

## PRESS RELEASE

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### HUNTER DOUGLAS RESULTS FIRST HALF YEAR 2019

**Rotterdam, August 7, 2019** – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for the first half year 2019:

- **Sales:** USD 1,723.6 million, 3.8% lower, compared with USD 1,792.6 million in the first half of 2018.

The 3.8% sales decrease reflects a 1.2% volume increase, a 3.5% negative currency impact, a 2.2% increase from acquisitions and a 3.7% decrease from divestments. Volume increased in Europe and Latin America, was level in North America and lower in Asia and Australia.

North America accounted for 47% of sales, Europe 40%, Asia 5%, Latin America 4% and Australia 4%. Window Coverings were 90% and Architectural Products were 10% of sales.

- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 228.4 million, 7.9% higher than USD 211.7 million in the first half of 2018.
- **Income from Operations:** USD 163.3 million, 1.4% higher than USD 161.0 million in the first half of 2018. Results in local currencies were higher in all areas, except in North America where results were lower.
- **Profit before Tax:** USD 160.8 million, 2.7% higher than USD 156.6 million in the first half of 2018.
- **Total Net Profit:** USD 125.1 million (per share EUR 3.17), 2.0% higher than USD 122.7 million in the first half of 2018 (per share EUR 2.93).

**Capital expenditures** were USD 54 million compared with USD 67 million in the first half of 2018, while depreciation was USD 56 million compared with USD 40 million in the first half of 2018. For the full year capital expenditures are expected to be approximately USD 125 million and depreciation USD 110 million.

**Operating cash flow:** USD 134 million compared with USD 68 million in the first half of 2018.

**Shareholder's equity** was USD 1,567 million, compared with USD 1,515 million at the end of 2018, reflecting the first half year results, increased by a positive exchange translation and offset by the payment of the dividend of EUR 2.00, totalling USD 79 million.

**RONAE (Return before interest/net assets employed)** was 14.3% compared with 12.9% in the first half of 2018.

## **IFRS accounting standards effective as from 2019**

The Company adopted IFRS16 – Leases by applying the modified retrospective approach as from 1 January 2019.

### **Q2 2019**

**Q2 Sales:** USD 940.0 million, 3.5% lower than USD 974.2 million in the same period of 2018. The decrease reflects a 0.5% volume increase, a 3.0% negative currency impact, a 2.9% increase from acquisitions and a 3.9% decrease from divestments. Second quarter organic sales were higher in Europe and Latin America, level in North America and lower in Asia and Australia.

### **Q2 Earnings before interest, tax, depreciation and amortization – EBITDA:**

USD 146.8 million, 3.6% higher than USD 141.7 million in Q2 2018.

**Q2 Income from Operations:** USD 117.3 million compared with USD 116.9 million in Q2 2018. Results in local currencies were better in all areas, except in North America where results were lower.

**Q2 Profit before Tax:** USD 117.8 million, 1.6% higher than USD 116.0 million in Q2 2018.

**Q2 Total Net Profit:** USD 90.6 million (per share EUR 2.30), compared with USD 89.6 million in Q2 2018 (per share EUR 2.15).

### **First half year 2019 by Region**

#### **Europe**

European sales were USD 688 million, 5% lower than USD 728 million in the same period last year. This reflects a 4% volume increase, a 6% negative currency impact, a 3% increase from acquisitions and a 6% decrease from divestments.

#### **North America**

North American sales decreased by 3% to USD 811 million. The sales decrease reflects level volume and a 3% decrease from divestments.

#### **Latin America**

Latin American sales were USD 77 million, 5% lower than USD 81 million in the same period last year. The sales decrease reflects a 6% volume increase and a 11% negative currency impact.

#### **Asia**

Asian sales decreased by 11% to USD 86 million. The lower sales reflect a volume decrease of 8% and a 3% negative currency impact.

#### **Australia**

Australian sales were USD 62 million, 24% higher than USD 50 million in the same period last year. The sales increase reflects a 2% volume decrease, a 6% negative currency impact and a 32% increase from acquisitions.

### **Outlook**

Hunter Douglas expects 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.

### **Profile Hunter Douglas**

Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products. The Company has its Head Office in Rotterdam, the Netherlands, and a Management Office in Lucerne, Switzerland. The Group is comprised of 135 companies with 48 manufacturing and 87 assembly operations in more than 100 countries. Hunter Douglas employs about 24,000 people and had sales in 2018 of USD 3.6 billion.

The common shares of Hunter Douglas N.V. are traded on Amsterdam's Euronext and the Frankfurter Börse.

The consolidated first half year report, prepared in accordance with IAS 34, is available on our website [www.hunterdouglasgroup.com](http://www.hunterdouglasgroup.com).

### **For further information:**

Leen Reijtenbagh  
Chief Financial Officer  
Tel. +31 10 486 9582  
E-mail : [l.reijtenbagh@hdnv.nl](mailto:l.reijtenbagh@hdnv.nl)  
Website: [www.hunterdouglasgroup.com](http://www.hunterdouglasgroup.com)

A consolidated Statement of Income for the first half year and Q2 (Annex 1+2), Balance Sheet (Annex 3), Cash Flow Statement (Annex 4) and Sales change attribution percentages by geographic region for the first half year and Q2 (Annex 5) are attached.

Annex 1

CONSOLIDATED STATEMENT OF INCOME

First half year ended June 30

(amounts in USD/mln)

	<u>2019</u>	%	<u>2018</u>	%
<b>Net sales</b>	<b>1,723.6</b>		1,792.6	
Cost of sales	<b>-988.7</b>		-1,058.9	
Gross profit	<b>734.9</b>	<b>42.6</b>	733.7	40.9
Gross profit Metals Trading	<b>11.8</b>		9.8	
<b>Total gross profit</b>	<b>746.7</b>	<b>43.3</b>	743.5	41.5
<b>Expenses:</b>				
-Marketing, A & P and selling	<b>-344.6</b>		-356.2	
-General and administrative	<b>-173.7</b>		-175.6	
Subtotal expenses	<b>-518.3</b>		-531.8	
<b>EBITDA</b>	<b>228.4</b>	<b>13.3</b>	211.7	11.8
Depreciation and amortization	<b>-65.1</b>		-50.7	
<b>Income from operations</b>	<b>163.3</b>	<b>9.5</b>	161.0	9.0
Interest received	<b>0.7</b>		0.3	
Interest paid	<b>-9.3</b>		-9.9	
Other financial income	<b>6.1</b>		4.8	
Net result investment portfolio			0.4	
<b>Income before taxes</b>	<b>160.8</b>		156.6	
Taxes on income	<b>-35.4</b>		-34.1	
<b>Profit before non-controlling interest</b>	<b>125.4</b>		122.5	
Non-controlling interest	<b>-0.3</b>		0.2	
<b>Total net profit</b>	<b>125.1</b>	<b>7.3</b>	122.7	6.8
<b>Net profit per average common share</b>	<b>3.59</b>		3.53	
<b>Net profit per average common share - fully diluted</b>	<b>3.59</b>		3.53	

Annex 2

CONSOLIDATED STATEMENT OF INCOME

Q2 ended June 30

(amounts in USD/mln)

	<u>2019</u>	%	<u>2018</u>	%
<b>Net sales</b>	<b>940.0</b>		974.2	
Cost of sales	<u>-531.5</u>		<u>-572.1</u>	
Gross profit	<b>408.5</b>	<b>43.5</b>	402.1	41.3
Gross profit Metals Trading	<u>5.7</u>		<u>5.7</u>	
<b>Total gross profit</b>	<b>414.2</b>	<b>44.1</b>	407.8	41.9
<b>Expenses:</b>				
-Marketing, A & P and selling	<u>-177.2</u>		<u>-180.8</u>	
-General and administrative	<u>-90.2</u>		<u>-85.3</u>	
Subtotal expenses	<u>-267.4</u>		<u>-266.1</u>	
<b>EBITDA</b>	<b>146.8</b>	<b>15.6</b>	141.7	14.5
Depreciation and amortization	<u>-29.5</u>		<u>-24.8</u>	
<b>Income from operations</b>	<b>117.3</b>	<b>12.5</b>	116.9	12.0
Interest received	<b>0.5</b>		0.1	
Interest paid	<u>-4.3</u>		<u>-5.0</u>	
Other financial income	<b>4.3</b>		3.9	
Net result investment portfolio			0.1	
<b>Income before taxes</b>	<b>117.8</b>		116.0	
Taxes on income	<u>-27.1</u>		<u>-27.7</u>	
<b>Profit before non-controlling interest</b>	<b>90.7</b>		88.3	
Non-controlling interest	<u>-0.1</u>		<u>1.3</u>	
<b>Total net profit</b>	<b>90.6</b>	<b>9.6</b>	<u>89.6</u>	9.2
<b>Net profit per average common share</b>	<b>2.60</b>		2.58	
<b>Net profit per average common share - fully diluted</b>	<b>2.60</b>		2.58	

Annex 3

CONSOLIDATED BALANCE SHEET

As per June 30

(amounts in USD/mln)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	1,130.5	1,083.8
Tangible fixed assets	511.4	539.9
Right-of-use tangible fixed assets	102.1	
Other financial non-current assets	<u>227.0</u>	<u>239.7</u>
<b>Total fixed assets</b>	<b>1,971.0</b>	1,863.4
<b>Current assets</b>		
Inventories	800.8	732.1
Accounts receivable		
-Trade	523.6	568.3
-Other	183.9	213.1
Investment portfolio		13.0
Cash and other short-term deposits	<u>32.7</u>	<u>24.3</u>
<b>Total current assets</b>	<u>1,541.0</u>	<u>1,550.8</u>
	<u><b>3,512.0</b></u>	<u><b>3,414.2</b></u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Capital stock	9.5	9.9
Additional paid-in capital	80.5	82.6
Retained earnings	<u>1,477.4</u>	<u>1,287.3</u>
<b>Total shareholders' equity</b>	<b>1,567.4</b>	1,379.8
Non-controlling interest	<u>9.4</u>	<u>10.0</u>
<b>Total Group equity</b>	<b>1,576.8</b>	1,389.8
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	763.0	730.5
Lease liabilities	69.2	
Preferred shares	9.4	9.7
Provisions	245.8	271.9
Deferred income tax liabilities	<u>24.8</u>	<u>9.3</u>
<b>Total non-current liabilities</b>	<b>1,112.2</b>	1,021.4
<b>Current liabilities</b>		
Trade and other payables	707.7	746.5
Lease liabilities	32.9	
Interest-bearing loans and borrowings	<u>82.4</u>	<u>256.5</u>
<b>Total current liabilities</b>	<u>823.0</u>	<u>1,003.0</u>
	<u><b>3,512.0</b></u>	<u><b>3,414.2</b></u>

Annex 4

CONSOLIDATED CASH FLOW STATEMENT

First half year ended June 30

(amounts in USD/mln)

	<u>2019</u>	<u>2018</u>
<b>Net profit attributable to equity shareholders</b>	<b>125.1</b>	122.7
<b>Adjustments for:</b>		
Depreciation tangible fixed assets	40.4	39.8
Depreciation right-of-use tangible fixed assets	15.4	
Amortization patents & trademarks	9.3	10.9
(Decrease) increase provisions	-1.0	7.0
Other non-cash items	-7.5	-21.9
Unrealized result investment portfolio		-0.4
<b>Operating cash flow before working capital changes</b>	<b>181.7</b>	158.1
<b>Changes in working capital:</b>		
-decrease (increase) trade and other receivables and prepayments	25.3	-21.8
-increase inventories	-17.4	-15.6
-decrease trade and other payables	-55.3	-53.1
<b>Operating cash flow</b>	<b>134.3</b>	67.6
Dividend paid	-78.8	-75.8
<b>Net cash from operations</b>	<b>55.5</b>	-8.2
<b>Cash flow from investing activities</b>		
Investments in subsidiaries, net of cash acquired	-67.6	-30.0
Investments in property, plant and equipment	-53.6	-66.7
Divestments property, plant and equipment	5.7	5.4
Investments in intangible fixed assets	-1.4	-7.9
Decrease investment portfolio	0.5	22.0
Increase other financial non-current assets	-2.3	-7.3
<b>Net cash from investing activities</b>	<b>-118.7</b>	-84.5
<b>Cash flow from financing activities</b>		
Increase interest-bearing loans and borrowings	83.9	85.9
Payment of lease liabilities	-19.0	
<b>Net cash from financing activities</b>	<b>64.9</b>	85.9
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1.7</b>	-6.8
<b>Change in cash and cash equivalents</b>		
<b>Balance at 1 January</b>	<b>31.1</b>	32.0
Net increase (decrease) in cash and cash equivalents	1.7	-6.8
Exchange difference cash and cash equivalents	-0.1	-0.9
<b>Balance at 30 June</b>	<b>32.7</b>	24.3

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area  
 First half year 2019 vs first half year 2018

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	4	-6	3	-6	-5
North America	0	0	0	-3	-3
Latin America	6	-11	0	0	-5
Asia	-8	-3	0	0	-11
Australia	-2	-6	32	0	24
<b>Total</b>	<b>1</b>	<b>-3</b>	<b>2</b>	<b>-4</b>	<b>-4</b>

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area  
 Q2 2019 vs Q2 2018

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	4	-5	5	-7	-3
North America	-1	0	0	-4	-5
Latin America	4	-9	0	0	-5
Asia	-6	-2	0	0	-8
Australia	-13	-4	34	0	17
<b>Total</b>	<b>0</b>	<b>-3</b>	<b>3</b>	<b>-4</b>	<b>-4</b>