

PRESS RELEASE

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HUNTER DOUGLAS RESULTS 2016

Rotterdam, March 9, 2017 – Hunter Douglas, the world market leader in window coverings (Luxaflex®) and a major manufacturer of architectural products, results for 2016:

- **Sales:** 10.5% higher to USD 2.821 billion, compared with USD 2.552 billion in 2015.

The 10.5% sales increase reflects a 3.8% volume increase, 2.4% negative currency impact and 9.1% increase from acquisitions. Volume increased in all areas except in Latin America where sales were lower and Australia where sales were about level.

North America accounted for 50% of sales, Europe 35%, Latin America 6%, Asia 6% and Australia 3%. Window coverings were 83% and architectural and other products were 17% of sales.

- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 364.9 million, 15.2% higher than USD 316.7 million in 2015.
- **Income from Operations (before non-recurring restructuring expenses):** 17.8% higher to USD 278.6 million, compared with USD 236.5 million in 2015. Results in local currencies were better in all areas, except in Latin America and Australia where they were lower.
- **Non-recurring restructuring expenses:** USD 16.4 million, compared with USD 13.9 million in 2015. These expenses relate mainly to the North American operations for the integration of Levolor.
- **Net Result Investment Portfolio:** USD 0.7 million positive (after deduction of imputed interest and expenses) compared with USD 5.3 million negative in 2015. The Portfolio's return in U.S. dollars (before imputed interest and expenses) was 2.3% positive. The Portfolio had a fair value at December 31, 2016 of USD 206 million and has been reduced to approximately USD 100 million.
- **Profit before Tax:** USD 254.7 million, 23.5% higher than USD 206.3 million in 2015.
- **Total Net Profit:** USD 202.8 million (per share EUR 5.29), 29.9% higher than USD 156.1 million in 2015 (per share EUR 4.04).
- Extraordinary tax gain: USD 65.5 million.
Conforming to IFRS Rules booked projected tax savings on the sale of trademarks from Switzerland to the Netherlands.
- Total Net Profit (after extraordinary tax gain): USD 268.3 million.

Operating cash flow: USD 197 million, compared with USD 210 million in 2015.

Capital expenditures were USD 84 million, compared with USD 60 million in 2015, while depreciation was USD 71 million, compared with USD 74 million in 2015. In 2017 capital expenditures will be about USD 100 million and depreciation USD 80 million.

Shareholders' equity was USD 1,244 million, compared with USD 1,065 million at the end of 2015. The 2016 earnings were negatively offset by exchange translation and the payment of the dividend of EUR 1.50 per share, totalling USD 59 million.

Financing: All borrowings are covered by committed long term facilities.

Return before interest on Net Assets Employed – RONAE (before non-recurring restructuring expenses): 18.4% compared with 17.1% in 2015.

Return on Equity: 17.6% compared with 14.8% in 2015.

Employees: The company had approximately 21,000 employees at the end of 2016.

Dividend: The Board of Directors proposes a dividend for 2016 of EUR 1.75 per common share, compared with EUR 1.50 for 2015.

Q4 2016

Q4 Sales were USD 759 million, 18.4% higher than USD 641 million in the same period of 2015. This reflects a 4.3% volume increase, a 1.9% negative currency impact and 16.0% increase from acquisitions. Fourth quarter organic sales were higher in Europe and North America, level in Asia and Australia and lower in Latin America.

Q4 Earnings before interest, tax, depreciation and amortization – EBITDA: USD 110.5 million, compared with USD 100.3 million in Q4 2015.

Q4 Income from Operations (before non-recurring restructuring expenses) was USD 83.3 million, compared with USD 80.6 million in Q4 2015. Results in local currencies were better in all areas, except in Latin America and Australia where they were lower.

Q4 Non-recurring restructuring expenses: USD 10.5 million, compared with USD 13.9 million last year. These expenses relate mainly to the North American operations for the integration of Levolor.

Q4 Net Result Investment Portfolio: USD 2.4 million (after deduction of imputed interest and expenses), compared with USD 2.0 million in Q4 2015.

Q4 Profit before Tax: USD 74.4 million, compared with USD 69.0 million in Q4 2015.

Q4 Total Net Profit: USD 60.5 million (per share EUR 1.61), compared with USD 47.8 million in Q4 2015 (per share EUR 1.26).

Q 4 Extraordinary tax gain: USD 65.5 million.
Conforming to IFRS Rules booked projected tax savings on the sale of trademarks from Switzerland to the Netherlands.

Q4 Total Net Profit (after extraordinary tax gain): USD 126.0 million.

Total year 2016 by Region

Europe

European operations had higher sales and profits.

European sales were USD 980 million, 7% higher than USD 913 million in the same period last year. This reflects a 1% volume increase, a 3% negative currency impact and a 9% increase from acquisitions. In EUR, sales increased by 8% to EUR 890 million, compared with EUR 821 million in 2015.

North America

North American operations had higher sales and profits.

Sales increased by 18% to USD 1,419 million. The sales increase reflects a 7% increase in volume, a 1% negative currency impact and a 12% increase from acquisitions.

Latin America

Latin American operations had lower sales and lower operational profits, while total profits were significantly higher for most of our operations due to favorable foreign exchange adjustments and lower taxes.

Sales were USD 162 million, 12% lower than USD 185 million in the same period last year. This reflects a 2% volume decrease and a 10% negative currency impact.

Asia

Asian operations had higher sales and profits.

Sales were USD 174 million, 2% higher than USD 170 million in the same period last year, due to a 5% increase in volume and a 3% negative currency impact.

Outlook

We expect continued growth in the US and Asia, improving economic conditions in Europe and continued difficult conditions in Latin America.

Hunter Douglas is in a strong position in terms of its products, distribution, finances and management.

Profile Hunter Douglas

Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products. The Company has its Head Office in Rotterdam, the Netherlands, and a Management Office in Lucerne, Switzerland. The Group is comprised of 130 companies with 50 manufacturing and 80 assembly operations in more than 100 countries. The common shares of Hunter Douglas N.V. are traded on Amsterdam's Euronext and Deutsche Boerse.

For further information:

Leen Reijtenbagh

Chief Financial Officer

Tel. +31 10 486 9582

E-mail : l.reijtenbagh@hdnv.nl

Website: www.hunterdouglasgroup.com

A consolidated Statement of Income for the full year 2016 and Q4 2016 (Annex 1+2), Balance Sheet (Annex 3), Cash Flow Statement (Annex 4) and Sales change attribution percentages by geographic area for the full year 2016 and Q4 2016 (Annex 5) are attached.

Annex 1

CONSOLIDATED STATEMENT OF INCOME
 Year ended December 31
 (amounts in USD/mln)

	<u>2016</u>	%	<u>2015</u>	%
Net sales	2,820.6		2,552.1	
Cost of sales	<u>-1,638.7</u>		<u>-1,435.8</u>	
Gross profit	1,181.9	41.9	1,116.3	43.7
Gross profit Metals Trading	15.4		10.8	
Total gross profit	1,197.3	42.4	1,127.1	44.2
Expenses:				
-Marketing, A & P and selling	<u>-537.1</u>		-494.1	
-General and administrative	<u>-295.3</u>		<u>-316.3</u>	
Subtotal expenses	<u>-832.4</u>		<u>-810.4</u>	
EBITDA	364.9	12.9	316.7	12.4
Depreciation and amortization	<u>-86.3</u>		<u>-80.2</u>	
Income from operations (before non-recurring restructuring expenses)	278.6	9.9	236.5	9.3
Non-recurring restructuring expenses	<u>-16.4</u>		<u>-13.9</u>	
Income from operations (after non-recurring restructuring expenses)	262.2	9.3	222.6	8.7
Interest received	1.0		3.0	
Interest paid	<u>-11.6</u>		-14.6	
Other financial income	2.4		0.6	
Net result investment portfolio	<u>0.7</u>		<u>-5.3</u>	
Income before taxes	254.7		206.3	
Taxes on income	<u>-48.5</u>		<u>-51.5</u>	
Profit before minority interest	206.2		154.8	
Minority interest	<u>-3.4</u>		<u>1.3</u>	
Total net profit	202.8	7.2	156.1	6.1
Extraordinary tax gain	<u>65.5</u>			
Total net profit (after extraordinary tax gain)	268.3		156.1	
Net profit per average common share before non-recurring tax gain	5.83		4.49	
	€ 5.29		€ 4.04	
Net profit per average common share before non-recurring tax gain - fully diluted	5.83		4.49	
	€ 5.29		€ 4.04	

Annex 2

CONSOLIDATED STATEMENT OF INCOME
 Q4 ended December 31
 (amounts in USD/mln)

	<u>2016</u>	%	<u>2015</u>	%
Net sales	759.0		641.3	
Cost of sales	<u>-439.2</u>		<u>-356.2</u>	
Gross profit	319.8	42.1	285.1	44.5
Gross profit Metals Trading	<u>5.9</u>		<u>0.3</u>	
Total gross profit	325.7	42.9	285.4	44.5
Expenses:				
-Marketing, A & P and selling	<u>-141.1</u>		<u>-110.1</u>	
-General and administrative	<u>-74.1</u>		<u>-75.0</u>	
Subtotal expenses	<u>-215.2</u>		<u>-185.1</u>	
EBITDA	110.5	14.6	100.3	15.6
Depreciation and amortization	<u>-27.2</u>		<u>-19.7</u>	
Income from operations (before non-recurring restructuring expenses)	83.3	11.0	80.6	12.6
Non-recurring restructuring expenses	<u>-10.5</u>		<u>-13.9</u>	
Income from operations (after non-recurring restructuring expenses)	72.8	9.6	66.7	10.4
Interest received	0.3		2.4	
Interest paid	<u>-3.4</u>		<u>-1.9</u>	
Non-operational exchange result			-0.1	
Other financial income	2.3		-0.1	
Net result investment portfolio	<u>2.4</u>		<u>2.0</u>	
Income before taxes	74.4		69.0	
Taxes on income	<u>-12.1</u>		<u>-22.5</u>	
Profit before minority interest	62.3		46.5	
Minority interest	<u>-1.8</u>		<u>1.3</u>	
Total net profit	60.5	8.0	47.8	7.5
Extraordinary tax gain	<u>65.5</u>			
Total net profit (after extraordinary tax gain)	126.0		47.8	
Net profit per average common share before non-recurring tax gain	1.74		1.38	
Net profit per average common share before non-recurring tax gain - fully diluted	€ 1.61		€ 1.26	
	1.74		1.38	
	€ 1.61		€ 1.26	

Annex 3

CONSOLIDATED BALANCE SHEET

As per December 31
 (amounts in USD/mIn)

	<u>2016</u>	<u>2015</u>
ASSETS		
Fixed assets		
Intangible fixed assets	580.0	302.1
Tangible fixed assets	458.9	434.6
Other financial non-current assets	<u>243.8</u>	<u>173.1</u>
Total fixed assets	1,282.7	909.8
Current assets		
Inventories	630.7	592.0
Accounts receivable		
-Trade	402.7	347.6
-Other	157.1	117.4
Investment portfolio	206.2	201.5
Cash and other short-term deposits	<u>41.4</u>	<u>30.9</u>
Total current assets	<u>1,438.1</u>	<u>1,289.4</u>
	<u>2,720.8</u>	<u>2,199.2</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Capital stock	9.0	9.3
Additional paid-in capital	74.6	77.0
Retained earnings	<u>1,160.3</u>	<u>978.3</u>
Total shareholders' equity	1,243.9	1,064.6
Minority interest	<u>21.6</u>	<u>10.6</u>
Total Group equity	1,265.5	1,075.2
Non-current liabilities		
Interest-bearing loans and borrowings	632.8	346.3
Preferred shares	8.7	9.0
Provisions	156.9	134.9
Deferred income tax liabilities	<u>0.5</u>	<u>0.8</u>
Total non-current liabilities	798.9	491.0
Current liabilities		
Trade and other payables	616.0	569.7
Interest-bearing loans and borrowings	<u>40.4</u>	<u>63.3</u>
Total current liabilities	<u>656.4</u>	<u>633.0</u>
	<u>2,720.8</u>	<u>2,199.2</u>

Annex 4

CONSOLIDATED CASH FLOW STATEMENT
 Year ended December 31
 (amounts in USD/mln)

	<u>2016</u>	<u>2015</u>
Net profit attributable to equity shareholders	268.3	156.1
Adjustments for:		
Depreciation property, plant & equipment	71.4	73.6
Amortization patents & trademarks	14.9	6.6
Increase (decrease) provisions	6.3	-13.8
Non-cash on loans and borrowings		-40.2
Other non-cash items	-59.5	8.4
Unrealized result investment portfolio	-4.7	1.3
Operating cash flow before working capital changes	296.7	192.0
Changes in working capital:		
-(increase) decrease trade and other receivables and prepayments	-91.9	44.6
-(increase) decrease inventories	-12.2	16.6
-increase (decrease) trade and other payables	4.5	-43.4
Operating cash flow	197.1	209.8
Dividend paid	-58.6	-53.0
Net cash from operations	138.5	156.8
 Cash flow from investing activities		
Investment subsidiaries, net of cash acquired	-319.2	-6.5
Investment property, plant and equipment	-84.4	-60.2
Divestment property, plant and equipment	9.7	17.3
Increase investment portfolio		-90.8
Increase other financial non-current assets	-4.4	-17.9
Net cash from investing activities	-398.3	-158.1
 Cash flow from financing activities		
Increase interest-bearing loans and borrowings	271.9	4.2
Net cash from financing activities	271.9	4.2
 Net increase in cash and cash equivalents	12.1	2.9
 Change in cash and cash equivalents		
Balance at 1 January	30.9	32.3
Net increase in cash and cash equivalents	12.1	2.9
Exchange difference cash and cash equivalents	-1.6	-4.3
Balance at 31 December	41.4	30.9

Annex 5

PERCENTAGE SALES CHANGE ATTRIBUTION
Explanation by geographic area
2016 vs 2015

Area	Volume	Currency	Acquisitions	Total
Europe	1	-3	9	7
North America	7	-1	12	18
Latin America	-2	-10	0	-12
Asia	5	-3	0	2
Australia	0	-1	5	4
Total	4	-2	9	11

PERCENTAGE SALES CHANGE ATTRIBUTION
Explanation by geographic area
Q4 2016 vs Q4 2015

Area	Volume	Currency	Acquisitions	Total
Europe	2	-4	12	10
North America	9	0	24	33
Latin America	-6	-4	0	-10
Asia	0	-3	0	-3
Australia	0	0	14	14
Total	4	-2	16	18