PRESS RELEASE

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Balta Q3 2017 Trading Results
Strategy on track, Q3 top line growth offset by raw material price inflation & FX

Financial Highlights:

- YTD consolidated revenue of €491.9m +17.6% and adjusted EBITDA of €65.5m +6.8%
- Q3 consolidated revenue of €158.0m, +23.2% and adjusted EBITDA of €18.9m, -2.4%
    - Q3 organic revenue growth of +3.5%, FX of -1.6% and inclusion of M&A +21.3%
    - Q3 organic revenue growth for Rugs +8.7%, Commercial +1.2% and Residential -0.1%
    - Adjusted EBITDA impacted by previously communicated FX, raw material price inflation and sales constrained by start-up issues in commercial tiles plant in Belgium
- Strong action taken to mitigate headwinds, benefiting results from Q4 onwards
- Leverage of 2.9x compared to 2.6x at Q2 due to seasonal working capital peak

Business Strategy Update

- Continued investment in the attractive growth areas of Rugs and Commercial
- Balta announces the intention to optimise the Residential operational footprint and restore margins, that would lead to currently expected run rate EBITDA benefit of €8.3m in FY19, total cash benefits of €9.9m with exceptional cash cost of €12.4m. Under Belgium law these plans are subject to employee consultation
- Commercial tile production in Belgium now fully automated and operational
- Positive reaction to Modulyss carpet tiles introduced in our US acquired business, Bentley, with first specified orders now received
- During Q3 €33.9m portion of the 7.75% Senior Secured Notes redeemed and replaced by new Senior Term Loan maturing September 2020 at a margin of 1.4%, reducing annualized interest expenses by €2.1 million. Balta intends to refinance the balance in September 2018 which will lead to a further material lowering of its financing costs

Outlook

Continued revenue growth in Rugs and a re-acceleration of growth in Commercial partially offset by a greater impact from raw materials price inflation and FX, leaves full year earnings at the lower end of our guidance range

Tom Debusschere, CEO of Balta said, “During Q3 we made good progress executing on our strategy, building stronger key customer relationships, Bentley receiving its first orders for Modulyss tiles, improving product mix in broadloom with the introduction of new ranges and we now have a fully automated production process for tile carpets in our Belgian plant.

At our strong first half results we highlighted the headwinds we would face in the second half of the year from higher raw material prices and currency impacts. These have been greater than we expected and the further actions taken will benefit our results from Q4 onwards. However the European residential business is expected to remain challenging for longer and therefore we have today announced our intention to restore margins by optimising the operational footprint.

Executing on our long term strategy remains our priority. We are well positioned to capture the significant growth opportunities in our markets as we continue to provide both quality and design at affordable prices. We are confident that our strategy will deliver attractive shareholder returns through achieving our medium term guidance.”

Q3 2017 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise stated)	Q3 2017	Q3 2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	51.2	48.4	5.7%	8.7%	(2.9)%	0.0%
Residential	54.2	54.8	(1.1)%	(0.1)%	(1.0)%	0.0%
Commercial	46.5	19.1	143.4%	1.2%	(0.7)%	142.9%
Non-woven	6.0	5.9	2.1%	2.1%	0.0%	0.0%
Consolidated Revenue	**158.0**	**128.3**	**23.2%**	**3.5%**	**(1.6)%**	**21.3%**
Pro Forma Adjustment Bentley	-	29.8				
Pro Forma Revenue	**158.0**	**158.1**	**(0.1)%**	**2.2%**	**(2.2)%**	
Rugs	6.9	8.8	(21.5)%	(18.8)%	(2.8)%	0.0%
Residential	4.5	6.8	(33.8)%	(24.7)%	(9.2)%	0.0%
Commercial	7.0	3.0	132.9%	(15.5)%	(4.9)%	153.3%
Non-woven	0.5	0.8	(33.8)%	(33.8)%	0.0%	0.0%
Consolidated Adjusted EBITDA	**18.9**	**19.4**	**(2.4)%**	**(20.9)%**	**(5.2)%**	**23.8%**
Pro Forma Adjustment Bentley	-	5.1				
Pro Forma Adjusted EBITDA	**18.9**	**24.5**	**(22.8)%**	**(17.7)%**	**(5.2)%**	
Rugs	13.5%	18.2%				
Residential	8.3%	12.4%				
Commercial	15.1%	15.7%				
Non-woven	8.7%	13.4%				
Consolidated Adjusted EBITDA Margin	**12.0%**	**15.1%**				

Note: Revenue and Adjusted EBITDA Bentley in Q3 2016 is not included in consolidated figures but is included in the pro forma figures.

Rugs

Q3, which is seasonally the lowest sales quarter, generated consolidated revenues of €51.2m, up 8.7% organically. Strong growth against a challenging prior year comparative, with growth spread across all three regions of Europe, North America and Rest of the World. Q3 performance followed an exceptionally strong first half performance which had a higher margin product mix of sales.

Consolidated adjusted EBITDA declined by €1.9m to €6.9m with margins at 13.5% (YTD margin 17.0%). The margin reduction reflects the time delay between price and raw material increases plus one off costs associated to the reorganization of the warehousing infrastructure in the US.

The re-organization of our distribution network in the US will support our future growth ambitions and provide the infrastructure to support our customers more effectively in their growing e-commerce sales channel.

Commercial

Consolidated revenue in the Commercial segment increased by 143.4% to €46.5m, driven by both the acquisition of Bentley at the end of Q1 2017 (contributing to consolidated revenue as from April 1st 2017) and the 1.2% organic growth of the European commercial business.

As disclosed at our H1 results, we temporarily faced some start-up issues in our Belgium factory, restricting our ability to fully supply tiles during Q3 and therefore whilst broadloom grew this was partially offset by tiles. We are now fully operational on supply of carpet tiles.

Bentley continues to gain share in the US even with some orders moving out of the quarter. We now have a fully operational and integrated sales force on the selected Modulyss products, where the early lead indicators are encouraging for driving accelerated growth into 2018.

Consolidated adjusted EBITDA increased by 132.9% to €7.0 million although the organic business reduced EBITDA by €0.5m as a result of the supply issues in tiles where we have been focused on building stock and getting service levels back to normal.

Residential

Q3 consolidated revenue of €54.2m is a slight organic decline of 0.1% with negative FX of 1.0%, resulted in a consolidated decline of 1.1%. The performance reflected a challenging residential market environment in continental Europe and a stable volume market in the UK.

In the continental European residential segment, Q3 was impacted by raw material inflation, especially with the substantial increase in polyamide costs. Given the material cost increase, it was not possible to fully offset the cost through price in the short term. The remaining portion will be mitigated by the full implementation of price increases, product innovation and new collections launched at the higher material prices, as well as additional lean initiatives.

Furthermore in the UK whilst we increased prices to offset our cost inflation, it led to a negative margin mix as some customers down traded to cheaper carpets to maintain existing consumer price points.

This has led to an organic EBITDA reduction of 24.7% and combined with a negative FX impact of 9.2% resulted in a consolidated adjusted EBITDA of €4.5m.

Our strategy to grow sales of higher margin new broadloom products led to sales increasing by a third compared to last year, currently representing about 20% of sales of the segment for the quarter.

We have today announced a plan, which is subject to employee consultation under Belgium law, to restore margins with an intention to optimise the operational footprint, enabling a greater focus on the strategy of growing higher margin products. Our intention is to absorb the Residential carpet production from the Oudenaarde plant into our two other Residential plants in Belgium. The enabled space at the Oudenaarde plant would then be used as warehousing for Non-woven, bringing it under the same roof as its production allowing us to close the rented warehouse at Sint-Niklaas.

The optimised footprint would have the benefit of materially reducing transport and handling costs through intercompany movements, as we would then have a much simpler and efficient organisation of our manufacturing activities, from supply of raw materials to production to finished goods storage. The plan would deliver currently expected run rate EBITDA of €8.3m in FY19, total cash benefits of €9.9m with exceptional cash cost of €12.4m.

Earnings call

The Q3 2017 results will be presented by the CEO and CFO to the investment community on 7 November 2017 at 10.00 am CET. Dial-in details and the results presentation will be available on www.baltagroup.com.

For further information, please contact

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About Balta

Balta is a leading manufacturer of textile floor coverings, selling to over 135 countries worldwide. The Balta divisions are Balta Rugs (woven area rugs), Balta Residential Carpets & Tiles (under the brands Balta and ITC), Balta Commercial Carpets & Tiles (under the brands modulyss, Arc Edition and Bentley), and Balta Non-Woven (under the brand Captiqs). With the addition of Bentley, Balta employs over 3,600 FTEs in 9 manufacturing sites and in distribution centres in Belgium, Turkey and the United States.

Important notice

Certain financial data included in this press release are "non-IFRS financial measures." These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Balta believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this presentation.

This press release may include projections and other "forward-looking" statements. Any such projections or statements reflect the current views of the issuer about further events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from these projections.

The financial information included in this press release includes figures that have not been subject to an audit or review by any independent auditor in accordance with any generally accepted auditing standards. This press release also includes certain unaudited pro forma consolidated financial information. The unaudited pro forma adjustments are based upon available information and certain assumptions that Balta management believes to be reasonable.

Appendix 1: Q3 YTD 2017 Revenue and Adjusted EBITDA per segment

(€ million, unless otherwise stated)	YtD 2017	YtD 2016	% change	o/w organic growth	o/w FX	o/w M&A
Rugs	177.6	160.7	10.5%	11.6%	(1.1)%	0.0%
Residential	175.5	178.4	(1.6)%	0.0%	(1.6)%	0.0%
Commercial	119.0	59.6	99.7%	5.6%	(0.9)%	95.0%
Non-woven	19.7	19.7	0.1%	0.1%	0.0%	0.0%
Consolidated Revenue	**491.9**	**418.4**	**17.6%**	**5.3%**	**(1.2)%**	**13.5%**
Pro Forma Adjustment Bentley	27.7	81.1				
Pro Forma Revenue	**519.6**	**499.5**	**4.0%**	**5.0%**	**(1.0)%**	
Rugs	30.2	28.2	7.1%	7.9%	(0.8)%	0.0%
Residential	15.9	21.7	(26.8)%	(9.7)%	(17.1)%	0.0%
Commercial	17.4	9.0	93.0%	2.5%	(6.7)%	97.2%
Non-woven	2.0	2.4	(14.6)%	(14.6)%	0.0%	0.0%
Consolidated Adjusted EBITDA	**65.5**	**61.3**	**6.8%**	**(0.0)%**	**(7.4)%**	**14.3%**
Pro Forma Adjustment Bentley	2.9	10.9				
Pro Forma Adjusted EBITDA	**68.4**	**72.2**	**(5.3)%**	**1.1%**	**(6.4)%**	
Rugs	17.0%	17.5%				
Residential	9.1%	12.2%				
Commercial	14.6%	15.1%				
Non-woven	10.3%	12.1%				
Consolidated Adjusted EBITDA Margin	**13.3%**	**14.6%**				

Note: Revenue and Adjusted EBITDA Bentley in Q1 2017 and Q3YTD 2016 are not included in consolidated figures but are included in the pro forma figures.