



Press release

HAL

NET INCOME FOR 2019 OF € 666 MILLION (2018: € 155 MILLION)

NET ASSET VALUE INCREASES BY € 2,670 MILLION

SHAREHOLDERS MEETING POSTPONED

Net income of HAL Holding N.V. for 2019 amounted to € 666 million (€ 8.06 per Share) compared with € 155 million (€ 1.88 per Share) for 2018. Due to the announced sale on July 31, 2019, of the ownership interest in GrandVision, this subsidiary has been classified as held for sale under IFRS. Accordingly, amortization, impairment and depreciation of non-current assets ceased effective that date, which had a positive effect on net income of € 193 million. In addition, extraordinary gains at Vopak had a positive effect on net income of € 103 million, whereas in 2018 extraordinary losses at Boskalis had a negative effect on net income of € 192 million.

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, increased by € 2,670 million in 2019. This increase is primarily due to a higher stock market value of GrandVision (effect € 1.7 billion) and Vopak (effect € 0.6 billion).

After taking into account the cash portion of the 2018 dividend (€ 217 million) and the sale of treasury shares (€ 3 million), the net asset value on December 31, 2019, amounted to € 13,694 million (€ 164.20 per Share) compared to € 11,238 million (€ 137.57 per Share) on December 31, 2018.

The net asset value does not include the positive difference between estimated value and book value of the unquoted companies as of December 31, 2019. This difference is calculated annually and, based on the principles and assumptions set out in the annual report, amounted to € 346 million (€ 4.15 per Share) on December 31, 2019, compared with € 297 million (€ 3.64 per Share) on December 31, 2018.

Due to the spread of COVID-19 (Corona virus) in the Netherlands and the measures of the Dutch government, we will not convene the shareholders meeting HAL Trust for May 19, 2020, as originally planned. This meeting will be held on a later date and will be convened in accordance with the applicable



regulations which include, among others, a 42-days notice period. The Company will announce this date by means of a press release and publish the agenda on its website.

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 2019 amounts to € 5.80 (2018: € 5.30) of which 50% to be paid in cash and 50% in shares.

Prospects

The spread of COVID-19 (Corona virus) has a significant impact on the operations of the investee companies and our profitability will be negatively impacted. It is currently uncertain what the magnitude of the impact will be. This will depend, among others, on the development of the spread of the virus and how long the restrictive measures taken by governments will last. The subsidiaries have taken measures to preserve the health and safety of their employees and customers as well as the operations of their businesses. Measures are being taken to reduce operating costs and non-business critical capital expenditures as well as optimize working capital and liquidity. Due to the uncertainties with respect to the impact of COVID-19 and 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 2020. During the period from December 31, 2019, through March 20, 2020, the stock market value of the ownership interests in quoted companies and the liquid portfolio was negatively impacted by changes in stock market prices for approximately € 1,750 million (€ 20.98 per share).

Acquisitions

On June 3, 2019, Broadview Holding B.V. completed the acquisition of the Formica Group ('Formica') from Fletcher Building Ltd. for US\$ 840 million (€ 725 million), on a debt and cash free basis. 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 2019



sales of € 632 million. In July, 2019, Broadview acquired full ownership of Aritas, a Turkish manufacturer of cryogenic equipment. The 2019 sales of Aritas amounted to TRY 86 million (€ 13 million).

In the Netherlands, HAL obtained a 90% interest in a company that acquired in August, 2019, the retail centers De Aarhof (9,723 m²) in Alphen aan de Rijn and City Passage (7,763 m²) in Veldhoven. The intention is to redevelop these properties in order to realize residential units and upgrade the retail space.

During 2019, the ownership interest in Timber and Building Supplies Holland N.V. was increased from 78% to 89%, in Coolblue from 30% to 49%, in Atlas Professionals B.V. from 70% to 80% and in AN Direct from 85% to 90%.

Increased ownership in quoted minority interests

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. 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 € 14 million in 2019. The ownership interest in the outstanding share capital of Koninklijke Boskalis Westminster N.V. increased from 40.4% at the end of 2018 to 43.5% on December 31, 2019, due to the purchase of shares for € 85 million.

The ownership interest in the outstanding share capital of SBM Offshore N.V. increased from 16% at the end of 2018 to 16.8% on December 31, 2019. On February 28, 2020, the ownership interest was increased to 20.35%.

Divestitures

On January 17, 2019, Broadview completed the sale of IEV Group, the holding company of Intersafe and Elacin which supplies and manufactures personal protective equipment. The company was acquired by HAL in 2001. Sales for 2018 amounted to € 123 million. The transaction resulted in an after tax capital gain of € 40 million.

On July 31, 2019, HAL announced, subject to certain terms and conditions, the sale of its 76.72% ownership interest in GrandVision to EssilorLuxottica at a price of € 28.00 per share, to be increased to € 28.42 if closing does not occur prior to July 30, 2020. The transaction results in a valuation of HAL's ownership interest in GrandVision of € 5.5 billion. As of December 31, 2019, the book value of HAL's ownership



interest in GrandVision amounted to € 1,225 million. It is expected that closing will occur approximately 12 to 24 months after July 31, 2019. Completion will be subject to, among other matters, approval from various anti-trust authorities and performance of the parties' obligations under the transaction agreements. On termination of the block-trade agreement by HAL due to either i) a breach by EssilorLuxottica of its representations and warranties, ii) a material breach by EssilorLuxottica of its obligations under the block-trade agreement which is not or cannot be cured by July 31, 2021, or iii) required antitrust approvals not having been obtained by July 31, 2021, (other than as a result of breach of obligations by HAL under the block-trade agreement or by GrandVision under the support agreement), EssilorLuxottica will pay a € 400 million termination compensation to HAL. In the event HAL receives the termination compensation, HAL has agreed with GrandVision to make a share premium contribution to GrandVision for the same amount taking into account income tax, if any. In case of termination of the block-trade agreement by EssilorLuxottica due to GrandVision's net debt at closing being more than € 993 million, which can be cured by an equity increase from HAL, HAL will pay a € 100 million termination compensation to EssilorLuxottica which will be reimbursed by GrandVision.

Optical retail

Revenues for 2019 amounted to € 4,039 million (2018: € 3,721 million), an 8.5% increase. Excluding the effect of acquisitions and changes in currency exchange rates, revenues increased by 5.1% (2018: 3.9%). The 2019 same store sales increased by 4.1% (2018: 3.4%). The 2019 operating income, before the effect of IFRS 5 (see below) amounted to € 475 million (2018: € 426 million). The 2019 operating income excluding the effect of IFRS 16, Leases, amounted to € 443 million.

As a result of the announced sale on July 31, 2019, of HAL's ownership interest in GrandVision, this subsidiary is recorded in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, amortization, impairment and depreciation of non-current assets ceased as of July 31, 2019. This had a positive effect on operating income of € 222 million and on profit before tax of € 266 million consisting of non-recognized amortization and depreciation of € 240 million and non-recognized impairments of € 26 million. The positive effect on HAL's net income (taking into account the share of the non-controlling interest) was € 193 million.



Unquoted companies

Revenues from the unquoted subsidiaries for 2019 amounted to € 2,965 million (2018: € 2,402 million), representing an increase of € 563 million (23.4%). Excluding the effect of acquisitions, divestitures and currency exchange differences, revenues from the unquoted subsidiaries increased by € 82 million (3.4%). The operating income of the unquoted companies for 2019 amounted to € 233 million (2018: € 177 million). Acquisitions, divestitures and changes in currency exchange rates had a positive effect on operating income of € 40 million. The effect of IFRS 16, Leases, on operating income was not significant.

Quoted minority interests

Net income from quoted minority interests increased by € 290 million to € 235 million. This increase is primarily due to higher earnings from Vopak and Boskalis. Extraordinary gains at Vopak had a positive effect on net income of € 103 million, whereas in 2018 extraordinary losses at Boskalis had a negative effect on net income of € 192 million.

Financial calendar

The financial calendar is included in the appendix of this press release. It does not yet include a date for the shareholders meeting (see above).

This press release is based on the prepared financial statements for 2019 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 2019. These financial statements will be made available on the Company's web site (www.halholding.com) on April 2, 2020. The printed version will be available by the end of April.

HAL Holding N.V.

March 26, 2020

Financial calendar

Interim statement	May 19, 2020
Publication of 2020 half-year results	August 27, 2020
Interim statement	November 24, 2020
Publication of preliminary net asset value	January 28, 2021
Publication of 2020 annual results	March 30, 2021
Shareholders meeting HAL Trust and interim statement	May 19, 2021

Consolidated Statement of Financial Position

As of December 31

In millions of euro

	2019	2018
Non-current assets		
Property, plant and equipment	5,008.1	5,456.0
Right-of-use assets	892.8	-
Investment properties	34.0	-
Intangible assets	1,179.7	2,642.4
Investments in associates and joint arrangements	2,889.5	2,632.9
Derivatives and other financial assets	779.7	632.8
Pension benefits	40.5	68.8
Deferred tax assets	96.6	134.8
<i>Total non-current assets</i>	<u>10,920.9</u>	<u>11,567.7</u>
Current assets		
Inventories	664.3	831.2
Receivables	857.7	895.9
Marketable securities and deposits	222.6	274.7
Derivatives and other financial assets	40.3	27.3
Other current assets	374.4	546.9
Cash and cash equivalents	1,558.6	2,276.5
Assets held for sale	5,118.6	55.7
<i>Total current assets</i>	<u>8,836.5</u>	<u>4,908.2</u>
Total assets	<u>19,757.4</u>	<u>16,475.9</u>
Equity		
Equity attributable to owners of parent	8,012.3	7,512.2
Non-controlling interest	2,536.3	2,397.8
Total equity	<u>10,548.6</u>	<u>9,910.0</u>
Non-current liabilities		
Deferred tax liabilities	386.5	439.4
Pension benefits	123.5	207.5
Derivatives	7.1	32.7
Provisions	105.2	83.4
Contract liabilities	13.0	8.2
Lease liabilities	849.5	-
Debt and other financial liabilities	2,130.5	2,681.0
<i>Total non-current liabilities</i>	<u>3,615.3</u>	<u>3,452.2</u>
Current liabilities		
Provisions	49.9	68.7
Contract liabilities	70.1	172.0
Accrued expenses	492.5	746.0
Income tax payable	57.5	127.4
Accounts payable	771.9	861.0
Derivatives	39.7	22.4
Lease liabilities	106.3	-
Debt and other financial liabilities	726.0	1,079.3
Liabilities related to assets held for sale	3,279.6	36.9
<i>Total current liabilities</i>	<u>5,593.5</u>	<u>3,113.7</u>
Total equity and liabilities	<u>19,757.4</u>	<u>16,475.9</u>

Consolidated Statement of Income

For the year ended December 31

In millions of euro

	2019	2018
Revenues	5,159.9	4,632.5
Income from marketable securities and deposits	5.5	(7.7)
Share of results from associates and joint ventures	193.5	(41.8)
Income from other financial assets	20.3	14.9
Income from real estate activities	(2.5)	10.2
Other income	268.5	2.7
<i>Total income</i>	<u>5,645.2</u>	<u>4,610.8</u>
Usage of raw materials, consumables and other inventory	1,619.7	1,428.1
Employee expenses	1,384.6	1,173.4
Depreciation and impairment of property, plant, equipment and investment properties	431.7	379.3
Depreciation and impairment of right-of-use assets	110.7	-
Amortization and impairment of intangible assets	132.7	78.0
Other operating expenses	1,132.3	1,138.9
<i>Total expenses</i>	<u>4,811.7</u>	<u>4,197.7</u>
Operating profit	<u>833.5</u>	<u>413.1</u>
Financial expense	(178.1)	(231.8)
Other financial income	41.5	50.1
Profit before income tax	<u>696.9</u>	<u>231.4</u>
Income tax expense	(95.1)	(81.4)
Net profit from continuing operations	601.8	150.0
Net profit from discontinued operations	460.8	226.0
Net profit	<u>1,062.6</u>	<u>376.0</u>
Attributable to:		
Owners of parent	665.5	155.3
Non-controlling interest	397.1	220.7
	<u>1,062.6</u>	<u>376.0</u>
Average number of Shares outstanding (in thousands)	<u>82,574</u>	<u>80,885</u>
Earnings per Share for profit attributable to owners of parent during the year (in euro)		
- basic and diluted from continuing operations	4.06	(0.02)
- basic and diluted from discontinued operations	4.00	1.90
- basic and diluted	<u>8.06</u>	<u>1.88</u>
Dividend per Share(in euro)	<u>5.80*</u>	<u>5.30</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 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>	Consolidated 2019	Effect exclusion Vopak/Safilo	Pro forma 2019	Pro forma 2018
Non-current assets				
Property, plant and equipment	5,008.1	(3,790.2)	1,217.9	1,517.5
Right-of-use assets	892.8	(545.2)	347.6	-
Investment properties	34.0	-	34.0	-
Intangible assets	1,179.7	(327.6)	852.1	2,275.8
Investments in associates and joint arrangements	2,889.5	389.7	3,279.2	3,089.0
Derivatives and other financial assets	779.7	(180.9)	598.8	504.8
Pension benefits	40.5	-	40.5	68.8
Deferred tax assets	96.6	(72.6)	24.0	63.9
<i>Total non-current assets</i>	10,920.9	(4,526.8)	6,394.1	7,519.8
Current assets				
Inventories	664.3	(235.8)	428.5	610.8
Receivables	857.7	(297.1)	560.6	616.2
Marketable securities and deposits	222.6	-	222.6	274.7
Derivatives and other financial assets	40.3	(28.6)	11.7	3.6
Other current assets	374.4	(252.1)	122.3	282.4
Cash and cash equivalents	1,558.6	(158.7)	1,399.9	2,020.8
Assets held for sale	5,118.6	(127.5)	4,991.1	55.7
<i>Total current assets</i>	8,836.5	(1,099.8)	7,736.7	3,864.2
Total assets	19,757.4	(5,626.6)	14,130.8	11,384.0
Equity				
Equity attributable to owners of parent	8,012.3	(52.0)	7,960.3	7,471.2
Non-controlling interest	2,536.3	(1,906.0)	630.3	588.4
Total equity	10,548.6	(1,958.0)	8,590.6	8,059.6
Non-current liabilities				
Deferred tax liabilities	386.5	(204.9)	181.6	181.8
Pension benefits	123.5	(68.3)	55.2	130.6
Derivatives	7.1	-	7.1	10.1
Provisions	105.2	(92.7)	12.5	26.3
Contract liabilities	13.0	-	13.0	8.2
Lease liabilities	849.5	(572.0)	277.5	-
Debt and other financial liabilities	2,130.5	(1,489.7)	640.8	922.4
<i>Total non-current liabilities</i>	3,615.3	(2,427.6)	1,187.7	1,279.4
Current liabilities				
Provisions	49.9	(29.7)	20.2	26.5
Contract liabilities	70.1	(16.6)	53.5	140.8
Accrued expenses	492.5	(235.7)	256.8	548.3
Income tax payable	57.5	(41.3)	16.2	57.2
Accounts payable	771.9	(352.8)	419.1	537.5
Derivatives	39.7	(39.4)	0.3	2.5
Lease liabilities	106.3	(39.9)	66.4	-
Debt and other financial liabilities	726.0	(489.2)	236.8	695.3
Liabilities related to assets held for sale	3,279.6	3.6	3,283.2	36.9
<i>Total current liabilities</i>	5,593.5	(1,241.0)	4,352.5	2,045.0
Total equity and liabilities	19,757.4	(5,626.6)	14,130.8	11,384.0

Pro forma Consolidated Statement of Income

For the year ended December 31

<i>In millions of euro</i>	Consolidated 2019	Effect exclusion Vopak/Safilo	Pro forma 2019	Pro forma 2018
Revenues	5,159.9	(2,194.5)	2,965.4	2,401.8
Income from marketable securities and deposits	5.5	-	5.5	(7.7)
Share of results from associates and joint ventures	193.5	41.8	235.3	(54.4)
Income from other financial assets	20.3	(8.8)	11.5	6.7
Income from real estate activities	(2.5)	-	(2.5)	10.2
Other income	268.5	(229.5)	39.0	2.7
Total income	5,645.2	(2,391.0)	3,254.2	2,359.3
Usage of raw materials, consumables and other inventory	1,619.7	(267.3)	1,352.4	1,131.2
Employee expenses	1,384.6	(649.2)	735.4	578.3
Depreciation and impairment of property, plant, equipment and investment properties	431.7	(321.0)	110.7	89.1
Depreciation and impairment of right-of-use assets	110.7	(53.0)	57.7	-
Amortization and impairment of intangible assets	132.7	(74.5)	58.2	21.2
Other operating expenses	1,132.3	(605.8)	526.5	477.5
Total expenses	4,811.7	(1,970.8)	2,840.9	2,297.3
Operating profit	833.5	(420.2)	413.3	62.0
Financial expense	(178.1)	134.8	(43.3)	(32.6)
Other financial income	41.5	(30.8)	10.7	3.9
Profit before income tax	696.9	(316.2)	380.7	33.3
Income tax expense	(95.1)	58.7	(36.4)	(23.6)
Net profit from continuing operations	601.8	(257.5)	344.3	9.7
Net profit from discontinued operations	460.8	-	460.8	226.0
Net profit	1,062.6	(257.5)	805.1	235.7
Attributable to:				
Owners of parent	665.5	0.3	665.8	154.7
Non-controlling interest	397.1	(257.8)	139.3	81.0
	1,062.6	(257.5)	805.1	235.7
Average number of Shares outstanding (in thousands)	82,574	-	82,574	80,885
Earnings per Share for profit attributable to owners of parent during the year (in euro)				
- basic and diluted from continuing operations	4.06	-	4.06	(0.03)
- basic and diluted from discontinued operations	4.00	-	4.00	1.90
- basic and diluted	8.06	-	8.06	1.87
Dividend per Share (in euro)	5.80*	-	5.80*	5.30

* 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 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.

	2019	2018
Optical retail	697.5	426.2
Unquoted	232.5	176.5
Quoted minority interests	246.9	(53.3)
Real estate	(3.5)	9.4
Liquid portfolio	2.3	(7.7)
Total operating income	1,175.7	551.1
Reconciling items:		
- Discontinued operations (optical retail)	(697.5)	(426.2)
- Amortization and impairment of intangibles	(58.2)	(21.2)
- Other	(6.7)	(41.7)
Operating result as per the pro forma consolidated statement of income	413.3	62.0
Financial expense, net	(32.6)	(28.7)
Profit before tax as per the consolidated statement of income	380.7	33.3
