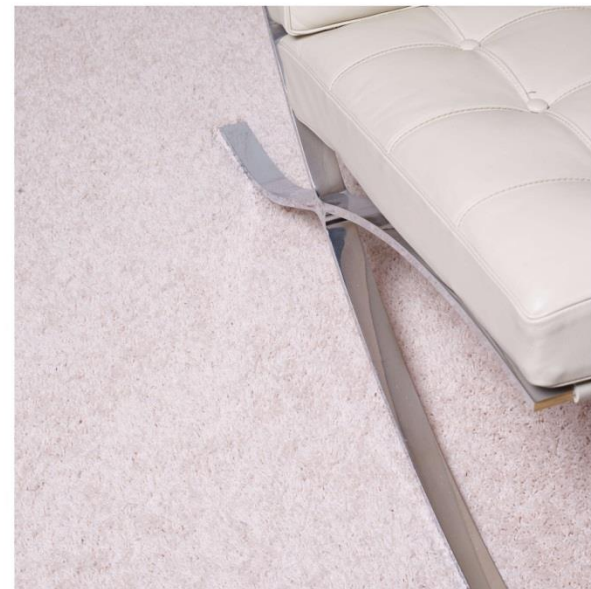


29 NOVEMBER 2021



**CARVE-OUT AND
ACQUISITION
OF THE RUGS &
UK CARPET
BUSINESS OF
BALTA GROUP NV**

INVESTOR PRESENTATION



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Victoria investment track record



Victoria Investment Track Record

In the 9 years since the current board was appointed by shareholders

SHAREHOLDER RETURNS¹



£63.55

Current value of £1 invested in
October 2012

+6,255%

Growth since 2012

TOP LINE GROWTH



£662m

FY2021 Revenue

+27%

CAGR since 2012

OPERATING PROFIT²



£127m

FY2021 Underlying EBITDA

+39.6%

CAGR since 2012

OPERATING MARGIN



19.2%

FY2021 underlying EBITDA margin

+970bps

Growth since 2012

CASH GENERATION



£0.77

FY2021 underlying operating cash
flow per share^{3,5}

+38.9%

CAGR since 2012

EARNINGS PER SHARE



£0.30

FY2021 diluted adjusted EPS^{4,5}

+22.8%

CAGR since 2012

Note

1. Calculation as of November 9, 2021. Assumes all dividends re-invested.
2. EBITDA shown before exceptional and non-underlying items. 2012-2021 CAGR calculation adjusted for IFRS 16.
3. Underlying operating cash flow per share before interest, tax, and exceptional items. Underlying operating cash flow per share is an alternative performance measure as shown in the 2021 Annual Report.
4. Adjusted EPS shown on a fully-diluted basis.
5. Excludes the dilution impact of unutilised preferred equity funding at the year-end, which was deployed for acquisitions post year-end.

Transaction Overview



Transaction rationale

- We are excited to announce the carve-out and acquisition of three attractive divisions of Balta's: Rugs, UK PP Carpet, and Captiqs Non-Woven Carpet
 - Combined LTM Mar-21 revenue and EBITDA of c.€307m and c.€35m, respectively
- Attractive and unique opportunity with compelling transaction rationales:

✓ **Expand into Rugs – a growing flooring category – through the acquisition of the #1 player in Europe and #2 globally**

✓ **Increase scale and solidify our market position in the attractive UK carpet market**

✓ **Broaden our offering through the acquisition of the non-woven carpets business**

✓ **>€15 million of operating synergies to be delivered over the 24/36 months following completion**

✓ **Growing rug business with US logistic network to complement recent US acquisition, Cali**

✓ **Significant synergies by integrating Balta's UK carpet business with Victoria's carpet business**

Transaction overview

- Purchase price to be funded from the Group's cash balances and new £150 million preferred equity commitment from Koch Equity Development
- Victoria's leverage will remain in line with its stated financial policy following completion, with the current ratio of net debt to pro-forma EBITDA, considering the full effect of the acquisition and newly committed Koch funding, of c.3.2x
- Earnings and Cash Flow Accretive on Completion
- Completion expected in April 2022

Equity value¹	c. €138 million (c. £117m)
Debt (excluding IFRS 16)	c. €57 million (c. £48m)
EBITDA (LTM to 31/3/21)	c. €35 million (c.£30m)

Note

1. Subject to working capital movements and cash generation of the Divisions up to completion.

Target profile

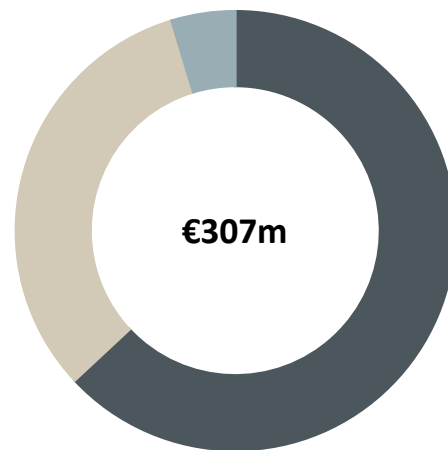
- Listed on the Euronext since 2017, Balta is the largest producer of textile floor coverings in Europe with revenue of €562m in 2020
- Our acquisition perimeter includes three divisions: Rugs, UK PP Carpet, and Captiqs Non-Woven Carpet
 - Each of these divisions brings significant synergies and opportunities for Victoria's existing businesses
 - 6 production facilities in Belgium and Turkey

Acquisition LTM March 2021 Actual

Revenue

(€ in thousands)

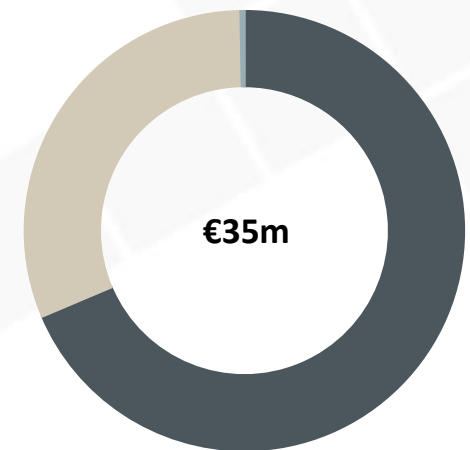
- Rugs Division 63%
- UK Carpet 32%
- Non-woven 5%



Underlying EBITDA

(€ in thousands)

- Rugs Division 69%
- UK Carpet 31%
- Non-woven 0%



SOFT FLOORING INDUSTRY OVERVIEW

- Global rugs sector**
- UK carpet sector**



Global Rugs Sector

	2019	2024	2029	2019-24 CAGR
Global Flooring Demand (sqm in millions)	19,425	20,950	25,840	2.6%
Global Flooring Demand (USD millions)	232,440	282,520	356,780	4.0%
Hard Flooring Demand (sqm in millions)	11,290	12,984	15,442	2.8%

Demand driven by:

- ✓ Demand for rugs correlates to hard flooring growth of 2.8% p.a. due to consumer behaviour of using rugs to decorate and soften hard surfaces
- ✓ Fashion and flexibility means consumers replace rugs more frequently than other types of flooring, leading to repeat sales to consumers updating their home or office decor
- ✓ Rugs are resistant to competition from products such as LVT, wood, and ceramic tiles as they are often used to complement hard surface materials, which can be cold underfoot
- ✓ Low cost leads to strong demand from high growth developing countries, who frequently have a hard surface as their primary flooring
- ✓ Portable and adaptable – the ease with which rugs can be transported from home to home makes them increasingly popular as renters and home owners become more mobile than in the past.
- ✓ Both indoor and outdoor use

Source: Freedonia Global Flooring Report 2021

UK Carpet Market

	2019	2024	2029	2019-24 CAGR
UK Flooring Market (million square metres)	413	434	469	1.0%
UK Carpet demand (millions square metres)	238	247	264	0.8%
Carpet share of overall UK Flooring Market	58%	57%	56%	

Demand driven by:

- ✓ Stable carpet share of overall flooring market @c.56-58% for the last 15 years. New flooring products such as LVT have tended to replace laminate and other hard flooring categories in the UK, and carpet demand continues to be stable
- ✓ Strong cultural preference for carpet in the UK
- ✓ Renovation/redecorating. Insulated from economic variations in new construction. The annual replacement market is around 12x the new build demand
- ✓ Housing transactions a leading indicator as consumers tend to replace their flooring 12-18 months after changing homes. UK housing transactions have been at elevated levels for much of the past year

Source: Freedonia Global Flooring Report 2021



RUGS DIVISION

- Growing demand in key markets



Balta Rugs Division Business Overview



Snapshot

Overview

- Manufactures and distributes mechanically woven rugs since 1970

Route to market

- Strong global distribution capabilities with sales in more than 100 countries across the world
- Via a combination of major international retailers and wholesalers

Customers

- Blue chip, diversified customer base
- Long-standing, entrenched customer relationships (all top six largest customers with tenure of >20 years)

Production

- State-of-the-art manufacturing facilities in Belgium (186,000 sqm) and Turkey (86,000 sqm), along with distribution warehouses in Belgium and the United States (18,600 sqm)
- Efficient platform leading to a strong competitive position:
 - More labour-intensive rugs produced in lower-cost Turkey
 - Entirely machine-produced rugs manufactured in Belgium
- Skilled product design team ensures continued customer demand

Management

- Will continue to operate with a significant degree of autonomy led by Marc Desein, who joined the company in 1992

Leading positions



Europe



Globally

Products



Global Production & Distribution Facilities



Avelgem, Belgium: Offices, Showroom, Production
Surface: 141.500 m²



Usak, Turkey: Production
Surface: 68.000 m², 27.000 m² (covered area)



Usak, Turkey: Production
Surface: 273.000 m², 86.520 m² (covered area)



Waregem, Belgium: Production
Surface: 96.000 m²

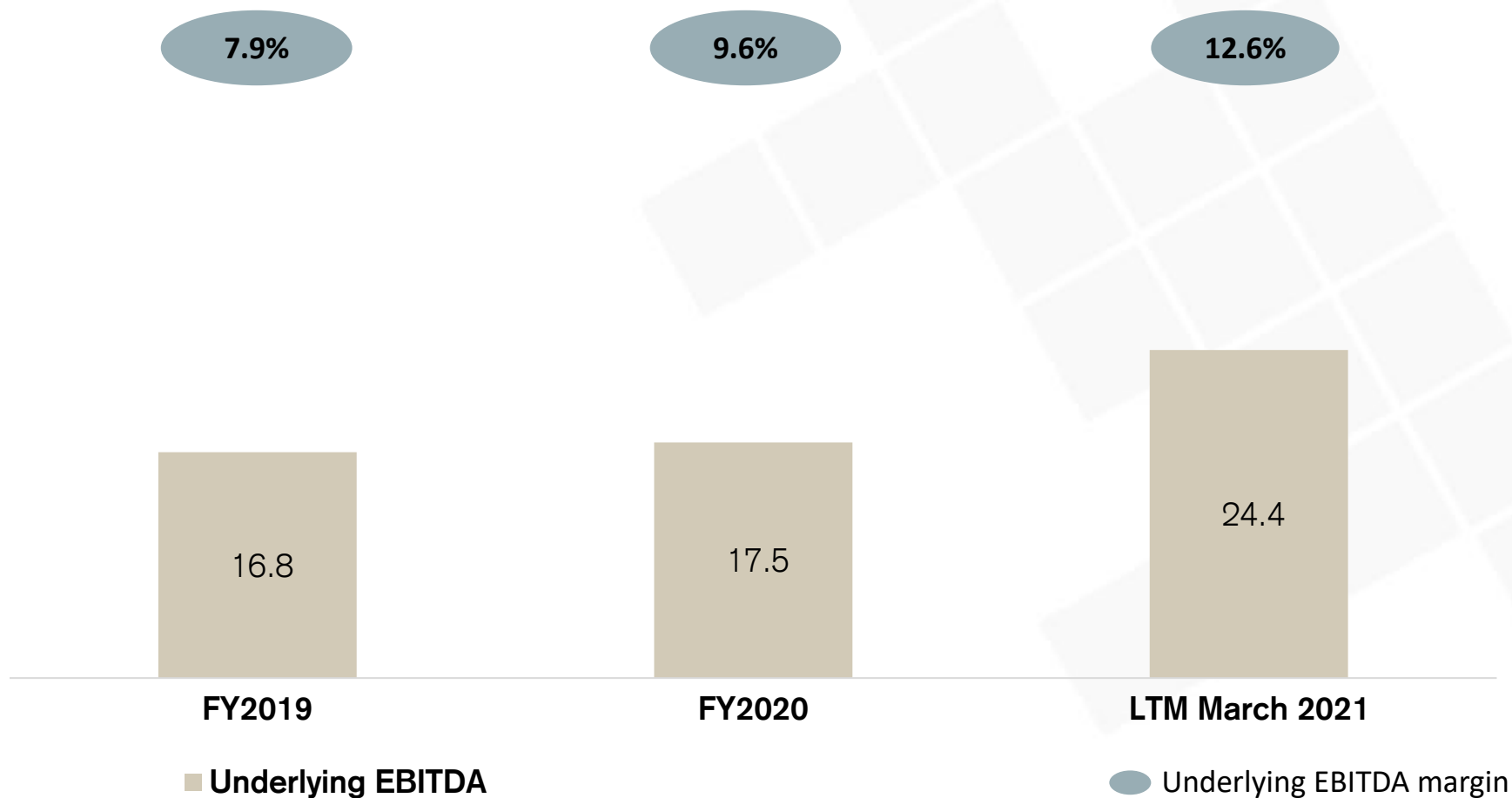


Rome, GA, USA: US Distribution Centre
Surface: 30.660 m²

Solid and Increasing Financial Performance



Key Financial Metrics – Earnings and Cash Flow Accretive



Synergies and Commercial Opportunity



- Victoria has identified material value-creating commercial synergies with its existing business

✓ **Cross selling opportunities with existing Victoria hard flooring business (ceramic tiles or LVT)**
Customers tend to purchase rugs right after hard flooring installations

✓ **Existing US business sales can be boosted by the introduction of rug designs, bespoke to Cali via its large online business platform** –particularly outdoor rugs, which are a high-growth consumer trend

✓ **Highly fragmented rug manufacturing market provides opportunities for further consolidation**

UK Carpet Business

- Significant operating synergies



Business Overview



Snapshot

Overview	<ul style="list-style-type: none">• Manufacturer of polypropylene tufted carpet
Route to market	<ul style="list-style-type: none">• Via a diverse customer base of major retailers and wholesalers
Target market	<ul style="list-style-type: none">• Stable residential renovation market like Victoria• Mid-priced product ranges (highly complementary to Victoria's existing product offering)
Production	<ul style="list-style-type: none">• One factory at Sint-Baafs-Vijve, Belgium



Sint-Baafs-Vijve, Belgium: Head Office, Showroom, and Production
Surface area: **306.000 m**

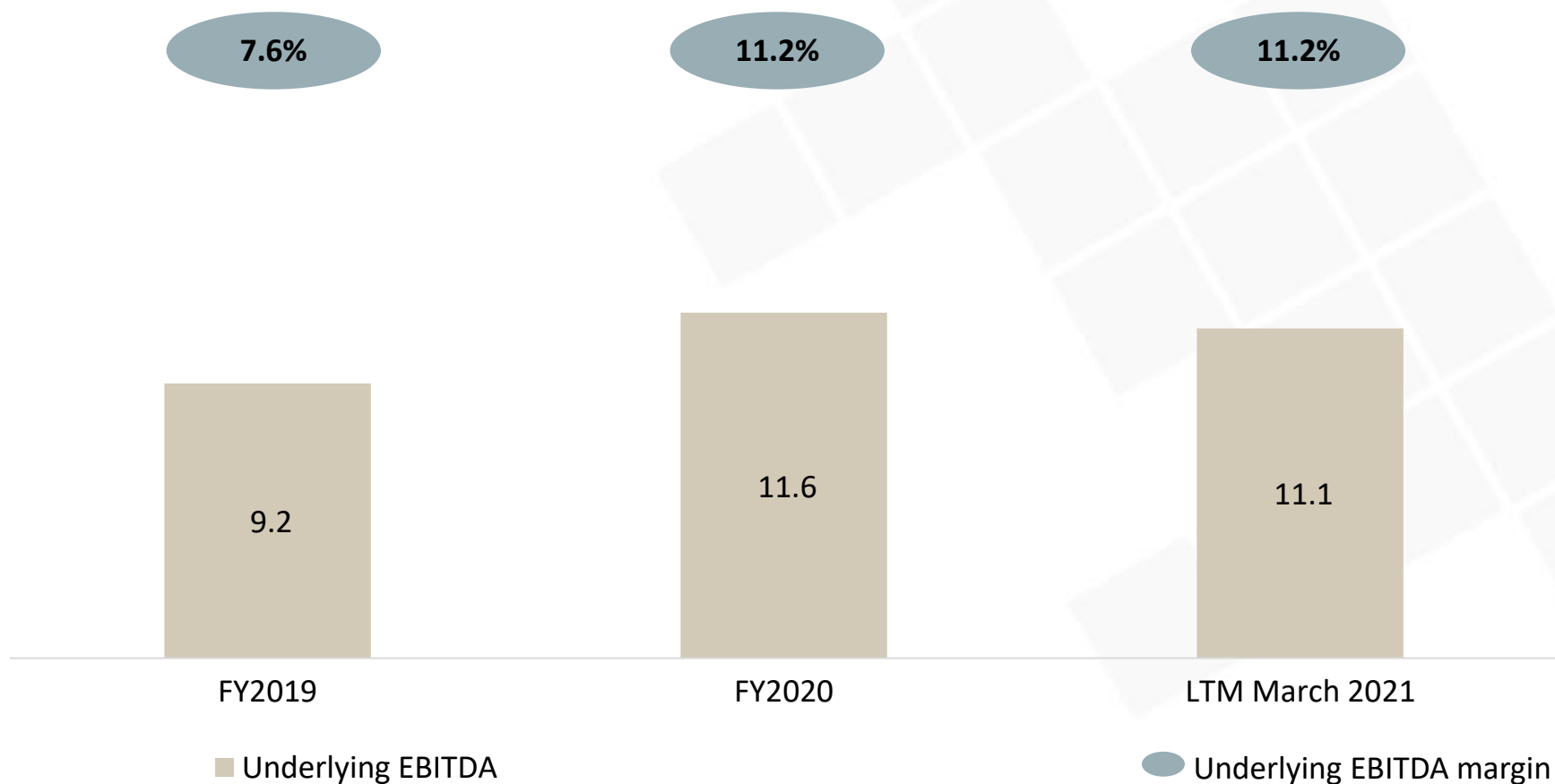
Products



Solid Financial Performance



Key Financial Metrics – Earnings and Cash Flow Accretive



Synergies with Victoria's existing UK carpet business will create substantial value for shareholders



- Victoria has been manufacturing carpet in the UK for more than 125 years. It has high-quality and well-invested manufacturing facilities in Wales and Yorkshire, operated by an experienced and committed management team. This acquisition is expected to leverage those capabilities
- Post-completion, the Group is expected to have a c.16%¹ market share of the UK broadloom carpet market and a little under 5%¹ of the UK flooring market as a whole



Material cost synergies across manufacturing, logistics, and corporate overhead

Via full integration of the UK carpet business with Victoria's existing UK carpet manufacturing and distribution operations



Significant logistics savings and service improvement by utilising spare capacity in Victoria's best in class logistics operation, Alliance Distribution, to replace Balta's inefficient third-party logistics operation



Procurement savings from increased scale, leading to operating margin increase

Raw material costs reduction and further productivity improvement at the factories expected



Senior management knowledge and experience with this division

Several members of Victoria's senior management successfully managed this division previously, which will be invaluable to drive swift integration

¹ Source: Company information; Freedonia Global Flooring Report 2021

Non-Woven Carpet Division

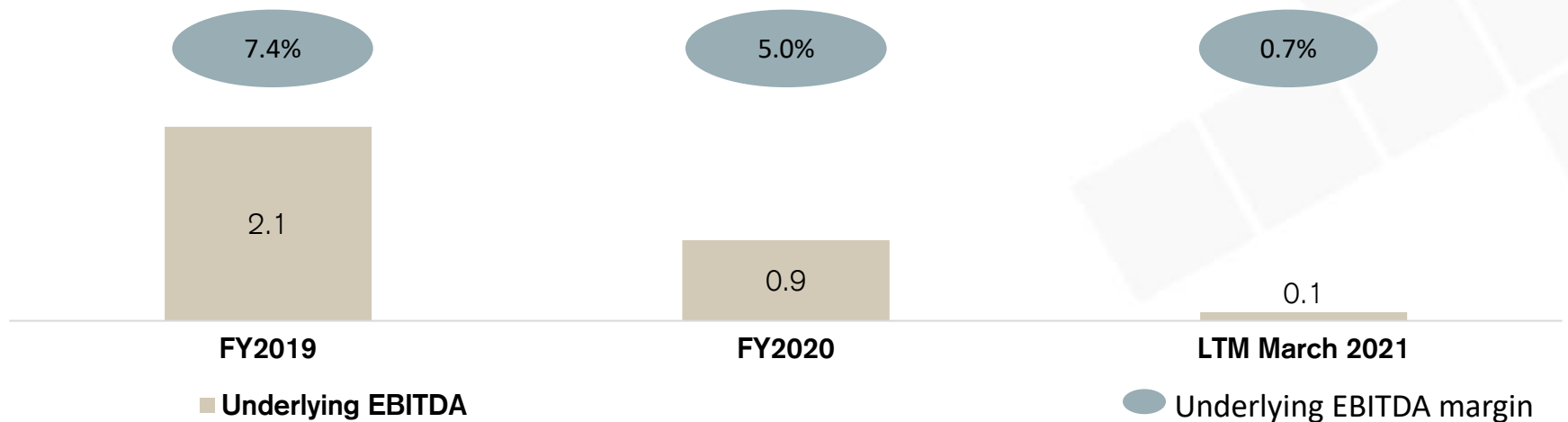



Business Overview

- Captiqs manufactures sustainable non-woven technical carpet for:
 - **Event:** practical expo carpets
 - **Automotive:** from molded structural parts to interior liners
 - **Building:** heat, cold, noise and moisture insulation
 - **Geotex:** geotextiles for water-draining and filtration purposes
- Revenue and earnings have been temporarily impacted by the covid-related restrictions on exhibitions and events, plus the slow down in car manufacturing due to chip shortages



Oudenaarde, Belgium: Offices – Production
Area: 130.000 m²





“An earnings-accretive acquisition, at an attractive valuation, with very material, synergy-led earnings upside and deleveraging profile.”