Q3 2017

FINANCIAL RESULTS

17th November 2017

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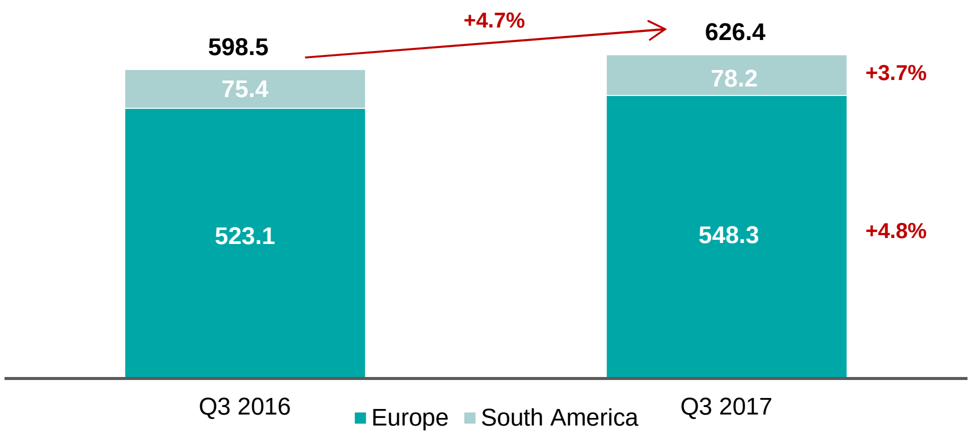
Q3 Highlights

Robust financial performance, with strong activity and EBITDA margin improvement

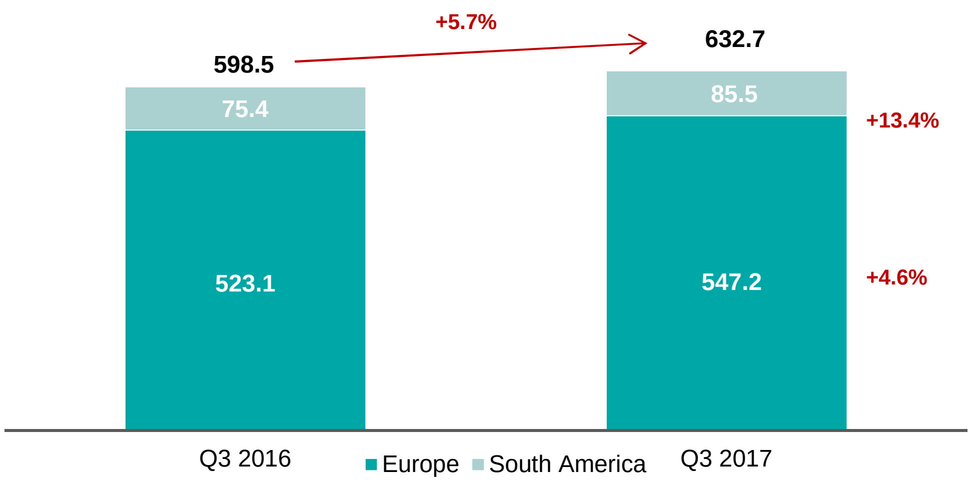
- At constant exchange rates:
  - **Revenue increase: +5.7%** *(+4.7% at current exchange rates)***,** driven by **higher volumes** and a **better mix**, as well as increasing prices in South America in a highly inflationary environment
  - **EBITDA increase: +8.4%** *(+6.8% at current exchange rates)***,** mainly driven by a good level of activity in **volumes**, a **better mix** and an **improved manufacturing performance,** partly offsetting **costs inflation**
  - **EBITDA margin: 20.9%, up 40 bps** vs Q3 2016
- **LTM Adjusted EBITDA: €501.2 million** (**20.3%** margin) as of September 30
- **Strong generation of Operating Cash Flow: €104.1 million**, increasing by +€72.4 million vs Q3 2016, supported by a good management of the working capital and the positive impact of factoring
- **Further deleveraging:** Net debt = **3.7**x LTM Adjusted EBITDA vs 3.9x at June 30,2017 and 4.1x at December 31, 2016
- **Early repayment of €100 million of the Term Loan B facility** as of November, 3rd.

Q3 Revenue by region

Revenue (€m)



Revenue at constant FX (€m)



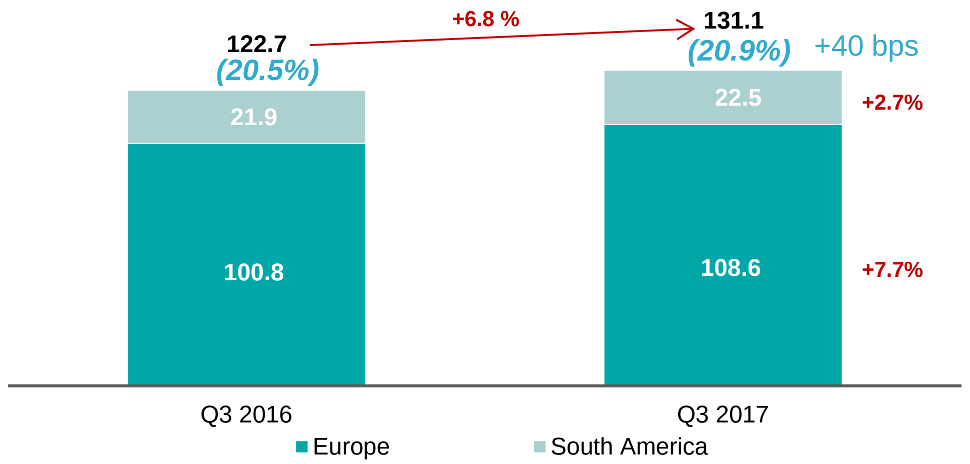
Comments

- At constant exchange rates, **revenue** growth of **+5.7%,** supported by **higher volumes**, a **better mix** and **prices in South America**
- **Europe**:

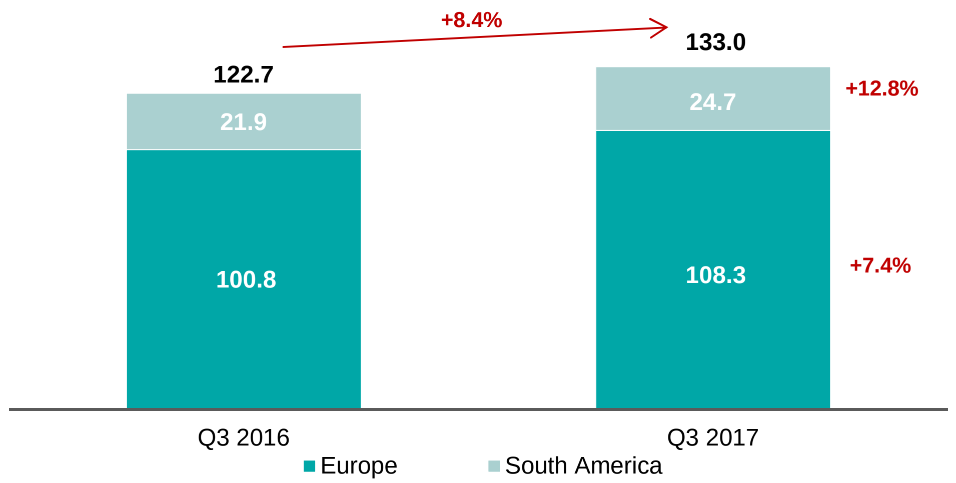
  Revenue increase of **+4.6%** supported by higher **volumes** in most countries as well as a **better mix**, in line with previous quarters trend
- **South America**:
  - Revenue negatively impacted by forex translation, mainly **Argentinean Peso** against Euro
  - At constant exchange rate: Revenue growth of **+13.4%** mainly driven by **higher prices in an inflationary environment**; **volumes** resist well in a challenging context.

Q3 EBITDA by region

EBITDA (€m)



EBITDA at constant FX (€m)



Comments

- At constant exchange rates, **EBITDA increase of +8.4%** mainly driven by **manufacturing improvement** and **volumes**
- **Europe**:
  - Strong EBITDA growth of **+7.4%** driven by **higher volumes** and an **improved manufacturing performance**; **stable prices** and **negative costs evolution**
- **South America:**
  - EBITDA negatively impacted by foreign exchange translation, mainly **Argentinean Peso** against Euro
  - Robust EBITDA increase of **+12.8%** mainly attributable to a **good activity in volumes** as well as the **pass-through of inflation into sales prices**

Strong generation of Operating Cash flow in the quarter

Summary operating cash flow (€m)

(€m)	Q3 2016	Q3 2017
EBITDA	**122.7**	**131.1**
Recurring Capex	(47.9)	(36.9)
EBITDA – Recurring Capex	**74.8**	**94.2**
Non-recurring Capex	(1.1)	(6.5)
Change in net working capital	(42.0)	16.4
Operating cash flow	**31.7**	**104.1**

Comments

- **Operating cash-flow up €72.4 million** compared to Q3 2016, to €104.1 million
- EBITDA – Capex up €19.4 million
- **Good management of receivables and payables** despite higher level of activity
- Positive impact of factoring
- Further **reduction of inventory**

Capital expenditure update

Capital expenditure (€m)

Comments

- Major capital expenditures for the third quarter 2017 include the scheduled furnace repair in Cognac (France)
- Non-recurring investment exclusively consisting in the start of a greenfield project in Brazil (future relocation of our Sao Paulo plant)
- **Capex for the full year 2017 expected to remain in line with 2016**.

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YTD Figures

€ millions	9M 2016	9M 2017	Delta %	Delta % At constant forex
Revenue	**1,778.8**	**1,875.5**	**+5.4%**	**+4.9%**
Europe	1,587.8	1,658.1	+4.4%	+3.9%
South America	191.2	217.6	+13.8%	+12.9%
EBITDA	**347.8**	**377.3**	**+8.5%**	**+8.0%**
Europe	293.9	316.2	+7.6%	+7.0%
South America	53.9	61.1	+13.4%	+13.3%
EBITDA margin	*19.6%*	*20.1%*	*+50bps*	*+50bps*
Capital expenditure	**143.9**	**129.3**	**(10.1)%**	**(11.7)%**
Operating cash-flow	**130.8**	**226.0**	**+72.8%**	**+72.7%**

Financing at September 30, 2017

Borrowings

(€m)	Nominal amount or maximum amount drawable	Nominal rate	Final maturity	Amount drawn at Sept 30, 2017
Senior Secured Notes	500.0	5.125%	8/1/2022	**495.9**
Senior Notes	225.0	7.25%	8/1/2023	**224.5**
Revolving Credit Facility	250.0	Euribor +3.00%	10/29/2021	**-**
Term Loan B	1,375.0	Euribor +2.75%	10/29/2022	**1,361.9**
Other debt including recourse factoring	84.1			**84.1**
Total borrowings				**2,166.4**
Cash				**289.6**
Net Debt				**1,876.8**

On November 3rd, 2017: Early repayment of €100 million of the TLB

Further deleveraging

Financing metrics

(€m)	30/09/2017
LTM Adjusted EBITDA (*)	**501.2**
Net Debt	**1,876.8**
Net Debt / LTM Adjusted EBITDA	**3.7 x**

- **Continuous improvement of LTM Adjusted EBITDA over the year**
- **Further reduction of Net Debt, driven by a strong cash generation**

(*) Adjustments described on slide 13

2017 Outlook

- **Moderate growth in Revenue at constant foreign exchange rates**
- **Further EBITDA improvement**
- **Capex for the full year 2017 expected to be in line with 2016.**

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Adjustments to EBITDA

Adjustments to EBITDA

(€m)	June 2017A	Sept 2017A
LTM Reported EBITDA	**482.9**	**491.3**
LTM Adjustments		
1 Perimeter adjustments	0.8	0.3
2 Carve out adjustments	3.8	1.3
3 Other exceptional items	7.1	8.3
LTM Adjusted EBITDA	**494.6**	**501.2**

Commentary

1. Adjustment in order to reflect the EBITDA impact of subsidiaries in which we have minority interests
2. One-off costs linked to the carve-out from Compagnie de Saint-Gobain
3. Other exceptional items mainly include one-off costs linked to manufacturing incidents and to the cyber-attack, as well as managerial transition.

Capitalisation

(€ millions)	Amount	X Adjusted EBITDA	Maturity	Existing interest Margin/ Coupon	Floor
LTM Sept-17 Adj. EBITDA		**501.2**			
Cash	(290)	(0.6)X			
Revolving Credit Facility	-	-	Oct - 21	E +300 bps	0.0%
Term Loan B	1,375	2.7X	Oct - 22	E +275 bps	0.0%
Senior Secured Notes	500	1.0X	Aug - 22	5.125%	
Net Senior Secured Debt (excluding factoring and others) (1)	**1,585**	**3.1X**			
Recourse factoring and others (2)	68	0.1X			
Net Senior Secured Debt (1)	**1,653**	**3.2X**			
Senior Notes	225	0.5X	Aug - 23	7.25%	
Total Net Debt (1)	**1,878**	**3.7X**			

(1) Represents information on a consolidated basis at Horizon Holdings I SAS level
(2) Includes mainly accrued interests, third party debt and finance leases.

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