HunterDouglas

100 Years of Innovation

Annual Report 2018

HunterDouglas

Luxaflex

LEVOLOR

HILLARYS

3form

LUXALON

NBK ARCHITECTURAL TERRACOTTA

Operational Headquarters

- **Rotterdam, The Netherlands**
  World Headquarters and
  European Operations

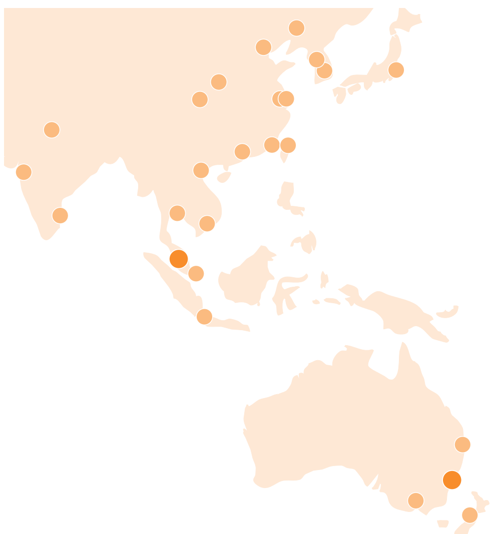
- **Lucerne, Switzerland**
  Management Office

- **Pearl River, NY, USA**
  North American Operations

- **São Paulo, Brazil**
  Latin American Operations

- **Kuala Lumpur, Malaysia**
  Asian Operations

- **Sydney, Australia**
  Australian Operations



HunterDouglas

Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products.

Hunter Douglas has its head office in Rotterdam, the Netherlands, and a management office in Lucerne, Switzerland.

The group is comprised of 133 companies with 47 manufacturing and 86 assembly operations and marketing organizations in more than 100 countries.

Hunter Douglas employs about 23,500 people with sales in 2018 of $ 3.6 bln.

Operating Style

Professionally led by entrepreneurial managers who run our business as their own.

Focused on innovation

Decentralized organization structure
- Global network of specialized companies
- Guiding principle 'Maximum accountability with minimum interference'

Strong brands

- HunterDouglas® in North America, Latin America and Asia, and for architectural products worldwide
- Luxaflex® for residential window coverings in Europe and Australia
- Levolor® in North America
- Hillarys® in the United Kingdom

Contents

Financial highlights

Two-year summary

	Notes	USD millions 2018	USD millions 2017*	Notes	EUR per common share 2018	EUR per common share 2017
Net Sales		**3,634**	3,226			
Earnings before interest, tax, depreciation and amortization (before non-recurring income/expenses)		**466**	391	2	**11.34**	9.91
Income from Operations (before non-recurring income/expenses)		**356**	289			
Net Profit from Operations (before non-recurring income/expenses)		**246**	233	2	**5.99**	5.92
Non-recurring income/expenses		**22**	-20			
Net Profit from Operations (after non-recurring income/expenses)		**268**	213	2	**6.54**	5.41
Net Result Investment Portfolio		**1**	6			
Total Net Profit	1	**269**	219	2	**6.55**	5.56
Operating Cash flow		**406**	181	2	**9.89**	4.62
Investments in tangible fixed assets		**122**	130			
Depreciation property, plant and equipment		**91**	82			
Net Assets Employed	5	**2,409**	2,443			
Shareholders' equity attributable to equity shareholders		**1,515**	1,384	3	**38.11**	32.92
Return on equity		**18.5%**	16.6%			
Dividend				4	**2.00**	1.85
RONAE (Income from operations/net assets employed)	5	**14.7%**	13.7%			
Employees (at year-end)		**23,618**	22,744			

1 Net Profit attributable to equity shareholders
2 Based on the average number of shares outstanding during the affected year
3 Based on the number of shares outstanding at year-end, adjusted for treasury shares
4 Proposed for 2018
5 Refer to note 30
* Adjusted, refer to note 7

Chairman's letter

To our shareholders

2019 marks the 100th Anniversary of our Company; which has evolved and flourished in spite of periodic political and economic upheavals by virtue of our having continuously adapted our business to changing circumstances.

We have developed from our origins in trading and manufacturing machine tools in Germany a century ago, to aluminum fabrication and the development of the Venetian blind in the US and then in Europe, to a global leadership position in Window Coverings underpinned by consumer brands, and to a strong position in Architectural Products.

Throughout this time, we have remained a Family Company; which has now successfully transitioned to the third generation under the leadership of my sons David and Marko.

2018 was another good year.
Sales increased by 12.7% to $ 3.634 bln and profits by 23.1% to $ 269 mln (per share € 6.55).

Sales volume increased by 6.1%. Acquisitions contributed 5.7% and the currency impact was 0.9%.

Sales were
22% higher in Europe,
7% higher in North America,
1% lower in Latin America,
8% higher in Asia,
15% higher in Australia.

Earnings before interest, tax, depreciation and amortization – EBITDA (before non-recurring income/expenses): were $ 466 mln, 19.4% higher than $ 391 mln in 2017.

Income from Operations (before non-recurring income/expenses): was 23.5% higher at $ 356 mln compared with $ 289 mln in 2017, higher in all areas, except Latin America.

Non-recurring income/expenses: were $ 22 mln positive compared with $ 20 mln negative in 2017.

Capital expenditures in 2018 were $ 122 mln compared with $ 130 mln in 2017.
In 2019, capital expenditures will be about $ 125 mln and depreciation $ 90 mln.

Operating Cash flow in 2018 was $ 406 mln compared with $ 181 mln in 2017.

Ralph Sonnenberg – Executive Chairman
David & Marko Sonnenberg – Co-Presidents & CEOs

Return on Net Assets Employed (RONAE) before non-recurring income/expenses was 14.7% and on Equity 18.5%.

Financing: All borrowings are covered by committed long term facilities.

Europe: Had record results driven by acquisitions and organic growth. Window covering sales increased in core and new products with good growth in the Benelux, Germany, Scandinavia and the UK.

North America: Had a strong year with higher sales and profits. Window covering experienced 9% growth with strength across all major brands. Overall sales increased by 8% despite challenging market conditions in Canada.

Latin America: Had flat sales and lower profits; experiencing sluggish sales in Brazil, Argentina and Colombia and modest growth in the other countries. Results were lower in Brazil, somewhat lower in Mexico, while profits improved in Chile, Argentina and Peru.

Asia: Had higher sales and profits, with architectural products benefitting from projects delayed from prior years. Window coverings had level sales and profits. We invested in a larger architectural products plant in Ho Chi Min City Vietnam.

Australia: Had higher sales and profits. Our Luxaflex® window covering business performed well and continues to develop strongly. We focused the business on window coverings as we divested several non-core activities.

Acquisitions: Included:
- New Zealand Window Shades: 51% of the leading window covering fabricator in New Zealand increasing our interest to full ownership (January).
- Debel: 80% of the leading Danish supplier of window coverings to the mass merchant market (January).
- Akant: 70% of a leading Polish supplier of custom window coverings (July).
- Vertilux: The leading commercial fabricator in Australia (August).
- Victory: 70% of a well-known direct marketing company in Victoria, Australia (August).

Divestments:
- US Ceilings' business (July).
- Nedal: Our Dutch based aluminum extrusion operation (December).

Dividend: The Directors propose a Dividend for 2018 of € 2.00 per Common share, compared with € 1.85 in 2017.

Outlook: We expect continued but slower growth in the US, Europe and Asia, and improving economic conditions in Latin America.

Hunter Douglas is in a strong position in terms of its brands, products, distribution and finances.

The people of Hunter Douglas are our most important and valuable asset. They create, make and market our products and are responsible for our continuing success. The Board and I express our sincere thanks and appreciation for their contributions, dedication and support.

Ralph Sonnenberg
Executive Chairman

Hunter Douglas 100 years of innovation

1919 – 2019

Henry Sonnenberg founded a machine tool distribution and manufacturing company in Düsseldorf, Germany.

1919

Luxaflex®

Launched the Brand in Europe.

1960-1970

Silhouette® Window Shadings.

1991

Machine Tools	Industrial Licensing	Proprietary

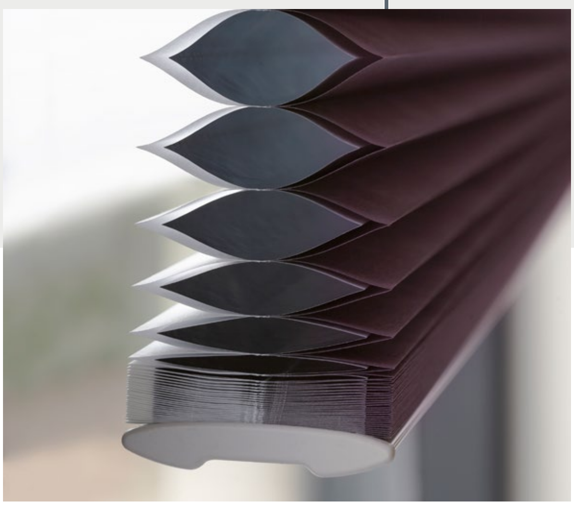
1919

1946

Henry Sonnenberg established a joint venture with Joe Hunter. This led to the production of lightweight aluminum slats for Venetian Blinds. Hunter Douglas, as we know it today, was born.

1985

Duette® Honeycomb Shades are launched.



Dealer
Alliance
Programs.

2000

LEVOLOR

Leading
US brand
to national
retailers.

2016

HILLARYS

Market
leading shop
at home
brand in UK.

2017

Shadings | **Forward Integration - Dealer Development** | **Channel Brands**

1996

Luminette®
Privacy
Sheers.

2015

PowerView®
Motorization: Home
automation system for
Window Coverings.

2016

Leading
online Blinds
retailer in UK.

2019

blinds2go™
made to measure, made simple

"There is no substitute for the beauty of natural daylight."

Pirouette® Shades

Our Strengths

Culture

“Business is people” is our core guiding principle. We consider our culture of professional entrepreneurship a key competitive advantage, that drives our organization.

We are a decentralized federation of specialized companies, run by people who manage our companies as their own. This enables fast decision making with organizations that respond quickly to fast changing design trends. Many of our businesses today are still run by their founding entrepreneurs.

We run these businesses with a minimum of staff based on a second core principle of “minimum interference, maximum accountability”.

We believe in strong brands, global product platforms and local management.

We provide our entrepreneurial managers with a network of like-minded companies and colleagues who support their development plans.

We pride ourselves on the long tenure and success of our in-house entrepreneurs, and our ability to invest with a long-term focus.

We excel at rewarding talent with long-term entrepreneurial incentives.

We encourage the application of our key principles in all our companies, with organizational structures that maximize front-line decision-making ability and accountability.

We encourage the rapid advancement of young talent to entrepreneurial roles in our business.

“Business is people”

Research and Development

Hunter Douglas was founded on a tradition of bringing breakthrough products to market. Today, we lead the industry in our ability to successfully develop and establish completely new product concepts.

Our unparalleled scale and vertical integration enable us to innovate products end-to-end, from materials to equipment design, from component engineering to automated custom assembly, from industrial design to installation friendly components.

We are pioneers in forming fabrics into unique designs that can trap air for superior insulation, softly diffuse incoming light, and provide privacy while preserving outside views.

We foster a highly collaborative culture among our team of over 300 engineers located in R&D centres around the world where we excel at design for manufacturability and customization.

Our top priorities are achieving the right balance of form and function, managing the quality of light entering the window, combined with the safety and ease of operation of our products.

In 2019 we expect our R & D activities to remain at approximately the same level as in 2018.

Manufacturing & Customization
About 70 years ago Hunter Douglas pioneered the aluminum venetian blind with a unique continuous casting and aluminum fabrication process. Today we apply that willingness and ability to completely innovate the manufacturing process to all aspects of our operations.

We concentrate production of our principal materials in highly specialized global plants, while 86 fabricators located in our key markets ensure quick and efficient delivery of localized product ranges.

Make-to-order manufacturing of premium blinds is a highly complex undertaking. We offer the leading range of operating solutions fitting the very diverse range of window conditions around the world. We also offer a wide range of materials and colors to meet local consumer tastes. We do this around the world, custom made for standard delivery in 5 days.

Our key manufacturing and assembly processes are developed in-house, and we are leaders in the supply of assembly equipment and technology to fabricating customers around the world.

"Think in principles. Focus on the essentials but know your business in every detail"

Global, Multi-Channel Distribution

Another core strength of Hunter Douglas is our ability to service a variety of market opportunities using a portfolio of product designs, brands, and distribution channels most relevant to key consumer segments.

Around the world, consumers share a similar passion for innovative window treatments yet individual consumer style and shopping preferences as well as regional home and window construction details can vary dramatically.

Hunter Douglas satisfies these needs through distinct channel strategies informed by our local market knowledge, adaptation of globalized product designs and marketed through a portfolio of leading consumer brands.

Specialty Retail

The industry's most premium products are marketed under the leading HUNTER DOUGLAS® and LUXAFLEX® brand names, sold through our network of around 10,000 aligned independent specialty dealers around the world. These retailers serve as strategic partners for Hunter Douglas and provide the ultimate in customized, high-end window treatment design services for the most discriminating consumers.

"The only certainty is change. The ability to thrive and flourish depends on flexibility and the willingness to constantly adapt to a changing world"

We also service a wide range of specialty dealers through our network of trade brands, targeting more price oriented consumers.

Shop-at-Home

Many consumers appreciate the convenience of an in-home consultation experience. Hunter Douglas provides shop-at-home designers the products, tools and sales support to build their business and wow their clients.

Independent Fabrication

Hunter Douglas supplies a worldwide network of several thousand independent and 86 company-owned fabricators who sell, assemble, and distribute our products via their own networks of local window covering dealers.

Home Centers

The home center channel allows our company to bring its portfolio of window treatments to a more DIY oriented segment of home décor shoppers. Hunter Douglas accomplishes this through a portfolio of brands, including the American industry's best-known mainstream window treatment brand, LEVOLOR®.

Ecommerce

Online shopping is a highly relevant path-to-purchase for many consumers. Hunter Douglas connects with those consumers with a portfolio of unique product brands and designs, specifically crafted to the online shopping community and the associated ecommerce resale partners.

Consumer Marketing

As the global market leader, Hunter Douglas aims for the highest level of customer satisfaction throughout the process of selecting, purchasing and living with our products.

Our focus is on building brands with a reputation for great design and outstanding quality. We actively support our consumer brands with industry leading advertising, generally focused on building demand for our new and proprietary products.

We are increasingly focused on supporting our retail partners with direct response marketing capabilities, including digital marketing and online lead generation.

Our diverse marketing programs are delivered through many global channels including;

› Brand awareness through Radio, Television, Video and Magazine Advertizing Campaigns.

› Inspiring websites with interactive tools that show how our products look in a room or a window, helping consumers pre-select products before visiting our retailers' showrooms.

› Demand generation through digital marketing – reaching consumers through search engine marketing and targeted social media programs.

› Innovative tools to support our architectural clients with technical information on light control, motorization and climate control.

Retail Development

Hunter Douglas created the industry's first global Retail Alliance Program.

Approximately 90% of our branded products are sold through our Retail Alliance programs.

We offer a very attractive business model for retailers, with turn key support including sales and marketing programs; advertizing and promotional campaigns; sampling, displays and signage; product education and business-building programs; technical service and store management systems. Our products require minimal retail floor space and offer a very high return per square foot of display.

Creating an attractive retail environment is critical for consumers to experience our products. Many of our products and features are completely new to consumers with unique form, function and control options. We help dealers present these products in inspiring and informative settings.

Our training programs help our retailers skilfully demonstrate our products to consumers and select the best product solutions for each window.

Most of our retail dealers offer shop-at-home consultations to help the consumer make their final product selection in the home, as well as taking final measurements. We support our dealers with specialized tools and technology to aid this process.

Proper installation of our products is key to lifetime performance and customer satisfaction. We have extensive training and specialized tools to assist the thousands of professional Hunter Douglas installers around the world.

Community Engagement

We actively support the communities in which we live, work and do business. Decisions of which causes to support and the form that support takes, are made local by our management teams in each country.

We have a 25-year partnership with Habitat for Humanity, whose goal is to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action. We have donated close to 300,000 window coverings to low-income families, and our employees have invested thousands of hours of their "sweat-equity" helping to build hundreds of these homes.

We participate in disaster relief efforts that provide critical assistance in times of tragedy. With the support of our employees and customers, we make substantial donations to organizations aiding in the recovery and relief of those impacted by disasters.

We donate window coverings to hospitals, research centres and healthcare facilities around the world to help create a more comfortable and comforting environment for patients.

Through our 3form® brand, our Full Circle program supports environmental and economic initiatives including education, skills training and microfinance initiatives that help create sustainable communities who collaborate with 3form® to develop highly regarded handcrafted materials.

Our GreenScreen Sea-Tex™ yarns are made from trash collected by the Waterkeeper Alliance, an international group with 300 chapters in 35 countries. The local Waterkeeper Alliance chapters manage beach clean-up events and almost 100% of the plastic shoreline trash they collect is used to make GreenScreen Sea-Tex™ yarns.

We support young emerging talent through our exclusive 10-year partnership with Archiprix International who run a biennial global competition for the world's best graduation projects in architecture and design. Student finalists travel to a host country to be mentored by leading architects and present their graduation projects. An independent jury of architects and designers evaluate the student projects and recognize the most outstanding work with the Hunter Douglas Award.

Window Coverings

Our strength is our ability to develop and market innovative products, targeted primarily at upscale consumers. Our success is based upon trusted brand names recognized around the world: HunterDouglas®, Luxaflex®, Levolor® and Hillarys®.

Our proprietary fabric shades are consistently recognized for excellence in design, styling, features, quality and breadth of selection: Duette® Honeycomb Shades, Silhouette® and Pirouette® Shades, Luminette® Privacy Sheers, Vignette® and Modern Roman Shades. Our latest innovation - Sonnette™ Cellular Roller Shades - combine the clean lines of a standard roller shade with the innovative design of our original energy-efficient honeycomb shades.

In addition to our proprietary design innovations, we offer a fully integrated and premium line of traditional window covering styles. These include venetian and vertical blinds, roman, roller, pleated and woven wood shades, wood and alternative wood blinds and custom shutters, exterior venetian blinds, sun screen blinds, shutters and awnings.

Our products are designed to offer a range of light control and privacy options with a broad selection of fabrics and materials from sheer to room darkening to opaque. The innovative design of our products can deflect and redirect sunlight precisely. Our specially engineered translucent fabrics diffuse harsh sunlight and draw it deeper into the room – dispersing the light to help illuminate homes naturally and reduce the need for artificial light.

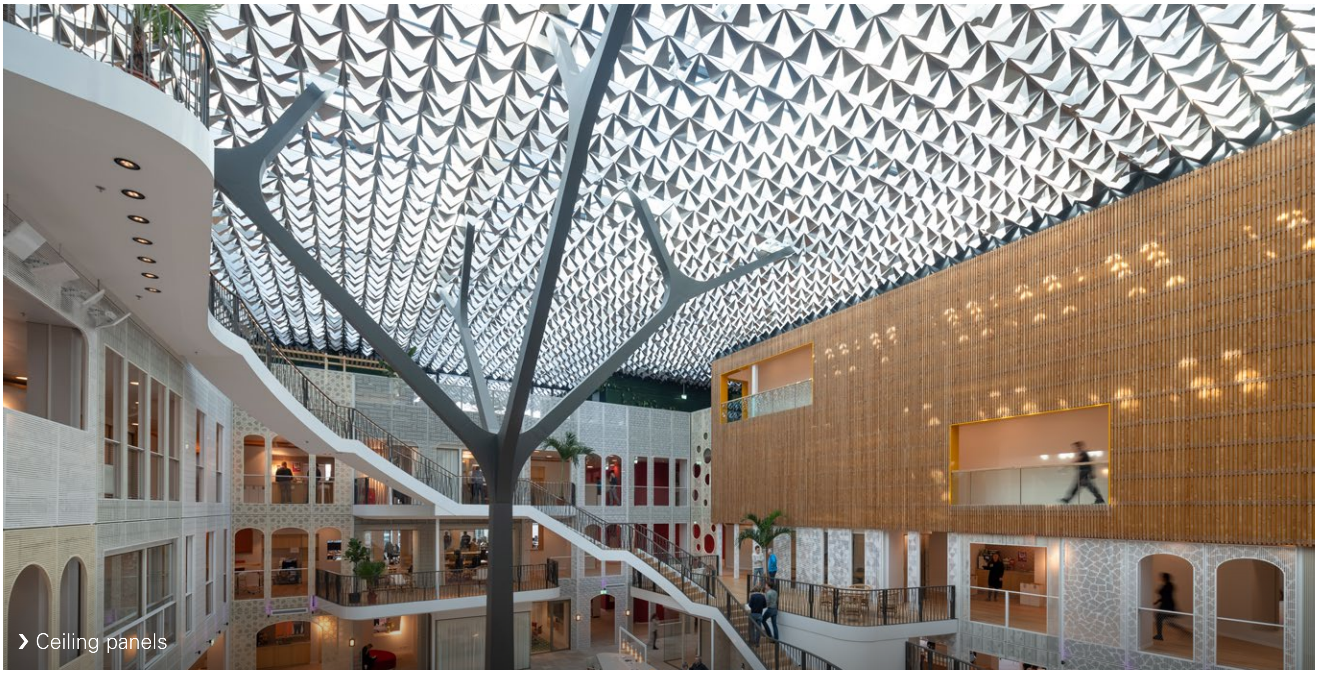
We customize each window covering to the individual consumer's specific needs and typically deliver the manufactured product within a week of ordering.

Our proprietary operating systems make our window treatments easy to use with reliable performance, convenience and improved safety features - as communicated to our customers via our "Designed with Safety in Mind" logo.

Our innovations include the award-winning LiteRise® and SmartCord® lift systems as well as the revolutionary PowerView® Motorization system. PowerView® is an advanced home automation system that allows Hunter Douglas' window treatments to be conveniently operated via a smart phone, tablet or remote control based on personalized settings. The system automatically moves the shades throughout the home to the desired positions at pre-set times. PowerView® also integrates with popular third-party whole-home automation systems.

› Voice-Activated Shutters

Architectural Products



› Ceiling panels

At Hunter Douglas, we are continuously developing product solutions that improve building performance and indoor environmental quality, while helping to reduce energy consumption. We focus on high-performance architectural materials with proprietary characteristics in design, comfort and sustainability for both interior and exterior applications.

Our strength is our ability to develop customizable product systems with reliable installation and design flexibility with minimal custom engineering. Our success is based on giving architects a high degree of technical and design assistance in applying our products. We collaborate with architects and owners to realize their design objectives while also meeting functional needs such as light control, energy efficiency, and acoustics.

Sun-Control Solutions
Hunter Douglas is at the forefront of the emerging field of architectural solar-control products, offering an unparalleled breadth of solutions and expertise to manage heat and light inside and outside the windowed wall, reducing the need for artificial lighting, cooling and heating. With world-class engineering, versatility, durability and style, Hunter Douglas is at the forefront of advanced motorization technology for sun control.

Suspended Ceilings
Luxalon® metal and wood ceiling systems enable a wide variety of designs and applications, including curved and specialty shapes. Our revolutionary Techstyle® acoustical panels deliver superior noise reduction; a clean, monolithic look; and easy access to the plenum. Our latest innovation "HeartFelt®" is a Cradle to Cradle modular felt ceiling system with outstanding acoustics and a unique appearance that has sustainability at its core.

Translucent Architectural Solutions
3form® is the leading manufacturer of decorative translucent resin and glass. Architects and interior designers can play with color, shape, texture, and transparency in a wide range of interior and exterior applications, including back-lit wall features, partitions, ceiling elements, horizontal surfaces, canopies, building accents and signage. Through its LightArt® division, 3form® designs a range of custom lighting fixtures based on these materials.

Terracotta façades
NBK® brand is a pioneering manufacturer of terracotta façades. NBK® is the market and quality leader in size, flatness, and design options for large terracotta panels. The unique design and performance of NBK® solutions can be seen in some of the world's most visually dynamic buildings.

QuadroClad Façade Systems
Our QuadroClad® ventilated façade system features lightweight skins fused to a honeycomb aluminium core that provides extreme strength and flatness. Engineered to deliver both outstanding performance and aesthetics in even the most severe environmental conditions.

Through our global network of specialized manufacturing facilities, we deliver a broad, consistent range of solutions that can be adapted to local design requirements.

Corporate Governance

Hunter Douglas N.V. has its statutory seat in Curaçao and is therefore not subject to the Netherlands Corporate Governance Code. However, Hunter Douglas adheres to good Corporate Governance and follows many of these recommendations as far as practical.

Corporate structure

Board of Directors

Hunter Douglas has a one-tier corporate structure. Under its Charter the Board of Directors is responsible for the overall management and control of the Company. The Board is appointed by the shareholders. The Board has four regular meetings per year and additional meetings as required.
Mr. Ralph Sonnenberg is Executive Chairman.

Independence

The Board has five members, of whom three are independent. It acts collectively by majority resolution.

Functions

The Board reviews the overall strategy, financial objectives, financing, budgets, acquisitions, divestments, capital expenditures, currency hedging, results and other risks in the Company's business.

Audit and Compensation Committees

The Board has an Audit and a Compensation Committee, whose members are independent.

The Audit Committee reviews the Company's accounts, internal controls and meets with the Company's external Auditors at least once a year.

Officers

The Board annually appoints the Officers of the Company ie the Executive Chairman, Co-Presidents & CEOs and the Regional Presidents and Staff Vice Presidents.

Financial reporting

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Internal Controls

The Company has the following key internal controls.

Conflicts of Interest Policy

The Company has a 'Conflicts of Interest Policy' applicable to all key employees which covers relations with customers, suppliers and other third parties.

Insider Trading Policy

The Company has an 'Insider Trading Policy', as prescribed by the Authority Financial Markets ('AFM'), restricting trading in the Company's shares by Directors, Officers, key employees and related persons.

Internal Audit Function

Hunter Douglas' principal Operating Companies have an Internal Audit Program.

Authority limits

Every Manager, including the Regional Presidents, has clearly defined Authority Limits.

Whistleblower Policy

Hunter Douglas has a 'Whistleblower' Policy in each Company.

Compensation

Compensation of Directors and Officers is reviewed by the Compensation Committee of the Board. The Company also follows the 'best practices' as far as practical.

Stock

The Company does not provide stock at no cost.

Loans

Loans to Directors, Officers or other employees bear market interest. There is no forgiveness of principal or interest.

Investor Relations

Hunter Douglas has an Investor Relations Website, regularly issues press releases and holds analysts' and investor meetings.

Risk Management
For risk management objectives and policies in relation to the financial instruments reference is made to note 26 of the financial statements.

Objectives
The Company's objectives are to:

- Expand its Window Coverings and Architectural Products businesses at a growth rate exceeding that of the market while continuing to be the best Company in the industry;
- Develop and introduce innovative new products;
- Seek acquisitions that add to the Company's organic growth by expanding product lines or distribution and that meet its return targets;
- Have an efficient decentralized entrepreneurial organization, based on the principle of 'maximum accountability with minimum interference'.

Sensitivity to External Factors
The Company's results are sensitive to external factors of which the following are most influential:

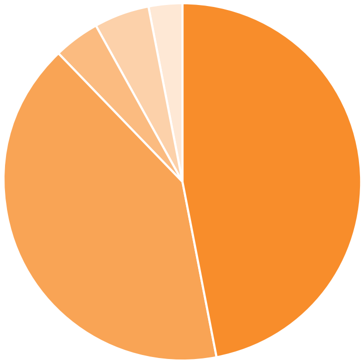
- Overall economic activity and particularly consumer confidence which affects demand for consumer durables. Our decentralized entrepreneurial organization manages these market risks as effectively as possible;
- Prices for raw materials, in particular: aluminum, steel, fabric, synthetics and other oil based products. Changes in material prices for our window covering and architectural products are normally passed on in our product prices. Base commodity price risks in our Metals Trading business are substantially hedged;
- Exchange rates: rates of non US dollar currencies can affect the Company's results. Hunter Douglas' policy is to selectively hedge transactional earnings exposures and generally not to hedge balance sheet exposures.

The company has a low risk appetite to the above mentioned factors.

Rotterdam, 13 March 2019

Board of Directors

Worldwide sales



North America 47% (2017: 49%)
Europe 41% (2017: 38%)
Latin America 4% (2017: 5%)
Asia 5% (2017: 5%)
Australia 3% (2017: 3%)

Financial information by region*

USD millions	Europe		North America		Latin America		Asia		Australia		Total	
	2018	2017**	2018	2017	2018	2017	2018	2017**	2018	2017	2018	2017**
Net sales												
Window Coverings	**1,285**	1,041	**1,561**	1,433	**100**	107	**83**	82	**109**	92	**3,138**	2,755
Architectural Products	**111**	95	**137**	155	**61**	55	**97**	85		3	**406**	393
Other	**90**	78									**90**	78
Total***	**1,486**	1,214	**1,698**	1,588	**161**	162	**180**	167	**109**	95	**3,634**	3,226
Net assets employed	**1,104**	1,161	**824**	841	**101**	97	**161**	156	**93**	55	**2,283**	2,310
of which												
Non-current assets***	**782**	924	**673**	574	**44**	52	**86**	96	**66**	31	**1,651**	1,677
Additions to tangible fixed assets	**34**	30	**74**	83	**6**	8	**4**	7	**4**	2	**122**	130
Depreciation tangible fixed assets	**31**	31	**47**	37	**4**	5	**7**	7	**2**	2	**91**	82
Employees per year-end****	**8,133**	8,066	**11,894**	11,478	**1,524**	1,483	**1,517**	1,390	**550**	327	**23,618**	22,744

(*) This table excludes the turnover of 640 (2017: 589) and net assets employed of 126 (2017: 133) of Metals Trading.
(**) Adjusted, refer to note 7.
(***) Net sales in the Netherlands were 151 (2017: 150) and non-current assets 40 (2017: 48).
(****) Of which 22,213 employed outside the Netherlands.
Relative distribution of employees per business segment per area is in line with net sales per area.

Europe

Record sales and profits.

Aad Kuiper
President & CEO
European Operations

European Operations had record sales and profits in 2018, driven by acquisitions and organic growth.

Window Covering Products
We had good growth in the Benelux, Germany, Scandinavia and the UK, as we continue to develop our leadership position across the main channels in our industry.

Specialty Retail, Luxaflex®
Our main brand in Europe continued to increase sales in all markets, as our leadership in distribution, product innovation and trade support programs continued to attract dealers to the brand.

We introduced 3 new collections: Duette® Shades, Roman Blinds, and Pleated Blinds. We continued our Europe-wide integrated consumer brand campaign for the 4th year with a focus on PowerView® motorization.

Luxaflex® expanded retail distribution, adding 39 Gallery shops and 343 Inspiration shops, all equipped with large product displays, and an innovative interactive screen. With an increased focus on digital marketing, the number of unique visitors to the Luxaflex® websites grew by 20% for the sixth consecutive year.

Our fabrication plants continued to improve performance, delivering best-in-class quality and lead times.

Trade Brands
Our trade brands businesses, which focus on servicing the value oriented consumer through specialty retailers, had a good year, with increased sales and profits to record levels.

In July, we acquired 70% of the shares in Akant, a leading Polish supplier of custom window coverings.

Shop-at-Home
Hillarys, the market leading window covering company in the UK which we acquired in 2017, performed well with good growth in sales and profits. We are integrating Thomas Sanderson, our upscale direct-selling operation, into Hillarys to improve efficiency and effectiveness in developing the brand. We also integrated AMO, our small wholesaling operation into Arena, Hillarys' successful and similarly positioned operation.

Our Norwegian shop-at-home business also performed strongly with significant growth in sales and profits.

Independent Fabrication
Our sales of components & programs to independent blindmakers remain a core strength, with continued high performance by our businesses in this sector. Benthin, our Germany based

Amounts in millions	USD 2018	2017*
Net sales		
Window Coverings	**1,285**	1,041
Architectural Products	**111**	95
Other	**90**	78
Total	**1,486**	1,214
Net assets employed	**1,104**	1,161
Employees per year-end	**8,133**	8,066

* Adjusted, refer to note 7

› Silhouette® Shades

› Roman Blinds

manufacturer of vertical, roller blind and pleated blind systems; Blöcker, our supplier of pleated blind systems and fabrics in Germany; and Eclipse, our UK manufacturer and distributor of fabrics and components, all continued to achieve good results.

Sales of Duette® shades continued to grow, benefitting from extended consumer campaigns both in Germany and in the UK. Duette® shades garnered the Best Brand award for the third year in a row and Best Online Campaign for the second year from Eurodecor.

We continued to evolve towards to business partnerships with our customers through co-development of systems, co-creation of collections and impactful marketing tools.

We were awarded a record of 3 innovation awards at the industry's largest global trade fair R+T, held every 3 years. Luxaflex® Pirouette® Shades won the special "Design" Award, whereas GreenScreen Sea-Tex™, made from 50% recycled plastic trash from the ocean, won both the category award "Technical Textiles" and the special award for "Energy Efficiency".

Home Centers
Sunflex (UK) and Gardinia (Germany – CEE), which service the mass merchant channel, had lower sales and profits. Gardinia especially, continued to experience difficult market conditions.

In January, we acquired 80% of the shares in Debel, the leading Danish supplier of window coverings to the mass merchant channel.

Ecommerce
Blinds2go, the leading online blinds retailer in the UK in which we acquired a 60% share in 2016, saw strong sales and profit growth.

Architectural and Project Market
Sales decreased, mainly as a consequence of challenging market conditions in the Middle East.

We increased our focus on ceilings and announced the closure of our metal façades business. The business improved modestly despite challenging conditions, with good growth in sales and margins.

HeartFelt®, our new modular felt ceiling system, performed strongly with significant growth.

Our NBK® ceramic business had stable good performance.

We achieved Cradle-to-Cradle Certification on a wide range of products, including our Venetian Blinds, our EOS® 500 Roller Blinds system, key polyester fabrics, our HeartFelt® ceiling system, and our linear ceilings. Hunter Douglas now fields a wide range of Cradle-to-Cradle Certified™ products for architectural interiors, creating a leadership position in sustainability.

Manufacturing
Our aluminum manufacturing facilities in the Netherlands stabilized performance despite lower volumes.

Artex, our textile development and production center in Aarle-Rixtel, the Netherlands, and Mermet, our French fiberglass sunscreen manufacturer, performed well.

North America

Higher sales and profits.

Ron Kass
President & CEO
North American Operations

2018 was a strong year for North America with overall sales increasing by 8% despite the mid-year divestiture of the Metal Ceilings business and challenging market conditions in Canada. Window Coverings experienced growth of 9% with strength across all major brands. We continued to build our core capabilities in product innovation, strengthened our distribution network, and enhanced our customer experience. We also continued the phased rollout of our new enterprise-wide integrated information technology platform.

The most significant 2018 product launches included the introduction of new Vignette® and Provenance® Woven Wood Collections for the Hunter Douglas brand, new Roller and Cellular Collections for Levolor, and a variety of product line extensions for the Trade Brands. Levolor reset its stock/sizable product collection across all Lowe's stores to both enhance the product offering and meet the new cordless safety standards. In addition, the Hunter Douglas Brand launched its new LightLock™ technology, a simple way to achieve 100% true blackout through patented light refracting slim-line side channels.

Motorization continued to be a strong growth engine for the Hunter Douglas brand with North American motorization sales up 19% last year. PowerView® added several new app features and motor enhancements throughout the year. SoftTouch™, a more recently introduced basic system offering wand-controlled operation, was expanded as an option on additional product lines.

We launched The Link, a new time-efficient system for Hunter Douglas dealers to manage all aspects of their business. Designed to become a one-stop tool for dealers to coordinate the entire life cycle of a consumer's purchase, this new system is receiving very positive reviews.

Digital marketing continued to become a more significant portion

Amounts in millions	USD 2018	2017
Net sales		
Window Coverings	**1,561**	1,433
Architectural Products	**137**	155
Other		
Total	**1,698**	1,588
Net assets employed	**824**	841
Employees per year-end	**11,894**	11,478

› Silhouette® Shades

› Duette® Honeycomb Shades with LightLock™

of the total marketing spend for both of our consumer brands - Hunter Douglas® and Levolor®.

Hunter Douglas built out its new "Request A Consultation" (RAC) network enabling consumers to more efficiently request a design consultation. RAC's accelerated over the year, providing an important new lead source for aligned dealers. Levolor enhanced its digital advertising program, increasing traffic to its national retailers.

2018 showed strong operational improvements across many of our business units. A range of new programs developed and implemented on our plant floors drove meaningful gains in the all-important First-Time-Right shipping metrics.

These programs are also improving performance in the tightly measured Safety, Delivery, Quality, and Cost scores across plants. These activities are driving higher levels of customer experience with our Company.

We continue to be actively involved in the communities in which we operate. In 2018, we continued our long-standing partnership with Habitat for Humanity, Memorial Sloan Kettering, Cleveland Clinic, and a variety of local community outreach programs. We also awarded college scholarships to 128 children of our employees.

Latin America

Flat sales and lower profits.

Renato Rocha
President & CEO
Latin American Operations

Our Latin American operations had flat sales and lower US dollar profits. We experienced sluggish sales in Brazil, Argentina and Colombia, and modest growth in the other countries. Results were lower in Brazil, marginally lower in Mexico, while profits improved in Chile, Argentina and Peru.

Our Window Covering business had lower sales and lower profits, as challenging economic conditions continued to pressure our margins. Our underlying selective and exclusive Hunter Douglas branded dealer network remained strongly positioned to benefit from improved economic conditions. We continued to focus on a high-end clientele, in part through the interior design community. Our secondary brands, which are targeted to the upper-middle income market, also had lower sales and results.

Sales and profits were higher in our mass merchant channel, where we mainly sell stock window coverings under our Reggia® brand, the leading regional brand in that channel. This channel benefitted from consumers trading down, and a successful startup in Panama. Our strength in providing tailored merchandising and local service continues to underpin this well performing business.

Our Architectural Products business had higher sales but lower profits.

	USD	
Amounts in millions	**2018**	**2017**
Net sales		
Window Coverings	**100**	107
Architectural Products	**61**	55
Other		
Total	**161**	162
Net assets employed	**101**	97
Employees per year-end	**1,524**	1,483

We continued to focus on developing innovative new products and local manufacturing capabilities to improve our competitive position and better service the leading architects in the region.

Brazil
- Lower sales and profits, affected by a depressed economy and currency devaluation.
- Window Coverings had lower sales and profits.
- Architectural Products had slightly higher sales but lower profits.
- We continued to invest in local manufacturing in order to be more competitive and to mitigate the risk of exchange rate variation.

Mexico
- Higher sales and slightly lower profits. While profits in our main businesses remained at a steady high level, overall profits were negatively affected by startup results in our new Window Covering component sales business.
- Our Hunter Douglas and second branded Window Coverings businesses had slightly higher sales but lower profits.
- Our Reggia® mass merchant program had higher sales and profits.
- Our Architectural Products business, which is benefitting from our recent investments in local production, had significantly higher sales and profits to record levels.

Chile
- Higher sales and profits.
- Window Coverings had lower sales and profits.
- Architectural Products had higher sales and profits.

Colombia
- Slightly lower sales and significantly lower profits.
- Window Coverings had flat sales and profits.
- Architectural Products had significantly lower sales and profits, as the construction market experienced a sharp slowdown.
- Stock Window Coverings had higher sales and profits with continued good performance.

Argentina
- Lower sales, due to devaluation, but higher profits.
- Window Coverings had lower sales but higher profits.
- Architectural Products had lower sales and profits.

Panama, Peru & Venezuela
- Peru had higher sales and profits.
- Panama had higher sales and lower profits.
- Venezuela had lower sales and profits, with an economy that remains in crisis.

Asia

Higher sales and profits.

G.C. Neoh
President & CEO
Asian Operations

Asian operations had higher sales and profits with our architectural products benefiting from projects delayed from the prior year.

Our window covering products had level sales and profits. Our residential business continued to achieve higher sales and profits from our continued focus on establishing selective premium Galleries and specifying our products through design firms, while our commercial project business and component sales had lower sales and profits due to price pressure.

We continued to improve asset management closing our underutilized architectural products plant in Xian China and divesting our polyester sunscreen manufacturing operation in Korea. We invested in a larger architectural products plant in Ho Chi Minh City Vietnam to serve the growing Indochina market.

China

› Architectural Products had significantly higher sales and profits in spite of stronger competition. We are developing a more design-led distribution strategy for small/mid-sized projects. Our terracotta façade business, which continued to face strong competition, progressed slowly by focusing on design leadership in the top end of the market.

› Window covering products had level sales and lower profits. The residential business had level sales but higher profits as we focused on selective premium Galleries. The commercial project business continued to generate good, though slightly lower results.

India

› Architectural Products had higher sales and profits, driven by projects delayed from prior years. We are focusing on several upcoming big airport and MRT projects.

› Window Coverings had higher sales but lower profits mainly due to currency depreciation.

Japan

› Window covering products had lower sales but higher profits. Residential business improved while material supplies to home builders decreased mainly due to the timing of large orders.

› We will appoint a licensee to take over the distribution of our architectural products business.

Korea – Taiwan

› Window covering products had higher sales and profits.

Southeast Asia

› Level sales and lower profits.

Amounts in millions	USD 2018	2017*
Net sales		
Window Coverings	**83**	82
Architectural Products	**97**	85
Other		
Total	**180**	167
Net assets employed	**161**	156
Employees per year-end	**1,517**	1,390

* Adjusted, refer to note 7

› Hunter Douglas Vietnam

Australia

Higher sales and profits.

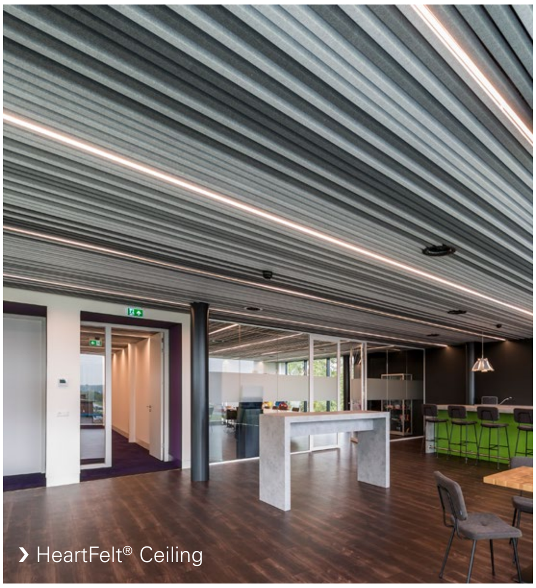
Tony Politis
Managing Director
Australia & New Zealand

- Our Luxaflex® branded window covering business performed well, with higher sales and profits and continued to develop strongly through a network of 150 aligned retailers. An increased focus on digital marketing continued to drive sales and consumer awareness.
- Our window coverings component business had lower sales and profits, as it continued to experience challenging market conditions and margin pressure.
- Blinds Online, our ecommerce business, had higher sales and profits.
- We finalized the acquisition of full ownership of New Zealand Window Shades, the market leading fabricator in New Zealand, from our prior 49% stake.
- We acquired Vertilux the leading Commercial Fabricator in Australia, as well as Victory, a well-known Direct Marketing brand in Victoria.
- We divested our small Home Improvements Shademaster business, closed down our Metals paint line and exited the architectural products business, in order to sharpen our focus on the enlarged window covering business.

	USD	
Amounts in millions	**2018**	**2017**
Net sales		
Window Coverings	**109**	92
Architectural Products		3
Other		
Total	**109**	95
Net assets employed	**93**	55
Employees per year-end	**550**	327

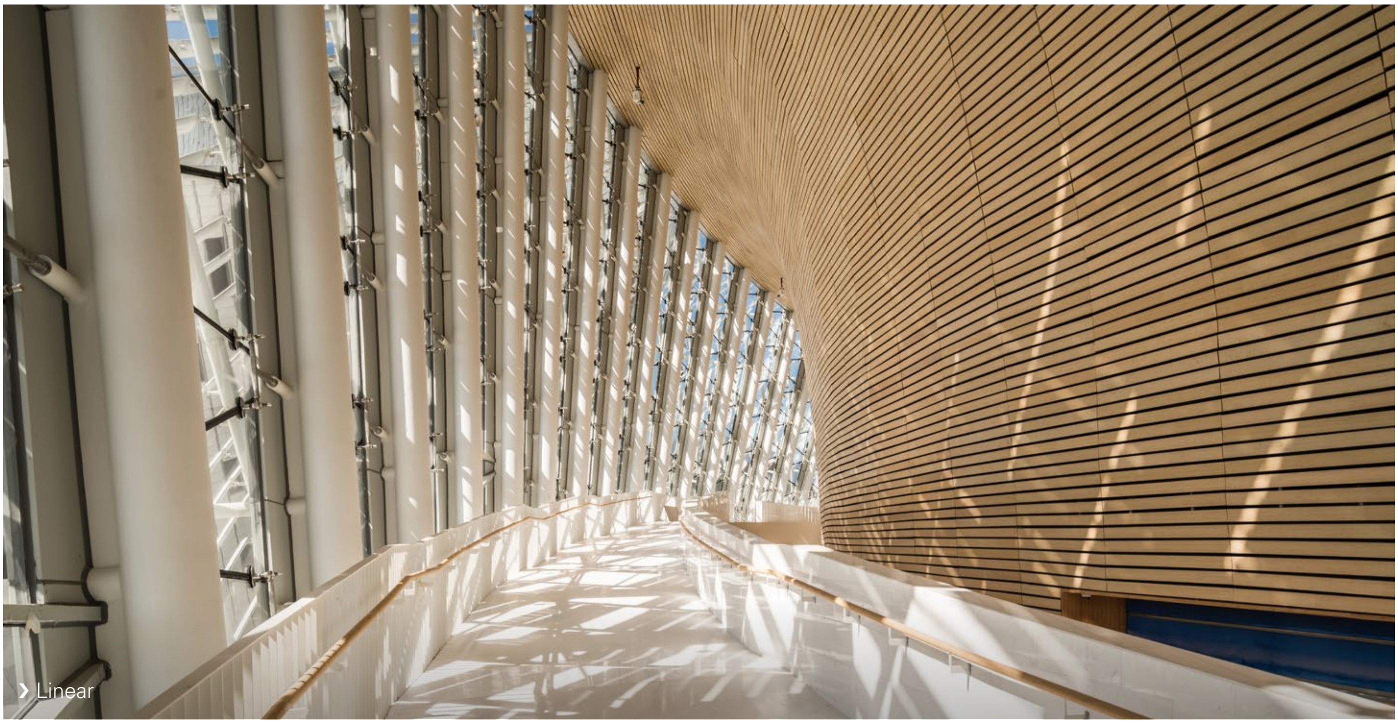
› Luminette® Sheers

› Ceiling



› HeartFelt® Ceiling

› NBK® Terracotta Façade



› Linear

Consolidated statement of income for the year

Leen Reijtenbagh
Vice President, CFO & Secretary

Chris King
Vice President General Counsel

Amounts in millions	Notes	USD 2018	2017
Net sales	3	**3,634**	3,226
Cost of sales	4	**-2,172**	-1,934
Gross profit		**1,462**	1,292
Gross profit metals trading	3	**30**	20
Total gross profit		**1,492**	1,312
Selling and marketing expense	3	**-708**	-641
General and administrative expense	3	**-447**	-402
Income from operations before other income/expenses		**337**	269
Other income	4	**75**	
Other expenses	4	**-34**	
Income from operations (EBIT)		**378**	269
Finance income	4	**13**	11
Finance costs	4	**-21**	-20
Income before taxes		**370**	260
Taxes on income	20	**-102**	-38
Net profit for the year		**268**	222
Net profit attributable to non-controlling interest		**-1**	3
Net profit attributable to equity shareholders		**269**	219
Earnings per share attributable to			
equity shareholders based on net profit for the year	21		
- basic for profit for the year		**7.73**	6.28
- fully diluted for profit for the year		**7.73**	6.28

The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Consolidated statement of comprehensive income for the year

Amounts in millions	USD 2018	2017
Net profit for the year	**268**	222
Other comprehensive income		
Actuarial gains (losses)	**16**	-5
Currency translation differences *)	**-76**	7
Net movement in cash flow hedges *)		3
Effect US tax rate change on DTAs recognized before in OCI		-13
Tax effect on other comprehensive income	**9**	-4
Other	**-6**	
Total comprehensive income for the year, net of tax	**211**	210
Attributable to equity shareholders	**213**	206
Attributable to non-controlling interest	**-2**	4

* These items will be recycled thru statement of income at a future point in time
The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Consolidated cash flow statement for the year

Amounts in millions	Notes	USD 2018	2017
Net profit		**268**	222
Adjustments for:			
Depreciation property, plant & equipment	8	**91**	82
Amortization patents & trademarks	7	**19**	20
Decrease provisions		**-29**	-1
Other non-cash items		**49***	9
Unrealized result investment portfolio		**-1**	-8
Operating cash flow before working capital changes		**397**	324
Changes in working capital:			
-decrease (increase) trade and other receivables and repayments		**60**	-154
-increase inventories		**-69**	-45
-increase trade and other payables		**18**	56
Operating cash flow		**406**	181
Dividend paid	22	**-76**	-68
Net cash from operations		**330**	113
Cash flow from investing activities			
Investments subsidiaries, net of cash acquired	5	**-73**	-400
Investments property, plant and equipment	8	**-122**	-130
Divestments property, plant and equipment	8	**18**	15
Investments intangible fixed assets	7	**-3**	
Decrease investment portfolio		**35**	180
Increase other financial non-current assets			-5
Net cash from investing activities		**-145**	-340
Cash flow from financing activities			
(Decrease) increase interest-bearing loans and borrowings	17	**-184**	215
Net cash from financing activities		**-184**	215
Net increase (decrease) in cash and cash equivalents		**1**	-12
Change in cash and cash equivalents			
Balance at 1 January		**32**	41
Net increase (decrease) in cash and cash equivalents		**1**	-12
Exchange difference cash and cash equivalents		**-2**	3
Balance at 31 December	14	**31**	32

* included the impairment of goodwill, refer to note 6.

Income tax paid 86 (2017: 46), interest paid 22 (2017: 21) and interest received 6 (2017: 1) are included in net cash from operations.

The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Consolidated balance sheet as per 31 December
Assets

Amounts in millions	Notes	2018	2017*
		USD	
Non-current assets			
Intangible fixed assets	7	**1,080**	1,084
Property, plant and equipment	8	**492**	522
Deferred income tax assets	20	**131**	164
Other financial non-current assets	9	**81**	73
Total non-current assets		**1,784**	1,843
Current assets			
Inventories	10	**771**	727
Trade and other receivables	11	**568**	547
Prepaid income tax		**35**	59
Prepayments	12	**97**	103
Metal derivatives	27	**15**	43
Currency derivatives	27	**4**	8
Investment portfolio	13	**1**	34
Cash and short-term deposits	14	**31**	32
Total current assets		**1,522**	1,553
TOTAL ASSETS		**3,306**	3,396

* Adjusted, refer to note 7

The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Consolidated balance sheet as per 31 December

Shareholders’ equity and liabilities

Amounts in millions	Notes	USD 2018	2017*
Equity attributable to equity shareholders			
Issued capital	15	**10**	10
Share premium		**81**	85
Treasury shares		**-35**	-29
Foreign currency translation		**-320**	-245
Legal reserve		**43**	
Retained earnings		**1,736**	1,563
Total equity attributable to equity shareholders of the parent		**1,515**	1,384
Non-controlling interest	16	**9**	11
Total equity		**1,524**	1,395
Non-current liabilities			
Interest-bearing loans and borrowings	17	**531**	801
Preferred shares	17	**9**	10
Provisions	18	**262**	270
Deferred income tax liabilities	20	**9**	9
Total non-current liabilities		**811**	1,090
Current liabilities			
Trade and other payables	19	**729**	712
Income tax payable		**30**	26
Restructuring provisions		**6**	5
Metal derivatives	27		4
Currency derivatives	27		8
Interest-bearing loans and borrowings	17	**206**	156
Total current liabilities		**971**	911
TOTAL LIABILITIES		**1,782**	2,001
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**3,306**	3,396

* Adjusted, refer to note 7

The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Consolidated statement of changes in equity for the year

Amounts in millions	Attributable to equity shareholders of the parent									
	Issued capital	Share premium	Treasury shares	Cash flow hedge reserve	Foreign currency translation	Legal reserve	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2017	9	75	-29	-3	-251	0	1,445	1,246	10	1,256
Net profit							219	219	3	222
Other comprehensive income (expense)				3	6		-22	-13	1	-12
Total comprehensive income (expense)	0	0	0	3	6	0	197	206	4	210
Exchange on capital and share premium	1	10					-11	0		0
Divestments									-3	-3
Equity dividends							-68	-68		-68
At 31 December 2017*	10	85	-29	0	-245	0	1,563	1,384	11	1,395
Net profit							269	269	-1	268
Other comprehensive income (expense)					-75		19	-56	-1	-57
Total comprehensive income (expense)	0	0	0	0	-75	0	288	213	-2	211
Exchange on capital and share premium		-4					4	0		0
Mutation in treasury shares			-6					-6		-6
Addition to legal reserve						43	-43	0		0
Equity dividends							-76	-76		-76
At 31 December 2018	10	81	-35	0	-320	43	1,736	1,515	9	1,524

* Adjusted, refer to note 7

The accounting policies and explanatory notes on pages 31 through 56 form an integral part of the financial statements.

Notes to consolidated financial statements

1. Corporate information

The consolidated financial statements of Hunter Douglas N.V. for the year ended 31 December 2018 were authorized for issue on 13 March 2019. These financial statements will be adopted by the Annual General Meeting of Shareholders on 5 June 2019.

Hunter Douglas N.V has its statutory seat in Curaçao. Common shares are publicly traded at Amsterdam (HDG) and Frankfurt (HUD) for the common shares; the preferred shares are traded at Amsterdam (HUNDP).

Hunter Douglas N.V. is registered at the Chamber of Commerce number 24117994.

The principal activities of the Group are described in note 3.

2. Summary of significant accounting policies

Basis of presentation
The consolidated financial statements have been prepared on a historical cost basis, except for the investment portfolio and derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest million except when otherwise indicated.

Statement of compliance
The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the IASB.

In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented in the Company's financial statements.

2017 adjustment
As a result of the finalization of the purchase price allocation for Blaze Manufacturing Company Ltd. and Hillarys Blinds Ltd. certain balances have been adjusted in line with IFRS 3.45, refer to note 7 for more details.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Hunter Douglas N.V. and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies.
All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated upon consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group, in which case the consolidated financial statements include the results for the part of the reporting year during which Hunter Douglas N.V. had control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Acquisitions have been included in the consolidated financial statements using the acquisition accounting method. The purchase method of accounting involves allocating the costs of the business combination to the fair value of the assets acquired and liabilities assumed at the date of acquisition.

Accordingly, the consolidated financial statements include the results from the new acquisitions from the date of their acquisition.

Non-controlling interest represents the portion of profit or loss and net assets in Gardinia, Germany and in some Latin American subsidiaries not held by Hunter Douglas N.V. and are presented separately in the statement of income and within equity in the consolidated balance sheet, separately from shareholders' equity.

Foreign currency translation
The consolidated financial statements are presented in US dollars, which is the Parent company's presentation and functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange on the balance sheet dates. All differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

As at the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Company (US dollar) at the rate of exchange on the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Intangible fixed assets
Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Business Combinations and Goodwill
Business Combinations are accounted for using the acquisition accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.
If the acquirer's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities is higher than the cost of the business combination, the difference is recognized as a gain in the income statement.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Significant accounting judgement and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements in order to conform to IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgements on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results could differ from the estimates and assumptions.

Estimates significantly impact goodwill and other intangibles acquired, impairments, fair value of the investment portfolio and derivatives, liabilities from employee benefit plans, other provisions and tax and other contingencies. The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill are performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows. Assumptions used to determine pension liabilities include the interest rate and discount rate. Assumptions used to determine the fair value of the investment portfolio relate to credit risk and liquidity risk of the fund.

In various countries the Company has taken standpoints regarding its tax position which may at any time be challenged by the tax authorities because the authorities in question interpret the law differently. In determining the probability of realization of deferred tax assets and liabilities these uncertainties are taken into account.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment in value. Fixed assets are depreciated over the expected useful lives, using the straight-line method. An indication of the expected useful life is as follows:

Buildings	20 – 40 years
Machinery & equipment	5 – 10 years
Other property, plant and equipment	3 – 10 years
Land is not depreciated	

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets of cash-generating units are written down to their recoverable amount.

Other financial non-current assets

Other financial non-current assets are recorded at amortized costs. Investments in unconsolidated associates are recorded at equity value.

Inventories

Inventories are valued at the lower of production cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials are stated principally at the lower of cost (first-in/first-out) or net realizable value;
- Finished goods and work-in-progress are stated at cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognized and carried at original invoice amount less an allowance for impairment. Under IFRS 9, a forward-looking expected credit loss model must be applied when assessing impairment. In making impairment assessments, the Company applies the standard simplified approach to estimate the lifetime expected credit losses and considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment. If any such evidence exists, an impairment allowance is recognized.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.
IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event.
It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pensions and other post-employment benefits
The Company operates two defined benefit pension schemes, all of which require contributions to be made to separately administered funds.

The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Company also operates a number of defined contribution pension plans. The cost of providing contributions under the plans is charged to the income statement in the period to which the contributions relate.

Share-based payments/option plans
Share-based payments are expensed on the basis of their value determined by using option pricing models. The share-based payments qualify as cash-settled transactions and are measured initially at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (see Note 23 employee benefits). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognized in the income statement.

Put-call option agreement
A put/call option is initially recognized as a financial asset or liability at its fair value of the underlying redemption amount, with any subsequent changes in its fair value recognized in profit or loss (see note 5 Business combinations).

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Leases
Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Net sales
Net sales are recognized when control over a product is transferred to a customer. This is usually when the product is sent to the customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods to the customer net of freight, returns, allowances and sales tax.
Cost of sales are recorded in the same period as sales are recognized. Other revenues and expenses are recorded in the period in which they originate.

Metals trading
Metals trading is presented on a net basis as these activities classify as broker/trader activities. Metals trading sales are excluded from net sales. Gross profit on metals trading represents the margin earned on bulk aluminum delivered to clients net of direct acquisition and trading costs.

Research and development
Research costs are expensed as incurred. Development costs are capitalized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Income tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences such as the value of inventories, fixed assets and provisions for tax purposes which differ from the value used for financial reporting purposes, except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity or other comprehensive income are recognized in equity or other comprehensive income and not in the income statement.

Sales tax
Revenues, expenses and assets are recognized net of the amount of sales tax except:
- where the sales tax incurred on a

purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Derecognition of financial instruments
The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivative financial instruments
The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and metals futures to hedge its risks associated with interest rate, metal commodities and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined from listed market prices, price quotations from banks or from pricing models. Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement. No hedge accounting is applied for hedges except for net investments. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly as a separate component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the statement of income.

Investment portfolio
The investment portfolio is reported separately on the balance sheet at fair value. Net results of the investment portfolio are reported separately. Third parties participating in the investment portfolio are presented separately under trade and other payables. The individual investments held by the various investment funds are valued at fair value by the funds, with movements in fair value recorded through profit and loss. The net asset values reported by the fund managers are adjusted (discounted) by management as management expects that it may not be able to fully realize the underlying fair values of the investments held by the investment funds. This assessment is made by individual funds and the valuation is adjusted accordingly.

IFRS accounting standards effective as from 2018
The Company adopted IFRS 9 – Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single "expected loss" impairment model for financial assets and a substantially reformed approach for hedge accounting. The Company has reviewed the impact of this new standard and has concluded that the impact is immaterial.

Other financial non-current assets, trade and other receivables, cash and short-term deposits are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interests are classified as measured at amortized cost under IFRS 9 (2017: loans and receivables). The Company continues to measure derivative financial assets at fair value with changes in fair value recognized in profit and loss as (2017: fair value through profit and loss). The Company has not designated any financial assets and liabilities as at fair value through profit or loss.

IFRS 9 includes a policy choice that would allow to continue to apply the existing hedge accounting rules. The Company has decided to continue applying IAS 39 for hedge accounting if any.

The Company adopted IFRS 15 - Revenue from Contracts with Customers. The standard requires a company to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. There was no material effect from the adoption of this standard.

IFRS accounting standards effective as from 2019
A limited number of new standards, amendments to standards and interpretations, and annual improvement cycles have been issued but are not effective for the financial year beginning 1 January 2018. Below the potential impact of IFRS 16, which will have a material impact on the Company's financial statements, is stated. Other changes to standards, which the Company does expect to have no material impact on financial statements, are not further described.

IFRS 16 – Leases is effective as from 1 January 2019.
This standard changes the recognition, measurement, presentation and disclosure of leases. In particular it requires lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.
The operating lease will be recorded on the balance sheet and will have an immaterial impact on the statement of income. As at the reporting date, the Company has identified operating lease commitments of approximately 130 (undiscounted) that are relevant for IFRS 16 adoption. The net present value of the lease liabilities is expected to amount approximately 110. The Company elects to measure the right-of-use asset for an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.
These operating leases mainly relate to offices, warehouses and cars

The Company plans to adopt modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application (1 January, 2019).

Notes to consolidated financial statements

3. Segment information

The Company has determined its reportable segments based on its internal reporting practices and on how the Company's management evaluates the performance of operations and allocates resources. The segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The window coverings products segment relates to sales and manufacturing of window coverings for commercial and residential use. The architectural products segment relates to sales and manufacturing of architectural products mainly for commercial use. The metal trading segment represents trading in metals mainly in contracts on bulk aluminum. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit and is measured consistently with net profit in the consolidated financial statements. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Company's geographical segments are determined by the location of the Company's assets and operations.

Business segments
The following table presents revenue and income information and certain asset and liability information regarding the Company's business segments for the years ended 31 December 2018 and 2017.

Amounts in millions	Window Coverings		Architectural Products		Metals Trading		Total	
	2018	**2017***	**2018**	**2017**	**2018**	**2017**	**2018**	**2017***
Revenue								
Sales to external customers	**3,138**	2,751	**496**	475			**3,634**	3,226
Segment revenue	**3,138**	2,751	**496**	475			**3,634**	3,226
Total gross profit	**1,302**	1,111	**160**	181	**30**	20	**1,492**	1,312
Selling and marketing expense	**-618**	-547	**-90**	-94			**-708**	-641
General and administrative expense	**-403**	-351	**-38**	-44	**-6**	-7	**-447**	-402
Income from operations before other income/expenses	**281**	213	**32**	43	**24**	13	**337**	269
Other income			**75**				**75**	0
Other expenses	**-34**						**-34**	0
	247	213	**107**	43	**24**	13	**378**	269
Finance income	**13**	11					**13**	11
Finance costs	**-15**	-15	**-3**	-2	**-3**	-3	**-21**	-20
Income before taxes	**245**	209	**104**	41	**21**	10	**370**	260
Taxes on income	**-71**	-28	**-27**	-7	**-4**	-3	**-102**	-38
Net profit	**174**	181	**77**	34	**17**	7	**268**	222
Net profit attributable to non-controlling interest	**-1**	3					**-1**	3
Net profit attributable to equity shareholders	**175**	178	**77**	34	**17**	7	**269**	219
Assets and liabilities								
Segment assets	**2,728**	2,762	**347**	396	**205**	218	**3,280**	3,376
Investment in an associate	**26**	19		1			**26**	20
Total assets	**2,754**	2,781	**347**	397	**205**	218	**3,306**	3,396
Segment liabilities	**1,458**	1,625	**224**	274	**100**	102	**1,782**	2,001
Total liabilities	**1,458**	1,625	**224**	274	**100**	102	**1,782**	2,001
Net assets employed	**2,045**	2,042	**238**	268	**126**	133	**2,409**	2,443
Other segment information								
Additions property, plant and equipment	**111**	113	**11**	17			**122**	130
Depreciation property, plant and equipment	**73**	59	**18**	23			**91**	82
Intangibles	**1,044**	1,041	**36**	43			**1,080**	1,084
Amortization patents and trademarks	**16**	16	**3**	4			**19**	20
Non-recurring restructuring expenses	**12**	17	**7**	3			**19**	20

* Adjusted, refer to note 7
The financial information by region is reported separately on page 17, which in addition covers the further split of revenues as required by IFRS 15.

4. Revenues and expenses

Amounts in millions	2018	2017
Finance income		
Bank interest receivable	**1**	
Net result investment portfolio	**1**	6
Other financial income	**11**	5
Total finance income	**13**	11
Finance costs		
Bank loans and overdraft	**-8**	-7
Other loans (including non-cumulative redeemable preference shares)	**-13**	-13
Total finance costs	**-21**	-20
Other income		
This relates to the sale of the US Ceilings' business in July and the divestment of Nedal, our Dutch based aluminum operation, in December.	**75**	
Other expense		
This relates to the impairment of goodwill (see note 7).	**-34**	
Non-recurring restructuring expenses are included in the consolidated income statement as follows:		
Cost of sales	**11**	5
Selling and marketing expense	**5**	4
General and administrative expense	**3**	11
	19	20
Non-recurring expenses mainly relate to the reduction of employees caused by changes of the business per company		
Depreciation, amortization and costs of inventories included in consolidated income statement		
Included in cost of sales:		
Depreciation of property, plant and equipment	**48**	55
Employee benefits expense	**483**	455
Costs of inventories recognized as an expense	**1,641**	1,424
	2,172	1,934
Included in selling and marketing expense:		
Depreciation of property, plant and equipment	**7**	6
Employee benefits expense	**289**	287
Included in general and administrative expense:		
Depreciation of property, plant and equipment	**36**	21
Employee benefits expense	**253**	228
Minimum lease payments recognized as an operating lease expense	**13**	11
Amortization other intangibles	**19**	20
Employee benefits expense		
Wages and salaries	**816**	760
Social security costs	**172**	161
Pension costs	**37**	49
	1,025	970

Research costs

Research costs consist of 47 (2017: 48) charged directly to general and administrative expense in the income statement.

Notes to consolidated financial statements

5. Business combination

In 2018 Hunter Douglas acquired the following businesses:

- 51% of New Zealand Window Shades Ltd., the leading window covering fabricator in New Zealand, since January, increasing our interest to full ownership, with 2018 sales of NZD 19 mln and employs 96 people.
- 80% of Deco Group Nordic ApS, the leading Danish supplier of window coverings to the mass merchant market, since January, with 2018 sales of € 19 mln and employs 75 people.
- 70% of Akant Spzoo, a leading Polish supplier of window coverings, since July, with 2018 sales of € 18 mln and employs 266 people.
- 100% of Vertilux Corporation Pty. Ltd., the leading commercial fabricator in Australia, since August, with 2018 sales of AUD 32 mln and employs 107 people.
- 70% of Victory Curtains & Blinds No. 2 Pty. Ltd., a well-known direct marketing company in Victoria, Australia, since August, with 2018 sales of AUD 20 mln and employs 56 people.

In 2017 Hunter Douglas acquired the following businesses:

- 49% of Blaze Manufacturing Company Ltd., a fast growing Vietnamese fabricator of window coverings, since January, with 2017 sales of $ 15 mln and employs 292 people. Although the Company has only 49%, the Company has control over Blaze and consolidate Blaze in according with IFRS 3.
- 98.2% of Hillarys Blinds Ltd., the market leading window covering company in the UK with two core businesses: Shop-at-home under the Hillarys® brand and the wholesale supply of blinds to dealers of blinds and shutters, under the Arena® and Custom West™ brands, since July with 2017 sales of GBP 215 mln and employs 1,529 people.

The fair value of the identifiable assets and liabilities of these companies determined as at the date of acquisition are:

Recognized on acquisitions	**2018**				**2017***		
Amounts in millions	**European Blindmakers**	**Australian Blindmakers**	**All other**	**Total**	**Hillarys**	**All other**	**Total**
Inventories	**8**	**3**	**3**	**14**	22	2	24
Trade and other receivables	**5**	**5**	**3**	**13**	19	1	20
Cash and short-term deposits	**1**	**1**		**2**	18	2	20
Trade and other payables	**-7**	**-10**	**-6**	**-23**	-51	-1	-52
Property, plant and equipment	**1**	**1**	**12**	**14**	11	1	12
Intangible fixed assets					42		42
Short-term loans						-1	-1
Long-term loans			**-6**	**-6**			
Deferred income tax provision					-8		-8
Other long-term provision (put/call options)	**-26**	**-3**		**-29**	-9	-26	-35
Non-controlling interest						3	3
Fair value of net assets	**-18**	**-3**	**6**	**-15**	44	-19	25
Goodwill arising on acquisitions	**66**	**24**	**0**	**90**	362	33	395
Total consideration	**48**	**21**	**6**	**75**	406	14	420
Cash outflow on acquisitions:							
Cash paid	**-48**	**-21**	**-6**	**-75**	-406	-14	-420
Net cash acquired with acquisitions	**1**	**1**		**2**	18	2	20
	-47	**-20**	**-6**	**-73**	-388	-12	-400

* Adjusted, refer to note 7

Goodwill arising on acquisitions mainly relates to the increase in market share as well as the assembled workforce.

6. Impairment testing of indefinitely lived goodwill

The carrying amount of goodwill is allocated to the cash-generating units within the window coverings or architectural products segment.
The recoverable amount of the units is based on value-in-use calculations. Those calculations use cash flow projections based on the budget for the coming year extrapolated with no growth to determine the termination value. A pre-tax Weighted Average Cost of Capital (WACC) of 9.7% (2017 9.7%) has been used as a basis to discount the projected cash flows. Per unit local market conditions are accounted for in determining next year's budget. The budgets are founded on achieved results in the preceding years and expectations on local industry developments going forward.
The outcome of the impairment tests resulted in an impairment loss of 34, mainly on Thomas Sanderson Blinds, UK, due to the loss of business. As a result Thomas Sanderson Blinds was reorganized and thereafter consolidated with Hillarys, UK.

7. Intangible fixed assets

Amounts in millions	Goodwill		Patents & Trademarks		Total	
	2018	2017*	2018	2017	2018	2017*
At 1 January	**885**	470	**199**	162	**1,084**	632
Acquisitions	**90**	395		42	**90**	437
Additions	**3**				**3**	
Amortization			**-19**	-20	**-19**	-20
Impairment	**-34**				**-34**	
Reclass	**12**		**-12**		**0**	
Exchange	**-36**	20	**-8**	15	**-44**	35
At 31 December	**920**	885	**160**	199	**1,080**	1,084
At 1 January						
Cost	**885**	470	**295**	238	**1,180**	708
Accumulated amortization			**-96**	-76	**-96**	-76
Net carrying amount	**885**	470	**199**	162	**1,084**	632
At 31 December						
Cost	**920**	885	**275**	295	**1,195**	1,180
Accumulated amortization			**-115**	-96	**-115**	-96
Net carrying amount	**920**	885	**160**	199	**1,080**	1,084

* Adjusted

Goodwill is not amortized but is subject to annual impairment testing (see note 6). Patents and trademarks are amortized between 10 and 20 years.
For the 2017 acquisitions the fair value amounts were provisional. These have been finalized in 2018 with changes to the provisional amounts. We note that as part of the 2018 finalization of the purchase price allocation of Blaze and Hillarys the put/call option is revalued, which has led to an increase in goodwill of 22 and a recognition of a long-term liability of 35 (see also note 18). For the 2018 acquisitions the fair value amounts and the valuation of the put/call options are provisional. This will be finalized in 2019.

The carrying amount of goodwill of 920 (2017: 885) exists mainly of goodwill paid for the following 4 (2017: 4) cash generating units:

- The pleated blind systems distribution in Europe (WCP segment) is mainly handled by Benthin and Blöcker in Germany and Thomas Sanderson in the UK. For those companies, acquired in the past, the Company has per balance sheet date an amount of 20 (2017: 52) for goodwill.
- As the US window covering business is very much integrated, we see this business as one cash generating unit. For these companies, acquired in the past in this segment, the Company has per balance sheet date an amount of 205 (2017: 205) for goodwill.
- The acquired online retailer business has per balance sheet date an amount of 121 (2017: 129) for goodwill.
- The acquired Hillarys business has per balance sheet date an amount of 337 (2017: 361) for goodwill.

Notes to consolidated financial statements

8. Property, plant and equipment

Amounts in millions	Land & Buildings		Machinery & Equipment		Other fixed assets		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
At 1 January	**226**	231	**270**	200	**26**	28	**522**	459
Additions	**12**	14	**108**	113	**2**	3	**122**	130
Acquisitions	**12**	2	**2**	10			**14**	12
Disposals	**-12**	-15	**-43**	-2	**-1**	-4	**-56**	-21
Depreciation charge for the year	**-17**	-17	**-72**	-63	**-2**	-2	**-91**	-82
Exchange	**-10**	11	**-8**	12	**-1**	1	**-19**	24
At 31 December, net of accumulated depreciation	**211**	226	**257**	270	**24**	26	**492**	522
At 1 January								
Cost	**493**	468	**1,210**	1,040	**63**	62	**1,766**	1,570
Accumulated depreciation	**-267**	-237	**-940**	-840	**-37**	-34	**-1,244**	-1,111
Net carrying amount	**226**	231	**270**	200	**26**	28	**522**	459
At 31 December								
Cost	**469**	493	**1,100**	1,210	**60**	63	**1,629**	1,766
Accumulated depreciation	**-258**	-267	**-843**	-940	**-36**	-37	**-1,137**	-1,244
Net carrying amount	**211**	226	**257**	270	**24**	26	**492**	522

Included in Property, plant and equipment at 31 December 2018 is an amount of 90 (2017: 81) relating to expenditure in construction.

9. Other financial non-current assets

Amounts in millions	Receivables from key management employees	Other long-term receivables	Investments in associates	Other	2018 Total	2017 Total
At 1 January	1	45	20	7	**73**	**65**
Additions			8	5	**13**	**15**
Deductions	-1	-2	-2		**-5**	**-7**
At 31 December	0	43	26	12	**81**	**73**

10. Inventories

Amounts in millions	2018	2017
Raw materials (at cost)	**475**	465
Work-in-progress (at cost)	**75**	62
Finished goods:		
- At cost	**351**	335
- Provision	**-130**	-135
	771	727

11. Trade and other receivables (current)

Amounts in millions	2018	2017
Trade receivables	**514**	505
Financial institutions	**18**	24
Other receivables	**31**	13
Short-term advances	**5**	5
	568	547

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

As at 31 December 2018, trade receivables at nominal value of 24 (2017: 24) were impaired and fully provided for and relate to the past due trade receivables.

Movements in the provision for impairment of trade receivables were as follows:

Amounts in millions	2018	2017
At 1 January	**24**	23
Additions	**11**	11
Utilized	**-10**	-11
Exchange	**-1**	1
At 31 December	**24**	24

As at 31 December the ageing of trade receivables is as follows:

	Not due		Past due		
Amounts in millions	< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
2018	**382**	**69**	**26**	**18**	**19**
2017	381	76	21	10	17

The Company has 451 (2017: 457) million of not yet due trade receivables.

Financial institutions

Amounts in millions	2018	2017
Deposits	**14**	15
Redeemed investments	**4**	9
	18	24

12. Prepayments

Amounts in millions	2018	2017
Prepaid expenses	**76**	80
Prepaid taxes (no income tax)	**7**	8
Other	**14**	15
	97	103

The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a monthly basis.

13. Investment portfolio

All funds are redeemed with no material results.

14. Cash and short-term deposits

Cash at bank and in hand earns interest at floating rates based on market conditions. Short-term deposits are made for varying periods of between one day and 3 months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
At 31 December 2018 the fair value of cash and cash equivalents is 31 (2017: 32).

At 31 December 2018, the Company had available 469 (2017: 589) of undrawn committed borrowing facilities. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Amounts in millions	2018	2017
Cash at bank and in hand	**31**	31
Short-term deposits		1
	31	32

Funds in certain countries in which the Company operates are subject to varying exchange regulations. No material restrictions exist for transfers of a current nature, such as dividends from subsidiaries.
A few countries have more severe restrictions on remittances of a capital nature, which are immaterial to the Company.

15. Issued capital and reserves

Numbers x 1,000	Ordinary shares 2018	Ordinary shares 2017
	€ 0.24 each	€ 0.24 each
Issued and fully paid-in		
At 1 January	**35,432**	35,432
At 31 December	**35,432**	35,432
Treasury shares		
At 1 January	**642**	646
At 31 December	**642**	642

The Sonnenberg Family owns at year-end 2018 28,764,039 (2017: 28,764,039) common shares of Hunter Douglas N.V. representing 81.18% (2017: 81.18%) of the common shares of the Company.

Share premium: under present Dutch Law, substantially all share premium may be distributed as stock dividend free from Dutch dividend withholding tax.

The foreign currency translation reserve and the cash flow hedge reserve are legal reserves and when negative/positive, the retained earnings cannot be distributed for this amount.

Retained earnings: this reserve is freely distributable.

There are no external capital requirements.

16. Non-controlling interest

Amounts in millions	2018	2017*
Gardinia GmbH & Co. KG, Germany	**8**	9
Other	**1**	2
	9	11

* Adjusted, refer to note 7

17. Interest-bearing loans and borrowings

Amounts in millions	Currency	Interest rate	Maturity date	2018	2017
Current					
Bank overdraft		Various *	N/A	**47**	55
Short-term bank loans		Various *	N/A	**45**	101
Current portion of long-term debt	EUR	Various *	N/A	**114**	
				206	156
Non-current					
Bank of America	USD	Various *	2019		25
Bayerische Landesbank	EUR	Various *	2019		120
Natwest	EUR	Various *	2020		120
ABN AMRO	EUR	Various *	2020	**34**	120
Agricultural Bank of China	EUR	Various *	2021	**34**	36
Bayerische Landesbank	EUR	Various *	2021	**29**	30
CIC	EUR	Various *	2021	**57**	96
Bank of America	USD	Various *	2021		75
Agricultural Bank of China	EUR	Various *	2021	**57**	60
Svenska Handelsbanken	EUR	Various *	2022	**115**	119
ING Bank	EUR	Various *	2022	**205**	
				531	801
Preferred shares					
Preferred shares	EUR	Various *	N/A	**9**	10

* Mostly at Interbank rates plus a margin

Average life of long-term loans is 3.04 years (2017: 2.99 years); all loans are at variable rates of interest. The balance consists mainly of Euro lines of credit at Interbank interest rates with varying spreads. All loans are unsecured. Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year. The decrease in total interest bearing loans and borrowings of 220 is caused by positive cash flow 184, exchange differences 42, and offset by acquisitions -6.

18. Provisions

Amounts in millions	Pensions (note 23)	Other Employee Benefits	Put / Call Options	Other	Total
At 1 January*	92	56	35	87	**270**
Additions from income statement	6	13		8	**27**
Additions from acquisitions			29		**29**
Actuarial gains	-16				**-16**
Transfer			67	-67	**0**
Utilized	-14	-3	-19	-7	**-43**
Exchange	-1	-1	-3		**-5**
At 31 December	67	65	109	21	**262**
Non-current 2018	67	65	109	21	**262**
Non-current 2017	92	56	35	87	270

* Adjusted, refer to note 7

19. Trade and other payables (current)

Amounts in millions	2018	2017
Trade payables	**227**	243
Accrued wages, social charges and other compensation	**182**	188
Other payables and accrued expenses	**204**	180
Commissions, discounts and allowances	**45**	46
Other	**71**	55
	729	712

Terms and conditions of the above financial liabilities:
Trade payables are non-interest-bearing and are normally settled on 45-day terms.
Other payables are non-interest-bearing and have an average term of 6 months.

20. Income tax

Major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Amounts in millions	2018	2017
Consolidated income statement		
Current income tax		
Current income tax charge	**63**	40
Adjustments in respect of current income tax of previous years	**-3**	
Deferred income tax		
Relating to origination and reversal of temporary differences and recognition of tax losses	**42**	-2
	102	38

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2018 and 2017 is as follows:

Amounts in millions	2018	2017
Accounting profit before income tax	**370**	260
At Dutch statutory income tax rate of 25% (2017: 25%)	**93**	65
Tax losses not recognized in prior years	**-6**	-14
Tax losses not recognized in the year	**5**	
Adjustments to previous years	**-3**	
Impact different tax rates per country	**-2**	-8
Permanent differences	**2**	1
Effect of NL (2018) / US (2017) tax rate change on DTA	**12**	-6
Other	**1**	
At effective income tax rate of 27.6% (2017: 14.6%)	**102**	38
Income tax expense reported in consolidated income statement	**102**	38

20. Income tax (continued)

Amounts in millions	Consolidated Balance Sheet		Consolidated Income Statement		Via O.C.I.	
	2018	2017	2018	2017	2018	2017
Deferred income tax assets						
Losses available for offset against						
future taxable income	**27**	36	**-9**	-11		
Temporary valuation differences:				13		
Property, plant & equipment		3	**-3**			
Inventories	**3**	2	**1**			
Pensions	**15**	22	**-14**		**7**	
Trademarks	**60**	85	**-25**			
Other	**26**	16	**8**		**2**	-17
	131	164				
Deferred income tax liabilities						
Temporary valuation differences						
on IP from Hillarys acquisition	**9**	9				
	9	9				
Deferred income tax income (expense)			**-42**	2	**9**	-17

Deferred tax assets have been only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available, against which the temporary differences can be utilized.

The Company has unused tax losses of 132 (2017: 133), of which 10 expires within 5 years, that are available for offset against future taxable profits of the companies in which the losses arose.

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The income and share data used in the basic and diluted earnings per share computations is as follows:

Amounts in millions	2018	2017
Net profit attributable to equity shareholders	**269**	219

Numbers x 1,000	2018	2017
Weighted average number of ordinary shares for basic earnings per share	**34,790**	34,790
Effect of dilution:		
Adjusted weighted average number of ordinary shares for diluted earnings per share	**34,790**	34,790

On January 9, 2019 the company has cancelled 642,089 ordinary shares which were held as Treasury shares.

22. Dividends paid and proposed

Amounts in millions	2018	2017
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2017: EUR 1.85 (2016: EUR 1.75)	**76**	68
	76	68
Proposed for approval at AGM (not recognized as a liability as at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2018: EUR 2.00 (2017: EUR 1.85)	**80**	77
	80	77

23. Employee benefits

Pension plans

Defined benefit plans

Employee pension plans have been established in many countries in accordance with the legal requirements, customs and the local situation in the countries involved. The minority of employees in the United Kingdom and North America are covered by defined benefit plans. The defined benefit plan in North America is based on average wage earned, in the United Kingdom is the defined benefit plan based on last wage earned. The benefits provided by these plans are based on employees' years of service and compensation levels. The measurement date for defined benefit plans is 31 December.

Contributions are made by the Company as necessary, to provide assets sufficient to meet the benefits payable to defined benefit pension plan participants. These contributions are determined based upon various factors, including funded status, legal and tax considerations as well as local customs. The UK pension plan was frozen as of 1 January 2000. The US pension plan was frozen as of 31 December 2012. No future benefits accruals and no new participants are allowed.

The following tables summarize the components of the net benefit expense recognized in the consolidated income statement and the funded status and amounts recognized in the consolidated balance sheet, as well as the principal assumptions applied.

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	Pension plans			
%	US		UK	
	2018	2017	2018	2017
Discount rate	**4.30**	3.70	**2.80**	2.40
Future salary increase	**NA**	NA	**3.20**	3.20
Inflation assumption	**NA**	NA	**3.20**	3.20

Sensitivity analysis: If the discount rate in the US increases (decreases) with 0.25% the pension provision will decrease (increase) with around 9, for the other plans changes are not expected to have a material effect on equity or profit-and-loss.

23. Employee benefits (continued)

The amount recognized in the balance sheet in respect of the Company's defined benefit retirement plans is as follows:

Amounts in millions	Pension plans US		Pension plans UK	
	2018	**2017**	**2018**	**2017**
Defined benefit obligations	**-268**	-295	**-63**	-71
Fair value of plan assets	**214**	219	**50**	55
Funded status	**-54**	**-76**	**-13**	**-16**
Net liability in balance sheet	**-54**	-76	**-13**	-16

Amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

Amounts in millions	Pension plans US		Pension plans UK	
	2018	**2017**	**2018**	**2017**
Current service cost	**1**	1	**1**	1
Interest cost on benefit obligation	**11**	12	**2**	1
Interest return on plan assets	**-8**	-9	**-1**	-1
Net benefit expense	**4**	4	**2**	1
Actual return on plan assets	**-5**	23	**0**	3

23. Employee benefits (continued)

Changes in the fair value of the defined benefit obligations are as follows:

Amounts in millions	Pension plans US 2018	US 2017	UK 2018	UK 2017
Opening defined benefit obligations	**295**	291	**71**	66
Current service cost and received employee contributions	**1**	1	**1**	1
Interest cost on benefit obligation	**11**	12	**2**	2
Benefits paid	**-13**	-12	**-2**	-2
Actuarial (gain) loss	**-26**	22	**-4**	-2
Settlement		-19		
Exchange differences on plans			**-5**	6
Closing defined benefit obligations	**268**	295	**63**	71

Changes in the fair value of the plan assets are as follows:

Amounts in millions	Pension plans US 2018	US 2017	UK 2018	UK 2017
Opening fair value of plan assets	**219**	211	**55**	48
Interest return on plan assets	**8**	9	**1**	1
Contributions	**13**	17	**1**	1
Benefits paid	**-13**	-12	**-2**	-2
Actuarial (loss) gain	**-13**	13	**-1**	2
Settlement		-19		
Exchange differences			**-4**	5
Closing fair value of plan assets	**214**	219	**50**	55
Of which:				
Bonds	**40**	43	**12**	12
Equities	**129**	130	**37**	43
Other	**45**	46	**1**	
The actual return on plan assets amounts	**-1.5%**	12.0%	**0.3%**	6.9%

For the next years we expect the contributions to remain at the same level as in 2018.

The plan assets do not include any of the Company's own financial instruments, nor any property occupied or other assets used by the Company and exists mainly of hedge funds. The Company expects to contribute approximately 1 to its defined benefit plans in 2019. Contribution by employer will not materially differ from previous years.

Defined contribution plans
The expense of the defined contribution plans for 2018 amounts to 33 (2017: 44).

24. Commitments and contingencies

Operating lease commitments – Company as lessee
The Company has entered into commercial leases on certain premises, motor vehicles and items of small machinery. These leases have an average life of between 5 and 10 years with renewal terms included in the contracts. Renewals at market conditions are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancelable operating leases at 31 December are as follows:

Amounts in millions	2018	2017
Within one year	**38**	34
After one year but not more than five years	**93**	96

Capital commitments
At 31 December 2018, the Company has commitments for capital expenditures of 17 (2017: 34).

Legal claims
Legal claims have been filed against the Company in the course of its normal business. Management together with their legal counsel have only recognized a provision if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Guarantees
Hunter Douglas N.V. has the following contingent liabilities at 31 December 2018:

- The Company is contingently liable for guarantees given mainly for its subsidiaries (guarantees under article 2:403 of Dutch Civil Code), on which no material losses are expected.
- The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and severally liable for the liabilities of the whole fiscal unity.

25. Related party disclosure

The consolidated financial statements include the financial statements of Hunter Douglas N.V. and the subsidiaries as listed on page 66 and 67.

Amounts in millions	2018	2017
Short-term employee benefits	**20**	19
Total compensation paid to key management employees	**20**	19

As per year-end loans and advances amounted to associates 20 (2017: 20) and key management employees amounted to nil (2017: 1), bearing market interest.

26. Capital management and risk management objectives and policies

The financing of the Company is based on a conservative capital structure.
The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Company's senior management takes an active role in the risk management process. In addition, the geographical spread of the Company's activities limits the exposures to concentrations of credit or market risk.

The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their high credit ratings.

The Company does not have significant credit risk exposure to any individual customer or counterparty. A substantial part of trade receivables is covered by securities obtained, credit insurance or letters of credit. Also, the Company has concluded netting arrangements with some counterparties to offset financial instruments. Given their credit ratings, the remaining credit exposure with these counterparties is not considered of significance.

The following instruments are used:

a. Interest derivatives
Interest derivatives are used to manage exposure to movements in interest rates and to assume trading positions.

b. Foreign exchange derivatives
Foreign exchange derivatives are used to manage the exposure of currency exchange rate risks resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies and to assume trading positions.

c. Commodity derivatives
Commodity derivatives all relate to aluminum and are used to manage the exposure of the price and timing risks on underlying (anticipated) business activities and to assume trading positions. The contract amounts of financial instruments are indicative of the Company's use of derivatives but are not necessarily a measure for the exposure to market or credit risk through its use of financial instruments.

Interest, commodity and foreign exchange derivatives are carried at their fair value. The interest, commodity and foreign exchange derivatives generally mature within one year. All changes in the fair value of derivatives are taken directly to the income statement as no hedge accounting is applied, with the exception of interest derivatives for which cash flow hedge accounting is applied.

The Company also enters into forward sales and purchase contracts for commodities that are settled by physical delivery of receipt of the commodity. These sales and purchases qualify under the normal purchase, sale or usage requirements and are therefore not accounted for as derivatives.

Interest rate risk table
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variances held constant, of the Company's profit before tax (through the impact on floating rate borrowings). The effect on equity excludes the effect on profit before tax which ends up in equity.

Amounts in millions	Increase/decrease in basis points	Effect on profit before tax	Effect on equity
2018			
Euro	**50**	**3**	
US dollar	**50**		
2017			
Euro	50	4	
US dollar	50	1	

26. Capital management and risk management objectives and policies (continued)

Foreign currency risk
As a result of significant operations in Europe, the Company's balance sheet can be affected significantly by movements in the US dollar / Euro exchange rates. The Company seeks to mitigate the effect of its structural currency exposure by borrowing in Euros. Between 20% and 50% of the Company's investment in non-USD operations will be hedged in this manner.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variances held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity (due to changes in the net investments, excluding the effect on profit before tax which ends up in equity).

Amounts in millions	Increase/decrease Euro exchange rate	Effect on profit before tax	Effect on equity
2018	**5%**	**0**	**41**
	-5%	**0**	**-41**
2017	5%	0	31
	-5%	0	-31

27. Financial instruments

Derivative financial instruments

Amounts in millions	Face amount	Fair value
Currency forward		
Buy	74	2
Sell	-42	1
	32	**3**
Currency options		
Buy - call	62	2
Buy - put	-8	
Sell - call	-69	-1
Sell - put	61	
	46	**1**

Currency forwards are valued at existing forward rates at the balance sheet date.
Currency options are valued at their market value at the balance sheet date.

Amounts in millions	Tonnage metric tons	Assets	Liabilities
Metal derivatives			
Physical forwards	51,281	10	
Futures	-49,612	5	
		15	0

The value of the metal derivatives is based on quoted metal market prices. Commodity contracts that are used for trading by Hunter Douglas Metals Inc. are also considered as derivatives and also valued based on quoted metal market prices.

27. Financial instruments (continued)

Fair values
Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of other financial assets has been calculated using the market interest rates. For financial instruments at fair value, the fair value hierarchy is indicated.

Amounts in millions	Carrying amount		Fair value	
	2018	2017	2018	2017
Financial assets				
Non-current				
Other financial assets - amortized cost	**43**	45	**43**	45
Current				
Trade receivables - amortized cost	**514**	505	**514**	505
Financial institutions and brokers – amortized cost	**18**	24	**18**	24
Metal derivatives - fair value through P&L (level 1 & 2)	**15**	43	**15**	43
Currency derivatives - fair value through P&L (level 2)	**4**	8	**4**	8
Investment portfolio - fair value through P&L (level 3)	**1**	34	**1**	34
Cash and short-term deposits - amortized cost	**31**	31	**31**	31
Short-term advances - amortized cost		1		1
	583	646	**583**	646
Financial liabilities				
Non-current - amortized cost				
Preferred shares - floating rate*	**9**	10	**9**	10
Other borrowings - floating rate*	**531**	801	**531**	801
	540	811	**540**	811
Current				
Trade payables - amortized cost	**227**	243	**227**	243
Currency derivatives - fair value through P&L (level 2)		8		8
Bank overdraft - floating rate* - amortized cost	**47**	55	**47**	55
Short-term bank loans - floating rate* - amortized cost	**45**	101	**45**	101
Current portion of long-term debt - floating rate* - amortized cost	**114**		**114**	
	433	407	**433**	407

* For interest-bearing loans and borrowings with a floating rate their fair value approximates their carrying value.

27. Financial instruments (continued)

Liquidity risk

The following table sets out the carrying amount, by maturity, of the Company's financial instruments as per 31 December:

Amounts in millions	Within 1 year		1-2 years		2-3 years		3-4 years		4-5 years		More than 5 years		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Trade payables	**227**	243											**227**	243
Other payables	**538**	500											**538**	500
Currency derivatives		8											**0**	8
Metal derivatives		4											**0**	4
Put/call options					**32**						**77**		**109**	0
Floating rate														
Bank loans	**206**	156	**34**	145	**177**	240	**320**	297		119			**737**	957
Preferred shares											**9**	10	**9**	10
	971	911	**34**	145	**209**	240	**320**	297	**0**	119	**86**	10	**1,620**	1,722

Amounts in millions	Within 1 year		1-2 years		2-3 years		3-4 years		4-5 years		More than 5 years		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Interest	**6**	13	**5**	10	**4**	7	**2**	4		1			**17**	35

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.
Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Assets measured at fair value

Amounts in millions	2018 Fair value measurement at the end of the reporting period using:				2017 Fair value measurement at the end of the reporting period using:			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Description								
Financial assets at fair value through profit and loss								
Trading securities			**1**	**1**			34	34
Trading derivatives	**15**	**4**		**19**	29	22		51
Total	**15**	**4**	**1**	**20**	29	22	34	85

27. Financial instruments (continued)

Liabilities measured at fair value

Amounts in millions	2018 Fair value measurement at the end of the reporting period using:			2017 Fair value measurement at the end of the reporting period using:		
	Level 1	Level 2	**Total**	Level 1	Level 2	**Total**
Description						
Financial liabilities at fair value through profit and loss						
Trading derivatives				8		8
Total	**0**	**0**	**0**	8	0	8

Assets measured at fair value based on Level 3

Amounts in millions	2018 Fair value measurement at the end of the reporting period		2017 Fair value measurement at the end of the reporting period	
	Trading securities	**Total**	Trading securities	**Total**
Financial assets at fair value through profit and loss				
Opening balance	**34**	**34**	206	206
Total gain in profit or loss	**1**	**1**	8	8
Redemption	**-34**	**-34**	-180	-180
Closing balance	**1**	**1**	34	34

28. Events after balance sheet date

There are no material subsequent events after balance sheet date.

29. Significant subsidiaries

The consolidated financial statements include the assets and liabilities of more than 200 legal entities.
The subsidiaries as listed below are the most important operational legal entities including the country in which their main operation is located and the percentage of ownership.

Hunter Douglas Holdings Ltd.	Australia	100.0%
Hunter Douglas Europe B.V.	The Netherlands	100.0%
Hillarys Blinds (Holdings) Ltd.	United Kingdom	98.2%
Blinds2go Ltd.	United Kingdom	60.2%
Levolor Inc.	United States	100.0%
3form LLC	United States	100.0%
Hunter Douglas Fabrication Company	United States	100.0%

The disclosed subsidiaries represent an approximate total revenue of 1.8 bln and total asset value of 0.9 bln.

The principal operating companies are listed on page 66 and 67.

30. Alternative Performance Measures (APM)

Net Assets Employed (NAE)

This consists of total assets (excl. investment portfolio and deferred income tax assets) minus non-interest bearing current liabilities.

Amounts in millions	2018	2017*
Total assets	**3,306**	3,396
Investment portfolio	**-1**	-34
Deferred income tax assets	**-131**	-164
Current liabilities (non-interest bearing)	**-765**	-755
Net Assets Employed	**2,409**	2,443

* Adjusted, refer to note 7

Earnings before interest, tax, depreciation and amortization (before non-recurring income/expenses (EBITDA)

Amounts in millions	2018	2017
Income from operations (before other income/expenses)	**337**	269
Non-recurring restructuring expenses	**19**	20
Depreciation	**91**	82
Amortization	**19**	20
EBITDA (before non-recurring income/expenses)	**466**	391

Return on Net Assets Employed (RONAE)

This represents Income from Operations before non-recurring income/expenses divided by the 2x average Net Assets Employed.

Amounts in millions	2018	2017
Income from Operations (before other income/expenses)	**337**	269
Non-recurring restructuring expenses	**19**	20
Income from Operations (before non-recurring income/expenses)	**356**	289
Average Net Assets Employed	**2,426**	2,097

Balance sheet* & statement of income – Hunter Douglas N.V.

Amounts in millions	Notes	USD 2018	2017
ASSETS			
Non-current assets			
Financial fixed assets			
- Investments in subsidiaries	2	**229**	2,172
- Advances to subsidiaries	3	**2,648**	364
- Other	4	**67**	101
Total non-current assets		**2,944**	2,637
Current assets			
Accounts receivable		**49**	47
Accounts receivable - affiliated companies		**143**	584
Cash and short-term deposits			
Total current assets		**192**	631
TOTAL ASSETS		**3,136**	3,268
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	5	**10**	10
Share premium		**81**	85
Treasury shares		**-35**	-29
Foreign currency translation		**-320**	-245
Legal reserve		**43**	
Retained earnings		**1,467**	1,344
Net result for the year		**269**	219
Total shareholders' equity		**1,515**	1,384
Provisions			
Provision for pensions		**4**	4
Total provisions		**4**	4
Non-current liabilities			
Long-term loans - other	6	**540**	811
Long-term loans - affiliated companies		**297**	295
Total non-current liabilities		**837**	1,106
Current liabilities			
Short-term borrowings		**178**	119
Accounts payable - other		**7**	14
Accounts payable - affiliated companies		**595**	641
Total current liabilities		**780**	774
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,136**	3,268
STATEMENT OF INCOME			
Income from subsidiaries and affiliates after taxation		**368**	238
Other expense, net		**-99**	-19
Net profit		**269**	219

* Before appropriation of net profit

Notes to financial statements

1. Accounting policies

General
The Company's financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. As permitted by Article 2:362 paragraph 8 of this code, the Company's financial statements have been prepared applying the same IFRS accounting policies as used in the consolidated financial statements in order to maintain consistency between the figures in the consolidated and Company's financial statements. In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except that investments in subsidiaries are stated at net asset value as the Company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the accounting principles applied by the Company.

For intercompany receivables the expected credit loss (ECL) would be applicable as well. The ECL on intercompany receivables are recognized in profit and loss, however this could cause differences between equity recognized in the consolidated and separate financial statements. For this reason, the Company will eliminate this differences (if any) through the respective receivable account by reversing the ECL recognized in profit and loss.

2. Financial fixed assets - investment in subsidiaries

Amounts in millions	2018	2017
Beginning of the year	**2,172**	1,892
Change during the year		
Share in results, net	**368**	238
Actuarial gains (losses)	**16**	-5
Received dividends	**-338**	-14
Increase, net	**399**	1
Disposal	**-2,354**	
US tax rate change via OCI		-13
Exchange differences	**-34**	73
Net change	**-1,943**	280
End of year	**229**	2,172

3. Financial fixed assets - advances to subsidiaries

Amounts in millions	2018	2017
Beginning of the year	**364**	351
Change during the year		
Additions	**2,304**	68
Deductions	**-20**	-55
Net change	**2,284**	13
End of year	**2,648**	364

4. Financial fixed assets - other non-current assets

Amounts in millions	2018	2017
Beginning of the year	**101**	89
Change during the year		
Additions		14
Deductions	**-30**	-12
Exchange	**-4**	10
Net change	**-34**	12
End of year	**67**	101

Other non-current assets mainly relate to Dutch deferred income tax assets.

5. Shareholders' equity

Details are given in note 15 to the consolidated financial statements.

6. Long-term loans - other

Amounts in millions	2018	2017
Unsecured loans maturing in various installments through 2022	**531**	801

Average life of long-term loans is 3.04 years (2017: 2.99 years); all loans are at variable rates of interest. Maturities until 2022 are 2020: 35, 2021: 177 and 2022: 319.

Amounts in millions	2018	2017
Preferred shares	**9**	10

For the conditions in respect of preferred shares: see page 64.

7. Contingencies

The Company is contingently liable for guarantees given mainly for its subsidiaries, on which no material losses are expected.

The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and separately liable for the liabilities of the whole fiscal unity.

8. Employee benefits

Compensation* paid to directors was: R. Sonnenberg nil (2017: nil), J.T. Sherwin 942 (2017: 1,386) as compensation and all other directors total 142 (2017: 101) as directors fee. No pension contributions were paid.

* Amounts in thousands

9. Remuneration of the auditor

	2018	2017
Audit of financial statements	**2.4**	2.4
Non-audit services	**0.4**	0.5
	2.8	2.9

The renumeration for Ernst & Young Accountants LLP in the Netherlands was 0.5 (2017: 0.5).

10. Employees

The number of employees at year-end amounts 20 (2017: 18), all employed in the Netherlands.

Rotterdam, 13 March 2019

Board of Directors

Additional information

1. Independent auditor's report

To: the shareholders and audit committee of Hunter Douglas N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Hunter Douglas N.V. (the Company), Curaçao. The financial statements include the consolidated financial statements and the company financial statements (collectively referred to as the financial statements).

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2018 and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated balance sheet as per 31 December 2018
- The following statements for 2018: consolidated statement of income, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

The Company financial statements comprise:

- The balance sheet as per 31 December 2018
- The statement of income for 2018
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Hunter Douglas N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality
USD 22 million (2017: USD 20 million)

Benchmark applied
Approximately 7% of profit before tax, excluding one-off other income and expenses.

Explanation
Based on perspectives and expectations of the users of the financial statements in the context of our understanding of the entity and the environment in which it operates we determined the materiality for the financial statements as a whole at USD 22 million. Materiality is based on profit before tax, excluding one-off other income and expenses as Hunter Douglas N.V. is profitable and therefore we consider an earnings based measure to be an appropriate basis to determine our materiality.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of USD 1.1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Hunter Douglas N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of Hunter Douglas N.V. The company is organized along four reportable segments.

Our group audit mainly focused on significant group reporting entities. Group reporting entities are considered significant components either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. All such significant group reporting entities (comprising 33 group reporting entities) were included in the scope of our group audit.

Accordingly, we identified eight Hunter Douglas N.V.'s group reporting entities, which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on twenty group reporting entities. Other procedures are performed on the remaining entities.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. We have performed the following procedures:

- The group consolidation, financial statements and disclosures and the audit of the following key audit matters, valuation of goodwill and financial statements consolidation process are audited directly by the group engagement team in addition to the other procedures the group team is responsible for
- The group engagement team further performs other audit procedures for the Dutch reporting entities, Hunter Douglas Europe unconsolidated, Luxaflex Nederland and Nedal
- The group engagement team visited local management and the auditors of the components which are significant based on size and/or their related risk: HD Metals LLC (US), Hunter Douglas North America (US), Hillarys (UK) and Blinds2go (UK). For each of these locations we reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed. In addition, the group engagement team visited local management and the auditors of the component of Sunflex (UK) and Akant (Poland), the latter was acquired by the company in 2018.
- All component audit teams included in the group scope received detailed instructions from the group engagement team including key risk areas and the group engagement team reviewed their deliverables.

In total these procedures represent 64% of the group's total assets, 69% of profit before tax and 69% of revenue.

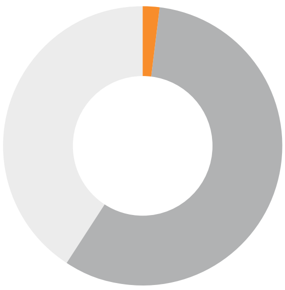
Additional information

Location percentage of coverage:

- Full scope
- Specific scope
- Other procedures

Coverage based on total assets

Coverage based on profit before tax



Coverage based on revenue

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters in 2018 are not consistent with prior year. Taxes on income – valuation of deferred tax assets is no longer considered a key audit matter as the uncertainties around the recoverability of deferred tax assets is reduced. Business combinations is no longer a key audit matter as unlike last year (Hillarys), there was no significant acquisition in 2018. Finally, we added the financial statements consolidation process in 2018 as a key audit matter, as the consolidation process is largely a manual process and prone to error as a result.

Revenue Recognition

Risk
The Company has a total revenue of $3.634 million in 2018.

Net sales are recognized when control over a product is transferred to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the company expects to receive in exchange for transferring the promised goods to the customer net of freight, returns, allowances and sales tax.

Considering the nature of the business and size of net sales, we have determined that this area, especially revenue recognition with regard to cut-off, constitutes a significant risk.

The disclosures for revenue recognition and sales commitments are included in the financial statements in note 3.

Our audit approach
We designed our audit procedures to be responsive to this risk.

- We obtained an understanding of the processes related to revenue recognition and evaluated the design and, when efficient and effective, tested the controls in this area relevant to our audit
- We performed a combination of internal control and substantive audit procedures to address the significant risk relating to revenue recognition
- Our focus included examining contracts, performing extensive sales cut-off procedures and performing analytics over key revenues streams and comparisons with prior periods
- Finally, we reviewed the adequacy of the disclosures made by the company in this area

Key observations
Based on the audit procedures performed, we did not identify any material misstatements in the revenue reported and conclude that the disclosures in the financial statements are adequate.

Valuation of goodwill

Risk
At 31 December 2018 the total carrying value of goodwill amounted to $920 million.

Goodwill is allocated to (groups of) Cash Generating Units (CGU) within the window coverings or architectural products segment, which represent the lowest level within the group at which goodwill is monitored for internal management purposes in accordance with IAS 36.

Impairment tests are performed by group management annually, or more frequently if impairment indicators are present, by comparing the carrying amount and the recoverable amount of the CGU to which non-current assets are allocated. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. In assessing the recoverable amount, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The assumptions used in the impairment test represent management's best estimate for the period under consideration.

Considering the level of uncertainty in the assumptions used in estimating the recoverable amount we have determined that this area constitutes a significant risk.

The company disclosed the nature and value of the assumptions used in the impairment analyses in note 6. The outcome of the impairment tests resulted in an impairment loss of $34 million, mainly on Thomas Sanderson Blinds, UK, due to the loss of business. As a result Thomas Sanderson Blinds was reorganized and thereafter consolidated with Hillarys UK.

Our audit approach
We designed our audit procedures to be responsive to this risk.

- We obtained an understanding of the impairment assessment processes and evaluated the design of controls in this area relevant to our audit
- We validated that the CGUs identified continue to be appropriate in the current year and tested the allocation of assets and liabilities to each CGU
- Our focus included evaluating and testing key assumptions used in the valuation,

challenging projected future cash flows
- The forecasted cash flows are an important input for the assessment of the recoverability. We have reconciled these forecasts for the CGUs to the group's 2019 approved budgets. Considering the nature of the business the 2019 budget is the most accurate forecast for future cash flows and this is extrapolated to future years
- We also assessed the forecasting quality by comparing forecasts as included in prior years impairment test to the actual results
- We have involved EY valuation experts to support us in these procedures
- Finally, we reviewed the adequacy of the disclosures made by the company in this area

Key observations
Based on our work performed, we agreed with the company's conclusion that goodwill for Thomas Sanderson Blinds (UK) is partially impaired and that the disclosures in the financial statements are adequate.

Financial statements consolidation process

Risk
As part of the consolidation process, the company uses spreadsheets to determine and record eliminations and process numerous manual adjustments and other consolidation entries.

The use of spreadsheets and the numerous manual entries are inherently more prone to errors. We consider this, in combination with the limited number of people involved in the consolidation process, to be a significant risk.

Our audit approach
We designed and performed the following audit procedures to be responsive to this risk:
- We updated our understanding of the consolidation process, performed a walkthrough of the process and the corresponding controls, and evaluated the design of the controls related to the significant risks identified in this area
- We tested the elimination and consolidation adjustments based on procedures performed by group and component audit teams, audit guidance and prior year experiences
- We performed detailed testing procedures on all material manual journal entries recorded, with additional emphasis on entries with a direct impact on the company's results

Key observations
Based on our procedures performed, we concluded that the recorded eliminations, numerous manual entries and other consolidation entries are materially correct.

Report on other information included in the annual report
In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The directors' report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement
We were engaged by the audit committee as auditor of Hunter Douglas N.V. as of the audit for the year 2004 and have operated as statutory auditor ever since that date.

Description of responsibilities for the financial statements

Responsibilities of management and the audit committee for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 13 March 2019

Ernst & Young Accountants LLP

signed by P.W.J. Laan

2. Appropriation of profits

Common shares
Hunter Douglas N.V.'s Articles of Association require the general meeting of common and preferred shareholders to determine the value of the annual common share dividend and the meeting of common shareholders to decide that the dividend will be distributed in cash or, alternatively, shares. The directors recommend a cash dividend of EUR 2.00 per common share.

Preferred shares
Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year. The general meeting of preferred shareholders is to decide whether such dividend is distributed in cash or, alternatively, shares.

3. Shareholders' meetings

The shareholders' meetings will be held on 5 June 2019 at the Dokweg 19, Maduro Plaza, Willemstad, Curaçao, starting at 9.00 a.m. for the common shareholders, 9.30 a.m. for the preferred shareholders and 10.00 a.m. for the common and preferred shareholders.

4. Dividends
Cash dividends will be distributed on all shares. Dividends declared pursuant to the preceding paragraphs will be distributed on 13 June 2019.

5. Audit and Compensation Committees

The members for both committees are:

A. Nühn
A. Ruys
F. Wagener

Five-year summary

Millions, except per share data	Notes	USD 2018	2017*	2016	2015	2014
Net sales		**3,634**	3,226	2,821	2,552	2,695
Earnings before interest, tax, depreciation and amortization (before non-recurring income/expenses)		**466**	391	365	317	282
Income from Operations (before non-recurring income/expenses)		**356**	289	279	237	193
Net Profit from Operations (before non-recurring income/expenses)		**246**	233	221	175	146
Non-recurring income/expenses		**22**	-20	-16	-14	-23
Net Profit from Operations (after non-recurring income/expenses)		**268**	213	205	161	123
Net Result Investment Portfolio		**1**	6	1	-5	2
Total Net Profit		**269**	219	206	156	125
Extraordinary tax gain				65		
Total Net Profit (after extraordinary tax gain)		**269**	219	271	156	125
Operating cash flow		**406**	181	197	210	152
Investments in tangible fixed assets		**122**	130	84	60	73
Depreciation of tangible fixed assets		**91**	82	71	74	82
Net Assets Employed	1	**2,409**	2,443	1,772	1,315	1,453
Shareholders' equity		**1,515**	1,384	1,246	1,065	1,050
Per common share						
- Total Net Result (before extraordinary tax gain)	2	**7.73**	6.28	5.91	4.49	3.59
- Operating cash flow	2	**11.72**	5.22	5.67	6.03	4.37
- Shareholders' equity	3	**43.56**	39.80	35.84	30.60	30.19
- Dividend in EUR (proposed for 2018)		**2.00**	1.85	1.75	1.50	1.35
Average annual exchange rate EUR/USD		**1.18**	1.13	1.10	1.11	1.33
Year-end exchange rate EUR/USD		**1.14**	1.20	1.05	1.09	1.21
Average number of outstanding common shares (thousands)	4	**34,790**	34,790	34,786	34,786	34,786
Year-end number of outstanding common shares (thousands)	4	**34,790**	34,790	34,786	34,786	34,786

1 Refer to note 30
2 Based on average number of shares outstanding during affected year, adjusted for stock dividends and treasury shares, where applicable.
3 Based on number of shares outstanding at year-end, adjusted for stock dividends and treasury shares, where applicable.
4 Adjusted for stock dividends and treasury shares, where applicable.
* Adjusted, refer to note 7

Hunter Douglas Principal Operating Companies

Europe, Middle East and Africa
www.hunterdouglasgroup.com

Belgium
Hunter Douglas Belgium, Lokeren
Luxaflex Belgium, Bruges
Helioscreen, Lokeren

Bulgaria
Hunter Douglas Bulgaria, Sofia

Croatia
Hunter Douglas Croatia, Zagreb

Czechia
Hunter Douglas Czechia, Prague
Hunter Douglas Kadan, Kadan

Denmark
Debel, Randers (80%)
Luxaflex Scandinavia, Aarhus, Hornum
W.H. Produkter, Odense

France
Hunter Douglas, Paris
Luxalon Plafonds France, Bonneuil
Filtersun, La Loupe
Luxaflex France, Tourcoing
Mermet, Veyrins-Thuellin

Germany
Benthin, Bremerhaven
Blöcker, Bremen
Hunter Douglas, Düsseldorf, Bremerhaven, Kassel
Hunter Douglas Architektur-Systeme, Düsseldorf
Gardinia, Isny (74%)
NBK, Emmerich

Ireland
T.M. Blinds, Newcastle

Israel
Holis, Afula

Italy
Architectural Prometal, Vicenza
Hunter Douglas Italia, Milan

Netherlands
Hunter Douglas, Rotterdam
Hunter Douglas Europe, Rotterdam, Leek, Oudenbosch
Buismetaal III, Rotterdam
ABZ Zonwering, 's-Gravenhage
Artex, Aarle-Rixtel
Asco, Roermond
HCI Holland Coating Industries, Hoogeveen
Luxaflex Nederland, Hardinxveld-Giessendam
Luxaflex Outdoor, Eindhoven
3form, Rotterdam
Multisol Raambekleding, Nijmegen
Schellekens en Schellekens, Beuningen
Sunway (Benelux), Nieuwegein

Norway
Hunter Douglas Norge, Gjövik, Oslo
HD Solskjerming, Molde
Luxaflex Scandinavia, Oslo

Poland
Akant, Koszalin (70%)
Hunter Douglas Fabrication, Chludowo
Hunter Douglas Polska, Warsaw
Magnum Metal, Zdunska Wola

Portugal
Luxaflex Portugal, Albergaria-a-Velha, Fajozes
NBK, Figueira da Foz

Romania
Hunter Douglas Romania, Bucharest

Russia
Hunter Douglas, Moscow

Serbia
Hunter Douglas, Belgrade

South Africa
Aluvert, Johannesburg (88.26%)
Luxaflex South Africa, Johannesburg
Hunter Douglas Architectural South Africa, Johannesburg

Spain
Hunter Douglas España, Llagostera, Madrid
Louverdrape, Madrid

Sweden
Hunter Douglas Scandinavia, Alingsås, Hillerstorp
Hunter Douglas Assembly Automation, Stenungsund
Nibrol, Angered
Luxaflex Scandinavia, Helsingborg, Anderstorp, Falköping

Switzerland
Hunter Douglas Management, Lucerne
Hunter Douglas (Schweiz), Root

Turkey
Hunter Douglas, Istanbul

United Arab Emirates
Hunter Douglas Middle East, Dubai

United Kingdom
Apollo Blinds, Glasgow
Blinds2go, Nottingham (60.2%)
Eclipse, Glasgow
Hillarys, Nottingham (98.2%)
Hunter Douglas, Sunninghill,
Luxaflex Stockport, Birmingham
Stevens, Brechin
Sunflex, Cannock
Thomas Sanderson Blinds, Waterlooville
Turnils, Glasgow

North America
www.hunterdouglas.com

Canada
Hunter Douglas Canada, Brampton (ON)
Levolor, Oakville (ON)
Shade-O-Matic, Brampton (ON)
Turnils, Oakville (ON)

U.S.A.
Hunter Douglas North America, Pearl River (NY)
Hunter Douglas Window Fashions Division, Broomfield (CO)
Hunter Douglas Window Designs Division, Bessemer City (NC)
Hunter Douglas Metals and Distribution Centre, Tupelo (MS)
Hunter Douglas Plastics and Casting Centre, Owensboro (KY)
Hunter Douglas Custom Shutter Division, Tempe (AZ)
Hunter Douglas Horizontal Blinds Division, Tempe (AZ)
Hunter Douglas Fabrication: Cumberland (MD), Salt Lake City (UT), West Sacramento (CA)
3form, Salt Lake City (UT)
Architectural Window Shades/Nysan Specialty Shades, El Monte (CA)
Carole Fabrics, Augusta (GA)
Century Blinds, Corona (CA)
Comfortex Window Fashions, Maplewood (NY)
Contract Window Coverings, Poway (CA)
Custom Brands Group, Cerritos (CA)
Eclipse Shutters, Suwanee (GA)
Flexo Solutions, Appleton (WI)
HD Hospitality, Las Vegas (NV)
Kirsch Drapery Hardware, Buford (GA)
Levolor, Atlanta (GA), High Point (NC), Ogden (UT)
LightArt, Seattle (WA)
Mermet, Cowpens (SC)
Nibrol/Julius Koch USA, Lancaster (SC)
Timber Blinds Manufacturing, McKinney (TX)
Turnils, Buford (GA)
Vista Products, Jacksonville (FL)
Hunter Douglas Metals, Homewood (IL)

Hunter Douglas Principal Operating Companies

Latin America
www.hunterdouglas.cl

Argentina
Hunter Douglas Argentina, Buenos Aires

Brazil
Hunter Douglas do Brasil (98.5%), São Paulo, Campinas

Chile
Hunter Douglas Chile (95%), Santiago
Persianas Andina (95%), Santiago

Colombia
Hunter Douglas de Colombia (95%), Bogotá

Mexico
Hunter Douglas de Mexico, Mexico City
ILM, Playas de Rosarito

Panama
Hunter Douglas Panama, Panama City

Peru
Hunter Douglas Peru, Lima

Venezuela
Hunter Douglas Venezuela, Caracas

Asia
www.hunterdouglas.asia

China
Hunter Douglas Architectural Products, Shanghai, Beijing, Suzhou, Xian, Chengdu, Shenzhen,
Hunter Douglas Window Covering Products, Shanghai, Beijing
Turnils/Mermet, Shanghai

Hong Kong
Hunter Douglas China/Hong Kong

India
Hunter Douglas India, Chennai, Mumbai, New Delhi, Bangalore, Silvassa, Kolkata

Indonesia
Hunter Douglas Indonesia, Jakarta, Cikarang

Japan
Hunter Douglas Japan, Tokyo, Ibaraki

Korea
Hunter Douglas Korea, Seoul, Gumi City

Malaysia
Hunter Douglas Malaysia, Kuala Lumpur
Turnils-Mermet Asia, Kuala Lumpur

Singapore
Hunter Douglas Singapore, Singapore

Taiwan
Hunter Douglas Taiwan, Taipei

Thailand
Hunter Douglas Thailand, Bangkok

Vietnam
Hunter Douglas Indochina, Ho Chi Minh City, Hanoi, Danang, Can Tho, Phnom Penh (Cambodia)
Blaze, Hanoi (49%)

Australia
www.hunterdouglas.com.au

Australia
Hunter Douglas Components, Sydney
Hunter Douglas Blindmaker, Sydney, Brisbane
Turnils, Sydney
Blinds Online, Melbourne (60.2%)
Vertilux, Melbourne
Victory Curtains & Blinds, Melbourne (70%)

New Zealand
New Zealand, Window Shades, Auckland

Hunter Douglas N.V.

Directors

R. Sonnenberg
Executive Chairman
Hunter Douglas N.V.

A. Nühn
Former Chairman Sara Lee/DE

A. Ruys
Chairman Heineken N.V. (retired)
(since January 2017)

J.T. Sherwin
Executive Vice President
Hunter Douglas N.V. (retired)

F.N. Wagener
Chairman Bourse Luxembourg

Officers

R. Sonnenberg
Executive Chairman

D.H. Sonnenberg
Co-President & CEO

M.H. Sonnenberg
Co-President & CEO

R.R. Kass
President & CEO
North American Operations

C. King
Vice President General Counsel

A. Kuiper
President & CEO European Operations

G.C. Neoh
President & CEO Asian Operations

T. Politis
Managing Director Hunter Douglas
Australia & New Zealand

L. Reijtenbagh
Vice President, CFO & Secretary

R. Rocha
President & CEO Latin American
Operations

Registered office
Hunter Douglas N.V.
Dokweg 19
Willemstad
Curaçao

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Hunter Douglas N.V.
2, Piekstraat
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