

BRAAS MONIER
BUILDING GROUP

Interim Management Statement
Q1 2016

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Matthew Russell (CFO)

3 May 2016

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- ▶ Highlights and key figures
- ▶ Operating results by reporting segments
- ▶ Consolidated financial report
- ▶ Outlook 2016

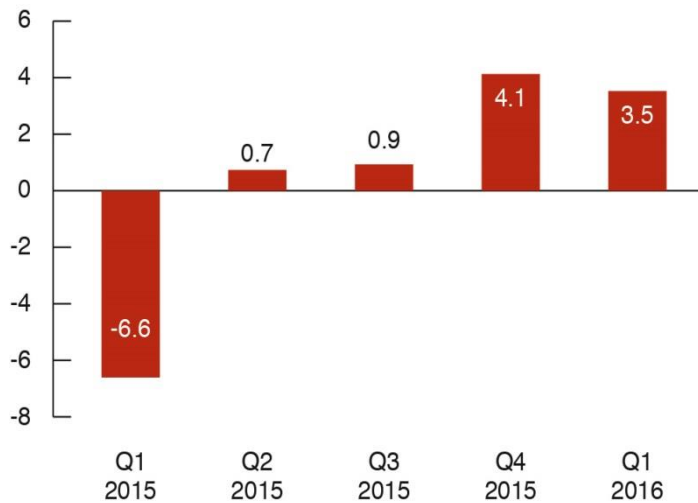
Stable revenue development with positive momentum in Europe



Braas Monier with growing volumes in Europe, but declines in Asia and negative currency effects

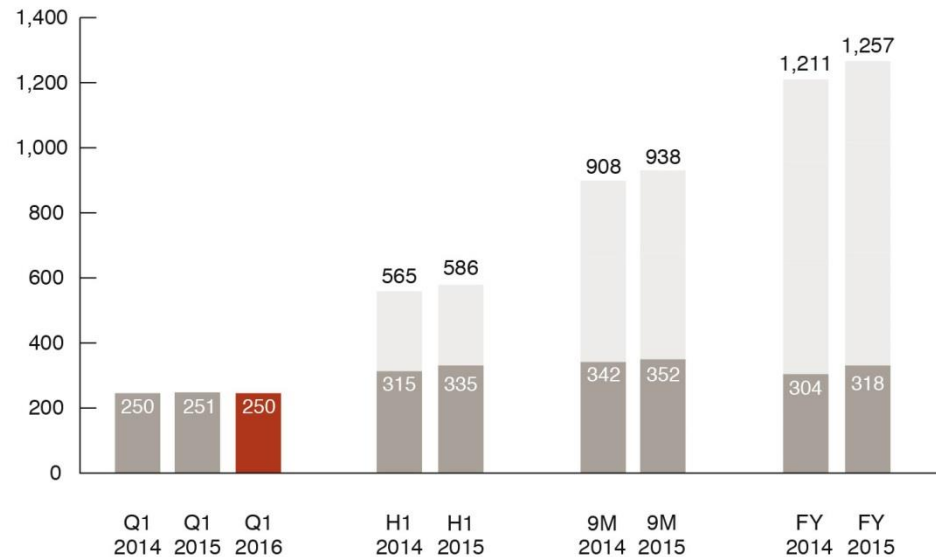
BRAAS MONIER'S EUROPEAN TILE VOLUMES (LIKE-FOR-LIKE)

(year-on-year change, in %)



■ Quarterly development

REVENUES (EUR MILLION)



■ Revenues per quarter
 ■ Cumulative revenues

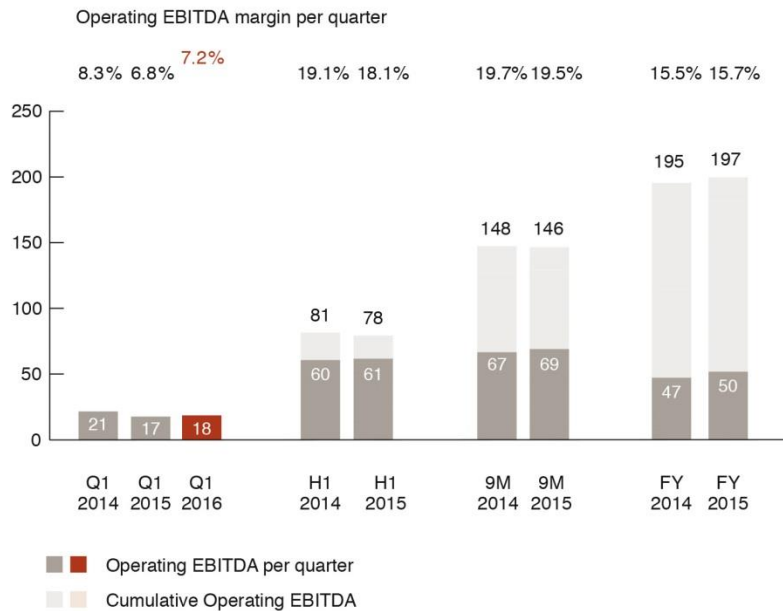
Operating EBITDA growth based on high operating leverage and cost improvements



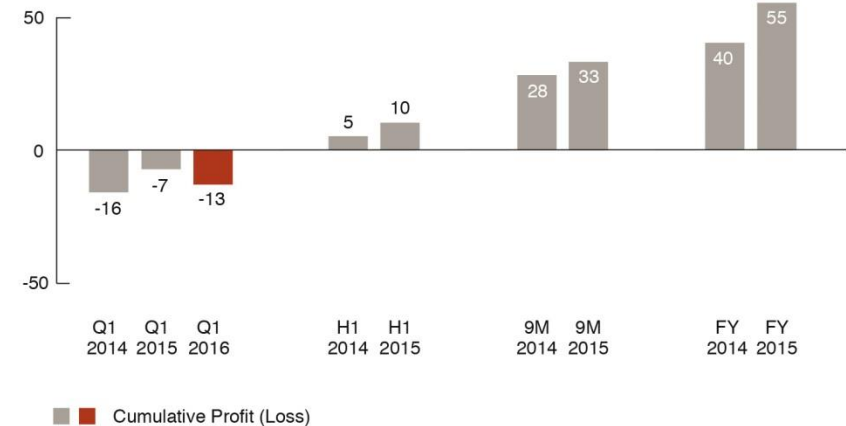
Operating EBITDA up 5% (lfl +7%),
margin increased by 40 bps

Net income down due to swing
in non-operating result

OPERATING EBITDA
(EUR MILLION)



PROFIT (LOSS) FOR THE PERIOD
(EUR MILLION)



Aerlox

LIGHT · STRONG · FAST



- ▶ Successful launch at building fair in Denmark in March 2016
- ▶ Depending on experience and feedback gathered in Denmark, further market entries considered in 2016 and 2017



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Western Europe

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	77.7	76.5	1.6%	4.2%
Operating EBITDA	11.1	10.6	4.4%	7.4%
<i>in % of revenues</i>	<i>14.3%</i>	<i>13.9%</i>		
EBIT	5.5	5.0	9.8%	
	Q1 2016	Q1 2015	Change	
Volumes sold tiles (in million m ²)	5.2	5.0	5.2%	
Employees as of period ended	1,334	1,318	1.2%	

- ▶ Ongoing volume growth in the **UK**, so far uneffected by Brexit discussion
- ▶ **French volumes** continuing the positive quarter-by-quarter trend of 2015, resulting in volume growth in Q1/16
- ▶ ASP affected by challenging competitive environment in some regions of France
- ▶ **Operating EBITDA margin** lifted to 14.3% due to higher volumes and cost improvements



Central, Northern & Eastern Europe

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	77.3	75.5	2.4%	3.7%
Operating EBITDA	3.9	3.7	3.5%	2.4%
<i>in % of revenues</i>	<i>5.0%</i>	<i>4.9%</i>		
EBIT	-0.7	-1.0	29.7%	
	Q1 2016	Q1 2015	Change	
Volumes sold tiles (in million m ²)	4.6	4.4	5.0%	
Employees as of period ended	1,513	1,509	0.3%	

- ▶ **Volume increase** driven by strongly growing Polish market, triggering additional volume growth in Germany on top of the positive German domestic development
- ▶ **Price levels** below previous year due to mix effects
- ▶ **Revenue growth** of 2.4% despite negative FX effects (Russia/Scandinavia) based on like-for-like growth of 3.7%
- ▶ **Operating EBITDA** up 3.5% (like-for-like 2.4%) with operating leverage dampened by cost inflation above ASP



Southern Europe

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	36.8	35.1	4.9%	0.0%
Operating EBITDA	0.1	0.4	-87.3%	-69.1%
<i>in % of revenues</i>	<i>0.1%</i>	<i>1.2%</i>		
EBIT	-5.5	-6.4	14.1%	
	Q1 2016	Q1 2015	Change	
Volumes sold tiles (in million m ²)	3.8	3.7	5.0%	-0.9%
Employees as of period ended	1,288	1,246	3.4%	

- ▶ **Revenue increase** of 4.9% due to the first time inclusion of **Ceprano** in Italy
- ▶ **Like-for-like revenues** in Q1 2016 flat (0.0%), burdened by ongoing volume declines in **Italy**
- ▶ **Operating EBITDA** declined by EUR 0.3 m, Ceprano with no material Operating EBITDA effect in Q1 2016



Asia & Africa

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	24.4	32.4	-24.7%	-18.3%
Operating EBITDA	2.9	4.0	-28.7%	-23.4%
<i>in % of revenues</i>	<i>11.8%</i>	<i>12.4%</i>		
EBIT	-0.6	1.3	n.a.	
	Q1 2016	Q1 2015	Change	
Volumes sold tiles (in million m ²)	5.4	6.3	-14.7%	-16.9%
Employees as of period ended	1,932	1,944	-0.6%	

- ▶ **Revenues declined** by 24.7% (like-for-like -18.3%) due to strong volume reductions in **China** and **Malaysia**
- ▶ High comparable basis in Malaysia due to pull-forward effects ahead of VAT introduction in April 2015
- ▶ **Negative currency effects** of EUR 4.1 m more than off-setting contribution of Golden Clay Industries
- ▶ **Operating EBITDA** decline of 28.7% was limited by additional fixed cost savings, in particular in China

ASIA & AFRICA



Chimneys & Energy Systems

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	33.9	33.4	1.5%	3.9%
Operating EBITDA	0.7	-0.5	n.a.	n.a.
<i>in % of revenues</i>	2.1%	-1.5%		
EBIT	-1.8	-2.9	39.0%	
	Q1 2016	Q1 2015	Change	
Chimneys sold (in million m)	0.4	0.4	0.9%	
Employees as of period ended	1,182	1,159	2.0%	

- ▶ **Volume increase** of 0.9% with generally **positive pricing**
- ▶ **Revenue increase** of 1.5% in Q1 2016, continuing positive trend of Q4 2015
- ▶ **Operating EBITDA turned positive** to EUR 0.7 m, driven by higher volumes and lower raw material prices

CHIMNEYS & ENERGY SYSTEMS



Central Products & Services

(EUR million)	Q1 2016	Q1 2015	Change	Change like-for-like
Revenues	27.8	24.4	14.1%	6.4%
Operating EBITDA	-0.6	-1.2	50.9%	9.1%
<i>in % of revenues</i>	-2.1%	-4.9%		
EBIT	-5.1	3.2	n.a.	
	Q1 2016	Q1 2015	Change	
Volumes sold tiles (in million m ²)	n/a	n/a	n/a	
Employees as of period ended	459	410	12.0%	

- ▶ **Revenues** in this segment only include part of the components business – **majority of components sales** were accounted for in the other reporting segments
- ▶ **J.A. Plastindustri** included as of 1 January 2016
- ▶ **Components KPI** (Europe, excl. Klöber and J.A. Plastindustri) stable at EUR 2.80 per m² (like-for-like)



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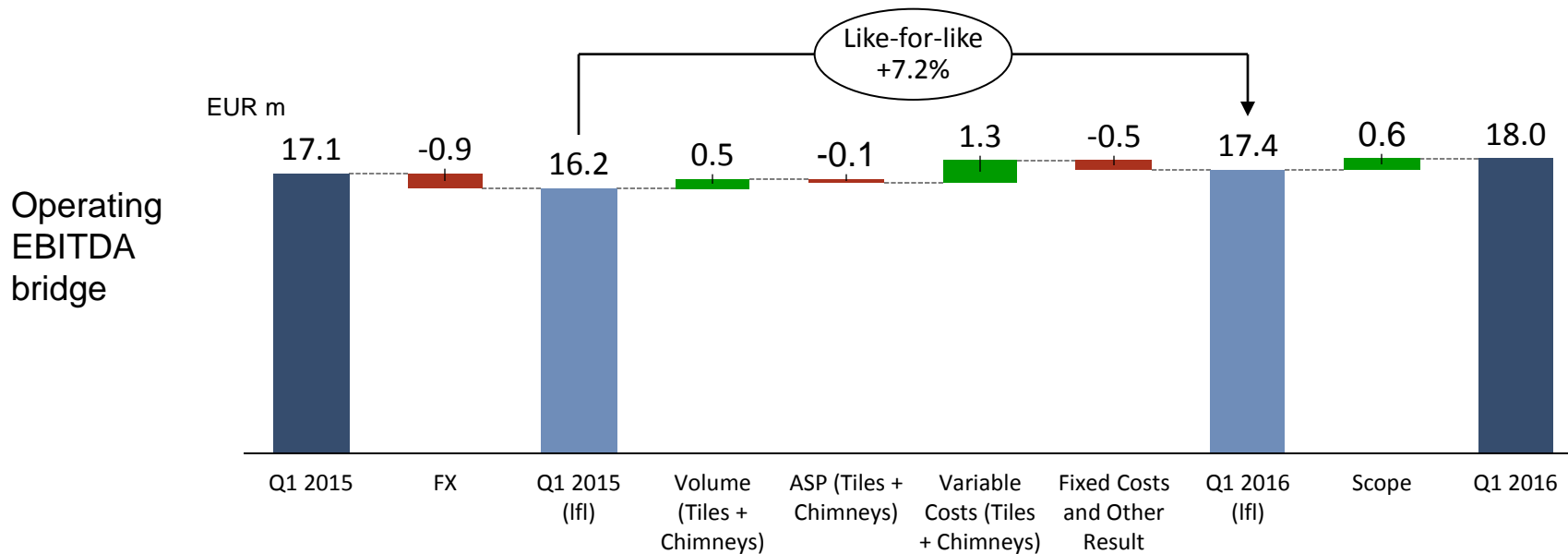
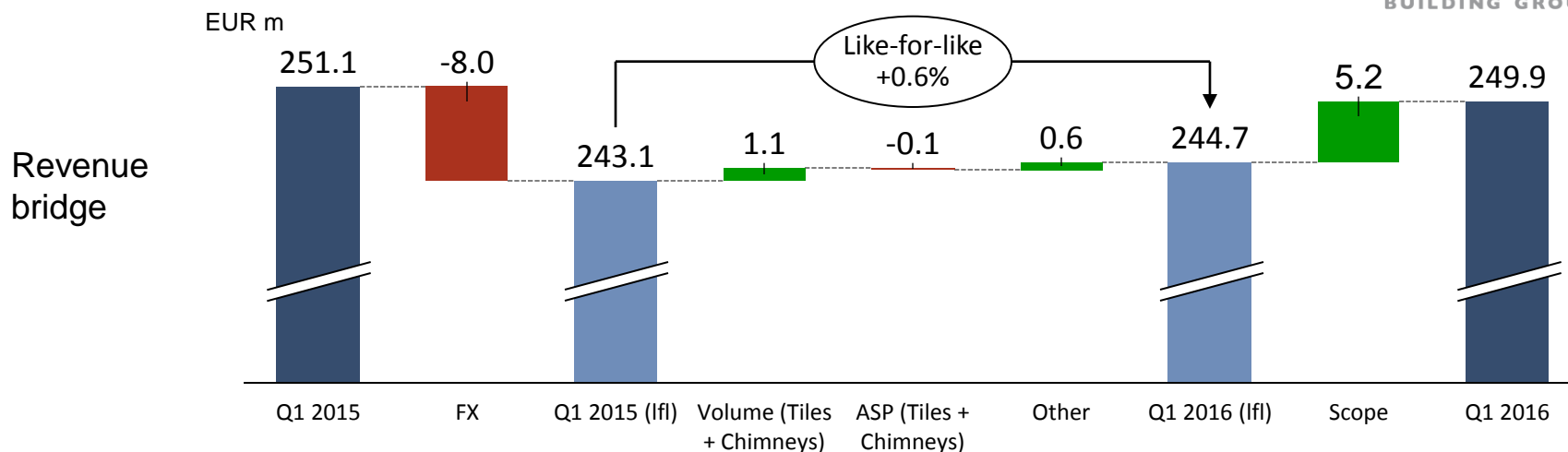
P&L

Summary consolidated income statement

(EUR million)

	Q1 2016	Q1 2015
Revenues	249.9	251.1
Operating EBITDA	18.0	17.1
in % of revenue	7.2%	6.8%
Depreciation and amortisation	22.3	22.4
Result from associates	0.6	0.1
Operating income	-3.6	-5.1
Non-operating result	-4.2	4.3
Earnings before interest and taxes (EBIT)	-7.8	-0.8
Finance result	-10.8	-10.0
Earnings before taxes (EBT)	-18.6	-10.8
Income taxes	6.0	3.5
Profit (loss) for the period	-12.6	-7.3
Minorities	-0.1	-0.1
Group share of profit	-12.5	-7.3
Basic earnings per share (in €)	-0.32	-0.19
Diluted earnings per share (in €)	-0.32	-0.19

Revenue and Operating EBITDA development Q1 2016



Balance sheet

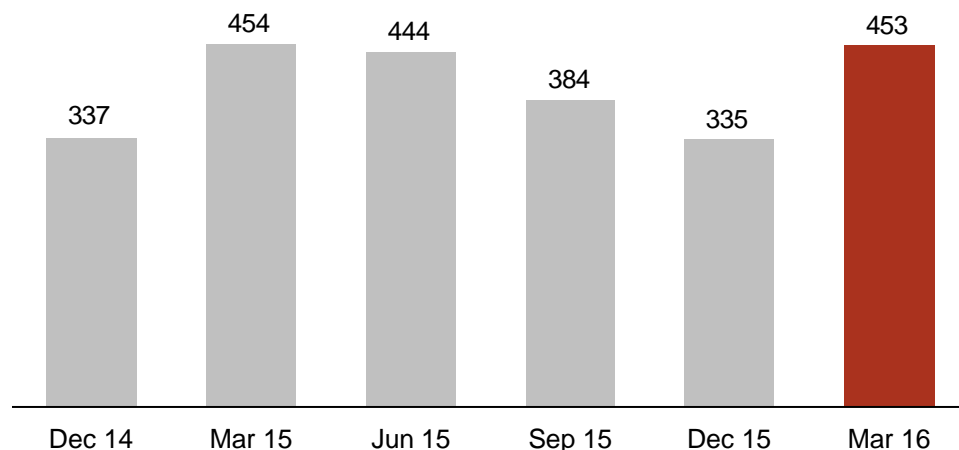
Summary Group balance sheet

(EUR million)

	31 Mar 2016	31 Dec 2015
Assets		
Intangible assets	299.5	285.3
Property, plant and equipment	632.1	639.7
Financial assets	19.5	19.6
Fixed assets	951.0	944.7
Deferred tax assets	51.5	33.0
Receivables	143.7	129.9
Inventories	248.6	222.1
Cash and cash equivalents	81.2	183.4
Assets held for sale	2.2	4.4
Total assets	1,478.2	1,517.5
Equity and liabilities		
Total equity attributable to the shareholders	110.5	145.6
Non-controlling interests	1.4	1.5
Equity	111.9	147.0
Debt	534.8	518.7
Provisions	525.4	504.1
Deferred tax liabilities	17.1	15.2
Operating liabilities	289.0	332.5
Total liabilities	1,478.2	1,517.5

Financial leverage reflects seasonal pattern

Net Debt (in EUR m)

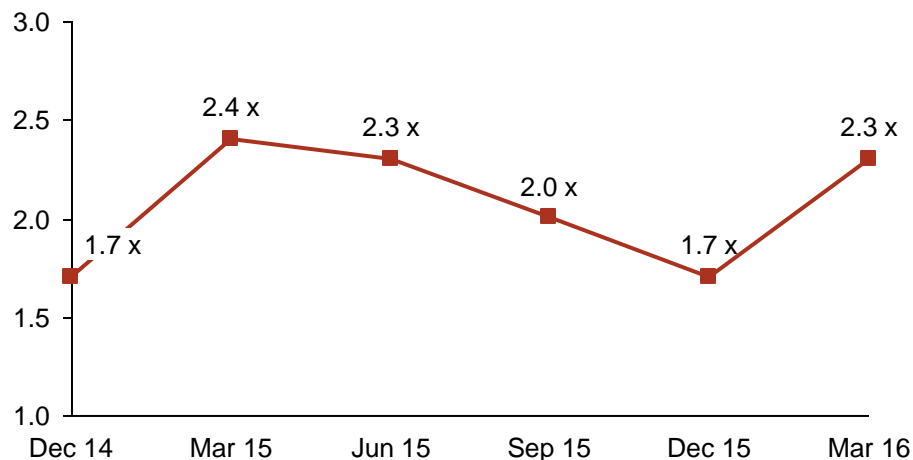


- ▶ Increase in Net Debt due to seasonal working capital increase
- ▶ Financial leverage of 2.3x slightly below previous year's level (2.4x) despite growth investments

Gross Debt:

- ▶ EUR 200 million Term Loan B
- ▶ EUR 315 Million Senior Secured Floating Rate Notes

Financial Leverage: Net Debt / EBITDA (LTM)



Ratings:

- ▶ Moody's: B1 (stable)
- ▶ S&P: BB- (stable)
- ▶ Received upgrade from S&P may enhance our possibility to refinance

Cash flow

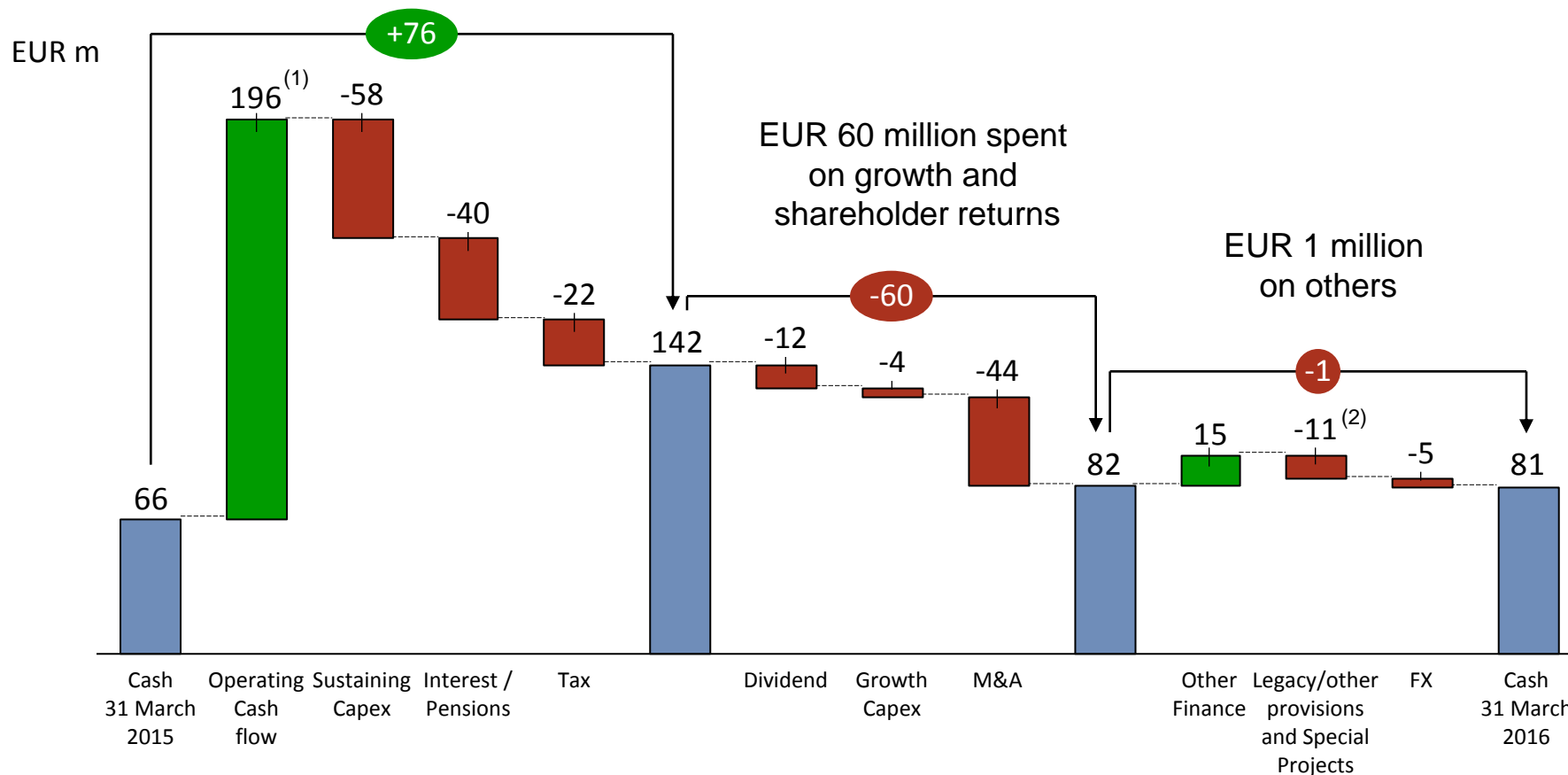
Summary consolidated cash flow statement

(EUR million)

	Q1 2016	Q1 2015
Cash flow before change in provisions and working capital	1.9	7.7
Change in provisions	-3.2	-5.8
Change in working capital	-83.1	-80.9
Net cash used in operating activities	-84.4	-78.9
Total investments	-33.3	-41.4
Proceeds from fixed assets disposals	2.5	1.8
Net cash used in investing activities	-30.8	-39.7
Free cash flow	-115.3	-118.6
Net change in bond and loans	14.7	0.8
Proceeds from capital increases	0.0	0.0
Dividends paid	0.0	0.0
Net cash from financing activities	14.7	0.8
Net change in cash and cash equivalents	-100.6	-117.8
Effect of exchange rate fluctuations on cash and cash equivalents	-1.6	3.1
Change in cash and cash equivalents	-102.2	-114.7

Strong operational LTM Cash Flow

EUR 76 million generated from operating business



(1) Including EUR 10 m additional factoring agreements in UK, Spain and Portugal

(2) Including EUR 10 m legal settlement

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Outlook 2016

- ▶ Like-for-like revenues expected to grow by 2-3%
 - ▶ Driven by growth in European tile volumes
 - ▶ ASP to increase slightly to cover increasing input costs
- ▶ On top, first-time inclusion in full of acquisitions in Malaysia, Denmark and Italy expected to provide another 2-3% of revenue growth and approx. 4% in Operating EBITDA growth
- ▶ Sustaining Capex of approx. EUR 65 million
- ▶ Approx. EUR 5 million to be invested in growth projects in FY 2016
- ▶ Expected legacy and non-recurring cash-outs in 2016 of approx. EUR 10 million
- ▶ ‚Aerlox‘ and WrapTec provide additional revenue and earnings potential from 2016 and 2017 on

Financial calendar and contact information

03 May 2016	Three-Month Results for 2016
11 May 2016	Annual General Meeting, Luxembourg
03 August 2016	Half-Year and Second Quarter Results for 2016
02 November 2016	Nine-Month and Third Quarter Results for 2016

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