

## PRESS RELEASE

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### HUNTER DOUGLAS RESULTS 2018

**Rotterdam, March 14, 2019** – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for 2018:

- **Sales:** 12.7% higher to USD 3,633.9 million, compared with USD 3,225.8 million in 2017.

The 12.7% sales increase reflects a 6.1% volume increase, 0.9% positive currency impact and 5.7% increase from acquisitions/divestments. Volume increased in all areas.

North America accounted for 47% of sales, Europe 41%, Latin America 4%, Asia 5% and Australia 3%. Window coverings were 86% and Architectural and Other products were 14% of sales.

- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 465.3 million, 19.4% higher than USD 389.8 million in 2017.
- **Income from Operations (before non-recurring income/expenses):** 23.5% higher to USD 355.7 million, compared with USD 287.9 million in 2017. Results in local currencies were better in all areas, except in Latin America where they were lower.
- **Non-recurring income/expenses:** USD 22.5 million positive, compared with USD 19.8 million negative in 2017. This relates to gains on the divestments of the US Ceilings' business and Nedal, the Netherlands, offset by the impairment of certain goodwill and reorganization expenses in Europe and Australia.
- **Profit before Tax:** USD 370.3 million, compared with USD 259.6 million in 2017.
- **Total Net Profit:** USD 268.9 million (per share EUR 6.55), 23.1% higher than USD 218.5 million in 2017 (per share EUR 5.56).

**Capital expenditures** were USD 122 million, compared with USD 130 million in 2017, while depreciation was USD 91 million, compared with USD 82 million in 2017. In 2019 capital expenditures will be about USD 125 million and depreciation USD 90 million.

**Operating cash flow:** USD 406 million, compared with USD 181 million in 2017.

**Shareholders' equity** was USD 1,515 million, compared with USD 1,384 million at the end of 2017. The 2018 equity was impacted by the payment of the dividend of EUR 1.85 per share, totalling USD 76 million.

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

**RONAE (Return before interest on Net Assets Employed) excluding non-recurring income/expenses:** 14.7% compared with 13.7% in 2017.

**Return on Equity:** 18.5% compared with 16.6% in 2017.

**Employees:** The company had approximately 23,500 employees at the end of 2018.

**Dividend:** The Board of Directors proposes a dividend for 2018 of EUR 2.00 per common share, compared with EUR 1.85 for 2017.

#### **Q4 2018**

**Q4 Sales** were USD 917.7 million, 4.4% higher than USD 879.3 million in the same period of 2017. This reflects a 4.4% volume increase, a 2.2% negative currency impact and 2.2% increase from acquisitions/divestments. Fourth quarter organic sales were higher in all areas.

**Q4 Earnings before interest, tax, depreciation and amortization – EBITDA:** USD 138.4 million, 22.3% higher than USD 113.2 million in Q4 2017.

**Q4 Income from Operations (before non-recurring income/expenses):** USD 104.0 million, 19.7% higher than USD 86.9 million in Q4 2017. Results in local currencies were better in all areas, except in Latin America where they were lower.

**Q4 Non-recurring income/expenses:** USD 32.6 million positive, compared with USD 6.9 million negative last year. This relates to gains on the divestments of the US Ceilings' business and Nedal, the Netherlands, offset by the impairment of certain goodwill and reorganization expenses in Europe and Australia.

**Q4 Profit before Tax:** USD 133.4 million, compared with USD 74.8 million in Q4 2017.

**Q4 Total Net Profit:** USD 87.2 million (per share EUR 2.17), 19.0% higher than USD 73.3 million in Q4 2017 (per share EUR 1.82).

#### **Total year 2018 by Region**

##### **Europe**

European operations had record sales and profits.

European sales were USD 1,486 million, 22% higher than USD 1,214 million last year. This reflects a 4% volume increase, a 3% positive currency impact and a 15% increase from acquisitions.

##### **North America**

North American operations had higher sales and profits.

Sales increased by 7% to USD 1,698 million. The sales increase reflects a 8% increase in volume and a 1% decrease from divestments.

## **Latin America**

Latin American operations had flat sales and lower profits.

Sales were USD 161 million, 1% lower than last year. This reflects a 7% volume increase and a 8% negative currency impact.

## **Asia**

Asian operations had higher sales and profits.

Sales were USD 180 million, 8% higher than USD 167 million last year, due to a 7% increase in volume and a 1% positive currency impact.

## **Australia**

Australian operations had higher sales and profits.

Sales were USD 109 million, 15% higher than USD 95 million last year, due to a 6% increase in volume, a 2% negative currency impact and a 11% 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 133 companies with 47 manufacturing and 86 assembly operations in more than 100 countries.

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

## **For further information:**

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A consolidated Statement of Income for the full year 2018 and Q4 2018 (Annex 1+2), Balance Sheet (Annex 3), Cash Flow Statement (Annex 4) and Sales change attribution percentages by geographic area for the full year 2018 and Q4 2018 (Annex 5) are attached.

Annex 1

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31

(amounts in USD/mln)

	<u>2018</u>	%	<u>2017</u>	%
<b>Net sales</b>	<b>3,633.9</b>		3,225.8	
Cost of sales	<u>-2,113.5</u>		<u>-1,874.3</u>	
Gross profit	<b>1,520.4</b>	<b>41.8</b>	1,351.5	41.9
Gross profit Metals Trading	<u>29.6</u>		<u>19.5</u>	
<b>Total gross profit</b>	<b>1,550.0</b>	<b>42.7</b>	1,371.0	42.5
<b>Expenses:</b>				
-Marketing, A & P and selling	<b>-695.9</b>		-631.1	
-General and administrative	<u>-388.8</u>		<u>-350.1</u>	
Subtotal expenses	<u>-1,084.7</u>		<u>-981.2</u>	
<b>EBITDA</b>	<b>465.3</b>	<b>12.8</b>	389.8	12.1
Depreciation and amortization	<u>-109.6</u>		<u>-101.9</u>	
<b>Income from operations (before non-recurring income/expenses)</b>	<b>355.7</b>	<b>9.8</b>	287.9	8.9
Non-recurring income (expenses)	<u>22.5</u>		<u>-19.8</u>	
<b>Income from operations (after non-recurring income/expenses)</b>	<b>378.2</b>	<b>10.4</b>	268.1	8.3
Interest received	<b>1.3</b>		0.8	
Interest paid	<b>-20.9</b>		-20.0	
Other financial income	<b>11.1</b>		5.1	
Net result investment portfolio	<u>0.6</u>		<u>5.6</u>	
<b>Income before taxes</b>	<b>370.3</b>		259.6	
Taxes on income	<u>-102.0</u>		<u>-37.7</u>	
<b>Profit before non-controlling interest</b>	<b>268.3</b>		221.9	
Non-controlling interest	<u>0.6</u>		<u>-3.4</u>	
<b>Total net profit</b>	<b>268.9</b>	<b>7.4</b>	<u>218.5</u>	6.8
<b>Net profit per average common share</b>	<b>7.73</b>		6.28	
	<b>€ 6.55</b>		€ 5.56	
<b>Net profit per average common share - fully diluted</b>	<b>7.73</b>		6.28	
	<b>€ 6.55</b>		€ 5.56	

Annex 2

CONSOLIDATED STATEMENT OF INCOME

Q4 ended December 31

(amounts in USD/mln)

	<u>2018</u>	%	<u>2017</u>	%
<b>Net sales</b>	<b>917.7</b>		879.3	
Cost of sales	<u>-512.5</u>		<u>-499.5</u>	
Gross profit	<b>405.2</b>	<b>44.2</b>	379.8	43.2
Gross profit Metals Trading	<u>14.1</u>		<u>7.6</u>	
<b>Total gross profit</b>	<b>419.3</b>	<b>45.7</b>	387.4	44.1
<b>Expenses:</b>				
-Marketing, A & P and selling	<u>-165.3</u>		<u>-174.8</u>	
-General and administrative	<u>-115.6</u>		<u>-99.4</u>	
Subtotal expenses	<u>-280.9</u>		<u>-274.2</u>	
<b>EBITDA</b>	<b>138.4</b>	<b>15.1</b>	113.2	12.9
Depreciation and amortization	<u>-34.4</u>		<u>-26.3</u>	
<b>Income from operations (before non-recurring income/expenses)</b>	<b>104.0</b>	<b>11.3</b>	86.9	9.9
Non-recurring income (expenses)	<u>32.6</u>		<u>-6.9</u>	
<b>Income from operations (after non-recurring income/expenses)</b>	<b>136.6</b>	<b>14.9</b>	80.0	9.1
Interest received	<b>0.3</b>		0.2	
Interest paid	<u>-5.3</u>		<u>-7.0</u>	
Other financial income	<b>1.7</b>		2.2	
Net result investment portfolio	<u>0.1</u>		<u>-0.6</u>	
<b>Income before taxes</b>	<b>133.4</b>		74.8	
Taxes on income	<u>-46.5</u>		<u>-3.1</u>	
<b>Profit before non-controlling interest</b>	<b>86.9</b>		71.7	
Non-controlling interest	<u>0.3</u>		<u>1.6</u>	
<b>Total net profit</b>	<b>87.2</b>	<b>9.5</b>	73.3	8.3
<b>Net profit per average common share</b>	<b>2.51</b>		2.11	
	<b>€ 2.17</b>		€ 1.82	
<b>Net profit per average common share - fully diluted</b>	<b>2.51</b>		2.11	
	<b>€ 2.17</b>		€ 1.82	

Annex 3

CONSOLIDATED BALANCE SHEET

As per December 31  
 (amounts in USD/mln)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	1,079.7	1,084.5
Tangible fixed assets	491.6	521.5
Other financial non-current assets	<u>212.4</u>	<u>237.6</u>
<b>Total fixed assets</b>	1,783.7	1,843.6
<b>Current assets</b>		
Inventories	771.4	727.0
Accounts receivable		
-Trade	513.7	504.9
-Other	205.3	255.7
Investment portfolio	0.5	33.5
Cash and other short-term deposits	<u>31.1</u>	<u>32.1</u>
<b>Total current assets</b>	<u>1,522.0</u>	<u>1,553.2</u>
	<u><u>3,305.7</u></u>	<u><u>3,396.8</u></u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Capital stock	9.7	10.2
Additional paid-in capital	80.9	85.0
Retained earnings	<u>1,424.9</u>	<u>1,289.4</u>
<b>Total shareholders' equity</b>	1,515.5	1,384.6
Non-controlling interest	<u>9.0</u>	<u>11.0</u>
<b>Total Group equity</b>	1,524.5	1,395.6
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	530.4	801.1
Preferred shares	9.5	9.9
Provisions	261.8	269.6
Deferred income tax liabilities	<u>9.3</u>	<u>9.4</u>
<b>Total non-current liabilities</b>	811.0	1,090.0
<b>Current liabilities</b>		
Trade and other payables	764.1	755.3
Interest-bearing loans and borrowings	<u>206.1</u>	<u>155.9</u>
<b>Total current liabilities</b>	<u>970.2</u>	<u>911.2</u>
	<u><u>3,305.7</u></u>	<u><u>3,396.8</u></u>

Annex 4

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31

(amounts in USD/mln)

	<u>2018</u>	<u>2017</u>
<b>Net profit attributable to equity shareholders</b>	<b>268.9</b>	218.5
<b>Adjustments for:</b>		
Depreciation property, plant & equipment	<b>90.9</b>	81.5
Amortization patents & trademarks	<b>18.7</b>	20.4
Decrease provisions	<b>-30.5</b>	-1.4
Other non-cash items	<b>49.3</b>	12.7
Unrealized result investment portfolio	<b>-0.6</b>	-7.6
<b>Operating cash flow before working capital changes</b>	<b>396.7</b>	324.1
<b>Changes in working capital:</b>		
-decrease (increase) trade and other receivables and prepayments	<b>60.2</b>	-153.6
-increase inventories	<b>-68.7</b>	-44.8
-increase trade and other payables	<b>17.5</b>	55.9
<b>Operating cash flow</b>	<b>405.7</b>	181.6
Dividend paid	<b>-75.8</b>	-68.1
<b>Net cash from operations</b>	<b>329.9</b>	113.5
<b>Cash flow from investing activities</b>		
Investments in subsidiaries, net of cash acquired	<b>-73.3</b>	-400.3
Investments in property, plant and equipment	<b>-122.0</b>	-129.9
Divestments property, plant and equipment	<b>17.8</b>	14.8
Investments in intangible fixed assets	<b>-2.4</b>	
Decrease investment portfolio	<b>34.6</b>	180.3
Increase other financial non-current assets	<b>-0.3</b>	-5.1
<b>Net cash from investing activities</b>	<b>-145.6</b>	-340.2
<b>Cash flow from financing activities</b>		
(Decrease) increase interest-bearing loans and borrowings	<b>-183.6</b>	214.7
<b>Net cash from financing activities</b>	<b>-183.6</b>	214.7
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>0.7</b>	-12.0
<b>Change in cash and cash equivalents</b>		
<b>Balance at 1 January</b>	<b>32.0</b>	41.4
Net increase (decrease) in cash and cash equivalents	<b>0.7</b>	-12.0
Exchange difference cash and cash equivalents	<b>-1.6</b>	2.6
<b>Balance at 31 December</b>	<b>31.1</b>	32.0

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION  
 Explanation by geographic area  
 2018 vs 2017

Area	Volume	Currency	Acquisitions/ divestments	Total
Europe	4	3	15	22
North America	8	0	-1	7
Latin America	7	-8	0	-1
Asia	7	1	0	8
Australia	6	-2	11	15
<b>Total</b>	<b>6</b>	<b>1</b>	<b>6</b>	<b>13</b>

PERCENTAGE SALES CHANGE ATTRIBUTION  
 Explanation by geographic area  
 Q4 2018 vs Q4 2017

Area	Volume	Currency	Acquisitions/ divestments	Total
Europe	4	-3	6	7
North America	4	0	-1	3
Latin America	6	-12	0	-6
Asia	13	-2	0	11
Australia	4	-4	7	7
<b>Total</b>	<b>4</b>	<b>-2</b>	<b>2</b>	<b>4</b>