



Press release

HAL

NET INCOME FOR 2016 OF € 871 MILLION (2015: € 630 MILLION)

NET ASSET VALUE DECREASES BY € 317 MILLION

Net income of HAL Holding N.V. for 2016 amounted to € 871 million (€ 11.25 per share) compared with € 630 million (€ 8.14 per share) for 2015.

The net asset value based on the market value of the quoted companies and the liquid portfolio and on the book value of the unquoted companies, decreased by € 317 million in 2016 compared with an increase of € 5,525 million in 2015. This decrease is primarily due to a lower stock market value of GrandVision N.V. (effect € 1.3 billion). The increase in 2015 was for € 4.2 billion due to the listing of GrandVision N.V.

After taking into account the cash portion of the 2015 dividend (€ 107 million) and the net purchase of treasury shares (€ 2 million), the net asset value on December 31, 2016 amounted to € 12,754 million (€ 162.46 per share) compared to € 13,180 million (€ 172.80 per share) on December 31, 2015.

The net asset value does not include the positive difference between estimated value and book value of the unquoted companies as of December 31, 2016. This difference is calculated annually and, based on the principles and assumptions set out in the annual report, amounted to € 228 million (€ 2.91 per share) on December 31, 2016 compared with € 159 million (€ 2.08 per share) on December 31, 2015.

Dividend

The dividend policy is, barring unforeseen circumstances and provided sufficient liquid assets, to base the dividend on 4% of the volume weighted average December share price of HAL Trust in the year prior to the year of the dividend payment. Accordingly, the proposed dividend per share over 2016 amounts to € 7.10 (2015: € 6.50) of which 50% will be paid in cash and 50% in shares.



Prospects

During the period from December 31, 2016, through March 24, 2017, the stock market value of the ownership interests in quoted companies and the liquid portfolio increased by approximately € 60.0 million (€ 0.76 per share). In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates and potential capital gains and losses, we do not express an expectation as to the net income for 2017.

Divestitures and acquisitions

Divestitures

On May 4, 2016, the sale of all shares in InVesting B.V. to Arrow Global Group PLC was completed. InVesting is active in the purchase of bad debt portfolios for its own account and in credit management. InVesting's interest in Infomedics Groep B.V. was not part of the transaction. Infomedics provides business process outsourcing and factoring services for the Dutch health care sector. This interest was carved out prior to the completion of the transaction after which HAL owned 39% of the shares of Infomedics. This interest was increased to 82% in August. Infomedics reported 2016 revenues of € 24 million (2015: € 23 million). The sale of InVesting B.V. resulted in a net capital gain for HAL of € 39 million (€ 0.50 per share).

Also on May 4, 2016, HAL entered into an agreement to sell all shares in its hearing aid retail subsidiary AudioNova International B.V. to Sonova Holding AG for an enterprise value of € 830 million. AudioNova reported 2015 revenues of € 359 million and an operating income of € 47 million. The transaction was completed on September, 15, 2016, and resulted in a net capital gain of € 491 million (€ 6.25 per share) and cash proceeds of € 850 million.

On June 1, 2016, HAL and Egeria, each for 46.7%, together with management completed the sale of 100% of the ownership interest in N.V. Nationale Borg-Maatschappij ('Nationale Borg') to AmTrust Financial Services, Inc. Nationale Borg is a specialist provider of surety and trade credit insurance. The transaction resulted in a net capital gain for HAL of € 30 million (€ 0.38 per share).



Acquisitions

On March 30, 2016, the ownership interest in Atlas Professionals B.V. was increased from 45% to 70%.

On June 3, 2016, the acquisition of 20% of the shares of Coolblue B.V. was completed. The company is one of the leading online retailers in the Benelux and is growing rapidly. Through its web shops and eight physical stores, the company sells a diversified portfolio of products, mainly consumer electronics and domestic appliances. The company reported revenues of € 857 million in 2016 (2015: € 555 million).

In 2016, Auxilium GmbH, a 54% subsidiary of Orthopedie Investments Europe B.V., acquired three German health care companies which manufacture and distribute medical aids. The aggregate 2016 annual sales of these acquisitions were approximately € 30 million.

In March 2017, AN Direct increased its ownership interest in MD Hearing from 40% to 100%.

Optical retail

Revenues for 2016 amounted to € 3,316 million (2015: € 3,205 million), a 3.5% increase. Excluding the effect of acquisitions and changes in currency exchange rates, revenues also increased by 3.5%. The 2016 same store sales increased by 2.2% (2015: 4.1%).

The 2016 operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets, but including amortization of software), amounted to € 410 million (2015: € 390 million).

Unquoted companies

Revenues from the unquoted subsidiaries for 2016 amounted to € 2,182 million (2015: € 1,970 million), representing an increase of € 212 million (10.8%). Excluding the effect of acquisitions, divestitures and currency exchange differences, revenues from the unquoted subsidiaries increased by € 45 million (2.3%). The operating income of the unquoted companies for 2016 amounted to € 157 million (2015: € 165 million). Divestitures, acquisitions and changes in currency exchange rates had a negative effect on operating income of € 34 million (primarily due to the sale of AudioNova International B.V.).



Quoted minority interests

Net income from quoted minority interests as per the segmentation on page 11 decreased by € 218 million to € 59 million. This decrease is primarily due to HAL's share in an impairment charge at Boskalis of € 840 million (effect € 298 million), partly offset by higher earnings from Vopak. The earnings of Vopak include exceptional gains of € 287 million related to the divestment of subsidiaries (primarily in the United Kingdom). HAL's share is € 138 million.

Net financial expense

Net financial expense as per the pro forma consolidated statement of income on page 10 increased by € 35 million to € 32 million, primarily due to a release in 2015 of a financial liability relating to the acquisition of a minority share in the German hearing aid retailer GEERS (€ 29 million) and lower currency exchange gains.

Non-recurring items

The pro forma results for 2016 include net exceptional and non-recurring gains of € 553 million (2015: € 89 million). These gains primarily relate to a capital gain of € 491 million on the sale of AudioNova International B.V. and capital gains on the sale of InVesting B.V. and N.V. Nationale Borg-Maatschappij of respectively € 39 and € 30 million. These capital gains are included in the line other income in the pro forma consolidated statement of income on page 10.

Financial calendar

The financial calendar is included in the appendix of this press release.

This press release is based on the prepared financial statements for 2016 to be approved by the Annual General Meeting of Shareholders. The external auditor has issued an unqualified auditors' report on the prepared financial statements for 2016. These financial statements will be made available on the Company's web site (www.halholding.com) on April 5, 2017. The printed version will be available by the end of April.

HAL Holding N.V.

March 30, 2017

Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 18, 2017
Ex-dividend date	May 22, 2017
Dividend record date	May 23, 2017
Determination and publication dividend conversion ratio	June 13, 2017 (after close of trading)
Delivery of shares and payment of cash dividend	June 20, 2017
Publication of 2017 half-year results	August 30, 2017
Interim statement	November 22, 2017
Publication of preliminary net asset value	January 24, 2018
Publication of 2017 annual results	March 29, 2018
Shareholders' meeting HAL Trust and interim statement	May 17, 2018

Consolidated Statement of Financial Position

As of December 31

In millions of euro

	2016	2015
Non-current assets		
Property, plant and equipment	5,082.1	4,955.0
Investment properties	8.3	13.3
Intangible assets	2,421.8	2,602.0
Investments in associates and joint arrangements	2,536.0	2,571.7
Other financial assets	757.1	546.1
Derivatives	101.2	119.4
Pension benefits	72.1	74.7
Deferred tax assets	151.8	174.8
<i>Total non-current assets</i>	<u>11,130.4</u>	<u>11,057.0</u>
Current assets		
Other financial assets	3.6	105.8
Inventories	768.3	731.5
Receivables	845.8	777.9
Marketable securities and deposits	229.9	164.6
Derivatives	43.2	21.6
Other current assets	426.9	390.3
Cash and cash equivalents	3,143.6	2,226.2
Assets held for sale	26.6	242.8
<i>Total current assets</i>	<u>5,487.9</u>	<u>4,660.7</u>
Total assets	<u>16,618.3</u>	<u>15,717.7</u>
Equity		
Share capital	1.6	1.5
Other reserves	322.6	167.9
Retained earnings	7,300.5	6,555.5
Equity attributable to owners of parent	<u>7,624.7</u>	<u>6,724.9</u>
Non-controlling interest	<u>2,134.2</u>	<u>1,837.9</u>
Total equity	<u>9,758.9</u>	<u>8,562.8</u>
Non-current liabilities		
Deferred tax liabilities	450.8	456.9
Pension benefits	285.8	231.2
Derivatives	83.6	95.3
Provisions	53.6	62.2
Debt and other financial liabilities	3,128.3	3,727.4
<i>Total non-current liabilities</i>	<u>4,002.1</u>	<u>4,573.0</u>
Current liabilities		
Provisions	89.1	102.1
Accrued expenses	859.2	863.6
Income tax payable	123.6	134.7
Accounts payable	832.0	663.5
Derivatives	14.1	24.8
Debt and other financial liabilities	939.3	730.0
Liabilities related to assets held for sale	-	63.2
<i>Total current liabilities</i>	<u>2,857.3</u>	<u>2,581.9</u>
Total equity and liabilities	<u>16,618.3</u>	<u>15,717.7</u>

Consolidated Statement of Income

For the year ended December 31

In millions of euro

	2016	2015
Revenues	8,033.1	7,789.1
Income from marketable securities and deposits	18.5	6.8
Share of results from associates and joint ventures	(119.1)	223.1
Income from other financial assets	16.7	33.0
Income from real estate activities	2.1	2.3
Other income	849.3	115.4
<i>Total income</i>	<u>8,800.6</u>	<u>8,169.7</u>
Usage of raw materials, consumables and other inventory	2,171.2	2,059.5
Employee expenses	2,339.8	2,274.4
Depreciation and impairments of property, plant, equipment and investment properties	486.8	475.9
Amortization and impairments of intangible assets	109.8	113.5
Other operating expenses	2,055.4	1,962.3
<i>Total expenses</i>	<u>7,163.0</u>	<u>6,885.6</u>
Operating profit	<u>1,637.6</u>	<u>1,284.1</u>
Financial expense	(215.5)	(222.6)
Other financial income	63.6	86.1
Profit before income tax	<u>1,485.7</u>	<u>1,147.6</u>
Income tax expense	(207.9)	(257.0)
Net profit	<u>1,277.8</u>	<u>890.6</u>
Attributable to:		
Owners of parent	871.0	630.0
Non-controlling interest	406.8	260.6
	<u>1,277.8</u>	<u>890.6</u>
Average number of Shares outstanding (in thousands)	<u>77,420</u>	<u>75,195</u>
Earnings per Share for profit attributable to owners of parent during the year (in euro) - basic and diluted	<u>11.25</u>	<u>8.14</u>
Dividend per Share(in euro)	<u>7.10*</u>	<u>6.50</u>

* Proposed

Supplemental information

General

The consolidated financial statements of HAL Trust include the financial statements of Koninklijke Vopak N.V. ('Vopak') and Safilo Group S.p.A. ('Safilo'). This section provides supplemental information where Vopak and Safilo are accounted for on an unconsolidated basis using the equity method. This was the accounting treatment until the application of IFRS 10, effective January 1, 2014, which requires consolidation of these entities. In all other respects, the accounting policies applied are consistent with those applied to the consolidated financial statements. The inclusion of this information is considered appropriate and useful as the control model with respect to the entities where the Company's ownership interest exceeds 50% is materially different from the model with respect to Vopak and Safilo. Moreover, the inclusion of Vopak and Safilo in the consolidation has a significant effect on the financial statements. The following supplemental information also preserves comparability with consolidated financial statements prior to 2014.

The following pro forma consolidated statements are included as supplemental information:

- Statement of Financial Position
- Statement of Income
- Segmentation

The pro forma consolidated statement of financial position and income include a bridge from the consolidated financial statements (including consolidation of Vopak and Safilo) to these pro forma statements.

Pro forma Consolidated Statement of Financial Position

As of December 31

<i>In millions of euro</i>	Consolidated 2016	Effect exclusion Vopak/Safilo	Pro forma 2016	Pro forma 2015
Non-current assets				
Property, plant and equipment	5,082.1	(3,780.6)	1,301.5	1,229.9
Investment properties	8.3	-	8.3	13.3
Intangible assets	2,421.8	(407.6)	2,014.2	2,231.8
Investments in associates and joint arrangements	2,536.0	318.1	2,854.1	2,727.0
Other financial assets	757.1	(110.3)	646.8	474.1
Derivatives	101.2	(94.2)	7.0	-
Pension benefits	72.1	-	72.1	74.7
Deferred tax assets	151.8	(112.5)	39.3	67.4
<i>Total non-current assets</i>	11,130.4	(4,187.1)	6,943.3	6,818.2
Current assets				
Other financial assets	3.6	-	3.6	19.9
Inventories	768.3	(246.4)	521.9	500.8
Receivables	845.8	(324.8)	521.0	446.1
Marketable securities and deposits	229.9	-	229.9	164.6
Derivatives	43.2	(37.9)	5.3	3.4
Other current assets	426.9	(185.1)	241.8	192.0
Cash and cash equivalents	3,143.6	(415.0)	2,728.6	2,029.7
Assets held for sale	26.6	(26.6)	-	50.0
<i>Total current assets</i>	5,487.9	(1,235.8)	4,252.1	3,406.5
Total assets	16,618.3	(5,422.9)	11,195.4	10,224.7
Equity				
Share capital	1.6	-	1.6	1.5
Other reserves	322.6	-	322.6	167.9
Retained earnings	7,300.5	(25.3)	7,275.2	6,528.6
Equity attributable to owners of parent	7,624.7	(25.3)	7,599.4	6,698.0
Non-controlling interest	2,134.2	(1,698.0)	436.2	345.8
Total equity	9,758.9	(1,723.3)	8,035.6	7,043.8
Non-current liabilities				
Deferred tax liabilities	450.8	(289.2)	161.6	180.6
Pension benefits	285.8	(201.9)	83.9	72.5
Derivatives	83.6	(71.7)	11.9	-
Provisions	53.6	(35.2)	18.4	27.0
Debt and other financial liabilities	3,128.3	(2,153.9)	974.4	1,244.1
<i>Total non-current liabilities</i>	4,002.1	(2,751.9)	1,250.2	1,524.2
Current liabilities				
Provisions	89.1	(52.8)	36.3	49.9
Accrued expenses	859.2	(252.1)	607.1	665.3
Income tax payable	123.6	(66.5)	57.1	45.3
Accounts payable	832.0	(361.1)	470.9	301.0
Derivatives	14.1	(12.6)	1.5	15.8
Debt and other financial liabilities	939.3	(202.6)	736.7	579.4
<i>Total current liabilities</i>	2,857.3	(947.7)	1,909.6	1,656.7
Total equity and liabilities	16,618.3	(5,422.9)	11,195.4	10,224.7

Pro forma Consolidated Statement of Income

For the year ended December 31

<i>In millions of euro</i>	Consolidated 2016	Effect exclusion Vopak/Safilo	Pro forma 2016	Pro forma 2015
Revenues	8,033.1	(2,535.6)	5,497.5	5,174.7
Income from marketable securities and deposits	18.5	-	18.5	6.8
Share of results from associates and joint ventures	(119.1)	192.8	73.7	293.6
Income from other financial assets	16.7	(6.5)	10.2	25.5
Income from real estate activities	2.1	-	2.1	2.3
Other income	849.3	(287.6)	561.7	34.8
<i>Total income</i>	8,800.6	(2,636.9)	6,163.7	5,537.7
Usage of raw materials, consumables and other inventory	2,171.2	(306.3)	1,864.9	1,702.6
Employee expenses	2,339.8	(667.5)	1,672.3	1,602.8
Depreciation and impairments of property, plant, equipment and investment properties	486.8	(297.0)	189.8	189.3
Amortization and impairments of intangible assets	109.8	(39.8)	70.0	79.5
Other operating expenses	2,055.4	(804.3)	1,251.1	1,131.9
<i>Total expenses</i>	7,163.0	(2,114.9)	5,048.1	4,706.1
Operating profit	1,637.6	(522.0)	1,115.6	831.6
Financial expense	(215.5)	167.4	(48.1)	(51.1)
Other financial income	63.6	(47.3)	16.3	54.6
Profit before income tax	1,485.7	(401.9)	1,083.8	835.1
Income tax expense	(207.9)	84.7	(123.2)	(120.5)
Net profit	1,277.8	(317.2)	960.6	714.6
Attributable to:				
Owners of parent	871.0	(0.3)	870.7	629.6
Non-controlling interest	406.8	(316.9)	89.9	85.0
	1,277.8	(317.2)	960.6	714.6
Average number of Shares outstanding (in thousands)	77,420	-	77,420	75,195
Earnings per Share for profit attributable to owners of parent during the year (in euro)				
- basic and diluted	11.25	-	11.25	8.13
Dividend per Share (in euro)	7.10*	-	7.10*	6.50

* Proposed

Segmentation

The Company's reportable segments are defined as follows:

- Optical retail
- Unquoted
- Quoted minority interests
- Real estate
- Liquid portfolio

Operating income (for the purpose of this press release defined as earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets but including amortization of software) can be detailed as follows. The other reconciling items include corporate general and administrative expenses as well as non-recurring gains and losses.

	2016	2015
Optical retail	410.3	390.3
Unquoted	156.6	164.8
Quoted minority interests	59.3	277.1
Real estate	0.8	2.0
Liquid portfolio	18.5	6.9
Total operating income	645.5	841.1
Reconciling items:		
- Amortization and impairment	(70.0)	(79.5)
- Other	540.1	70.0
Operating result as per the pro forma consolidated statement of income	1,115.6	831.6
Financial expense, net	(31.8)	3.5
Profit before tax as per the pro forma consolidated statement of income	1,083.8	835.1
