



## Press release

# HAL

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### **NET INCOME FOR 2018 OF € 155 MILLION (2017: € 391 MILLION)**

### **NET ASSET VALUE DECREASES BY € 638 MILLION**

Net income of HAL Holding N.V. for 2018 amounted to € 155 million (€ 1.91 per share) compared with € 391 million (€ 4.84 per share) for 2017. The decrease of € 236 million is for € 192 million due to HAL's share of extraordinary charges at Boskalis (mainly impairments).

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 € 638 million in 2018. This decrease is primarily due to a lower stock market value of GrandVision and Boskalis.

After taking into account the cash portion of the 2017 dividend (€ 248 million) and the sale of treasury shares (€ 2 million), the net asset value on December 31, 2018, amounted to € 11,238 million (€ 137.57 per share) compared to € 12,122 million (€ 151.45 per share) on December 31, 2017.

The net asset value does not include the positive difference between estimated value and book value of the unquoted companies as of December 31, 2018. This difference is calculated annually and, based on the principles and assumptions set out in the annual report, amounted to € 297 million (€ 3.64 per share) on December 31, 2018, compared with € 253 million (€ 3.16 per share) on December 31, 2017.

#### **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 2018 amounts to € 5.30 (2017: € 6.20) of which 50% to be paid in cash and 50% in shares.



## **Prospects**

During the period from December 31, 2018, through March 22, 2019, the stock market value of the ownership interests in quoted companies and the liquid portfolio increased by approximately € 360 million (€ 4.41 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 2019.

## **Acquisitions**

On May 23, 2018, Broadview Holding B.V. ('Broadview', 97.4% HAL), agreed to acquire 75.5% of the voting rights of Westag & Getalit AG ('Westag'). Westag is a leading manufacturer in Germany of high-quality wood-based products for interior finishing and building construction. Its product offering includes doors and frames, kitchen worktops and windowsills as well as solid surface material and coated plywood panels. Westag is based in Rheda-Wiedenbrück (Germany) and has approximately 1,300 employees. The company reported 2018 revenues of € 233 million. Broadview also made a voluntary public offer to acquire all remaining shares. As from the completion of the public offer Broadview owns 83.4% of the voting shares and 62.3% of the total share capital.

On October 1, 2018 Auxilium GmbH (54% HAL), acquired Gehrmeier Orthopädie- und Rehattechnik GmbH based in Osnabrück (Germany). The company sells orthopedic and other medical aids and reported 2018 revenues of € 14 million.

On November 1, 2018, the acquisition of Famed Investments B.V. was completed. Similar to Infomedics (81% HAL), Famed provides business process outsourcing and factoring services for the Dutch health care sector. The 2018 revenues of the acquired business amounted to € 28 million. Famed employed 113 FTE's at the end of 2018.

On November 28, 2018, FD Mediagroep B.V. (100% HAL), acquired Sizo B.V. (Heerhugowaard, the Netherlands). Sizo is active in providing market intelligence data and reported 2018 sales of approximately € 4 million.



On December 17, 2018, Broadview reached an agreement with Fletcher Building Ltd. to acquire the Formica Group ('Formica') for US\$ 840 million, on a debt and cash free basis. Closing of the transaction is subject to customary regulatory approvals. Formica was founded in 1913 and is linked to the invention of the original High Pressure Laminate (HPL). The company has grown to become a leading provider of branded, designed surfacing solutions with a global presence and production locations in America, Asia and Europe. Formica employs around 3,400 FTE and reported sales of US\$ 713 million for its accounting year 2017/2018.

### **Increased ownership in quoted minority interests**

The ownership interest in Koninklijke Boskalis Westminster N.V. increased from 35.7% at the end of 2017 to 40.4% at the end of 2018 due to stock dividend and the purchase of shares for € 129 million.

On January 2, 2019, Safilo Group S.p.A. completed a € 150 million rights issue which was announced on September 21, 2018. HAL had committed, subject to certain terms and conditions, to fully underwrite the rights issue. HAL's ownership interest increased from 41.6% (December 31, 2017) to 45.8% as of December 31, 2018. As a result of the completion of the underwriting on January 2, 2019 and the subsequent sale of 2.5 million shares HAL's ownership interest increased to 49.8%. HAL's net investment in Safilo increased by € 77 million. Safilo will continue to be included in the segment quoted minority interests.

### **Divestitures**

In July, an office building in downtown Seattle, acquired in 2013, was sold for \$ 20.5 million (€ 17.7 million). The sale resulted in an after-tax capital gain of € 7.7 million.

In 2018, Broadview sold its 8.9 % ownership interest in Chart Industries Inc. and realized a gain of approximately € 75 million. In accordance with IFRS 9, most of this gain was not recorded in the consolidated statement of income but reclassified from other reserves to retained earnings.

On January 17, 2019, Broadview completed the sale of IEV Group. IEV is the holding company of Intersafe and Elacin and supplies and manufactures personal protective equipment with key positions in the Benelux and France. The company was acquired by HAL in 2001. Sales for 2018 amounted to approximately € 125 million. The transaction resulted in an after tax capital gain of approximately € 40 million which will be recorded in 2019.



### **Optical retail**

Revenues for 2018 amounted to € 3,721 million (2017: € 3,450 million), a 7.9% increase. Excluding the effect of acquisitions and changes in currency exchange rates, revenues increased by 3.9%. The 2018 same store sales increased by 3.4% (2017: 1.8%).

The 2018 operating income (earnings before interest, exceptional and non-recurring items, taxes and amortization of intangible assets, but including amortization of software), amounted to € 426 million (2017: € 415 million).

### **Unquoted companies**

Revenues from the unquoted subsidiaries for 2018 amounted to € 2,402 million (2017: € 2,160 million), representing an increase of € 242 million (11.2%). Excluding the effect of acquisitions, divestitures and currency exchange differences, revenues from the unquoted subsidiaries increased by € 135 million (6.3%).

The operating income of the unquoted companies for 2018 amounted to € 177 million (2017: € 150 million). Divestitures, acquisitions and changes in currency exchange rates had a positive effect on operating income of € 3 million.

### **Quoted minority interests**

Net income from quoted minority interests as per the segmentation on page 12 decreased by € 199 million to a loss of € 53 million. This decrease is primarily due to HAL's share of extraordinary charges at Boskalis, mainly impairments on goodwill and vessels, of € 519 million (effect € 192 million).

### **Liquid portfolio**

Income from the liquid portfolio decreased by € 87 million to a loss of € 8 million due to lower results on equities.

### **Non-recurring items**

The pro forma results for 2018 include net exceptional and non-recurring losses (excluding those of the quoted minority interests) of € 64 million (2017: € 59 million). These losses include impairments of € 49 million (of which € 31 million on goodwill).



## **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 2018 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 2018. These financial statements will be made available on the Company's web site ([www.halholding.com](http://www.halholding.com)) on April 3, 2019. The printed version will be available by the end of April.

HAL Holding N.V.

March 28, 2019

## Financial calendar

Shareholders' meeting HAL Trust and interim statement	May 16, 2019
Ex-dividend date	May 20, 2019
Dividend record date	May 21, 2019
Determination and publication dividend conversion ratio	June 11, 2019 (after close of trading)
Delivery of shares and payment of cash dividend	June 18, 2019
Publication of 2019 half-year results	August 28, 2019
Interim statement	November 20, 2019
Publication of preliminary net asset value	January 22, 2020
Publication of 2019 annual results	March 26, 2020
Shareholders' meeting HAL Trust and interim statement	May 19, 2020

# Consolidated Statement of Financial Position

As of December 31

In millions of euro

	2018	2017
<b>Non-current assets</b>		
Property, plant and equipment	5,456.0	5,030.7
Investment properties	-	6.9
Intangible assets	2,642.4	2,568.7
Investments in associates and joint arrangements	2,632.9	2,521.6
Derivatives and other financial assets	627.7	770.8
Pension benefits	68.8	86.4
Deferred tax assets	134.8	114.0
<i>Total non-current assets</i>	<b>11,562.6</b>	11,099.1
<b>Current assets</b>		
Inventories	831.2	842.7
Receivables	895.9	811.7
Marketable securities and deposits	274.7	584.8
Derivatives and other financial assets	32.4	47.0
Other current assets	546.9	492.0
Cash and cash equivalents	2,276.5	2,205.0
Assets held for sale	55.7	4.4
<i>Total current assets</i>	<b>4,913.3</b>	4,987.6
<b>Total assets</b>	<b>16,475.9</b>	16,086.7
<b>Equity</b>		
Share capital	1.6	1.6
Other reserves	40.8	155.1
Retained earnings	7,469.8	7,443.1
<b>Equity attributable to owners of parent</b>	<b>7,512.2</b>	7,599.8
<b>Non-controlling interest</b>	<b>2,397.8</b>	2,151.1
<b>Total equity</b>	<b>9,910.0</b>	9,750.9
<b>Non-current liabilities</b>		
Deferred tax liabilities	439.4	425.1
Pension benefits	207.5	248.2
Derivatives	32.7	90.7
Provisions	83.4	85.7
Contract liabilities	8.2	5.1
Debt and other financial liabilities	2,681.0	2,602.4
<i>Total non-current liabilities</i>	<b>3,452.2</b>	3,457.2
<b>Current liabilities</b>		
Provisions	68.7	79.7
Contract liabilities	172.0	202.0
Accrued expenses	746.0	677.8
Income tax payable	127.4	128.3
Accounts payable	861.0	800.1
Derivatives	22.4	25.8
Debt and other financial liabilities	1,079.3	964.9
Liabilities related to assets held for sale	36.9	-
<i>Total current liabilities</i>	<b>3,113.7</b>	2,878.6
<b>Total equity and liabilities</b>	<b>16,475.9</b>	16,086.7

# Consolidated Statement of Income

For the year ended December 31

In millions of euro

	2018	2017
Revenues	8,353.5	7,958.7
Income from marketable securities and deposits	(7.7)	79.3
Share of results from associates and joint ventures	(42.5)	118.8
Income from other financial assets	14.9	15.4
Income from real estate activities	10.2	1.0
Other income	2.7	30.1
<i>Total income</i>	<u>8,331.1</u>	<u>8,203.3</u>
Usage of raw materials, consumables and other inventory	2,357.7	2,220.9
Employee expenses	2,447.7	2,339.8
Depreciation and impairment of property, plant, equipment and investment properties	503.5	492.1
Amortization and impairment of intangible assets	191.0	199.8
Other operating expenses	2,092.1	1,983.5
<i>Total expenses</i>	<u>7,592.0</u>	<u>7,236.1</u>
<b>Operating profit</b>	<u>739.1</u>	<u>967.2</u>
Financial expense	(252.0)	(226.4)
Other financial income	51.9	39.0
<b>Profit before income tax</b>	<u>539.0</u>	<u>779.8</u>
Income tax expense	(163.0)	(186.5)
<b>Net profit</b>	<u><u>376.0</u></u>	<u><u>593.3</u></u>
<b>Attributable to:</b>		
Owners of parent	155.3	390.5
Non-controlling interest	220.7	202.8
	<u><u>376.0</u></u>	<u><u>593.3</u></u>
<b>Average number of Shares outstanding (in thousands)</b>	<u><u>80,885</u></u>	<u><u>79,281</u></u>
<b>Earnings per Share for profit attributable to owners of parent during the year (in euro)</b> - basic and diluted	<u><u>1.92</u></u>	<u><u>4.83</u></u>
<b>Dividend per Share(in euro)</b>	<u><u>5.30*</u></u>	<u><u>6.20</u></u>

\* Proposed



## Supplemental information

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### General

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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 of the Company 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>	<b>Consolidated</b> <b>2018</b>	Effect exclusion Vopak/Safilo	<b>Pro forma 2018</b>	Pro forma 2017
<b>Non-current assets</b>				
Property, plant and equipment	5,456.0	(3,938.5)	1,517.5	1,327.5
Investment properties	-	-	-	6.9
Intangible assets	2,642.4	(366.6)	2,275.8	2,176.1
Investments in associates and joint arrangements	2,632.9	456.1	3,089.0	2,949.1
Derivatives and other financial assets	627.7	(122.9)	504.8	667.4
Pension benefits	68.8	-	68.8	86.4
Deferred tax assets	134.8	(70.9)	63.9	40.0
<i>Total non-current assets</i>	<u>11,562.6</u>	<u>(4,042.8)</u>	<u>7,519.8</u>	<u>7,253.4</u>
<b>Current assets</b>				
Inventories	831.2	(220.4)	610.8	604.4
Receivables	895.9	(279.7)	616.2	529.2
Marketable securities and deposits	274.7	-	274.7	584.8
Derivatives and other financial assets	32.4	(28.8)	3.6	5.4
Other current assets	546.9	(264.5)	282.4	269.8
Cash and cash equivalents	2,276.5	(255.7)	2,020.8	1,998.8
Assets held for sale	55.7	-	55.7	3.2
<i>Total current assets</i>	<u>4,913.3</u>	<u>(1,049.1)</u>	<u>3,864.2</u>	<u>3,995.6</u>
<b>Total assets</b>	<u>16,475.9</u>	<u>(5,091.9)</u>	<u>11,384.0</u>	<u>11,249.0</u>
<b>Equity</b>				
Share capital	1.6	-	1.6	1.6
Other reserves	40.8	22.1	62.9	155.1
Retained earnings	7,469.8	(63.1)	7,406.7	7,415.9
<b>Equity attributable to owners of parent</b>	<u>7,512.2</u>	<u>(41.0)</u>	<u>7,471.2</u>	<u>7,572.6</u>
<b>Non-controlling interest</b>	<u>2,397.8</u>	<u>(1,809.4)</u>	<u>588.4</u>	<u>485.6</u>
<b>Total equity</b>	<u>9,910.0</u>	<u>(1,850.4)</u>	<u>8,059.6</u>	<u>8,058.2</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	439.4	(257.6)	181.8	182.2
Pension benefits	207.5	(76.9)	130.6	107.1
Derivatives	32.7	(22.6)	10.1	6.9
Contract liabilities	8.2	-	8.2	5.1
Provisions	83.4	(57.1)	26.3	28.8
Debt and other financial liabilities	2,681.0	(1,758.6)	922.4	877.8
<i>Total non-current liabilities</i>	<u>3,452.2</u>	<u>(2,172.8)</u>	<u>1,279.4</u>	<u>1,207.9</u>
<b>Current liabilities</b>				
Provisions	68.7	(42.2)	26.5	27.9
Contract liabilities	172.0	(31.2)	140.8	126.9
Accrued expenses	746.0	(197.7)	548.3	504.4
Income tax payable	127.4	(70.2)	57.2	61.5
Accounts payable	861.0	(323.5)	537.5	468.5
Derivatives	22.4	(19.9)	2.5	8.2
Debt and other financial liabilities	1,079.3	(384.0)	695.3	785.5
Liabilities related to assets held for sale	36.9	-	36.9	-
<i>Total current liabilities</i>	<u>3,113.7</u>	<u>(1,068.7)</u>	<u>2,045.0</u>	<u>1,982.9</u>
<b>Total equity and liabilities</b>	<u>16,475.9</u>	<u>(5,091.9)</u>	<u>11,384.0</u>	<u>11,249.0</u>

# Pro forma Consolidated Statement of Income

For the year ended December 31

<i>In millions of euro</i>	<b>Consolidated 2018</b>	Effect exclusion Vopak/Safilo	<b>Pro forma 2018</b>	Pro forma 2017
Revenues	<b>8,353.5</b>	(2,230.8)	<b>6,122.7</b>	5,609.5
Income from marketable securities and deposits	<b>(7.7)</b>	-	<b>(7.7)</b>	79.5
Share of results from associates and joint ventures	<b>(42.5)</b>	(12.6)	<b>(55.1)</b>	184.5
Income from other financial assets	<b>14.9</b>	(8.2)	<b>6.7</b>	7.5
Income from real estate activities	<b>10.2</b>	-	<b>10.2</b>	1.0
Other income	<b>2.7</b>	-	<b>2.7</b>	4.1
<b>Total income</b>	<b>8,331.1</b>	(2,251.6)	<b>6,079.5</b>	5,886.1
Usage of raw materials, consumables and other inventory	<b>2,357.7</b>	(296.9)	<b>2,060.8</b>	1,901.2
Employee expenses	<b>2,447.7</b>	(595.1)	<b>1,852.6</b>	1,679.7
Depreciation and impairment of property, plant, equipment and investment properties	<b>503.5</b>	(290.2)	<b>213.3</b>	196.9
Amortization and impairment of intangible assets	<b>191.0</b>	(56.8)	<b>134.2</b>	156.4
Other operating expenses	<b>2,092.1</b>	(661.5)	<b>1,430.6</b>	1,298.7
<b>Total expenses</b>	<b>7,592.0</b>	(1,900.5)	<b>5,691.5</b>	5,232.9
<b>Operating profit</b>	<b>739.1</b>	(351.1)	<b>388.0</b>	653.2
Financial expense	<b>(252.0)</b>	199.2	<b>(52.8)</b>	(50.0)
Other financial income	<b>51.9</b>	(46.1)	<b>5.8</b>	6.2
<b>Profit before income tax</b>	<b>539.0</b>	(198.0)	<b>341.0</b>	609.4
Income tax expense	<b>(163.0)</b>	57.7	<b>(105.3)</b>	(136.9)
<b>Net profit</b>	<b>376.0</b>	(140.3)	<b>235.7</b>	472.5
<b>Attributable to:</b>				
Owners of parent	<b>155.3</b>	(0.6)	<b>154.7</b>	391.2
Non-controlling interest	<b>220.7</b>	(139.7)	<b>81.0</b>	81.3
	<b>376.0</b>	(140.3)	<b>235.7</b>	472.5
<b>Average number of Shares outstanding (in thousands)</b>	<b>80,885</b>	-	<b>80,885</b>	79,281
<b>Earnings per Share for profit attributable to owners of parent during the year (in euro)</b>				
- basic and diluted	<b>1.92</b>	(0.01)	<b>1.91</b>	4.84
Dividend per Share (in euro)	<b>5.30*</b>	-	<b>5.30*</b>	6.20

\* Proposed

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## Segmentation

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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 of the optical retail and unquoted segments, 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.

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	<b>2018</b>	2017
Optical retail	<b>426.2</b>	415.1
Unquoted	<b>176.5</b>	150.2
Quoted minority interests	<b>(53.3)</b>	145.9
Real estate	<b>9.4</b>	(0.3)
Liquid portfolio	<b>(7.7)</b>	79.5
Total operating income	<b>551.1</b>	790.4
Reconciling items:		
- Amortization and impairment	<b>(134.2)</b>	(156.4)
- Other	<b>(28.9)</b>	19.2
Operating result as per the pro forma consolidated statement of income	<b>388.0</b>	653.2
Financial expense, net	<b>(47.0)</b>	(43.8)
Profit before tax as per the pro forma consolidated statement of income	<b>341.0</b>	609.4

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