

PRESS RELEASE

For publication: August 6, 2020
08.00 hrs

HUNTER DOUGLAS RESULTS FIRST HALF YEAR 2020

Rotterdam, August 6, 2020 – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for the first half year 2020:

- **Sales:** USD 1,490.4 million, 17.8% lower than USD 1,812.8 million in the first half of 2019.

The 17.8% sales decrease reflects a 15.2% volume decrease, a 2.0% negative currency impact, a 1.6% increase from acquisitions and a 2.2% decrease from divestments. Volume decreased in all areas.

North America accounted for 50% of sales, Europe 40%, Asia 3%, Latin America 3% and Australia 4%. Window Coverings were 91% and Architectural Products were 9% of sales.

- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 164.5 million, 28.0% lower than USD 228.5 million in the first half of 2019.
- **Income from Operations (before other income/expense):** USD 88.9 million compared with USD 162.0 million in the first half of 2019. Results in local currencies were lower in all areas, except in Australia where results were better.
- **Other income/expense:** USD 44.5 million negative compared with USD 5.2 million positive in the first half of 2019. Hunter Douglas is restructuring its operations to an expected lower level of sales. The 2020 charges mainly relate to reorganization expenses in North America and Europe while the 2019 credit was for the restatement of divestments.
- **Profit before Tax:** USD 39.3 million compared with USD 161.1 million in the first half of 2019.
- **Total Net Profit:** USD 28.5 million (per share EUR 0.74) compared with USD 125.1 million in the first half of 2019 (per share EUR 3.17).

Capital expenditures were USD 32 million compared with USD 54 million in the first half of 2019, while depreciation was USD 64 million compared with USD 56 million in the first half of 2019. For the full year capital expenditures are expected to be approximately USD 85 million and depreciation USD 130 million.

Operating cash flow: USD 60 million compared with USD 134 million in the first half of 2019.

Shareholder's equity was USD 1,767 million compared with USD 1,798 million at the end of 2019, reflecting the first half year results decreased by a negative exchange translation.

RONAE (Return before interest/net assets employed) was 10.3% compared with 14.3% in the first half of 2019.

Q2 2020

Q2 Sales: USD 688.2 million, 30.4% lower than USD 989.7 million in the same period of 2019. The decrease reflects a 26.8% volume decrease, a 2.2% negative currency impact, a 0.7% increase from acquisitions and a 2.1% decrease from divestments. Second quarter organic sales were lower in all areas, except in Australia where sales were level.

Q2 Earnings before interest, tax, depreciation and amortization – EBITDA: USD 76.4 million, 48.6% lower than USD 148.6 million in Q2 2019.

Q2 Income from Operations (before other income/expense): USD 39.3 million compared with USD 118.4 million in Q2 2019. Results in local currencies were lower in all areas, except in Australia where results were higher.

Q2 Other income/expense: USD 44.5 million negative compared with USD 2.3 million positive in Q2 2019. Hunter Douglas is restructuring its operations to an expected lower level of sales. The 2020 charges mainly relate to reorganization expenses in North America and Europe while the 2019 credit was for the restatement of divestments.

Q2 Profit before Tax: USD 9.1 million negative compared with USD 117.1 million positive in Q2 2019.

Q2 Total Net Profit: USD 10.1 million negative (per share EUR -0.26) compared with USD 89.1 million positive in Q2 2019 (per share EUR 2.26).

First half year 2020 by Region

Europe

European sales were USD 606 million, 15% lower than USD 715 million in the same period last year. This reflects a 11% volume decrease, a 3% negative currency impact, a 4% increase from acquisitions and a 5% decrease from divestments.

North America

North American sales decreased by 18% to USD 742 million. The sales decrease reflects lower volume.

Latin America

Latin American sales were USD 46 million, 37% lower than USD 73 million in the same period last year. The sales decrease reflects a 21% volume decrease and a 16% negative currency impact.

Asia

Asian sales decreased by 33% to USD 42 million. The lower sales reflect a volume decrease of 30% and a 3% negative currency impact.

Australia

Australian sales were USD 54 million, 5% lower than USD 57 million in the same period last year. The sales decrease reflects a 5% volume decrease, a 5% negative currency impact and a 5% increase from acquisitions.

Outlook

Considering the continuing COVID-19 crisis the outlook remains uncertain.

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 134 companies with 47 manufacturing and 87 assembly operations in more than 100 countries. Hunter Douglas employs about 22,000 people and had sales in 2019 of USD 3.7 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.

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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>2020</u>	%	<u>2019</u>	%
Net sales	1,490.4		1,812.8	
Cost of sales	<u>-868.5</u>		<u>-1,022.8</u>	
Total gross profit	621.9	41.7	790.0	43.6
Expenses:				
-Marketing, A & P and selling	-313.8		-381.6	
-General and administrative	<u>-143.6</u>		<u>-179.9</u>	
Subtotal expenses	<u>-457.4</u>		<u>-561.5</u>	
EBITDA	164.5	11.0	228.5	12.6
Depreciation and amortization	<u>-75.6</u>		<u>-66.5</u>	
Income from operations (before other income/expense)	88.9	6.0	162.0	8.9
Other income/expense	<u>-44.5</u>		<u>5.2</u>	
Income from operations (after other income/expense)	44.4	3.0	167.2	9.2
Interest received	0.3		0.7	
Interest paid	-7.1		-8.3	
Other financial income	<u>1.7</u>		<u>1.5</u>	
Income before taxes	39.3		161.1	
Taxes on income	<u>-10.8</u>		<u>-35.7</u>	
Profit before non-controlling interest	28.5		125.4	
Non-controlling interest	<u> </u>		<u>-0.3</u>	
Total net profit	28.5	1.9	125.1	6.9
Net profit per average common share	0.82		3.59	
Net profit per average common share - fully diluted	0.82		3.59	

Annex 2

CONSOLIDATED STATEMENT OF INCOME

Q2 ended June 30

(amounts in USD/mln)

	<u>2020</u>	%	<u>2019</u>	%
Net sales	688.2		989.7	
Cost of sales	<u>-407.3</u>		<u>-550.1</u>	
Total gross profit	280.9	40.8	439.6	44.4
Expenses:				
-Marketing, A & P and selling	<u>-134.7</u>		-197.0	
-General and administrative	<u>-69.8</u>		<u>-94.0</u>	
Subtotal expenses	<u>-204.5</u>		-291.0	
EBITDA	<u>76.4</u>	<u>11.1</u>	148.6	15.0
Depreciation and amortization	<u>-37.1</u>		<u>-30.2</u>	
Income from operations (before other income/expense)	39.3	5.7	118.4	12.0
Other income/expense	<u>-44.5</u>		<u>2.3</u>	
Income from operations (after other income/expense)	-5.2	-0.8	120.7	12.2
Interest received	<u>0.1</u>		0.4	
Interest paid	<u>-4.6</u>		-3.7	
Other financial income	<u>0.6</u>		<u>-0.3</u>	
Income before taxes	-9.1		117.1	
Taxes on income	<u>-1.0</u>		<u>-27.8</u>	
Profit before non-controlling interest	-10.1		89.3	
Non-controlling interest	<u> </u>		<u>-0.2</u>	
Total net profit	<u>-10.1</u>	<u>-1.5</u>	<u>89.1</u>	9.0
Net profit per average common share	-0.29		2.56	
Net profit per average common share - fully diluted	-0.29		2.56	

Annex 3

CONSOLIDATED BALANCE SHEET
 As per June 30
 (amounts in USD/mlin)

	<u>2020</u>	<u>2019</u>	
ASSETS			
Fixed assets			
Intangible fixed assets	1,359.5	1,150.9	
Tangible fixed assets	480.7	517.0	
Right-of-use tangible fixed assets	110.2	109.2	
Other financial non-current assets	<u>204.4</u>	<u>220.6</u>	
Total fixed assets	2,154.8	1,997.7	
Current assets			
Inventories	621.2	807.8	
Accounts receivable			
-Trade	400.5	528.2	
-Other	177.9	188.4	
Investment portfolio			
Cash and other short-term deposits	<u>38.1</u>	<u>38.6</u>	
Total current assets	1,237.7	1,563.0	
	3,392.5	3,560.7	
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital stock	9.4	9.5	
Additional paid-in capital	167.3	80.5	
Retained earnings	<u>1,590.5</u>	<u>1,461.7</u>	
Total shareholders' equity	1,767.2	1,551.7	
Non-controlling interest	<u>0.1</u>	<u>9.4</u>	
Total Group equity	1,767.3	1,561.1	
Non-current liabilities			
Interest-bearing loans and borrowings	490.2	763.0	
Lease liabilities	83.8	74.8	
Preferred shares	9.3	9.4	
Provisions	246.2	251.8	
Deferred income tax liabilities	<u>43.3</u>	<u>24.8</u>	
Total non-current liabilities	872.8	1,123.8	
Current liabilities			
Trade and other payables	693.8	759.0	
Lease liabilities	36.7	34.4	
Interest-bearing loans and borrowings	<u>21.9</u>	<u>82.4</u>	
Total current liabilities	752.4	875.8	
	3,392.5	3,560.7	

Annex 4

CONSOLIDATED CASH FLOW STATEMENT
 First half year ended June 30
 (amounts in USD/mln)

	<u>2020</u>	<u>2019</u>
Net profit from continuing operations	28.5	119.9
Net profit from discontinued operations		5.2
Adjustments for:		
Depreciation tangible fixed assets	42.6	40.4
Depreciation right-of-use tangible fixed assets	21.6	15.4
Amortization patents & trademarks	11.4	9.3
Decrease provisions	-30.8	-1.0
Other non-cash items	-12.0	-7.5
Operating cash flow before working capital changes	61.3	181.7
Changes in working capital:		
-(increase) decrease trade and other receivables and prepayments	-30.9	25.3
-increase inventories	-16.7	-17.4
-increase (decrease) trade and other payables	46.1	-55.3
Operating cash flow	59.8	134.3
Dividend paid		-78.8
Net cash from operations	59.8	55.5
Cash flow from investing activities		
Investments in subsidiaries, net of cash acquired		-61.7
Investments in tangible fixed assets	-31.6	-53.6
Divestments tangible fixed assets	8.3	5.7
Investments in intangible fixed assets	-0.1	-1.4
Decrease investment portfolio		0.5
Increase other financial non-current assets	-4.4	-2.3
Net cash from investing activities	-27.8	-112.8
Cash flow from financing activities		
(Decrease) increase interest-bearing loans and borrowings	-11.1	83.9
Payment of lease liabilities	-20.3	-19.0
Net cash from financing activities	-31.4	64.9
Net increase in cash and cash equivalents	0.6	7.6
Change in cash and cash equivalents		
Balance at 1 January	39.3	31.1
Net increase in cash and cash equivalents	0.6	7.6
Exchange difference cash and cash equivalents	-1.8	-0.1
Balance at 30 June	38.1	38.6

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area
 First half year 2020 vs first half year 2019

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	-11	-3	4	-5	-15
North America	-18	0	0	0	-18
Latin America	-21	-16	0	0	-37
Asia	-30	-3	0	0	-33
Australia	-5	-5	5	0	-5
Total	-15	-2	1	-2	-18

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area
 Q2 2020 vs Q2 2019

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	-16	-3	1	-5	-23
North America	-36	0	0	0	-36
Latin America	-32	-19	0	0	-51
Asia	-31	-3	0	0	-34
Australia	0	-4	4	0	0
Total	-27	-2	0	-2	-31