# INTERIM FINANCIAL REPORT

*January to June 2016*

# KEY FINANCIAL INFORMATION

## PROFIT AND LOSS (EUR MILLION)

| | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|---|---|---|---|---|---|---|
| **Revenues** | **329.0** | **334.9** | **-1.8%** | **578.9** | **586.0** | **-1.2%** |
| thereof Western Europe | 78.2 | 83.5 | -6.4% | 155.9 | 160.0 | -2.6% |
| thereof Central, Northern & Eastern Europe | 117.4 | 115.4 | 1.8% | 194.8 | 190.9 | 2.0% |
| thereof Southern Europe | 59.6 | 58.0 | 2.8% | 96.4 | 93.1 | 3.6% |
| thereof Asia & Africa | 30.3 | 36.6 | -17.3% | 54.7 | 69.1 | -20.8% |
| thereof Chimneys & Energy Systems | 44.0 | 44.2 | -0.4% | 77.9 | 77.6 | 0.4% |
| thereof Central Products & Services | 26.7 | 24.7 | 7.9% | 54.5 | 49.1 | 10.9% |
| Reconciliation / inter-segment revenues | -27.2 | -27.6 | 1.3% | -55.4 | -53.9 | -2.8% |
| **Gross Profit** | **102.0** | **101.4** | **0.6%** | **163.2** | **162.3** | **0.5%** |
| *in % of revenues* | *31.0%* | *30.3%* | | *28.2%* | *27.7%* | |
| **Operating EBITDA[1]** | **61.9** | **60.5** | **2.4%** | **79.9** | **77.6** | **3.0%** |
| *in % of revenues* | *18.8%* | *18.1%* | | *13.8%* | *13.2%* | |
| thereof Western Europe | 12.6 | 13.7 | -8.0% | 23.7 | 24.4 | -2.5% |
| thereof Central, Northern & Eastern Europe | 23.8 | 21.8 | 9.5% | 27.7 | 25.5 | 8.6% |
| thereof Southern Europe | 11.5 | 11.2 | 2.1% | 11.5 | 11.6 | -1.1% |
| thereof Asia & Africa | 6.2 | 6.4 | -2.6% | 9.1 | 10.4 | -12.7% |
| thereof Chimneys & Energy Systems | 8.0 | 8.2 | -2.4% | 8.7 | 7.7 | 12.9% |
| thereof Central Products & Services | -0.2 | -0.8 | 75.3% | -0.8 | -2.0 | 60.5% |
| **Operating income[1]** | **40.0** | **38.8** | **3.0%** | **36.3** | **33.7** | **7.7%** |
| *in % of revenues* | *12.1%* | *11.6%* | | *6.3%* | *5.8%* | |
| Non-operating result[1] | 0.3 | -3.3 | n.a. | -3.9 | 1.0 | n.a. |
| **EBIT** | **40.3** | **35.5** | **13.3%** | **32.5** | **34.7** | **-6.6%** |
| *in % of revenues* | 12.2% | 10.6% | | 5.6% | 5.9% | |
| Net financial result | -38.3 | -10.5 | >-100% | -49.1 | -20.5 | >-100% |
| Income taxes | -0.4 | -8.1 | 94.8% | 5.6 | -4.6 | n.a. |
| **Profit (Loss) for the period** | **1.6** | **17.0** | **-90.6%** | **-11.0** | **9.7** | **n.a.** |
| Net income per share in EUR[2] | 0.04 | 0.43 | -90.6% | -0.28 | 0.25 | n.a. |

## OTHER FINANCIAL KEY FIGURES (EUR MILLION)

| | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|---|---|---|---|---|---|---|
| Net cash from operating activities | 11.8 | 33.4 | -64.7% | -72.7 | -45.5 | -59.8% |
| Capital expenditure[1] / [3] | 10.7 | 9.9 | 7.8% | 16.7 | 14.6 | 14.3% |

| | Jun 2016 | Jun 2015 | Change |
|---|---|---|---|
| Equity | 78.1 | 120.6 | -35.2% |
| Invested Capital[1] / [4] | 1,032.9 | 1,021.9 | 1.1% |
| Cash and cash equivalents | 82.4 | 85.9 | -4.0% |
| External financial debt[5] | 546.8 | 530.1 | 3.2% |
| Net debt[6] | 464.4 | 444.2 | 4.5% |
| Net debt / Operating EBITDA (LTM)[1] | 2.3 x | 2.3x | n.a. |
| Employees, full-time equivalents (FTE) at the end of the period | 7,707 | 7,606 | 1.3% |

## REVENUES BY PRODUCT GROUP (EUR MILLION)

| | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|---|---|---|---|---|---|---|
| Concrete roof tiles | 126.0 | 135.0 | -6.7% | 215.6 | 231.0 | -6.7% |
| Clay roof tiles | 82.7 | 80.4 | 2.9% | 143.2 | 137.0 | 4.5% |
| Components | 70.1 | 69.6 | 0.6% | 131.5 | 130.8 | 0.5% |
| Chimneys & Energy Systems | 44.7 | 45.0 | -0.6% | 79.1 | 78.9 | 0.2% |
| Other | 5.6 | 4.9 | 12.9% | 9.5 | 8.3 | 15.0% |
| **Total Revenues** | **329.0** | **334.9** | **-1.8%** | **578.9** | **586.0** | **-1.2%** |

[1] Non-IFRS-GAAP figure
[2] Profit (loss) for the period (attributable to equity holders of the parent company) divided by the number of shares outstanding 39,166,667 of 30 June 2016
[3] Defined as additions to property, plant & equipment
[4] Defined as twelve months intangible assets plus tangible assets inventories plus trade and other receivables minus total payables
[5] Defined as repayable amount of senior debt, other financial liabilities and short-term loans, excl. accrued interest and capitalised finance fees and liabilities related to earn-out clauses
[6] Calculated as external financial debt minus cash and cash equivalents
Due to rounding, slight discrepancies in totals and percentage figures may occur.

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## DEAR SHAREHOLDERS,

*Braas Monier has shown a solid operational, financial and strategic performance since the start of the year. We have strengthened our Operating EBITDA, executed three further value-accretive acquisitions and with the successful refinancing, we reduced our cash interest charge by more than EUR 10 million on an annualised basis. In geographies with underlying volume growth we achieved an over proportional Operating EBITDA increase based on our high operational leverage. In Central, Northern & Eastern Europe, Operating EBITDA rose by 10% on the back of 2% higher revenues.*

*However, harsh weather conditions in wide parts of continental Europe in June and increased uncertainty around the UK referendum have not allowed for achieving our full revenue potential during the second quarter. The Italian market showed a disappointing performance in the first half-year and the stabilisation of the Malaysian market is progressing slowly.*

*Looking ahead, we have to acknowledge that in this uneven environment, the growth rates we expected at the beginning of the year appear not to be fully achievable in 2016. We have therefore adjusted our expectations regarding like-for-like revenue growth to around 1%. However, this uneven development of some markets does not change the good prospects we see for European construction markets in the medium-term. To capture the full benefit of this anticipated upswing, we manage the Company with an unchanged focus on improving our industrial and administrative processes, protecting our lean cost structure, generating high sustainable free cash flows and allocating them wisely to create further value for the Company.*

*Our strong components business provides a reliable platform for future growth and real innovations further enrich our product mix. Together with effective sales and marketing activities in all our countries, we are confident to provide value-adding products and services for our customers, allowing us to grow faster than our markets. We believe that the solid performance of Braas Monier, not just over the past six months, gives evidence to our ability to achieve these goals – even in a tough market environment.*

*Luxembourg, 30 June 2016*

PIERRE-MARIE DE LEENER
*Chief Executive Officer*

GEORG HARRASSER
*Chief Operating Officer*

MATTHEW RUSSELL
*Chief Financial Officer*

# GROUP MANAGEMENT REPORT

## Successful refinancing further improves attractive cash flow profile

In June 2016 we refinanced and reduced our external debt including the issuance of EUR 435.0 million Senior Secured Fixed Rate Notes with a coupon of 3.00 % per annum and a new Revolving Credit Facility of EUR 200.0 million. The proceeds, together with available cash, were foremost used to redeem in full the EUR 315.0 million Senior Secured Floating Rate Notes due 2020, to fully repay the Term Loan B of EUR 200.0 million and to pay down the amount drawn under the old Revolving Credit Facility (EUR 15.0 million).

Due to the refinancing, we expect that our cash interest charge was reduced by more than EUR 10 million on an annualised basis. Costs in relation to the refinancing are expected to amount to approximately EUR 14 million. In addition, the extended Revolving Credit Facility increases the financial flexibility and improves the capital allocation throughout the business cycle. Based on current management expectations, down-payments of the currently drawn Revolving Credit Facility during the second half of 2016 will lead to an expected gross deleveraging of approx. EUR 80 million at year-end.

In the context of the refinancing, interest rate swaps that were entered into in connection with the former financing were closed out.

### SOURCES AND USES OF PROCEEDS
(EUR MILLION)

| Source of funds | | Use of funds | |
|---|---|---|---|
| Proceeds from Fixed Rate Notes | 435.0 | Repayment Term Loan B and outstanding old Revolving Credit Facility | 220.8 |
| Drawing on new Revolving Credit Facility | 108.0 | Repayment Floating Rate Notes | 317.5 |
| Cash on balance sheet | 23.6 | Transaction costs | 14.0[1] |
| | | Close out of interest rate swaps | 14.3 |
| **Total Sources** | **566.6** | **Total Uses** | **566.6** |

(1) expectet approximation

## Interest expenses in the Income Statement to decline significantly from H2 2016 on

Financing related costs in 2015 amounted to EUR 28.8 million, primarily consisting of interest on the Senior Secured Floating Rate Notes (EUR 16.0 million) and interest on the Term Loan B and the previous Revolving Credit Facility (EUR 8.5 million). They also include commitment and agency fees amounting to EUR 1.4 million and the amortisation of financing fees of EUR 2.9 million.

In the first half year 2016, the interest on the above mentioned instruments amounted to EUR 10.7 million, commitment and agency fees to EUR 0.7 million. With the replacement of the financial instruments in the course of the refinancing in June 2016, the remaining amortisation of financing fees led to income statement- related, non-cash bookings of EUR 15.0 million.

Under the new financing, interest on Senior Secured Fixed Rate Notes will amount to EUR 13.1 million per annum. Assuming an average drawing on the new Revolving Credit Facility of approx. EUR 50 million, interest on the Revolving Credit Facility is expected to amount to approx. EUR 1.4 million and commitment and agency fees to approx. EUR 1.3 million. The expected financing fees of approx. EUR 14 million will be amortised over the duration of the financing until June 2021, resulting in an annual charge of approx. EUR 2.8 million. In total, financing related costs are expected to amount to approx. EUR 18.6 million on an annualised basis.

During the second quarter and the first half year 2016, the income statement-related impact of the new financing was marginal. Interest on the Senior Secured Fixed Rate Notes and the Revolving Credit Facility – drawn by EUR 108.0 million at the end of June 2016 – amounted to EUR 0.5 million and EUR 0.1 million, respectively. Amortisation fees for the new financing amounted to EUR 0.1 million. From July to December 2016, related financing costs are expected to amount to EUR 9.2 million.

Interest on the interest rate swaps, entered into in connection with the former financing, amounted to EUR 2.3 million in 2015 and EUR 0.8 million in the first half of 2016. The close out of the interest rate swaps in June 2016 resulted in a one-time effect in the second quarter of EUR 14.3 million.

## FINANCIAL RESULT (REFINANCING RELATED ITEMS)

| (EUR thousand) | FY 2015 reported | FY 2015 reported (refinancing related items only) | Q1 2016 reported (refinancing related items only) | Q2 2016 reported (refinancing related items only) | H1 2016 reported (refinancing related items only) | H2 2016 expectations (refinancing related items only) | FY 2016 expectations (refinancing related items only) | FY 2017 expectations (refinancing related items only) |
|---|---|---|---|---|---|---|---|---|
| **Finance Income:** | | | | | | | | |
| Exchange gains | 2,827 | | | | | | | |
| Gains from changes in the fair value of embedded derivatives (Senior Secured Floating Rate Notes) | 6,809 | | | | | | | |
| Other interest income | 1,128 | | | | | | | |
| thereof: Interest redemption option | | | | | | | | |
| **Finance income** | **10,764** | | | | | | | |
| **Finance costs:** | | | | | | | | |
| Interest on Senior Secured Floating Rate Notes | -15,999 | -15,999 | -3,878 | -2,912 | -6,790 | | -6,790 | |
| Interest on Term Loan B / Revolving Credit Facility | -8,475 | -8,475 | -2,042 | -1,854 | -3,896 | | -3,896 | |
| Interest on Fixed Rate Notes | | | | -536 | -536 | -6,597 | -7,133 | -13,050 |
| Interest on new Revolving Credit Facility | | | | -120 | -120 | -438 | -558 | approx.(1) -1,400 |
| Other interest expenses | -3,901 | | -809 | -457 | -1,266 | | | |
| thereof: interest SWAP | -2,300 | | -401 | -389 | -790 | | -790 | |
| **Interest costs** | **-28,375** | **-24,474** | **-6,729** | **-5,879** | **-12,608** | **-7,035** | **-19,167** | **approx.(1) -14,450** |
| Pension interest | -8,633 | | | | | | | |
| Losses from changes in the fair value of embedded derivatives | | | | | | | | |
| Loss derecognation embedded derivatives (Senior Secured Floating Rate Notes) | | | | -5,740 | -5,740 | | -5,740 | |
| Unrealised exchange losses on Group's internal debt | -5,620 | | | | | | | |
| Commitment and agency fees (old) | -1,430 | -1,430 | -332 | -333 | -665 | | -665 | |
| Commitment and agency fees (new) | | | | | | -738 | -738 | approx.(1) -1,300 |
| Amortised financing fees (Refinancing 2014) | -2,912 | -2,912 | -729 | -14,234 | -14,963 | | -14,963 | |
| Amortised financing fees (Refinancing 2016) | | | | -117 | -117 | -1,400 | -1,517 | approx.(2) -2,800 |
| Derivative financial instruments commodities (energy) | -1,832 | | | | | | | |
| Exchange losses on external debt | -641 | | | | | | | |
| Interest on long-term provisions | -812 | | | | | | | |
| IPO related costs | -453 | | | | | | | |
| Miscellaneous | -1,620 | | -486 | -15,098 | -15,584 | | | |
| thereof: Early termination costs interest swaps | | | | -14,280 | -14,280 | | -14,280 | |
| **Finance related costs** | **-23,953** | **-4,342** | **-1,547** | **-35,522** | **-37,069** | **-2,138** | **-37,903** | |
| **Finance costs** | **-52,328** | **-28,816** | **-8,276** | **-41,401** | **-49,677** | | | **approx. -18,550** |

(1) based on average drawing of Revolving Credit Facility of approximately EUR 50 million
(2) based on expectet transaction costs of approximately EUR 14.0 million

## Expected cash flow savings of more than EUR 10 million p.a.

Cash interest costs as well as commitment and agency fees in 2015 amounted to EUR 27.9 million, including EUR 16.1 million interest on the Senior Secured Floating Rate Notes and EUR 10.1 million on the Term Loan B and the Revolving Credit Facility as well as commitment and agency fees of EUR 1.6 million. In the first half of 2016, cash interest related to the previous financing package amounted to EUR 10.4 million on the Senior Secured Floating Rate Notes and EUR 3.9 million on the Term Loan B and the former Revolving Credit Facility. For the former financing, commitment and agency fees payments of EUR 0.9 million occurred in the first six months of 2016.

Under the new financing, cash interest on Senior Secured Fixed Rate Notes will amount to EUR 13.1 million per annum. Assuming an average drawing on the new Revolving Credit Facility of approx. EUR 50 million, cash interest on the Revolving Credit Facility is expected to amount to approx. EUR 1.4 million and commitment and agency fees to approx. EUR 1.3 million. Interest payment dates for the Senior Secured Fixed Rate Notes are June and December, hence no interest payments under the new financing have occurred in the second quarter of 2016.

Transaction costs for the refinancing are expected to amount to approx. EUR 14.0 million in 2016, out of which EUR 4.9 million have been cash effective already in the second quarter 2016.

Cash interest on the interest rate swaps, entered into in connection with the former financing, amounted to EUR 2.2 million in 2015 and EUR 1.3 million in the first half of 2016. The close out of the interest rate swaps in June 2016 resulted in one-time termination costs in the second quarter of EUR 14.3 million.

## CASH FLOW (REFINANCING RELATED ITEMS)

| (EUR thousand) | FY 2015 (reported) | FY 2015 reported (refinancing related items only) | Q1 2016 reported (refinancing related items only) | Q2 2016 reported (refinancing related items only) | H2 2016 FY expectations (refinancing related items only) | FY 2016 expectations (refinancing related items only) | FY 2017 reported (refinancing related items only) |
|---|---|---|---|---|---|---|---|
| **EBIT** | **123,557** | | | | | | |
| Adjustments for: | | | | | | | |
| Amortisation, depreciation | 87,320 | | | | | | |
| (Reversal of) Impairment losses on non-current assets, net | -2,380 | | | | | | |
| (Gains) / losses on the disposal of non-current assets | -2,666 | | | | | | |
| (Gains) / losses on the sales of equity investments | -814 | | | | | | |
| Results from associates and joint ventures | -1,133 | | | | | | |
| Dividends received | 570 | | | | | | |
| Interest and finance fees paid | -34,274 | | -7,679 | -37,299 | -16,904 | -52,719 | approx.(1) -15,750 |
| thereof: interest on Senior Secured Floating Rate Notes | -16,084 | -16,084 | -3,986 | -10,430 | | -10,430 | |
| thereof: interest on Term Loan B and old Revolving Credit Facility | -10,142 | -10,142 | -1,912 | -3,912 | | -3,912 | |
| thereof: interest on Fixed Rate Notes | | | | | -6,597 | -6,597 | -13,050 |
| thereof: interest on new Revolving Credit Facility | | | | | -483 | -483 | approx.(1) -1,400 |
| thereof: commitment and agency fees (old) | -1,635 | -1,635 | -317 | -939 | | -939 | |
| thereof: commitment and agency fees (new) | | | | 0 | -737 | -737 | approx.(1) -1,300 |
| thereof: transaction cost refinancing 2016 | | | | -4,913 | -9,087 | -14,000 | |
| thereof: SWAP interest rate | -2,204 | | -648 | -1,341 | 0 | -1,341 | |
| thereof: SWAP termination costs | | | | -14,280 | 0 | -14,280 | |
| Interest received | 554 | | | | | | |
| Net income tax paid | -21,103 | | | | | | |
| Change in provisions | -25,387 | | | | | | |
| Change in working capital | | | | | | | |
| Change in inventories | -5,646 | | | | | | |
| Change in trade and other receivables | 7,850 | | | | | | |
| Change in trade and other payables | -4,526 | | | | | | |
| **Net cash from operating activities** | **121,922** | **-27,861** | **-7,679** | **-37,299** | **-16,904** | **-52,719** | **approx. -15,750** |

(1) based on average drawing of Revolving Credit Facility of approximately EUR 50 million

## Changes in the balance sheet indicate gross deleveraging effect of EUR 80 million

Long-term financial liabilities decreased in the course of the refinancing from EUR 511.7 million (31 December 2015) to EUR 430.0 million (30 June 2016). This reduction of approx. EUR 80 million indicates the expected gross deleveraging effect of the refinancing, based on the assumed pay down of the currently with EUR 108.0 million drawn Revolving Credit Facility by year-end. Drawings under the Revolving Credit Facility are thus also shown under short-term financial liabilities.

# Bolt-on M&A strategy continued

In January 2016 we acquired J.A. Plastindustri S/A (JA Plast), a Danish roofing components company. JA Plast's product range covers components for roofing materials such as tiles, metal, fibre cement and asphalt shingles. It focuses on sanitary and roof space ventilation, skylights and complementary accessories such as flashings, end pieces and special vents. As a pure Original Equipment Manufacturer (OEM), JA Plast has more than 40 years of experience in the production of customised roofing accessories, providing premium product quality and offering a high degree of flexibility. Main business geographies are Northern Europe including the UK and Eastern Europe. The total Enterprise Value of JA Plast amounted to DKK 156 million, equivalent to approximately EUR 21 million[1].

In May 2016 we acquired a concrete tile plant in South Africa, operating under the brand name of Technicrete and ultimately owned by Infrastructure Specialist Group Proprietary Ltd. Through the acquisition of the plant, Coverland South Africa takes an active step to consolidate the local market and gains additional potential for selling roofing components to a wider customer base. It also complements its regional footprint, enabling the company to better service the northern part of South Africa at lower transport costs. Including substantial synergies to be achieved within the next three years, we expect to generate from this transaction revenues in 2019 of approximately ZAR 41.6 million and an EBITDA of approximately ZAR 18.2 million. The total investment for the acquisition of the assets amounts to ZAR 52.1 million, equivalent to approximately EUR 3.0 million,[2] including the purchase price, the financing of additional working capital needs and additional capital expenditure (discounted) to significantly enhance product offerings and quality as well as production capacity.

Including the acquisitions of Golden Clay Industries (Golden Clay), Malaysia, and Ceprano Coperture (Ceprano), Italy, which were both closed in the fourth quarter 2015, newly acquired businesses generated revenues in the second quarter 2016 of EUR 8.1 million and an Operating EBITDA of EUR 1.7 million. For the first half of 2016, the revenue contribution amounted to EUR 13.4 million and to EUR 2.4 million for Operating EBITDA.

In July, we acquired Ontop B.V., a well-established European manufacturer of stainless steel flue systems, with end-product applications ranging from industrial bakery ovens, diesel and gas engines, boilers, fire places and stoves. Ontop, headquartered in Middelburg, the

1 Based on an exchange rate of 1 EUR = 7.4602 DKK (as of 26 November 2015)
2 Based on an exchange rate of 1 EUR = 17.5673 ZAR (as of 30 May 2016)

Netherlands, serves the European market with one production location each in the Netherlands and Poland as well as a distribution centre in Germany and a sales office in France. The Enterprise Value (EV) of Ontop, determined on the basis of 2015 reported figures, amounts to EUR 15.2 million, including net debt of EUR 3.6 million and additional cost of approx. EUR 1 million related to the acquisition and the generation of the expected synergies. For 2015, Ontop reported revenues of EUR 21.7 million and an Operating EBITDA of EUR 2.2 million. Including substantial synergies, which Management believes to achieve within the next three years, EV / EBITDA is expected to reach approx. 5x.

For the full year 2016, we expect the first-time inclusion in full of the mentioned acquisitions to generate around 3 % of revenue growth and approximately 4 % in Operating EBITDA growth.

## Launch of new concrete tile with 'Aerlox' technology

Based on our extensive experience, know-how and long-term R&D efforts, we have achieved an innovation, which we expect to be highly attractive to the markets: 'Aerlox', a concrete tile, up to 40 % lighter than a traditional one, but with similar technical properties such as high strength, long-term aesthetics and frost resistance. Roofers strongly benefit from the lower weight of the tile as they have to carry and move significantly less weight per day. Working with the new tile with 'Aerlox' technology will thus be less tiring over the day, enabling the roofer to lay the tiles faster. In regions with a low population density, transportation distances are often relatively high regarding the smaller overall volumes. The lower weight of the new tile increases the economically feasible transport radius as well as the attractiveness of those markets, where other building materials than roof tiles have been prevalent. Other building materials such as metal and fibre cement are typically used on houses with a light building and roof structure, thus being unable to carry the weight of standard tiles. Also here the light tile with 'Aerlox' technology enables the entry into an additional market segment that had been out of reach for tile makers in the past.

We have introduced the new tile with 'Aerlox' technology in the Danish market in March 2016. Depending on experience and feedback gathered in this first market, we would consider further market entries in 2017.

## Board of Directors decided on internal solution for CEO succession

The Board of Directors of Braas Monier Building Group S.A. appointed Pierre-Marie De Leener, Chairman of the Board of Directors, as interim Chief Executive Officer (CEO) of Braas Monier Building Group S.A., and Georg Harrasser, Regional President Central, Northern & Eastern Europe, as new Chief Operating Officer (COO) of Braas Monier Building Group S.A. on 12 January 2016. Both appointments were effective as of 15 January 2016. With effect as of 15 January 2016, Pepyn Dinandt stepped down from all his duties as Group Chief Executive Officer and as Member of the Board of Directors.

## Major change in shareholder structure

In July 2016, 40 North Latitude SPV-F LLC (40 North), a privately-held investment firm and affiliate of Standard Industries Inc., acquired a participation of c. 29.11 % of the shares in Braas Monier Building Group S.A. from the former major shareholder, Monier Holdings S.C.A. Standard Industries Inc. is a privately-held, global, diversified holding company with interests in inter alia building materials. Its businesses include GAF, the largest roofing manufacturer in North America, and Icopal, the European leader in high-end commercial roofing products and waterproofing solutions.

## Industry experience in the Board of Directors strengthened

With the election of Emmanuelle Picard and Christopher Davies as Non-Executive Directors at the Annual General Meeting in May 2016, Braas Monier further strengthens the industry experience in its Board of Directors. Emmanuelle Picard serves as General Manager for the Industrial Fabrics Europe at Adfors, a subsidiary of Saint-Gobain with operations in Spain, the Netherlands, the Czech Republic and Poland. Christopher Davies was employed at SIG plc from 1994 to 2013, serving for the last five years as Group CEO.

## Market Development

Lead indicators for the European new-build and renovation business, such as building permits or consumer confidence, are generally positive for the majority of countries. Research institutes correspondingly expect the construction activity in Europe to further pick up in the current business year. For Asia, the expectations are less positive, particularly regarding the Chinese market, which is expected to decline strongly. We are positive overall with regard to the residential market development in 2016 for our businesses and expect volume growth in the key markets we are active in, barring any extraneous events driven by major geopolitical instability.

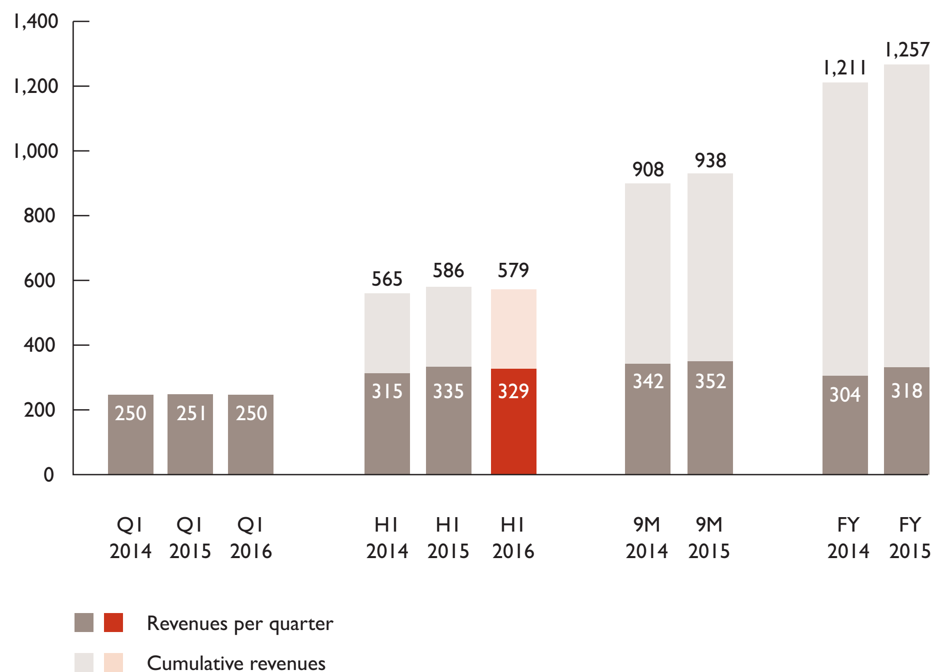
During the second quarter 2016, it however became visible that the anticipated stabilisation of the Italian market will not be achieved in the current business year. Also the stabilisation of the Malaysian market is currently taking longer. Uncertainties around the UK referendum caused a slowdown in the UK market during the second quarter 2016 and may to dampen further market growth in the second half of the year. The German market, on the other hand, is likely to benefit more strongly from the positive momentum in the new build segment than previously anticipated.

# Financial Review

## Earnings Situation

### SLIGHT REVENUE DECLINE AFTER TEMPORARY WEAKNESS IN JUNE 2016

At EUR 329.0 million, revenues in the second quarter 2016 were 1.8 % below the level of the second quarter Q2 2015 (EUR 334.9 million). Revenues from January to June 2016 amounted to EUR 578.9 million compared to EUR 586.0 million in the previous year's period (-1.2 %).

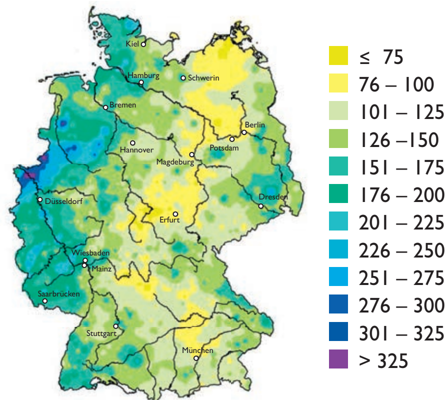



The revenue decline of EUR 5.9 million in the second quarter 2016 was influenced strongly by negative currency effects of EUR -10.8 million (-3.2 % of revenues), stemming predominantly from a strengthening of the Euro against the British Pound, the South African Rand and the Malaysian Ringgit. In the first half of 2016, those negative currency effects mounted to EUR -18.8 million (-3.2 % of revenues).

Recent acquisitions such as Technicrete in South Africa (consolidated as of June 2016), JA Plast in Denmark (consolidated as of January 2016), Ceprano in Italy (consolidated as of December 2015), Golden Clay in Malaysia (consolidated as of October 2015), had a positive effect on revenues of EUR 8.1 million or 2.4 % in the second quarter 2016 and EUR 13.4 million or 2.3 % in the first six months of 2016.

Like-for-like, i.e. excluding foreign exchange effects and recent acquisitions, revenues in the second quarter 2016 were down by -1.0 %. This underlying development correlated with the marginal decline of tile volumes in Europe (-0.3 % like-for-like). While European tile volumes (like-for-like) still grew in the first two months of the quarter, a strongly negative development in the month of June reversed the outcome. In June, some UK merchants significantly reduced their order volumes, which management views to be linked rather to uncertainties around the UK referendum than to a lower underlying market demand. In Continental Europe, harsh weather conditions in June impacted building activities negatively. In Germany, for instance, numerous hail and thunder storms led to the highest amount of precipitation in the month of June for more than two decades and in some parts of the country for more than a century.

PRECIPITATION JUNE 2016
IN PERCENT OF THE LONG-TERM MEAN 1961–1990

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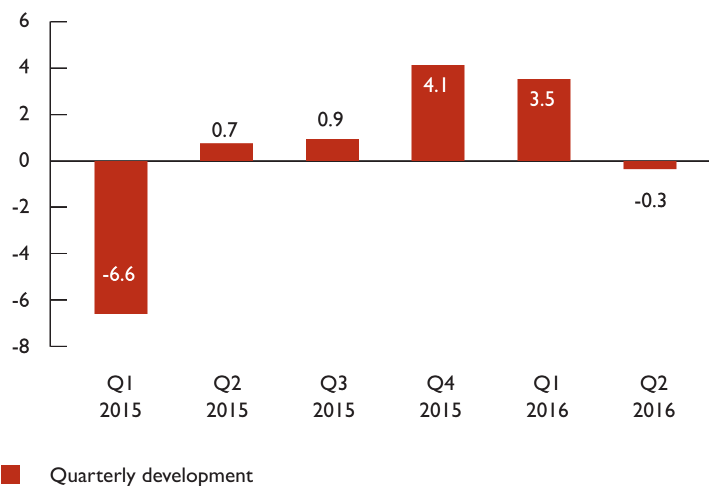
This chart was produced on July 02, 2016 using data of all stations of the networks of DWD.

BRAAS MONIER'S EUROPEAN TILE VOLUMES (LIKE-FOR-LIKE)
(YEAR-ON-YEAR CHANGE, IN %)




Volumes in Asia & Africa in the second quarter 2016 still declined by 6.2 % but showed a significant improvement compared to the development during the first three months of 2016 (-14.7 %). All countries contributed to this relative improvement. Compared to the first quarter 2016, rates of decline significantly softened in Malaysia and India while the already positive volume trends in South Africa and Indonesia further accelerated. Volumes in China continued to decrease driven by the economic slowdown of the country.

Volumes in the Chimneys & Energy Systems business declined in the second quarter by 1.7 %, with a particularly challenging market environment in Austria. Volume trends were positive in countries such as Germany, Poland and Norway.

Group revenues (like-for-like) in the first half of 2016 were 0.3 % below the previous year's level. Positive like-for-like volumes in Europe (+1.3 %) were offset by declines in Asia & Africa (-10.2 %). Volumes in the Chimneys & Energy Systems business remained 0.5 % below the previous year's level.

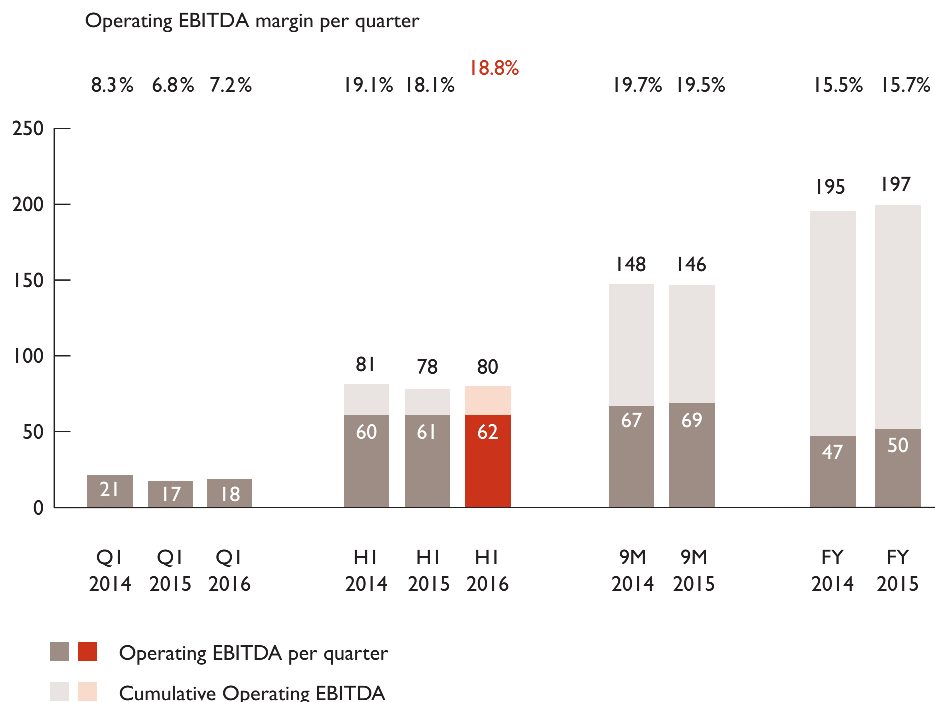
On Group level, average selling prices were slightly positive in the second quarter and in the first half of 2016, with generally positive price developments being partly offset by mix effects. In Europe, average selling prices increased over the first six months in countries such as Poland and in the UK. Germany and Italy showed a relatively stable development, while average selling prices in France did not fully reach the level of the first half 2015.

The components business showed a solid performance in the first half year 2016 and a particularly strong performance in Germany. The KPI for European Components, which measures the amount of component revenues[3)] per square metre roof tiles sold, reached EUR 2.37 per square metre in the first six months of 2016. Negative currency effects and the first time inclusion of Ceprano impacted the KPI by approximately EUR -0.06 per square metre and EUR -0.04 per square metre, respectively. On a comparable basis the KPI thus exceeded the level of last year's period (EUR 2.44 per square metre) by 1.3 %.

## OPERATING EBITDA INCREASE BACKED BY LOWER ENERGY COSTS AND STRICT COST MANAGEMENT

Operating EBITDA increased in the period from April to June 2016 by 2.4 % (like-for-like 2.2 %) to EUR 61.9 million (Q2 2015: EUR 60.5 million). The Operating EBITDA margin rose by 0.8 percentage points to 18.8 % (Q1 2015: 18.1 %). In the first six months 2016, the increase in Operating EBITDA amounted to 3.0 % (like-for-like 3.3 %), reaching EUR 79.9 million (H1 2015: EUR 77.6 million). With 13.8 %, the Operating EBITDA margin rose by 0.6 percentage points in the first half 2016 (H1 2015: 13.2 %).

3 excluding the components-only brands Klöber and JA Plast




Currency effects in the second quarter 2016 of EUR -1.6 million were compensated by the Operating EBITDA contribution of EUR 1.7 million from the recently acquired businesses. During the first six months 2016, the currency effects (EUR -2.5 million) slightly exceeded the contribution from recently acquired businesses (EUR 2.4 million).

The effect of lower volumes on Operating EBITDA was moderate during the second quarter of 2016, average selling prices showed a slightly positive development. Lower energy costs helped to improve the variable cost base, in particular in Germany and France. Improvements in fixed costs were most notably realised in geographies with a challenging market environment, such as Italy and Asia & Africa. In addition, a positive one-time effect through property sold in connection with a plant closure in China of EUR 1.4 million enhanced Operating EBITDA during the second quarter 2016.

Similar effects during the first half of 2016 in general lead to a like-for-like increase in Operating EBITDA of 3.3 % compared to the first six months of 2015.

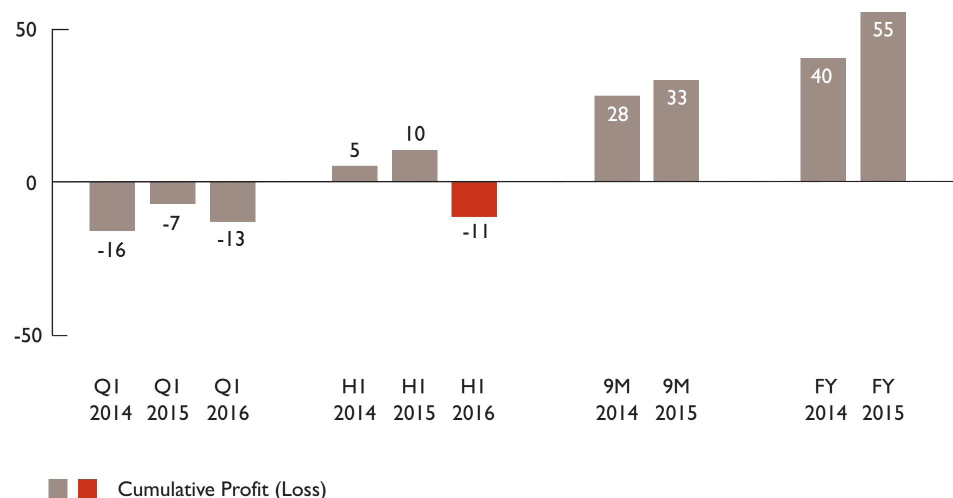
Depreciation and amortisation were stable, amounting to EUR 22.3 million in the second quarter 2016 (Q2 2015: 22.0 EUR million) and to EUR 44.6 million in the first half 2016 (H1 2015: EUR 44.4 million). From January to June 2016, the non-operating result amounted to EUR -3.9 million (Q2 2016: EUR 0.3 million), including costs in relation to management changes, strategic projects and acquisition related accounting impacts. In the first half of 2015, a non-operating result of EUR 1.0 million was reported (Q2 2015: EUR -3.3 million). The positive non-operating result in the first quarter 2015 was primarily related to effects in connection with the acquisition of Cobert in Spain and Portugal.

Earnings before interests and taxes (EBIT) increased in the second quarter 2016 by 13.3 % or EUR 4.7 million to EUR 40.3 million (Q2 2015: EUR 35.5 million). Due to the swing in the non-operating result of EUR 4.9 million in the first half of 2016, EBIT of EUR 32.5 million in the first six months of 2016 fell short of previous year's levels (EUR 34.7 million).

The Net financial result in the second quarter 2016 amounted to EUR -38.3 million. The change of EUR -27.7 million compared to the second quarter 2015 (EUR -10.5 million) was driven by one-time costs related to the refinancing in June 2016, in particular the full amortisation effect stemming from transaction cost in relation to the former financing (EUR -15.0 million) and the close out of the interest rate swaps (EUR -14.3 million), see 'refinancing' on page 6 ff.

Due to temporary effects associated with the refinancing in June 2016, the consolidated effective tax rate for the Group for the full year 2016 is expected to increase slightly to 33.7 % (full year 2015: 32.2 %). Applying this tax rate on the Earnings before taxes (EBT) for the first half 2016, the Net income for the period amounted to EUR -11.0 million for the first half 2016 (H1 2015: EUR 9.7 million) and to EUR 1.6 million in the second quarter 2016 (Q2 2015: EUR 17.0 million). Divided by the number of shares outstanding at 30 June 2016 (39,166,667), the Net income per share for the second quarter 2016 amounted to EUR 0.04 (Q2 2015: EUR 0.43) and to EUR -0.28 for the first half 2016 (H1 2015: EUR 0.25).

## PROFIT (LOSS) FOR THE PERIOD
(EUR MILLION)



## Cash Flow

Net cash from operating activities in the second quarter 2016 was reported with EUR 11.8 million (Q2 2015: EUR 33.4 million). A higher contribution from the operating business (EBIT) was partly offset by increased working capital needs (Q2 2016: EUR -7.3 million vs. Q2 2015: EUR -3.5 million), resulting from working capital requirements in acquired companies, which was already foreseen at the time of the acquisition. In addition, one-time effects in relation to the refinancing in June 2016, in particular transaction costs (EUR -4.9 million cash effective in Q2 2016) and the close out of the interest rate swaps (EUR -14.3 million), see 'refinancing' on page 6 ff, weighed on the operating cash flows. The negative cash development in the first half as a whole reflects – besides the mentioned one-time effects stemming from the refinancing – the typical seasonal pattern of the business with cash outflows mainly related to the built-up of working capital. Working capital needs during the first half 2016 amounted to EUR 90.5 million (H1 2015: EUR 84.3 million).

Cash outflows for investments in intangible assets and property, plant and equipment in the second quarter 2016 of EUR 10.0 million were EUR 1.3 million below the previous year's level (Q2 2015: EUR 11.3 million). In the first half of 2016 they reached EUR 23.6 million (H1 2015: EUR 25.7 million). The acquisition of Technicrete in May 2016 resulted in cash outflows in the second quarter of EUR 1.3 million. Together with the acquisition of JA Plast in January 2016 cash outflows for acquisitions in the first half 2016 amounted to EUR 21.0 million. In the previous year's period, the acquisition of GCI in Malaysia had led to cash outflows of EUR 1.6 million in the second quarter 2015 and the acquisition of Cobert in Spain and Portugal to cash outflows of EUR 27.0 million in the first quarter 2015 (H1 2015: EUR 28.6 million). In the context of a plant closure in China, the sale of a subsidiary containing property assets led to proceeds in the second quarter 2016 of EUR 3.2 million. Net cash used in investing activities for the period of April to June 2016 amounted to EUR -7.6 million, compared to EUR -11.2 million in the second quarter 2015. In the first half 2016, the described effects together with proceeds from the sale of idle assets (EUR 2.5 million in Q1 2016), net cash used in investing activities improved from EUR -50.9 million in the first half 2015 to EUR -38.4 million in the first half 2016.

Net cash from financing activities amounted to EUR -2.8 million in the second quarter 2016, including effects resulting from the refinancing in June 2016, see 'refinancing' on page 6 ff, as well as the dividend payment of EUR 15.7 million. In the previous year's period, dividend payments of EUR 11.8 million and proceeds from loans and borrowings of EUR 9.5 million - primarily driven by the temporary drawing on the Revolving Credit Facility – had led to a similar net cash from financing activities of EUR -2.3 million. For the first six months 2016, net cash from financing activities amounted to EUR 11.9 million, compared to EUR -1.5 million in the first half 2015.

Adjusted free cash flow in the second quarter 2016 amounted to EUR 29.0 million, before one-time effects of EUR 24.8 million, which primarily related to the refinancing in June 2016 (EUR 19.2 million, see 'refinancing' on page 6 ff). In the second quarter 2015, we generated an adjusted free cash flow of EUR 31.9 million before one-time

effects of EUR 9.7 million. For the first half of 2016, adjusted free cash flow amounted to EUR -62.5 million. Excluded one-time effects of EUR 48.6 million primarily related to the refinancing as well as to the acquisition of JA Plast (EUR 19.7 million). Other adjustments included changes in the management, post-merger integration costs and strategic growth projects such as WrapTec and 'Aerlox'. In the first half 2015, we generated an adjusted free cash flow of EUR -55.8 million before one-time effects of EUR 40.6 million (including EUR 26.9 million net for the acquisition of Cobert and dispositions).

## CASH FLOW AND ADJUSTED FREE CASH FLOW

| (EUR million) | Q2 2016 | Q2 2015 | Change | H1 2016 | H1 2015 | Change |
|---|---|---|---|---|---|---|
| Net cash from operating activties | 11.8 | 33.4 | -64.8% | -72.7 | -45.5 | 59.7 % |
| Net cash used in / (from) investing activities | -7.6 | -11.2 | -32.5% | -38.4 | -50.9 | -24.5% |
| **Free Cash Flow** | **4.2** | **22.2** | **-81.1%** | **-111.1** | **-96.4** | **15.2%** |
| Net cash used in financing activities | -2.8 | -2.3 | 25.4% | 11.9 | -1.5 | n.a. |
| **Net Cash Flow** | **1.4** | **20.0** | **-93.1%** | **-99.2** | **-97.9** | **1.4%** |
| Cash and cash equivalents at the beginning of the period | 81.2 | 66.2 | 22.6% | 183.4 | 180.9 | 1.4% |
| Effect of exchange rate fluctuations on cash and cash equivalents | -0.1 | -0.3 | -68.2% | -1.8 | 2.8 | n.a. |
| **Cash and cash equivalents at the end of the period** | **82.4** | **85.9** | **-4.0%** | **82.4** | **85.9** | **-4.0%** |
| **Adjustments on 'Free Cash Flow' (above):** | | | | | | |
| Acquisitions and dispositions | 1.3 | 1.6 | -18.5% | 21.0 | 26.9 | -21.8% |
| Refinancing / IPO | 19.2 | 0.0 | - | 19.2 | 1.3 | >100% |
| Operational restructuring | 0.8 | 3.1 | -75.6% | 1.7 | 5.8 | -71.4% |
| Warranty | 1.0 | 0.5 | >100% | 1.1 | 0.8 | 46.3% |
| Post merger costs | 0.4 | 0.5 | -12.1% | 1.0 | 0.5 | 98.0% |
| Other | 2.1 | 4.0 | -48.4% | 4.5 | 5.3 | -15.2% |
| **Adjusted Free Cash Flow** | **29.0** | **31.9** | **-9.2%** | **-62.5** | **-55.8** | **-12.0%** |

Cash and cash equivalents at the end of June 2016 stood at EUR 82.4 million (June 2015: EUR 85.9 million).

Net debt at the end of the second quarter 2016 stood at EUR 464.4 million, an increase over the previous year (EUR 444.2 million) of EUR 20.2 million, driven by effects in connection with the refinancing in June 2016, see 'refinancing' on page 6 ff. Pension liabilities, accrued interest, capitalised fees and liabilities related to earn-out clauses are not part of the Company's Net debt definition. Operating EBITDA of the last twelve months reached EUR 199.1 million in the second quarter 2016. Hence, Net debt to Operating EBITDA (LTM) was stable at 2.3 x in June 2016 (2.3 x in June 2015). Operating EBITDA (LTM) in relation to Net interest expense improved to 7.4 x at the end of the quarter (6.4 x at the end of Q2 2015). Both ratios show significant headroom to maintain covenants included in the financial documentation.

## TREASURY RATIOS

| | Jun 2016 | Jun 2015 | Dec 2015 |
|---|---|---|---|
| Net debt / Operating EBITDA (LTM) [1] | 2.3 x | 2.3 x | 1.7 x |
| Operating EBITDA (LTM) [1] / Net interest expense (LTM) [1] | 7.4 x | 6.4 x | 6.8 x |

(1) Non-IFRS-GAAP figure

The current external financing is based on Senior Secured Fixed Rate Notes in an aggregate principal amount of EUR 435 million, maturing in June 2021. The Senior Secured Fixed Rate Notes bear interest at a rate of 3.00 % per annum, with interest to be paid half-yearly (June / December) in arrears. In addition, a Revolving Credit Facility of EUR 200 million (EUR 108.0 million drawn at 30 June 2016) is mainly used to cover the working capital swing and other seasonal finance needs. It bears interest at the rate of EURIBOR plus a margin of up to 300 bps depending on the Group's financial leverage.

Based on the long-term maturity profile of financial liabilities and the expected cash inflows from operating activities we have a comfortable liquidity position.

## Balance Sheet

The balance sheet total decreased by 1.4 % compared to the end of 2015 (EUR 1,517.5 million) to EUR 1,495.7 million. Non-current assets rose from EUR 982.5 million in December 2015 to EUR 990.2 million in June 2016. The increase of EUR 7.7 million relates mainly to higher deferred tax assets including the accounting for pension liabilities (plus EUR 29.5 million compared to December 2015) while property, plant and equipment decreased by EUR 20.2 million (compared to December 2015) due to regular depreciation.

Depreciation and amortisation in the first half 2016 amounted to EUR 44.6 million (H1 2015: EUR 44.4 million), thereof EUR 36.4 million relating to property, plant and equipment and EUR 8.2 million relating to intangible assets (H1 2015: EUR 37.9 million and EUR 6.5 million, respectively). In the first six months of 2016, we added property, plant and equipment in the amount of EUR 15.9 million as well as intangible assets in the amount of EUR 1.0 million (H1 2015: EUR 13.9 million and EUR 0.7 million respectively). In total, the Group added fixed assets in the amount of EUR 41.2 million in the first half 2016 (mostly related to the acquisition of JA Plast in January 2016) compared to EUR 48.9 million in the first half of 2015 (mostly related to the acquisition of Cobert in January 2015).

Current assets decreased compared to year end 2015 by EUR 30.0 million to EUR 505.5 million (December 2015: EUR 535.0 million). Cash and cash equivalents declined by EUR 101.0 million, in-line with the pay-out for acquisitions, one-time cash effects resulting from the refinancing in June 2016 (see 'refinancing' on page 6 ff.) and the seasonal build-up of working capital, which is partly reflected in higher inventories (increase of EUR 33.6 million) and higher trade account receivables (increase of EUR 45.5 million).

Compared with year-end figures (2015: EUR 147.0 million), total equity declined by EUR 68.9 million to EUR 78.1 million, strongly impacted by the increase in long-term provisions for pension liabilities, resulting from the IFRS accounting treatment of such liabilities in connection with lower interest rates (see also Note 6 on page 42).

Non-current liabilities stood at the end of the first half 2016 at EUR 977.6 million, EUR 41.3 million less than at the same time in the previous year (June 2015: EUR 1,018.9 million). The accounting treatment of pension described above is responsible for the increase of the long-term provisions for pension liabilities and similar obligations within the non-current liabilities. Those provisions increased by EUR 47.5 million to EUR 432.6 million (June 2015: EUR 385.1 million). Long-term financial liabilities were reduced by EUR 81.7 million in the context of the refinancing in June 2016 (see 'refinancing' on page 6 ff.).

Current liabilities increased by EUR 88.4 million from EUR 351.6 million at the end of 2015 to EUR 439.9 million at the end of the second quarter 2016, driven by temporary drawings on the Revolving Credit Facility of EUR 108.0 million (short-term financial liabilities) in the context of the refinancing in June 2016 (see 'refinancing' on page 6 ff.). Trade account payables decreased by EUR 22.2 million as part of the seasonal working capital increase.

# Segment Reporting

## WESTERN EUROPE[1]

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **78.2** | **83.5** | **-6.4%** | **-2.6%** | **155.9** | **160.0** | **-2.6%** | **1.3%** |
| **Operating EBITDA[2]** | **12.6** | **13.7** | **-8.0%** | **-4.1%** | **23.7** | **24.4** | **-2.5%** | **0.8%** |
| *in % of revenues* | *16.1%* | *16.4%* | | | *15.2%* | *15.2%* | | |
| **Operating income[2]** | **7.1** | **8.0** | **-10.6%** | | **12.6** | **13.0** | **-2.7%** | |
| *in % of revenues* | *9.1%* | *9.5%* | | | *8.1%* | *8.1%* | | |
| Non-operating result[2] | -0.1 | 0.0 | n.a. | | -0.1 | 0.0 | n.a. | |
| **EBIT** | **7.1** | **8.0** | **-11.5%** | | **12.6** | **13.0** | **-3.2%** | |
| Capital expenditure[3] | 2.3 | 2.0 | 13.7% | | 4.3 | 2.8 | 51.5% | |
| Volumes sold tiles (in million m²) | 5.2 | 5.4 | -2.5% | | 10.5 | 10.3 | 1.2% | |
| Employees as of period ended | 1,331 | 1,320 | 0.8% | | 1,331 | 1,320 | 0.8% | |

(1) incl. France, the UK, the Netherlands, Belgium
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment

Given a climate of political uncertainty in the second quarter 2016 Western Europe was unable to build on the positive developments seen in the first quarter of the year. Revenues decreased by 6.4% to EUR 78.2 million (Q2 2015: EUR 83.5 million). To a large extent, those declines were related to negative currency effects of EUR 3.2 million, resulting from a strengthening of the Euro against the British Pound.

On a like-for-like basis, the revenue decline was more moderate with -2.6% in the second quarter and still positive for the first six months (+1.3%). Volume decreases in the month of June reversed the up to then positive like-for-like development of the region in the second quarter. Some UK merchants significantly reduced their order volumes, which management views to be linked rather to uncertainties around the UK referendum than to a lower underlying market demand. In France, harsh weather conditions in June impacted building activities negatively. Average selling prices continued to develop positively during the second quarter in the UK but did not reach last year's level in France, with an overall negative impact on revenues.

Operating EBITDA in the second quarter 2016 decreased by 8.0% (like-for-like -4.1%) to EUR 12.6 million (Q2 2015: EUR 13.7 million). Negative currency effects amounted to EUR 0.5 million. Improvement in variable and fixed costs were sufficient to fully compensate for negative pricing effects, but not to also cover for overall lower volumes as well. Operating EBITDA margin thus declined by 0.3 percentage points to 16.1% (Q2 2015: 16.4%).

## CENTRAL, NORTHERN & EASTERN EUROPE[1]

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **117.4** | **115.4** | **1.8%** | **3.3%** | **194.8** | **190.9** | **2.0%** | **3.4%** |
| **Operating EBITDA[2]** | **23.8** | **21.8** | **9.5%** | **10.2%** | **27.7** | **25.5** | **8.6%** | **9.1%** |
| *in % of revenues* | *20.3%* | *18.9%* | | | *14.2%* | *13.3%* | | |
| **Operating income[2]** | **19.2** | **17.2** | **11.8%** | | **18.5** | **16.2** | **14.4%** | |
| *in % of revenues* | *16.4%* | *14.9%* | | | *9.5%* | *8.5%* | | |
| Non-operating result[2] | 0.0 | 0.0 | n.a. | | 0.0 | 0.0 | n.a. | |
| **EBIT** | **19.2** | **17.2** | **11.8%** | | **18.5** | **16.2** | **14.4%** | |
| Capital expenditure[3] | 2.4 | 3.4 | -28.7% | | 4.0 | 5.1 | -22.2% | |
| Volumes sold tiles (in million m²) | 7.9 | 7.8 | 1.5% | | 12.5 | 12.2 | 2.8% | |
| Employees as of period ended | 1,542 | 1,512 | 2.0% | | 1,542 | 1,512 | 2.0% | |

(1) incl. Germany, Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Russia
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment

Central, Northern & Eastern Europe proceeded with the positive development observed in the first three months of 2016. Revenues rose in the second quarter by 1.8% to EUR 117.4 million (Q2 2015: EUR 115.5 million), despite negative currency effects of EUR 1.7 million and unfavourable weather conditions at the end of the quarter. On a like-for-like basis revenues increased by 3.3% (3.4% in H1 2016). This growth was driven by higher volumes in Germany and Poland, a strong components business and overall positive average selling prices.

From April to June 2016, Operating EBITDA rose by 9.5% to EUR 23.8 million (Q2 2015: EUR 21.8 million) or by 10.2% (like-for-like) excluding negative currency effects of EUR 0.2 million. The high operating leverage on volume growth and positive pricing were additionally backed by energy-related cost improvements. Operating EBITDA margin thus increased significantly by 1.4 percentage points to 20.3% (Q2 2015: 18.9%).

## SOUTHERN EUROPE [1]

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **59.6** | **58.0** | **2.8%** | **-2.3%** | **96.4** | **93.1** | **3.6%** | **-1.4%** |
| **Operating EBITDA[2]** | **11.5** | **11.2** | **2.1%** | **-0.7%** | **11.5** | **11.6** | **-1.1%** | **-2.7%** |
| *in% of revenues* | *19.2%* | *19.4%* | | | *11.9%* | *12.5%* | | |
| **Operating income[2]** | **6.0** | **5.4** | **9.6%** | | **0.6** | **0.2** | **>100%** | |
| *in% of revenues* | *10.0%* | *9.4%* | | | *0.6%* | *0.2%* | | |
| Non-operating result[2] | -0.3 | 0.0 | n.a. | | -0.5 | -1.2 | 61.3% | |
| **EBIT** | **5.6** | **5.4** | **3.3%** | | **0.1** | **-1.0** | **n.a.** | |
| Capital expenditure[3] | 2.1 | 1.5 | 36.6% | | 2.8 | 2.1 | 33.8% | |
| Volumes sold tiles (in million m²) | 6.1 | 5.8 | 5.2% | -1.2% | 9.9 | 9.4 | 5.1% | -0.9% |
| Employees as of period ended | 1,291 | 1,276 | 1.2% | | 1,291 | 1,276 | 1.2% | |

(1) incl. Spain and Portugal, Italy, Austria, the Czech Republic, Slovakia, Hungary, Slovenia, Bosnia-Herzegowina, Croatia, Serbia, Romania, Bulgaria, Albania and Turkey
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment

The operating performance of Southern Europe continued to be burdened by an unimproved market environment in Italy. Revenues in the second quarter 2016 increased by 2.8% to EUR 59.6 million (Q2 2015: EUR 58.0 million), due to the first time inclusion of recent acquisitions in Italy, accounting for EUR 3.3 million in the quarter and for EUR 5.3 million in the first six months of 2016. Currency effects impacted the region's revenues from April to June moderately with EUR -0.3 million. On a like-for-like basis, revenues declined by 2.3% (-1.4% for H1 2016). Ongoing double-digit percentage volume declines in Italy were not fully offset by sizeable improvements in South-Eastern Europe. Pricing in the region was slightly positive.

Operating EBITDA from April to June 2016 increased by 2.1% from EUR 11.2 million to EUR 11.5 million as the EBITDA contribution of recently acquired businesses (EUR 0.4 million) overcompensated the marginal currency effect (EUR -0.1 million). On a like-for-like basis, Operating EBITDA declined slightly by 0.7%. Variable cost improvements were more pronounced than the marginally negative pricing effects. Together with additional fixed costs saving they were sufficient to almost completely compensate for the negative volume effect on tiles and components. Operating EBITDA margin was thus kept relatively stable at 19.2% (Q2 2015: 19.4%).

## ASIA & AFRICA [1]

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **30.3** | **36.6** | **-17.3%** | **-12.2%** | **54.7** | **69.1** | **-20.8%** | **-15.2%** |
| **Operating EBITDA[2]** | **6.2** | **6.4** | **-2.6%** | **4.8%** | **9.1** | **10.4** | **-12.7%** | **-5.0%** |
| *in % of revenues* | *20.5%* | *17.4%* | | | *16.6%* | *15.1%* | | |
| **Operating income[2]** | **3.6** | **4.3** | **-16.0%** | | **4.3** | **5.6** | **-23.8%** | |
| *in % of revenues* | *12.0%* | *11.8%* | | | *7.8%* | *8.2%* | | |
| Non-operating result[2] | -0.1 | -0.7 | 89.5% | | -1.3 | -0.7 | -86.7% | |
| **EBIT** | **3.6** | **3.6** | **-1.7%** | | **3.0** | **4.9** | **-39.7%** | |
| Capital expenditure[3] | 2.7 | 1.2 | >100% | | 4.1 | 1.9 | >100% | |
| Volumes sold tiles (in million m²) | 6.5 | 7.0 | -6.2% | -9.0% | 11.9 | 13.3 | -10.2% | -12.7% |
| Employees as of period ended | 1,906 | 1,909 | -0.2% | | 1,906 | 1,909 | -0.2% | |

(1) incl. Malaysia, China, Indonesia, India and South Africa
(2) Non-IFRS-GAAP figure
(3) Represents additions to intangible assets and property, plant and equipment

Following a difficult start into the year, not unexpectedly, revenues in Asia & Africa showed further sizeable declines in the second quarter of 2016. However, with -17.3% on a reported basis (like-for-like -12.2%), they were notably less pronounced compared to the first three months of the year (reported -24.7%, like-for-like -18.3%). Revenues in the second quarter reached EUR 30.3 million, EUR 6.3 million less than in the second quarter of 2015 (EUR 36.6 million). Negative currency effects in the second quarter amounted to EUR 4.3 million and EUR 8.4 million in the first half year, mainly related to the devaluation of the South African Rand and the Malaysian Ringgit. The first time inclusion of GCI accounted for EUR 1.9 million in the second quarter and EUR 3.2 million in the first half of 2016. Revenues of Technicrete in June, the first month of its consolidation, amounted to EUR 0.2 million.

Compared to the first quarter 2016, volume trends improved in all countries included in the reporting segment, resulting in accelerated growth rates in South Africa and Indonesia and significantly softer declines in Malaysia and India. The improvements in China were only very moderate. Components sales and average selling prices were also negatively affected by the difficult market environments in Asia.

Operating EBITDA was kept almost stable in the second quarter despite strong revenue declines, reaching EUR 6.2 million, only EUR 0.2 million less than in the previous year's quarter (Q2 2015: EUR 6.4 million). On a like-for-like basis, i.e. excluding negative currency effects of EUR 0.7 million as well as the EBITDA contribution of GCI (EUR 0.2 million), Operating EBITDA grew by 4.8%. The negative volume and price effects were compensated by improved variable and fixed costs, in particular in SG&A. In addition, gains from the disposal of an entity containing property assets in China positively impacted Operating EBITDA by EUR 1.5 million (see Note 5, page 42, second paragraph).

## CHIMNEYS & ENERGY SYSTEMS

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **44.0** | **44.2** | **-0.4%** | **2.6%** | **77.9** | **77.6** | **0.4%** | **3.1%** |
| **Operating EBITDA**[1] | **8.0** | **8.2** | **-2.4%** | **-0.3%** | **8.7** | **7.7** | **12.9%** | **16.0%** |
| *in % of revenues* | *18.2%* | *18.5%* | | | *11.2%* | *9.9%* | | |
| **Operating income**[1] | **5.5** | **5.7** | **-3.5%** | | **3.7** | **2.8** | **33.0%** | |
| *in % of revenues* | *12.5%* | *12.9%* | | | *4.8%* | *3.6%* | | |
| Non-operating result[1] | -0.2 | 0.0 | n.a. | | -0.2 | 0.0 | n.a. | |
| **EBIT** | **5.3** | **5.7** | **-6.6%** | | **3.6** | **2.8** | **26.6%** | |
| Capital expenditure[2] | 0.6 | 1.1 | -43.3% | | 0.9 | 1.6 | -46.7% | |
| Chimneys sold (in million m) | 0.5 | 0.5 | -1.7% | | 1.0 | 1.0 | -0.5% | |
| Employees as of period ended | 1,176 | 1,177 | -0.1% | | 1,176 | 1,177 | -0.1% | |

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment

Revenues with Chimneys & Energy Systems in the second quarter 2016 reached EUR 44.0 million, in-line with revenues in the previous year's quarter of EUR 44.2 million. Negative currency effects amounted to EUR 1.3 million in the second quarter 2016 (EUR -2.1 million in H1 2016). Volumes declined in the second quarter by 1.7%, with a particularly challenging market environment in Austria. Volume trends were positive in countries such as Germany, Poland and Norway. Driven by positive mix effects and higher average selling prices, like-for-like revenues were up 2.6% in the second quarter and up 3.1% in the first half of 2016.

Operating EBITDA decreased by EUR 0.2 million from EUR 8.2 million in the second quarter 2015 to EUR 8.0 million in the second quarter 2016. The delta is equivalent to the negative currency effect in the quarter (EUR -0.2 million), while positive pricing was sufficient to neutralise variable and fixed cost inflation as well as effects from declining volumes. For the first half year, with marginal volume declines, positive pricing and limited cost inflation led to an Operating EBITDA increase of 12.9% on a reported basis or 16.0% like-for-like, excluding the currency effect of EUR -0.2 million. The Operating EBITDA margin rose by 1.3 percentage points from 9.9% to 11.2%.

## CENTRAL PRODUCTS & SERVICES

| (EUR million) | Q2 2016 | Q2 2015 | Change | Change like-for-like | H1 2016 | H1 2015 | Change | Change like-for-like |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **26.7** | **24.7** | **7.9%** | **-3.5%** | **54.5** | **49.1** | **10.9%** | **1.4%** |
| **Operating EBITDA[1]** | **-0.2** | **-0.8** | **75.3%** | **-69.9%** | **-0.8** | **-2.0** | **60.5%** | **-22.0%** |
| *in % of revenues* | *-0.7%* | *-3.1%* | | | *-1.4%* | *-4.0%* | | |
| **Operating income[1]** | **-1.5** | **-1.8** | **19.0%** | | **-3.4** | **-4.1** | **17.2%** | |
| *in % of revenues* | *-5.5%* | *-7.3%* | | | *-6.2%* | *-8.3%* | | |
| Non-operating result[1] | 1.0 | -2.6 | n.a. | | -1.8 | 2.9 | n.a. | |
| **EBIT** | **-0.5** | **-4.4** | **88.6%** | | **-5.2** | **-1.2** | **>-100%** | |
| Capital expenditure[2] | 0.5 | 0.6 | -5.5% | | 0.7 | 1.0 | -28.9% | |
| Employees as of period ended | 460 | 412 | 11.7% | | 460 | 412 | 11.7% | |

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment

Revenues in Central Products & Services, which mainly resulted from components centrally produced and sold to other segments, were up 7.9% to EUR 26.7 million in the second quarter 2016 (Q2 2015: EUR 24.7 million), including the contribution of JA Plast. On a like-for-like basis, revenues were down 3.5%. Exchange rate effects had no impact on revenues in the second quarter or the first half of 2016.

From April to June 2016, the positive Operating EBITDA contribution of the components business within this reporting segment was not sufficient to fully compensate for holding and R&D costs that are also accounted for in this segment. The Operating EBITDA however improved from EUR -0.8 million by EUR 0.6 million to EUR -0.2 million in the second quarter 2016, driven by the first time inclusion of JA Plast.

In the second quarter of 2016, a non-operating gain of EUR 1.0 million was booked, largely resulting from a recycling of foreign exchange effects in connection with the sale of an entity in China. The non-operating result from April to June 2015 amounted to EUR -2.6 million. It included expenses related to strategic growth and performance measures such as the setup and implementation of the Group-wide Go4ProcessEfficiency Programme, expenses related to M&A and post-merger integration, the envisaged product launch of WrapTec in further countries in Europe and the development of further component-based adjacent product innovations. From January to June 2016, the non-operating result amounted to EUR -1.8 million, including costs in relation to management changes and strategic projects. In the previous year's period, the non-operating result amounted to EUR 2.9 million, as the described costs in the second quarter 2015 were more than offset by a positive effect of EUR 5.5 million, related to the acquisition of Cobert in Spain and Portugal in the first quarter 2015.

# Outlook for 2016

Lead indicators for the European new-build and renovation business, such as building permits or consumer confidence, are generally positive for the majority of countries. Research institutes correspondingly expect the construction activity in Europe to further pick up in the current business year. For Asia, the expectations are less positive, particularly regarding the Chinese market, which is expected to decline strongly.

We are positive overall with regard to the residential market development in 2016 for our businesses and expect slight volume growth in the key markets we are active in, barring any extraneous events driven by major geopolitical instability.

The German market is expected to grow moderately with positive momentum in new build being dampened by a less favourable development of the renovation market. In the UK, markets are expected to show further growth in the short-term due to strong order books, albeit at a slower rate following the referendum in June 2016. Based on positive lead indicators, the French market is expected to return to slight growth during 2016. Further market growth is expected for a number of other European countries, such as Poland, the Netherlands, Denmark and several South-Eastern European markets. The Italian market is expected to remain difficult during the remainder of the year after a very weak first half 2016. The Chinese market will most likely show a further strong contraction in 2016. Malaysia is expected to stabilise in the second half of 2016. The components business is expected to show an improvement in performance supported by rising national and international building standards, especially with regard to energy efficiency and safety. With regard to the Chimneys & Energy Systems business, expectations are for a similar development to the roofing business in the respective markets.

We will continue to strive for above-market growth. Management is confident to achieve this goal in the coming years through the Group-wide 'Top Line Growth' programme, focusing on customer oriented sales and marketing initiatives, value-adding services, the development of innovative products and solutions, such as WrapTec and the recently launched tile with 'Aerlox' technology, and further opportunistic bolt-on acquisitions.

In 2016, we will continue to invest in profitable growth. Our product innovations have the potential to further enrich our product mix and we continue to actively search for and evaluate further potential M&A targets to strengthen our operations, consolidate markets and thereby profit further from a future market recovery. Compared to the beginning of the year, overall volume growth expectations are dampened by uncertainties following the UK referendum, a weak development of the Italian market as well as a slower stabilisation in Malaysia and further declines in China. Those effects are expected to be only partially offset by a presumably better market development in Germany and South-Eastern Europe in particular. Based on these assumptions, we expect like-for-like revenues to increase by around 1 %. Average selling prices are expected to increase slightly to cover increasing input costs. On top, the first-time inclusion in full of acquisitions in Malaysia, Italy, Denmark, South Africa and the Netherlands is expected to generate around 3 % of revenue growth and approximately 4 % in Operating EBITDA growth.

From a cost perspective, we expect very slight increases in input costs (raw materials and wage inflation). The currently low energy prices should have the potential to ease some variable cost inflation if they were to stay at these levels throughout the year. Average selling price increases together with efficiency improvements, mainly in the production area, are expected to offset variable and fixed cost inflation. Revenue growth together with the high operating leverage of Braas Monier and an ongoing focus on strict cost control at all levels is expected to drive further growth in the Company's profits.

Sustaining Capex is expected to be at a level of around EUR 65 million, including Capex in acquired companies. In addition, approximately EUR 5 million will be invested in future growth projects in 2016. The strong cash flow potential of the operating business allows the Group to strive for consistent and ambitious growth, both organically and through acquisitions, with an unerring focus on return on invested capital while being ever mindful of the Group's Net debt ratio and its dividend policy.

Pierre-Marie De Leener
(CEO and
Chairman of the Board of Directors)

Georg Harrasser
(COO)

Matthew Russell
(CFO)

# CONSOLIDATED STATEMENTS

## CONSOLIDATED INCOME STATEMENT FOR THE FIRST SIX MONTHS 2016

| (EUR thousand) | Note | Q2 2016 | Q2 2015 | H1 2016 | H1 2015 |
|---|---|---|---|---|---|
| Revenues | | 329,007 | 334,923 | 578,885 | 586,002 |
| Cost of sales | | -226,982 | -233,542 | -415,705 | -423,656 |
| **Gross profit** | | **102,025** | **101,381** | **163,180** | **162,346** |
| Selling expenses | | -40,835 | -38,955 | -81,429 | -79,393 |
| Administrative expenses | | -24,107 | -23,916 | -49,781 | -49,657 |
| Other operating income | | 3,386 | 840 | 4,021 | 6,838 |
| Other operating expenses | | -573 | -3,454 | -4,506 | -5,179 |
| Impairments | | 0 | -665 | 0 | -665 |
| Result from associates and joint ventures | | 370 | 313 | 969 | 447 |
| **Earnings before interest and taxes (EBIT)** | | **40,266** | **35,544** | **32,454** | **34,737** |
| Finance income | | 4,154 | 1,700 | 7,563 | 4,485 |
| Finance costs | (4) | -42,405 | -12,154 | -56,648 | -24,966 |
| **Earnings before taxes (EBT)** | | **2,015** | **25,090** | **-16,631** | **14,256** |
| Income taxes | | -422 | -8,089 | 5,610 | -4,596 |
| **Profit (loss) for the year** | | **1,593** | **17,001** | **-11,021** | **9,660** |
| **Thereof attributable to:** | | | | | |
| Equity holders of the parent company | | 1,620 | 17,049 | -10,892 | 9,765 |
| Non-controlling interests | | -27 | -48 | -129 | -105 |
| Basic earnings per share (in EUR) | | 0.04 | 0.43 | -0.28 | 0.25 |
| Diluted earnings per share (in EUR) | | 0.04 | 0.43 | -0.28 | 0.25 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST SIX MONTHS 2016

| (EUR thousand) | Note | Q2 2016 | Q2 2015 | H1 2016 | H1 2015 |
|---|---|---|---|---|---|
| **Profit (loss) for the period** | | 1,593 | 17,001 | -11,021 | 9,660 |
| Other comprehensive income | | | | | |
| *Items that will never be reclassified to profit or loss:* | | | | | |
| Actuarial gains and losses on pension plans | (6) | -25,865 | 61,200 | -48,465 | 17,000 |
| Income tax effect | | 8,198 | -19,781 | 15,509 | -5,481 |
| *Items that are or may be reclassified to profit or loss:* | | | | | |
| Foreign exchange differences | | -11,230 | -3,183 | -16,421 | 15,373 |
| Foreign exchange differences from at-equity accounted investments | | 284 | -96 | 293 | 298 |
| Income tax effect foreign exchange differences | | 496 | -149 | 652 | 67 |
| Cash flow hedges – reclassified to profit or loss | (7) | 11,929 | 4,819 | 7,954 | 3,458 |
| Income tax effect cash flow hedge | | -3,877 | -1,410 | -2,325 | -1,011 |
| **Other comprehensive income for the period, net of tax** | | **-20,065** | **41,400** | **-42,803** | **29,704** |
| **Total comprehensive income for the period, net of tax** | | **-18,472** | **58,401** | **-53,824** | **39,364** |
| Thereof attributable to: | | | | | |
| Equity holders of the parent company | | -18,566 | 58,412 | -53,859 | 39,240 |
| Non-controlling interests | | 94 | -11 | 35 | 124 |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST SIX MONTHS 2016

| (EUR thousand) | Note | Q2 2016 | Q2 2015 | H1 2016 | H1 2015 |
|---|---|---|---|---|---|
| **Profit (loss) for the period** | | **1,593** | **17,001** | **-11,021** | **9,660** |
| Income taxes | | 422 | 8,089 | -5,610 | 4,596 |
| Financial result | | 38,251 | 10,454 | 49,085 | 20,481 |
| **EBIT** | | **40,266** | **35,544** | **32,454** | **34,737** |
| Adjustments for: | | | | | |
| Amortisation, depreciation | | 22,329 | 22,001 | 44,580 | 44,367 |
| (Reversal of) Impairment losses on non-current assets, net | | 0 | 665 | 0 | 665 |
| (Gains) / losses on the disposal of non-current assets | | -372 | -256 | -535 | -256 |
| (Gains) / losses on the sale of equity investments | | -2,257 | 0 | -2,257 | -1,683 |
| Result from associates and joint ventures | | -370 | -313 | -969 | -447 |
| Dividends received | | 596 | 1 | 597 | 570 |
| Interest and finance fees paid | | -29,620 | -9,345 | -37,299 | -18,753 |
| Interest received | | 156 | 243 | 238 | 366 |
| Net income tax paid | | -4,445 | -4,615 | -8,676 | -7,910 |
| Change in provisions | | -7,178 | -7,034 | -10,335 | -12,854 |
| Change in working capital | | | | | |
| Change in inventories | | -8,091 | -5,854 | -34,823 | -35,310 |
| Change in trade and other receivables | | -25,033 | -23,618 | -40,392 | -51,379 |
| Change in trade and other payables | | 25,791 | 26,020 | -15,254 | 2,384 |
| **Net cash from / (used in) operating activities** | | **11,772** | **33,439** | **-72,671** | **-45,503** |
| Investments in intangible assets and property, plant and equipment | | -9,982 | -11,277 | -23,572 | -25,719 |
| Acquisition of consolidated companies less cash received | (5) | -1,302 | -1,598 | -21,042 | -28,584 |
| Acquisition of other financial assets | | -16 | 0 | -16 | 0 |
| Proceeds from the disposal of property, plant and equipment and intangible assets | | 552 | 1,662 | 3,055 | 1,736 |
| Proceeds from the disposal of subsidiaries and other financial assets | (5) | 3,179 | 0 | 3,182 | 1,685 |
| **Net cash used in investing activities** | | **-7,569** | **-11,213** | **-38,393** | **-50,882** |
| **Net cash from / (used in) operating and investing activities** | | **4,203** | **22,226** | **-111,064** | **-96,385** |
| Repayment of borrowings | | -530,160 | 0 | -530,471 | 0 |
| Proceeds from loans and borrowings | | 543,000 | 9,496 | 558,000 | 10,267 |
| Dividends paid | (9) | -15,666 | -11,750 | -15,666 | -11,750 |
| **Net cash (used in) / from financing activities** | | **-2,826** | **-2,254** | **11,863** | **-1,483** |
| **Change in cash and cash equivalents** | | **1,377** | **19,972** | **-99,201** | **-97,868** |
| **Cash and cash equivalents at the beginning of the period** | | **81,168** | **66,220** | **183,395** | **180,940** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | -102 | -321 | -1,751 | 2,799 |
| **Cash and cash equivalents at the end of the period** | | **82,443** | **85,871** | **82,443** | **85,871** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2016

| (EUR thousand) | Note | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | 48,165 | 45,219 |
| Other intangible assets | | 244,784 | 240,126 |
| Property, plant and equipment | | 619,565 | 639,731 |
| Investments accounted for using the equity method | | 8,677 | 8,077 |
| Other financial assets | | 2,246 | 11,516 |
| Other non-current assets | | 4,265 | 4,780 |
| Deferred tax assets | | 62,530 | 33,047 |
| **Total non-current assets** | | **990,232** | **982,496** |
| **Current assets** | | | |
| Inventories | | 255,662 | 222,076 |
| Trade accounts receivables | | 139,531 | 94,078 |
| Other current assets | | 25,741 | 31,050 |
| Cash and cash equivalents | | 82,443 | 183,395 |
| Assets held for sale | | 2,077 | 4,407 |
| **Total current assets** | | **505,454** | **535,006** |
| **Total assets** | | **1,495,686** | **1,517,502** |
| **Equity** | | | |
| Subscribed capital | | 392 | 392 |
| Additional paid-in capital | | 375,604 | 391,270 |
| Reserves | | -38,719 | -28,708 |
| Retained earnings | | -260,669 | -217,391 |
| **Total equity attributable to the shareholders of the parent** | | **76,608** | **145,563** |
| Non-controlling interests | | 1,518 | 1,483 |
| **Total equity** | | **78,126** | **147,046** |
| **Non-current liabilities** | | | |
| Long-term provisions for pension liabilities and similar obligations | | 432,562 | 385,100 |
| Deferred tax liabilities | | 15,536 | 15,152 |
| Long-term portion of provisions for other risks | | 84,143 | 84,564 |
| Long-term loans and borrowings | (7) | 430,028 | 511,716 |
| Long-term tax liabilities | | 13,013 | 12,090 |
| Other long-term liabilities | | 2,354 | 10,278 |
| **Total non-current liabilities** | | **977,636** | **1,018,900** |
| **Current liabilities** | | | |
| Trade accounts payable | | 104,746 | 126,955 |
| Short-term tax liabilities | | 54,448 | 41,240 |
| Short-term portion of provisions for other risks | | 29,469 | 34,464 |
| Short-term loans and borrowings | (7) | 111,396 | 6,949 |
| Other short-term liabilities | | 139,865 | 141,948 |
| **Total current liabilities** | | **439,924** | **351,556** |
| **Total equity and liabilities** | | **1,495,686** | **1,517,502** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST SIX MONTHS 2016

| | | Attributable to equity holders of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (EUR thousand) | Note | Subscribed capital | Additional paid-in capital | Hedging reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| **Balance as of 1 January 2016** | | **392** | **391,270** | **-5,629** | **-23,079** | **-217,391** | **145,563** | **1,483** | **147,046** |
| Actuarial gains and losses | (6) | 0 | 0 | 0 | 0 | -32,956 | **-32,956** | 0 | **-32,956** |
| Cash flow hedges - reclassified to profit or loss | | 0 | 0 | 5,629 | 0 | 0 | **5,629** | 0 | **5,629** |
| Foreign exchange effects | | 0 | 0 | 0 | -15,640 | 0 | **-15,640** | 164 | **-15,476** |
| **Other comprehensive income** | | **0** | **0** | **5,629** | **-15,640** | **-32,956** | **-42,967** | **164** | **-42,803** |
| Consolidated income for the period | | 0 | 0 | 0 | 0 | -10,892 | **-10,892** | -129 | **-11,021** |
| **Total comprehensive income** | | **0** | **0** | **5,629** | **-15,640** | **-43,848** | **-53,859** | **35** | **-53,824** |
| Equity-settled share-based payments | (8) | 0 | 0 | 0 | 0 | 570 | **570** | 0 | **570** |
| Dividends paid | (9) | 0 | -15,666 | 0 | 0 | 0 | **-15,666** | 0 | **-15,666** |
| **Balance as of 30 June 2016** | | **392** | **375,604** | **0** | **-38,719** | **-260,669** | **76,608** | **1,518** | **78,126** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST SIX MONTHS 2015

| | | Attributable to equity holders of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (EUR thousand) | Note | Subscribed capital | Additional paid-in capital | Hedging reserve | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| **Balance as of 1 January 2015** | | **392** | **403,020** | **-5,717** | **-24,384** | **-282,010** | **91,301** | **1,625** | **92,926** |
| Actuarial gains and losses | (6) | 0 | 0 | 0 | 0 | 11,519 | **11,519** | 0 | **11,519** |
| Cash flow hedges – effective portion of changes in fair value | | 0 | 0 | 2,447 | 0 | 0 | **2,447** | 0 | **2,447** |
| Foreign exchange effects | | 0 | 0 | 0 | 15,509 | 0 | **15,509** | 229 | **15,738** |
| **Other comprehensive income** | | **0** | **0** | **2,447** | **15,509** | **11,519** | **29,475** | **229** | **29,704** |
| Consolidated income for the period | | 0 | 0 | 0 | 0 | 9,765 | **9,765** | -105 | **9,660** |
| **Total comprehensive income** | | **0** | **0** | **2,447** | **15,509** | **21,284** | **39,240** | **124** | **39,364** |
| Equity-settled share-based payments | (8) | 0 | 0 | 0 | 0 | 84 | **84** | 0 | **84** |
| Dividends paid | (9) | 0 | -11,750 | 0 | 0 | 0 | **-11,750** | 0 | **-11,750** |
| **Balance as of 30 June 2015** | | **392** | **391,270** | **-3,270** | **-8,875** | **-260,642** | **118,875** | **1,749** | **120,624** |

## INFORMATION ABOUT REPORTABLE SEGMENTS

Information related to each reportable segment is set out in the following tables:

| | Western Europe | | | Central, Northern & Eastern Europe | | |
|---|---|---|---|---|---|---|
| (EUR thousand) | H1 2016 | H1 2015 | 2015 | H1 2016 | H1 2015 | 2015 |
| External revenues | 153,890 | 157,423 | 316,101 | 189,903 | 186,215 | 419,535 |
| Inter-segment revenues | 2,029 | 2,595 | 4,728 | 4,879 | 4,714 | 9,918 |
| Revenues | 155,919 | 160,018 | 320,829 | 194,783 | 190,929 | 429,453 |
| *year-to-year change* | *-2.6%* | *4.8%* | *5.5%* | *2.0%* | *-3.5%* | *0.5%* |
| Operating EBITDA(1) | 23,736 | 24,356 | 48,324 | 27,678 | 25,485 | 72,184 |
| *in % of revenues* | *15.2%* | *15.2%* | *15.1%* | *14.2%* | *13.3%* | *16.8%* |
| Depreciation & amortisation | 11,200 | 11,232 | 22,675 | 9,171 | 9,306 | 19,158 |
| Result from associates | 100 | -131 | -42 | 0 | 0 | 0 |
| Operating income(1) | 12,636 | 12,992 | 25,606 | 18,506 | 16,180 | 53,025 |
| *in % of revenues* | *8.1%* | *8.1%* | *8.0%* | *9.5%* | *8.5%* | *12.3%* |
| Non-operating result(1) | -65 | 0 | 1,112 | 0 | 0 | 964 |
| EBIT | 12,571 | 12,992 | 26,718 | 18,506 | 16,180 | 53,989 |
| | | | | | | |
| Capital expenditure(2) | 4,280 | 2,825 | 12,405 | 3,957 | 5,085 | 15,669 |
| Volumes sold tiles in million m²(1) / (4) | 10.5 | 10.3 | 20.8 | 12.5 | 12.2 | 28.2 |
| Average number of employees(1) / (3) | 1,333 | 1,318 | 1,320 | 1,520 | 1,513 | 1,511 |
| Employees as of period ended(1) | 1,331 | 1,320 | 1,323 | 1,542 | 1,512 | 1,505 |

| | Southern Europe | | | Asia & Africa | | |
|---|---|---|---|---|---|---|
| (EUR thousand) | H1 2016 | H1 2015 | 2015 | H1 2016 | H1 2015 | 2015 |
| External revenues | 95,835 | 92,343 | 213,857 | 54,717 | 69,021 | 130,839 |
| Inter-segment revenues | 604 | 770 | 1,690 | 23 | 64 | 61 |
| Revenues | 96,439 | 93,113 | 215,547 | 54,741 | 69,085 | 130,900 |
| *year-to-year change* | *3.6%* | *16.9%* | *16.8%* | *-20.8%* | *11.0%* | *-3.9%* |
| Operating EBITDA(1) | 11,514 | 11,647 | 36,835 | 9,092 | 10,411 | 21,600 |
| *in % of revenues* | *11.9%* | *12.5%* | *17.1%* | *16.6%* | *15.1%* | *16.5%* |
| Depreciation & amortisation | 10,958 | 11,444 | 21,791 | 4,798 | 4,776 | 9,442 |
| Result from associates | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating income(1) | 555 | 203 | 15,044 | 4,294 | 5,636 | 12,157 |
| *in % of revenues* | *0.6%* | *0.2%* | *7.0%* | *7.8%* | *8.2%* | *9.3%* |
| Non-operating result(1) | -463 | -1,196 | -3,489 | -1,320 | -707 | 4,318 |
| EBIT | 92 | -993 | 11,556 | 2,974 | 4,929 | 16,475 |
| | | | | | | |
| Capital expenditure(2) | 2,836 | 2,120 | 13,918 | 4,057 | 1,945 | 8,370 |
| Volumes sold tiles in million m²(1) / (4) | 9.9 | 9.4 | 22.1 | 11.9 | 13.3 | 26.1 |
| Average number of employees(1) / (3) | 1,286 | 1,220 | 1,244 | 1,946 | 1,919 | 1,902 |
| Employees as of period ended(1) | 1,291 | 1,276 | 1,267 | 1,906 | 1,909 | 2,050 |

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Average number of employees determined on a monthly basis (also considering the beginning of the period)
(4) Unaudited supplementary information

| | Chimneys & Energy Systems | | | Central Products & Services | | |
|---|---|---|---|---|---|---|
| (EUR thousand) | H1 2016 | H1 2015 | 2015 | H1 2016 | H1 2015 | 2015 |
| External revenues | 77,044 | 76,728 | 168,362 | 7,495 | 4,272 | 8,036 |
| Inter-segment revenues | 834 | 858 | 2,007 | 47,021 | 44,871 | 90,088 |
| Revenues | 77,877 | 77,586 | 170,369 | 54,516 | 49,143 | 98,124 |
| *year-to-year change* | *0.4%* | *-2.8%* | *-1.5%* | *10.9%* | *-9.2%* | *-1.2%* |
| Operating EBITDA[1] | 8,697 | 7,701 | 23,020 | -775 | -1,962 | -5,195 |
| *in% of revenues* | *11.2%* | *9.9%* | *13.5%* | *-1.4%* | *-4.0%* | *-5.3%* |
| Depreciation & amortisation | 4,963 | 4,894 | 9,583 | 3,490 | 2,715 | 4,670 |
| Result from associates | 0 | 0 | 0 | 869 | 579 | 1,175 |
| Operating income[1] | 3,734 | 2,807 | 13,437 | -3,396 | -4,099 | -8,690 |
| *in% of revenues* | *4.8%* | *3.6%* | *7.9%* | *-6.2%* | *-8.3%* | *-8.9%* |
| Non-operating result[1] | -180 | 0 | 0 | -1,848 | 2,923 | 10,070 |
| EBIT | 3,554 | 2,807 | 13,438 | -5,244 | -1,176 | 1,380 |
| | | | | | | |
| Capital expenditure[2] | 873 | 1,639 | 4,711 | 724 | 1,018 | 4,335 |
| Chimneys sold in million m[1] / [4] | 1.0 | 1.0 | 2.2 | n/a | n/a | n/a |
| Average number of employees[1] / [3] | 1,177 | 1,168 | 1,173 | 454 | 411 | 411 |
| Employees as of period ended[1] | 1,176 | 1,177 | 1,180 | 460 | 412 | 409 |

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Average number of employees determined on a monthly basis (also considering the beginning of the period)
(4) Unaudited supplementary information

## RECONCILIATION

| (EUR thousand) | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| Capital expenditure[2] | 0 | 0 | 1 |
| Volumes sold tiles in million m$^2$[1]/[4] | -0.5 | -0.5 | -1.1 |
| Chimneys sold in million m[1]/[4] | 0.0 | 0.0 | 0.0 |
| Average number of employees[1]/[3] | 0 | 0 | 0 |
| Employees as of period ended[1] | 0 | 0 | 0 |

## CONSOLIDATED INFORMATION ON REPORTABLE SEGMENTS

| (EUR thousand) | H1 2016 | H1 2015 | 2015 |
|---|---|---|---|
| External revenues | 578,885 | 586,002 | 1,256,729 |
| Inter-segments revenues | 55,391 | 53,872 | 108,491 |
| Revenues | 634,275 | 639,874 | 1,365,220 |
| Operating EBITDA[1] | 79,941 | 77,637 | 196,767 |
| Depreciation & amortisation | 44,580 | 44,367 | 87,320 |
| Result from associates | 969 | 447 | 1,133 |
| Operating income[1] | 36,330 | 33,717 | 110,580 |
| Non-operating result[1] | -3,877 | 1,020 | 12,975 |
| *(Reversal of) Impairment losses on non-current assets* | *0* | *-665* | *2,380* |
| *Restructuring expenses/income* | *0* | *0* | *0* |
| *Acquisitions and disposals of assets* | *0* | *5,482* | *1,179* |
| *Litigation* | *0* | *0* | *0* |
| *Others* | *-3,876* | *-3,797* | *9,416* |
| EBIT | 32,454 | 34,737 | 123,556 |
| | | | |
| Capital expenditure[2] | 16,727 | 14,632 | 59,409 |
| Volumes sold tiles in million m$^2$[1]/[4] | 44.4 | 44.7 | 96.1 |
| Chimneys sold in million m[1]/[4] | 1.0 | 1.0 | 2.2 |
| Average number of employees[1]/[3] | 7,716 | 7,547 | 7,561 |
| Employees as of period ended[1] | 7,707 | 7,606 | 7,735 |

(1) Non-IFRS-GAAP figure
(2) Represents additions to intangible assets and property, plant and equipment
(3) Average number of employees determined on a monthly basis (also considering the beginning of the period)
(4) Unaudited supplementary information

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. Reporting Entity

Braas Monier Building Group S.A. (hereinafter the "Company") is a Luxembourg financial holding company incorporated on October 7, 2009 under the name ''Monier Participations S.à r.l.'' for an unlimited period subject to general company law. Subscribed capital corresponds to the amount disclosed by Braas Monier Building Group S.A., Luxembourg, in its separate financial statements.

The condensed consolidated interim financial statements of the Company as of the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The Group's main activity involves the production of concrete and clay roof tiles as well as roof components and their global distribution. In addition, some Group companies develop, produce and sell chimney systems and trade in solar and insulation components.

The Company's accounting period begins on 1 January and ends on 31 December of each year.

The condensed consolidated interim financial statements of the Company for the reporting period ended 30 June 2016 were authorised for issue by the Board of Directors of the Company on 26 July 2016.

These interim financial statements are not audited.

## 2. Basis of Preparation

### A) STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted in the EU, and do not include all of the information required for full annual financial statements. Therefore, these interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of the year ended 31 December 2015.

The results for the six months ending 30 June 2016 are not necessarily indicative of results to be expected for the entire year.

### B) JUDGEMENTS AND ESTIMATES

To a certain extent, the preparation of the condensed consolidated interim financial statements requires assumptions and estimates to be made which have an effect on the carrying amounts of recognized assets and liabilities, income and expenses and contingent assets and liabilities. The assumptions and estimates mainly relate to the determination of the entities to be included in consolidation, asset impairment testing, and the uniform Group-wide calculation of useful lives for property, plant and equipment. The impairment test in accordance with IAS 36 (Impairment of Assets) is generally performed annually at year-end or in case of indications of impairments (triggering events). There were no indications of impairments in the first six months 2016 and in the corresponding period.

The assumptions and estimates are based on parameters which are derived from the information available at the time. In particular, the circumstances prevailing at the time of preparing the consolidated financial statements and assumptions regarding the realistic future development of the business environment were used to estimate the Company's future business performance. In case these conditions develop differently than assumed and beyond the control of management, the actual figures may differ from those anticipated. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of the year ended 31 December 2015.

### C) SEASONALITY OF OPERATIONS

Climatic conditions such as cold spells, snow, heavy or prolonged rainfall have a negative effect on construction activities and demand for the Group's products. Demand for roofing as well as chimney products is seasonal (lower in the winter than in the summer months). Sales volumes recorded during the first and last quarter are lower than in the second and third quarters due to the negative impact of the weather on construction activities. Results for the first and fourth quarters of the year are therefore generally lower than those for the second and third quarters.

## 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of the year ended 31 December 2015.

## 4. Finance cost

Financial expenses rose by EUR 31.7 million in comparison to the first half year 2015. This increase was attributable to one-off expenses in connection with the repayment of the external debt dated 16 June 2016 that took the form of a Senior Facilities Agreement of EUR 200.0 million, a Senior Secured Floating Rate Notes of EUR 315.0 million and a

Revolving Credit Facility of EUR 100.0 million (drawn by EUR 15.0 million at the date of transaction), which had been issued in 2014 and were due to mature in 2020. An amount of EUR 13.8 million representing the accrued transaction costs at the time of early repayment and a cash payment of EUR 14.3 million representing the close out of the interest rate swaps as well as an amount of EUR 5.4 million representing the effect of the early redemption option at the time of early repayment and were included in the financial expenses.

# 5. Acquisition and disposal of subsidiaries

**Companies acquired in the first six month of 2016**

*J.A. Plastindustri A/S*

On 05 January 2016, Braas Monier consummated the acquisition of 100% of the shares of the Danish roofing components company J.A. Plastindustri A/S, Bedsted, Denmark (hereinafter J.A. Plastindustri). The company was consolidated at 1 January 2016, the effect of the five days between the date on which control is obtained and the start of the reporting period is immaterial.

The acquisition of J.A. Plastindustri, Denmark, set an important milestone to further strengthen the roofing accessory business. It also improves the regional footprint, enabling the Group to better service Northern Europe and the UK with roofing accessories.

The business of J.A. Plastindustri is included in the reporting segment Central Products & Services.

In the six months to 30 June 2016, J.A. Plastindustri contributed revenues of EUR 4,373 thousand and a net profit of EUR 163 thousand.

## CONSIDERATION TRANSFERRED

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

| (EUR thousand) | |
|---|---|
| Cash | 18,385 |
| Contingent consideration | 1,370 |
| **Total consideration transferred** | **19,755** |

## CONTINGENT CONSIDERATION

The Group has agreed to pay to the selling shareholders of J.A. Plastindustri additional consideration of DKK 10,205 thousand related to customer relationships in a 12 month period. The consideration is due in 12 equal installments. The Group has included DKK 10,205 thousand (EUR 1,370 thousand) as contingent consideration related to the additional consideration, which represent its fair value at the date of acquisition.

At 30 June 2016, the contingent consideration was paid out according to the plan.

## ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of EUR 282 thousand in fiscal year 2015 and 2016 relating to external legal fees and due diligence costs. These costs have been included in 'administrative expenses' in the 2015 annual consolidated statement of profit or loss and 2016 first six-month consolidated statement of profit or loss.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition stated at fair value:

| (EUR thousand) | |
|---|---|
| Other Intangible assets | 15,279 |
| Property, plant equipment | 5,559 |
| Inventories | 901 |
| Trade accounts receivables and other current assets | 1,094 |
| Cash and cash equivalents | 17 |
| Deferred tax liabilities | -4,146 |
| Long-term liabilities to banks | -988 |
| Long-term provisions for other risks | -155 |
| Trade accounts payable and other short term liabilities | -1,200 |
| **Total identifiable net assets acquired** | **16,361** |

Trade and other receivables comprised gross contractual amounts due of EUR 1,094 thousand at the date of acquisition, of which EUR 0 were expected to be uncollectible at the date of acquisition.

## GOODWILL

Goodwill arose from the acquisitions is recognised as follows:

| (EUR thousand) | |
|---|---|
| Total consideration transferred | 19,755 |
| Fair value of identifiable net assets | 16,361 |
| **Goodwill / Gain from Bargain Purchase (+/-)** | **3,394** |

The Goodwill resulting from the acquisition of J.A. Plastindustri is mainly caused by the synergies expected to be achieved from cost savings and cross selling with the Group's existing business.

*Technicrete*

The Group acquired a concrete tile plant in South Africa, operating under the brand name of Technicrete and ultimately owned by Infrastructure Specialist Group Proprietary Ltd. The related purchase price allocation – and consequently any potential goodwill – has not been finalised as of today.

The total investment for the acquisition of the assets amounts to ZAR 52.1 million, equivalent to approximately EUR 3.0 million (Based on an exchange rate of 1 EUR = 17.5673 ZAR, as of 30 May 2016), including the purchase price, the financing of additional working capital needs and additional capital expenditure (discounted) to significantly enhance product offerings and quality as well as production capacity.

**Companies sold in H1 2016**

The Group sold and deconsolidated its controlling interest of 100 % in Monier Roofing Systems (Qing Dao) Co., Ltd, Quing Dao, China (Segment Asia & Africa) classified as an asset held for sale, as of 31 December 2015.

The cumulated gain resulting from the disposal amounted to EUR 2,128 thousand (Other Operating Income), based on a purchase price of EUR 3,298 thousand of which EUR 3,162 thousand was received as cash.

## 6. Provisions for pension liabilities and similar obligations

Provisions for pension liabilities have been determined on the basis of the actuarial valuation as of 31 December 2015. Based on this valuation, interest expenses and current service costs were posted on a pro-rata basis. These amounts were recognised as an increase of the pension liability. The Group usually recognises actuarial gains and losses in other comprehensive income at year-end. However, the management noted that the discount rates decreased significantly during the first six months 2016. In Germany, the discount rate decreased by 0.75 % from 2.20 % (as of 31 December 2015) to 1.45 % (as of 30 June 2016). The impact from this decrease in discount rates on the value of the defined benefit obligation was determined based on the sensitivity information as being EUR 48.5 million. Also considering interest expenses, current service costs and benefit payments paid directly from the Group during the six-month period ended 30 June 2016, the Group's defined pension liability increased by EUR 47.5 million.

The actuarial loss in other comprehensive income for the first six months amounted to EUR 33.0 million. The impact on Group's equity is partially offset by (deferred) income tax effects of EUR 15.5 million.

## 7. Financial Liabilities

The Group issued Senior Secured Fixed Rate Notes with a coupon of 3.00 % per annum totalling EUR 435.0 million and a new Revolving Credit Facility of EUR 200.0 million on 16 June 2016. The Senior Secured Fixed Rate Notes and the Revolving Credit Facility enables the Group to obtain financing on far more favourable terms than has been possible in the past. On 5 June 2016 the Board of Directors of the Group decided to overhaul the funding structure of the Group by repaying the existing external debt that took the form of a Senior Facilities Agreement of EUR 200.0 million, EUR 315.0 million Senior Secured Floating Rate Notes and a Revolving Credit Facility agreement of EUR 100.0 million (drawn by EUR 15.0 million at the date of transaction) that was issued in 2014 and was

due to mature in 2020. The associated repayment was made on 16 June 2016. The new Revolving Credit Facility agreement has been drawn with the amount of EUR 108.0 million. The Senior Secured Fixed Rate Notes have a fixed interest rate and the Revolving Credit Facility a variable interest rate. The drawdowns from the Revolving Credit Facility were classified as short term. The existing Interest Rate Swaps were closed out and the early redemption option was pulled and derecognised. The arrangement of the Revolving Credit Facility and the Senior Secured Fixed Rate Notes resulted in directly attributable transaction costs of EUR 14.0 million. The transaction costs were deducted from the fair value of the external debt in the first period in which they were recognised and will be amortised as an expense in subsequent periods.

## 8. Share-based payment arrangement

In September 2014 the Group launched a stock option plan for Senior Management and selected key management personnel. The granting of the stock option plan (SOP) enhances the long-term orientation of the plan participants' compensation structures, resulting in a deep alignment with the shareholders' long-term interests and the incentive to achieve sustainable value creation after the IPO.

Under the SOP eligible employees are granted equity-settled stock options in four annual tranches and with an exercise price equalling the closing price of the shares of the Group preceding the date of grant. The stock options do not qualify for dividends. The granted overall plan volume should not exceed a maximum shareholders' dilution of around 5%. Depending on the achievement of ambitious performance hurdles the granted stock options vest during the last twelve months of the performance period of three years. Then, each option entitles the option's holder to purchase one share of the Company at exercise price (strike price) within an exercise period of three years.

The stock options vest via a four-step exercise table. For a vesting of 50% (type 1 options) of the initial grant, a minimum share price increase of at least 15% is required. Another 15% (type 2 options) of the initial grant vests when a share price increase of 20%, while the next additional 15% (type 3 options) vest at a share price increase of 30%. For a remaining 20% (type 4 options) vesting of the initial grant, the share price has to increase by at least 40%. In each of the aforementioned cases, vesting is linked to the relevant share price hurdle being exceeded on 20 consecutive trading days within the last twelve months of the performance period of three years. The SOP considers a cap of 300% of the initial share price at grant. In case the minimum performance hurdle of 15% of the share price increase is not met, the granted tranches are subject to forfeiture. In addition, the SOP considers specific conditions with respect to good leavers/bad leavers.

In April 2016, a further grant on similar terms was offered to Senior Management and selected key management personnel (Tranche 2016). The number of granted stock options in 2016 amounts to 405,123 in addition to the first tranche with 624,304 stock options in 2014 and the second tranche with 526,798 stock options in 2015. The exercise price of the 405,123 stock options granted in the reporting period is EUR 24.50 (closing price at 27 April 2016).

The stock options were accounted for as equity-settled share-based payments in accordance with IFRS 2. The fair value of the stock options was determined using the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

## STOCK OPTION PLAN – VALUATION PARAMETERS

| | Tranche 2016 | Tranche 2015 | Tranche 2014 |
|---|---|---|---|
| Share price at the grant date (in EUR) | 24.50 | 24.35 | 17.00 |
| Exercise price (in EUR) | 24.50 | 24.35 | 22.30 |
| Risk-free rate (in %) | 0.22 | 0.82 | 0.77 |
| Expected time to maturity (in years) | 4.50 | 4.50 | 4.50 |
| Expected volatility (in %) | 33.82 | 27.32 | 20.60 |
| Expected dividend yield (in %) | 2.34 | 1.65 | 2.00 |

## STOCK OPTION PLAN – FAIR VALUE AT GRANT DATE

| in Euro per stock option | Tranche 2016 | Tranche 2015 | Tranche 2014 |
|---|---|---|---|
| Type 1 | 4.77 | 4.47 | 0.92 |
| Type 2 | 4.69 | 4.37 | 0.86 |
| Type 3 | 4.49 | 4.13 | 0.73 |
| Type 4 | 4.26 | 3.84 | 0.60 |

The expected volatility for the Tranche 2016 was determined based on the historical volatility rates average of 250 day volatility of the Group. According to IFRS 2, the volatility can be estimated on the basis of comparable listed companies if historical data of the Company do not exist.

The expense recognised for the first six months 2016 arising from equity-settled share-based payment transactions amounted to EUR 570 thousand (H1 2015: EUR 84 thousand)

The numbers and weighted-average exercise prices of share options under the stock option plan were as follows:

## STOCK OPTION PLAN – RECONCILIATION OF OUTSTANDING SHARE OPTIONS

| | Number of options 30 June 2016 | Number of options 31 Dec 2015 |
|---|---|---|
| Outstanding at 1 January | 1,030,415 | 624,304 |
| Exercised during the period | 0 | 0 |
| Forfeited during the period | 0 | -120,687 |
| Granted during the period | 405,123 | 526,798 |
| Outstanding at the end of the period | 1,435,538 | 1,030,415 |
| **Exercisable at the end of the period** | **0** | **0** |

The options outstanding as of 30 June 2016 had an exercise price in the range of EUR 22.30 to EUR 24.50 (2015: EUR 22.30 to EUR 24.35) and a weighted-average contractual life of 5.0 years (2015: 5.0 years).

As the performance hurdles mentioned above had not been met as of 30 June 2016, no potential ordinary shares were considered in conjunction with the calculation of diluted earnings per share, i.e. the earnings per share were not diluted due to the SOP.

## 9. Dividends paid

The dividend was declared and paid during the period and amounted to EUR 15,666 thousand (EUR 0.40 per share).

## 10. Financial Instruments

The carrying amounts of the financial instruments are broken down by category pursuant to IAS 39, as are the fair values as of 30 June 2016:

### FINANCIAL INSTRUMENTS

| (EUR thousand) 30 June 2016 | Category pursuant to IAS 39 | Book value | Fair value through profit or loss | Amortised acquisition cost | Fair value |
|---|---|---|---|---|---|
| Cash and cash equivalents | LaR | 82,443 | 0 | 82,443 | 82,443 |
| Trade receivables | LaR | 139,531 | 0 | 139,531 | 139,531 |
| Other assets | LaR | 15,130 | 0 | 15,130 | 15,130 |
| Other financial assets | LaR | 2,246 | 0 | 2,246 | 2,246 |
| Non-current loans and borrowings | FLAC | 424,973 | 0 | 424,973 | 438,856 |
| Non-current derivative financial instruments commodities | FL at FVtP/L | 553 | 553 | 0 | 553 |
| Contingent consideration | FL at FVtP/L | 4,502 | 4,502 | 0 | 4,502 |
| Current loans and borrowings | FLAC | 110,676 | 0 | 110,676 | 110,676 |
| Current derivative financial instruments commodities | FL at FVtP/L | 720 | 720 | 0 | 720 |
| Trade payables | FLAC | 104,746 | 0 | 104,746 | 104,746 |
| Other current liabilities | FLAC | 139,867 | 0 | 139,867 | 139,867 |
| Other non-current liabilities | FLAC | 2,354 | 0 | 2,354 | 2,354 |
| **Aggregated according to categories as defined in IAS 39:** | | | | | |
| Loans and receivables | LaR | 239,350 | 0 | 239,350 | 239,350 |
| Financial Liabilities at Fair Value through Profit or Loss | FL at FVtP/L | 5,775 | 5,775 | 0 | 5,775 |
| Financial liabilities measured at amortised cost | FLAC | 782,616 | 0 | 782,616 | 796,499 |

Abbreviations used above
LaR Loans and receivables
FA at FVtP/L Financial Assets at Fair Value through Profit or Loss
FL at FVtP/L Financial Liabilities at Fair Value through Profit or Loss
FLAC Financial Liabilities measured at Amortized Cost
n/a (hedge) not applicable (Derivatives with a hedging relationship)

The fair values of the financial assets and liabilities are presented at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on such parameters as interest rates, specific country risk factors, a customer's individual creditworthiness and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for expected losses on these receivables. As of 30 June 2016, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair value of derivative financial instruments is determined using appropriate valuation methods on the basis of observable market information at the reporting date.
- The valuation of contingent consideration considers the present value of expected payments. The expected payments are determined by considering the possible scenarios of customer relationships in a 12 month period. There is no significant expected effect for the contingent consideration related to a change in customer relationships. There are no change in the expected parameters of the contingent consideration related to the acquisitions of Golden Clay Industries and Ceprano.
- Certain of the Groups purchase contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognised at fair value in the statement of financial position with changes through the consolidated income statement. The commodity derivative category constitutes purchase contracts with maturity from one months to three years. The fair value of commodity contracts constitutes the unrealised gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. Fair value of embedded derivatives is calculated as present value of the difference between the price of non-closely related commodity (embedded derivative) and a pricing model which in the best way reflects market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

### Fair value hierarchy

As of 30 June 2016, the Group held the following financial instruments measured at fair value and used the following hierarchy for determining and disclosing their fair value by the valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs)

| (EUR thousand)<br>30 June 2016 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Derivative financial instruments commodities | 0 | 1,273 | 0 | 1,273 |
| Contingent consideration | 0 | 0 | 4,502 | 4,502 |

| 31 Dec 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Early redemption option FRN (embedded derivative) | 0 | 9,074 | 0 | 9,074 |
| **Liabilities** | | | | |
| Interest rate swap (derivative with a hedging relationship) | 0 | 8,484 | 0 | 8,484 |
| Derivative financial instruments commodities | 0 | 1,832 | 0 | 1,832 |
| Contingent consideration | 0 | 0 | 4,247 | 4,247 |

During the reporting period ending 30 June 2016, no transfers between Level 1 and Level 2 fair value measurements, or any transfers into or out of Level 3 have occurred.

## 11. Related Party Transactions

Related parties of Braas Monier Building Group S.A. pursuant to IAS 24 are:

- Monier Holdings S.C.A. and Monier Holdings GP S.A.,
- Consenting first lien lenders who control Monier Holdings GP S.A.,
- Companies founded in the course of the implementation of the Management Equity Programme,
- Other consolidated affiliates of the Group,
- Joint ventures in which Braas Monier Building Group S.A. or any of its subsidiaries is a venture partner,
- Members of the Management Board and
- Associates.

Services provided to related parties principally include deliveries for production, development services, and financial services as well as legal and advisory services.

Mr Guy Harles, who serves as a Director on Company's Board of Directors is a partner of Arendt & Medernach. Arendt & Medernach provides the Group with legal services in relation to Luxembourg law.

Mr Frank Przygodda and Mr Valery Beuken, members of the Board of Managers of Braas Monier Building Group Holding S.à r.l., are respectively a director and a manager of Alter Domus in Luxembourg. Alter Domus also provides management, domiciliation and other corporate services to the Group.

Mr Matthew Russell, member of the Senior Management and CFO of the Group, is non-executive director of Huscompagniet. Huscompagniet is a Danish house builder with a customer relationship to Braas Monier.

The following tables set out the total amount of transactions entered into with related parties:

## RELATED PARTIES

(EUR thousand)

| Sales and services to/from related parties | | Sales to related parties | Purchases from related parties | Receivables from related parties: end of period | Payables to related parties: end of period |
|---|---|---|---|---|---|
| Joint ventures | 1 Jan - 30 Jun 2016 | 1 | 6,206 | 47 | 2,408 |
| | 1 Jan - 30 Jun 2015 | 798 | 6,514 | 826 | 3,292 |
| | 1 Jan - 31 Dec 2015 | 798 | 12,657 | 9 | 2,233 |

| Financial receivables/payables concerning loans to/from related parties | | Interests to related parties | Receivables concerning loans from related parties: end of period | Payables concerning loans to related parties: end of period |
|---|---|---|---|---|
| Joint ventures | 30 Jun 2016 | 0 | 247 | 0 |
| | 30 Jun 2015 | 0 | 309 | 141 |
| | 31 Dec 2015 | 0 | 240 | 0 |
| Non-consolidated companies | 30 Jun 2016 | 0 | 0 | 0 |
| | 30 Jun 2015 | 0 | 0 | 1,256 |
| | 31 Dec 2015 | 0 | 0 | 0 |

The figures concerning purchases and receivables from and sales to relating parties shown in the table above are mainly linked to operating trading of roof products (tiles and components). The background of joint ventures financial receivables and payables are financing agreements with JV partners. Non-consolidated companies payables in 2015 related to a financing agreement between Monier S.A.S., France, and the dormant operating entity Grandes Tuileries de Roumazières S.A., France (liquidated with effect as of 30 September 2015).

*Transactions with key management personnel*

The Group used the consultancy services of one of its directors as interim CEO (Transaction value for the first six months 2016, EUR 240 thousand). Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Loans advanced to directors during the six months ended 30 June 2016 were EUR 75 thousand (six months ended 30 June 2015 EUR 0 thousand) and included in "other financial assets"

## 12. Subsequent events

Braas Monier acquired (28 July 2016) Ontop B.V., a well-established European manufacturer of stainless steel flue systems, with end-product applications ranging from industrial bakery ovens, diesel and gas engines, boilers, fire places and stoves.

The Enterprise Value (EV) of Ontop, determined on the basis of 2015 reported figures, amounts to EUR 15.2 million, including net debt of EUR 3.6 million and additional cost of approx. EUR 1 million related to the acquisition and the generation of the expected synergies. For 2015, Ontop reported revenues of EUR 21.7 million and an Operating EBITDA of EUR 2.2 million.

## 13. Assurance of legal representatives

In accordance with Article 4(2) c) of the Luxembourg law of 11 January 2008 on transparency requirements for issuers of securities, the undersigned confirm that to the best of their knowledge, the condensed set of financial statements covering the six-month period ended 30 June 2016, which has been prepared in accordance with IFRS, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole as required under Article 4(3) of the Transparency Law. Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the six-month period ended 30 June 2016 includes a fair review of important events that have occurred during the first six months of the current fiscal year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the current fiscal year.

Luxembourg, 3 August 2016

PIERRE-MARIE DE LEENER
*Chief Executive Officer*

GEORG HARRASSER
*Chief Operating Officer*

MATTHEW RUSSELL
*Chief Financial Officer*

## FINANCIAL CALENDAR

| | |
|---|---|
| 03 August 2016 | Six-Month and Second Quarter Results for 2016 |
| 02 November 2016 | Nine-Month and Third Quarter Interim Release for 2016 |
| 15 December 2016 | Interest payment on Senior Secured Fixed Rate Notes |

## CONTACT INFORMATION

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## BRAAS MONIER FINANCIAL STATEMENTS & RELEASES

http://www.braas-monier.com/
Braas Monier Building Group >> Investor Relations >> Financial Statements & Presentations

BRAAS MONIER
BUILDING GROUP

## DISCLAIMER

### Forward-Looking Statement

This document contains forward-looking statements relating to the business, financial performance and results of Braas Monier Building Group S.A. (the 'Company') and/or the industry in which the Company operates. The words 'anticipate', 'assume', 'believe', 'estimate', 'expect', 'foresee', 'intend', 'may', 'plan', 'project', 'should' and similar expressions are used to identify forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about the Company's beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of the Company. Forward-looking statements therefore speak only as of the date they are made, and the Company undertakes no obligation to update any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. These statements are based on the Company's management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, changed market conditions affecting the building materials industry, intense competition in the markets in which we operate and costs of compliance with applicable laws, regulations and standards, diverse political, legal, economic and other conditions affecting our markets, and other factors beyond our control).

This document is intended to provide a general overview of the Company's business and does not purport to deal with all aspects and details regarding the Company. Neither the Company nor any of its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

This document speaks as of its date and the material contained in this presentation reflects current legislation and the business and financial affairs of the Company which are subject to change and audit.

### Roundings

Percentages and figures in this release may include roundings.

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