

PRESS RELEASE

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HUNTER DOUGLAS NINE MONTHS 2019 RESULTS

Rotterdam, November 6, 2019 – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for the first nine months 2019:

- **Sales:** USD 2,614.5 million, 3.7% lower, compared with USD 2,716.2 million in the first nine months of 2018.

The 3.7% sales decrease reflects a 0.4% volume increase, 3.1% negative currency impact, a 2.5% increase from acquisitions and a 3.5% decrease from divestments. Volume increased in Europe, Latin America and Australia and was lower in North America and Asia.

North America accounted for 47% of sales, Europe 40%, Asia 5%, Latin America 4% and Australia 4%. Window Coverings were 90% and Architectural Products 10% of sales.
- **Earnings before interest, tax, depreciation and amortization – EBITDA:** USD 335.6 million, 2.7% higher than USD 326.9 million in the first nine months of 2018.
- **Income from Operations (before non-recurring expenses):** USD 238.9 million, 5.1% lower than USD 251.7 million in the first nine months of 2018. Results in local currencies were higher in all areas, except in North America and Asia where results were lower.
- **Non-recurring expenses:** none, compared with USD 10.1 million in the first nine months of 2018.
- **Profit before Tax:** USD 232.7 million, 1.8% lower than USD 236.9 million in the first nine months of 2018.
- **Total Net Profit:** USD 183.4 million (per share EUR 4.69), compared with USD 181.7 million in the first nine months of 2018 (per share EUR 4.38).

Capital expenditures were USD 82 million compared with USD 88 million in the first nine months of 2018, while depreciation was USD 83 million compared with USD 59 million in the same period last year. The increased depreciation is due to the application of lease accounting. For the full year capital expenditures are expected to be approximately USD 120 million and depreciation USD 110 million.

Operating cash flow: USD 381 million compared with USD 296 million in the first nine months of 2018.

Shareholder's equity was USD 1,594 million compared with USD 1,515 million at the end of 2018, reflecting the first nine months results, offset by a negative exchange translation and the payment of the dividend of EUR 2.00, totalling USD 79 million.

RONAE (Return before interest/net assets employed) was 14.4% compared with 14.2% in the first nine months 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.

Q3 2019

Q3 Sales: USD 890.9 million, 3.5% lower than USD 923.6 million in the same period of 2018. The decrease reflects a 1.1% volume decrease, a 2.6% negative currency impact, a 3.0% increase from acquisitions and a 2.8% decrease from divestments. Third quarter organic sales were higher in Europe, Latin America and Australia and lower in North America and Asia.

Q3 Earnings before interest, tax, depreciation and amortization – EBITDA: USD 119.0 million, 3.3% higher than USD 115.2 million in Q3 2018.

Q3 Income from Operations (before non-recurring expenses): USD 87.4 million, 3.6% lower than USD 90.7 million in Q3 2018. Results in local currencies were better in all areas, except in North America and Asia where results were lower.

Non-recurring expenses: none, compared with USD 10.1 million in Q3 2018.

Q3 Profit before Tax: USD 83.7 million, 4.2% higher than USD 80.3 million in Q3 2018.

Q3 Total Net Profit: USD 70.1 million (per share EUR 1.81), 18.8% higher than USD 59.0 million in Q3 2018 (per share EUR 1.45).

First nine months 2019 by Region

Europe

European sales were USD 1,051 million, 3% lower than USD 1,089 million in the same period last year. This reflects a 4% volume increase, a 6% negative currency impact, a 5% increase from acquisitions and a 6% decrease from divestments.

North America

North American sales decreased by 4% to USD 1,239 million. The sales decrease reflects a 2% volume decrease and 2% decrease from divestments.

Latin America

Latin American sales were USD 114 million, 3% lower than USD 117 million in the same period last year. The sales decrease reflects a 8% volume increase and a 11% negative currency impact.

Asia

Asian sales decreased by 14% to USD 118 million. The lower sales reflect a volume decrease of 11% and a 3% negative currency impact.

Australia

Australian sales were USD 93 million, 18% higher than USD 79 million in the same period last year. The sales increase reflects a 4% volume increase, a 8% negative currency impact and a 22% 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 134 companies with 47 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 Frankfurter Börse.

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A consolidated Statement of Income for the first nine months and Q3 (Annex 1+2), Balance Sheet (Annex 3), Cash Flow Statement (Annex 4) and Sales change attribution percentages by geographic region for the first nine months and Q3 (Annex 5) are attached.

Annex 1

CONSOLIDATED STATEMENT OF INCOME

Nine months ended September 30

(amounts in USD/mln)

	<u>2019</u>	%	<u>2018</u>	%
Net sales	2,614.5		2,716.2	
Cost of sales	<u>-1,510.1</u>		<u>-1,601.0</u>	
Gross profit	1,104.4	42.2	1,115.2	41.1
Gross profit Metals Trading			15.5	
Total gross profit	1,104.4	42.2	1,130.7	41.6
Expenses:				
-Marketing, A & P and selling	<u>-518.7</u>		<u>-530.6</u>	
-General and administrative	<u>-250.1</u>		<u>-273.2</u>	
Subtotal expenses	-768.8		-803.8	
EBITDA	335.6	12.8	326.9	12.0
Depreciation and amortization	<u>-96.7</u>		<u>-75.2</u>	
Income from operations (before non-recurring expenses)	238.9	9.1	251.7	9.3
Non-recurring expenses			-10.1	
Income from operations (after non-recurring expenses)	238.9		241.6	
Interest received	0.7		1.0	
Interest paid	<u>-16.1</u>		<u>-15.6</u>	
Other financial income	9.2		9.4	
Net result investment portfolio			0.5	
Income before taxes	232.7		236.9	
Taxes on income	<u>-48.8</u>		<u>-55.5</u>	
Profit before non-controlling interest	183.9		181.4	
Non-controlling interest	<u>-0.5</u>		<u>0.3</u>	
Total net profit	183.4	7.0	181.7	6.7
Net profit per average common share	5.27		5.22	
Net profit per average common share - fully diluted	5.27		5.22	

Annex 2

CONSOLIDATED STATEMENT OF INCOME

Q3 ended September 30

(amounts in USD/mln)

	<u>2019</u>	%	<u>2018</u>	%
Net sales	890.9		923.6	
Cost of sales	<u>-521.4</u>		<u>-542.1</u>	
Gross profit	369.5	41.5	381.5	41.3
Gross profit Metals Trading			<u>5.7</u>	
Total gross profit	369.5	41.5	387.2	41.9
Expenses:				
-Marketing, A & P and selling	<u>-174.1</u>		<u>-174.4</u>	
-General and administrative	<u>-76.4</u>		<u>-97.6</u>	
Subtotal expenses	-250.5		-272.0	
EBITDA	119.0	13.4	115.2	12.5
Depreciation and amortization	<u>-31.6</u>		<u>-24.5</u>	
Income from operations (before non-recurring expenses)	87.4	9.8	90.7	9.8
Non-recurring expenses			<u>-10.1</u>	
Income from operations (after non-recurring expenses)	87.4		80.6	
Interest received			0.7	
Interest paid	<u>-6.8</u>		<u>-5.7</u>	
Other financial income	<u>3.1</u>		<u>4.6</u>	
Net result investment portfolio			0.1	
Income before taxes	83.7		80.3	
Taxes on income	<u>-13.4</u>		<u>-21.4</u>	
Profit before non-controlling interest	70.3		58.9	
Non-controlling interest	<u>-0.2</u>		<u>0.1</u>	
Total net profit	70.1	7.9	59.0	6.4
Net profit per average common share	2.01		1.70	
Net profit per average common share - fully diluted	2.01		1.70	

Annex 3

CONSOLIDATED BALANCE SHEET

As per September 30

(amounts in USD/mln)

	<u>2019</u>	<u>2018</u>
ASSETS		
Fixed assets		
Intangible fixed assets	1,099.5	1,113.3
Tangible fixed assets	507.9	531.2
Right-of-use tangible fixed assets	97.4	
Other financial non-current assets	<u>215.1</u>	<u>240.7</u>
Total fixed assets	1,919.9	1,885.2
Current assets		
Inventories	630.3	738.5
Accounts receivable		
-Trade	441.2	556.3
-Other	177.7	169.0
Investment portfolio		
Cash and other short-term deposits	<u>38.8</u>	<u>34.8</u>
Total current assets	<u>1,288.0</u>	<u>1,498.6</u>
	<u>3,207.9</u>	<u>3,383.8</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Capital stock	9.1	9.9
Additional paid-in capital	77.1	82.2
Retained earnings	<u>1,508.2</u>	<u>1,341.0</u>
Total shareholders' equity	1,594.4	1,433.1
Non-controlling interest	<u>9.0</u>	<u>9.2</u>
Total Group equity	1,603.4	1,442.3
Non-current liabilities		
Interest-bearing loans and borrowings	528.7	568.6
Lease liabilities	67.5	
Preferred shares	9.0	9.6
Provisions	219.1	260.5
Deferred income tax liabilities	<u>24.7</u>	<u>9.3</u>
Total non-current liabilities	849.0	848.0
Current liabilities		
Trade and other payables	656.6	820.7
Lease liabilities	30.0	
Interest-bearing loans and borrowings	<u>68.9</u>	<u>272.8</u>
Total current liabilities	<u>755.5</u>	<u>1,093.5</u>
	<u>3,207.9</u>	<u>3,383.8</u>

Annex 4

CONSOLIDATED CASH FLOW STATEMENT

Nine months ended September 30

(amounts in USD/mln)

	<u>2019</u>	<u>2018</u>
Net profit attributable to equity shareholders	183.4	181.7
Adjustments for:		
Depreciation tangible fixed assets	60.3	58.9
Depreciation right-of-use tangible fixed assets	22.5	
Amortization patents & trademarks	13.9	16.3
Decrease provisions	-23.0	-8.1
Other non-cash items	-4.1	-23.5
Unrealized result investment portfolio		-0.5
Operating cash flow before working capital changes	253.0	224.8
Changes in working capital:		
-decrease trade and other receivables and prepayments	86.4	32.0
-decrease (increase) inventories	132.2	-15.6
-(decrease) increase trade and other payables	-90.5	54.8
Operating cash flow	381.1	296.0
Dividend paid	-78.8	-75.8
Net cash from operations	302.3	220.2
Cash flow from investing activities		
Investments in subsidiaries, net of cash acquired	-66.3	-72.0
Investments in tangible fixed assets	-82.5	-88.2
Divestments tangible fixed assets	6.4	20.6
Investments in intangible fixed assets	-2.5	-8.2
Decrease investment portfolio	0.5	34.5
Decrease (increase) other financial non-current assets	13.7	-5.4
Net cash from investing activities	-130.7	-118.7
Cash flow from financing activities		
Decrease interest-bearing loans and borrowings	-135.0	-97.5
Payment of lease liabilities	-27.7	
Net cash from financing activities	-162.7	-97.5
Net increase in cash and cash equivalents	8.9	4.0
Change in cash and cash equivalents		
Balance at 1 January	31.1	32.0
Net increase in cash and cash equivalents	8.9	4.0
Exchange difference cash and cash equivalents	-1.2	-1.2
Balance at 30 September	38.8	34.8

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area

First nine months 2019 vs first nine months 2018

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	4	-6	5	-6	-3
North America	-2	0	0	-2	-4
Latin America	8	-11	0	0	-3
Asia	-11	-3	0	0	-14
Australia	4	-8	22	0	18
Total	0	-3	3	-4	-4

PERCENTAGE SALES CHANGE ATTRIBUTION

Explanation by geographic area

Q3 2019 vs Q3 2018

Area	Volume	Currency	Acquisitions	Divestments	Total
Europe	4	-4	7	-6	1
North America	-5	0	0	-1	-6
Latin America	11	-8	0	0	3
Asia	-20	-2	0	0	-22
Australia	14	-10	3	0	7
Total	-1	-2	3	-3	-3