

## PRESS RELEASE

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### HUNTER DOUGLAS RESULTS FIRST HALF YEAR 2017

**Rotterdam, August 2, 2017** – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for the first half year 2017:

- **Sales:** USD 1,512.8 million, 15.8% higher, compared with USD 1,306.3 million in the first half of 2016.

The 15.8% sales increase reflects a 3.2% volume increase, a 1.2% negative currency impact and 13.8% increase from acquisitions. Volume increased in all areas except in Latin America and Asia where sales were lower.

North America accounted for 52% of sales, Europe 34%, Latin America 5%, Asia 6% and Australia 3%. Window Coverings were 85% and Architectural and Other Products were 15% of sales.

- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 175.8 million, 14.2% higher than USD 154.0 million in the first half of 2016.
- **Income from Operations:** USD 127.4 million, 11.6% higher than USD 114.2 million in the first half of 2016. Results in local currencies were better in all areas except in Latin America and Asia where results were lower.
- **Profit before Tax (excluding Net Result Investment Portfolio):** USD 122.1 million, 10.2% higher than USD 110.8 million in the first half of 2016.
- **Net Result Investment Portfolio:** USD 5.7 million positive (after deduction of imputed interest and expenses) compared with USD 7.3 million negative in the first half of 2016. The Portfolio's return in U.S. dollars (before imputed interest and expenses) was 6.8% positive. The Portfolio had a fair value at June 30, 2017 of USD 121.5 million and is being wound down.
- **Profit before Tax:** USD 127.8 million, 23.5% higher than USD 103.5 million in the first half of 2016.
- **Total Net Profit:** USD 99.5 million (per share EUR 2.63), 18.9% higher than USD 83.7 million in the first half of 2016 (per share EUR 2.17).

**Capital expenditures** were USD 60 million compared with USD 32 million in the first half of 2016, while depreciation was USD 40 million compared with USD 36 million in the first half of 2016. For the full year capital expenditures are expected to be approximately USD 110 million and depreciation USD 80 million.

### **Acquisitions:**

The previously announced acquisition of Hillarys, a UK retailer of blinds, curtains and carpets with significant expertise in in-home sales, was completed on July 17, 2017. The acquisition is being notified to the UK Competition and Markets Authority.

**Operating cash flow:** USD 19.4 million compared with USD 18.8 million in the first half of 2016.

**Shareholder's equity** was USD 1,274 million, compared with USD 1,244 million at the end of 2016, reflecting the first half year results offset by negative exchange translation and the payment of the dividend of EUR 1.75, totalling USD 68 million.

**RONAE (Return before interest/net assets employed) excluding Metals Trading and Investment Portfolio** was 16.5% compared with 16.6% in the first half of 2016.

### **Q2 2017**

**Q2 Sales:** USD 809.1 million, 13.1% higher than USD 715.2 million in the same period of 2016. The increase reflects a 1.3% volume increase, a 1.0% negative currency impact and a 12.8% increase from acquisitions. Second quarter organic sales were higher in North America and Europe and lower in all other areas.

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

USD 110.0 million, 8.8% higher than USD 101.1 million in Q2 2016.

**Q2 Income from Operations:** USD 87.0 million, 8.3% higher than USD 80.3 million in Q2 2016. Results in local currencies were better in all areas except in Latin America and Asia where they were lower.

**Q2 Net Result Investment Portfolio:** USD 2.2 million positive (after deduction of imputed interest and expenses) compared with USD 0.5 million negative in Q2 2016.

**Q2 Profit before Tax:** USD 86.0 million, 9.0% higher than USD 78.9 million in Q2 2016.

**Q2 Total Net Profit:** USD 64.8 million (per share EUR 1.70), about equal to USD 65.1 million in Q2 2016 (per share EUR 1.69).

### **First half year 2017 by Region**

#### **Europe**

European sales were USD 515 million, 9% higher than USD 474 million in the same period last year. This reflects a 4% volume increase, a 3% negative currency impact and a 8% increase from acquisitions. In EUR, sales increased by 11% to EUR 473 million compared with EUR 427 million in 2016.

#### **North America**

North American sales increased by 27% to USD 789 million. The sales increase reflects a 5% volume increase and a 22% increase from acquisitions.

#### **Latin America**

Latin American sales were USD 75 million, 3% lower than USD 77 million in the same period last year. The sales decrease reflects a 5% volume decrease and a 2% positive currency impact.

## **Asia**

Asian sales decreased by 7% to USD 89 million. The lower sales reflect a volume decrease of 5% and a 2% negative currency impact.

## **Australia**

Australian sales were USD 45 million, 13% higher than USD 40 million in the same period last year. The sales increase reflects a 3% volume increase and a 10% increase from acquisitions.

## **Outlook**

We expect continued growth in Europe, the US and Asia and continued difficult conditions in Latin America.

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

## **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 131 companies with 50 manufacturing and 81 assembly operations in more than 100 countries. Hunter Douglas employs about 22,500 people and had sales in 2016 of USD 2.821 billion.

The common shares of Hunter Douglas N.V. are traded on Amsterdam's Euronext and Deutsche 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).

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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/ln)

|  | <u>2017</u>    | %           | <u>2016</u>   | %    |
|--|----------------|-------------|---------------|------|
| <b>Net sales</b>   | <b>1,512.8</b> |             | 1,306.3       |      |
| Cost of sales  | <u>-889.0</u>  |             | <u>-751.1</u> |      |
| Gross profit   | <b>623.8</b>   | <b>41.2</b> | 555.2         | 42.5 |
| Gross profit Metals Trading                                | <u>7.9</u>     |             | <u>6.3</u>    |      |
| <b>Total gross profit</b>                                  | <b>631.7</b>   | <b>41.8</b> | 561.5         | 43.0 |
| <b>Expenses:</b>   |                |             |               |      |
| -Marketing, A & P and selling                              | <u>-294.6</u>  |             | <u>-256.0</u> |      |
| -General and administrative                                | <u>-161.3</u>  |             | <u>-151.5</u> |      |
| Subtotal expenses  | <u>-455.9</u>  |             | <u>-407.5</u> |      |
| <b>EBITDA</b>  | <b>175.8</b>   | <b>11.6</b> | 154.0         | 11.8 |
| Depreciation and amortization                              | <u>-48.4</u>   |             | <u>-39.8</u>  |      |
| <b>Income from operations</b>                              | <b>127.4</b>   | <b>8.4</b>  | 114.2         | 8.7  |
| Interest received  | <b>0.4</b>     |             | 0.4           |      |
| Interest paid  | <u>-7.5</u>    |             | <u>-3.9</u>   |      |
| Other financial income                                     | <b>1.8</b>     |             | 0.1           |      |
| Net result investment portfolio                            | <b>5.7</b>     |             | -7.3          |      |
| <b>Income before taxes</b>                                 | <b>127.8</b>   |             | 103.5         |      |
| Taxes on income  | <u>-23.8</u>   |             | <u>-19.3</u>  |      |
| <b>Profit before minority interest</b>                     | <b>104.0</b>   |             | 84.2          |      |
| Minority interest  | <u>-4.5</u>    |             | <u>-0.5</u>   |      |
| <b>Total net profit</b>                                    | <b>99.5</b>    | <b>6.6</b>  | 83.7          | 6.4  |
| <b>Net profit per average common share</b>                 | <b>2.86</b>    |             | 2.41          |      |
| <b>Net profit per average common share - fully diluted</b> | <b>2.86</b>    |             | 2.41          |      |

Annex 2

CONSOLIDATED STATEMENT OF INCOME

Q2 ended June 30

(amounts in USD/mln)

|  | <u>2017</u>   | %           | <u>2016</u>   | %    |
|--|---------------|-------------|---------------|------|
| <b>Net sales</b>   | <b>809.1</b>  |             | 715.2         |      |
| Cost of sales  | <u>-468.3</u> |             | <u>-401.7</u> |      |
| Gross profit   | <b>340.8</b>  | <b>42.1</b> | 313.5         | 43.8 |
| Gross profit Metals Trading                                | <u>4.1</u>    |             | <u>3.3</u>    |      |
| <b>Total gross profit</b>                                  | <b>344.9</b>  | <b>42.6</b> | 316.8         | 44.3 |
| <b>Expenses:</b>   |               |             |               |      |
| -Marketing, A & P and selling                              | <u>-148.7</u> |             | <u>-133.6</u> |      |
| -General and administrative                                | <u>-86.2</u>  |             | <u>-82.1</u>  |      |
| Subtotal expenses  | <u>-234.9</u> |             | <u>-215.7</u> |      |
| <b>EBITDA</b>  | <b>110.0</b>  | <b>13.6</b> | 101.1         | 14.1 |
| Depreciation and amortization                              | <u>-23.0</u>  |             | <u>-20.8</u>  |      |
| <b>Income from operations</b>                              | <b>87.0</b>   | <b>10.8</b> | 80.3          | 11.2 |
| Interest received  | <u>0.2</u>    |             | <u>0.2</u>    |      |
| Interest paid  | <u>-4.0</u>   |             | <u>-1.1</u>   |      |
| Other financial income                                     | <u>0.6</u>    |             | <u></u>       |      |
| Net result investment portfolio                            | <u>2.2</u>    |             | <u>-0.5</u>   |      |
| <b>Income before taxes</b>                                 | <b>86.0</b>   |             | 78.9          |      |
| Taxes on income  | <u>-16.7</u>  |             | <u>-13.4</u>  |      |
| <b>Profit before minority interest</b>                     | <b>69.3</b>   |             | 65.5          |      |
| Minority interest  | <u>-4.5</u>   |             | <u>-0.4</u>   |      |
| <b>Total net profit</b>                                    | <b>64.8</b>   | <b>8.0</b>  | 65.1          | 9.1  |
| <b>Net profit per average common share</b>                 | <b>1.86</b>   |             | 1.88          |      |
| <b>Net profit per average common share - fully diluted</b> | <b>1.86</b>   |             | 1.88          |      |

Annex 3

CONSOLIDATED BALANCE SHEET

As per June 30

(amounts in USD/mln)

|   | <u>2017</u>           | <u>2016</u>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>                               |                       |                       |
| <b>Fixed assets</b>                         |                       |                       |
| Intangible fixed assets                     | 593.4                 | 594.5                 |
| Tangible fixed assets                       | 490.7                 | 445.3                 |
| Other financial non-current assets          | <u>247.3</u>          | <u>170.4</u>          |
| <b>Total fixed assets</b>                   | <b>1,331.4</b>        | 1,210.2               |
| <b>Current assets</b>                       |                       |                       |
| Inventories                                 | 671.7                 | 669.7                 |
| Accounts receivable                         |                       |                       |
| -Trade                                      | 503.0                 | 401.5                 |
| -Other                                      | 176.3                 | 130.6                 |
| Investment portfolio                        | 121.5                 | 196.1                 |
| Cash and other short-term deposits          | <u>38.0</u>           | <u>41.8</u>           |
| <b>Total current assets</b>                 | <b><u>1,510.5</u></b> | <b><u>1,439.7</u></b> |
|   | <b><u>2,841.9</u></b> | <b><u>2,649.9</u></b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> |                       |                       |
| <b>Shareholders' equity</b>                 |                       |                       |
| Capital stock                               | 9.7                   | 9.5                   |
| Additional paid-in capital                  | 80.6                  | 78.6                  |
| Retained earnings                           | <u>1,183.6</u>        | <u>996.7</u>          |
| <b>Total shareholders' equity</b>           | <b>1,273.9</b>        | 1,084.8               |
| Minority interest                           | <u>23.1</u>           | <u>18.0</u>           |
| <b>Total Group equity</b>                   | <b>1,297.0</b>        | 1,102.8               |
| <b>Non-current liabilities</b>              |                       |                       |
| Interest-bearing loans and borrowings       | 636.1                 | 735.4                 |
| Preferred shares                            | 9.4                   | 9.2                   |
| Provisions                                  | 156.8                 | 140.0                 |
| Deferred income tax liabilities             | <u>1.5</u>            | <u>0.6</u>            |
| <b>Total non-current liabilities</b>        | <b>803.8</b>          | 885.2                 |
| <b>Current liabilities</b>                  |                       |                       |
| Trade and other payables                    | 638.2                 | 596.9                 |
| Interest-bearing loans and borrowings       | <u>102.9</u>          | <u>65.0</u>           |
| <b>Total current liabilities</b>            | <b><u>741.1</u></b>   | <b><u>661.9</u></b>   |
|   | <b><u>2,841.9</u></b> | <b><u>2,649.9</u></b> |

Annex 4

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

|   | <u>2017</u>  | <u>2016</u> |
|---|--------------|-------------|
| <b>Net profit attributable to equity shareholders</b>       | <b>99.5</b>  | 83.7        |
| <b>Adjustments for:</b>                                     |              |             |
| Depreciation property, plant & equipment                    | 39.7         | 36.3        |
| Amortization patents & trademarks                           | 8.7          | 3.5         |
| (Decrease) increase provisions                              | -2.1         | 4.8         |
| Other non-cash items  | -1.6         | 4.2         |
| Unrealized result investment portfolio                      | -5.7         | 5.3         |
| <b>Operating cash flow before working capital changes</b>   | <b>138.5</b> | 137.8       |
| <b>Changes in working capital:</b>                          |              |             |
| -increase trade and other receivables and prepayments       | -105.1       | -52.1       |
| -increase inventories                                       | -23.9        | -38.9       |
| -increase (decrease) trade and other payables               | 9.9          | -28.0       |
| <b>Operating cash flow</b>                                  | <b>19.4</b>  | 18.8        |
| Dividend paid   | -68.1        | -58.6       |
| <b>Net cash from operations</b>                             | <b>-48.7</b> | -39.8       |
| <b>Cash flow from investing activities</b>                  |              |             |
| Investments subsidiaries, net of cash acquired              |              | -301.6      |
| Investment property, plant and equipment                    | -60.2        | -32.3       |
| Divestment property, plant and equipment                    | 2.2          | 7.9         |
| Decrease investment portfolio                               | 90.5         |             |
| (Increase) decrease other financial non-current assets      | -12.6        | 0.4         |
| <b>Net cash from investing activities</b>                   | <b>19.9</b>  | -325.6      |
| <b>Cash flow from financing activities</b>                  |              |             |
| Increase interest-bearing loans and borrowings              | 24.0         | 377.1       |
| <b>Net cash from financing activities</b>                   | <b>24.0</b>  | 377.1       |
| <b>Net (decrease) increase in cash and cash equivalents</b> | <b>-4.8</b>  | 11.7        |
| <b>Change in cash and cash equivalents</b>                  |              |             |
| <b>Balance at 1 January</b>                                 | <b>41.4</b>  | 30.9        |
| Net (decrease) increase in cash and cash equivalents        | -4.8         | 11.7        |
| Exchange difference cash and cash equivalents               | 1.4          | -0.8        |
| <b>Balance at 30 June</b>                                   | <b>38.0</b>  | 41.8        |

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area  
First half year 2017 vs first half year 2016

| Area          | Volume   | Currency  | Acquisitions | Total     |
|---------------|----------|-----------|--------------|-----------|
| Europe        | 4        | -3        | 8            | 9         |
| North America | 5        | 0         | 22           | 27        |
| Latin America | -5       | 2         | 0            | -3        |
| Asia          | -5       | -2        | 0            | -7        |
| Australia     | 3        | 0         | 10           | 13        |
| <b>Total</b>  | <b>3</b> | <b>-1</b> | <b>14</b>    | <b>16</b> |

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area  
Q2 2017 vs Q2 2016

| Area          | Volume   | Currency  | Acquisitions | Total     |
|---------------|----------|-----------|--------------|-----------|
| Europe        | 1        | -1        | 6            | 6         |
| North America | 5        | 0         | 22           | 27        |
| Latin America | -11      | 2         | 0            | -9        |
| Asia          | -9       | -2        | 0            | -11       |
| Australia     | -6       | 0         | 12           | 6         |
| <b>Total</b>  | <b>1</b> | <b>-1</b> | <b>13</b>    | <b>13</b> |