

Announcement annual results 2017

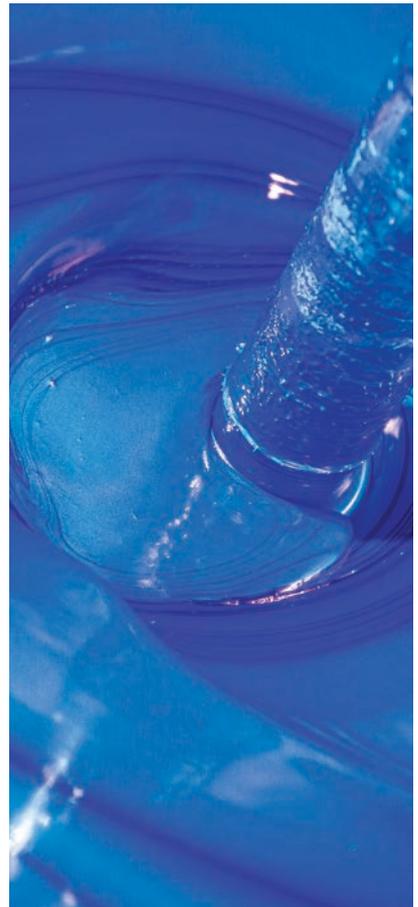


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Annexes

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Ardooie, 28 February 2018

Sioen Industries NV is a diversified stock quoted Group with an extensive portfolio of products and activities: extrusion of man-made fibers, manufacturer of woven and non-woven fabrics and scrims, coater of technical textiles, manufacturer of technical protective garments for professional use and producer of color dispersions.

Net sales
473.1 million €

(+30.2%)

EBT
33.6 million €

(-11.7%)

Net cash flow
44.9 million €

(+11.1%)

Proposed dividend
0.56 € per share

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1. Summary of consolidated income statement

IN THOUSANDS OF EUROS

	2017	2016	Var (%)
Net sales	473 122	363 367	+30.2%
Gross margin	49.14%	52.25%	
Operating result (EBIT)	41 496	44 697	-7.2%
Financial result	-7 909	-6 648	
Profit (loss) before taxes	33 587	38 049	-11.7%
Income tax	-11 556	-12 054	
Profit (loss) after taxes	22 031	25 996	-15.3%
Share in the results of associates	- 168	- 37	
Group profit (loss)	21 863	25 958	-15.8%
Group profit (loss) attributable to shareholders of Sioen Industries	21 863	25 958	-15.8%
Group profit (loss) attributable to non-controlling interest	0	0	
EBITDA	64 393	59 149	+8.9%
Net cash flow	44 928	40 448	+11.1%

In order to compare the actual operational performance of the Group with last year, excluding the expenses related to the acquisitions and the reorganization in Indonesia, the then restated EBITDA would be EUR 67.4 million or 14.2% on sales, compared to EUR 59.9 million last year on the same basis, or an increase with 12.6%.

Summary

IN THOUSANDS OF EUROS

	2017	2016	Var (%)
Restated EBITDA	67 387	59 850	+12.6%
% on sales	14.2%	16.5%	
Restated EBIT	43 385	45 525	-4.7%
% on sales	9.2%	12.5%	

Definitions and reconciliations for non-GAAP measures can be found on pages 18 & 19 of this press release.

2. Comments

Net sales:

Total Group sales have evolved from EUR 363.4 million in 2016 to EUR 473.1 million in 2017, or an increase with 30.2% when compared to the EUR 363.4 million of sales realized over 2016. This figure can be split in 5.7% organic and 24.5% growth through acquisitions.

We consider the following as acquisitions:

- Fontana, accounted for as of 1 April 2016
- Dimension-Polyant, accounted for as of 1 August 2016
- Ursuit, accounted for as of 31 December 2016
- Verseidag Ballistic Protection, accounted for as of 1 January 2017
- UCS, accounted for as of 1 January 2017
- James Dewhurst Group, accounted for as of 1 June 2017

All acquisitions are performing in line with the expectations.

Gross margin:

Gross margin evolved from 52.25% over sales last year to 49.14% over sales in 2017.

This evolution was driven by a change in sales mix on the one hand and the upward trend in the prices of raw materials on the other hand.

Operating result:

The operating result has evolved from EUR 44.7 million last year to EUR 41.5 million over 2017 or a decrease with 7.2%.

The operating result has evolved in analogy with the evolution of the gross margin, but was also affected by costs related to the acquisitions, for a total amount of EUR 6.1 million (fair value adjustments, higher depreciations due to the recognition of intangible assets and lower service costs).

Financial result:

Financial result of the Group amounted to EUR -7.9 million over the year 2017 against EUR -6.6 million in 2016. Main drivers are an increase in the debt position related to the recent acquisitions and a negative market value on our forward exchange position (USD has devaluated versus EUR) and on our interest rate swaps.

Income tax:

Income tax amounts to EUR 11.6 million over the year 2017 against EUR 12.1 million over 2016.

Group profit (loss):

The company recorded EUR 21.9 million profit over the year 2017 against EUR 26.0 million over 2016 or a decrease with 15.8%.

Balance sheet:

At the end of the year Group equity amounted to EUR 199.5 million or 45.4% of the balance sheet total.

Net financial debt of the Group, at year end, is EUR 116.7 million or 1.8 times the current year EBITDA.

3. Earnings per share

The company realized earnings per share amounting to EUR 1.11. The Board of Directors will be proposing to the General Shareholders' Meeting of 27 April that the company declares a gross dividend of EUR 0.56 per share.

4. Outlook

Overall, the outlook for 2018 is quite positive. Market demand is on the rise and looks promising, but this economic revival also boosts overall demand for raw materials and their pricing. In this challenging environment sales pricing strategies need to be aligned with raw materials pricing.

Sioen Industries will continue to pursue growth through the development of new complementary business lines in technical textiles.

Sioen core values: a strong focus on innovation, customer intimacy, an extensive product portfolio, a strong focus on added value products and sustained cost efficiency are the foundations upon we build our future.

5. Sioen Industries Group

Full information and the complete annual report will be made available on 27 March 2018 on www.sioen.com.

6. Status external audit

The auditor confirms that the audit, which is substantially complete, has not to date revealed any material misstatement in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

The accounting data reported in the press release is consistent, in all material respects, with the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows from which it has been derived.

7. Financial calendar

Annual report 2017 ²	27 March 2018
Trading update first quarter 2018 ¹	26 April 2018
General Shareholders' meeting	27 April 2018 - 14h
Half year results 2018 ¹	30 August 2018
Trading update third quarter 2018 ¹	15 November 2018

- (1) Publication after stock market closing
 (2) Publication before stock market opening

8. Annexes

All figures and tables in this press release have been prepared in accordance with the IFRS valuation principles as accepted in the European Union. The valuation principles set out in the latest available annual report (31 December 2016) have been consistently applied to the figures given in this press release.

A risk management analysis can be found in the 2016 annual report that is available on www.sioen.com.

For further information/Financial information/Investor relations

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Financial servicing is provided by KBC Bank, BNP Paribas Fortis Bank, ING Bank, Belfius Bank and Bank Degroof Petercam.

Annexes



1. Consolidated income statement by nature

IN THOUSANDS OF EUROS

	2017	2016
Net sales	473 122	363 367
Changes in stocks and WIP (work in progress)	-7 428	8 803
Other operating income	6 867	6 570
Raw materials and consumables used	-233 208	-182 299
Gross margin	49.14%	52.25%
Services and other goods	-70 752	-57 644
Remuneration, social security and pensions	-99 489	-75 203
Depreciations	-22 138	-16 417
Write off inventories and receivables	-1 795	1 952
Provisions for liabilities and charges	1 035	13
Other operating charges	-4 719	-4 446
Operating result (EBIT)	41 496	44 697
Financial result	-7 909	-6 648
Financial income	510	1 695
Financial charges	-8 418	-8 343
Profit (loss) before taxes	33 587	38 049
Income tax	-11 556	-12 054
Profit (loss) after taxes	22 031	25 996
Share in the results of associates	- 168	- 37
Group profit (loss)	21 863	25 958
Group profit (loss) attributable to shareholders of Sioen Industries	21 863	25 958
Group profit (loss) attributable to non-controlling interest	0	0
EBITDA	64 393	59 149
Net cash flow	44 928	40 448

Definitions and reconciliations for non-GAAP measures can be found on pages 18 & 19 of this press release.

2. Consolidated statement of total comprehensive income

IN THOUSANDS OF EUROS

	2017	2016
Group profit (loss)	21 863	25 958
Exchange differences on translating foreign operations:		
• Exchange difference arising during the period	-1 740	50
Cash flow hedges:		
• Gains (losses) arising during the period		-2 308
• Reclassification to income statement of fair value changes previously recognized in other comprehensive income	1 377	602
• Income tax	- 468	580
<i>Net other comprehensive income (loss) potentially to be reclassified to profit or loss in subsequent periods</i>	<i>- 832</i>	<i>-1 076</i>
Remeasurement of defined benefit obligation		
• Gains (losses) arising during the period	- 161	- 230
• Income tax	- 30	71
<i>Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>	<i>- 191</i>	<i>- 160</i>
Other comprehensive income (loss) after tax impact	-1 023	-1 236
Total comprehensive income (loss) for the period	20 841	24 722
Attributable to shareholders of Sioen Industries	20 841	24 722
Attributable to non-controlling interests	0	0



3. Consolidated statement of financial position

IN THOUSANDS OF EUROS

	2017	2016
Intangible assets	51 013	11 519
Goodwill	43 308	39 372
Property, plant and equipment	123 986	110 412
Investment property	4 427	5 425
Interests in associates	73	286
Other long term assets	593	1 600
Deferred tax assets	1 658	4 002
Non-current assets	225 058	172 616
Inventories	118 991	114 473
Trade receivables	66 155	57 273
Other receivables	6 257	4 966
Cash and cash equivalents	21 413	16 596
Derivatives fair value	754	1 400
Deferred charges and accrued income	1 339	1 082
Current assets	214 909	195 790
Total assets	439 967	368 406

	2017	2016
Share capital	46 000	46 000
Retained earnings	163 088	151 708
Other reserves	-9 545	-8 522
Equity attributable to the owners of the company	199 543	189 186
Non-controlling interest	0	0
Total equity	199 543	189 186
Borrowings	63 160	66 531
Provisions	1 105	2 231
Retirement benefit obligations	4 670	4 743
Deferred tax liabilities	21 610	18 457
Obligations under finance leases	4 215	4 911
Other amounts payable	1 415	120
Non-current liabilities	96 175	96 993
Trade and other payables	41 844	31 135
Borrowings	70 097	23 655
Provisions	198	190
Retirement benefit obligations	62	61
Current income tax liabilities	7 426	3 031
Social debts	12 766	11 402
Other amounts payable	5 241	5 383
Obligations under finance leases	637	735
Derivatives fair value	1 362	1 225
Accrued charges and deferred income	4 616	5 410
Current liabilities	144 249	82 227
Total equity and liabilities	439 967	368 406

4. Consolidated statement of cash flows

IN THOUSANDS OF EUROS

	2017	2016 ⁽¹⁾
Group profit (loss)	21 863	25 958
Income tax	11 556	12 054
Financial charges	8 418	8 343
Financial income	- 510	-1 695
Share in the results of associates	168	37
Operating result	41 496	44 697
Depreciation and amortisation of non-current assets	22 138	16 417
Write off inventories and receivables	1 795	-1 952
Provisions	-1 035	- 13
Movements in working capital:		
• Inventories	6 266	-8 661
• Trade receivables	1 712	163
• Other long term assets, other receivables & deferred charges and accrued income	15	1
• Trade and other payables	4 959	2 111
• Current income tax liabilities, social debts, other amounts payable & accrued charges and deferred income	- 519	-2 730
• Amounts written off inventories and receivables	379	52
Cash flow from operating activities	77 206	50 086
Income taxes paid	-11 055	-6 140
Net cash flow from operating activities	66 151	43 946

	2017	2016 ⁽¹⁾
Interest received	87	488
Decrease in deposits		19 030
Acquisitions of subsidiaries ⁽²⁾	-27 712	-62 996
Investments in intangible and tangible fixed assets	-18 000	-8 537
Disposal and sale of intangible and tangible fixed assets	1 474	72
Net cash flow from investing activities	-44 152	-51 944
<i>Net cash flow before financing activities</i>	<i>21 999</i>	<i>-7 998</i>
Interest paid	-1 599	-1 895
Disbursed dividend	-10 483	-9 494
Increase in borrowings	41 584	
Decrease in borrowings		-24 908
Loan repayments in the framework of business combinations ⁽³⁾	-42 152	-3 250
Increase/(decrease) obligations under finance leases	-794	-1 534
Other ⁽⁴⁾	-45	-18 080
Currency result	- 3 066	-4 105
Net cash flow from financing activities	-16 556	-63 265
Impact of cumulative translation adjustments and hedging	- 627	-1 402
Change in cash and cash equivalents	4 817	-72 665
Cash and cash equivalents at the beginning of the year	16 596	89 261
Cash and cash equivalents at the end of the year	21 413	16 596

(1) 2016 consolidated statement of cash flows is restated: repayments of loans in the framework of business combinations (to previous shareholders or to previous financial institutions of the acquired entity) are shown on a separate line (see also footnote 2)

(2) These amounts are net of cash acquired (EUR 1 224 thousand cash acquired in 2017, EUR 6 331 thousand cash acquired in 2016)

(3) 2017 amount is related to the acquisition of James Dewhurst Group: next to the price of the shares (included in the line 'Acquisitions of subsidiaries'), the previous shareholder loan and loan facility were repaid. 2016 amount is related to the acquisition of Dimension-Polyant: next to the price of the shares, the previous shareholder loan was repaid.

(4) 2016 amount relates to the cash settlement of the interest rate collar

5. Consolidated statement of changes in equity

IN THOUSANDS OF EUROS

	Share capital	Reserves	Other reserves				Equity before non-controlling interest	Non-controlling interest	Equity
			Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares			
Balance at 1 January 2017	46 000	151 708	2 344	76	- 334		-10 609	189 186	189 186
Group profit (loss)		21 863						21 863	21 863
Hedging							1 377	1 377	1 377
Currency translation adjustments			-1 740					-1 740	-1 740
Remeasurement of defined benefit obligation					- 161			- 161	- 161
Deferred tax					- 30		- 468	- 498	- 498
Total comprehensive income for the period		21 863	-1 740		- 191		909	20 841	20 841
Payment of dividends		-10 483						-10 483	-10 483
Elimination of treasury shares purchased									
Balance at 31 December 2017	46 000	163 088	603	76	- 525		-9 700	199 543	199 543

	Share capital	Reserves	Other reserves					Equity before non-controlling interest	Non-controlling interest	Equity
			Foreign currency translation reserve	Revaluation surplus	Pension reserves	Treasury shares	Hedging reserves			
Balance at 1 January 2016	46 000	135 825	2 294	76	-174	-581	-9 483	173 957		173 957
Group profit (loss)		25 958						25 958		25 958
Hedging							-1 706	-1 706		-1 706
Currency translation adjustments			50					50		50
Remeasurement of defined benefit obligation					-230			-230		-230
Deferred tax					71		580	650		650
Total comprehensive income for the period		25 958	50		-160		-1 126	24 722		24 722
Payment of dividends		-9 494						-9 494		-9 494
Elimination of treasury shares purchased		-581				581				
Balance at 31 December 2016	46 000	151 708	2 344	76	-334		-10 609	189 186		189 186

6. Definitions

Gross margin %	(Net sales +/- changes in stocks and WIP – raw materials and consumables used)/Net sales
EBT	Earnings Before Taxes = Profit (loss) before taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + depreciations + write off inventories and receivables + provisions for liabilities and charges
EBIT	Earnings Before Interest and Taxes = Operating result
Net cash flow	Profit (loss) after taxes + depreciations + write off inventories and receivables + provisions for liabilities and charges
Net financial debt	Borrowings (non-current and current) + obligations under finance leases (non-current and current) - other financial assets - cash and cash equivalents

7. Reconciliations

IN THOUSANDS OF EUROS

		Reorganization components included in 'Remuneration, social security and pensions'	Reorganization components included in 'Provisions for liabilities and charges'	Acquisition costs included in 'Services and other goods'	Stock movements resulting from fair value corrections on acquisitions, included in 'Gross margin'	Loss on sale of building included in 'Other operating charges'	
2017							
EBIT → Restated EBIT	41 496	1 113	-1 104	461	1 257	162	43 385
Depreciations	22 138						22 138
Write off inventories and receivables	1 795						1 795
Provisions for liabilities and charges	-1 035		1 104				69
EBITDA → Restated EBITDA	64 393	1 113		461	1 257	162	67 387
2016							
EBIT → Restated EBIT	44 697	701	127				45 525
Depreciations	16 417						16 417
Write off inventories and receivables	-1 952						-1 952
Provisions for liabilities and charges	-13		-127				-141
EBITDA → Restated EBITDA	59 149	701					59 850

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Financial calendar

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