

Half year results 2017

Regulated information



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Ardooie, 25 August 2017

Sioen Industries NV, 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.



“Sioen Industries achieves strong sales growth of 31.8% in the first half of 2017.”

Gross margin temporarily affected by increase raw material prices

EBITDA

33.1 million €

+ 4.3% compared to last year

Recurring EBITDA

34.6 million €

+ 7.2% compared to last year

Net profit for the period

12.1 million €

or -13.2% compared to last year

Net cash flow

22.1 million €

+ 13.9% compared to last year

Summary of consolidated income statement

IN THOUSANDS OF EUROS

	Six months ended 30 June 2017	Six months ended 30 June 2016	Var (%)
Net sales	237 653	180 255	+ 32%
Gross margin	49.54%	53.59%	
Operating result (EBIT)	23 125	26 129	-12%
EBITDA	33 055	31 683	+ 4%
Recurring EBITDA	34 560	32 235	+ 7%
Profit (loss) before taxes	18 721	21 425	- 13%
Profit (loss) for the period from continuing operations	12 063	13 969	- 14%
Profit (loss) for the period from discontinued operations	0	- 66	
Other comprehensive income (loss) after tax impact	- 619	-2 156	
Total comprehensive income (loss) for the period	11 444	11 747	
Net cash flow	22 107	19 402	+ 14%

Net sales

Sioen Industries Group

At the end of the first half of 2017 Sioen realized a growth in consolidated sales with 31.8% to EUR 237.7 million compared to EUR 180.3 million over the same period in 2016. This sales figure includes the sales of the recently acquired companies:

- Fontana, accounted for as of 1 April 2016 and
- 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

Excluding the above mentioned recent acquisitions the Sioen Industries Group realized an organic growth of 4.4% compared to the same period previous year. All acquisitions are well on track and perform in line with expectations.

Coating

The coating division specializes in technical textiles. This division is fully vertically integrated. Starting point is the extrusion of technical yarns and staple fibers (polyester) followed in a second stage by the production of woven fabrics, non-woven technical fabrics and reinforcement scrims most of them to be coated, through dedicated coating processes, with various polymers (PVC, PU, silicon, etc.). The Group is the only player in the world with full competency in various coating technologies, each with its own specific products and markets.

In the first half of 2017, the coating division achieved external sales of EUR 151.8 million versus EUR 112.3 million over the same period last year. Market demand remains strong in all product lines. Excluding the acquisitions, this division realized an organic growth rate of 7.2% compared to last year. Including the newly acquired activity the growth rate in this division is 35.2%.

Apparel

This division stands for 'professional protective garments'. The apparel division is an innovative producer of a wide range of high-quality professional protective garments that meet all European standards. Sioen Apparel is active in various sectors where attention to safety is a priority. Attention to customer needs, strong quality consciousness and continuing research and development, combined with technically advanced products, are the basis of the successful development of this division.

In the first half of 2017, the apparel division achieved external sales of EUR 62.7 million versus EUR 45.9 million over the same period last year or a growth rate of 36.7% including acquisitions. Excluding the acquisitions this division suffers a slight decline in organic sales of 1.9% and thus a total acquisition growth rate of 38.6%. Profitability of the division is temporarily impacted by the reorganization of the production plants in Asia.

Chemicals

Sioen Chemicals is the expert in coloring, dispersing pigments and additives in pigment pastes, liquids, concentrates and inks for a wide range of applications. Our customers operate in the fields of wall- and floorcovering, sealants, adhesives, paints, plasters, technical textiles up to automotive, paper, agriculture, food and many other industry segments. Sioen Chemicals offers high quality standard and tailor made customer solutions and is well reputed for its customized pigment pastes, inks and varnishes.

In the first half of 2017, the chemicals division achieved external sales of EUR 23.2 million versus EUR 22.1 million over the same period last year, or a sales growth rate of 5.0% (3.1% organic growth and 1.8% growth through acquisitions).

Gross margin

The consolidated gross margin (material margin) has evolved from 53.59% at the end of the first half of 2016 to 49.54% in the first half of the year.

A change driven by various factors such as; price pressure from raw material prices, which accounts for 2.7% of the 4% change, and a substantial change in sales mix resulting from the acquired companies.

Operating result

The operating result has evolved from EUR 26.1 million at the end of the first half of 2016 to EUR 23.1 million at the end of the first half of 2017 or a decrease with 11.5%.

Financial result

Financial result of the Group amounted to EUR -4.4 million over the first half of 2017 against EUR -4.7 million in the first half of 2016.

Income tax

Income tax amounts to EUR 6.5 million over the first half of 2017 against EUR 7.5 million over the first half of 2016.

Profit (loss) for the period from continuing operations

The company recorded EUR 12.1 million profit over the first half of 2017 against EUR 14.0 million over the first half of 2016 or a decrease with 13.6%.

Recurring EBITDA

The EBITDA with the exception of the one off expenses (expenses related to the acquired companies and the reorganization of the Indonesian plants) amounts to EUR 34.6 million or a growth of 7.2% compared to last year.

Net cash flow

The net cash flow amounts to EUR 22.1 million over the first half of 2017 against EUR 19.4 million over the first half of 2016, or an increase with 13.9%.

Balance sheet and cash flow statement

Working capital, expressed as a percentage of net sales, decreased from 31.0% as per 30 June 2016 to 29.9% as per 30 June 2017. In Euro however, due to the acquired companies, working capital has increased to EUR 142.1 million or an increase of about EUR 30.3 million.

The net financial debt position increased from EUR 79.4 million at the end of last year, to EUR 145.9 million at the end of June 2017.

Summary of consolidated statement of financial position per 30 June 2017				IN THOUSANDS OF EUROS
Assets		Equity & liabilities		
Non-current assets	225 983	Equity	190 146	
Current assets	235 920	Non-current liabilities	97 866	
		Current liabilities	173 891	
Total assets	461 903	Total equity & liabilities	461 903	

Outlook

Without geopolitical landslides we expect the underlying trend of the first semester to continue into the second semester.

In the second half of 2017 the Sioen Industries Group will continue to put emphasis on:

- the further integration of the acquired companies
- the mitigation of the impact of raw material price increases
- the start of capacity extension projects in Italy and Belgium.

Sioen core values:

- strong focus on R&D and innovation
- diversified product portfolio, tailored to the customer's needs
- cost efficiency

Profile of Sioen

All information can be found on www.sioen.com (half year report on website).

Financial calendar

Trading update third quarter 2017 ⁽¹⁾	15 November 2017
Annual results 2017 ⁽¹⁾	28 February 2018
Annual report 2017 ⁽²⁾	27 March 2018
Trading update first quarter 2018 ⁽¹⁾	26 April 2018
General Shareholders' meeting	27 April 2018

(1) Publication after stock market closing

(2) Publication before stock market opening

Definitions

Gross margin	Net sales +/- changes in stocks and WIP – raw materials and consumables used
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization = Operating result + depreciation + amortization + write off inventories and receivables + provisions for liabilities and charges
EBIT	Earnings Before Interest and Taxes = Operating result
Recurring EBITDA	EBITDA without non-recurring result
Net cash flow	Profit (loss) after taxes + depreciation + amortization + write off inventories and receivables + provisions for liabilities and charges
Working capital	Interests in associates + current assets (minus other financial assets, cash and cash equivalents) – non-financial debt up to one year - accrued charges and deferred income

Alternative performance measures (APM's, non-GAAP measures) do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

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