basis of accounting by the Board of Directors 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 on 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 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 3:32 of the Code of Companies and Associations.

In the context of our statutory audit of the consolidated financial statements we are also 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 2019
- Chapter 1 to 4

is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of Companies and Associations, 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 non-financial information has been established by the company in accordance with the GRI Standards. In accordance with article 3:75, § 1, 6° of the Code of Companies and Associations 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 3:65 of the Code of Companies and Associations, 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, 23 March 2020
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 2020, 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 3:10-14 of the Code of Companies and Assiociations.

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	2019	2018
Fixed assets	*259 402*	*250 592*
Intangible fixed assets	4 683	3 461
Tangible fixed assets	26 856	27 286
Financial fixed assets	227 863	219 845
Current assets	*82 671*	*81 952*
Amounts receivable after one year		
Stocks and contracts in progress	29 642	27 905
Amounts receivable within one year	46 533	41 610
Investments	856	
Cash at hand and in bank	5 353	12 128
Deferred charges and accrued income	288	309
Total assets	342 073	332 544
Equity	*122 427*	*118 280*
Capital	46 000	46 000
Revaluation surpluses	9	9
Reserves	6 773	5 956
Accumulated profits (losses)	69 328	65 987
Investment grants	317	328
Provisions and deferred taxes	*1 467*	*923*
Provisions for liabilities and charges	1 451	902
Deferred taxes	15	21
Amounts payable	*218 180*	*213 341*
Amounts payable after one year	105 630	121 290
Amounts payable within one year	111 714	91 155
Accrued charges and deferred income	836	896
Total liabilities	342 073	332 544

Condensed income statement of Sioen Industries NV

December 31 [000] EUR	2019	2018
Operating income	*176 910*	*192 139*
Turnover	162 415	179 343
Increase (decrease) in stocks of finished goods, work and contracts in progress	1 743	132
Fixed assets - own construction	584	293
Other operating income	12 169	12 372
Operating charges	*-163 197*	*-172 915*
Raw materials, consumables and goods for resale	-100 358	-113 284
Services and other goods	-28 365	-27 302
Remuneration, social security costs and pensions	-25 589	-25 542
Depreciation and amounts written off	-6 518	-5 680
Provisions for liabilities and charges - appropriations	-549	318
Other operating charges	-1 819	-1 426
Operating profit (loss)	*13 713*	*19 224*
Financial income	10 582	16 821
Financial charges	-2 655	-3 443
Financial result	*7 927*	*13 378*
Profit (loss) for the period before taxes	21 640	32 602
Transfer from postponed taxes	6	6
Income taxes	-4 378	-6 213
Profit (loss) for the period	17 268	26 395
Transfer from untaxed reserves	40	40
Transfer to untaxed reserves		- 7
Profit (loss) for the period available for appropriation	17 307	26 428

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 decreased with 9.4% from EUR 179.3 million in 2018 to EUR 162.4 million in 2019. In 2019 the operating profit amounted to EUR 13.7 million, compared with an operating profit of EUR 19.2 million in 2018. Financial result decreased from EUR 13.4 million in 2018 to EUR 7.9 million in 2019, mainly due to lower 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	12 907 047	65.25%	12 March 2020
Sioen Industries NV	33 500	0.17%	
Total	12 940 547	65.42%	

[1] Sihold NV holds 65.25% of the voting rights in Sioen Industries NV. Sihold NV is controlled by Sicorp NV. Sicorp NV is controlled jointly by JCA2M BV, ALCAMI BV and MIDIPA BV. JCA2M BV is controlled by Mrs. Michèle Sioen. ALCAMI BV is controlled by Mrs. Daniëlle Sioen. MIDIPA BV is controlled by Mrs. Pascale Sioen.

5. Proposals to the General Shareholders' Meeting

Proposals to the General Shareholders' Meeting of Sioen Industries NV of 24 April 2020

The Board of Directors of Sioen Industries proposes to the General Shareholders' Meeting to approve the annual accounts at 31 December 2019 and to consent to the appropriation of profit.

The profit for the financial year ended is EUR 17 307 295, compared to a profit of EUR 26 427 599 for the financial year 2018.

The profit brought forward from the previous financial year is EUR 65 987 184. The profit available for appropriation is consequently EUR 83 294 480 .

The Board of Directors proposes to appropriate the profit available for appropriation of EUR 83 294 480 as follows:

(in EUR)

Addition to other reserves	-856 280
Gross dividends for the 19 779 933 shares	-12 856 956
Directors' fees	-253 250
Profit to be carried forward	69 327 993

The proposed net dividend per share is calculated as follows:

(in EUR)

Gross dividend per share	0.650
Withholding tax 30/70	0.195
Net dividend per share	0.455
Pay-out ratio(1)	46.85%

(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 0.455 per share will be made payable as from 11 May 2020 onwards.

Definitions

Material margin %	(Net sales ± changes in stocks and WIP - raw materials and consumables used)/Net sales
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + depreciations
EBIT	Earnings Before Interest and Taxes = Operating result
Free cash flow	Net cash flow from operating activities
Net financial debt	Borrowings (non-current and current) + lease liabilities (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 2019 compared to 2018.

Reconciliations

	2019	2018
EBIT	39 579	47 733
Depreciations	25 445	21 892
EBITDA	65 024	69 625

	31 December 2019	31 December 2018
Borrowings (non-current)	102 772	118 012
Borrowings (current)	41 322	21 253
Lease liabilities (non-current)	8 097	3 686
Lease liabilities (current)	3 405	715
Other financial assets		
Cash and cash equivalents	-18 198	-26 861
Net financial debt	**137 398**	**116 804**

Addresses

COATING DIVISION

COMPANY	ADDRESS (REGISTERED OFFICE)	OFFICES	COUNTRY
Coatex NV	Industriezone Sappenleen, Sappenleenstraat 3-4, B-8970 Poperinge		Belgium
Dewtex Inc.	Route 2, 1903 Clary Connector, Eastanollee, GA 30538		USA
Dickson Saint Clair SAS	415 avenue de Savoie, F - 38110 Saint-Clair-de-la-Tour		France
Dimension-Polyant GmbH	Speefeld 7, 47906 Kempen		Germany
Dimension-Polyant Inc.	78, Highland Drive Putnam CT 06260		USA
Dimension-Polyant (UK) Ltd.	22 St John Street, Manchester, M3 4EB	Unit 8, Kingdom Close, Kingdom Business Park, Segensworth East, Fareham Hampshire PO15 5TJ	United Kingdom
Dimension-Polyant Sailcloth PTY LTD	Level 29, 66-84 Goulburn Street, Sydney, NSW, 2000	PO Box 7143, Warringah Mall NSW 2100, Unit 7/9 Powells Rd., Brookvale N.S.W. 2100	Australia
Dimension-Polyant SAS	4 place du Petit Hunier - ZA les Minimes - F-17000 La Rochelle		France
Fontana International GmbH	Stefan-Fechter-Weg 8, 4020 Linz		Austria
James Dewhurst Ltd.	Altham Lane, Altham, Accrington, Lancashire, BB5 5YA		United Kingdom
James Dewhurst Trustees Ltd.	Altham Lane, Altham, Accrington Lancashire, BB5 5YA		United Kingdom
Manifattura Fontana S.p.A.	Via Fontoli 10, 36020 Valbrenta (VI)		Italy
Pennel Automotive SAS	4 rue de Ville le Marclet, F – 80420 Flixecourt		France
Saint Frères Confection SAS	2 rue de Ville le Marclet, F – 80420 Flixecourt		France
Saint Freres SAS	4 rue de Ville le Marclet, 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

COMPANY REGISTRATION	VAT	MAIL	T
RPR Gent, afdeling Ieper 0434 140 425	BE 0434 140 425	coatex@sioen.com	+32 57 34 61 60
0410038	n/a	info@jamesdewhurst.com	
RCS Vienne 381 424 712	FR 68381424712		+33 4 74 83 51 00
Krefeld HRB 4588	DE 811141675	info@dimension-polyant.com	+49 215 289 10
ID 06-1310091	ID 06-1310091	info@dimension-polyant.com	+1 860 928 8300
02047962	GB 458 5288 06	info@dimension-polyant.com	+44 1489 570 551
42 107 103	82 082 190 823	info@dimension-polyant.com	+61 2 9905 9565
602 030 090	FR 43602030090	info@dimension-polyant.com	+33 546 282 201
LG Linz Nr. 314404i	ATU64352907	info@manifatturafontana.com	+43 732 908 001
00506170	GB 927 1297 12	info@jamesdewhurst.com	
05608143	n/a	info@jamesdewhurst.com	
00239330244	IT 00239330244	info@manifatturafontana.com	+39 424 998 27
RCS Amiens 448 273 615	FR 53448273615		
RCS Amiens 408 449 098	FR 44408449098	sfc@sioen.com	+33 322 51 51 70
RCS Amiens 408 448 850	FR 76408448850	sfe@sioen.com	+33 322 51 51 45
P.R. of China 310115400065706	310141607413450	sioen@online.sh.cn	+86 21 63 84 25 21

Sioen Fabrics SA	Z.I. du Blanc Ballot, Avenue Urbino 6, B-7700 Mouscron	Belgium
Sioen Industries NV	Fabriekstraat 23, B-8850 Ardooie	Belgium
Sioen Technical Felts SA	Rue Ernest Solvay 181, B - 4000 Liège	Belgium
Siofab Indústria de Revestimentos Têxteis SA	Rua da Indústria, PT-4795-074 Vila das Aves	Portugal

RPM Mons-Charleroi, division Tournai 0458 801 684	BE 0458 801 684	sioenfabrics@sioen.com	+32 56 85 68 80
RPR Gent, afdeling Brugge 0441 642 780	BE 0441 642 780	info@sioen.com	+32 51 74 09 00
RPM Liège, division Liège 0474 276 154	BE 0474 276 154	info@sioentechnicalfelts.com	+32 4 229 94 47
4641/000907	PT 505046644	siofab@siofab.com	+351 252 87 47 14

APPAREL DIVISION

COMPANY	ADDRESS (REGISTERED OFFICE)	OFFICES	COUNTRY
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
Kiinteistö OY Helsingin Valuraudantie 20	Valuraudantie 20, 00700 Helsinki		Finland
Mullion Survival Technology Ltd	Altham Lane, Altham, Accrington, Lancashire, BB5 5YA		United Kingdom
PT. Sioen Indonesia	Kawasan Berikat Nusantara (KBN) Marunda Jl. Pontianak Blok C2-03 Cilincing Jakarta Utara 14120		Indonesia
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
PT. Sungin Tex	Jalan Raya Narogong Km 12,5, Pangkalan IV, Desa Cikiwul, Kec. Bantar Gebang, Bekasi Barat 17152		Indonesia
Sioen NV	Fabriekstraat 23, B-8850 Ardooie		Belgium
Sioen Asia Pacific PTE. Ltd.	4 Battery Road, #25-01, Bank of China Building, Singapore (049908)		Singapore
Sioen Ballistics OY	Ensimmäinen savu, 01510 Vantaa		Finland
Sioen Deutschland GmbH	Lederstrasse 78, 72764 Reutlingen		Germany
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 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
Ursuit AB	Flottiljgatan 85, 72131 Västerås		Sweden
Ursuit Baltics AS	Kooli 7, Valga maakond, 68604 Tõrva linn		Estonia
Ursuit OY	Teijonkatu 3, 20750 Turku		Finland

COMPANY REGISTRATION	VAT	MAIL	T
RC B 133171996	03030 V/A/M/000	cts@sioen.com	+216 7177 3477
78212	IE 4621355M	sales.ireland@sioen.com	+353 749 531 169
0924009-4	FI09240094		
1871440	GB 365 1873 34	info@mullion-pfd.com	
NPWP 01.068.001.5-057.000	NPWP 01.068.001-5-057.000	info.marunda@sioenasia.com	+62 21 44 85 32 22
11.01.1.14.11151	NPWP 80.796.819.3.503.000	info.marunda@sioenasia.com	+62 24 866 08 95
NPWP 01.068.012.2-057.000	NPWP 01.068.012.2-057.000	indonesia@sioen.com	+62 21 825 22 22
RPR Gent, afdeling Brugge 0478 652 141	BE 0478 652 141	info@sioen.com	+32 51 740 800
201511418N			
1844571-02	FI18445710	info@sioenballistics.com	+358 9 825501
Stuttgart HRB 762475	DE 314258385	sales.germany@sioen.com	+49 7121 159 500
RCS Narbonne 300 774 767	FR 49300774767	sales.france@sioen.com	+33 468 423 515
372 FC/2015-2016 (YGN)			
KVK 20086133	NL 806030227B01	sales.netherlands@sioen.com	+31 76 541 68 88
RC B 19711998	614715 S/A/M/000	sioen.tunisie@sioen.com	+216 718 075 47
RC B 177132000	747023 F/A/M/000	sioen.zaghouan@sioen.com	+216 726 806 60
J22/1504/2012	RO 30626899	siorom@sioen.com	
556381-2816	SE556381281601	info@ursuit.com	T +46 705 594 2474
10301033	EE100497704	info@ursuit.com	T +372 76 68350
0488886-0	FI04888860	info@ursuit.com	+358 207 798 850

CHEMICALS DIVISION

COMPANY	ADDRESS (REGISTERED OFFICE)	OFFICES	COUNTRY
European Master Batch NV	Rijksweg 15, B-2880 Bornem		Belgium
Richard SAS	Zac Novo, Rue Lavoisier, BP 90422, F-59160 Lomme		France

OTHER

COMPANY	ADDRESS (REGISTERED OFFICE)	OFFICES	COUNTRY
Roland Real Estate Sp.z.o.o.	ul. Nadbrzezna 1, PL-62500 Konin		Poland
Roland Ukraine Llc	6-A Industrialna str. 35350 Kvasyliv, Rivnenska 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

COMPANY REGISTRATION	VAT	MAIL	T
RPR Antwerpen, afdeling Mechelen 0421 485 289	BE 0421 485 289	emb@sioen.com	+32 3 890 64 00
RCS Lille Métropole 460 501 166	FR 22460501166	sa.richard@colorants-richard.com	+33 320 001 888

COMPANY REGISTRATION	VAT	MAIL	T
KRS nr. 0000108087	PL 665-100-18-19		
1844571-0			
2044811	TX 76010		
KvK Venlo 12011983	NL 001569338B01		