Initial Public Offering
Balta Group NV

Balta, a global leader in decorative rugs and a European leader in carpets

Balta Group NV ("the Company") believes to be a global leader in decorative rugs and one of the leading European manufacturers of carpets, which include broadloom carpet and carpet tiles for the residential and commercial markets. The Company is **vertically integrated**, with production sites, distribution centers and warehouses in Belgium and the US and manufacturing sites in Turkey. On 22 March 2017, Balta completed the **acquisition** of the US company Bentley Mills Inc. ("Bentley"), which **should strengthen Balta's position in the North American market and in the growing commercial carpet tile markets.**

We list the main features for you at a glance:

- Balta is a **leading European manufacturer of soft flooring**. In 2016, Balta believes it was the largest manufacturer in Europe of machine-made rugs and residential broadloom, the latter in each case by volume. In addition to that, Balta believes that it was the second largest manufacturer worldwide of machine-made rugs by volume. Furthermore, the Company was the third largest manufacturer in Europe of commercial carpet tiles by volume in 2016, according to BMCW Associates (an independent provider of client and generic market research in the flooring markets). This **leading position** can be tracked by Balta's historical **creativity and innovation in the soft-flooring industry**, having **pioneered several trends in rugs and carpeting**, including the mass production of flatweave and shaggy rugs.
- The Company has a **a well-invested asset base** with a track record of **profitable growth:** Balta has eight manufacturing facilities, of which six are located in Belgium and two in Turkey. The Company also has one warehousing and distribution center in Belgium and two such centers in Georgia, United States. Through the acquisition of Bentley, Balta now also owns an additional manufacturing facility and a separate warehousing facility in California, United States. Furthermore, the Company will continue to focus on profitability and have a number of margin improvements and cost efficiency initiatives in place (e.g. investment in automation and new technologies…).
- The Company believes that it has **growth potential** through targeted **organic initiatives** (e.g. selective investments in new technology and machinery) and further **market consolidation**. There is a growing presence in Central and Eastern Europe, as well as in the United States.
- Balta believes that **attractive consumer and market dynamics will drive future demand**. Growing disposable income, the affordability of machine-woven products and increasing affluence with interior design should support rugs demand.

Additional information or subscription details can be obtained from:

Your KBC Bank branch, the KBC website and KBC Live

An investment in the Offer Shares involves substantial risks and uncertainties. Prospective investors should read the entire Prospectus document, and, in particular, should see "Risk Factors" beginning on page 22 for a discussion of certain factors that should be considered in connection with an investment in the Shares, including, risks related to the fact that the Company is active in various countries and would be exposed if important export markets of the Company, such as the U.S. (28% of total pro forma 2016 sales) or the U.K. (22% of total pro forma 2016 sales), became subject to economic slowdown or trade restrictions and risks related to leverage and debt obligations of the Company, whereby the Company aims for a post-IPO leverage ratio of 2.5:1 upon a successful Offering including a minimum Primary Tranche of €137.6 million net proceeds. All of these factors should be considered before investing in the Offer Shares. Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment. See "Summary—Section D—Risks" and "Risk Factors" in the Prospectus.
The Prospectus is available free of charge from your KBC Bank branch, the KBC Live (+32 (0)78 152 153) or via www.kbc.be/balta. The Prospectus is available in English and Dutch. The summary of the Prospectus has been translated in French.

Is this something for you?

Product rating:

Along with the volatility of the market, this product rating, developed by KBC, also takes other factors into account such as scheduled repayment of capital, credit worthiness, asset allocation, exposure to foreign currencies and liquidity. You can find more information under "Product Rating".

Client risk profile:

This product focuses in the first place on investors with a very dynamic profile. We recommend you to only invest in this product if you understand the essential characteristics of the product and more specifically if you understand what risks are associated with this product.
In case you wish to buy this product outside the context of investment advice, the bank must determine whether you have sufficient knowledge and experience in relation to the product. If this is not the case, the bank has to warn you that the product is not appropriate for you. If the bank offers the product in the context of investment advice, the bank must ascertain whether the product is suitable for you, taking into account your knowledge and experience in relation to the product, your investment goals and your financial capacity. Ask your KBC adviser for advice.

For the complete overview of customer risk profiles, go to www.kbc.be/riskprofile.**www.kbc.be/riskprofile**.

About Balta Group NV*

Balta, the global specialist in rugs and carpets

Balta was **founded in 1964** in Sint-Baafs-Vijve, Belgium, and specialised in the manufacturing of textile products. When Filip Balcaen took over his father's firm in 1990, Balta has implemented a **strategy of internationalization and diversification**, broadening its product offerings, developing its manufacturing footprint and **pioneering innovative production techniques to advance new products and designs**. This strategy led to a period of **rapid organic and external growth**: by expanding into new markets and geographies and completing a series of strategic investments and dispositions, focusing its business on qualitative, innovative soft-flooring products for a range of end markets. In **2010, Balta acquired Domo Floorcovering** to substantially strengthen its position in the Residential segment in Central and Eastern Europe, as well as to add the design, manufacture and distribution of carpet tiles and non-woven products to the product portfolio. In addition, during the course of **2012 and 2013, Balta significantly expanded its Turkish production capacity** to facilitate the further growth of the Rugs segment in Europe, the United States, the Middle East, Central Asia and Latin America. In **2015, Lone Star Fund IX acquired a controlling interest** in the parent entity of the Balta Group. Under the control of Lone Star, Balta **closed the acquisition of Bentley on 22 March 2017**.

The company operates its business through four segments, which are organized by product and sales channel:

- **Rugs**: Rugs are pieces of carpet directly put on a hard flooring. A rug requires no installation, serves home decoration purposes and the business is consumer- and lifestyle-driven. The rugs segment **designs, manufactures and distributes a broad range of machine-made rugs** to international retailers (e.g. specialist, home improvement) and to wholesalers. This segment generated, in 2016, €214.5 million of revenue and **€38.0 million of Adjusted EBITDA** (margin of 17.7%).

  The following images show examples of the key products in the **rugs segment**:


Shaggy


Flatweave


Cozy

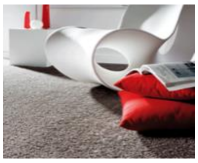

Modern


Classic


New generation

- **Residential**: The residential segment **designs, manufactures and distributes an extensive range of tufted broadloom carpets, in addition to woven broadloom and carpet tiles**, to major retailers and wholesalers (e.g. specialized carpet, home improvement and furniture chains). Broadloom is a large roll of carpet installed throughout a room, from wall to wall. It is usually fixed to the sub floor, requires installation by professionals and serves residential and commercial uses. Tiles are modular pieces of carpet assembled square by square to cover a floor. It requires installation by professionals and predominantly serves commercial uses. This segment generated, in 2016, €236.8 million of revenue and **€28.4 million of Adjusted EBITDA** (margin of 12.0%).

  The following images show examples of the key products in the **residential segment**:

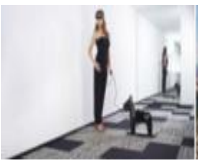

Tufted broadloom


Woven Broadloom


Tiles

- **Commercial**: The commercial segment **manufactures and distributes modular carpet tiles and broadloom to a broad range of non-residential end markets**, including offices, hospitality, leisure and public infrastructure. Broadloom is a large roll of carpet installed throughout a room, from wall to wall. It is usually fixed to the sub floor, requires installation by professionals and serves residential and commercial uses. Tiles are modular pieces of carpet assembled square by square to cover a floor. It requires installation by professionals and predominantly serves commercial uses. This segment generated, in 2016, €80.1 million of revenue and **€12.1 million of Adjusted EBITDA** (margin of 15.1%). The acquisition of Bentley broadens Balta's commercial product portfolio and gives it access to the U.S. commercial carpet market. On a pro forma basis for the acquisition of Bentley, the Commercial segment has generated **€190.8 million of revenue** and **€28.1 million of Adjusted EBITDA in 2016.**

  The following images show examples of the key products in the **commercial segment**:

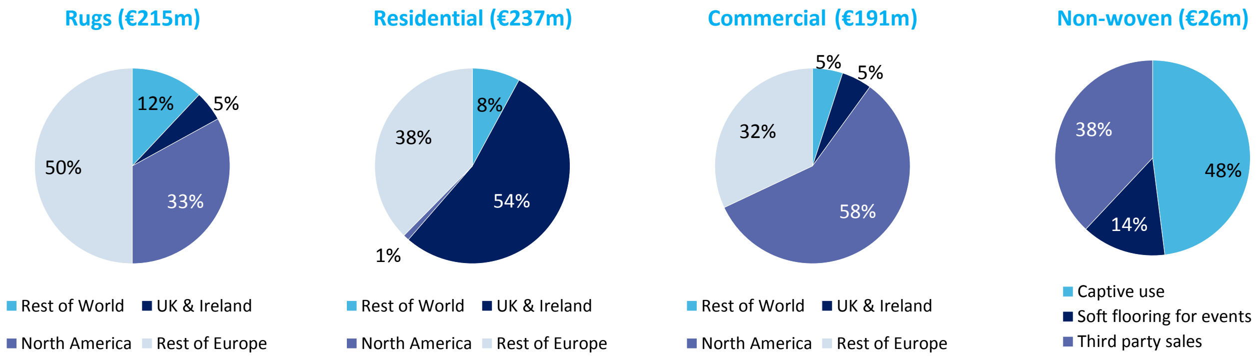


Tiles (modulyss) Broadloom (arc edition)

- **Non-woven**: The non-woven segment **designs, manufactures and distributes specialized fabrics for insulation, lining, cars, carpet backing and banners**. This segment generated, in 2016, €26.3 million of revenue and **€2.9 million of adjusted EBITDA** (margin of 11.1%).

  The following images show examples of the key products in the **non-woven segment**:

2016 pro forma revenue (€668m), incl. Bentley as of 1/1/2016, per segment



Balta's **traditional core markets** are the United Kingdom, Germany and France, with an increasingly growing presence in Central and Eastern Europe and in the United States.

The **rugs segment** is part of the wider **furniture and floor coverings market**, which is driven by global consumer trends, such as disposable income, consumer confidence and population trends. Many of the indicators have been positive, with consumer confidence and disposable income steadily increasing since 2013 (Source: Global Insights, 2017; Bloomberg; EIU). **Demand in the rugs segment, in which Balta is active, is expected to grow strongly in the next few years**. This demand should be driven by positive demographic trends, increasing attention towards quality and diversity of interior design and the growing affordability of machine-woven rugs (Source: MarketLine, Global Furniture & Floor Coverings 2016). The growing segments in the rugs market include the U.S. market for rugs and rugs for outdoor use, in which Balta is considered a product pioneer and market leader with its flatweave products (Source: Roland Berger, US Rugs Market Expansion Compendium). The **residential and commercial segments** represent an important part of the **global flooring market**, which in addition to soft flooring, also includes two types of hard flooring materials. Balta is only active in the soft-flooring segments. The flooring industry depends on consumer confidence and the performance of commercial and residential renovation and construction markets. The decrease in new construction and renovation projects in the wake of the 2008 global financial crisis, resulted in lower demand for broadloom and carpet tiles. However, as the economy and consumer confidence are gradually recovering across key markets, **demand for broadloom and carpet tiles should increase** (Source: Eurostat; BMCW, 2017). Balta's acquisition of Bently significantly increased the company's presence in the U.S. commercial carpet tile market. This market is estimated to grow by a 9.2% compounded annual growth rate from 2015 until 2020 (Source: Market Insights LLC, US Floor Report 2017). The **non-woven segment** delivers products inhouse as well as externally to **various industries**.

Key financial figures (€m)

	2014A	2015A[1]	2016A	2016PF[2]	2016 Q1[4]	2017 Q1[4]
Revenue	519.5	556.8	557.7	668.4	147.8	155.5
Operating profit	25.6	-8.0	49.2	60.0	12.3	8.8
Adjusted EBITDA[3]	65.2	75.5	81.4	97.4	19.1	20.1
Net result	1.2	-43.5	25.3	27.5	2.5	0.2
Total assets	452.5	656.6	681.7	814.2	658.0	808.2
Equity	-322.6	-18.9	136.3	137.3	120.6	134.8

1. The financial information in the "2015" column of these tables has been extracted, without material adjustment, from the unaudited combined financial statements of LSF9 Balta Issuer S.A. and its subsidiaries as of and for the year ended December 31, 2015, prepared on the basis described therein and reported on in accordance with ISAE 3000 (revised) (Assurance Engagements other than Audits or Reviews of Historical Financial Information). These numbers include the following effects of the purchase price allocation performed following the acquisition of Balta Finance: a negative €10.8 million impact on raw material expenses, a negative €14.9 million on changes in inventories, a positive €9.6 million on income tax income / (expense). The impact of the purchase price allocation on operating profit / (loss) is a negative €25.7 million and the impact of the purchase price allocation on the profit / (loss) for the period is a negative €16.1 million. Therefore, in the absence of purchase price allocation, operating profit / (loss) would have been a positive €17.7 million and profit / (loss) for the period would have been a negative €27.5 million.
2. PF is pro forma, including Bentley for the full year of 2016.
3. Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) the impact of the purchase price allocation on (a) raw material expenses and (b) changes in inventories, (ii) gains on assets disposal, (iii) legal claims, (iv) integration and restructuring expenses, (v) depreciation / amortization and (vi) impairment and write-off.

4. The financial information for the three months ended March 31, 2017 and 2016 has been extracted without material adjustment from the unaudited consolidated financial statements of LSF9 Balta Issuer S.A. and its subsidiaries as of and for the three months ended March 31, 2017.

*: Source: company website and prospectus

A description of the risks related to the industry and the business of Balta can be found on page 8 – 12 of this document.

Features

ISSUER	The legal name of the Company is Balta Group NV; it carries out its business under the name of Balta and associated registered trademarks.
ISIN CODE	BE0974314461
SYNDICATE	Joint Global Coordinators: J.P. Morgan and Deutsche Bank Joint Bookrunners: J.P. Morgan, Deutsche Bank and Barclays Joint Lead Managers: KBC Securities and ING (Altogether the "Underwriters")
ROLE OF KBC BANK NV	Selling Agent
CURRENCY	EUR
OFFERING AND OVER-ALLOTMENT OPTION	The Offering relates to the: (i) issuance by the Company of such number of newly issued Shares having no nominal value as is necessary to raise gross proceeds of approximately €145 million (the "Primary Tranche") and; (ii) offering by LSF9 Balta Holdco S.à r.l. (the "Selling Shareholder") of up to 6,265,625 existing Shares based on the high end of the Price Range (the "Secondary Tranche"). The shares of the Company (the "Shares") being offered by the Company and the Selling Shareholder are herein referred to as the "Offer Shares.". All Offer Shares are issued under Belgian law. The Offering consists of: (i) the Belgian Offering (i.e., an initial public offering to retail and institutional investors in Belgium); (ii) a private placement in the United States to persons who are reasonably believed to be "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the U.S. Securities Act), in reliance on Rule 144A or pursuant to another exemption from or transaction not subject to the registration requirements under the U.S. Securities Act; and (iii) private placements to institutional investors in the rest of the world. The Offering outside the United States will be made in compliance with Regulation S under the U.S. Securities Act. The aggregate number of Offer Shares sold in the Secondary Tranche may, pursuant to the Increase Option, be increased by up to 15% of the aggregate number of Offer Shares initially offered. Any decision to exercise the Increase Option will be communicated, at the latest, on the date of the announcement of the Offer Price. If the maximum number of Offer Shares has not been placed, the Primary Tranche will have priority to the Secondary Tranche. The minimum size of the Offering corresponds to the Primary Tranche (i.e., € 137.6 million net proceeds) below which the Offering will not be completed. Any withdrawal of the Offering will be announced by means of a Company press release. If the Offering is withdrawn, the bank account of the retail investors having submitted a purchase order will not be debited. The Selling Shareholder is expected to grant to Deutsche Bank AG, London Branch, as Stabilization Manager, on behalf of itself and the Underwriters, an Over-allotment Option, i.e., an option to purchase additional Shares in an aggregate amount equal to up to 15% of the aggregate number of subscribed Offer Shares (including the Offer Shares sold pursuant to the effective exercise of the Increase Option) to cover over-allotments or short positions, if any, at the Offer Price. The Over-allotment Option may be exercised for a period of 30 days following the Listing Date. The closing date is expected to be 16 June, 2017 unless the Offering Period is closed earlier (the "Closing Date"). The Offer Price must be paid by investors by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date, unless the Offering has been withdrawn.
OFFER PRICE	The offer price is: 13.25 - 16.00 euro per Offer Share (the "Price Range"). The price per Offer Share (the "Offer Price") will be determined on the basis of a bookbuilding process in which only institutional investors can participate, taking into account various

	relevant qualitative and quantitative elements, including but not limited to the number of Offer Shares requested, the size of purchase orders received, the condition of the investors submitting such purchase orders and the prices at which the purchase orders were made, as well as market conditions at that time. If the Price Range is modified, the change will be published by means of a Company press release. Any changes to narrow the Price Range will not void purchase orders that have already been submitted. The Offer Price for investors shall not, however, exceed the higher end of the Price Range. A supplement to the Prospectus will be published in accordance with Article 34 of the Prospectus Law in the event he lower limit of the Price Range is decreased or the Offer Price is set below the lower end of the Price Range. For more information on the right to withdraw, please refer to the section "Right to withdraw" below in this product info sheet.
OFFERING PERIOD	The offering period (the "Offering Period") will begin on 31 May, 2017 and is expected to close no later than 1 p.m. (CET) on 13 June, 2017, subject to the possibility of an early closing, provided that the Offering Period will in any event be open for at least six business days from the availability of the Prospectus. The Prospectus will be made available as of the first day of the Offering Period. The Offering Period can be closed, at the earliest, six business days after the start of the Offering Period and, hence, prospective investors can submit their orders at least during six business days after the start of the Offering Period. However, in accordance with the possibility provided for in art. 3, § 2 of the Royal Decree of May 17, 2007 on primary market practices, the Company expects the subscription period for the retail offering to end at 4 p.m. (CET) on 12 June, 2017, the day before the end of the institutional bookbuilding period, due to the timing and logistical constraints associated with the centralization of the subscriptions placed by retail investors with the Joint Lead Managers and with other financial institutions. Any early closing of the Offering Period will be announced by means of a Company press release, and the dates for each of pricing, allocation, publication of the Offer Price and the results of the Offering, conditional trading and closing of the Offering will in such case be adjusted accordingly. The Offering Period can only be closed earlier in case of a coordinated action between the Underwriters. A supplement to the Prospectus will be published in accordance with Article 34 of the Prospectus Law in the event the maximum number of Offer Shares is reduced, including due to an early closing of the Offering Period without placement of the total number of shares. Prospective investors can submit their purchase orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible. For more information on the right to withdraw, please refer to the section "Right to withdraw" below in this product info sheet.
RIGHT TO WITHDRAW	If an important new factor, material mistake or inaccuracy relating to information contained in the Prospectus, which could influence the investors' evaluation of the securities, occurs before the end of the Offering Period, a supplement to the Prospectus shall be published in accordance with Article 34 of the Prospectus Law. A supplement to the Prospectus will be published in accordance with Article 34 of the Prospectus Law in the event (i) the Offering Period is extended, (ii) the lower limit of the Price Range is decreased or the Offer Price is set below the lower end of the Price Range, or (iii) the maximum number of Offer Shares is reduced, including due to an early closing of the Offering Period without placement of the total number of shares or (iv) the underwriting agreement is not executed or is executed but subsequently terminated. If such supplement to the Prospectus is published, investors will have the right to withdraw their orders made prior to the publication of the supplement. Such withdrawal must be done within the time period set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).
ALLOCATION	The number of Offer Shares allotted to investors will be determined at the end of the Offering Period by the Company and the Selling Shareholder in consultation with the Joint Global Coordinators on the basis of the respective demand of both retail and institutional investors and on the quantitative and, for institutional investors only, the qualitative analysis of the order book, and in accordance with Belgian regulations relating to allocation to retail and institutional investors as set forth below.

	In accordance with Belgian regulations, a minimum of 10% of the Offer Shares must be allocated to retail investors in Belgium, subject to sufficient retail demand. In case of over-subscription of the Offer Shares reserved for retail investors, the allocation to retail investors will be made on the basis of objective and quantitative allocation criteria i.e. the number of shares for which applications are submitted by retail investors. Therefore, retail investors may receive fewer Offer Shares than they subscribed for. The results of the Offering, the allocation for retail investors and the Offer Price will be announced by means of a Company press release, which is currently expected to take place on or about 13 June, 2017 and in any event no later than the first business day after the end of the Offering Period. The Underwriters will use reasonable efforts to deliver the newly issued Shares to individual persons residing in Belgium and to investors subject to Belgian income tax on legal entities (rechtspersonenbelasting/impôt des personnes morales), in this order of priority. No tax on stock exchange transactions is due on the subscription of newly issued Shares. If the maximum number of Offer Shares has not been placed, the Primary Tranche will have priority to the Secondary Tranche.
SETTLEMENT DATE	The settlement date (the "Settlement Date") is expected to be on or about 16 June 2017 unless the Offering Period is closed earlier or extended.
LISTING	On the regulated market of Euronext Brussels.
DIVIDEND POLICY	No dividends have been paid by the Company prior to the Offering. Subject to the availability of distributable reserves and any material external growth opportunities, the Company currently intends to pay a dividend of between 30% to 40% of its net profit for the year based on its consolidated IFRS financial statements (excluding IPO fees and commissions for 2017). For the 2017 financial year, the amount of any dividends would be calculated pro rata such that the Company would pay dividends only in respect of the portion of the financial year for which the Shares were listed on Euronext Brussels (based on the application of the dividend policy described below). The amount of any dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including the Company's business prospects, cash requirements, including related to any material external growth opportunities, and financial performance, the condition of the market and the general economic climate and other factors, including tax and other regulatory considerations. The Offer Shares carry the right to participate in dividends declared after the Closing Date, in respect of the financial year ending December 31, 2017 and future years. All Shares participate equally in the Company's profits, if any. In general, the Company may only pay dividends with the approval of the Shareholders' Meeting, although pursuant to the Company's Articles of Association, the Board of Directors may declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions. The maximum amount of the dividend that can be paid is determined by reference to the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP. In addition, under Belgian law and the Articles of Association, before it can pay dividends, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*nettowinst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital. The Company currently has no legal reserve. Accordingly, 5% of the Company's Belgian GAAP annual net profit during future years will need to be allocated to the legal reserve, limiting the Company's ability to pay out dividends to its shareholders.
USE OF PROCEEDS	A part of the net proceeds from the Primary Tranche will be contributed by the Company to the equity of LSF9 Balta Issuer S.A. (i.e. capital reserve) in view of (i) a repayment of debt by LSF9 Balta Issuer S.A.; and (ii) the lending by LSF9 Balta Issuer S.A. to other Group companies for the payment of other debt.
INVESTMENT OBJECTIVE	A share has an unlimited maturity and does not offer any scheduled repayment of the capital. These shares are expected to trade on the regulated market of Euronext Brussels, which may lead to capital gains or losses. These shares may be entitled to dividends. In the event of liquidation the shareholder ranks only after all other creditors. Usually shareholders do not

	recover anything. As a shareholder of the Company your rights will be governed by Belgian law.
DOCUMENTATION	The Prospectus was approved on 30 May, 2017 by the Belgian Financial Services and Markets Authority (the "FSMA") (the "Prospectus"). The Prospectus is available in English and Dutch and the summary of the Prospectus has been translated into French. The Prospectus will be made available at no cost at your KBC Bank branch and via KBC Live at +32 (0)78 152 153. You can also view the Prospectus on the websites of KBC Bank NV (www.kbc.be/balta) and KBC Securities (www.kbcsecurities.be, www.bolero.be, on the website of the Company Balta (www.baltainvestors.com) and on the website of the FSMA (www.fsma.be).

Risk

REDEMPTION	This investment comprises a share and does not offer any scheduled repayment of capital. Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment.
DIVERSIFICATION	None: investment in a single security
MARKET SENSITIVITY	The stock market price may fluctuate considerably over time depending on how the business develops, the sector in which the business operates, movements on the financial markets and other macroeconomic conditions.
RISKS RELATED TO THE COMPANY'S INDUSTRY AND BUSINESS	The following is a selection of key risks that relate to the Group's industry, business and operations, the establishment of the Company as a publicly listed company and the Offering. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's business, financial condition and results of operations. Investors should read, understand and consider all risk factors, set out in Chapter "Risk Factors" beginning on page 22 of the Prospectus before making an investment decision to invest in the Offer Shares. **The Company is subject to the following material risks, among others:** • **If the Company fails to identify and respond to consumer preferences and demand, its business, financial condition and results of operations could be materially adversely affected.** Soft-flooring products are increasingly subject to changing consumer tastes and trends and must appeal to a broad range of consumers whose preferences cannot always be predicted. If the Company is unable to anticipate, identify or respond effectively to consumer preferences and demand, or successfully manage production and inventory levels for products that are in demand, it may experience back orders, order cancellations or overstock, any of which would have a negative effect on the Company's business. • **The soft-flooring industry is highly competitive.** There can be no assurance that the Company will be able to maintain its margins with respect to its competitors, particularly if new entrants gain access to one or more of its markets, or if competition intensifies for any other reason. Maintaining the Company's competitive position could also require additional investments in new products and new manufacturing facilities, or further development of its distribution network, marketing and sales activities. These competitive pressures could lead to reduced demand for the Company's products or force it to lower its prices. Such events could have a material adverse effect on the Company's business, financial condition and results of operations. • **The Company's products are not commercially protected and are routinely reproduced by both its competitors and customers.** The duplication of designs and innovations is a routine feature of the industry in which the Company operates, which functions on the continued renewal of products in accordance with constantly evolving consumer and market trends. As the Company has little recourse to prevent the reproduction of its products, if the Company's customers and competitors expand the reproduction of products that it has designed, and/or sell reproductions of its products to its customers at lower prices, the Company's market share and/or operating profit may decline, which could have a material adverse effect on its business, financial condition and results of operations.

- **If consumers choose alternative flooring solutions over soft-flooring products, the Company's business, financial condition and results of operations could be materially adversely affected.**
- **The Company's industry is significantly affected by economic conditions, particularly to the extent such conditions impact consumer confidence and the residential and commercial renovation and construction markets.**
  Economic activity remains dependent on highly accommodative macroeconomic policies and is subject to downside risks. Such trends are also influenced by overall economic growth and a large number of other economic and socio-political variables, including interest rates, governmental economic policies, public spending and allocations for infrastructure, or a combination of the above factors. Economic downturns could impact consumer confidence, and therefore discretionary spending habits, and could cause the industry to deteriorate in the future, which could have a material adverse effect on the business, financial condition and results of operations. In addition, the geographies in which the Company operates have been, and may continue to be, subject to significant political volatility. For example, the United Kingdom formally notified the European Council of its intention to leave the EU on March 29, 2017. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to EU markets, and, while such impacts are difficult to predict, Belgian exports may be negatively affected. Any reduction in consumers' willingness or ability to spend due to Brexit-related changes in the economic environments of the United Kingdom and Europe could materially affect the Company's revenue. In addition, lack of clarity about future UK laws and regulations as the United Kingdom determines which EU laws to replace or replicate in the event of a withdrawal may increase costs associated with operating in either or both of the United Kingdom and Europe. In the year ended December 31, 2016, the Company's sales in the United Kingdom represented €148.6 million, or 26.6% (22.2% on a pro forma basis to reflect the acquisition of Bentley) of the revenue, mainly comprised of sales in the Residential segment.
- **The Company is dependent on a limited number of raw materials suppliers.**
  The Company's manufacturing processes use large quantities of raw materials, and it is dependent upon the continued availability of raw materials for the manufacture of its products. An adverse change in the relationship with one of the Company's suppliers, more onerous terms (in particular payment terms), noncompliance with or changes to undertakings pursuant to its supply arrangements, the insolvency of a supplier, or the prospective acquisition of a supplier by one of its competitors could significantly impact the business, particularly if the Company is unable to find a substitute supplier under satisfactory terms or at all.
- **The Company's business is exposed to fluctuations in the pricing of raw materials.**
  Certain essential raw materials that we use may be subject to significant fluctuations in price and demand, and prices may increase to the point where these raw materials become prohibitively expensive and affect the profitability. In the event of a future increase in raw material prices or a contraction in the availability of raw materials, the Company may be unable to pass the resulting additional costs on to its customers in a timely manner, or at all, as it does not have a contractual right to pass such cost increases on to customers. A failure to otherwise mitigate increased costs could result in lower margins, customer loss or revenue reductions. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.
- **The Company does not have formal sales arrangements with a substantial majority of its customers, which may have a material adverse effect on the Company's business, financial condition and results of operations.**
- **The Company depends on several significant customers, and a loss of or a reduction in revenue derived from one or more of them may have a material adverse effect on the Company's business, financial condition and results of operations.**
  Despite having long-standing relationships with many of its key customers, there can be no assurance that the Company's purchasing arrangements will continue. This risk is compounded by the absence of formal contracts with a substantial majority of the Company's customers. The loss of a major customer, a reduction in revenue of a major customer for any reason, or a failure of a major customer to fulfil its financial or other obligations due to the Company could have a material adverse effect on its business, financial condition and results of operations.

- **The Company is also exposed to the following risks:**
  - The Company is exposed to risks associated with fluctuations in currency exchange rates
  - The Company's currency hedging exposes it to risks.
  - Disruptions to the production or delivery of the Company's products could impact its ability to attract new customers and retain existing customers
  - The Company relies on its senior management and on its ability to attract and retain other key employees
  - Significant damage to any of the Company's facilities could cause a production disruption
  - The Company's business may confront elevated operational risks in emerging markets
  - The Company may fail to acquire other businesses, effectively integrate acquired businesses or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such acquisitions
  - The Company may be affected by manufacturing defects or liability claims or may otherwise be subject to adverse publicity
  - The Company may fail to comply with environmental and other regulations or obtain government permits and approvals
  - Increased costs of labor, labor disputes, work stoppages or union organizing activity could have a negative impact on the Company's operations.
  - The failure of or significant disruptions to the Company's information systems and software could adversely affect its operations.
  - The Company may be subject to losses that might be completely or partially uninsured.
  - Changes in tax rates, tax liabilities or tax accounting rules could affect future results.
  - Changes in how tax authorities view the Company's structure could have an adverse impact on its operating results.
  - The Company's reliance on third parties may subject it to risk and may disrupt or have an adverse impact on its operations.
  - The Company's business could be affected by various legal and regulatory compliance risks, including those involving antitrust, anti-money laundering, anti-bribery or anti-corruption laws and regulations, sanctions and data protection and privacy laws and regulations.
  - The medium term objectives included in the Prospectus may differ materially from the Company's actual results and investors should not place undue reliance on them.

A more complete discussion of each of the above risks and additional risks relating to the Company's industry and business is set forth in the section "Risk Factors" of the Prospectus 22 – 31.

RISKS RELATED TO THE COMPANY'S CAPITAL STRUCTURE

The Company is subject to the following material risks, among others:

- **The Company's leverage and debt service obligations could adversely affect its business.** The Company had a negative total equity in 2015 and 2014. While total equity was positive as of March 31, 2017, the Company remains highly leveraged with a ratio of net debt to equity of 2.8:1 or net debt to total assets of 47.6%. As of March 31, 2017 the Company had gross indebtedness of €424.7 million (a ratio of debt to equity of 3.9:1), including €nil million of drawings under the Revolving Credit Facility and €291.0 million of indebtedness represented by the Senior Secured Notes (including accrued interest), €17.3 million of finance lease liabilities, €75.1 million of indebtedness under the Senior Term Loan (including accrued interest), €30.9 million of amortizing term loan debt (including accrued interest) , €10.4 million drawn under a revolving credit loan at Bentley and €0.1 million of bank overdraft. After adjusting for the Offering and the use of proceeds therefrom, the Company (including Bentley) would have had Net Debt of €247.4 million and an Net Debt to Adjusted EBITDA ratio of 2.5:1 as of December 31, 2016. The degree to which the Company will remain leveraged following the Offering could have important consequences for its shareholders. Additionally, the Company may incur substantial additional indebtedness in the future, including in connection with any future acquisition. Any such new debt could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict its business, prospects, financial condition and results of operations.

- **The Company is subject to restrictive debt covenants that may limit its ability to finance future operations and capital needs and to pursue business opportunities and activities.**
The covenants to which the Company is subject could limit its ability to implement its strategy and may limit its ability to react to market conditions or pursue business opportunities and activities that may be in the Company's interest. In addition, the Company's ability to comply with these covenants and restrictions may be affected by events beyond its control. If the Company breaches any of these covenants or restrictions, it could be in default under the Senior Secured Notes, Senior Term Loan, the Revolving Credit Facility Agreement or other indebtedness then outstanding.

A more complete discussion of each of the above risks and additional risks relating to the Company's industry and business is set forth in the section "Risk Factors" of the Prospectus 31 – 33.

RISKS RELATED TO THE SHARES AND THE OFFERING

The Company is subject to the following material risks, among others:

- **Following the completion of the Offering, assuming a full placement of the Offer Shares in the Secondary Tranche (including full exercise of the Over-allotment Option and the Increase Option) and that the Offer Price is at the mid-point of the Price Range, Lone Star Fund IX will have an indirect interest in at least 37.8% of the Shares.**
Depending on its shareholding, the Selling Shareholder will, directly, have the power to nominate up to five of the Company's directors and determine certain decisions to be required to be approved by the shareholders' meeting. There can be no assurance that any matter which is to be put to the shareholders for decision will be resolved in a manner that other holders of the Shares would consider to be in their or the best interest. In addition, the Selling Shareholder may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investment, even though such transactions may involve risks to other holders of the Shares.
- **There has been no prior public market for the Shares and the Shares may experience price and volume fluctuations.**
There can be no assurance that an active trading market for the Shares will develop or, if developed, can be sustained or will be liquid following the closing of the Offering. Furthermore, the Offer Price is not necessarily indicative of the prices at which the Shares will subsequently trade on the stock exchange. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. In addition, the market price of the Shares may prove to be highly volatile and may fluctuate significantly in response to a number of factors, many of which are beyond the control, including new government regulation, variations in operating results in the Company's reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, announcements by the Company or its competitors of significant contracts, acquisitions, strategic alliances, joint ventures, capital commitments or new services, loss of major customers, additions or departures of key personnel, any shortfall in revenue or net income or any increase in losses from levels expected by securities analysts, future issues or sales of ordinary shares, and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Shares.
- **The Shares and Offering is also subject to the following risks:**
  - Future sales of substantial amounts of the Company's ordinary shares, or the perception that such sales could occur, could adversely affect the market value of the Shares
  - The Company may not be able to pay dividends in accordance with the stated dividend policy. There can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, their amount.
  - Investors may not be able to recover in civil proceedings for U.S. securities law violations
  - Investors resident in countries other than Belgium may suffer dilution if they are unable to participate in future preferential subscription rights offerings
  - Investors with a reference currency other than Euros will become subject to foreign exchange rate risk when investing in the Shares
  - Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax

	- The Shares will be listed and traded on Euronext Brussels on an "if-and-when-issued and/or delivered" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offer Shares if they are not issued and delivered on the Closing Date - Certain provisions of the Belgian Companies Code and the Articles of Association may affect potential takeover attempts and may affect the market price of the Shares - The market price of the Shares may fluctuate widely in response to various factors A more complete discussion of each of the above risks and additional risks relating to the Company's industry and business is set forth in the section "Risk Factors" of the Prospectus 33 – 36.
FURTHER INFORMATION	For further information, please read the Prospectus carefully, paying particular attention to the "Risk Factors" section.

Product rating

PRODUCT RATING	**7** on a scale of 1 (low risk) to 7 (high risk). If estimates of the factors used to determine product ratings change owing to market circumstances, the product rating can also change. Investors will be informed through the usual communication channels of any change in the risk profile (a product rating of 1 corresponds with a highly defensive risk profile, a product rating of 2-3 with a defensive profile, a product rating of 4-5 with a dynamic profile and a product rating of 6-7 with a highly dynamic profile). For more information and background on the various factors used to determine the product ratings see www.kbc.be/productrating

Charges

SUBSCRIPTION CHARGES	None
COSTS RELATING TO THE OFFERING	Based on expected gross proceeds from the Primary Tranche of €145 million, the Company estimates that it will receive net proceeds from the Offering of approximately €137.6 million, following the deduction of fees and expenses and underwriting commissions (including discretionary incentive fees, if any) in the amount of approximately €7.4 million. Assuming a full placement of the Offer Shares (including the full exercise of the Increase Option), that the Offer Price is at the mid-point of the Price Range and that the Over-allotment Option is exercised in full, the underwriting fees for the Primary and Secondary Tranche will be €6.5 million. This does not include any incentive fees which may be paid at the discretion of the Company and the Selling Shareholder. The underwriting fees of 2.15% of the gross proceeds of the Offering, plus any discretionary incentive fees up to 1.10% of the gross proceeds of the Offering, will be paid by the Company and the Selling Shareholder. The Company and the Selling Shareholder have also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering. All fees and expenses related to the Offering will be divided pro rata between the Company and the Selling Shareholder based on the respective sizes of the Primary Tranche and Secondary Tranche.
CUSTODY FEE	Charges for holding the shares in custody account: to be borne by the subscriber (see Schedule of Rates and Charges).
FINANCIAL SERVICES	Free of charge at KBC Bank NV (see Schedule of Rates and Charges).
SCHEDULE OF RATES AND CHARGES	All rates and charges applying at KBC Bank NV can be found at http://kbc-pdf.kbc.be/vermogensopbouw/tarieven_effecten_en.pdf

Liquidity

INITIAL LISTING	Trading is expected to commence on or about 14 June, 2017 (unless the Offering Period closes earlier) (the "Listing Date") on the regulated markets of Euronext Brussels and will start at the latest on the Closing Date, when the Offer Shares are delivered to investors.
NEGOTIABILITY	Daily.

Tax treatment

GENERAL	The tax treatment will depend on each investor's individual circumstances and may change in the future. The general principles are set out in the section "Taxation in Belgium" of the Prospectus.
TAX ON STOCK MARKET TRANSACTIONS	Tax on buy or sell transactions on the secondary market: 0.27% of the transaction value, with a maximum of EUR 1.600 per transaction and per party.
TAX TREATMENT IN BELGIUM	Dividends are currently (i.e. on the date of this product info sheet) subject to withholding tax at the rate of 30% on the gross amount. The withholding tax constitutes the final tax for Belgian individuals, which means that any income from the shares does not have to be declared in their annual tax return.

Glossary

For an overview of financial and economic terms, go to **www.kbc.be/lexicon** (available in Dutch and French)

Contact: KBC Live
Tel: 078 152 153
Website: www.kbc.be/ask-your-question

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