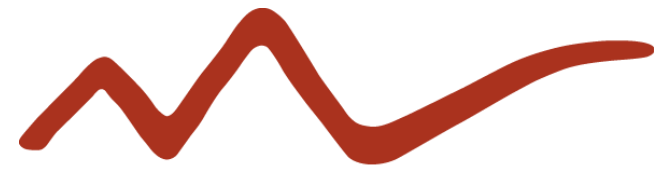


# INTERIM FINANCIAL REPORT

January-September 2015



**BRAAS MONIER**  
BUILDING GROUP

**Q3/9M results 2015**

**4 November 2015**

**Pepyn Dinandt (CEO) and  
Matthew Russell (CFO)**

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- ▶ Highlights and key figures 9M and Q3 2015
- ▶ Operating results by reporting segments
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# Company highlights at a glance

## Improving volume trends\* in Europe

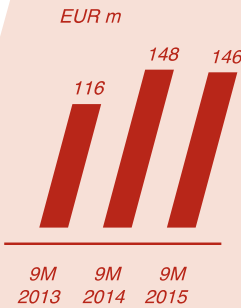


\* like for like change to prev. year

## Continuous revenue increase



## Strong Operating EBITDA

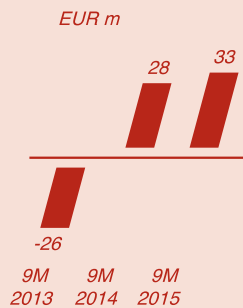


## Solid Operating EBITDA margin



9M 2015  
9M 2014

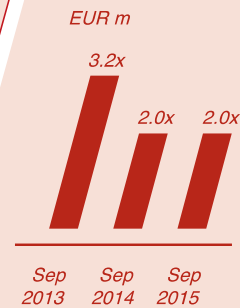
## Further improvement in net result



## Improved net debt level maintained



## Improved leverage ratio maintained \*



\* Net debt / EBITDA (LTM)

## Value-accretive M & A



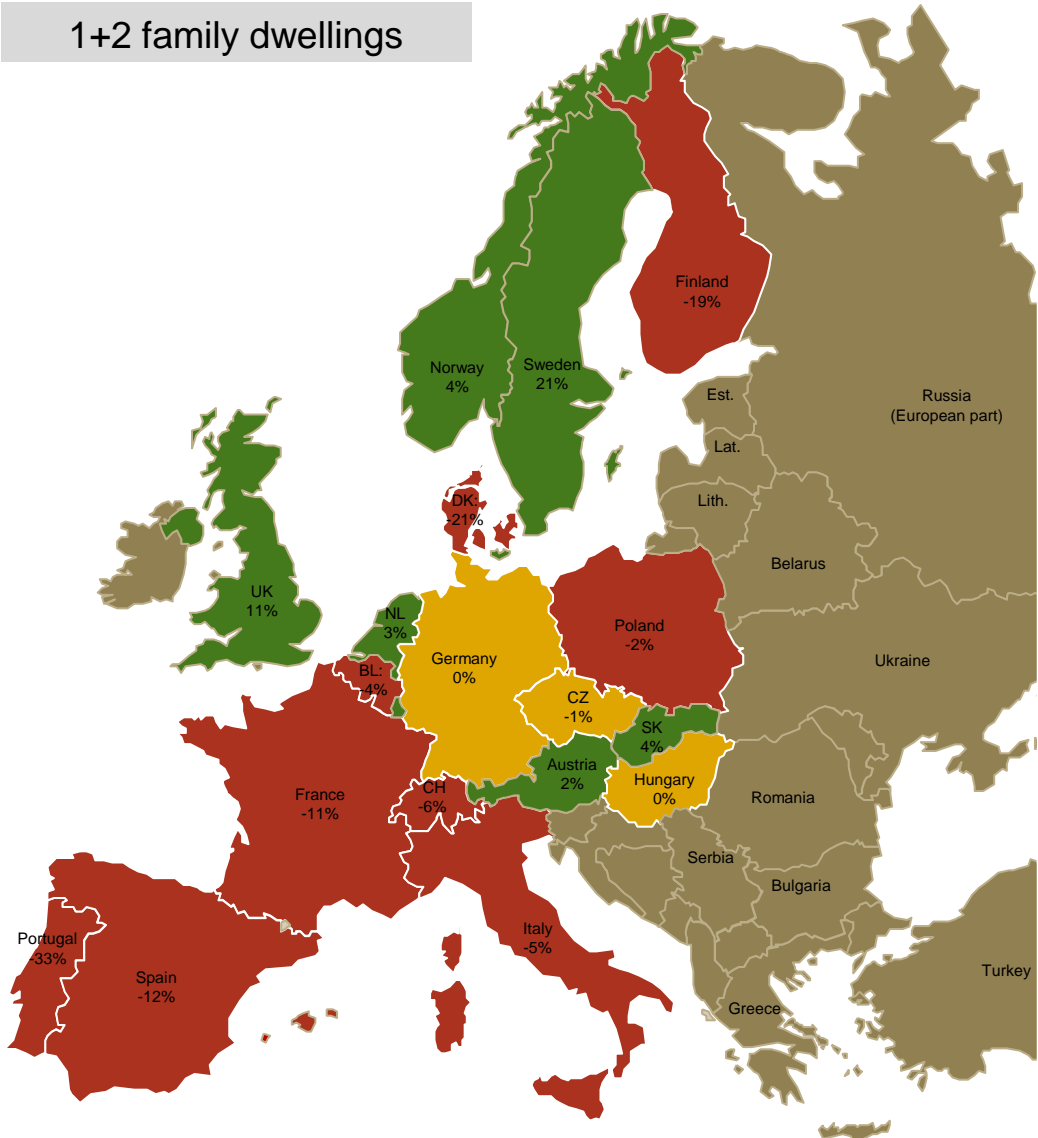
**COBERT**



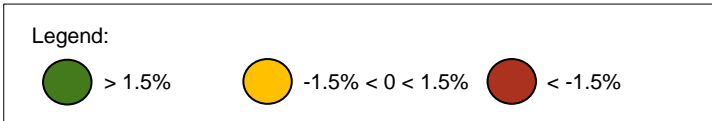
Clay and Concrete Tiles

# Expected development Housing Completions 2014-2015 (Euroconstruct, June 2015)

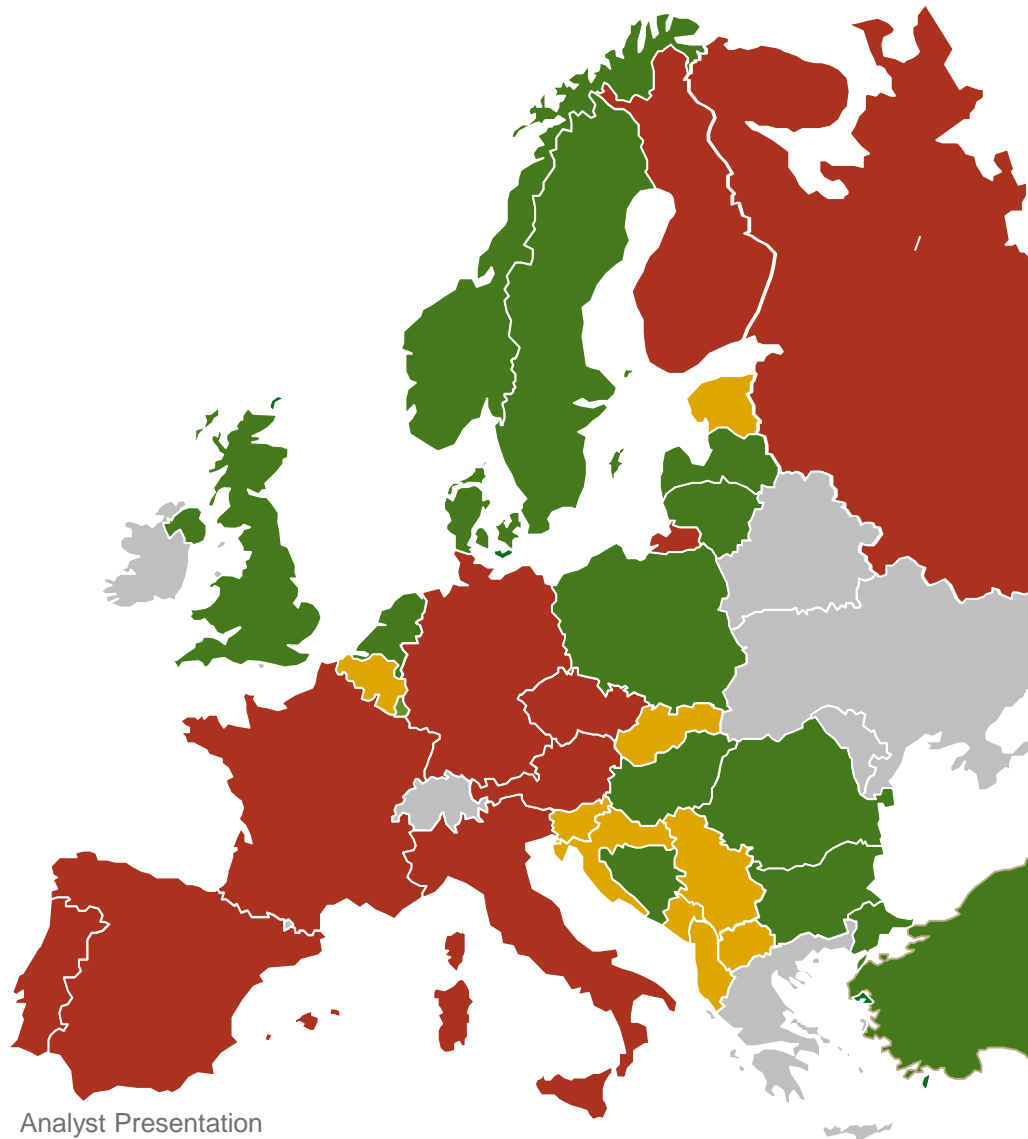
1+2 family dwellings



- ▶ Double-digit growth expected in **Sweden** and the **UK**
- ▶ Moderate increases expected in the **Netherlands** and **Austria**
- ▶ **Germany** expected to be flat
- ▶ Moderate declines foreseen for **Italy**
- ▶ Double-digit declines expected in **France** and on the **Iberian Peninsula**



# Expected development of the addressable Roofing Market in 2015 (compared to 2014)



- ▶ Growth in the **UK** (less than double-digit), the **Netherlands** as well as in **Scandinavia** and **Eastern Europe**
- ▶ Few, small countries with flattish developm.
- ▶ More difficult development in **Germany** and **Austria**
- ▶ Declines in **Italy** more pronounced than in **France**

Legend:



> 1.5%

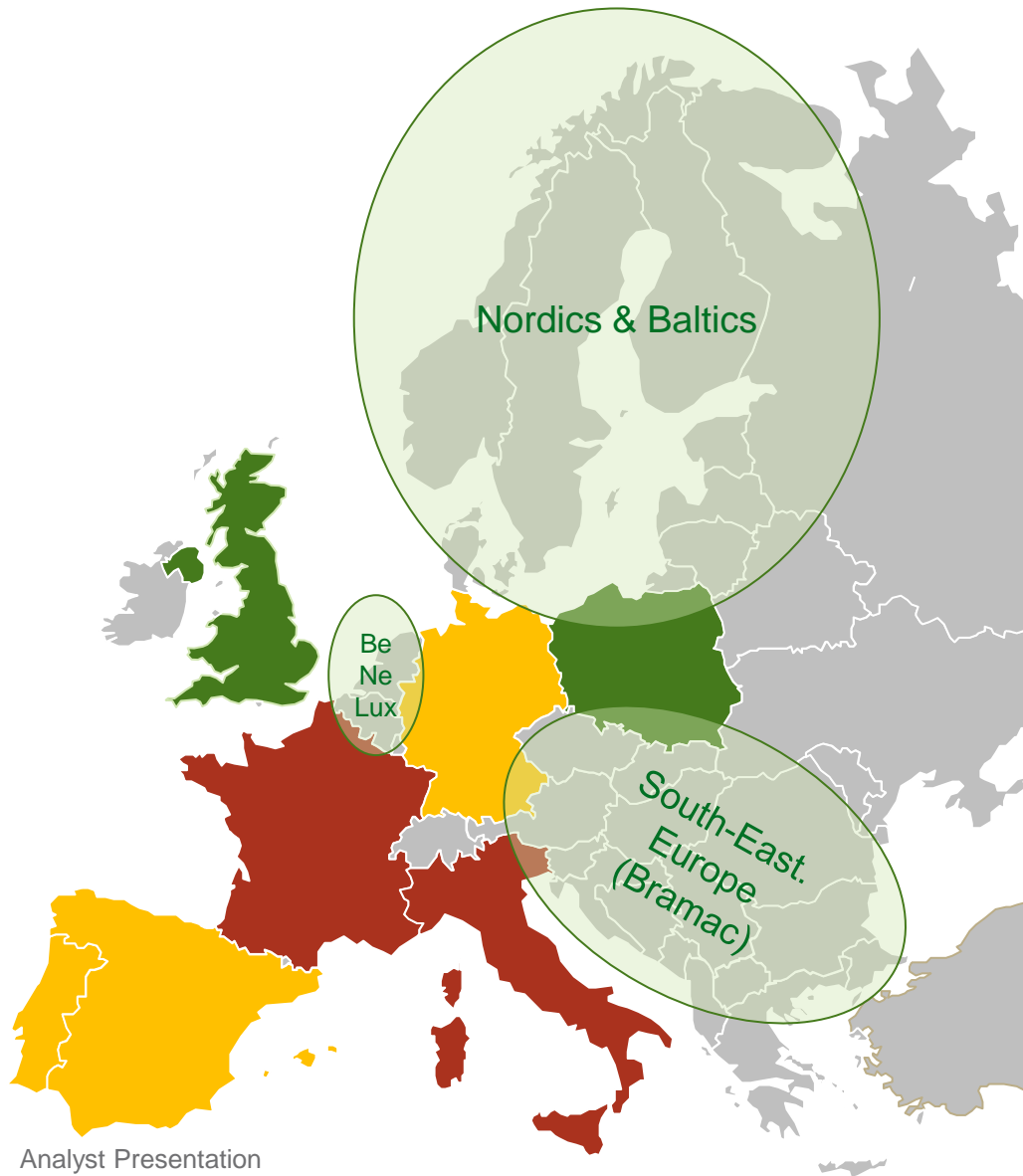


-1.5% < 0 < 1.5%



< -1.5%

# Expected development of Braas Monier tile volumes 2015



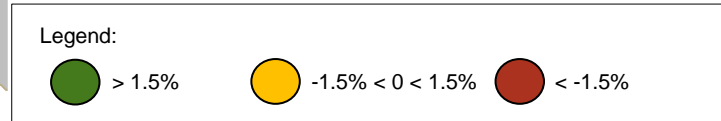
- ▶ Outperforming the market in the **UK**
- ▶ Growth in **Poland, BeNeLux, Nordics & Baltics** and in the **Bramac** region

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- ▶ Flat volume development in **Germany**, (outperforming the market) and in **Spain/Portugal** (helped by export business)

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- ▶ Slow improvements in **France**
- ▶ Strict creditor policy in **Italy**



## Increasing European volumes in Q3 2015

- ▶ European tile volumes in Q3 2015 were up by approx. 11% (up 1% excl. Cobert) compared to Q3 2014 despite declines in France and Italy
- ▶ Q3 2015 revenues of EUR 352.4 million were up by 2.9% (like-for-like down 0.2%) supported by additional revenues through the first time inclusion of Cobert
- ▶ Operating EBITDA in Q3 2015 slightly above last year's level at EUR 68.8 million
- ▶ Net result in Q3 2015 slightly increased by 2.4% to EUR 23.5 million (Q3 2014: EUR 23.0 million) therefore EPS increased to EUR 0.60 in Q3 2015 after EUR 0.59 in Q3 2014
- ▶ Financial leverage down to 2.0 times (2.3 times in June 2015) confirming annualised interests savings of approx. EUR 1 million
- ▶ Full year guidance adjusted to local business developments

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## Western Europe

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	<b>83.0</b>	<b>78.6</b>	<b>5.6%</b>	<b>1.7%</b>	<b>243.0</b>	<b>231.2</b>	<b>5.1%</b>	<b>0.8%</b>
<b>Operating EBITDA</b>	<b>12.0</b>	<b>10.3</b>	<b>16.1%</b>	<b>10.5%</b>	<b>36.3</b>	<b>33.1</b>	<b>9.8%</b>	<b>5.2%</b>
<i>in % of revenues</i>	<i>14.4%</i>	<i>13.1%</i>			<i>15.0%</i>	<i>14.3%</i>		
<b>EBIT</b>	<b>6.3</b>	<b>5.0</b>	<b>25.5%</b>		<b>19.3</b>	<b>13.6</b>	<b>41.3%</b>	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Volumes sold tiles (in million m <sup>2</sup> )	5.4	5.3	1.8%		15.7	15.7	-0.2%	
Average number of employees	1,319	1,277	3.3%		1,318	1,286	2.5%	

- ▶ Significant volume growth in Q3 in the **UK** and positive pricing as well as increased component sales
- ▶ **French volumes** continued to decline in Q3, but at a visibly lower rate compared to Q1 and Q2 this year
- ▶ **Operating EBITDA** growth in Q3 despite difficult market conditions in France, supported by positive currency effects



## Central, Northern & Eastern Europe

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	128.7	126.0	2.2%	4.2%	319.7	323.9	-1.3%	0.1%
<b>Operating EBITDA</b>	28.2	26.2	8.0%	9.3%	53.7	55.1	-2.5%	-1.9%
<i>in % of revenues</i>	21.9%	20.8%			16.8%	17.0%		
<b>EBIT</b>	23.8	20.8	14.3%		39.9	39.0	2.4%	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Volumes sold tiles (in million m <sup>2</sup> )	8.6	8.3	3.4%		20.8	20.8	-0.2%	
Average number of employees	1,510	1,531	-1.4%		1,511	1,527	-1.0%	

- ▶ **Volume growth** in Q3 in most countries with overall stable average selling prices
- ▶ **Revenue growth** in Q3 despite negative FX effects (mainly Russia and Scandinavia)
- ▶ Operating EBITDA growth in Q3 due to **additional cost improvements** offsetting slight cost inflation

CENTRAL, NORTHERN & EASTERN EUROPE



## Southern Europe

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	64.2	55.5	15.7%	-3.2%	157.3	135.2	16.4%	-2.6%
<b>Operating EBITDA</b>	14.6	13.6	7.3%	-9.2%	26.3	25.3	3.8%	-9.3%
<i>in % of revenues</i>	22.8%	24.6%			16.7%	18.7%		
<b>EBIT</b>	9.6	8.8	8.6%		8.6	10.6	-19.2%	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Volumes sold tiles (in million m <sup>2</sup> )	6.8	5.2	31.5%	-3.8%	16.3	12.4	31.3%	-3.6%
Average number of employees	1,279	1,012	26.3%		1,238	1,015	22.1%	

- ▶ Volume increases in **Bramac** region and stable to positive pricing partly compensate for on-going volume declines in **Italy** in Q3
- ▶ Revenue and Operating EBITDA increase due to acquisition of **Cobert**
- ▶ Operating EBITDA margin kept at high level in Q3
- ▶ Focus on **strict cost management** reinforced



## Asia & Africa

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	30.1	35.3	-14.8%	-14.7%	99.2	97.6	1.7%	-6.4%
<b>Operating EBITDA</b>	4.3	6.1	-29.3%	-29.3%	14.7	15.9	-7.4%	-14.3%
<i>in % of revenues</i>	14.2%	17.2%			14.8%	16.3%		
<b>EBIT</b>	2.5	3.7	-31.2%		7.4	8.9	-16.3%	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Volumes sold tiles (in million m <sup>2</sup> )	6.2	7.2	-14.0%		19.5	20.8	-6.4%	
Average number of employees	1,893	1,865	1.5%		1,910	1,863	2.5%	

- ▶ Substantially lower tile volumes and components sales particularly in **China** but also in **Malaysia in Q3 2015**
- ▶ Pull-forward effects in **Malaysia** ahead of VAT introduction in April and political instability weighted on Q2 and Q3
- ▶ Opposing currency effects in China and Malaysia cancelling each other out
- ▶ Immediate cost measures do not eliminate strong **Operating EBITDA** decline

ASIA & AFRICA



## Chimneys & Energy Systems

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	49.6	50.4	-1.6%	-0.5%	127.2	130.2	-2.3%	-2.0%
<b>Operating EBITDA</b>	10.2	11.6	-12.3%	-11.7%	17.9	19.4	-8.1%	-8.3%
<i>in % of revenues</i>	20.5%	23.0%			14.0%	14.9%		
<b>EBIT</b>	7.7	9.1	-15.5%		10.5	12.4	-15.6%	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Chimneys sold (in million m)	0.6	0.7	-2.1%		1.6	1.7	-5.9%	
Average number of employees	1,177	1,186	-0.8%		1,171	1,187	-1.4%	

- ▶ **Volume trends** continued to improve in Q3 compared to the previous quarters (Q1 2015: -10.5%, Q2 2015: -6.3%)
- ▶ **Positive pricing and product mix** supported revenues in Q3 2015 to reach almost previous year's level on a like-for-like basis
- ▶ **Operating EBITDA declined** in Q3 2015 by EUR 1.4 m as in Q3 2014 other operating result included EUR 1.1 m gain from the disposal of an idle asset

CHIMNEYS & ENERGY SYSTEMS



## Central Products & Services

(EUR million)	Q3 2015	Q3 2014	Change	Change like-for-like	9M 2015	9M 2014	Change	Change like-for-like
<b>Revenues</b>	26.9	25.2	6.5%	6.3%	76.0	79.4	-4.2%	-4.4%
<b>Operating EBITDA</b>	-0.5	-0.3	-55.1%	-54.8%	-2.4	-0.4	>-100%	>-100%
<i>in % of revenues</i>	-1.8%	-1.2%			-3.2%	-0.6%		
<b>EBIT</b>	-1.8	-1.5	-17.9%		-3.0	-4.5	33.8%	
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Change</b>		<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>	
Volumes sold tiles (in million m <sup>2</sup> )	n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	
Average number of employees	413	416	-0.8%		411	415	-1.0%	

- ▶ **Majority of components sales** to other reporting segments
- ▶ The European **Components KPI** on a like-for-like basis increased by 3.7% to EUR 2.50 per m<sup>2</sup> roofing tiles sold in 9M 2015
- ▶ Operating EBITDA of components business **could not fully compensate** for holding and R&D costs



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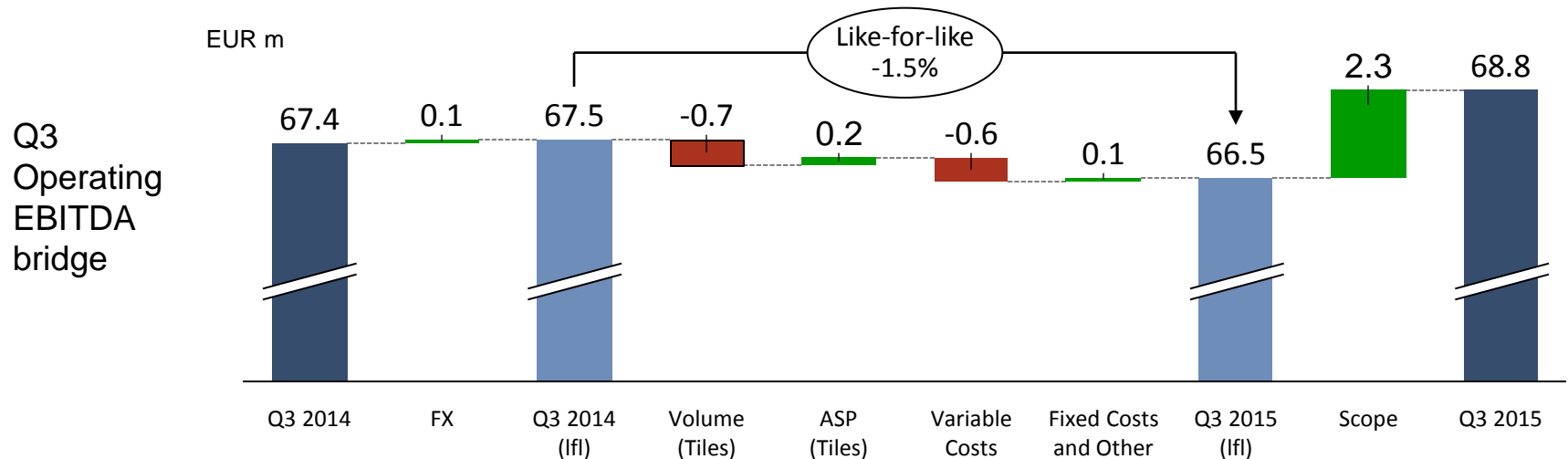
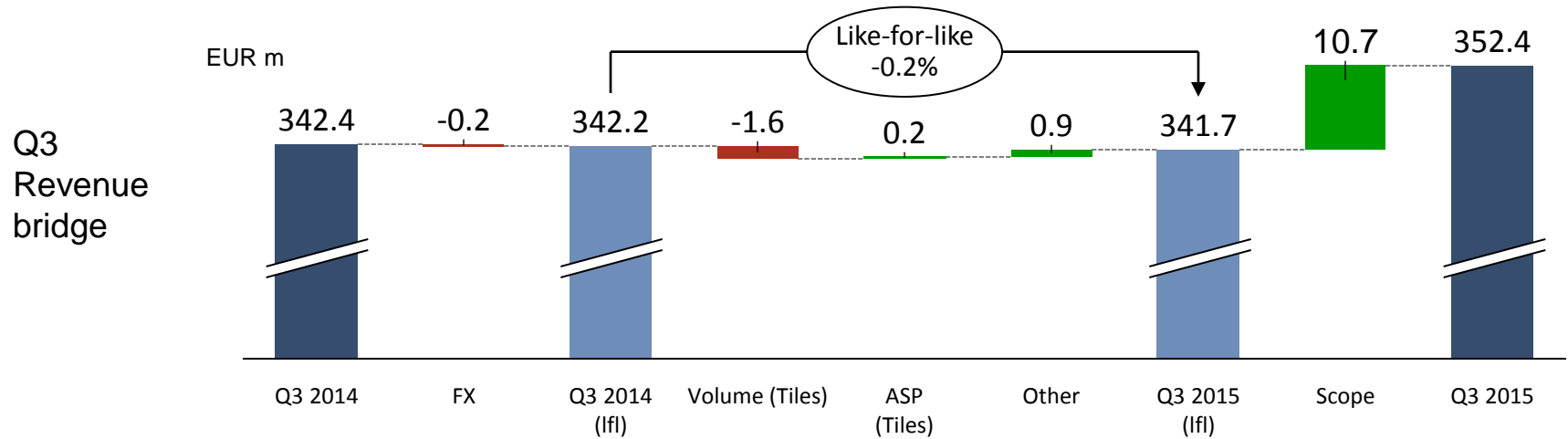
## Summary consolidated income statement

(EUR million)

	Q3 2015	Q3 2014	9M 2015	9M 2014
Revenues	352.4	342.4	938.4	907.7
<b>Operating EBITDA</b>	<b>68.8</b>	<b>67.4</b>	<b>146.4</b>	<b>148.4</b>
in % of revenue	19.5%	19.7%	15.6%	16.3%
Depreciation and amortisation	21.1	21.9	65.5	69.5
Result from associates	0.2	0.3	0.7	0.6
<b>Operating income</b>	<b>47.9</b>	<b>45.8</b>	<b>81.7</b>	<b>79.4</b>
Non-operating result	0.1	0.0	1.1	0.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>48.0</b>	<b>45.8</b>	<b>82.7</b>	<b>80.1</b>
Finance result	-13.3	-11.5	-33.8	-38.0
<b>Earnings before taxes (EBT)</b>	<b>34.7</b>	<b>34.3</b>	<b>49.0</b>	<b>42.1</b>
Income taxes	-11.2	-11.3	-15.8	-13.9
<b>Profit (loss) for the period</b>	<b>23.5</b>	<b>23.0</b>	<b>33.2</b>	<b>28.2</b>
Minorities	0.1	0.1	0.0	-0.1
<b>Group share of profit</b>	<b>23.5</b>	<b>22.9</b>	<b>33.2</b>	<b>28.3</b>



# Revenue and Operating EBITDA development in Q3



<sup>1</sup> incl. Change-in-stock effect of EUR -0.3 million

# Balance sheet

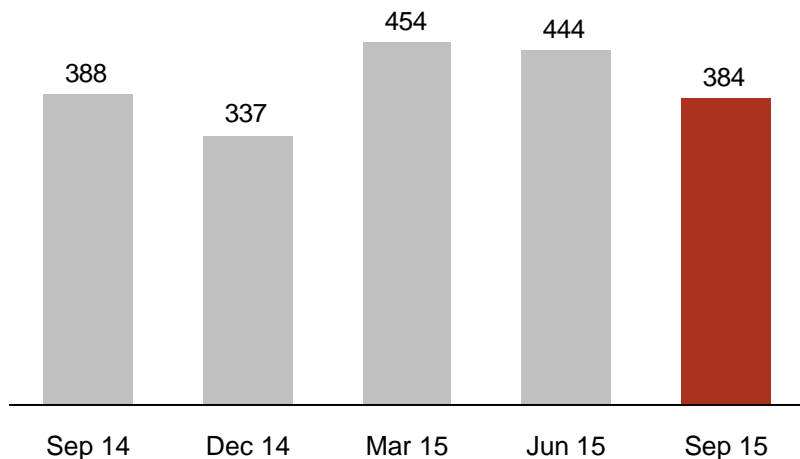
## Summary Group balance sheet

(EUR million)

	30 Sep 2015	31 Dec 2014
<b>Assets</b>		
Intangible assets	272.9	277.2
Property, plant and equipment	615.3	617.4
Financial assets	13.0	13.8
<b>Fixed assets</b>	<b>901.2</b>	<b>908.5</b>
Deferred tax assets	32.3	37.5
Receivables	196.8	134.0
Inventories	230.0	200.9
Cash and cash equivalents	133.9	180.9
Assets held for sale	1.0	2.1
<b>Total assets</b>	<b>1,495.2</b>	<b>1,463.9</b>
<b>Equity and liabilities</b>		
Total equity attributable to the shareholders	119.9	91.3
Non-controlling interests	1.5	1.6
<b>Equity</b>	<b>121.4</b>	<b>92.9</b>
Debt	511.4	513.5
Provisions	504.1	527.2
Deferred tax liabilities	11.2	8.7
Operating liabilities	347.2	321.6
<b>Total liabilities</b>	<b>1,495.2</b>	<b>1,463.9</b>

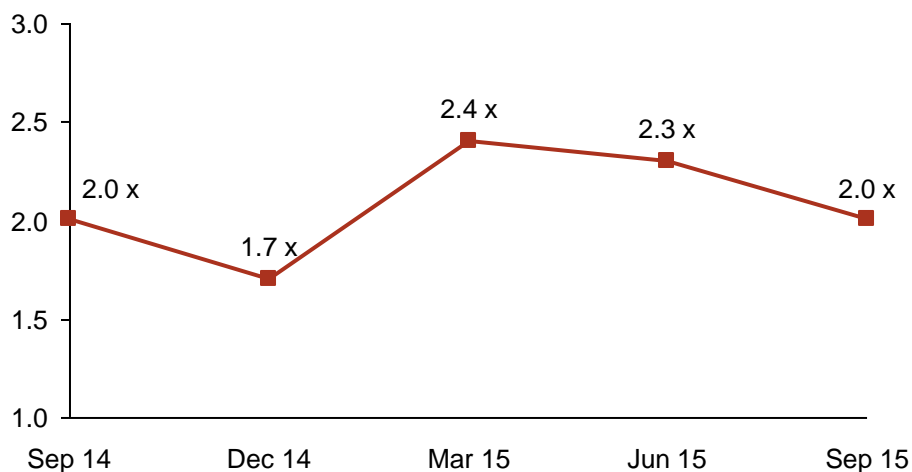
## Financial leverage reflects seasonal pattern

Net Debt (in EUR m)



- ▶ Uninterrupted **improvement of Net Debt and Financial Leverage** after seasonal peak in March, expected to continue towards the end of the year
- ▶ Financial leverage kept on last year's level despite growth investments and major one-offs
- ▶ **Leverage target: staying at 2.0x or below, including potential acquisitions on a pro-forma basis**

Financial Leverage: Net Debt / EBITDA (LTM)



### Gross Debt:

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

### Ratings:

- ▶ Moody's: B1 (stable)
- ▶ S&P: B+ (positive outlook)

## Benefitting from reduced financial leverage

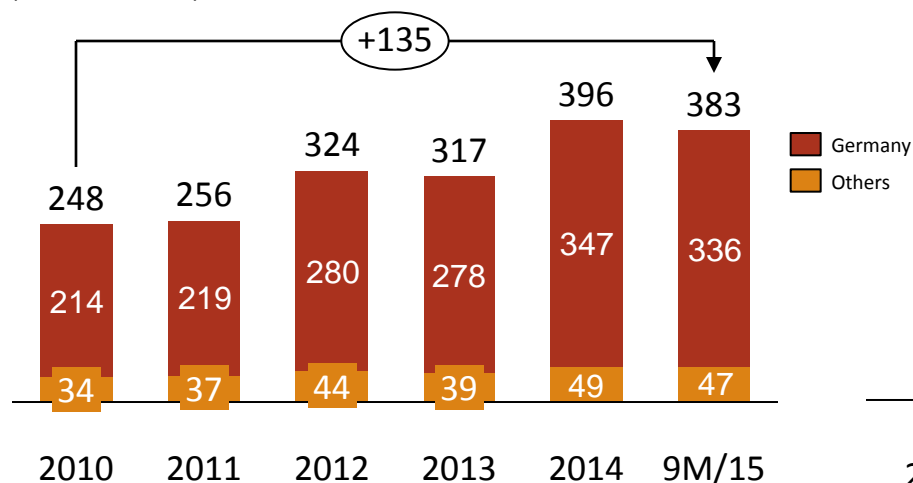
- ▶ Net debt / Operating EBITDA (LTM) of 2.0x (after 9M 2014: 2.0x)
- ▶ Operating EBITDA (LTM) / net interest expense (LTM) 6.7x (after 9M 2014: 4.9x)
- ▶ Improved financial leverage to result in reduction of full-year interest expenses\* with annualised savings of approx. EUR 1 million, compared to initial interest burden under 2014 financing
- ▶ Positive cash effect of approx. EUR 0.5 million in 2015

Leverage Ratio Net debt / EBITDA (LTM)	Term Loan B Margin in bps	Revolving Credit Facility Margin in bps
Greater than 3.00 x	450	400
Greater than 2.50x but less than 3.00x	425	375
Greater than 2.00x but less than 2.50x	400	350
Equal to or less than 2.00x	400	325

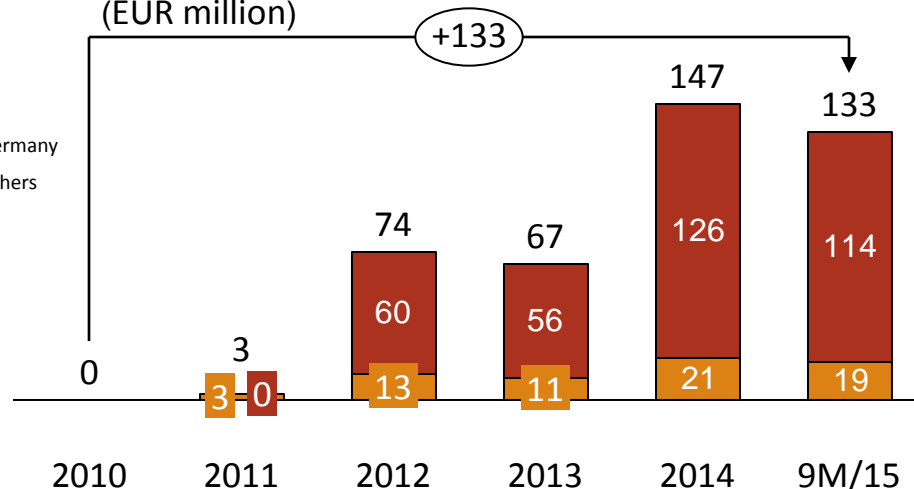
\* also applies to Revolving Credit Facility Commitment Fee

# Pension liabilities

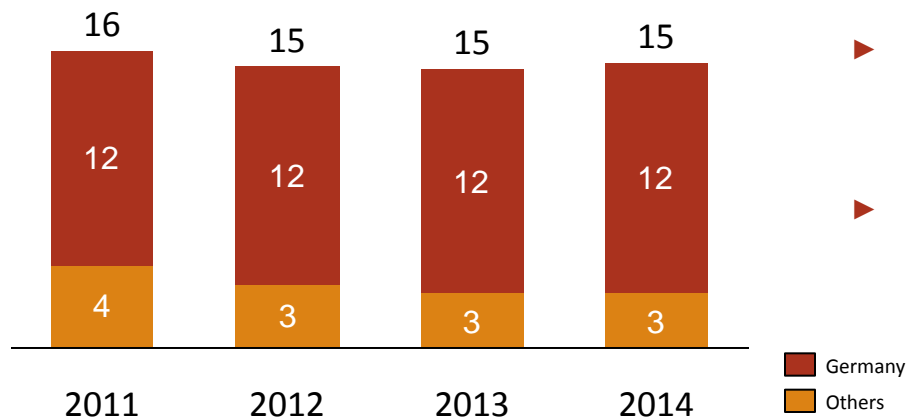
**Net DBO**  
(EUR million)



**Increase due to financial assumptions  
(discount rate)**  
(EUR million)



**Cash outs**  
(EUR million)



- ▶ The German pension schemes are **unfunded**. Pensioners are paid directly from Company's FCF
- ▶ Cash payments have been relatively stable at approx. EUR 15 million p.a. despite significant increases in the net liability of EUR 135 million
- ▶ Deferred Tax Asset position of EUR 47 million at 30 Sep 2015 to be considered as an offset to the liability

# Cash flow

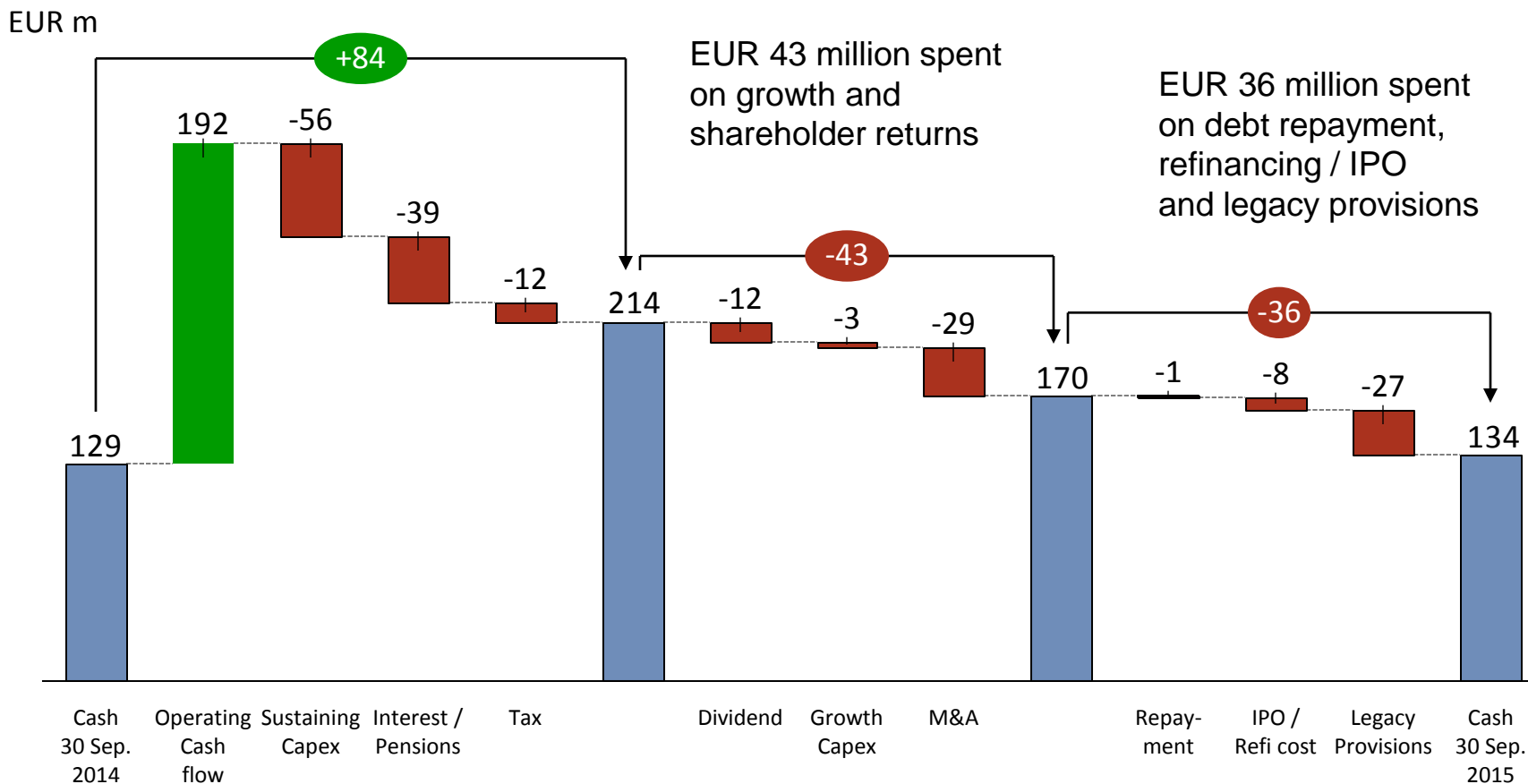
## Summary consolidated cash flow statement

(EUR million)

	Q3 2015	Q3 2014	9M 2015	9M 2014
Cash flow	59.7	49.1	111.4	82.6
Change in provisions	-6.7	-9.0	-19.5	-32.1
Change in working capital	20.4	23.1	-63.9	-55.0
Change in inventories	14.8	12.8	-20.5	-29.9
Change in trade and other receivables	-8.1	-17.8	-59.5	-53.5
Change in trade and other payables	13.7	28.1	16.1	28.3
<b>Net cash used in operating activities</b>	<b>73.4</b>	<b>63.2</b>	<b>27.9</b>	<b>-4.6</b>
Total investments	-13.0	-13.6	-67.3	-31.7
Proceeds from fixed assets disposals	0.4	0.6	3.8	2.2
<b>Net cash used in investing activities</b>	<b>-12.6</b>	<b>-13.0</b>	<b>-63.5</b>	<b>-29.5</b>
<b>Free cash flow</b>	<b>60.8</b>	<b>50.2</b>	<b>-35.6</b>	<b>-34.1</b>
Net change in bond and loans	-10.4	-90.8	-0.2	-146.6
Proceeds from capital increases	0.0	-1.5	0.0	104.4
Dividends paid	0.0	0.0	-11.8	-2.6
<b>Net cash from financing activities</b>	<b>-10.4</b>	<b>-92.4</b>	<b>-11.9</b>	<b>-44.8</b>
<b>Net change in cash and cash equivalents</b>	<b>50.4</b>	<b>-42.2</b>	<b>-47.5</b>	<b>-78.9</b>
Effect of exchange rate fluctuations on cash and cash equivalents	-2.4	1.0	0.4	0.8
<b>Change in cash and cash equivalents</b>	<b>48.0</b>	<b>-41.2</b>	<b>-47.1</b>	<b>-78.1</b>

# Strong operational LTM Cash Flow

EUR 84 million generated from operating business



## Contents

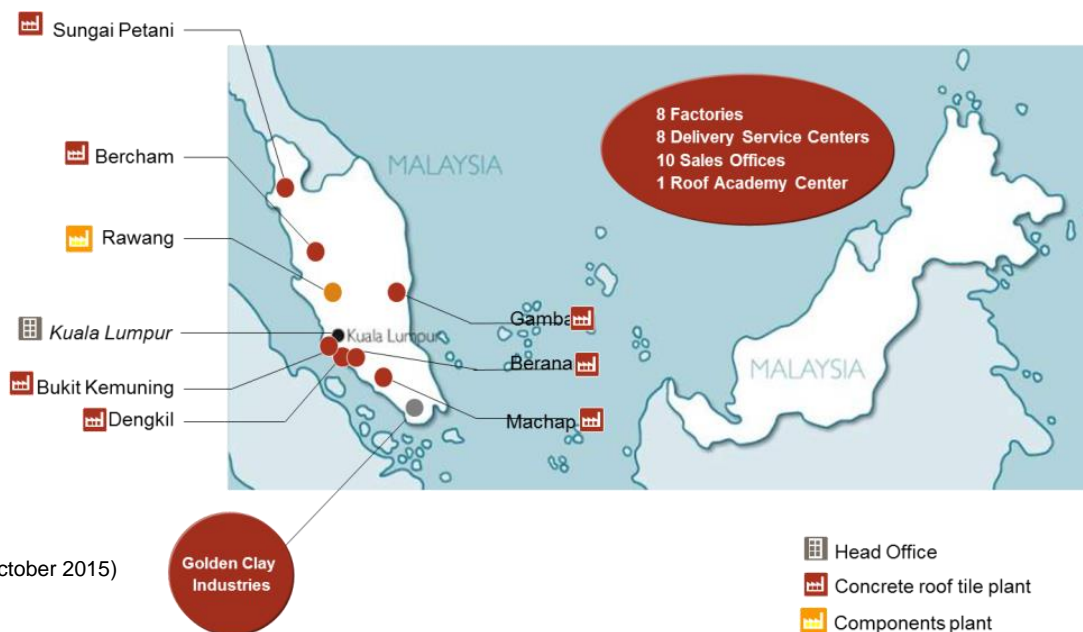
- ▶ Highlights and key figures 9M and Q3 2015
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## Golden Clay Industries (GCI)

- ▶ Enterprise Value of approx. MYR 90 million\*, approx. EUR 19 million\*\*
  - ▶ Cash consideration of MYR 67 million
  - ▶ Bank debt of MYR 18 million
  - ▶ Sale of Existing Stock over time (discounted) approximately MYR -12 million
  - ▶ Earn Out (discounted) of max. MYR 16 million\*\*\*
  
- ▶ Incl. expected synergies of MYR 8 million (by 2017) EV / EBITDA 2015e at around 5.0x

- ▶ Q4 2015 revenue and EBITDA contribution expected to be approx. MYR 8 million and MYR 1.5 million, respectively



\* incl. one-time cash restructuring expenses of approximately MYR 1 million

\*\* based on an exchange rate of 1 EUR = 4.7462 MYR (as of 16 October 2015)

\*\*\* expected to be cash effective earliest in 2017

## Muto & Tegolaia S.r.L. (Muto), Southern Italy

- ▶ Acquisition of selected assets, incl. customer base, with Muto closing its remaining operations
- ▶ Product range (models and colours) replicates the assortment of Wierer (our Italian brand for concrete tiles)
- ▶ Active step to consolidate local concrete tile market in Southern Italy
- ▶ Additional potential for cross-selling roofing components to a wider customer base
- ▶ **Total investment of EUR 2.8 million** (incl. purchase price, working capital, transaction costs)
- ▶ Expected **Operating EBITDA** contribution in 2016 of approx. **EUR 0.6 million** (incl. synergies)



## Revenues expected to grow by 3% to 4%

- ▶ Development of addressable markets in the rest of the year expected to be similar to Q3 2015, barring a harsh winter
- ▶ Positive impulses expected from Components and Chimneys & Energy Systems
- ▶ **‘Top Line Growth’** programme continues to aim for above-market growth
  - ▶ Continuation of existing and addition of new initiatives
  - ▶ Expected full year contribution from bolt-on acquisitions:
    - ▶ Cobert: Revenues of approx. EUR 34 million and Operating EBITDA of approx. EUR 5 million
    - ▶ GCI: Revenues of approx. MYR 8 million and Operating EBITDA of approx. MYR 1.5 million
  - ▶ Well positioned for further opportunistic bolt-on M&A
  - ▶ WrapTec successfully launched in Denmark, Norway, Sweden and the United Kingdom, further market entries planned in 2016/2017

# Profitability and cash flow



- ▶ **Operating EBITDA around previous year's level**
  - ▶ Negative effect of declining like-for-like volumes
  - ▶ Slight increases in input costs (raw materials, wage inflation)  
to be covered by average selling price increases
  - ▶ Positive scope effects from Cobert and GCI
  - ▶ Currency effects expected to be slightly positive
  
- ▶ **Maintain strong operational Cash flow**
  - ▶ Sustaining Capex of approx. EUR 62 million,  
excluding EUR 5 million carry-over from 2014
  - ▶ Expected legacy non-recurring cash-outs in 2015 of approx. EUR 10 million
  - ▶ Approx. EUR 6 million to be invested in growth projects in FY 2015

## Financial calendar and contact information

04 November 2015	Nine-Month and Third Quarter Results for 2015
11 November 2015	Capital Markets Day
31 March 2016	Publication of the Annual Report 2015
04 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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